

WisdomTree
YIELD ENHANCED
CORE STRATEGIES

**PUTTING INCOME BACK
INTO FIXED INCOME**



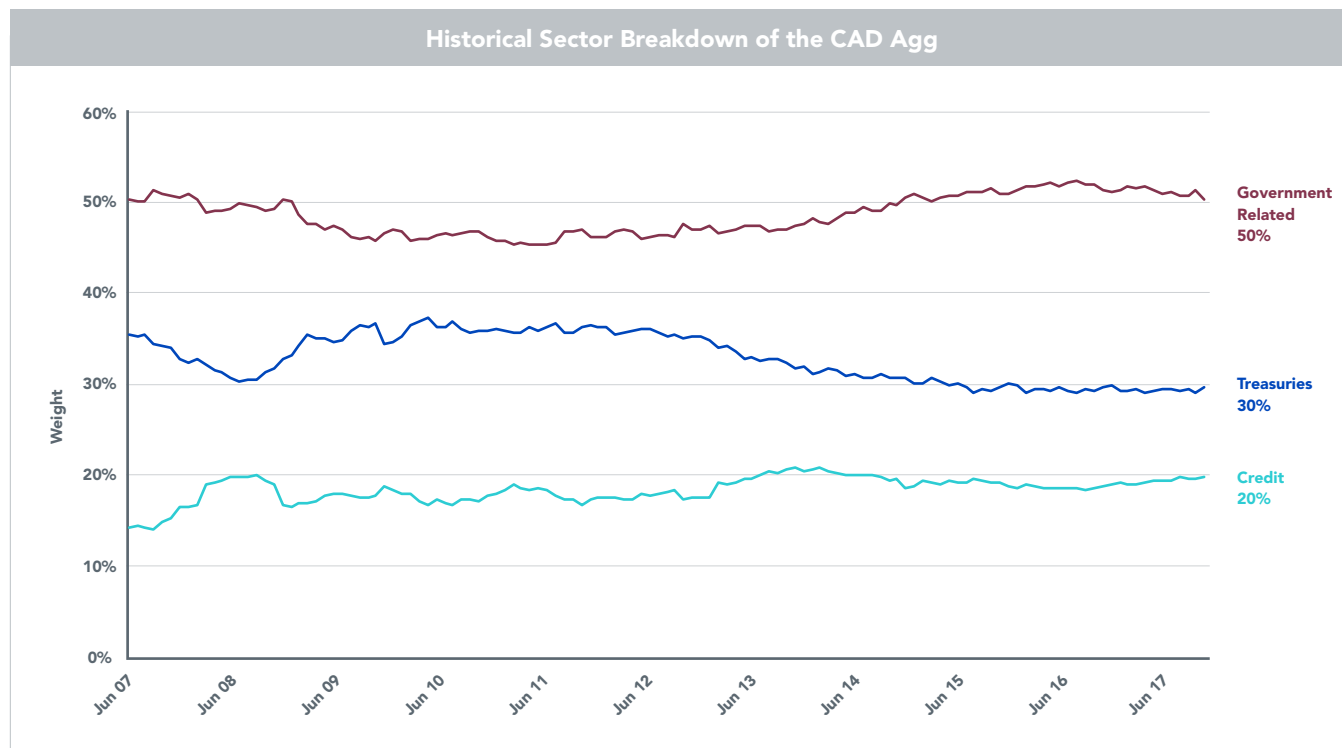
EVERY BASIS POINT COUNTS

If you're invested in Canadian fixed income, chances are you are holding a fund that tracks the Bloomberg Barclays Canadian Aggregate Index ("CAD Agg"). In fact, the CAD Agg is one of the most popular fixed income indexes around—likely because it has long been considered a proxy for the entire Canadian bond market.

Or, at least, it used to be.

Today, the CAD Agg is made up of nearly 30% Treasuries (the CAD Short Agg Composite is 37% in Treasuries).¹ And while there is nothing wrong with investing in Treasuries, investors may not be expecting this type of exposure from a broad fixed income index such as the Agg.

In an environment where every basis point counts, Treasuries might not be your first stop on the road to income. In fact, the exposure to Treasuries could be the single greatest contributor to the CAD Agg's disappointing yields over the past several years.



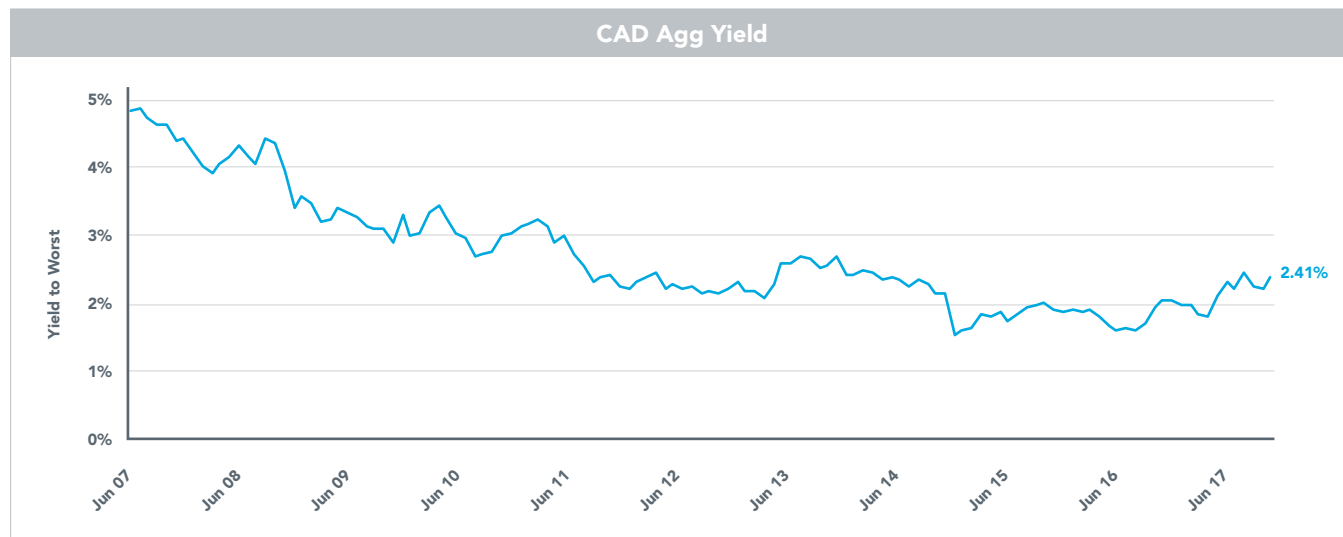
Source: Bloomberg, as of 12/31/2017. Exposures subject to change. You cannot invest directly in an index.

¹ Source: Bloomberg, 12/31/2017. The CAD Short Agg Composite represents the 1-5 year segment of the Bloomberg Barclays Canadian Aggregate Index.

TREASURIES ARE UP, YIELDS ARE DOWN

The CAD Agg and CAD Short Agg Composite are market cap-weighted. So, by design, they give more weight to entities with more debt. As a result, Treasuries have a higher weight within the CAD Agg indexes in relative terms—affecting the very income that investors expect. And since Treasuries are still delivering historically low yields, it's no wonder the CAD Agg's yield has been trending downward.

But what if there is a way to enhance the yield of the CAD Agg while maintaining similar risk characteristics?



Source: Bloomberg, as of 12/31/2017. Weights subject to change. Past performance is not indicative of future results. You cannot invest directly in an Index. Yield to worst: The rate of return generated assuming a bond is redeemed by the issuer on the least desirable date for the investor.

When it comes to boosting income, investors typically have to take on additional risk to get the additional yield, potentially investing in high-yield bonds, emerging market bonds or other higher-risk assets. But, WisdomTree provides two simple, rules-based ways to enhance the yield of the CAD Agg—using the same components—without taking on those additional risks:

The WisdomTree Yield Enhanced Family

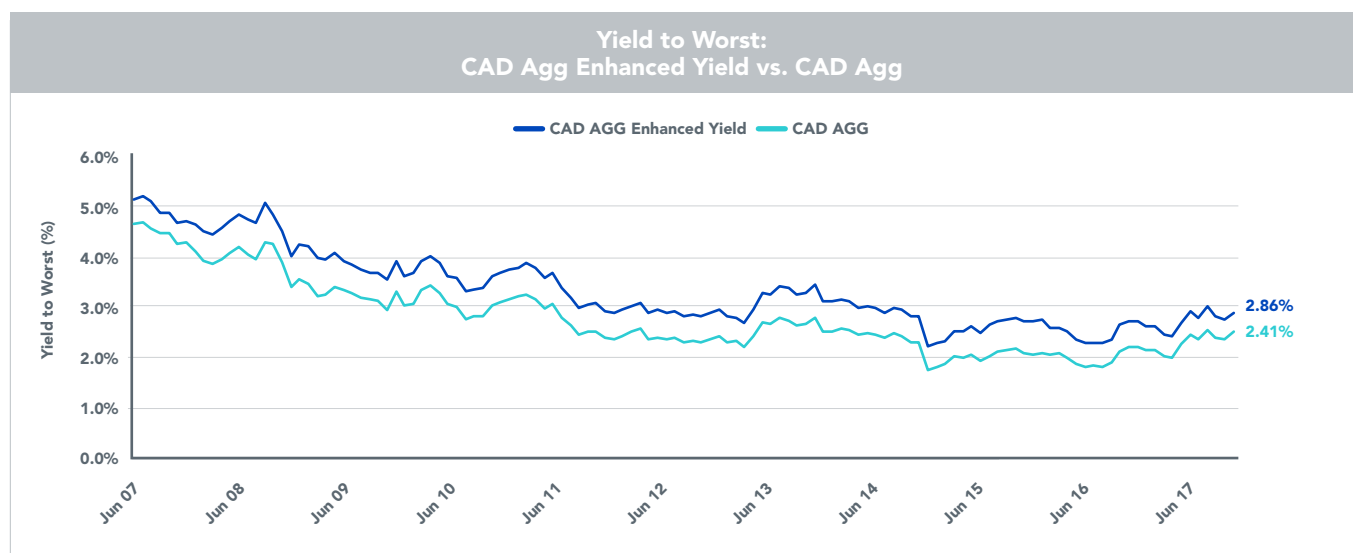
WisdomTree Yield Enhanced Canada Aggregate Bond Index ETF (CAGG)

WisdomTree Yield Enhanced Canada Short-Term Aggregate Bond Index ETF (CAGS)

ENHANCING THE YIELD OF THE CAD AGG

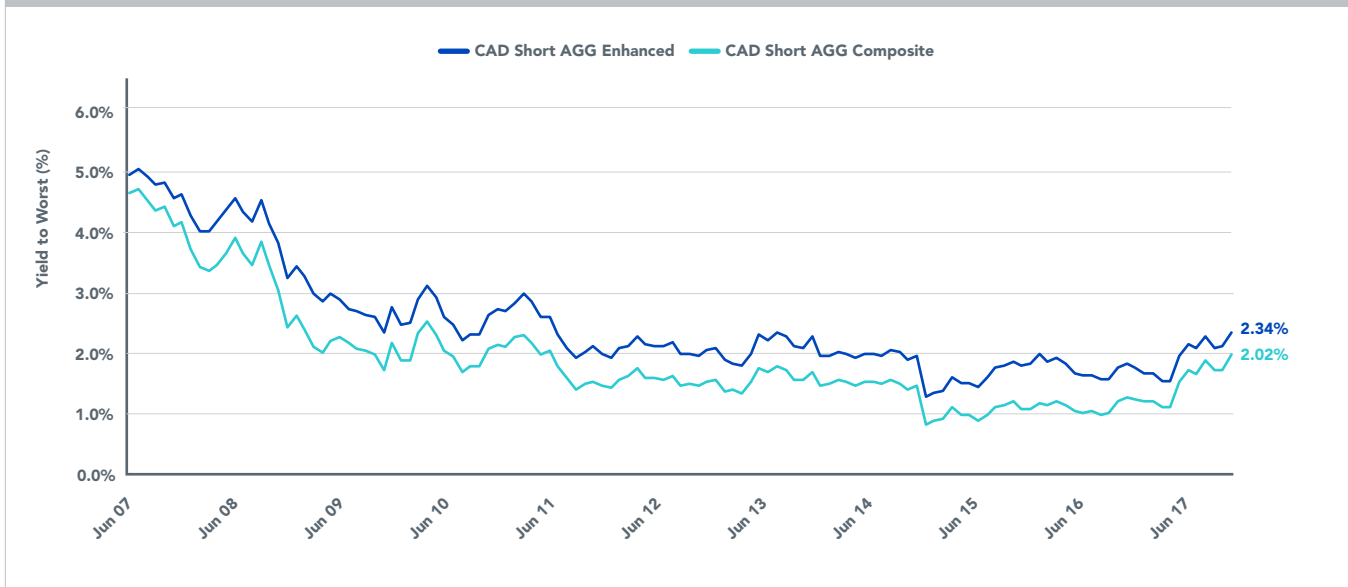
The WisdomTree Yield Enhanced Canada Aggregate Bond Index ETF (CAGG) and the WisdomTree Yield Enhanced Canada Short-Term Aggregate Bond Index ETF (CAGS) modify the CAD Agg in order to boost income potential. They seek to track the price and yield performance, before fees and expenses, of the Bloomberg Barclays Canadian Aggregate Enhanced Yield Index (CAD Agg Enhanced Yield) and the Bloomberg Barclays Canadian Short Aggregate Enhanced Yield Index (CAD Short Agg Enhanced Yield), respectively, which reweight the subcomponents of the CAD Agg to enhance yield, while broadly maintaining familiar risk characteristics. Put simply, CAGG and CAGS hold the same fixed income asset classes as the CAD Agg but give higher weights to the buckets delivering the higher yields.

And, as you can see, that can lead to results—based on live and hypothetical back-tested data, CAD Agg Enhanced Yield delivered nearly 61 basis points more yield than the CAD Agg, and the CAD Short Agg Enhanced Yield delivered about 52 basis points more yield than the CAD Short Agg Composite, both on a gross basis over the last 10+ years.



Source: Bloomberg, as of 12/31/2017. The Bloomberg Barclays Canadian Aggregate Enhanced Yield Index was launched after the close on April 30, 2017. Performance of the Index prior to the launch date represents hypothetical back-tested data. This hypothetical back-tested data has been calculated by an independent calculation agent and has been included for illustrative purposes only. Index performance does not represent actual fund performance. Index returns assume reinvestment of distributions received but do not reflect fees, transaction costs or expenses. You cannot invest directly in an index.

Yield to Worst:
CAD Short Agg Enhanced Yield vs CAD Short Agg Composite



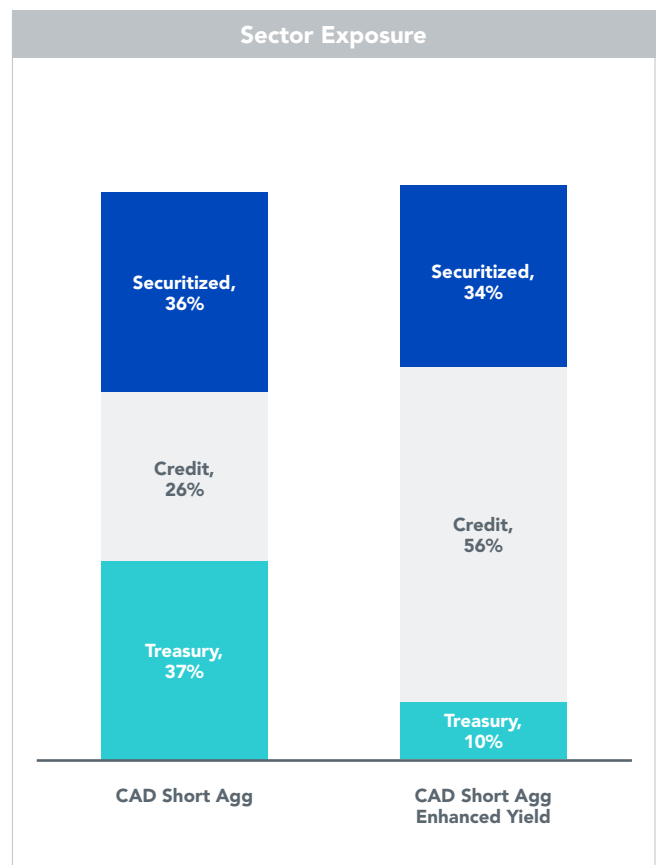
Source: Bloomberg, as of 12/31/2017. The Bloomberg Barclays Canadian Short Aggregate Enhanced Yield Index was launched after the close on April 30, 2017. Performance of the Index prior to the launch date represents hypothetical back-tested data. This hypothetical back-tested data has been calculated by an independent calculation agent and has been included for illustrative purposes only. Index performance does not represent actual fund performance. Index returns assume reinvestment of distributions received but do not reflect fees, transaction costs or expenses. You cannot invest directly in an index.

The WisdomTree Enhanced Yield Strategies outyielded their relative CAD Agg indexes in every period.

SAME COMPONENTS, DIFFERENT RESULTS

The Funds use a rules-based methodology to enhance the yield potential of the CAD Agg and CAD Short Agg Composite without straying too far from their exposures. The outcome is two ETFs with diversified, multisector core bond portfolios that offer investors higher yields with similar risk. The process is actually quite simple:

- 01** Separate into components across sectors, credit quality and duration.
- 02** Weight components to enhance yield within predetermined constraints.
- 03** Rebalance monthly within the turnover constraints.



Source: Bloomberg, as of 12/31/2017. Exposures subject to change. Sectors may not add to 100% due to rounding. You cannot invest directly in an index.

The significantly lower weights to Treasuries and higher weights to Corporates enabled CAGG and CAGS to deliver higher yields.

BUILT FOR PERFORMANCE

CAD Agg Enhanced Yield and CAD Agg Short Enhanced Yield provided impressive yields—and impressive performance.

Average Annual Total Returns as of 12/31/2017					
Annualized Return (in CAD)	1 Year	3 Year	5 Year	10 Year	6/30/07 - 12/31/17
Bloomberg Barclays Canadian Aggregate Enhanced Yield Index	3.95%	3.51%	3.94%	5.31%	5.46%
Bloomberg Barclays Canadian Aggregate Index	2.45%	2.50%	2.94%	4.52%	4.78%

Average Annual Total Returns as of 12/31/2017					
Annualized Return (in CAD)	1 Year	3 Year	5 Year	10 Year	9/30/05 - 12/31/17
Bloomberg Barclays Canadian Short Aggregate Enhanced Yield Index	0.84%	1.88%	2.41%	3.83%	3.96%
CAD Short Agg Composite	0.15%	1.16%	1.65%	3.03%	3.24%

Source: Bloomberg, as of 12/31/2017. The Bloomberg Barclays Canadian Aggregate Enhanced Yield Index and the Bloomberg Barclays Canadian Short Aggregate Enhanced Yield Index were launched after the close on April 30, 2017. Performance of the Indexes prior to the launch date represents hypothetical back-tested data. This hypothetical back-tested data has been calculated by an independent calculation agent and has been included for illustrative purposes only. Index performance does not represent actual fund performance. Index returns assume reinvestment of distributions received but do not reflect fees, transaction costs or expenses. You cannot invest directly in an index.

WisdomTree's Enhanced Yield Strategies make every basis point count.

WisdomTree's YIELD ENHANCED FAMILY IN YOUR PORTFOLIO

WisdomTree's Yield Enhanced Strategies are designed to deliver higher yields than their Agg counterparts. Used alone or as complements to each other, they can help investors.

Learn more about generating income at WisdomTree.com.

ABOUT US

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