

WisdomTree Europe Hedged Equity Fund Makes It to the Top of the Class

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We believe that when a fund ranks number one in a particular investment category, it deserves some attention. This is particularly true when the fund category is generating a lot of attention as a valuation opportunity relative to the United States. As of October 31, 2014 The [WisdomTree Europe Hedged Equity Fund \(HEDJ\)](#) was ranked the number one fund, by MorningStar, out of 109 Europe-focused open-ended (OE) mutual funds and exchange-traded funds (ETFs) over the past year based on total return.¹ HEDJ is alone at the top, in our view illustrating the impact that a depreciating euro has had on unhedged investment options within this category. Given the policies being discussed and employed by the European Central Bank (ECB), it is hard to imagine a stronger euro compared to the U.S. dollar in the near future. So given this low euro environment, why layer the currency risk on your European equity investments? What if the problem with Europe isn't its equity market but rather the euro? HEDJ's performance indicates that its constituents at the equity level may have a chance to hold up even in the face of a depreciating currency.

HEDJ vs. the Morningstar Europe Stock Peer Group (9/1/12–10/31/14)

As of 10/31/2014									
Peer Group: Morningstar ETF & OE Europe Stock									
Fund Name	Return	1-Year		Return	2-Year		Return	Since 9/1/2012	
		Percent of Peer Group Beaten	Rank in Peer Group		Percent of Peer Group Beaten	Rank in Peer Group		Percent of Peer Group Beaten	Rank in Peer Group
WisdomTree Europe Hedged Equity Fund	4.89%	100%	1	15.85%	86%	14	15.52%	74%	25
Number of Managers		109			94			94	
Euro Currency Performance (vs. USD, Ann.)	-7.80%			-1.69%			-0.20%		

Periods shown correspond to rankings of HEDJ vs. the Morningstar Europe Stock peer group. Prior to 9/1/12, HEDJ was not in this Morningstar category and hence does not have a rank. Past performance is not indicative of future results. Source: Morningstar Direct. 2014 Morningstar, Inc. All rights reserved. The information contained herein (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance, rankings and ratings are no guarantee of future results. The "Percent of Peer Group Beaten" is a fund's total-return percentile rank relative to all funds in the same Morningstar category and is subject to change each month. Regarding ranking of funds, 1 = best and 109 = worst, using the one-year time frame as an example where there were 109 managers with performance extending through the full period.

HEDJ Average Annual Returns, as of 9/30/14

Fund	Fund Information			Total Return (NAV)			Market Price		
	Ticker	Exp. Ratio	Fund Inception Date	1-Year	3-Year	Since Fund Inception	1-Year	3-Year	Since Fund Inception
WisdomTree Europe Hedged Equity Fund	HEDJ	0.58%	12/31/2009	11.11%	15.96%	7.44%	10.55%	16.61%	7.43%
Spliced Cap-Weighted Benchmark ¹				12.55%	16.36%	7.24%	12.55%	16.36%	7.24%

¹Spliced Cap-Weighted Benchmark: MSCI EAFE Local Currency Index from HEDJ inception until 8/29/12. MSCI EMU Local Currency Index thereafter. Source: WisdomTree

Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data for the most recent month-end is available at www.wisdomtree.com.

WisdomTree shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times. You cannot invest directly in an index.

The Anatomy of HEDJ HEDJ is designed to track the returns of the [WisdomTree Europe Hedged Equity Index](#) after costs, fees and expenses. **The WisdomTree Europe Hedged Equity Index:** • Hedges the impact of the euro's return versus the U.S. dollar, such that the return experience is that of the local European equities. • Requires constituents to generate at least 50% of their revenues outside of Europe, tilting the exposure toward multinational exporters that have the potential to benefit, over time, from a weakening euro. • Rebalances back to a measure of relative value—dividends paid—on an annual basis, such that the road to greater constituent representation runs through increasing dividends over time and not through increasing market capitalization **HEDJ & the Beauty of a “Plain Vanilla” Approach** ECB president Mario Draghi has stated that returning the ECB's balance sheet to March 2012 levels—an expansion of 1 trillion euros from current levels—is a primary policy goal.² Since this policy, along with any other designed to stoke inflationary potential, should encourage a weakening of the euro, we think that hedging the currency risk and focusing on plain-vanilla exposure solely to European equities is an important consideration. We've seen from HEDJ's results that it can have a big impact on the returns experienced over time. ¹Source: Morningstar. Refers to period 10/31/13–10/31/14. ²Source: Sumanta Dey, “ECB must expand balance sheet by 1 trillion euros to lift inflation,” Reuters, 10/29/14.

Important Risks Related to this Article

Dividends are not guaranteed, and a company's future ability to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time. There are risks associated with investing, including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Investments in currency involve additional special risks, such as credit risk and interest rate fluctuations. Derivative investments can be volatile, and these investments may be less liquid than other securities, and more sensitive to the effects of varied economic conditions. As this Fund can have a high concentration in some issuers, the Fund can be adversely impacted by changes affecting those issuers. Due to the investment strategy of this Fund, it may make higher capital gain distributions than other ETFs. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.