



## **Interim Management Report of Fund Performance**

For the six-month period ended June 30, 2019

### **WisdomTree U.S. Quality Dividend Growth Variably Hedged Index ETF (DOD)**

This interim management report of fund performance contains financial highlights, but does not contain the complete interim or annual financial statements of the ETF. You can obtain a copy of the interim or 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.

# WisdomTree U.S. Quality Dividend Growth Variably Hedged Index ETF

## Interim Management Report of Fund Performance

For the six-month period ended June 30, 2019

### MANAGEMENT REPORT OF FUND PERFORMANCE

WisdomTree Asset Management Canada, Inc. (“WisdomTree”) is pleased to provide you with the Interim Management Report of Fund Performance (“MRFP”) for the WisdomTree U.S. Quality Dividend Growth Variably Hedged Index ETF (the “ETF”) for the period ended June 30, 2019. The ETF trades on the Toronto Stock Exchange (the “TSX”) under the ticker symbol DQD.

WisdomTree is the trustee, manager and promoter of the ETF. Mellon Investments Corporation (the “Investment Advisor”) is the investment advisor to the ETF.

### Investment Objectives and Strategies

The investment objective of the ETF is to track, to the extent possible, the price and yield performance of the WisdomTree U.S. Quality Dividend Growth Index Variably CAD-Hedged (the “Index”), before fees and expenses. The Index is a fundamentally weighted index designed to provide exposure to dividend-paying U.S. companies with growth characteristics, while at the same time variably hedging currency exposure to fluctuations between the value of the U.S. dollar and the Canadian dollar.

The investment strategy of the ETF is to invest in and hold a proportionate share of the constituent securities of the Index, or other securities, to track the price and yield performance of the Index. The ETF uses derivative instruments to variably hedge currency fluctuations in the relative value of the U.S. dollar against the Canadian dollar, which may range from 0% to 100%, and is based on certain quantitative signals (namely, interest rate differentials, momentum and value).

### Risk

No material changes were made which affected the overall level of risk associated with an investment in the ETF for the period ended June 30, 2019. 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 six months ended June 30, 2019, the ETF returned 10.91% versus the Index return of 11.19%. The difference in performance of the ETF relative to its benchmark index is related to management fees and other miscellaneous factors.

The U.S. equity market, as measured by the S&P 500 Index, returned 18.18% in U.S. dollar terms and 13.57% in Canadian dollar terms for the 6-month period ended June 30, 2019.

In the first quarter of 2019 the U.S. equity market, as measured by the S&P 500 Index, rebounded sharply to return 13.47% in U.S. dollar terms. Indicators of economic growth signaled a mix of moderating growth and continued strength. Purchasing Managers’ Index survey data decreased, although the level remained consistent with the average it had been across periods of economic expansion. Meanwhile, payroll wage, and unemployment data exceeded expectations. The delayed release of fourth-quarter and full-year 2018 gross domestic product (“GDP”) fueled positive equity market returns. 2018 real GDP growth of 2.9% was stronger than anticipated and marked a rate of expansion that had only been reached two other times since 2005. The Federal Reserve (“the Fed”) also paused its multi-year rate hike program for the time being and stressed that further rate actions would be data dependent. Easing monetary policy and more constructive U.S.-China trade negotiations drove positive sentiment in U.S. equity markets.

The second quarter of 2019 was characterized by a continued relief rally in U.S. stocks through April 2019, followed by a sell-off in May 2019, and a subsequent recovery in June 2019. The release of stronger than anticipated first quarter GDP growth as well the continuation of solid jobs and wages gains alongside record low unemployment levels helped drive positive equity market returns in April 2019. In early May 2019, U.S.-China trade negotiations broke down – the U.S. increased tariffs to 25% from 10% on \$200 billion in Chinese goods, and China responded in-kind by raising tariffs on U.S. imports. Leading up to the Fed June 2019 meeting, core inflation remained below the Fed’s 2% target, manufacturing survey data slightly deteriorated, and the May jobs report came in meaningfully below expectations. In June 2019, the Fed’s outlook for the U.S. economy was markedly uncertain. The Fed left its target monetary policy rate unchanged and indicated that future rate action would be taken if needed to sustain the U.S. economic expansion. Expectations for future Fed rate cuts along with resumption of U.S.-China trade negotiations at the upcoming G-20 forum led U.S. equities higher through the end of June to return 4.15% in U.S. dollar terms in the second quarter of 2019.

Information Technology, Consumer Discretionary, and Industrials were the best performing sectors, returning 27.1%, 21.8%, and 21.4%, respectively in U.S. dollars. Health Care, Energy, and Utilities were the weakest sectors, although they still generated positive returns of 8.1%, 13.1%, and 14.7%, respectively in U.S. dollars, over the six-month period ended June 30, 2019. The ETF faced headwinds as the portfolio was overweight Energy by about 2% relative to the S&P 500 Index.

The U.S. dollar weakened in first six months of 2019 driven by falling U.S. interest rates; the U.S. dollar weakened approximately 3.97% to the Canadian dollar over the period. The variable currency hedge implemented by the ETF was successful in reducing some

# WisdomTree U.S. Quality Dividend Growth Variably Hedged Index ETF

(continued)

of the currency risk in the portfolio over the period. The variable hedge allowed the ETF to mitigate some of the headwinds that a Canadian-based investor would have experienced had they been fully hedged to the U.S. dollar.

## RECENT DEVELOPMENTS

There have not been any material changes to the management of the ETF. In 2019, 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 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
WisdomTree U.S. Quality Dividend Growth Variably Hedged Index ETF Variably Hedged Units	0.43%

# WisdomTree U.S. Quality Dividend Growth Variably Hedged Index ETF

(continued)

## FINANCIAL HIGHLIGHTS

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

<b>Variably Hedged Units</b>	<b>For the Six Months Ended June 30, 2019 (unaudited)</b>	<b>For the Year Ended December 31, 2018</b>	<b>For the Year Ended December 31, 2017</b>	<b>For the Period July 12, 2016* through December 31, 2016</b>
<b>NET ASSETS PER UNIT<sup>1,2</sup></b>				
Net assets, beginning of period	\$ 24.39	\$ 24.84	\$ 20.84	\$ 20.00
Increase (decrease) from operations				
Total revenue	0.36	0.71	0.52	0.28
Total expenses	(0.12)	(0.23)	(0.19)	(0.09)
Realized gains (losses) for the period	0.04	0.76	2.74	(0.03)
Unrealized gains (losses) for the period	2.36	(1.12)	1.45	0.79
Total increase (decrease) from operations	2.64	0.12	4.52	0.95
Distributions				
From income (excluding dividends)	(0.26)	(0.01)	(1.73)	(0.93)
From dividends	—	—	—	—
From capital gains	—	(0.57)	—	—
Return of capital	—	—	(0.13)	—
Total annual distributions <sup>3</sup>	(0.26)	(0.58)	(1.86)	(0.93)
Net assets at end of period	\$ 26.79	\$ 24.39	\$ 24.84	\$ 20.84
<b>RATIOS AND SUPPLEMENTAL DATA</b>				
Total net asset value (000's) <sup>4</sup>	\$33,487	\$23,174	\$14,903	\$10,421
Number of units outstanding (000's) <sup>4</sup>	1,250	950	600	500
Management expense ratio <sup>5</sup>	0.47%	0.49%	0.48%	0.58%
Management expense ratio before waivers or absorptions <sup>5</sup>	0.48%	0.50%	0.54%	0.58%
Trading expense ratio <sup>6</sup>	0.00% <sup>7</sup>	0.00% <sup>7</sup>	0.00% <sup>7</sup>	0.03%
Portfolio turnover rate <sup>8</sup>	1%	28%	36%	26%
Net asset value per unit	\$ 26.79	\$ 24.39	\$ 24.84	\$ 20.84
Closing market price	\$ 26.79	\$ 23.00	\$ 24.90	\$ 21.11

\* Commencement of operations.

<sup>1</sup> This information is derived from the ETF's unaudited and 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 June 30 and December 31 of the years 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> Amount represents less than 0.005%.

<sup>8</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.

# WisdomTree U.S. Quality Dividend Growth Variably Hedged Index ETF

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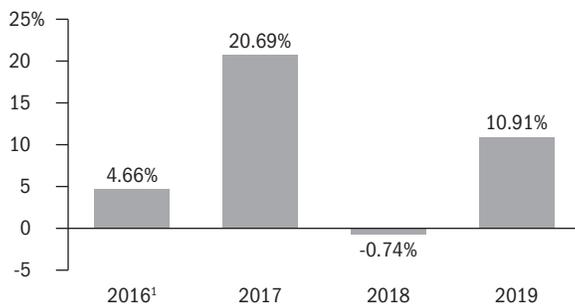
## PAST PERFORMANCE

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 each of the financial years shown and for the six month period ended June 30, 2019. 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.

Variably Hedged Units



<sup>1</sup> For the period July 12, 2016 (commencement of operations) through December 31, 2016.

# WisdomTree U.S. Quality Dividend Growth Variably Hedged Index ETF

(concluded)

## SUMMARY OF INVESTMENT PORTFOLIO

### Sector Breakdown† as at 6/30/19

Sector	% of Net Asset Value
Information Technology	21.5%
Industrials	18.3%
Consumer Staples	12.6%
Consumer Discretionary	10.7%
Health Care	9.7%
Financials	9.5%
Communication Services	8.0%
Energy	6.6%
Materials	2.7%
Real Estate	0.1%
Other Assets less Liabilities‡	0.3%
<b>Total</b>	<b>100.0%</b>

† The ETF's sector breakdown is expressed as a percentage of net asset value and may change over time. In addition, a sector may be comprised of several industries. 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 6/30/19

Description	% of Net Asset Value
Microsoft Corp.	5.1%
Apple, Inc.	4.8%
Exxon Mobil Corp.	4.7%
Verizon Communications, Inc.	4.2%
Wells Fargo & Co.	3.5%
Procter & Gamble Co. (The)	3.4%
PepsiCo, Inc.	2.6%
International Business Machines Corp.	2.4%
Home Depot, Inc. (The)	2.4%
AbbVie, Inc.	2.3%
Altria Group, Inc.	2.3%
Intel Corp.	2.0%
Boeing Co. (The)	1.9%
Comcast Corp.	1.7%
Walt Disney Co. (The)	1.5%
UnitedHealth Group, Inc.	1.4%
Honeywell International, Inc.	1.3%
Texas Instruments, Inc.	1.3%
United Technologies Corp.	1.2%
3M Co.	1.2%
Union Pacific Corp.	1.2%
United Parcel Service, Inc.	1.1%
Las Vegas Sands Corp.	1.1%
Eli Lilly & Co.	1.0%
General Motors Co.	1.0%
<b>Top holdings as a percentage of net asset value</b>	<b>56.6%</b>

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

**Total Net Asset Value: \$33,487,250**

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.