

WisdomTree

SHORT & LEVERAGED ETPs

Global Flows

July / 2019

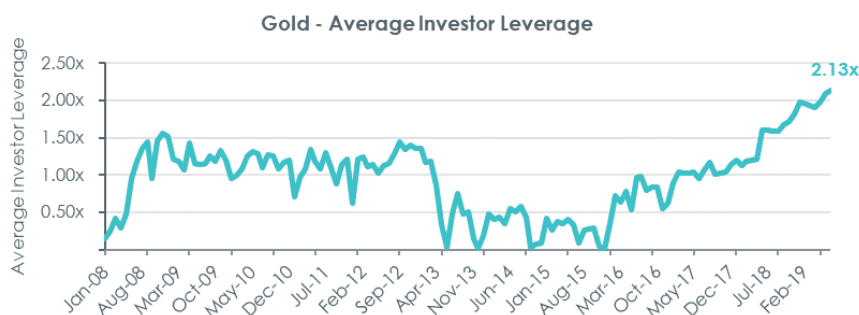
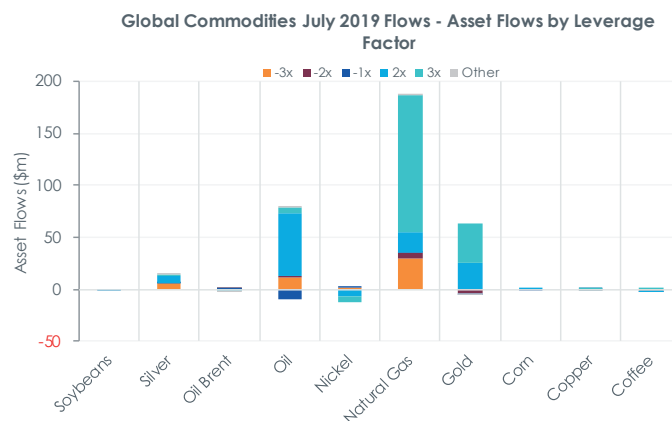
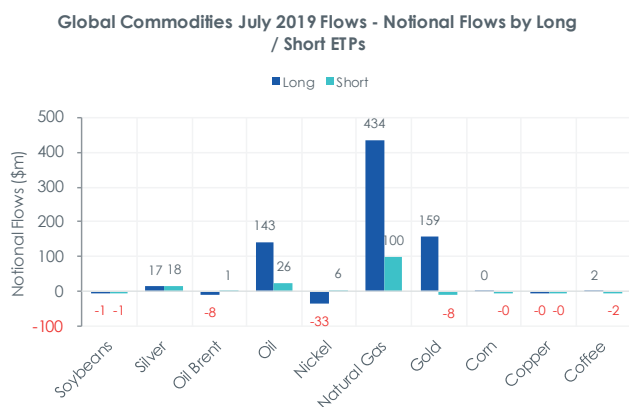


Short and leveraged exchange-traded products are only intended for investors who understand the risks involved in investing in a product with short and/or leveraged exposure and who intend to invest on a short term basis. Any investment in short and/or leveraged products should be monitored on a daily basis to ensure consistency with your investment strategy. You should understand that investments in short and/or leveraged exchange-traded products held for a period of longer than one day may not provide returns equivalent to the return from the relevant unleveraged investment multiplied by the relevant leverage factor. Potential losses in short and/or leveraged exchange-traded products may be magnified in comparison to investments that do not incorporate these strategies. Please refer to the section entitled "Risk Factors" in the relevant prospectus for further details of these and other risks associated with an investment in short and/or leveraged exchange-traded products. You should consult an independent investment adviser prior to making an investment in short and/or leveraged exchange-traded products in order to determine its suitability to your circumstances.

Executive Summary

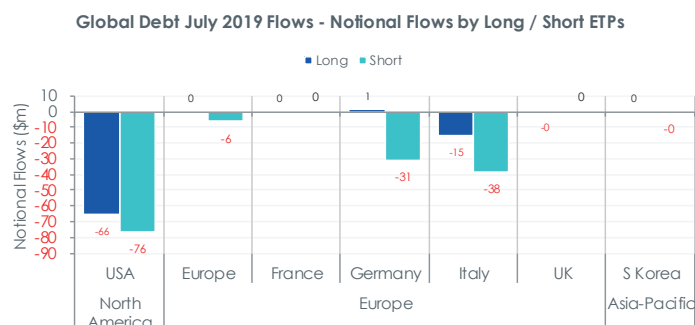
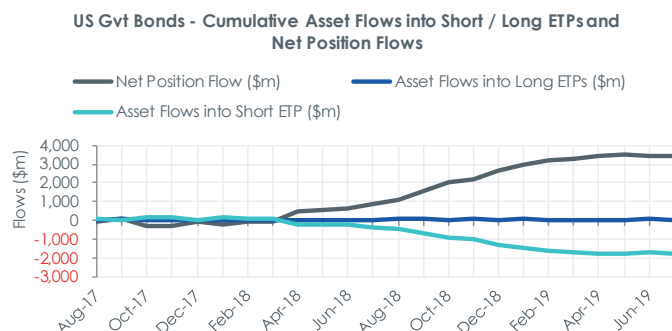
Short & Leveraged (S&L) investors maintain bullish views in energy and gold markets at the start of August

Investors in S&L Exchange Traded Products (ETPs) were bullish in natural gas in July, continuing to add long positions from the month before. Natural gas prices are seasonal in nature and tend to rise as summer passes and demand builds up, leading up to the start of winter. S&L investors are similarly bullish on oil which has seen some volatility in the last month. While OPEC is expected to keep supply in check and tensions in the middle east continue to pose the threat of supply disruption, weak demand is likely to create headwinds for oil prices as the global economy reels from the effects of trade tensions between the US and China. One commodity that benefits from geopolitical tensions and macroeconomic concerns is gold which continues to rally, reaching 5-year highs at the start of August this year. S&L investors, who added long gold positions during July, placed themselves well for the recent rally.



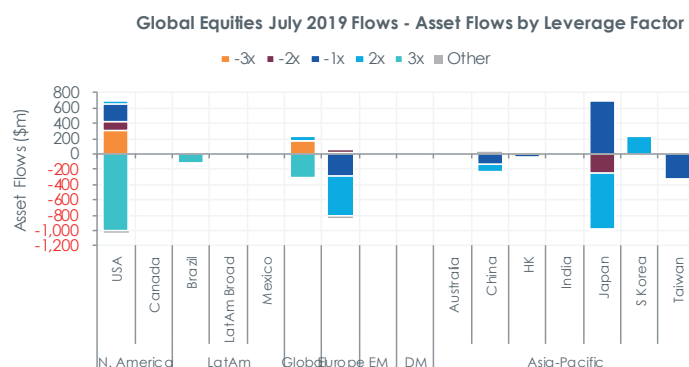
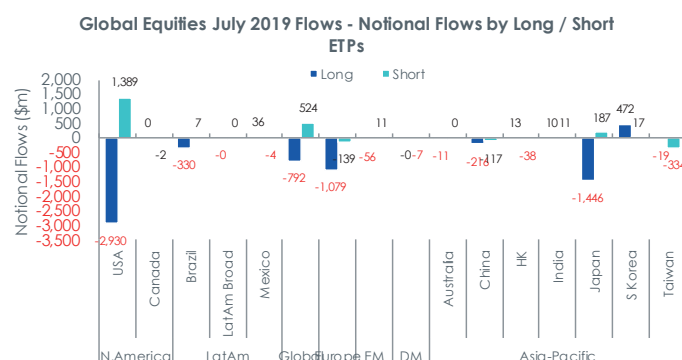
Investors in S&L ETPs began to redeem their short US government bond positions and continued to unwind their short German government bond positions in July

Although economic data in the US generally printed positive in July, with both gauges of regional manufacturing activity rising greater than expected and retail sales recording a second month of gains in June, the market was largely anticipating a US interest rate cut at the Federal Open Market Committee (FOMC) meeting in July after Federal Reserve (Fed) chairman, Jerome Powell, hinted towards such a move in June. At the end of July, the Fed cut interest rates for the first time in over a decade by 25 basis points which had been largely anticipated by the market. Following the rate decision, Powell's speech at the news conference indicated that the interest rate cut was aimed against downside risks and shifted the balance towards a more bullish tilt, indicating that this was not the start of a long series of cuts. While these comments provided investors with little insight into the future rate path, President Trump's comments around the US, potentially imposing additional tariffs on Chinese goods, did indicate further downside risk to future global growth. For investors in S&L ETPs, we saw a shift from last month's trend with investors redeeming their short positions in US government bond ETPs in the realm of -\$76mn, a trend which outweighed the reduction in their long positions in US government bond ETPs in the range of -\$66mn. By the same token, investors in S&L ETPs continued to unwind their short German government bond ETP positions by redeeming \$31mn of notional flows.



S&L investors took timely bearish positions in global equity

Investors in S&L ETPs started taking bearish positions in global equities in June and continued this further in July, seemingly closing their long positions when markets were high and adding new short positions in anticipation of a correction. Equity markets peaked in July with the S&P500 Index recording an all-time high of 3027 towards the end of the month. Equities have since taken a downward turn as trade tensions between the US and China have escalated again causing anguish in markets and reducing the probability of a resolution of the issue any time soon. Major global equity indices are negative at the start of August with the US Treasury designating China a currency manipulator in the wake of the Chinese Yuan Renminbi depreciation and the USDCNY exchange rate moving past 7. With markets viewing global growth prospects as inextricably intertwined with developments on the trade wars front, a further extension of the trade dispute is likely to bear heavy on growth forecasts and keep the pressure on global equities. S&L investors who took bearish positions during July placed themselves well for the recent moves.



Global Asset Allocation

- The total global AUM of Short & Leveraged (S&L) ETPs was \$75.2 billion as of 31/07/2019
- 35% of AUM is held in short products with leverage factors ranging between -1x to -3x. 65% of AUM is held in long products with leverage factors of +2 and above. The leverage factor with the most assets is +2x, with 41% of AUM.
- In terms of S&L asset allocation, equity ETPs are the most popular with 83% of AUM, followed by commodities with 8% and debts with 5%. The remainder is allocated between currency and alternative ETPs.

All data provided in this report is sourced from calculations by WisdomTree, which are performed on underlying price, return, AUM, currency and market capitalisation data from Bloomberg®. All data is as of 31 July 2019. All figures are denominated in USD.

You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.

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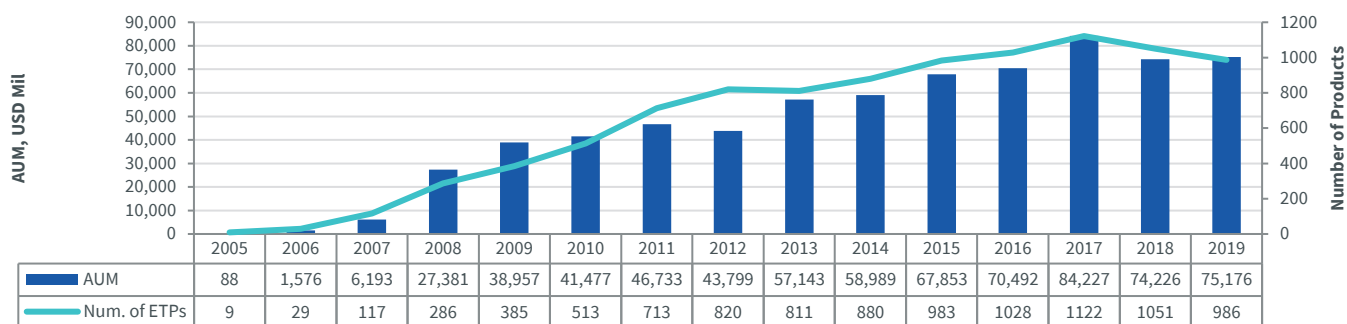
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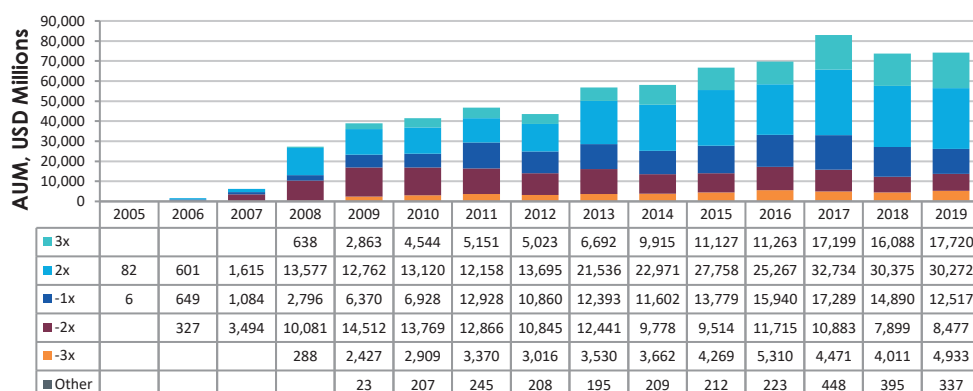
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Global Growth of S&L ETFs/ETPs

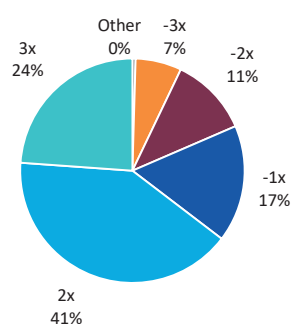
AUM and Number of Products



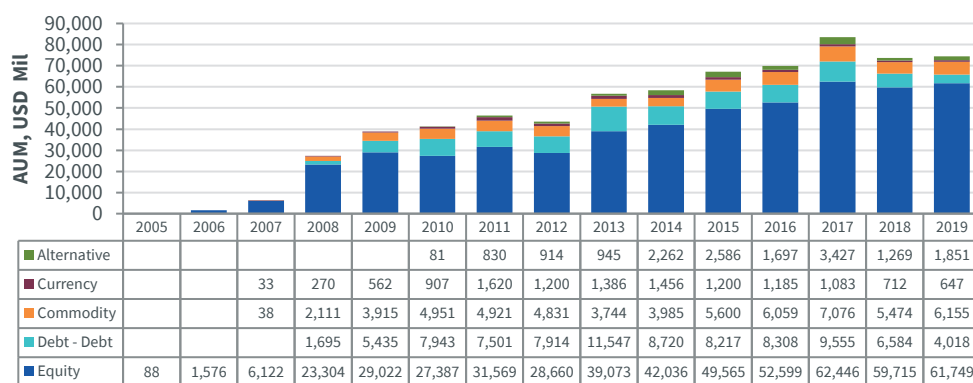
AUM by Leverage Factor



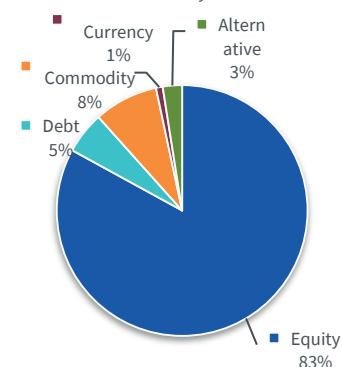
As of 31st July 2019



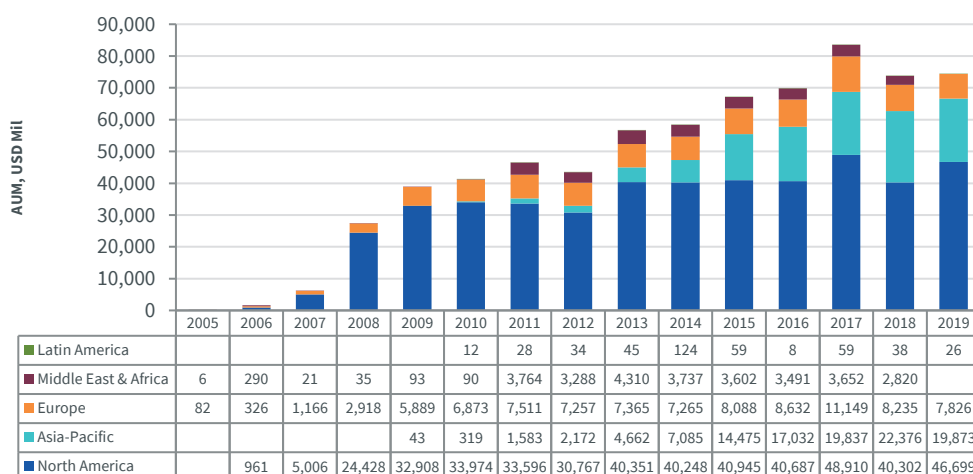
AUM by Asset Class



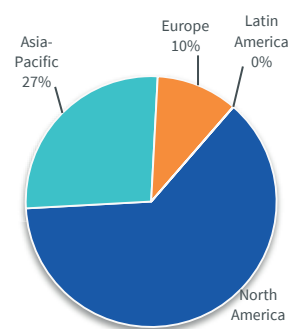
As of 31st July 2019



AUM by Domicile Region



As of 31st July 2019

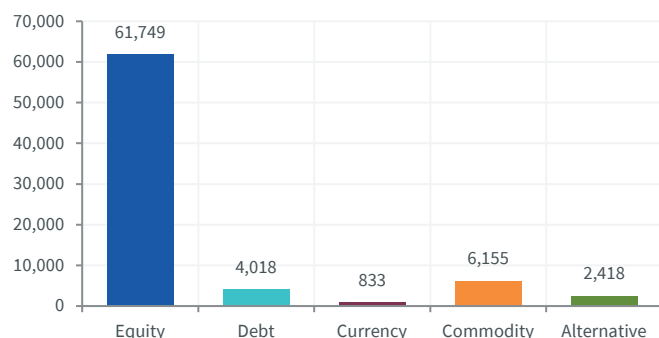


Global Asset Allocation

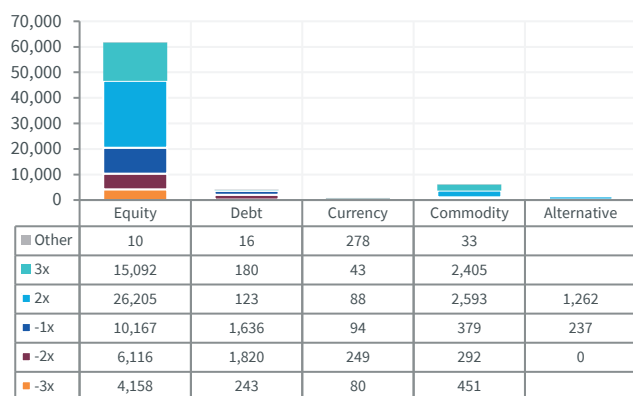
Current Allocations

As of 31st July 2019; Figures in USD Mil.

AUM

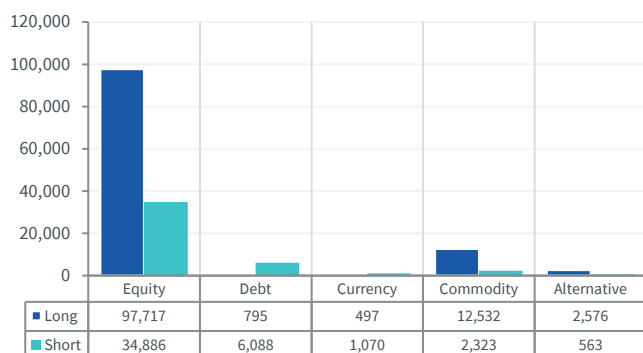


AUM by Leverage Factor



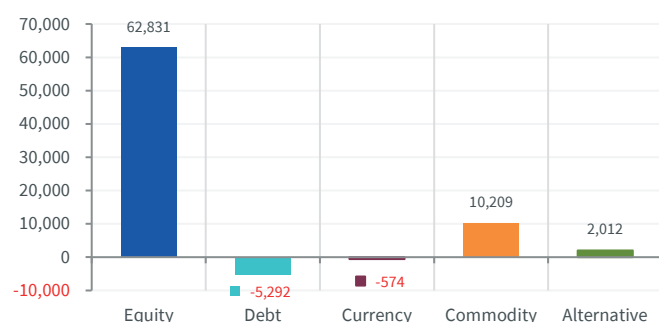
Notional AUM by Long / Short ETPs

The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of assets in a 3x leverage or a 3x short ETP equals \$3 of notional AUM



Net Position

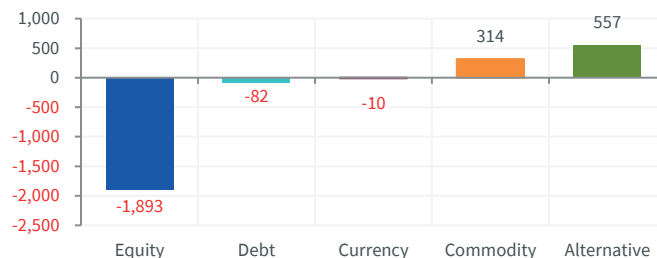
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



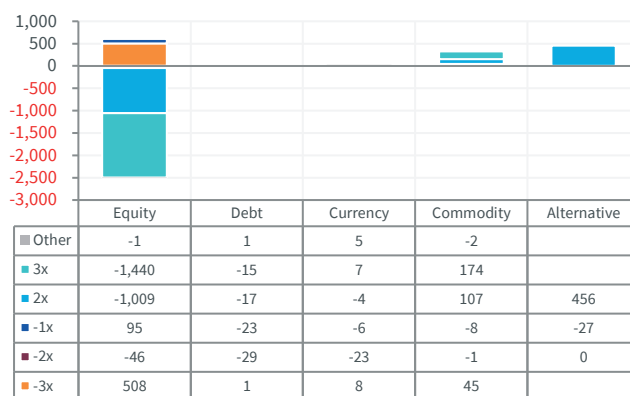
July 2019 Flows

Over July 2019; Figures in USD Mil.

Asset Flows

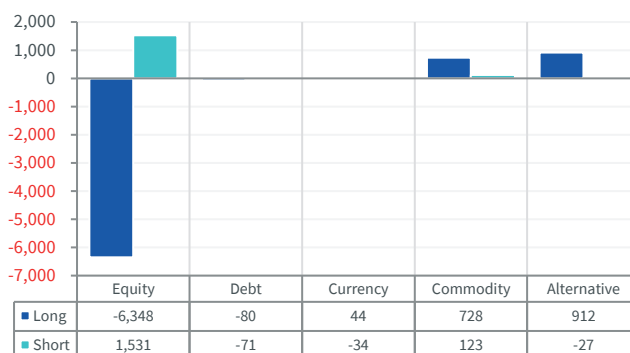


Asset Flows by Leverage Factor



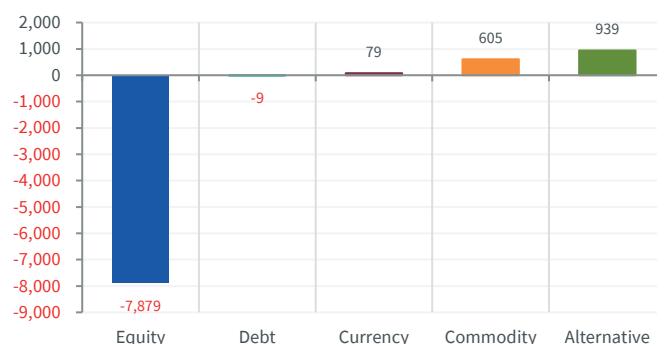
Notional Flows by Long / Short ETPs

The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of outflows from a 3x leverage ETP equals -\$3 of notional flow



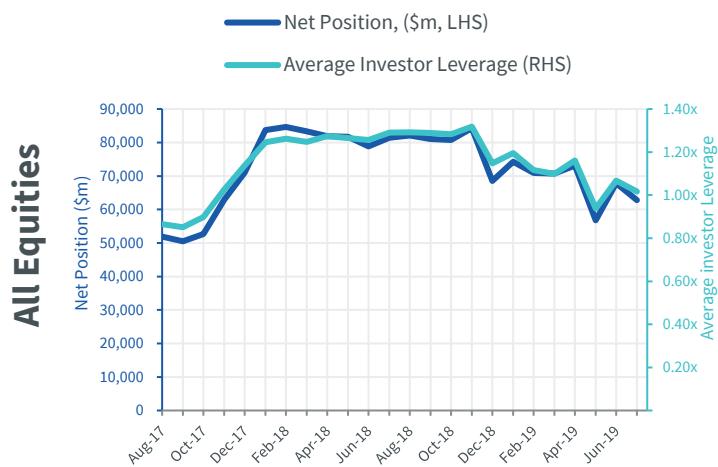
Net Position Flows

The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows

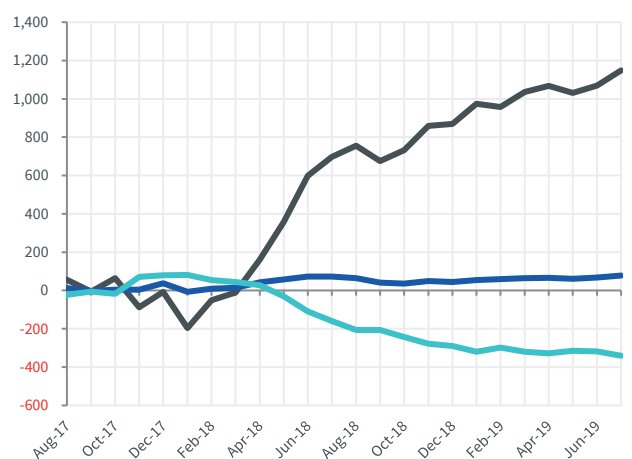
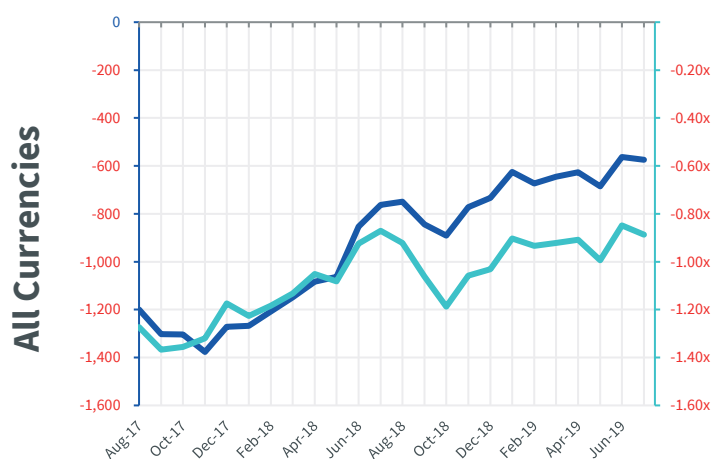
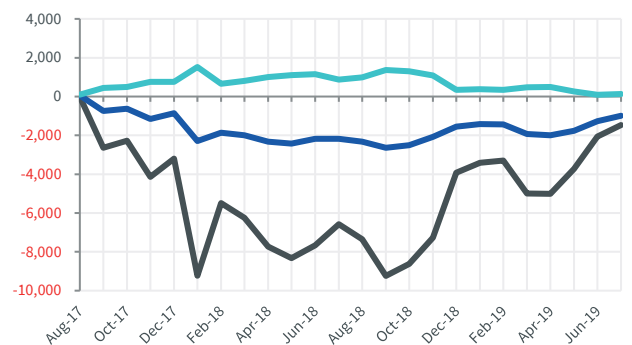
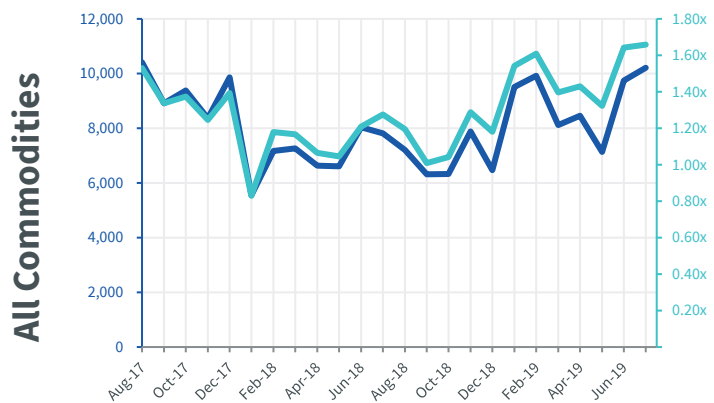
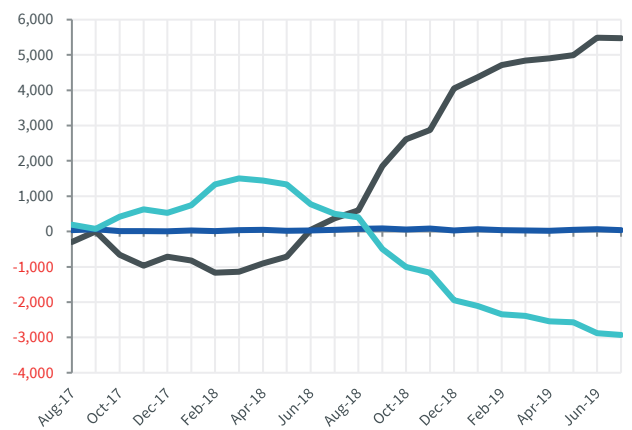
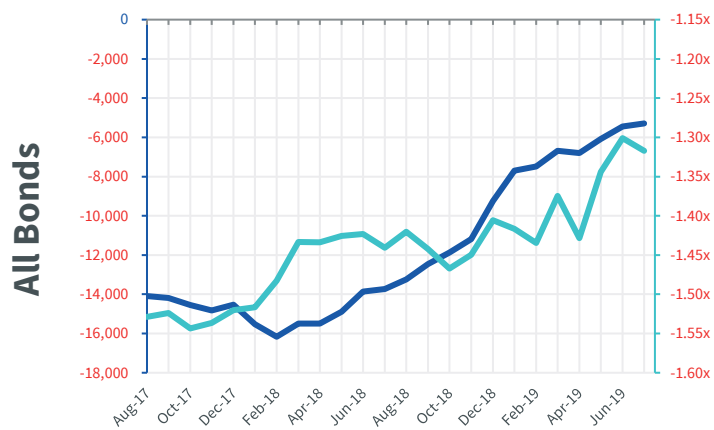
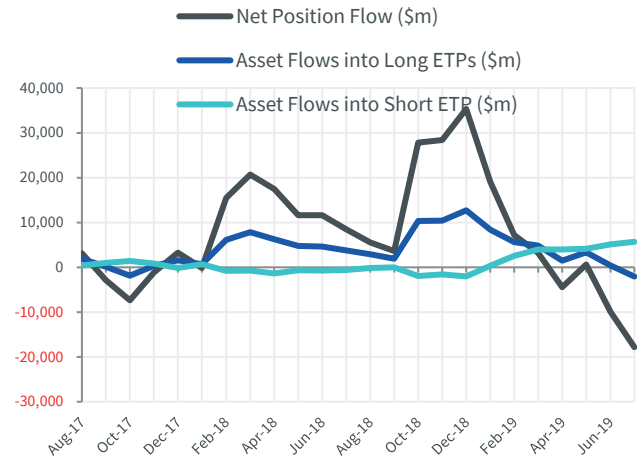


Global Asset Allocation - Historical View

Net Position and Average Investor Leverage



Cumulative Asset Flows into Short / Long ETPs and Net Position Flows



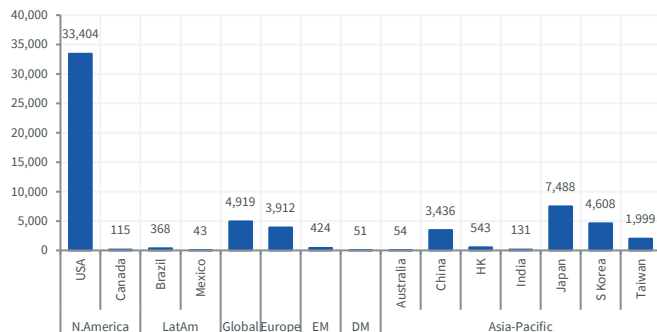
Short & Leveraged Equities

Global Equities

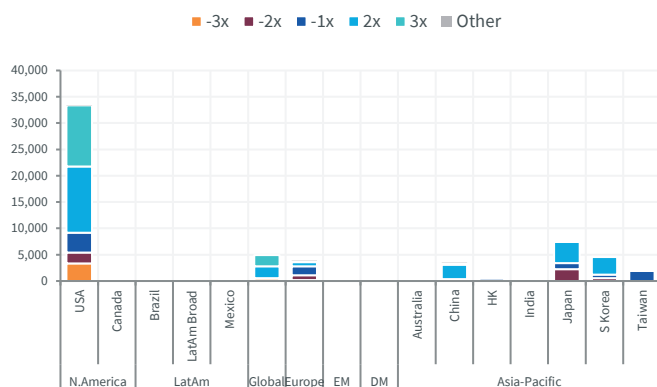
Current Allocations

By Geographic Exposure; As of 31st July 2019; Figures in USD Mil.
"Europe" represents the sum total of ETPs exposed to Europe or European countries.

AUM

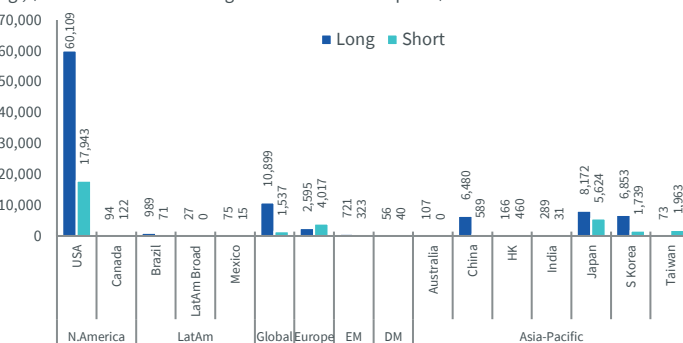


AUM by Leverage Factor



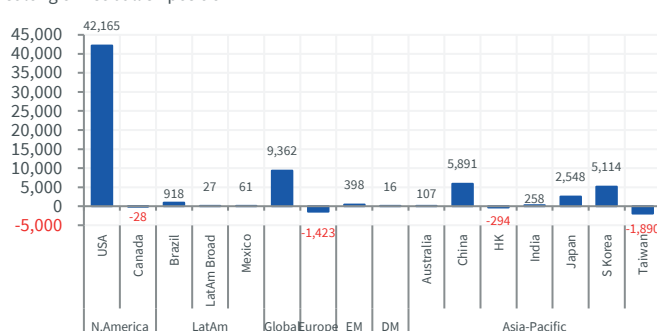
Notional AUM by Long / Short ETPs

The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of assets in a 3x leverage or a 3x short ETP equals \$3 of notional AUM



Net Position

The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



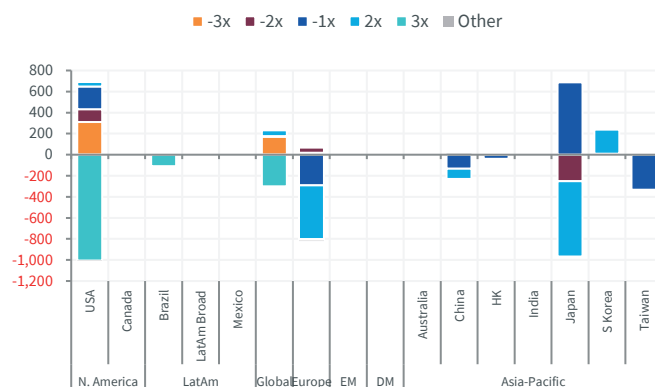
July 2019 Flows

By Geographic Exposure; During July 2019; Figures in USD Mil.

Asset Flows

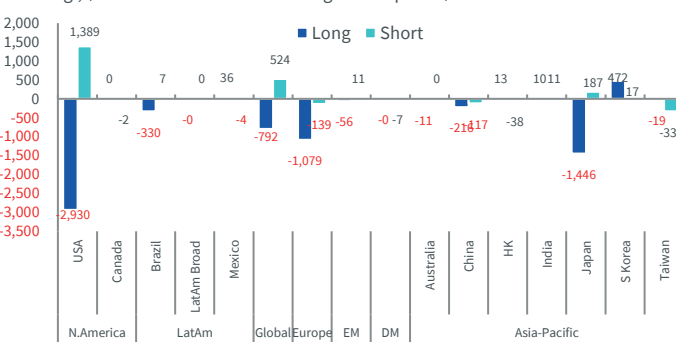


Asset Flows by Leverage Factor



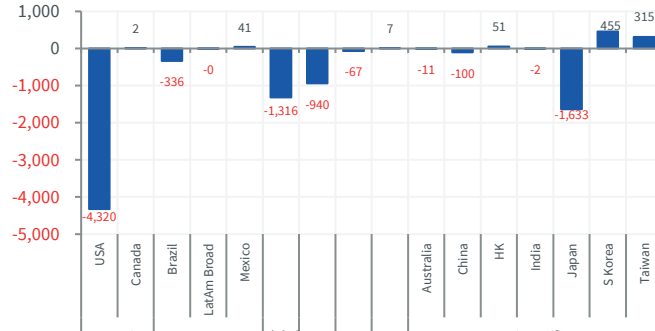
Notional Flows by Long / Short ETPs

The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of outflows from a 3x leverage ETP equals -\$3 of notional flow



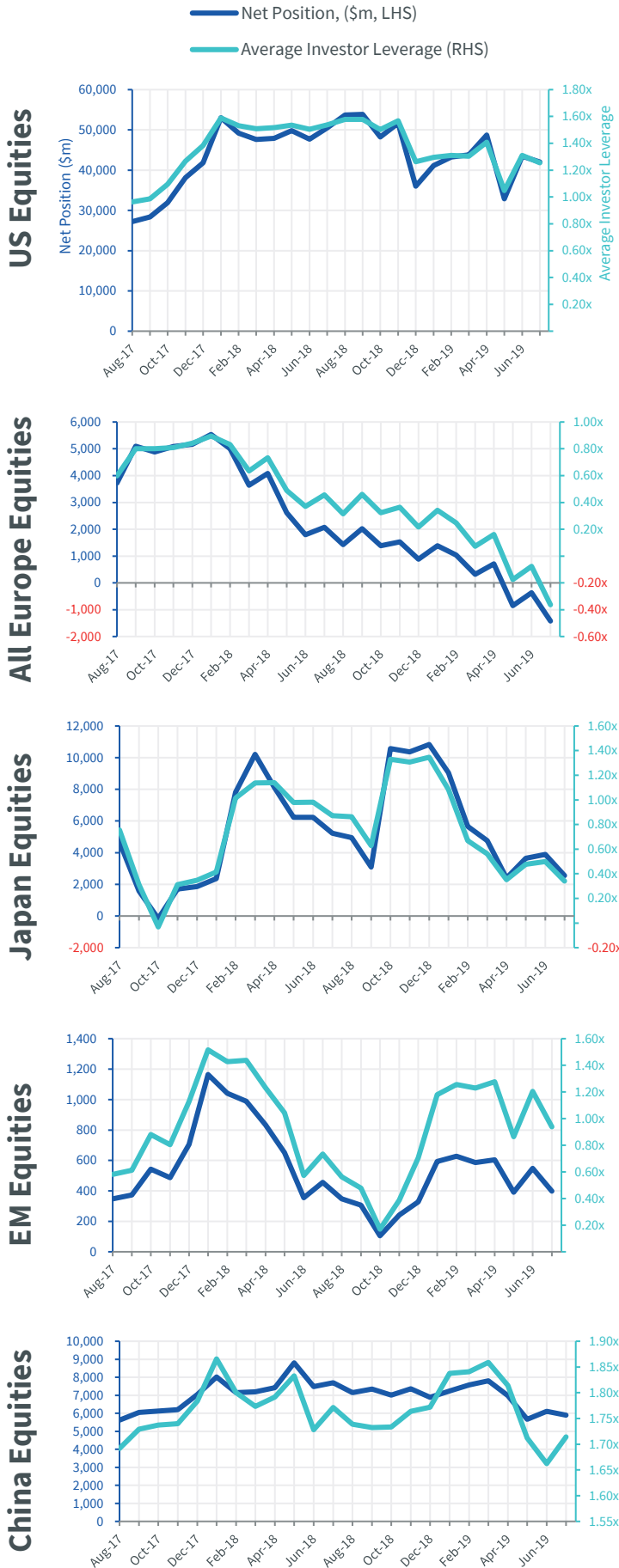
Net Position Flows

The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows

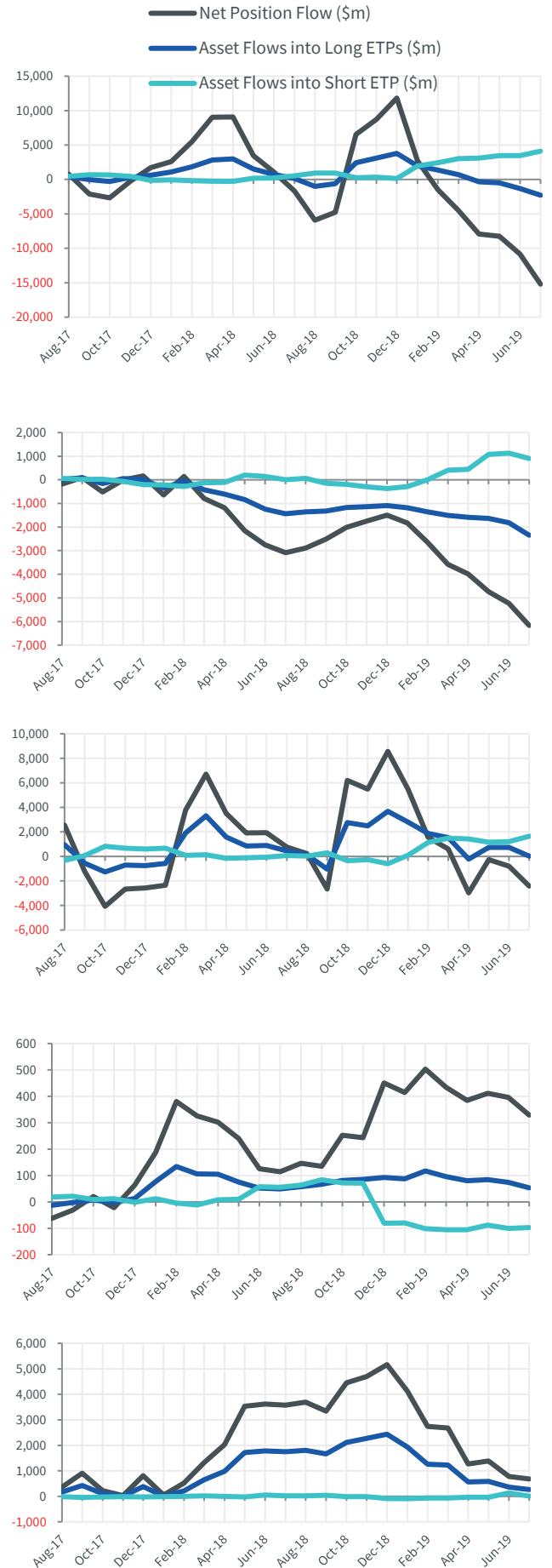


Global Equities - Historical View

Net Position and Average Investor Leverage



Cumulative Asset Flows into Short / Long ETPs and Net Position Flows



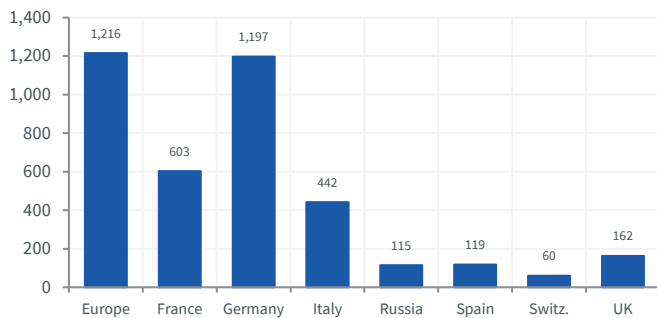
European Equities Breakdown

Current Allocations

By Geographic Exposure; As of 31st July 2019; Figures in USD Mil.
"Europe" represents ETPs exposed to Europe as a region.

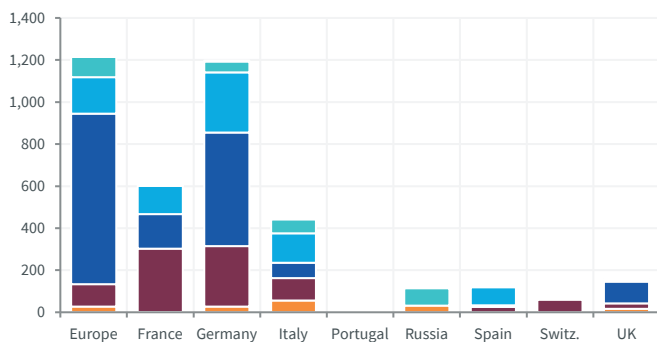
AUM

Showing countries with AUM above \$10mm



AUM by Leverage Factor

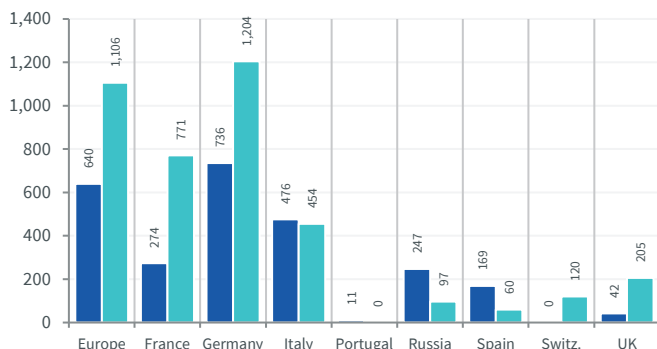
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional AUM by Long / Short ETPs

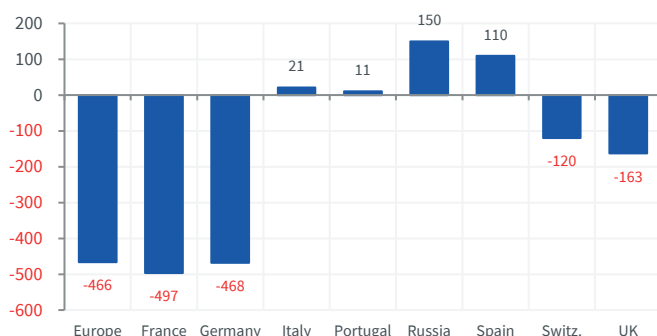
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of assets in a 3x leverage or a 3x short ETP equals \$3 of notional AUM

Legend: Long, Short



Net Position

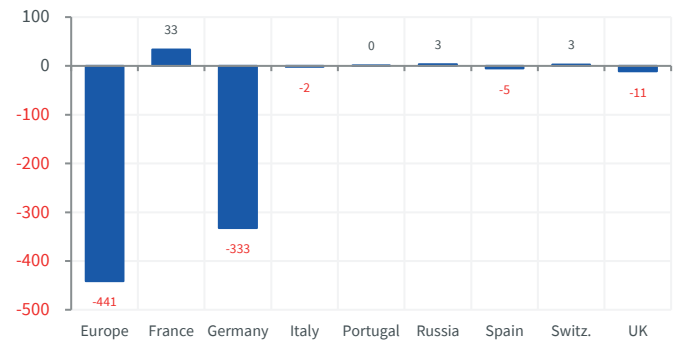
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



July 2019 Flows

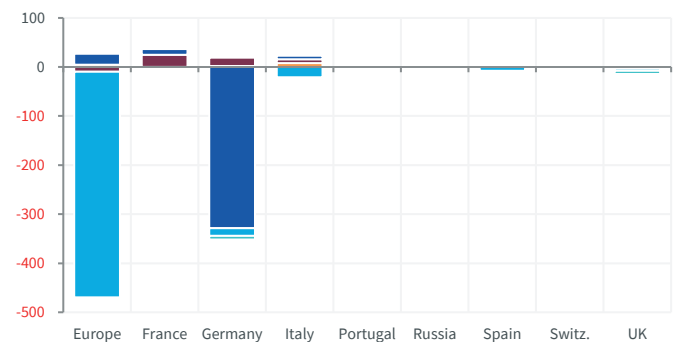
By Geographic Exposure; Over July 2019; Figures in USD Mil.

Asset Flows



Asset Flows by Leverage Factor

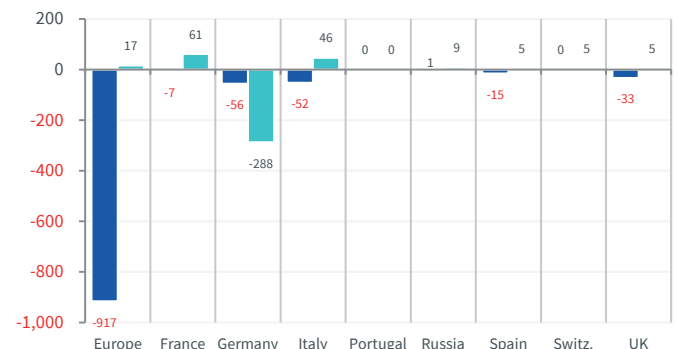
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional Flows by Long / Short ETPs

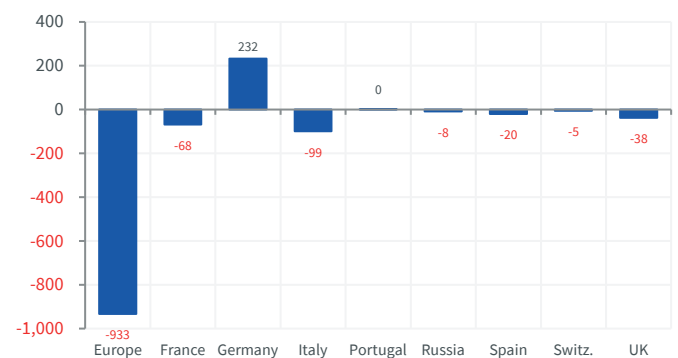
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of outflows from a 3x leverage ETP equals -\$3 of notional flow

Legend: Long, Short



Net Position Flows

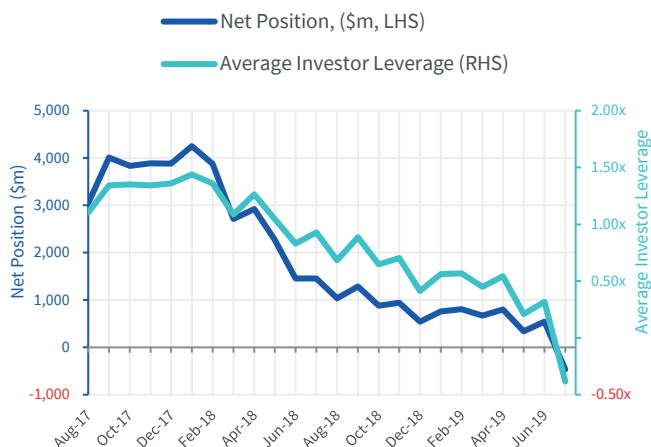
The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows



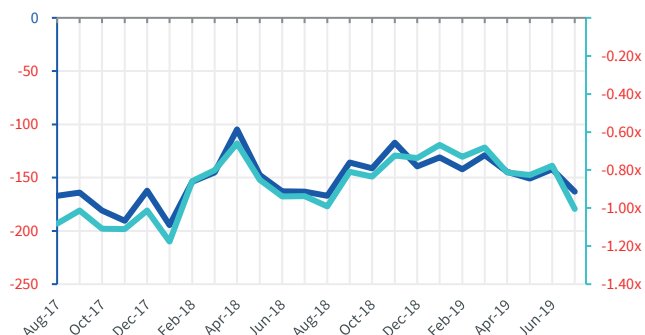
Europe Equities - Historical View

Net Position and Average Investor Leverage

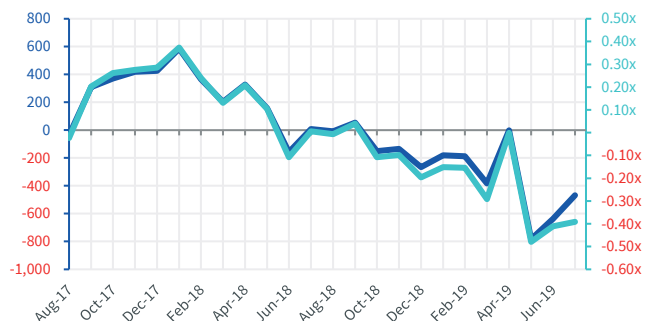
Broad Europe Equities



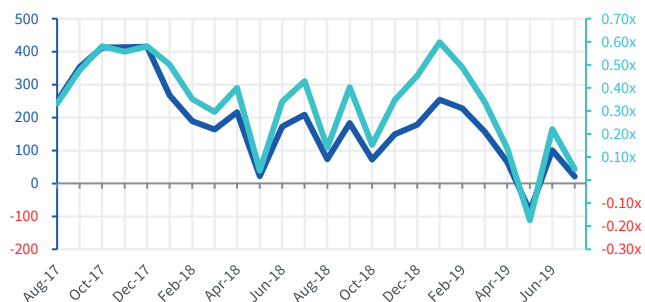
UK Equities



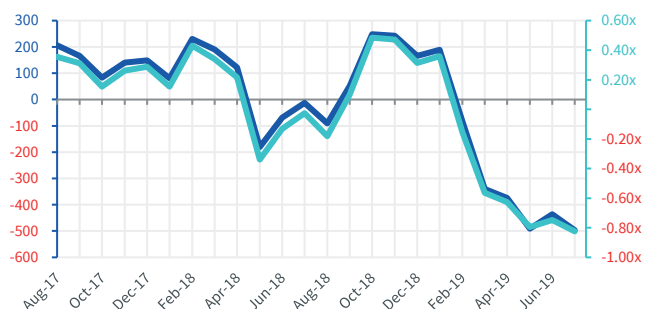
Germany Equities



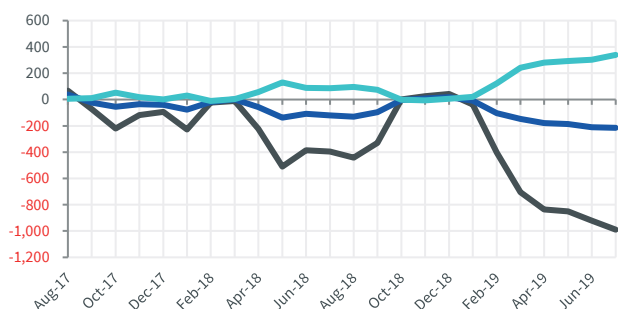
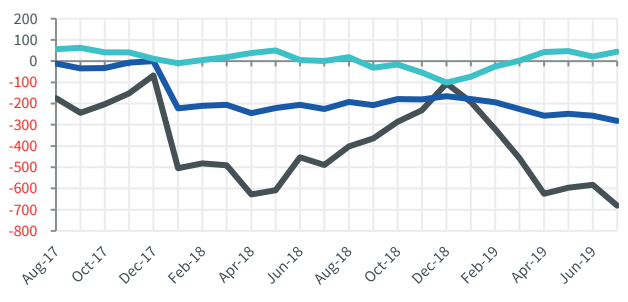
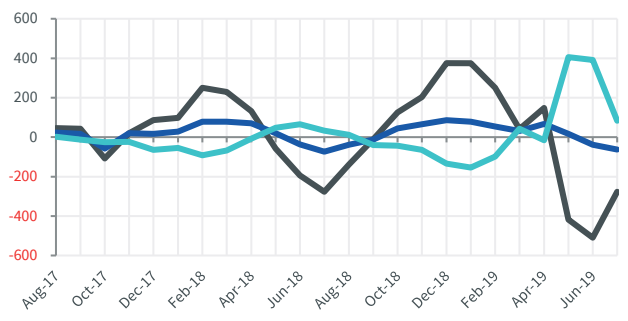
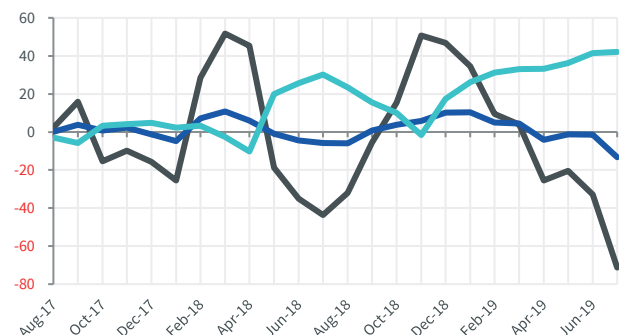
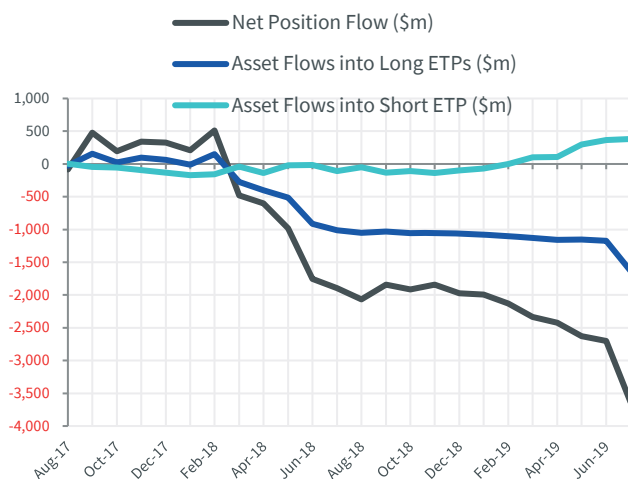
Italy Equities



France Equities



Cumulative Asset Flows into Short / Long ETPs and Net Position Flows



Short & Leveraged Government Debt

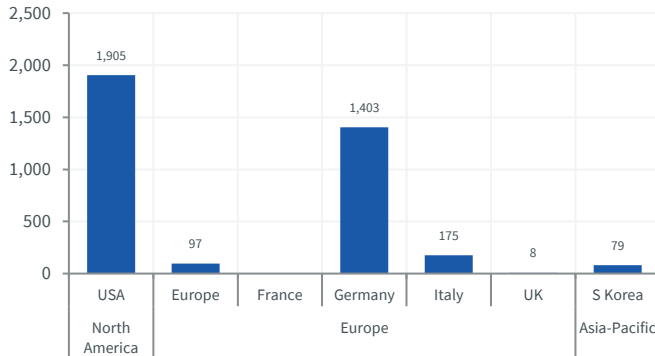
Global Debt

Current Allocations

By Geographic Exposure; As of 31st July 2019; Figures in USD Mil.

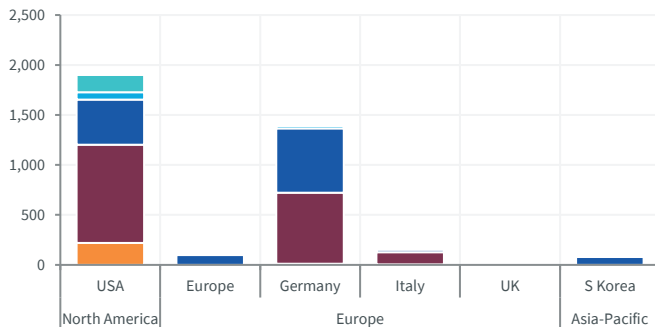
AUM

Showing countries with AUM above \$10mm



AUM by Leverage Factor

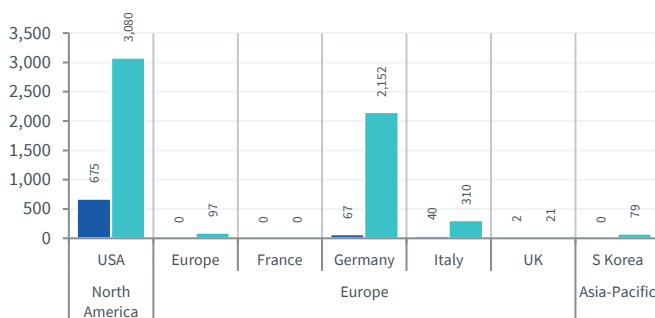
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional AUM by Long / Short ETPs

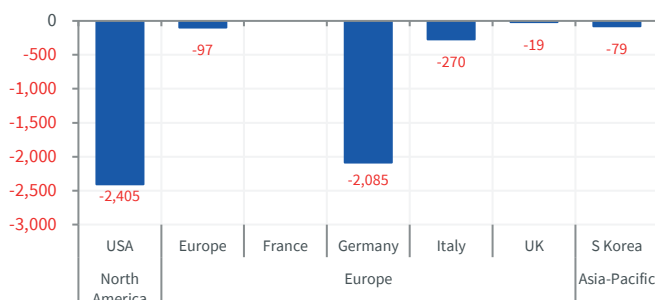
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of assets in a 3x leverage or a 3x short ETP equals \$3 of notional AUM

Legend: Long (blue), Short (teal)



Net Position

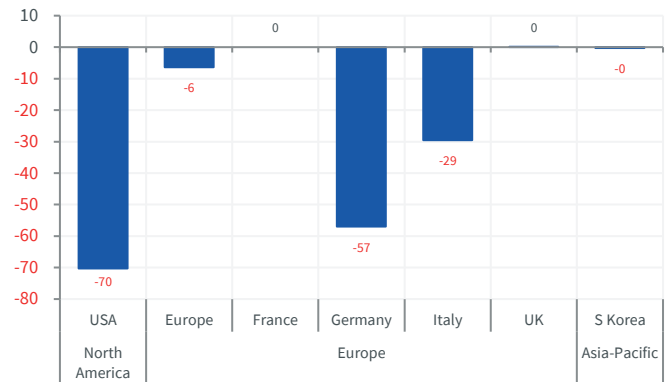
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



July 2019 Flows

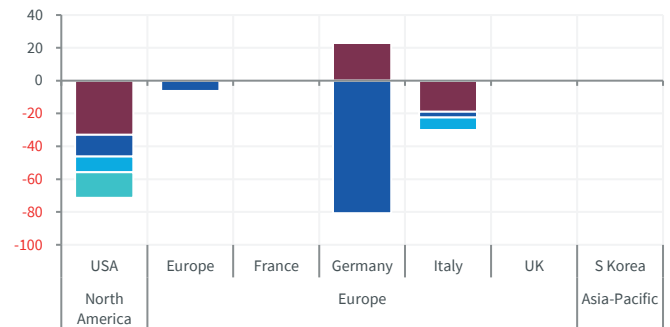
By Geographic Exposure; Over July 2019; Figures in USD Mil.

Asset Flows



Asset Flows by Leverage Factor

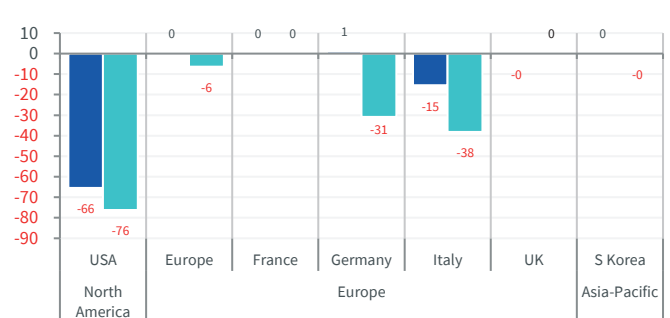
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional Flows by Long / Short ETPs

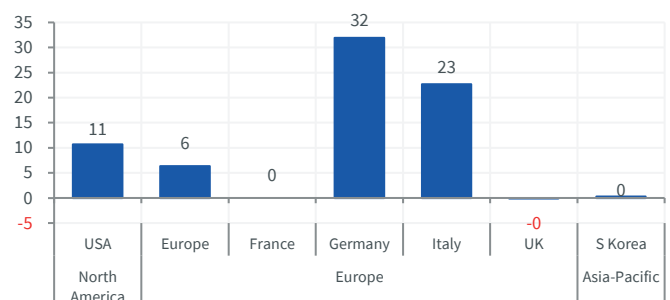
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of outflows from a 3x leverage ETP equals -\$3 of notional flow

Legend: Long (blue), Short (teal)



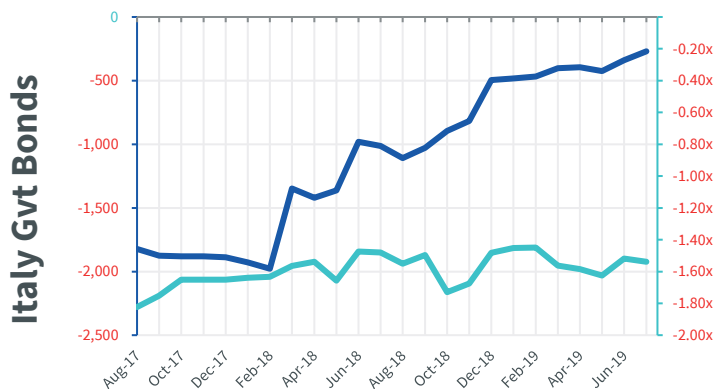
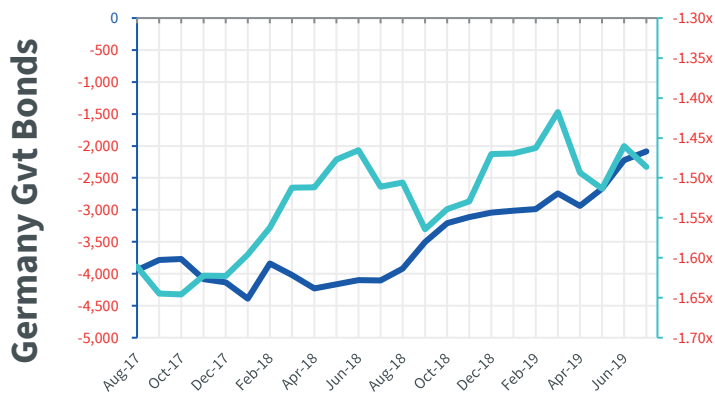
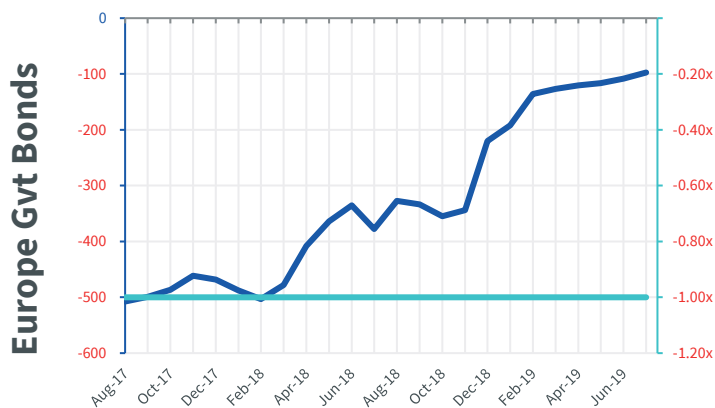
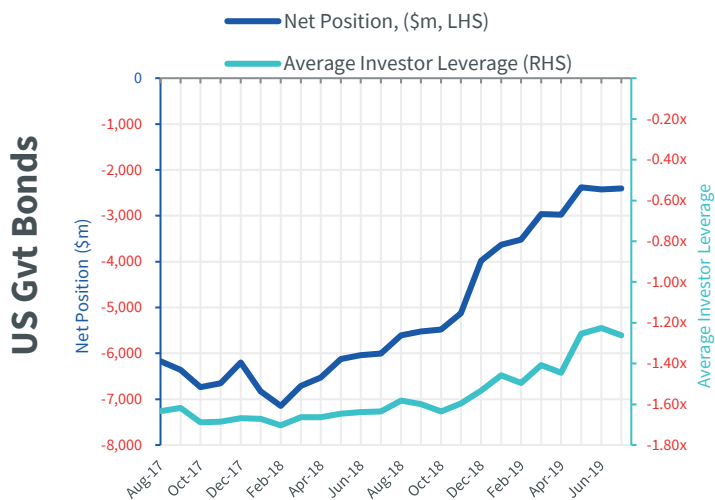
Net Position Flows

The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows

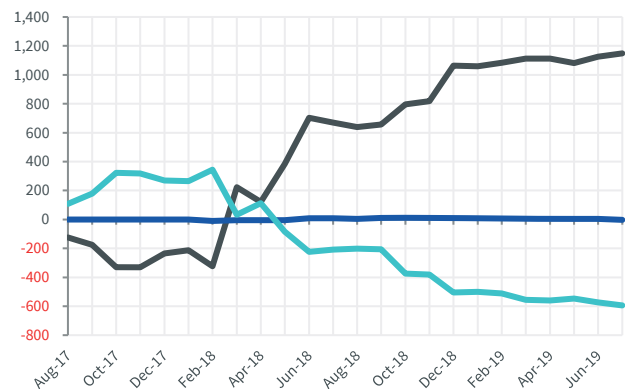
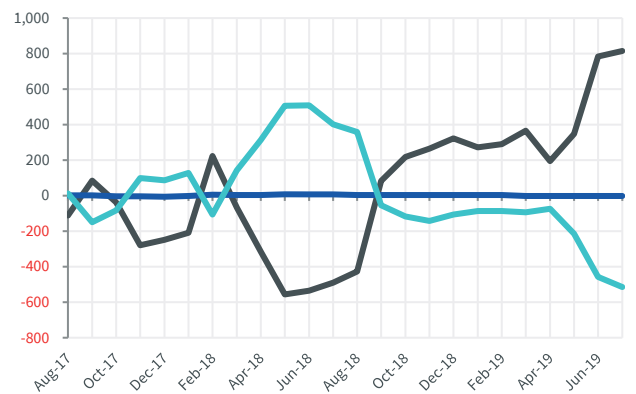
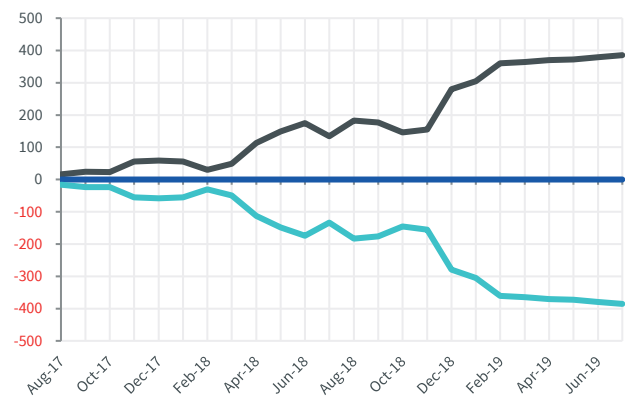
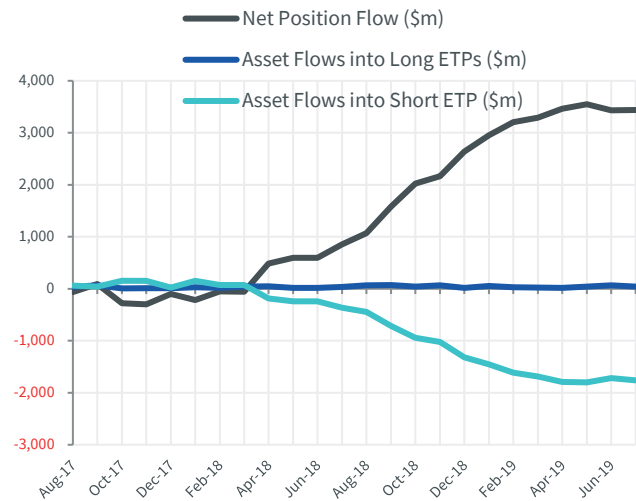


Global Debt - Historical View

Net Position and Average Investor Leverage



Cumulative Asset Flows into Short / Long ETPs and Net Position Flows



Short & Leveraged Commodities

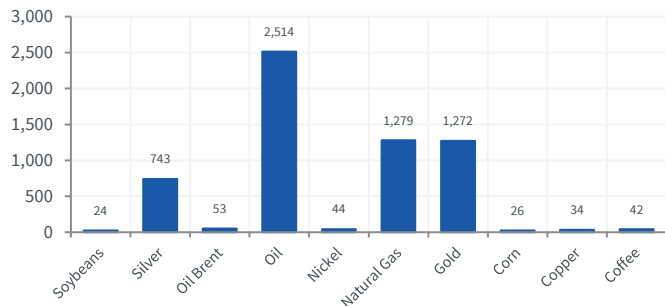
Global Commodities

Current Allocations

By commodity exposure; As of 31st July 2019; Figures in USD Mil;
Showing the top 10 AUM commodity exposures

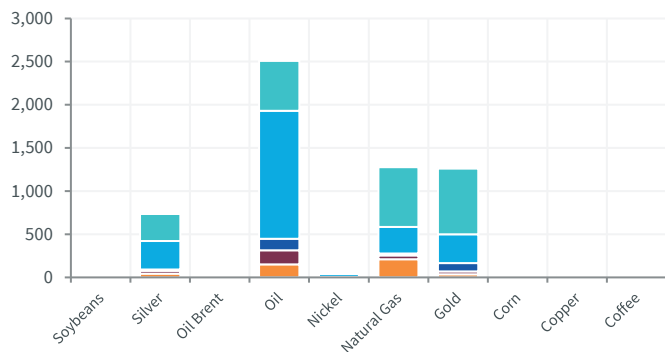
AUM

Showing commodity exposures with the top 10 AUMs



AUM by Leverage Factor

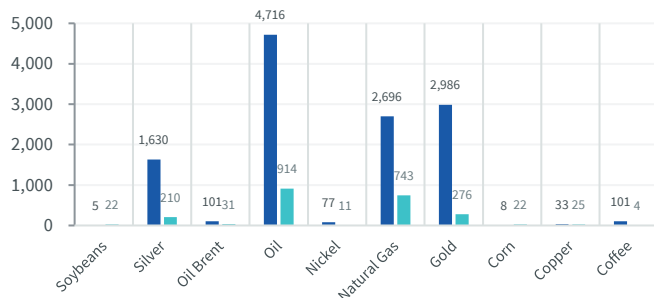
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional AUM by Long / Short ETPs

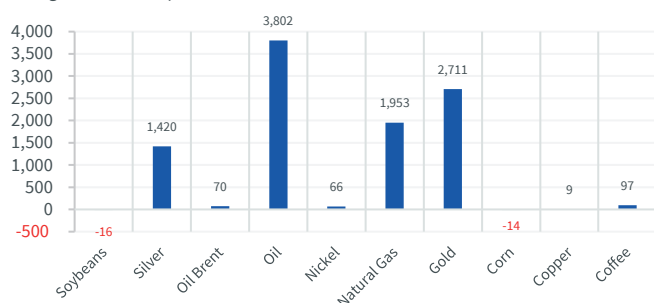
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of assets in a 3x leverage or a 3x short ETP equals \$3 of notional AUM

Legend: Long, Short



Net Position

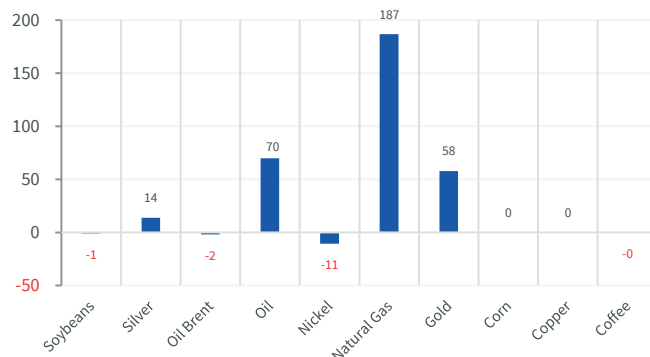
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



July 2019 Flows

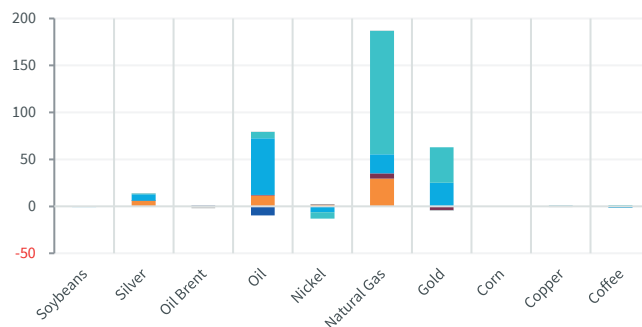
By commodity exposure; Over July 2019; Figures in USD Mil;
Showing the Flows for top 10 AUM commodity exposures

Asset Flows



Asset Flows by Leverage Factor

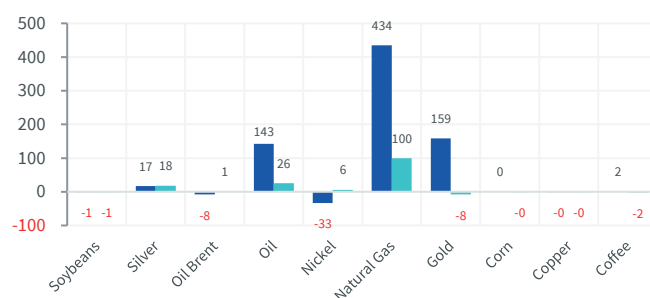
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional Flows by Long / Short ETPs

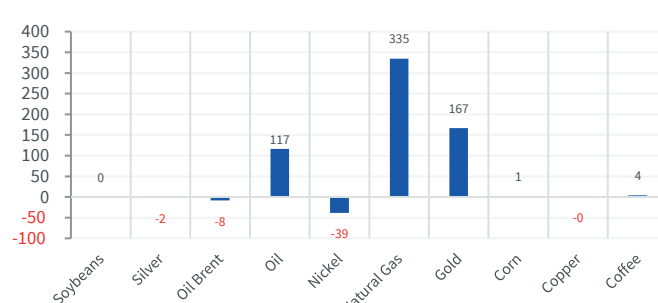
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of outflows from a 3x leverage ETP equals -\$3 of notional flow

Legend: Long, Short



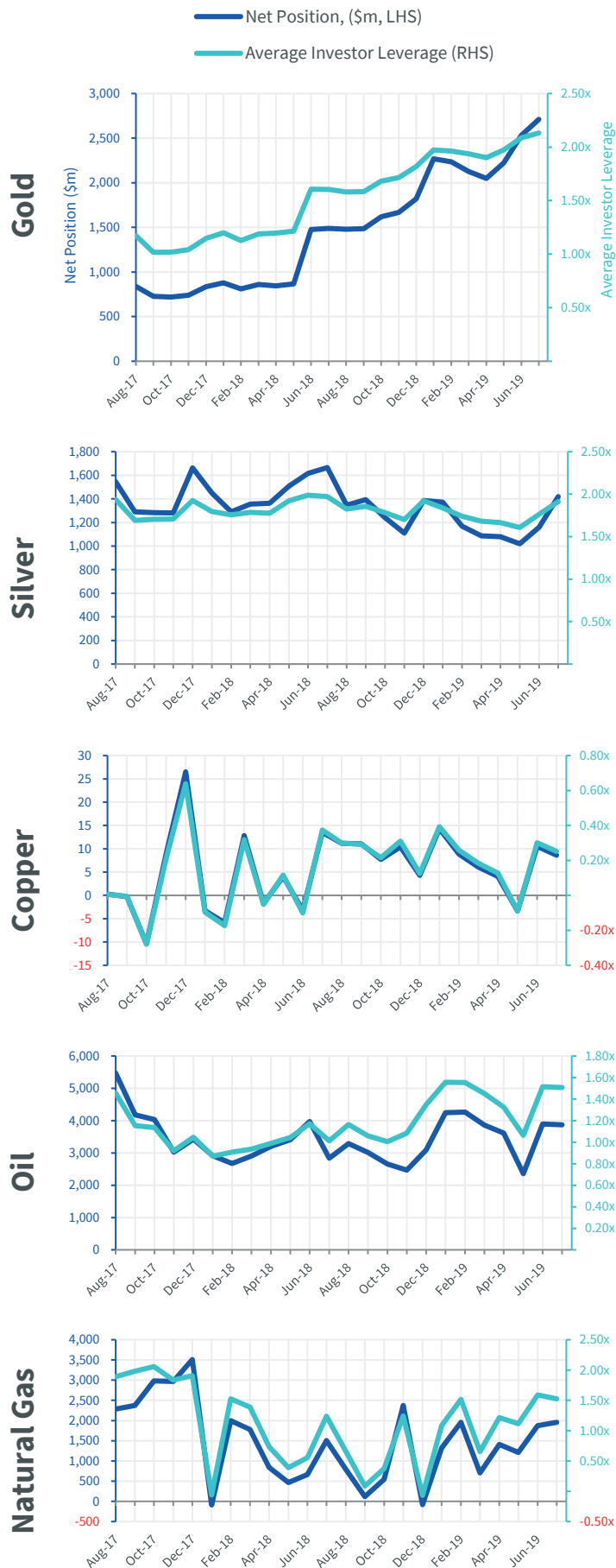
Net Position Flows

The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows

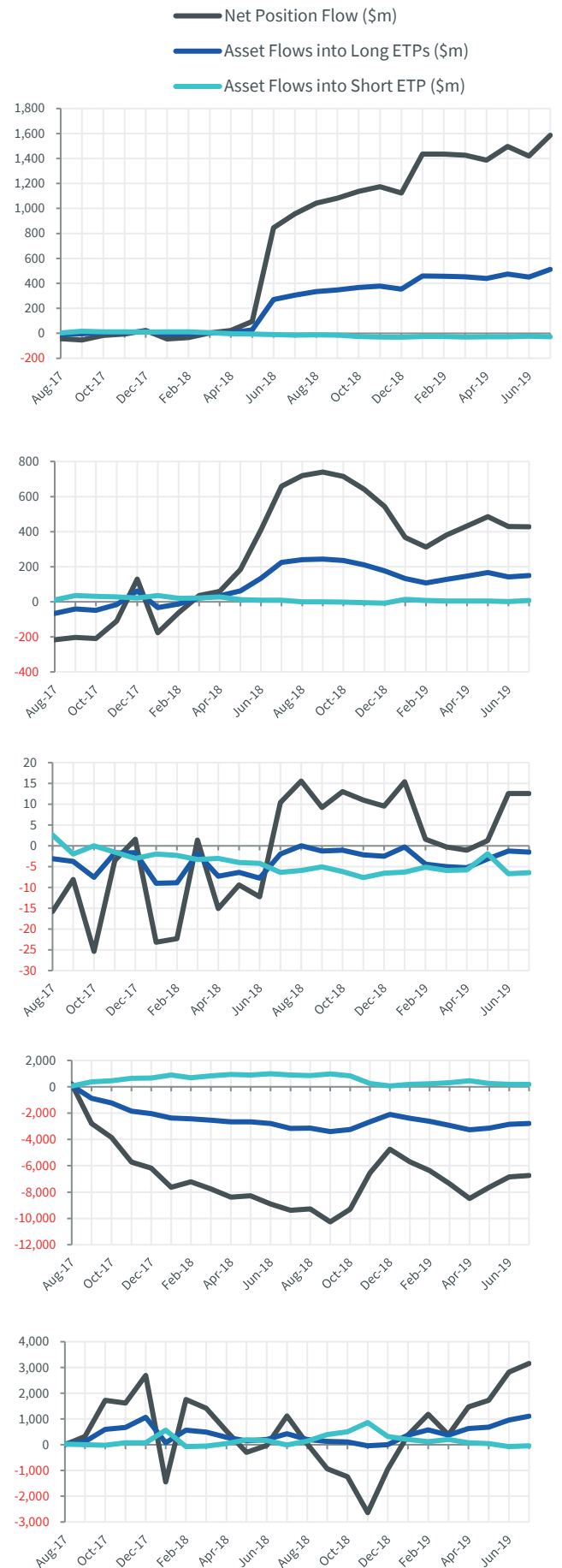


Global Commodities - Historical View

Net Position and Average Investor Leverage



Cumulative Asset Flows into Short / Long ETPs and Net Position Flows



Short & Leveraged Currencies

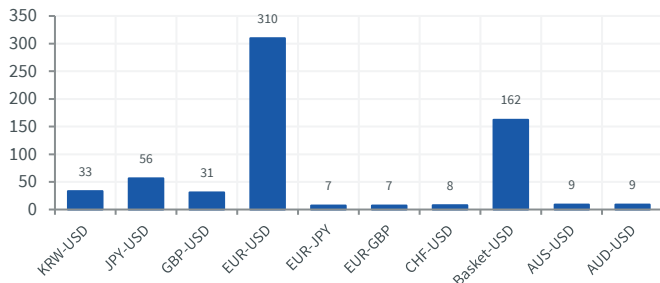
Global Currencies

Current Allocations

By currency exposure; As of 31st July 2019; Figures in USD Mil;
Showing the top 10 AUM currency exposures

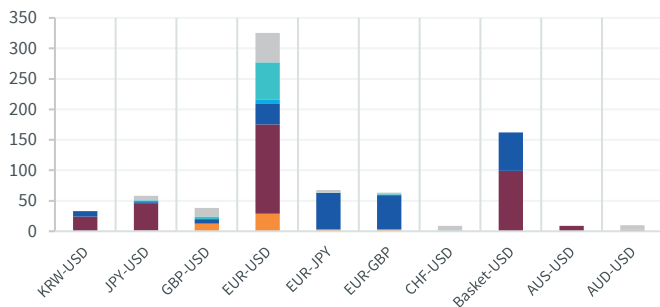
AUM

Showing currency exposures with the top 10 AUMs



AUM by Leverage Factor

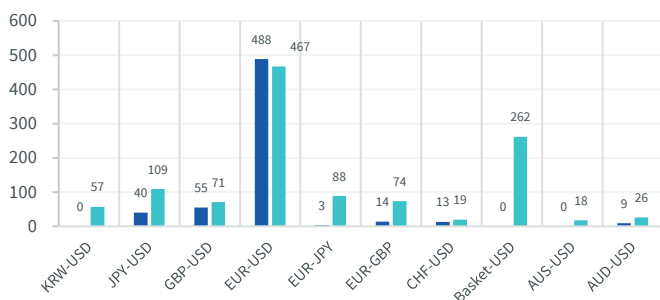
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional AUM by Long / Short ETPs

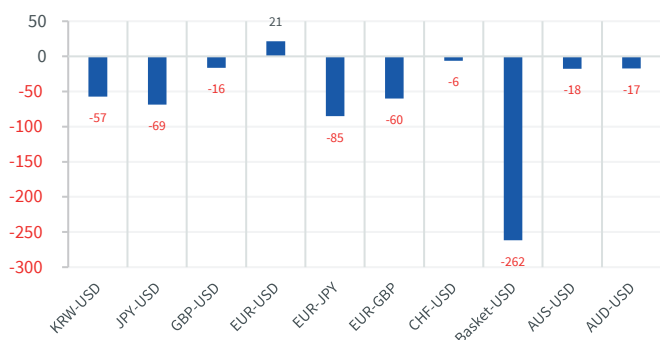
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor.
E.g., \$1 of assets in a 3x leverage or a 3x short ETP equals \$3 of notional AUM

Legend: Long, Short



Net Position

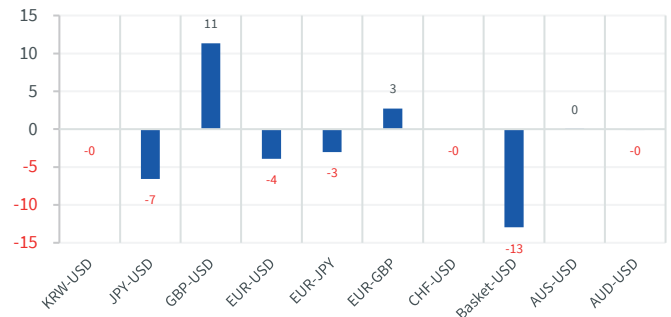
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



July 2019 Flows

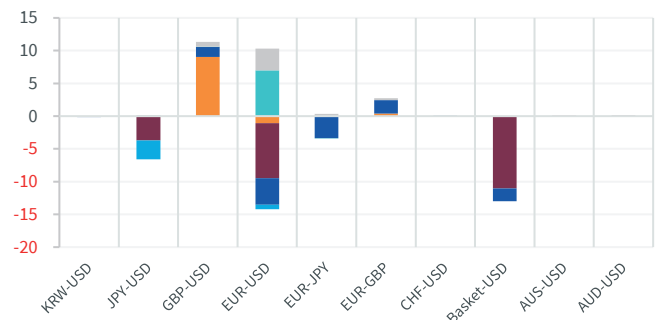
By currency exposure; Over July 2019; Figures in USD Mil;
Showing the Flows for top 10 AUM currency exposures

Asset Flows



Asset Flows by Leverage Factor

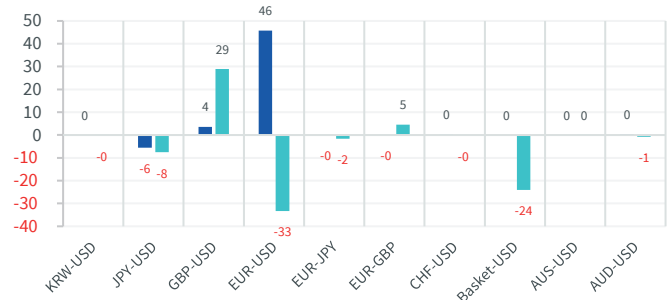
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional Flows by Long / Short ETPs

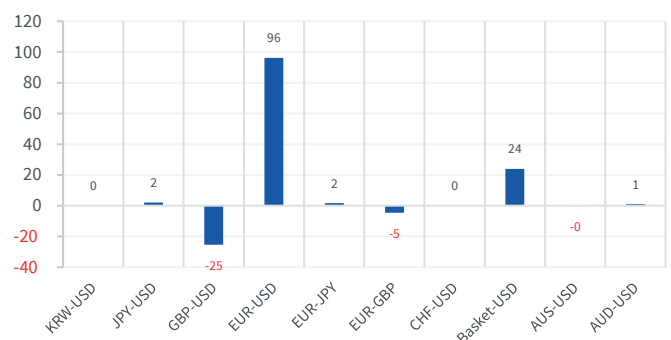
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor.
E.g., \$1 of outflows from a 3x leverage ETP equals -\$3 of notional flow

Legend: Long, Short



Net Position Flows

The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows

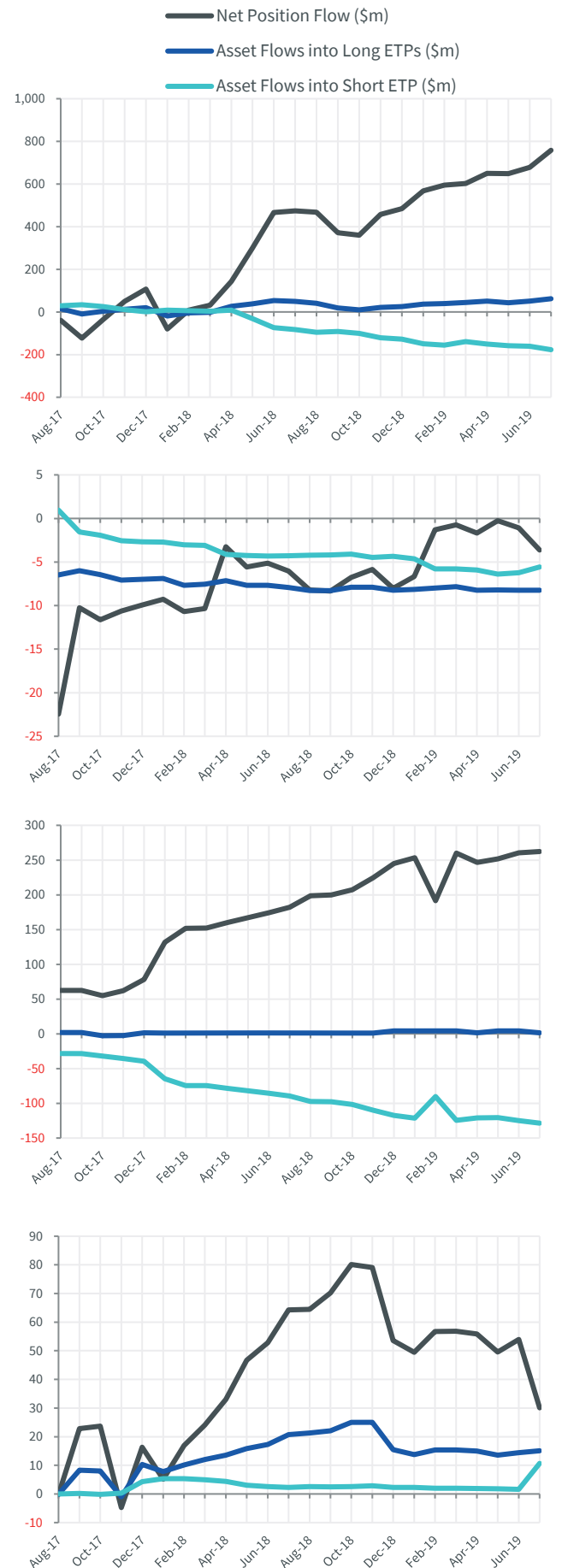


Global Currencies - Historical View

Net Position and Average Investor Leverage



Cumulative Asset Flows into Short / Long ETPs and Net Position Flows



Data, Methodology and Terms Used

This report provides statistics of AUM, flows and related measures for short & leveraged Exchange Traded Products (ETPs).

Following are some definitions for the terms used in the analyses:

ETP (Exchange Trade Product) is used as a generic, interchangeable term to refer to Exchange Traded Funds (ETFs), Exchange Traded Products (ETPs), Exchange Traded Notes (ETNs) and Exchange Traded Commodities (ETCs).

Short & Leveraged ETPs (S&L ETPs) are ETPs whose leverage factor with respect to the underlying asset class being tracked is different to 1.

Short ETPs are ETPs whose leverage factor with respect to the underlying asset class being tracked is negative, typically $-1x$, $-2x$ or lower.

Leveraged ETPs are ETPs whose leverage factor with respect to the underlying asset class being tracked is positive and higher than $+1x$.

AUM or Assets represents the assets under management in an ETP. For some ETPs for which the AUM is not available, their market capitalisations have been used where possible.

Asset Flow or Net Subscriptions is a measure representing the value of net subscriptions over the period, thus removing the effect of changes due to price.

Notional AUM is the sum of the AUM in each ETP multiplied by the absolute value of its leverage factor, e.g. \$1 in a 3x long ETP or \$1 in a -3x short ETP is \$3 of Notional AUM in both cases.

Notional Flow is the net subscriptions for each ETP multiplied by the absolute value of the leverage factor. Alternatively, it is the change in the Notional AUM that is not due to price changes.

Net Position is the sum of the AUM in each ETP multiplied by its leverage factor (which may be either negative or positive). A negative figure indicates investors are net short.

Net Position Flow or Repositioning is Notional Flow in long ETPs minus the Notional Flow in short ETPs. Alternatively, it is the change in the Net Position that is not due to price changes and indicates whether investors are bullish (net long) or bearish (net short) after taking leverage factor into account.

Average Investor Leverage is calculated as the average leverage factor across all ETPs of a certain index / exposure and is weighted by the total AUM and leverage factor for each ETP. Average Investor Leverage is used as a proxy for overall investor sentiment with regard to an asset. It may be biased due to leverage factors on offer for each index / exposure, and thus the change in Average Investor Leverage is the most relevant observation rather than the actual number.

All data provided in this report is sourced from calculations by WisdomTree, which are performed on underlying price, return, AUM, currency and market capitalisation data from Bloomberg®. All data is as of 31 July 2019. All figures are denominated in USD.

You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.

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Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. However, back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance.

Short and leveraged exchange-traded products are only intended for investors who understand the risks involved in investing in a product with short and/or leveraged exposure and who intend to invest on a short term basis. Any investment in short and/or leveraged products should be monitored on a daily basis to ensure consistency with your investment strategy. You should understand that investments in short and/or leveraged exchange-traded products held for a period of longer than one day may not provide returns equivalent to the return from the relevant unleveraged investment multiplied by the relevant leverage factor. Potential losses in short and/or leveraged exchange-traded products may be magnified in comparison to investments that do not incorporate these strategies. Please refer to the section entitled “Risk Factors” in the relevant prospectus for further details of these and other risks associated with an investment in short and/or leveraged exchange-traded products. You should consult an independent investment adviser prior to making an investment in short and/or leveraged exchange-traded products in order to determine its suitability to your circumstances.