

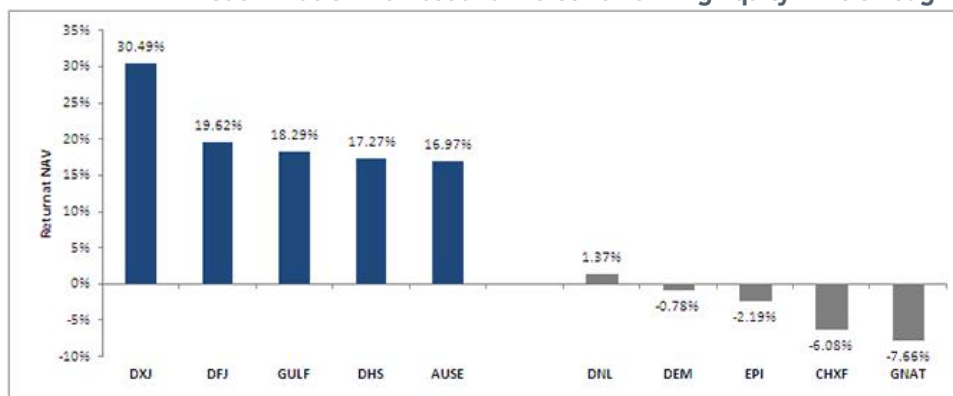
# WISDOMTREE'S BEST AND WORST PERFORMING EQUITY FUNDS IN 2013

Jeremy Schwartz — Global Chief Investment Officer  
05/30/2013

There have been a number of big stories across global equity markets in 2013 (through April 30):

- **Japan:** Japanese equities<sup>1</sup> have rallied significantly, largely as a result of an aggressive [monetary policy](#) and a government commitment to stimulating economic growth.
- **U.S. equities**<sup>2</sup> are hitting new record highs, led by the more defensively oriented industry sectors.<sup>3</sup> However, there have also been some other stories about similarly strong equity market performance—they have just generated significantly less in the way of attention:
- **Middle East:** Even in the face of geopolitical risk, equity markets<sup>4</sup> have delivered strong performance.
- **Australia:** This market<sup>5</sup> has tended to shrug off uncertainties affecting emerging markets (to which it exports large amounts of natural resources) and continue to push higher. On the other side of the spectrum are markets that have been lagging significantly. A common theme across the worst-performing markets is either a connection to commodity-oriented companies or the emerging markets.

**WisdomTree's Five Best and Worst-Performing Equity ETFs through April 30, 2013**



Sources: Zephyr StyleADVISOR, Morningstar; Time period: 12/31/2012–4/30/2013.  
Past performance is not indicative of future results.

**Average Annual Returns as of 3/31/2013**

Fund	Ticker	Exp. Ratio	Inception Date	Total Return NAV					Market Price				
				YTD	1-Year	3-Year	5-Year	Since Fund Inception	YTD	1-Year	3-Year	5-Year	Since Fund Inception
WisdomTree Japan Hedged Equity Fund	DXI	0.48%	6/16/2006	18.19%	19.12%	2.36%	-0.66%	-0.88%	16.83%	18.67%	2.46%	-0.54%	-0.74%
WisdomTree Japan SmallCap Dividend Fund	DFJ	0.58%	6/16/2006	13.27%	9.97%	7.77%	3.91%	1.05%	12.05%	10.04%	7.82%	3.92%	1.32%
WisdomTree Middle East Dividend Fund	GULF	0.88%	7/16/2008	9.71%	8.46%	5.87%	N/A	-4.84%	10.41%	10.36%	5.30%	N/A	-4.93%
WisdomTree Equity Income Fund	DHS	0.38%	6/16/2006	12.68%	18.80%	17.88%	5.74%	4.42%	12.76%	18.82%	18.33%	5.76%	4.44%
WisdomTree Australia Dividend Fund	AUSE	0.58%	6/16/2006	13.53%	20.49%	9.72%	7.30%	10.34%	12.53%	20.72%	10.27%	7.27%	10.41%
WisdomTree Global ex-US Growth Fund	DNL	0.59%	6/16/2006	-0.25%	5.03%	4.21%	3.87%	3.04%	-1.68%	5.10%	4.37%	3.89%	3.16%
WisdomTree Emerging Markets Equity Income Fund	DEM	0.63%	7/13/2007	-2.00%	-1.05%	5.74%	5.50%	5.38%	-3.38%	-1.09%	5.75%	5.46%	4.93%
WisdomTree India Earnings Fund	EPI	0.83%	2/22/2008	-6.11%	-5.80%	-7.52%	-3.80%	-5.59%	-7.18%	-5.99%	-7.65%	-4.05%	-5.74%
WisdomTree China Dividend ex-Financials Fund	CHXF	0.63%	9/19/2012	-4.96%	N/A	N/A	N/A	3.76%	-6.73%	N/A	N/A	N/A	2.89%
WisdomTree Global Natural Resources Fund	GNAT	0.58%	10/13/2006	-5.96%	-6.55%	0.58%	-2.54%	1.84%	-6.88%	-6.62%	0.84%	-2.45%	1.72%

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](http://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.

## The "Bottom 5"

WisdomTree's five worst-performing equity ETFs on a year-to-date basis may represent some pockets of underlying [relative value](#)—the types of areas where a [contrarian](#) investor may want to focus.

- **GNAT:** This fund focuses on equities within natural resource sectors, and it is the worst-performing of all WisdomTree's equity funds year-to-date.

However, if we compare the [price-to-earnings \(P/E\) ratio](#) to the S&P 500 Index, a commonly used benchmark for the performance of U.S. equities, it is approximately 20% lower. Generally speaking, natural resources are necessary inputs to fuel overall global growth, so this recent negative performance could be an opportunity. • **Emerging Markets: DEM, EPI, and CHXF** all fit a common theme of different ways in which to generate exposure to emerging markets. Each has a negative return year-to-date. We believe the relative underperformance of emerging market equities could provide an attractive entry point and good relative value compared to the United States, which has been a particularly good performer over the same period. • **DNL:** This is the only positive performer among WisdomTree's "bottom 5," and a big reason for its performance issues has been exposure to emerging markets. Developed market growth-oriented equities (measured by the [MSCI EAFE Growth Index](#)) have actually delivered much stronger returns during this period, but DNL was hurt by bringing in some significant emerging market exposure, including companies in Brazil, South Africa, China and Mexico. Also, being under-weight in Japan compared to the MSCI EAFE Growth Index was not helpful. **Conclusion** While there is truly no way to predict future inflection points for different funds, we believe it is always interesting to consider both sides of the performance spectrum. Top-performing funds are typically well-noted, garnering significant attention. Much less noted are the bottom performers—and at times these could have the potential to be the top performers of tomorrow. <sup>1</sup>As represented by the [MSCI Japan Local Currency Index](#). <sup>2</sup>As represented by the [S&P 500 Index](#). <sup>3</sup>Sectors: [S&P 500 Consumer Staples](#), [Health Care](#), [Telecommunication Services](#) and [Utilities Indexes](#). <sup>4</sup>As represented by the [WisdomTree Middle East Dividend Index](#). <sup>5</sup>As represented by the [WisdomTree Australia Dividend Index](#).

#### Important Risks Related to this Article

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 real estate involve additional special risks, such as credit risk, interest rate fluctuations and the effect of varied economic conditions. Funds that focus their investments in one country or region may be significantly impacted by events and developments associated with the region, which can adversely affect performance. Funds focusing on a single sector and/or smaller companies generally experience greater price volatility. Investments in emerging, offshore or frontier markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation, intervention and political developments. Due to the investment strategy of certain Funds, they may make higher capital gain distributions than other ETFs. Please read the Funds' prospectus for specific details regarding the Funds' risk profile. Funds that focus their investments in one country or region may be significantly impacted by events and developments associated with the region which can adversely affect performance. Funds focusing on a single sector and/or smaller companies generally experience greater price volatility. Investments in emerging, offshore or frontier markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation, intervention and political developments. You cannot invest directly in an index.

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**

**Monetary easing policies** : Actions undertaken by a central bank with the ultimate desired effect of lowering interest rates and stimulating the economy.

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

**Contrarian** : Practice of seeing what the majority of market participants are focused on and attempting to look in the complete opposite direction.

**MSCI EAFE Growth Index** : Market capitalization-weighted subset of stocks within the MSCI EAFE Index that have higher share prices relative to their earnings or dividends per share.

**MSCI Japan Local Currency Index** : A market cap-weighted index that measures the performance of the Japanese equity market in the local currency (yen).

**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.

**S&P 500 Consumer Staples Index** : Market capitalization weighted measure of the performance of companies within the S&P 500 Index that are in the consumer staples sector.

**S&P 500 Health Care Index** : Market capitalization weighted measure of the performance of companies within the S&P 500 Index that are in the health care sector.

**S&P 500 Telecommunication Services Index** : Market capitalization weighted measure of the performance of companies within the S&P 500 Index that are in the telecommunication services sector.

**S&P 500 Utilities Index** : Market capitalization weighted measure of the performance of companies within the S&P 500 Index that are in the Utilities sector.

**WisdomTree Middle East Dividend Index** : A fundamentally weighted index that measures the performance of companies in the Middle East that pay regular cash dividends on shares of common stock and meet specified requirements as of the Index measurement date. The Index is dividend weighted and updated to reflect market prices and exchange rates.

**WisdomTree Australia Dividend Index** : Index designed to measure the performance of dividend-paying companies in Australia. At maximum the 10-largest Australian dividend-paying companies are selected from each of the 10 sectors on the basis of their market capitalizations. Weighting is by dividend yield.