

WisdomTree Expands Already Extensive Japan Toolkit

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Since the beginning of Abenomics, it has been made quite clear that Japan's policy leaders will not rest until their goals are accomplished. The world's third largest economy¹ needed to see a convincing end to deflation and restore its sense of economic dynamism. **WisdomTree Is a Leading Innovator in Japan-Focused Exchange-Traded Funds (ETFs)** WisdomTree has been managing Japan-specific ETFs for nearly 10 years. The key to success has been an ability to combine creativity to capitalize on Japan's most salient investment themes with flexibility to enhance and expand the toolkit as conditions evolve.

WisdomTree's Current Japan Equity Toolkit Contains 10 Differentiated Approaches

Investment Theme	Currency Hedged Options				Unhedged Options			
	Fund Name	Ticker	Inception Date	Expense Ratio	Fund Name	Ticker	Inception Date	Expense Ratio
Weaker Yen	WisdomTree Japan Hedged Equity Fund	DXJ	6/16/2006	0.48%				
	WisdomTree Japan Hedged Capital Goods Fund	DXJC	4/8/2014	0.43%				
Shareholder Returns	WisdomTree Japan Hedged Dividend Growth Fund	JHDG	4/9/2015	0.43%	WisdomTree Japan Dividend Growth Fund	JDG	5/28/2015	0.43%
Domestic Demand	WisdomTree Japan Hedged SmallCap Fund	DXJS	6/28/2013	0.58%	WisdomTree Japan SmallCap Dividend Fund	DFJ	6/16/2006	0.58%
Asset Reflation	WisdomTree Japan Hedged Financials Fund	DXJF	4/8/2014	0.43%				
	WisdomTree Japan Hedged Real Estate Fund	DXJR	4/8/2014	0.43%				
Growth Strategies	WisdomTree Japan Hedged Tech, Media & Telecom Fund	DXJT	4/8/2014	0.43%				
	WisdomTree Japan Hedged Healthcare Fund	DXJH	4/8/2014	0.43%				

To Hedge or Not to Hedge? WisdomTree believes that a compelling case can be made for a weakening yen compared to the U.S. dollar in the coming years. But it's not necessary to have a bearish view on the yen to hedge its exposure. Rather, WisdomTree believes [currency-hedged strategies](#) have a strategic role in portfolios for those who have no view on a currency's direction and just want to isolate the return experience for the local equity markets. • Unhedged Japan options could have more appeal in the future if the Japanese market becomes more positively correlated to its currency and there is a view that the yen is bound to appreciate. • **Tools to Benefit from Focus on Shareholder Returns:** [JHDG](#) and [JDG](#) fit this objective. Japanese companies have a renewed focus on increasing their return on equity (ROE) and to broadly adopting more shareholder-friendly practices. Companies have been increasing both dividends and buybacks, but they also have increasingly been appointing more independent outside directors to their boards. • **Tools to Benefit from Improved Domestic Demand:** [DXJS](#) and [DFJ](#) fit this objective. Small-cap companies represent more local-economy-type exposure within Japan and offer a direct contrast to the larger, multinational exporters. More than 75% of revenue from Japanese small caps tends to come from Japan.² A stated policy goal of the government is to see rising wages, which could

ultimately lead to increasing consumption from Japanese citizens. • **Tools to Benefit from Asset Price Reflation:** [DXJF](#) and [DXJR](#) fit this objective. It's important to remember that the Bank of Japan (BOJ), besides being the most aggressive of the world's central banks on the quantitative easing (QE) front, is actually buying Japanese real estate investment trusts (J-REITs). As the BOJ gets closer and closer to success in ending Japan's deflationary mindset and stimulating sustained inflation in the neighborhood of 2.0%, financial and real estate companies could be important places to look. • **Tools to Benefit from Growth Strategies:** [DXJT](#) and [DXJH](#) fit this objective. Japan is very technologically advanced, supplying precision components for a large array of familiar products, such as cell phones. From a demographic perspective, Japan is also an older overall population that will have significant demands for health care in the years to come. To ensure a continued spirit of innovation, Prime Minister Shinzo Abe's growth strategy has been focused on measures to increase competitiveness of both the Information Technology and Health Care sectors. • **Tools to Benefit from a Weaker Yen:** [DXJ](#) and [DXJC](#) are geared toward exporting companies that become more competitive in global markets on the back of a weak yen. The companies within Japan that send goods and services abroad could certainly be more competitive with a yen around 120 versus one around 80. **Japan Isn't Resting—Neither Is WisdomTree** With the most recent launch of the [WisdomTree Japan Dividend Growth Fund \(JDG\)](#), WisdomTree is re-emphasizing its commitment to continued innovation within Japan-specific equity strategies. Since Abenomics began in late 2012, Japan has been one of the most dynamic markets in the world, and it takes an ETF provider with similar hunger and creativity to keep pace. WisdomTree believes Japan has the potential to be one of the better performing countries within the developed world over the coming years. This optimism stems from a fundamental perspective—the markets still have reasonable valuation ratios despite strong gains over the last few years. But it also has the support of an accommodative central bank that is very coordinated with government actions to reinvigorate Japan. As long-term investment strategies, the [WisdomTree Japan Dividend Growth Indexes](#)—both hedged and unhedged (which JHDG and JDG are designed to track after costs, fees and expenses)—offer a focus on quality and growth companies in Japan. The Indexes accomplish this focus by selecting companies that rank high on a combination of quality factors (high return on equity and high return on assets), as well as growth prospects (high earnings growth expectations). For more information on WisdomTree's newest option for unhedged exposure to Japan's equities—JDG—[click here](#).
1Source: International Monetary Fund World Economic Outlook database, with gross domestic product (GDP) measured in U.S. dollars. 2Sources: WisdomTree, FactSet, with data as of 3/31/15. Japanese small caps in this context refers to the WisdomTree Japan SmallCap Dividend Index universe.

Important Risks Related to this Article

JDG is new and has limited operating history. 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. Funds focusing their investments on certain sectors increase their vulnerability to any single economic, regulatory or sector-specific development. This may result in greater share price volatility. These Funds focus their investments in Japan, which can be impacted by the events and developments in Japan that can adversely affect performance. Dividends are not guaranteed and a company currently paying dividends may cease paying dividends at any time. As these Funds can have a high concentration in some issuers, the Funds can be adversely impacted by changes affecting those issuers. The Funds invest in the securities included in, or representative of, their Indexes regardless of their investment merit and the Funds do not attempt to outperform their Indexes or take defensive positions in declining markets. Investments in currency involve additional special risks, such as credit risk, interest rate fluctuations, derivative investments which can be volatile and may be less liquid than other securities, and more sensitive to the effect of varied economic conditions. Please read each Fund's prospectus for specific details regarding the Fund's risk profile.