



## **Annual Management Report of Fund Performance**

For the period ended December 31, 2018

### **ONE North American Core Plus Bond ETF (ONEB)**

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the ETF. You can obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-866-893-TREE (8733), by writing to us at 161 Bay Street, 27<sup>th</sup> floor, Toronto, ON M5J 2S1 or by visiting our website at [www.wisdomtree.com](http://www.wisdomtree.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the ETF's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

# ONE North American Core Plus Bond ETF

## Annual Management Report of Fund Performance

For the period ended December 31, 2018

### MANAGEMENT REPORT OF FUND PERFORMANCE

WisdomTree Asset Management Canada, Inc. (“WisdomTree”) is pleased to provide you with the Annual Management Report of Fund Performance (“MRFP”) for the ONE North American Core Plus Bond ETF (the “ETF”) for the period ended December 31, 2018. The ETF trades on the Toronto Stock Exchange (the “TSX”) under the ticker symbol ONEB. WisdomTree is the trustee and manager (the “Manager”) of the ETF.

Pursuant to an investment advisory agreement dated September 29, 2018 (the “OCM Investment Advisory Agreement”) between the Manager, in its own capacity and in its capacity as manager of the ETF and OCM, the manager appointed OCM as investment advisor for the ETF.

### Investment Objectives and Strategies

The investment objective of the ETF is to seek to provide a stable rate of return, primarily through income, and to a lesser extent, capital appreciation by investing in a portfolio consisting primarily of investment grade North American fixed-income securities issued by corporations, governments (federal and state/provincial) and government-related entities and agencies through direct purchases and/or ETFs.

### Risk

No material changes were made which affected the overall level of risk associated with an investment in the ETF for the period ended December 31, 2018. The overall level of risk associated with an investment in the ETF remains as disclosed in the most recent prospectus.

### Results of Operations

For the partial calendar quarter spanning the ETF inception date on October 9, 2018 to December 31, 2018, the ETF returned 1.34% versus the Index return of 2.61%. The difference in performance of the ETF relative to its benchmark index is related to the rally in long-dated Canadian Dollar (CAD) government bonds benefitting the higher interest rate sensitivity and lower credit-sensitivity of the Index along with management fees and miscellaneous factors.

The broad Canadian bond market, as measured by the Bloomberg Barclays Canadian Aggregate Index, returned 1.41% in CAD terms over the same period. The broad short-term Canadian bond market, as measured by the Bloomberg Barclays Canadian Aggregate 1-5 Year returned 1.54% in CAD during the same period.

The period was characterized by higher-than-normal volatility for equities in Q4 stemming from global trade tensions and concerns about slowing economic growth. The volatility in global markets carried over to bond markets causing “risk-off” buying into safer bond asset classes and driving down longer-dated bond yields. This caused underperformance of the ETF relative to the benchmark index. The strategy’s credit overweight served as a headwind with Canadian credit underperforming the Canadian treasury market within the broad short aggregate benchmark in Q4. Because of this, the ETF’s underperformance from sector/asset allocation when compared to the broad benchmark was due to its credit overweight, long-dated treasury underweight and shorter interest rate duration.

Expectations for the Bank of Canada (BOC) in 2018 was that they would raise rates to indirectly match the U.S. Federal Reserve. Indeed, this did happen, as the U.S. Fed raised the base rate 4 times and the BOC raised three times in 2018. Within Q4, the ETF was hurt by its shorter-duration nature compared to the broad, longer duration, CAD Aggregate wherein the ETF did not benefit as much by falling long-dated interest rates and the flattening CAD yield curve. In addition, the strategy’s credit overweight was not beneficial in Q4 as credit underperformed the other asset classes of the broad benchmark given the market concerns.

### RECENT DEVELOPMENTS

There have not been any material changes to the management of the ETF. In 2018, WisdomTree published the investment risk level for each WisdomTree ETF, in accordance with the investment risk classification methodology prescribed by National Instrument 81-102 — *Investment Funds*. The ETF’s investment risk level may be found in the prospectus and ETF Facts.

As required by National Instrument 81-107 — *Independent Review Committee for Investment Funds* (“NI 81-107”), WisdomTree has established an independent review committee (the “IRC”) to review all conflict of interest matters identified and referred to the IRC

# ONE North American Core Plus Bond ETF

(continued)

by WisdomTree and to give its approval or recommendation, depending on the nature of the conflict of interest matters. The current members of the IRC for the WisdomTree ETFs are as follows:

Name	Municipality of Residence
Leslie Wood	Pickering, Ontario
W. William Woods	Toronto, Ontario
Anthony Cox <sup>1</sup>	Toronto, Ontario

<sup>1</sup> Chair of the IRC

## RELATED PARTY TRANSACTIONS

WisdomTree is the trustee, manager and promoter of the ETF and is responsible for the administration of the WisdomTree ETFs. Each WisdomTree ETF pays the manager a management fee (see “Management Fees” below).

### Management Fees

The ETF pays WisdomTree a management fee as set forth in the table below based on the average daily net asset value of the ETF. The management fee, plus applicable taxes, is accrued daily and paid monthly in arrears. WisdomTree may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

	Management Fee Rate
ONE North American Core Plus Bond ETF	0.55%

# ONE North American Core Plus Bond ETF

(continued)

## FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the ETF and is intended to help you understand its financial performance for the period indicated.

	For the Period October 9, 2018* through December 31, 2018
<b>NET ASSETS PER UNIT<sup>1,2</sup></b>	
Net assets, beginning of period	\$ 50.00
Increase (decrease) from operations	
Total revenue	0.35
Total expenses	(0.07)
Realized gains (losses) for the period	(0.06)
Unrealized gains (losses) for the period	0.30
Total increase (decrease) from operations	0.52
Distributions	
From income (excluding dividends)	(0.28)
From dividends	—
From capital gains	—
Return of capital	—
Total annual distributions <sup>3</sup>	(0.28)
Net assets at end of period	\$ 50.39
<b>RATIOS AND SUPPLEMENTAL DATA</b>	
Total net asset value (000's) <sup>4</sup>	\$95,732
Number of units outstanding (000's) <sup>4</sup>	1,900
Management expense ratio <sup>5</sup>	0.62%
Management expense ratio before waivers or absorptions <sup>5</sup>	0.81%
Trading expense ratio <sup>6</sup>	0.02%
Portfolio turnover rate <sup>7</sup>	11%
Net asset value per unit	\$ 50.39
Closing market price	\$ 50.29

\* Commencement of operations.

<sup>1</sup> This information is derived from the ETF's audited financial statements.

<sup>2</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

<sup>3</sup> Distributions were either paid in cash or reinvested in additional units of the ETF, or both. Reinvested units were consolidated.

<sup>4</sup> This information is provided as at December 31 of the year shown.

<sup>5</sup> The management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of average daily net asset value during the period. MER includes the waiver or absorption of certain operating expenses by WisdomTree, while the MER before waivers or absorptions shows the MER prior to operating expenses being waived or absorbed by WisdomTree.

<sup>6</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.

<sup>7</sup> The ETF's portfolio turnover rate indicates how actively the ETF's portfolio manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the period. The higher a portfolio's turnover rate in a period, the greater the trading costs payable by the ETF in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.

# ONE North American Core Plus Bond ETF

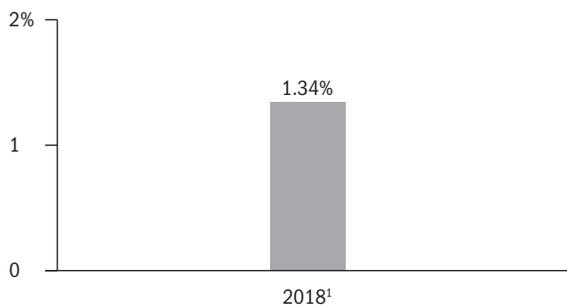
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## PAST PERFORMANCE

The ETF's performance information shown assumes that all distributions made by the ETF in the periods shown were reinvested in additional units of the ETF. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. These returns do not indicate how each class of the ETF will perform in the future.

### Year-by-Year Returns

The following bar chart shows the performance of the ETF for the period. The chart shows in percentage terms how much an investment made on the first day of the period would have increased or decreased by the last day of the period.



<sup>1</sup> For the period October 9, 2018 (commencement of operations) through December 31, 2018.

### Annual Compound Returns

The following table compares the historical annual compound returns of the ETF with those of its benchmark. Please note that because the ETF has been in existence for less than one year, the table compares the total returns for the period shown, rather than the historical annual compound returns.

#### Total Returns

Period Ended December 31, 2018

	Since Inception <sup>1</sup>
ONE North American Core Plus Bond ETF	1.34%
FTSE TMX Canada Universe XM Bond Index	2.61%

<sup>1</sup> For the period October 9, 2018 (commencement of operations) through December 31, 2018.

# ONE North American Core Plus Bond ETF

(concluded)

## SUMMARY OF INVESTMENT PORTFOLIO

### Investment Breakdown† as at 12/31/18

Investment Type	% of Net Asset Value
Exchange-Traded Funds	83.7%
Corporate Bonds	13.3%
Provincial Bonds	1.4%
Foreign Corporate Bond	0.2%
Other Assets less Liabilities‡	1.4%
<b>Total</b>	<b>100.0%</b>

† The ETF's investment breakdown is expressed as a percentage of net asset value and may change over time. It does not include derivatives (if any).

‡ Other assets include investment of cash collateral for securities on loan (if any).

### Top 25 Holdings\* as at 12/31/18

Description	% of Net Asset Value
WisdomTree Yield Enhanced Canada Short-Term Aggregate Bond Index ETF	68.4%
WisdomTree Yield Enhanced Canada Aggregate Bond Index ETF	15.3%
Brookfield Asset Management, Inc., 4.54%, 3/31/23	1.7%
Brookfield Asset Management, Inc., 3.95%, 4/9/19	1.7%
Wells Fargo Canada Corp., 3.04%, 1/29/21	1.2%
Bell Canada, Inc., 3.35%, 3/22/23	0.9%
Bell Canada, Inc., 4.70%, 9/11/23	0.9%
TELUS Corp., 2.35%, 3/28/22	0.8%
Bank of Nova Scotia (The), 2.40%, 10/28/19	0.8%
Toromont Industries Ltd., 3.84%, 10/27/27	0.8%
TransCanada PipeLines Ltd., 3.65%, 11/15/21	0.7%
Cominar Real Estate Investment Trust, 4.25%, 12/8/21	0.7%
Wells Fargo Canada Corp., 3.46%, 1/24/23	0.5%
Province of Ontario, 4.40%, 6/2/19	0.5%
Province of Ontario, 4.00%, 6/2/21	0.4%
Cominar Real Estate Investment Trust, 3.62%, 6/21/19	0.4%
TELUS Corp., 5.05%, 7/23/20	0.4%
Bank of Nova Scotia (The), 2.87%, 6/4/21	0.4%
TELUS Corp., 3.35%, 3/15/23	0.3%
Province of Quebec, 4.50%, 12/1/20	0.3%
Bank of Nova Scotia (The), 2.27%, 1/13/20	0.2%
GE Capital Canada Funding Co., 5.68%, 9/10/19	0.2%
Bell Canada, Inc., 3.25%, 6/17/20	0.2%
GE Capital Canada Funding Co., 4.60%, 1/26/22	0.2%
Bank of Montreal, 3.34%, 12/8/25	0.2%
<b>Top holdings as a percentage of net asset value</b>	<b>98.1%</b>

\* Excludes derivatives and investment of cash collateral for securities on loan (if any).

**Total Net Asset Value: \$95,731,798**

The Summary of Investment Portfolio may change because of the ETF's ongoing portfolio transactions. Updates are available quarterly.



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**For more information, please contact us:**

WisdomTree Asset Management Canada, Inc.  
161 Bay Street, 27th Floor  
Toronto, ON M5J 2S1  
1.866.893.TREE (8733)  
[www.wisdomtree.com](http://www.wisdomtree.com)

**Forward-Looking Statement**

This report may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent certain beliefs regarding future events. By their nature, forward-looking statements involve assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document are cautioned not to place undue reliance on any forward-looking statements contained in this report as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the ETF may invest and the risks detailed from time to time in the ETF's prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the ETF, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Because of the potential impact of these factors, WisdomTree Asset Management Canada, Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

"WisdomTree" is a marketing name used by WisdomTree Investments, Inc. and its affiliates globally. WisdomTree Asset Management Canada, Inc., a wholly-owned subsidiary of WisdomTree Investments, Inc., is the manager and trustee of the WisdomTree ETFs listed for trading on the Toronto Stock Exchange.