

# TRANSPARENCY AND ACCESS (TO VALUABLE INFORMATION)

Zach Hascoe — Capital Markets

12/09/2013

The biggest winner coming out of the financial crisis was "[transparency](#)". After all the scandals and devastating losses that occurred during that time, investors became disenchanted with the lack of transparency in their investments. In some investment structures (that still exist today), investors may not know how their money is being allocated for months, sometimes even quarters. And even then, investors sometimes don't know exactly what they are invested in. Transparency as it relates to exchange-traded funds (ETFs) does not only mean transparency of portfolio holdings. It also applies to transparency of **information**. Now that December is upon us, many investors are starting to take a serious look at 2014. With the [S&P 500 Index](#) up nearly 30% year-to-date<sup>1</sup>, investors are stepping back, putting 2013 in perspective and thinking about the year ahead. Do I [rebalance](#) back to my target weights? Do I change my asset allocation model? As investors spend the month of December deciding how to approach 2014, it is important to remember all the benefits that ETFs offer beyond [liquidity](#), transparency, tax efficiency, lower fees<sup>2</sup> that will help guide investors to better decisions. Investors of all sizes have access to the same valuable information to help them with the due diligence and decision-making process. Here are a few to think about: **Volume Statistics:** It is always helpful to see volume numbers in ETFs. They allow investors to more accurately monitor ETFs and see potential trends emerging. Investors can see if large block trades were executed and if shares outstanding increase or decrease in subsequent days. This valuable information helps investors of all sizes in the due diligence process. **Fund Flow Information:** Fund flow information is made available to the public on a daily basis. WisdomTree posts fund flow information on our website for anyone to see. Also, large data companies such as Bloomberg publish fund flows as well as shares outstanding information—all of which can be incredibly helpful as it can be used to identify trends in specific markets. Monitoring funds, trends and shares outstanding information can be valuable information when making investment decisions. Oftentimes investors make decisions in a vacuum without utilizing all the valuable information that the ETF market provides. **Portfolio Holdings:** Daily portfolio holdings can be extremely valuable for investors preparing to make portfolio decisions for the following year. It is important to recognize when funds are rebalancing; WisdomTree equity ETFs will attempt to rebalance back to some form of [relative value](#). Monitoring the portfolio holdings is crucial to understanding the exposures an ETF provides to investors. This is fully public information and should be used by all ETF investors to help them understand the exposures across their portfolios. All the information mentioned above is public information available to all investors. The old model of finance was that access to specific information was given only to large institutional investors. ETFs have leveled the playing field. It would be wise to make the most of all the valuable information that is made public every day in the ETF marketplace. <sup>1</sup>Source: Bloomberg, total return number, as of 11/29/13. <sup>2</sup>Ordinary brokerage commissions apply.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

## **IMPORTANT INFORMATION**

**U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.**

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages ([www.msci.com](http://www.msci.com))

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Jianing Wu, and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.

You cannot invest directly in an index.

## **DEFINITIONS**

**Transparency** : The extent to which investors have ready access to any required financial information about a company, such as price levels, market depth and audited financial reports.

**S&P 500 Index** : Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.

**Rebalance** : An index is created by applying a certain set of selection and weighting rules at a certain frequency. WisdomTree rebalances, or re-applies its rules based selection and weighting process on an annual basis.

**Liquidity** : The degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterized by a high level of trading activity. Assets that can be easily bought or sold are known as liquid asset.

**Relative value** : The relationship between a particular attribute, e.g., a dividend, and the firm's share price compared to that of another firm.