

# WisdomTree Efficient Long/Short U.S. Equity Fund

WTLS

The U.S. equity market remains among the most dynamic and efficient generators of long-term wealth, driven by the innovation, resilience, and profitability of its leading companies. Many view the S&P 500 Index, spanning every major U.S. equity sector, effectively as the market. They form the baseline exposure through which most investors participate in America's growth story.

But in a world increasingly shaped by dispersion—where winners and losers diverge even within sectors—owning the market passively may leave opportunities untapped. The next generation of equity investing requires maintaining market exposure while systematically tilting toward relative strength and away from weakness. The **WisdomTree Efficient Long/Short U.S. Equity Fund (WTLS)** seeks full participation in the market while enhancing return potential through a disciplined long/short overlay that aims to harness relative strength and avoid structural underperformers.

## Strategic Framework: Market Core + Alpha<sup>1</sup> Overlay

This strategy is built on a simple yet powerful architecture:

- **Foundation: The S&P 500 Index**
  - Represents broad, cap-weighted exposure to the U.S. equity market, serving as the return and risk anchor.
- **Overlay: Long/Short Relative Strength Basket**
  - A systematic long-short portfolio that uses over 150 equity features to identify companies with improving fundamentals and risk characteristics—going long those poised to strengthen and short those showing broad-based deterioration.

The result is a portfolio designed to retain the equity market's core beta<sup>2</sup> while layering on an independent, lower-volatility engine of potential alpha.

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<sup>1</sup> Alpha: Can be discussed as both risk-adjusted excess return relative to a specific benchmark, or absolute excess return relative to a benchmark. It is sometimes more generally referred to as excess returns in general.

<sup>2</sup> Beta: A measure of the volatility of a security or a portfolio in comparison to a benchmark.

### Structural Innovation: Targeting Return Asymmetry

The long/short basket seeks to exploit persistent behavioral inefficiencies in public markets, namely investor underreaction to improving fundamentals and overreaction to negative ones.

- **Dynamic Long Exposure:** Companies exhibiting rising relative strength supported by improving fundamental trends.
- **Dynamic Short Exposure:** Companies exhibiting deteriorating performance and fading fundamental strength.
- **Neutral Market Beta:** The overlay is designed to generate return differentials that are additive, not dependent on market direction. The foundation is not short-term treasuries or other cash-like instruments, but rather the S&P 500 Index.

This systematic construct allows investors to participate in upside leadership while reducing exposure to chronic laggards, potentially smoothing returns through market cycles.

### Capital Efficiency and Diversification Benefits

For every \$100 invested:

- \$100 tracks the performance of the S&P 500 Index (market beta).
- A capital-efficient long/short basket is layered on top, targeting an incremental risk-adjusted return stream.

This structure aims to improve the return per unit of volatility—without materially increasing capital outlay.

### Positioning: A Modern Core-Plus Equity Solution

Traditional core equity exposure captures market growth but not relative performance dispersion. This strategy integrates both:

- **Market Exposure:** Ensures participation in U.S. equity returns.
- **Systematic Alpha:** Seeks to exploit multi-factor performance spreads identified through a broad signal set.
- **Diversification:** Provides a complementary return stream that may perform in sideways or choppy markets.

It's designed as a core-plus allocation, a replacement or enhancement for existing large-cap U.S. equity exposures, offering the possibility of incremental, compounding alpha through time.

**Why WTLS**

In an environment of high dispersion, shifting leadership, and elevated volatility, investors benefit from approaches that combine broad participation with systematic differentiation. The strategy offers both:

- The scale and stability of the market’s largest companies.
- The potential for persistent alpha from identifying strength and avoiding weakness.

It’s not about betting against the market—it’s about enhancing how investors own it.

**Conclusion**

The **WisdomTree Efficient Long/Short U.S. Equity Fund** brings together broad market exposure and systematic alpha in one capital-efficient structure. The S&P 500 provides the core; the long/short overlay provides the edge. Together, they create a modern equity framework built for a market defined by dispersion—helping investors remain fully invested while seeking to capture more of what works and less of what doesn’t.

Quick Facts	
Ticker	WTLS
Exchange	Cboe
Expense Ratio	0.88%
Fund Objective	Seeks to track the price and yield performance, before fees and expenses, of the S&P 500 Index.
Benchmark	S&P 500 Index
Inception Date	1/22/2026

**For more information on WTLS, contact your WisdomTree representative or visit [WisdomTree.com/investments](https://www.wisdomtree.com/investments).**

Please see the [WisdomTree Glossary](#) for definition of terms and indexes.

**Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. For a prospectus or, if available, the summary prospectus containing this and other important information about the fund, call 866.909.9473 or visit [WisdomTree.com/investments](http://WisdomTree.com/investments). Read the prospectus or, if available, the summary prospectus carefully before investing.**

There are risks associated with investing, including potential loss of principal.

The Fund invests in a basket of equity securities of large capitalization U.S. companies generally weighted by market capitalization. The Fund expects to invest most of its assets in the securities of U.S. companies and is therefore, more likely to be impacted by events or conditions affecting the United States. The Fund invests in derivatives to gain exposure to U.S. equity securities. The return on a derivative instrument may not correlate with the return of its underlying reference asset. The Fund's use of derivatives will give rise to leverage. Derivatives can be volatile and may be less liquid than other securities. As a result, the value of an investment in the Fund may change quickly and without warning and you may lose money. While the Fund is actively managed, the Fund's investment process is heavily dependent on quantitative models and the models may not perform as intended.

Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

You cannot invest directly in an index.

Additional information is available at [WisdomTree.com/investments](http://WisdomTree.com/investments).

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