WisdomTree Economic & Investments Chart Book

Q1 2021

WISDOMTREE®

First, a word from our lawyers…

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The views expressed herein are subject to change based on market and other conditions.

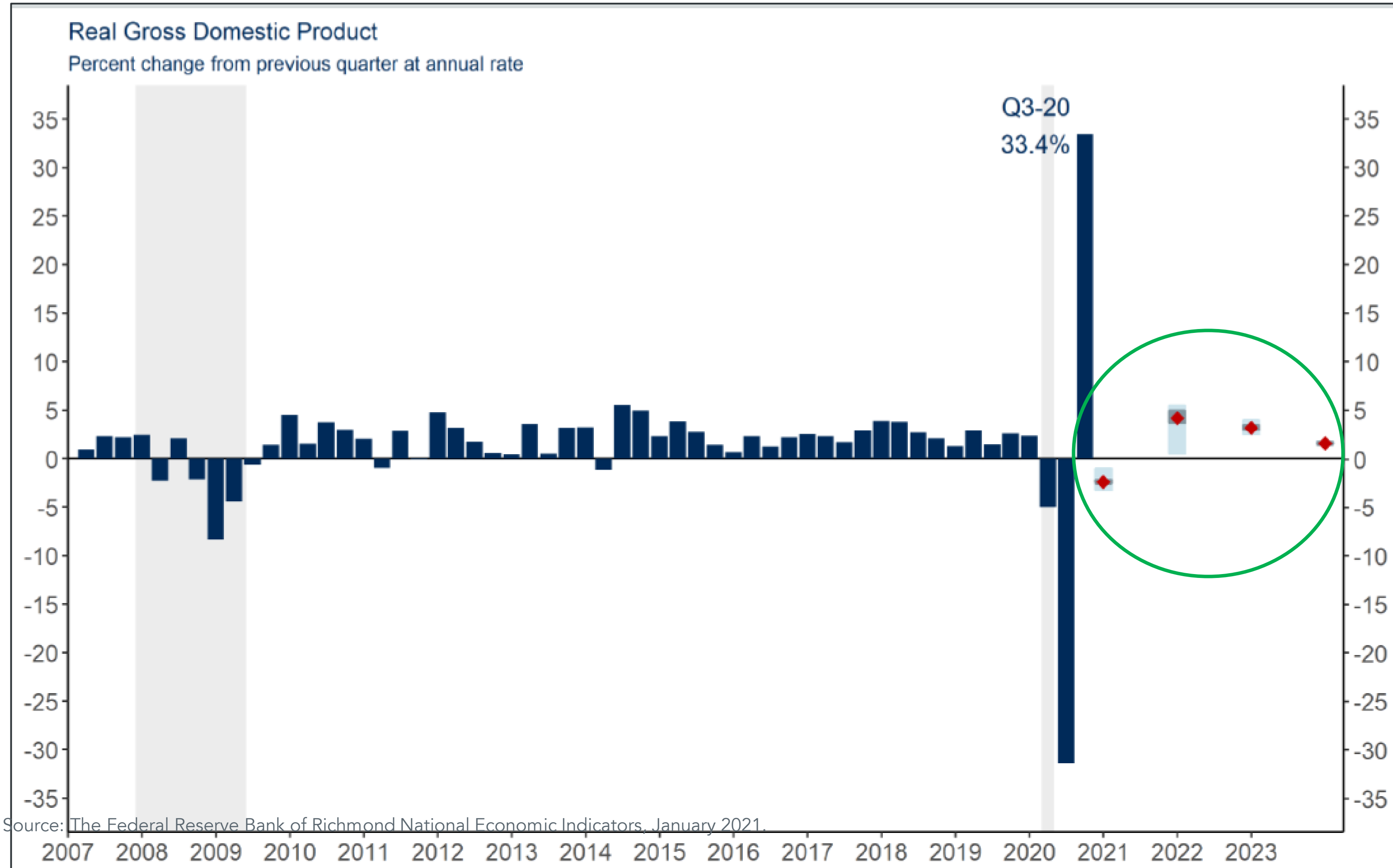
Please see the important disclosures at the end of this presentation.

Topics for discussion

+ Economic Outlook: "*Always Look on the Bright Side of Life*"
+ Equity Outlook: "*On the Bright Side of the Road*"
+ Rates and Credit Outlook: "*The Point of 'Know' Return*"
+ Real Assets & Alternatives Outlook: "*A-Tisket, A-Tasket, A Green & Yellow Basket*"
+ Current Asset Allocation Guidelines: "*Cautiously Optimistic*"

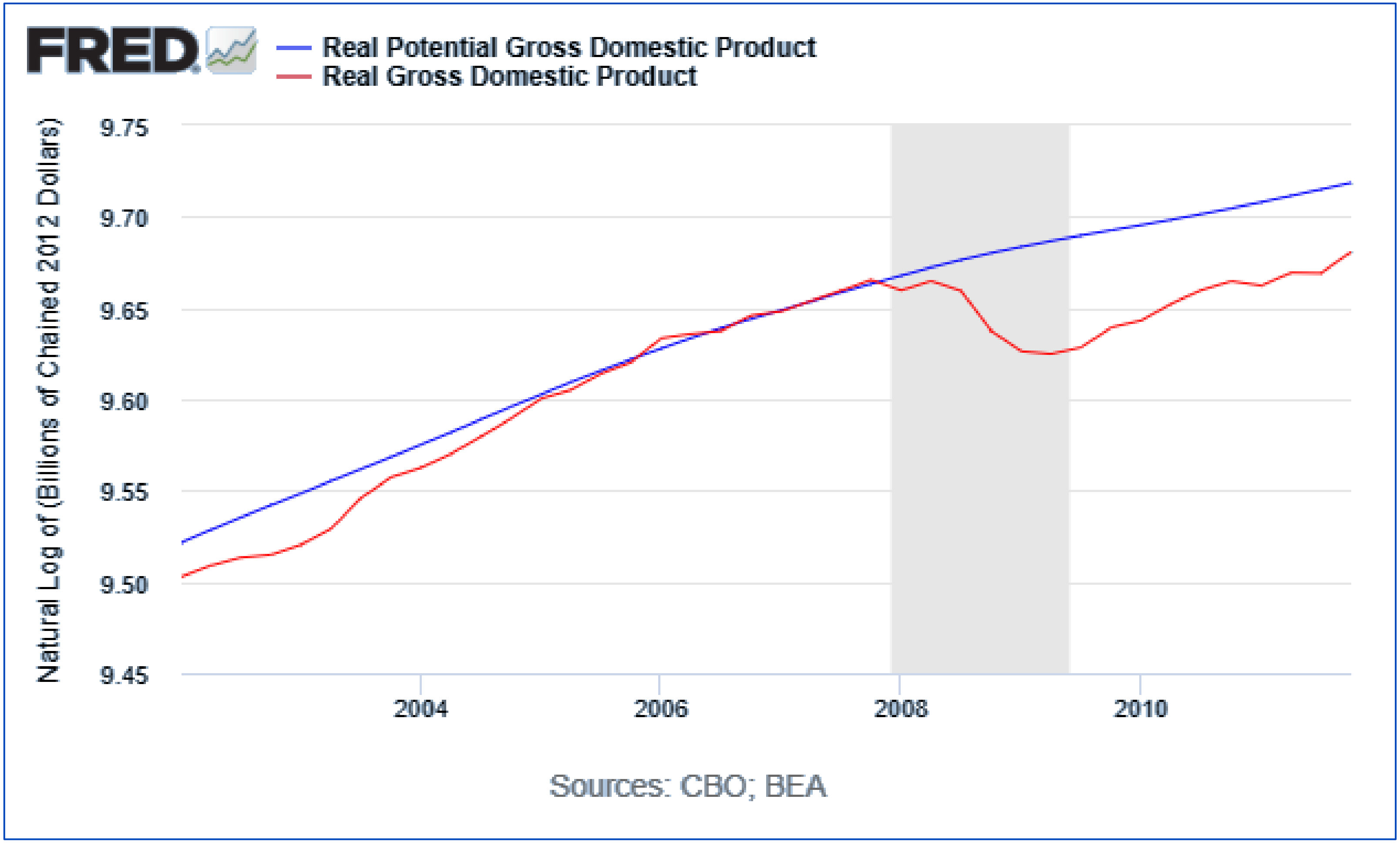
Economic Outlook:
"Always Look on the Bright Side of Life"

After rebounding sharply in Q3 2020, GDP growth slowed in Q4 as the effects of stimulus spending faded and Covid-19 cases spiked. But GDP growth is expected to be positive in 2021 (the current WSJ consensus estimate is for +3.7%)



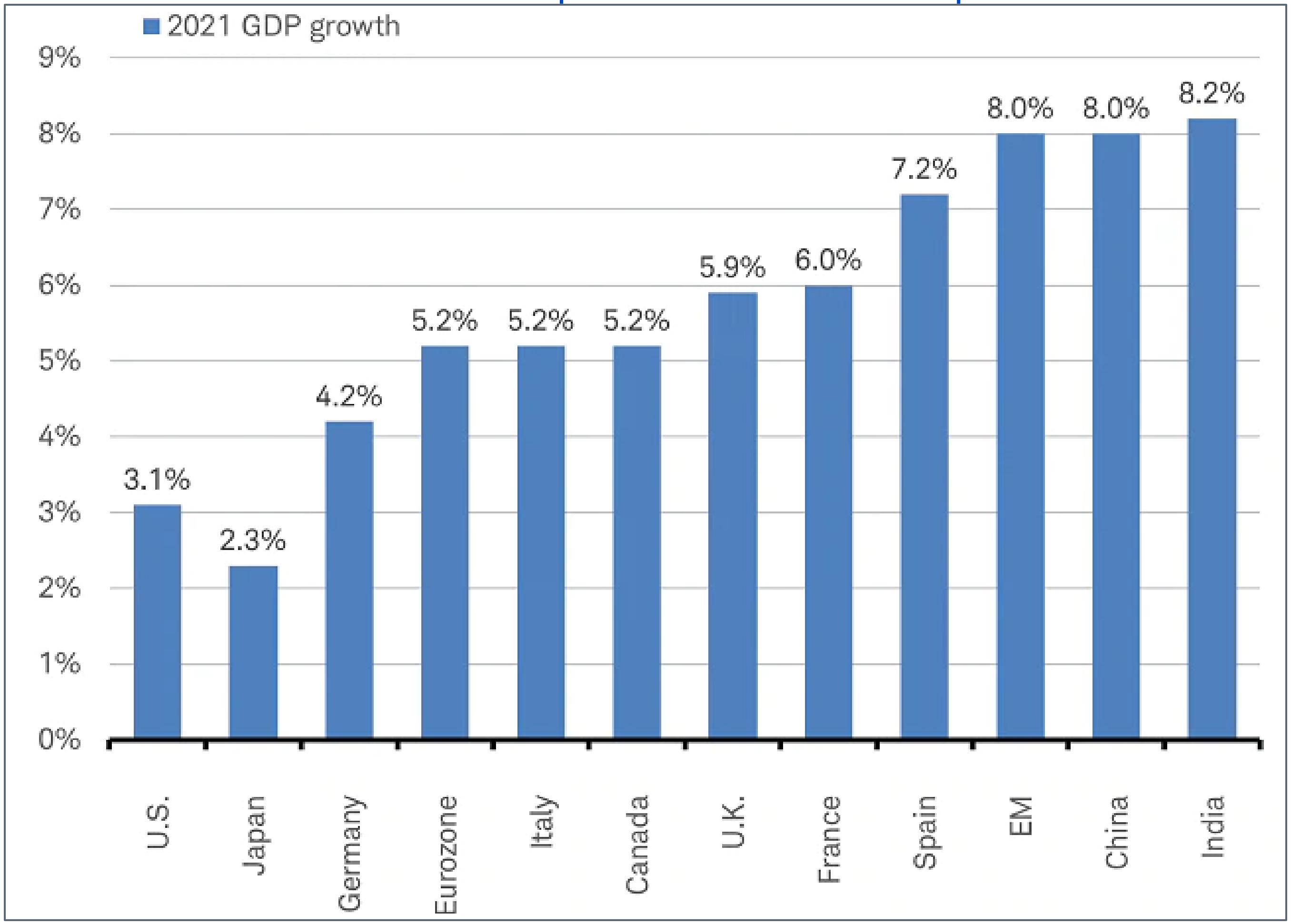
Source: The Federal Reserve Bank of Richmond National Economic Indicators, January 2021.

The US economy is improving but still operating well below its "potential" – we expect acceleration as we enter the second half of 2021



Source: St. Louis Federal Reserve Bank (FRED), January 2021.

GDP growth is expected to be even stronger outside the US. Our massive stimulus spending launched us out of recession faster, but now the rest of the world is expected to catch up

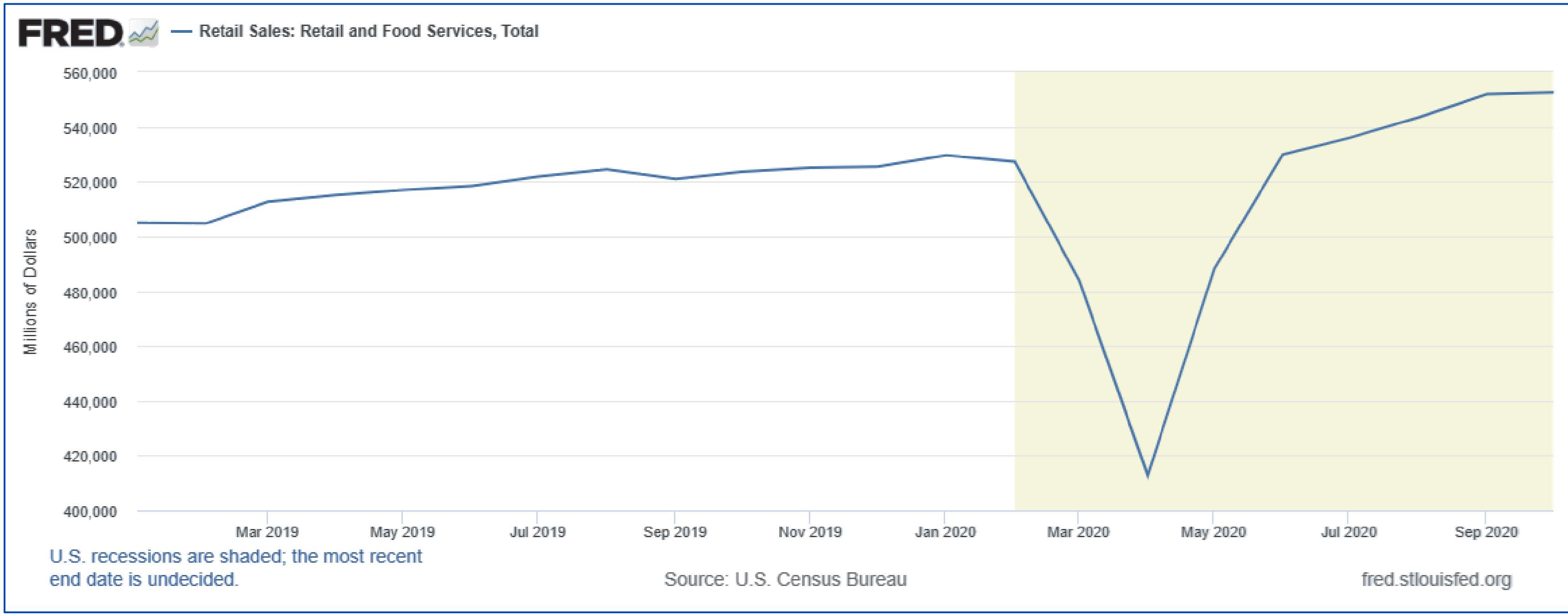


Source: Charles Schwab Investment Management, as of November 23, 2020.

Both US manufacturing and services remain solidly in expansionary territory (readings above 50 indicate expansion). We expect both to remain expansionary as Covid-19 vaccinations and fiscal stimulus begin to work through the system

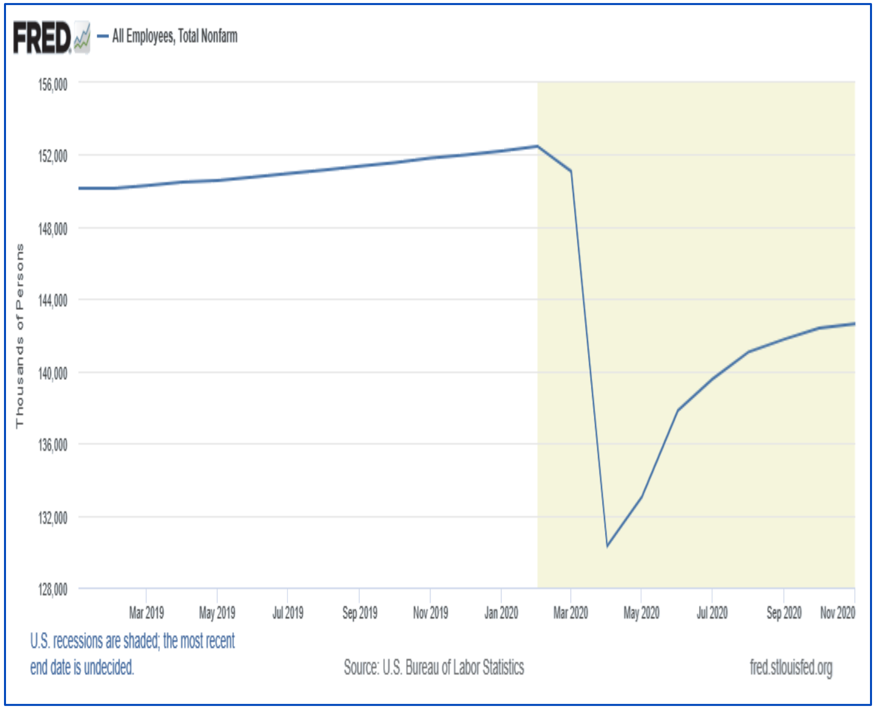
Source: Ycharts, data through December 2020.

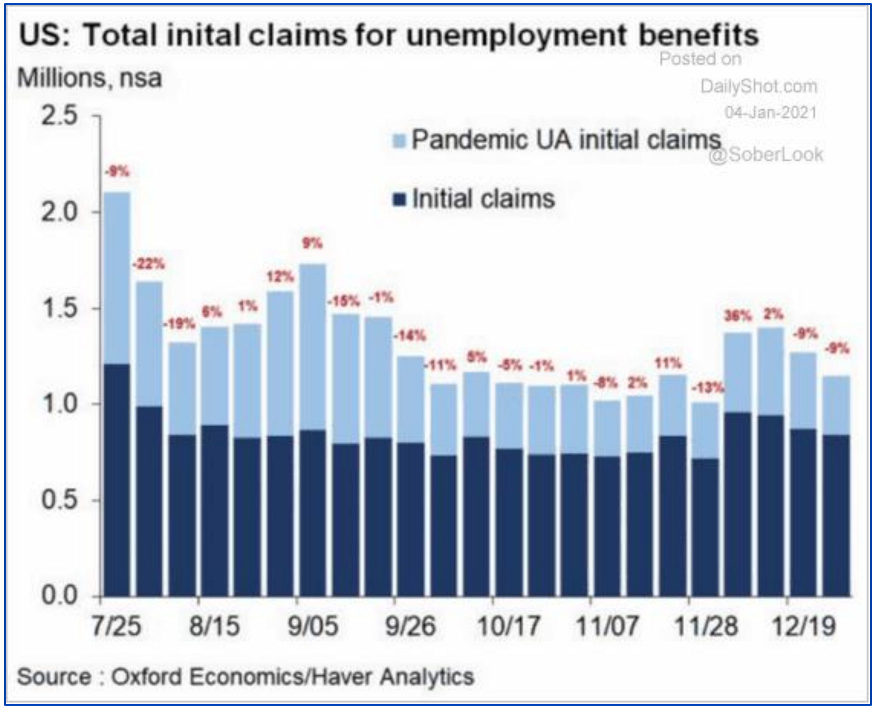
In the US, retail sales have overtaken pre-pandemic levels. This is another trend we expect to continue once the vaccines have been more widely distributed. We believe there is a lot of pent up demand out there



Source: Federal Reserve Bank of St. Louis, January 2021.

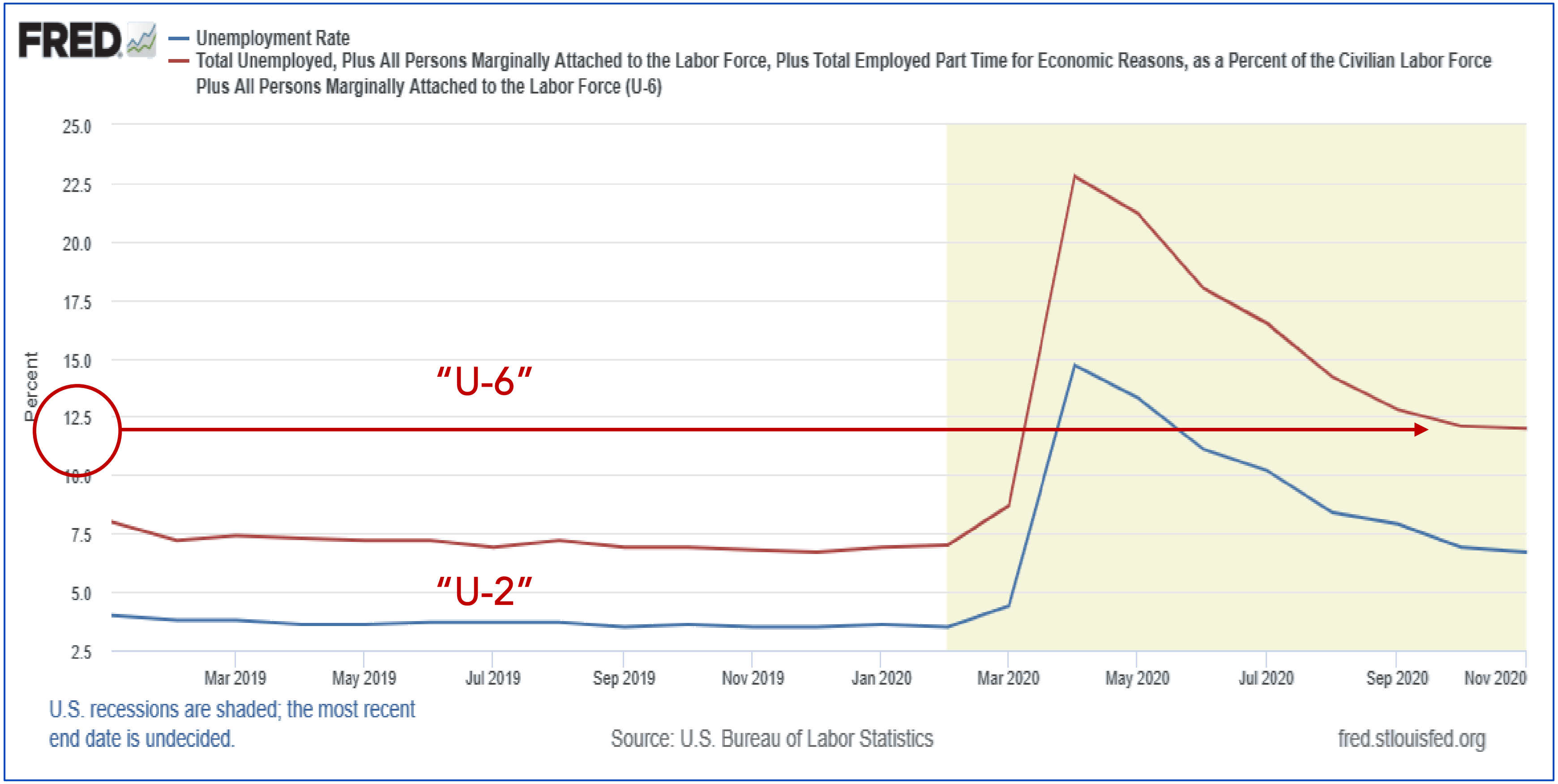
US Nonfarm payrolls are slowly recovering, but we have a long way to go to full recovery. Weekly unemployment claims remain stubbornly at around 800K – 1 million per week





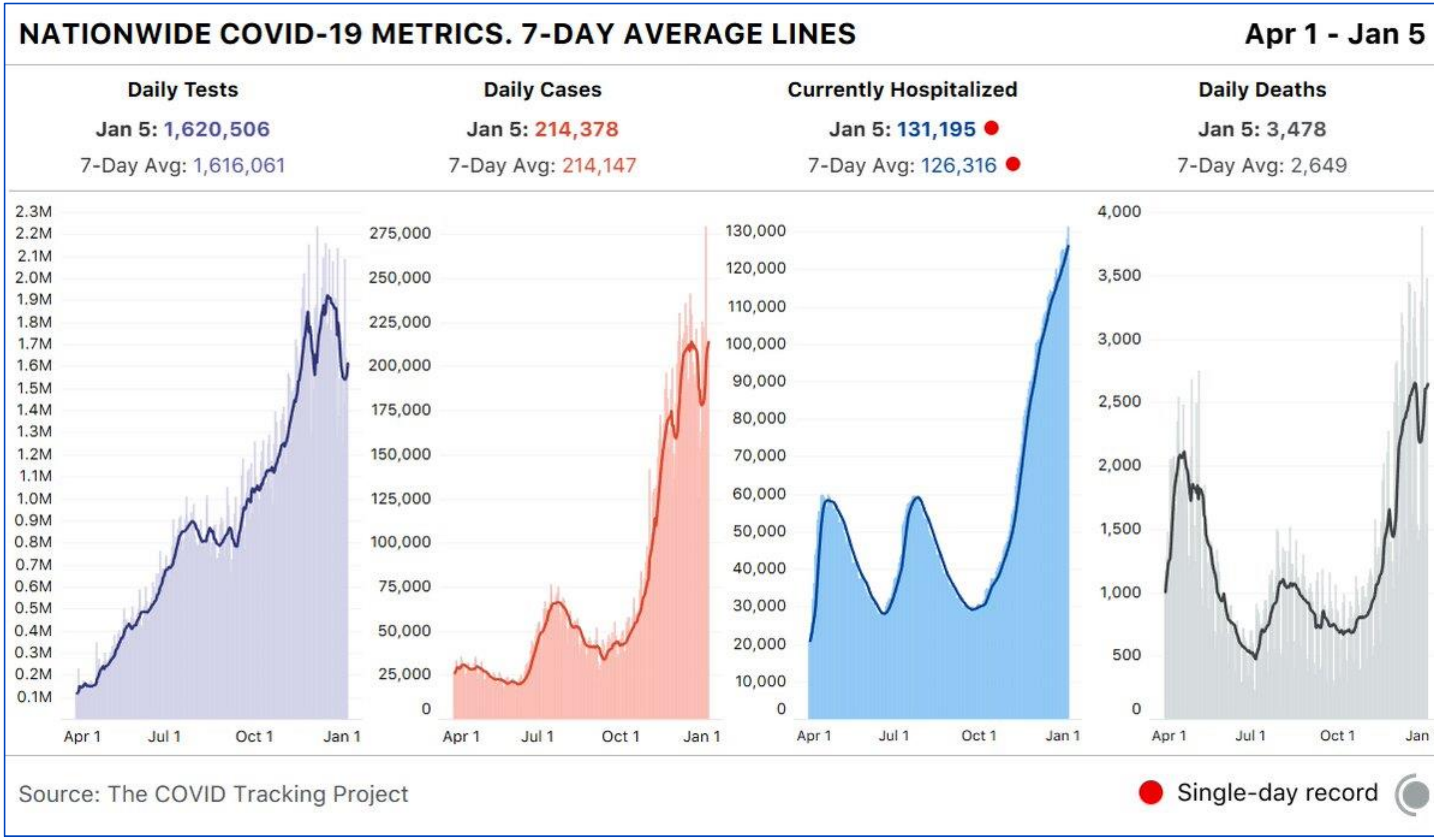
Source: Federal Reserve Bank of St. Louis, January 2021 (left); Oxford Economic/Have Analytics & The Daily Shot, January 2021 (right).

US employment is slowly recovering (headline number ("U-2") is now around 7%). The challenge, however, is that so many workers remain marginally or partially employed ("U-6" rate) – currently around 12%



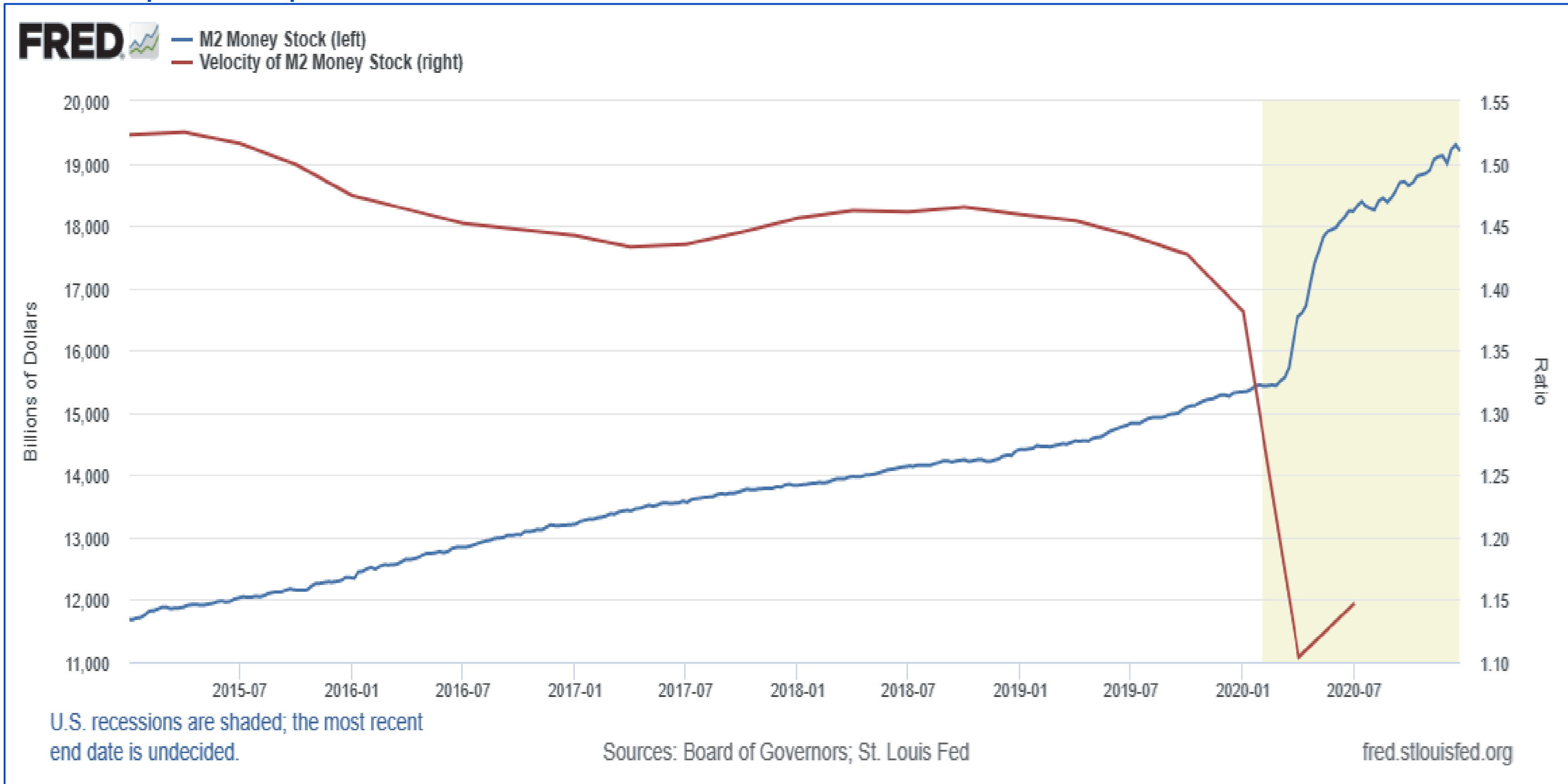
Source: The St. Louis Fed (FRED), January 2021.

The recent spike in Covid-19 cases has put pressure on hospitals and resulted in more stringent lockdowns. This will negatively impact the economy in Q1 and well into Q2, until the vaccinations reach critical mass distribution



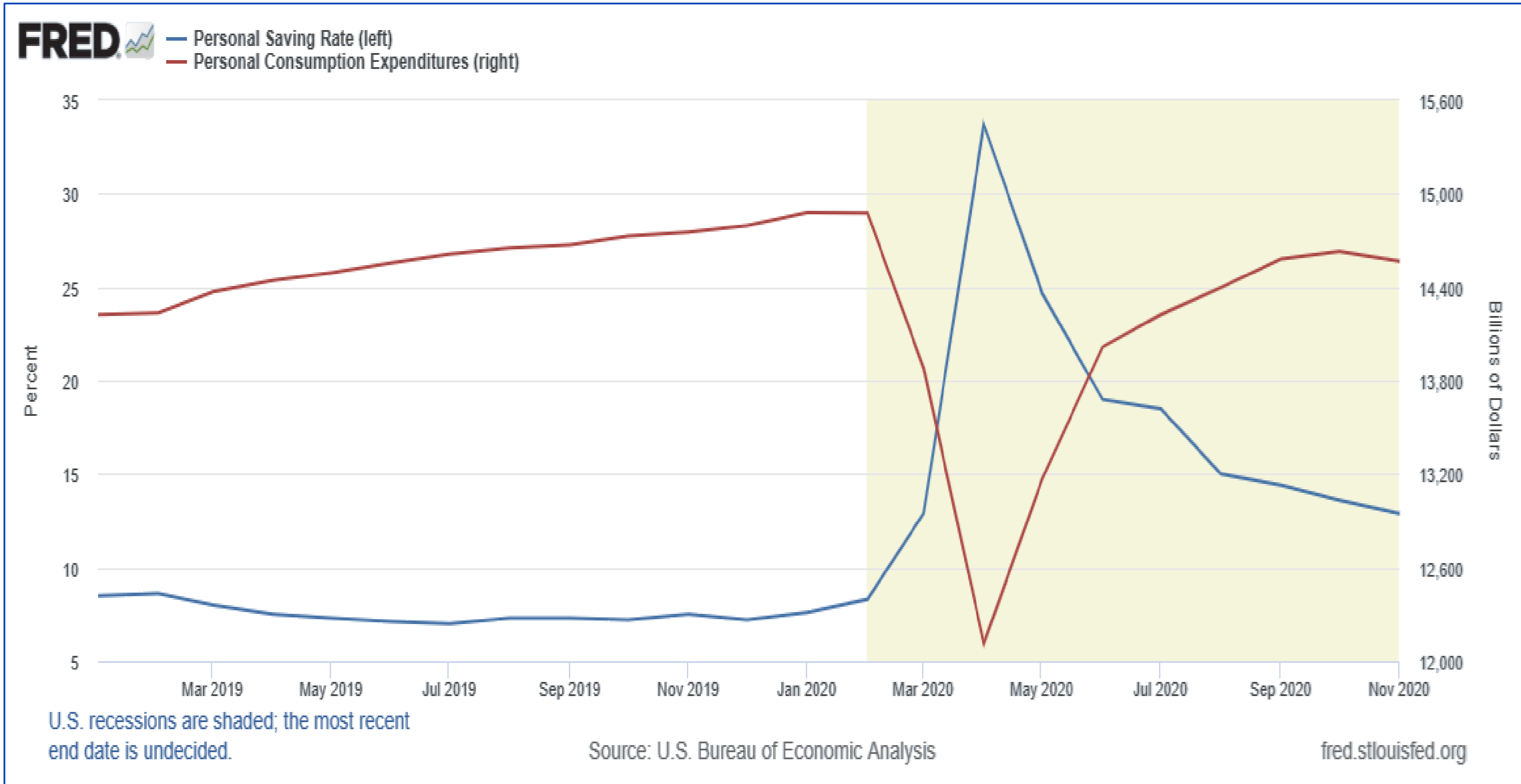
Sources: The Covid Tracking Project, data as s of January 2021.

Monetary stimulus can only do so much. The "M2" money supply has skyrocketed, but money "velocity" continues to fall. If the money is not circulating through the economy, it doesn't matter how much liquidity you pump in. This may change as the economy re-opens "post-vaccination"



Source: St. Loius Fed (Fred), January 2021.

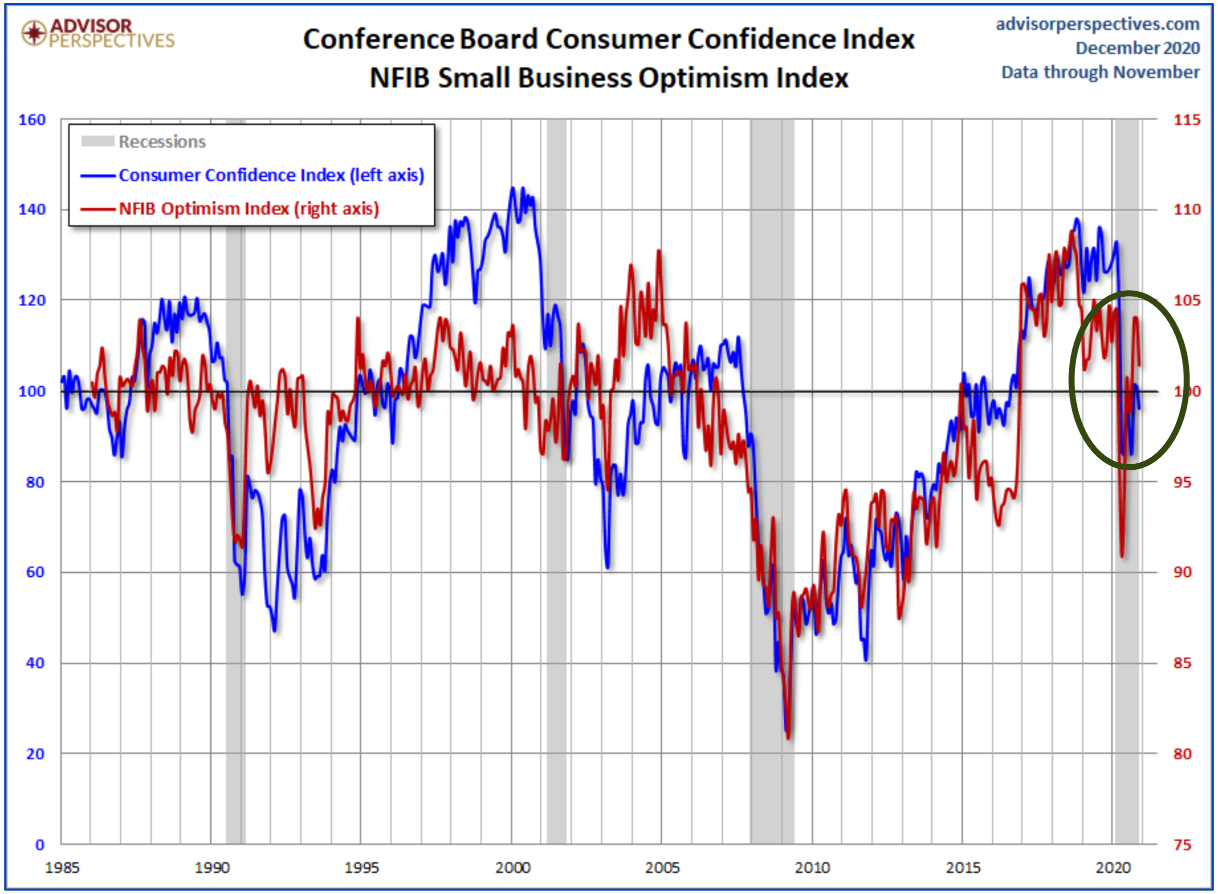
Personal Savings Rates continues to fall, and Personal Consumption Expenditures were rising but have stabilized. While these are generally positive trends, since it means people are spending again, we may be seeing some "belt tightening" as Covid-19 cases spike and lockdowns continue



Source: The St. Louis Federal Reserve Bank (FRED), January 2021.

Sentiment / small business optimism may have "turned over" as the election results came out, Covid-19 cases spiked, and the initial fiscal stimulus began to fade. Sentiment matters because it affects both personal consumption and new hiring plans by small business owners

The monthly Consumer Confidence Survey®, based on a probability-design random sample, is conducted for The Conference Board by Nielsen, a leading global provider of information and analytics around what consumers buy and watch. The Conference Board is a global, independent business membership and research association working in the public interest.



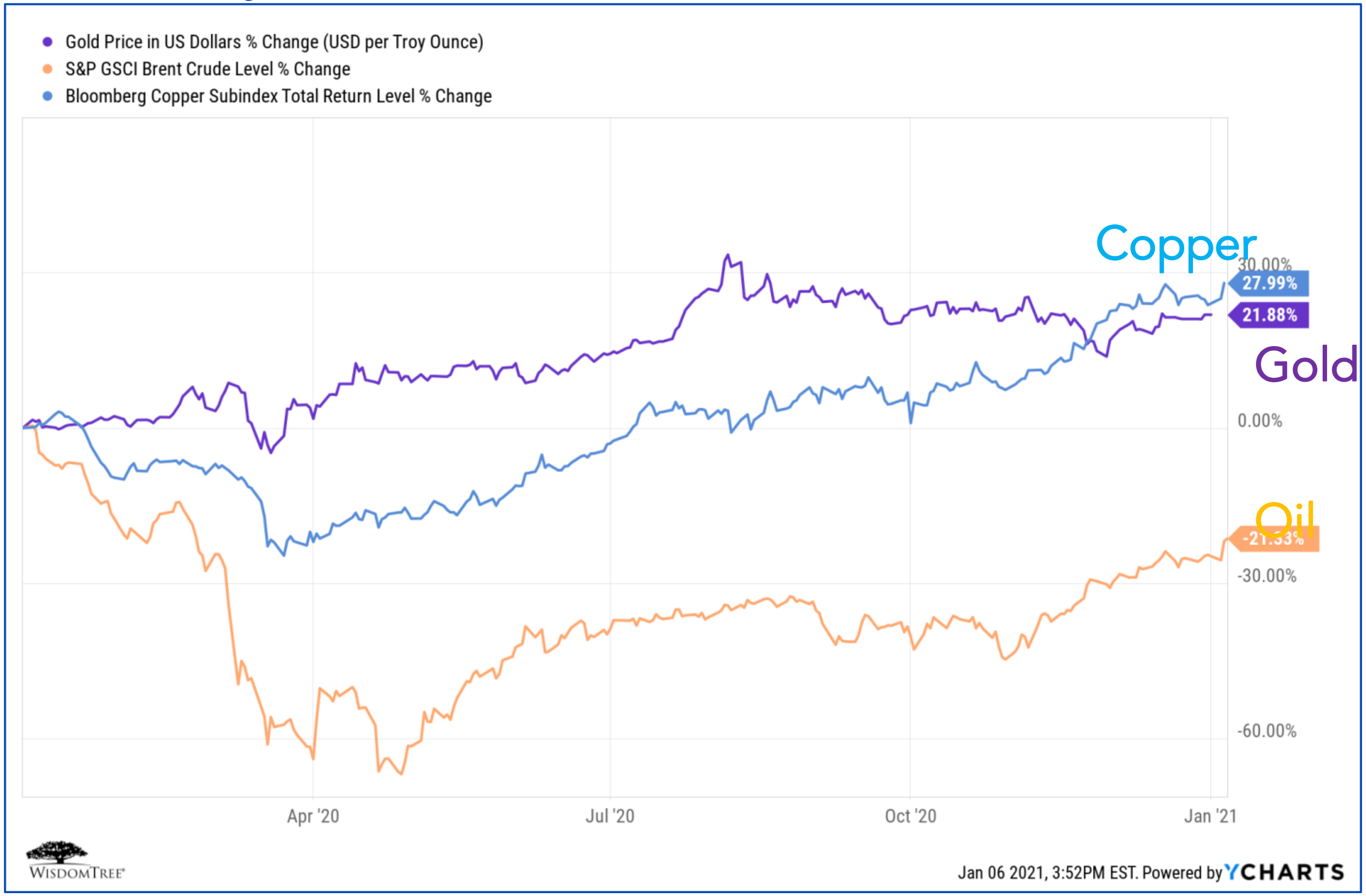
Source: dShort.com, data through November 2020.

NFIB Research Foundation has collected Small Business Economic Trends Data with Quarterly surveys since 1973 and monthly surveys since 1986. The sample is drawn from the membership files of the National Federation of Independent Business (NFIB).

The US dollar has weakened since the sell-off in March, in a "drunken stagger" manner. This has served as a tailwind for non-US risk assets. We expect this slide to continue well into 2021

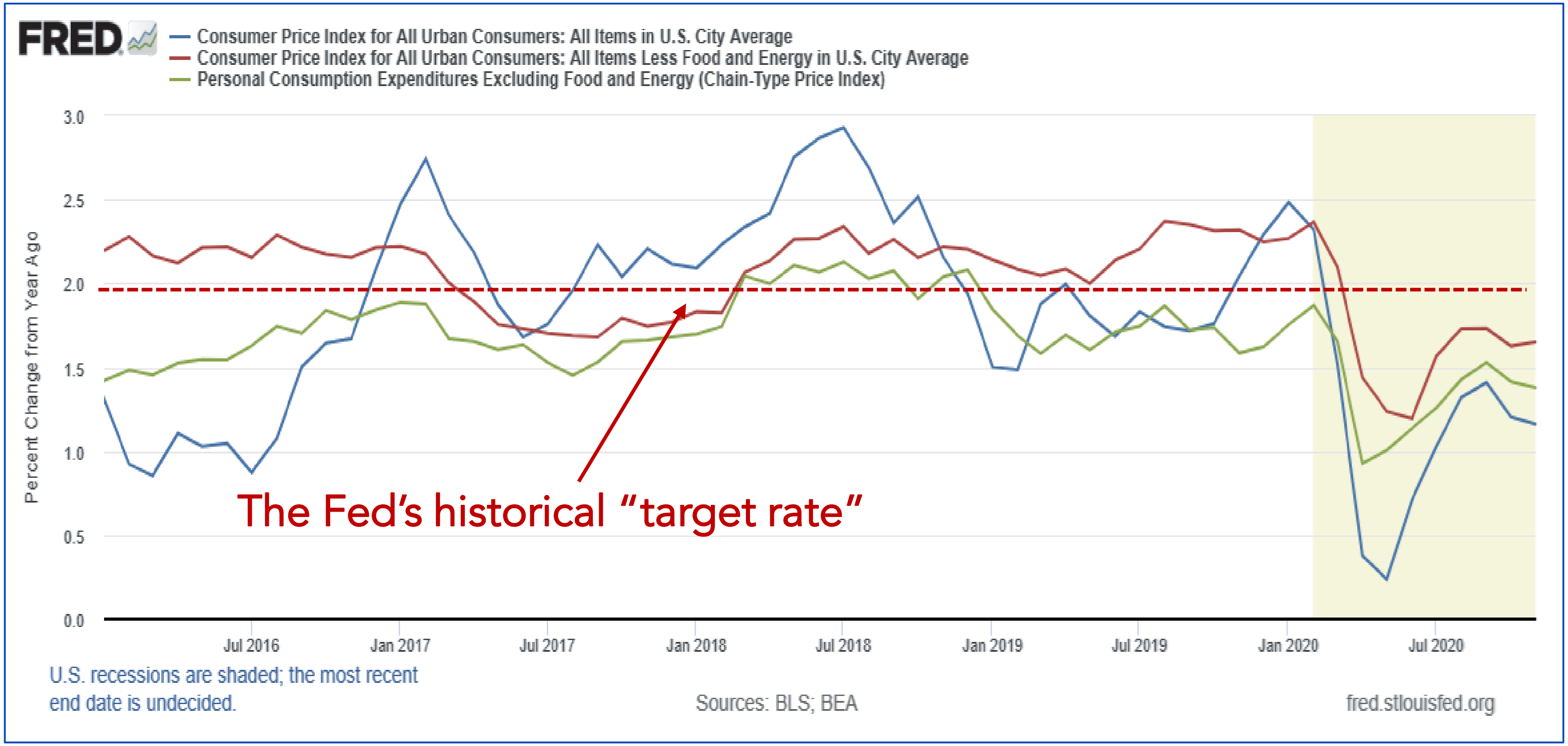
Source: Ycharts, data as of January 2021.

Gold has stabilized as a "risk on" sentiment takes hold. Copper and oil are still rising but have stabilized somewhat as Covid-19 virus spikes in the US and Europe, slowing economic growth. We anticipate a bullish environment for commodities in 2021 as the global economy reaccelerates



Source: Ycharts, data as of January 2021.

Current Federal Reserve (Fed) policy suggests we should not expect any rate hikes into the foreseeable future, even though we believe we may see "reflation" as the economy heats up. It is likely the Fed will let the economy "run hot" before stepping in, to avoid curtailing an evolving recovery



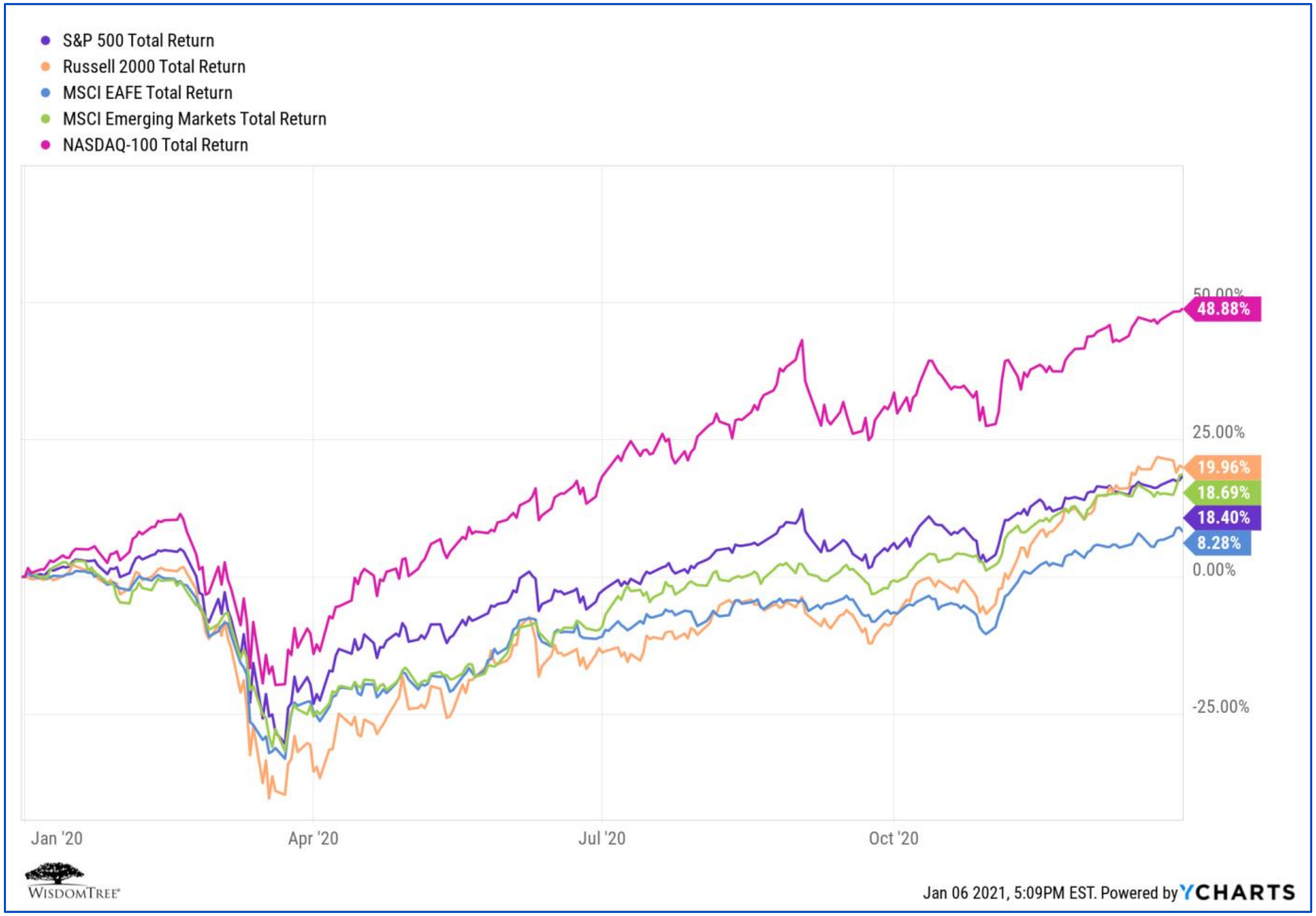
Source: St. Louis Fed (FRED), January 2021.

Economic Outlook Summary

+ The global economy has slowed due to recent spikes in Covid-19 cases, but we generally are optimistic about economic growth in 2021
+ The US economy should accelerate in the second half of the year as vaccinations and the new rounds of fiscal stimulus work their way through the system
+ Non-US GDP growth is expected to outpace the US
+ While inflation remains muted, we would not be surprised to see “reflation” enter the system as the economy heats up
+ The Fed almost certainly will let the economy “run hot” before intervening
+ The “known unknowns” have dwindled – we now know the results of the Georgia Senate run-offs and we have an initial “second fiscal stimulus” plan being implemented. There is likely to be additional (large) fiscal stimulus once the Biden administration is in place
+ The ongoing “known unknowns”, with potentially negative economic impacts, include US-China relations and elevating tensions in the Middle East

Equity Outlook:
"On the Bright Side of the Road"

Ok, so 2020 was super fun. Mega-tech led the way, though it faded a bit in Q4. We remain overweight the US and Emerging Markets (EM), as we prefer their fundamentals, and EM may benefit from an expected continued slide in the dollar



Source: Ycharts, Data from 1/1 – 12/31 2020. You cannot invest in an index. Past performance is no indication of future results.

“Mega-Tech” facing potential headwinds as regulatory and legal enquiries increase. This does not mean “disruptive growth” will fade as an investment theme, just that the attention may move to other firms

Active and completed probes into tech companies

Company	Investigator	Investigating
Facebook	FTC, state attorneys general	Competition, Privacy
Facebook	FTC	Privacy
Facebook	House Judiciary Committee	Acquisitions
Google	DOJ, State attorneys general	Competition, advertising
Google	House Judiciary Committee	Competition
Amazon	FTC	Competition
Amazon	House Judiciary Committee	Competition
Apple	House Judiciary Committee	Competition
	FTC	Privacy, data collection
	FTC	Privacy, data collection
	FTC	Privacy, data collection

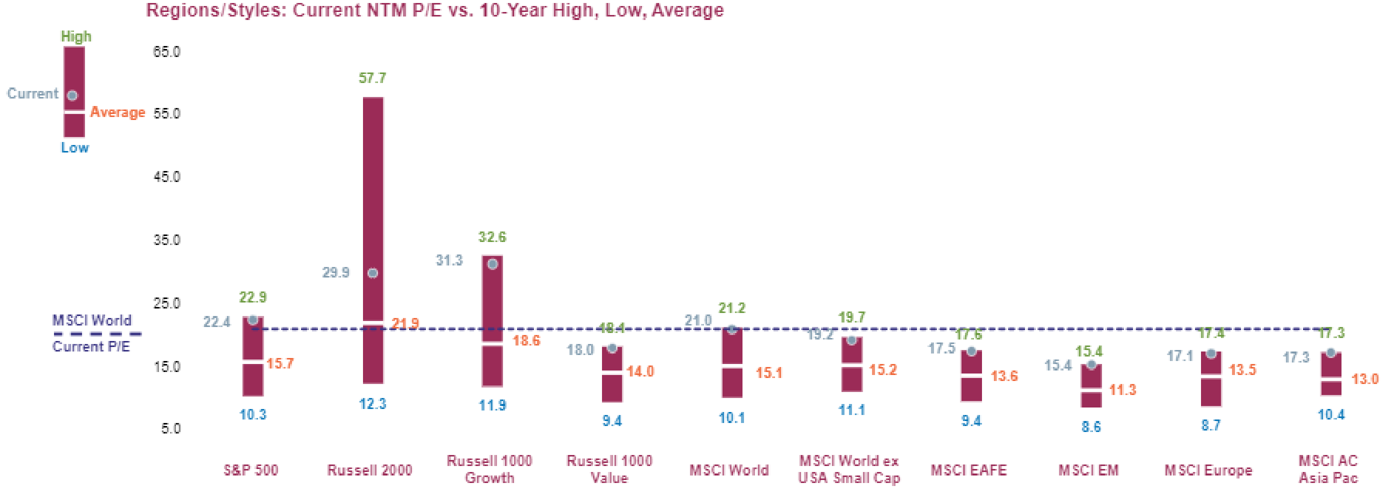
Source: The Daily Shot, January 4, 2021.

Market valuations remain elevated, but investor sentiment remains very much “risk on” in the wake of fiscal stimulus and Covid-19 vaccines

Eaton Vance

Equities

Valuation analysis

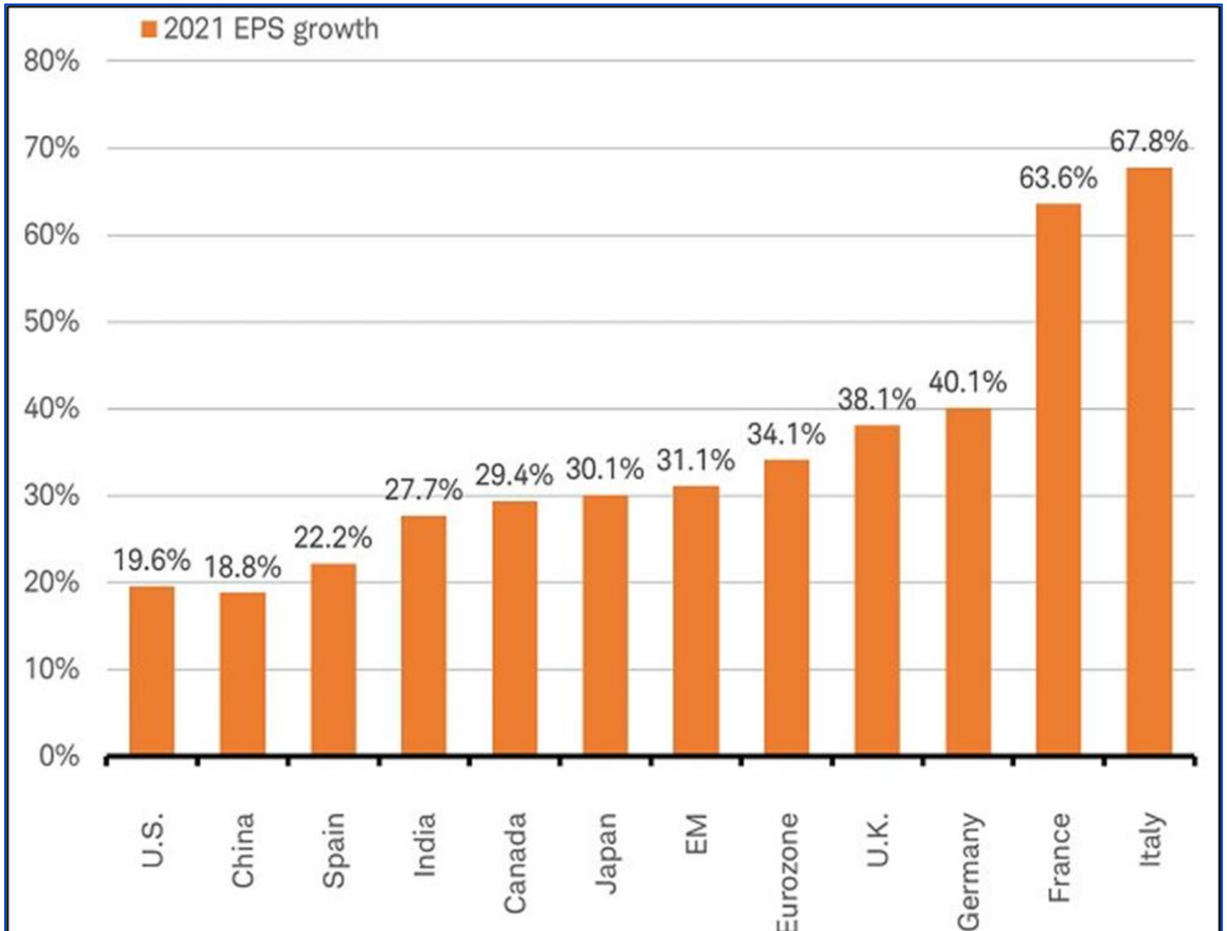


	S&P 500	Russell 2000	Russell 1000 Growth	Russell 1000 Value	MSCI World	MSCI World ex USA Small Cap	MSCI EAFE	MSCI EM	MSCI Europe	MSCI AC Asia Pac
High Date	8/20	6/20	8/20	8/20	8/20	8/20	8/20	7/20	6/20	12/20
Low Date	9/11	9/11	9/11	9/11	9/11	9/11	9/11	9/11	9/11	9/11

Source: FactSet as of 12/31/20. NTM P/E is market price per share divided by expected earnings per share over the next twelve months. Data provided is for informational use only. See end of report for important additional information.

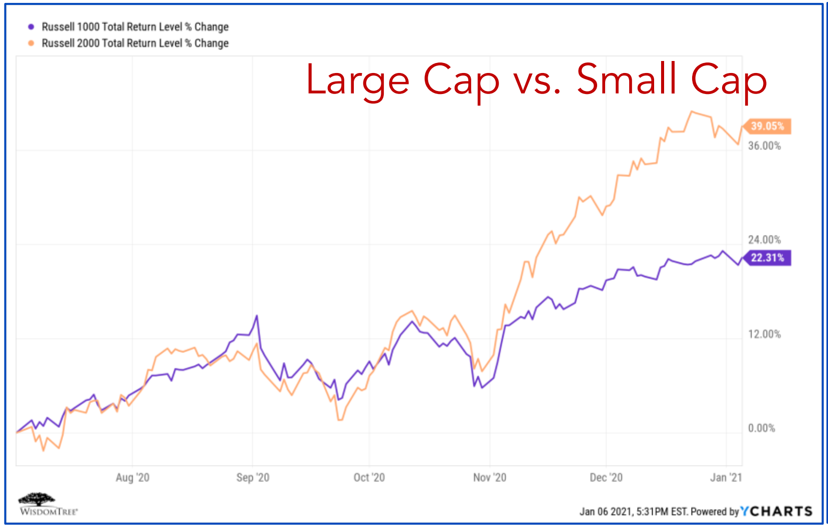
Source: Eaton Vance Monthly Market Monitor, December 2020.

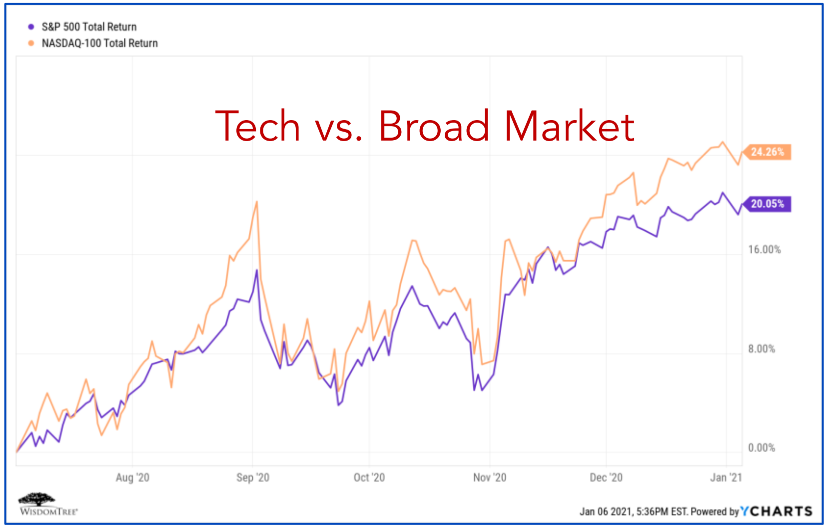
Earnings are expected to grow nicely in 2021, even more so outside the US. However, vaccinations and lockdowns may play a significant role in how this actually plays out



Source: Charles Schwab Investment Management, as of November 23, 2020.

Q4 saw a significant factor rotation back toward small cap and value. Given where we are in the economic recovery cycle, combined with recent election results, we think this trend will continue, though growth still belongs in a diversified portfolio





Source: Ycharts, Data as of January 6, 2021. You cannot invest in an index. Past performance is no indication of future results.

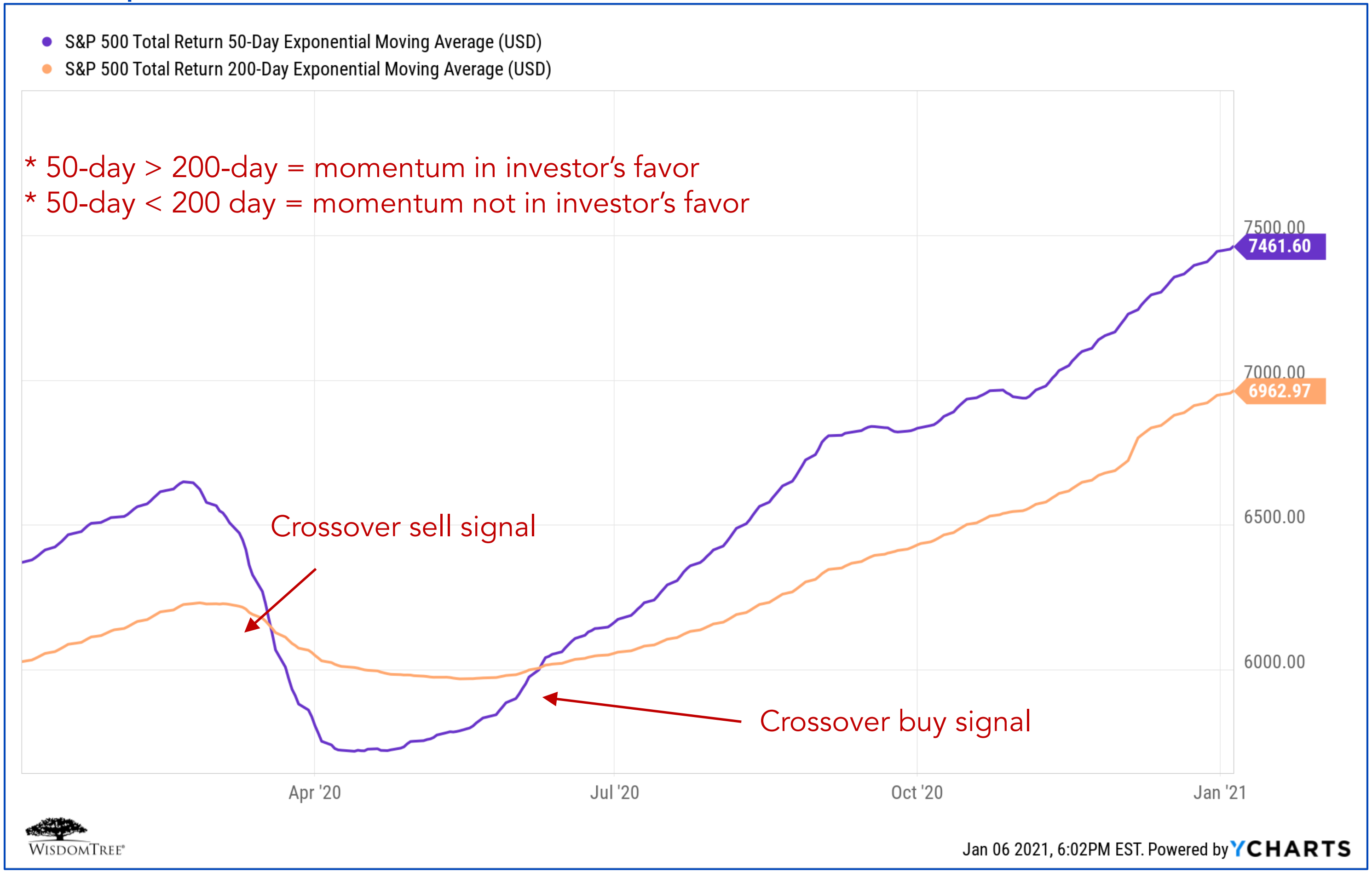
A recovering global economy and a declining US dollar have been nice tailwinds for non-US risk assets. We continue to favor the US and EM over Europe/Australasia/Far East (EAFE), due to fundamentals

Source: Ycharts, January 2021. You cannot invest in an index. Past performance is no indication of future results.

The market disfavored dividend payers in 2020 as expectations for cuts were priced in. With earnings on the rebound and bond yields so low, it will be interesting to see if dividends come back into favor as we move through 2021

Source: Ycharts, data as of January 6, 2021.You cannot invest in an index, and past performance is no indication of future results.

Market momentum remains in investors' favor. We believe only a very unexpected market, political, or virus-related event will change this for quite some time



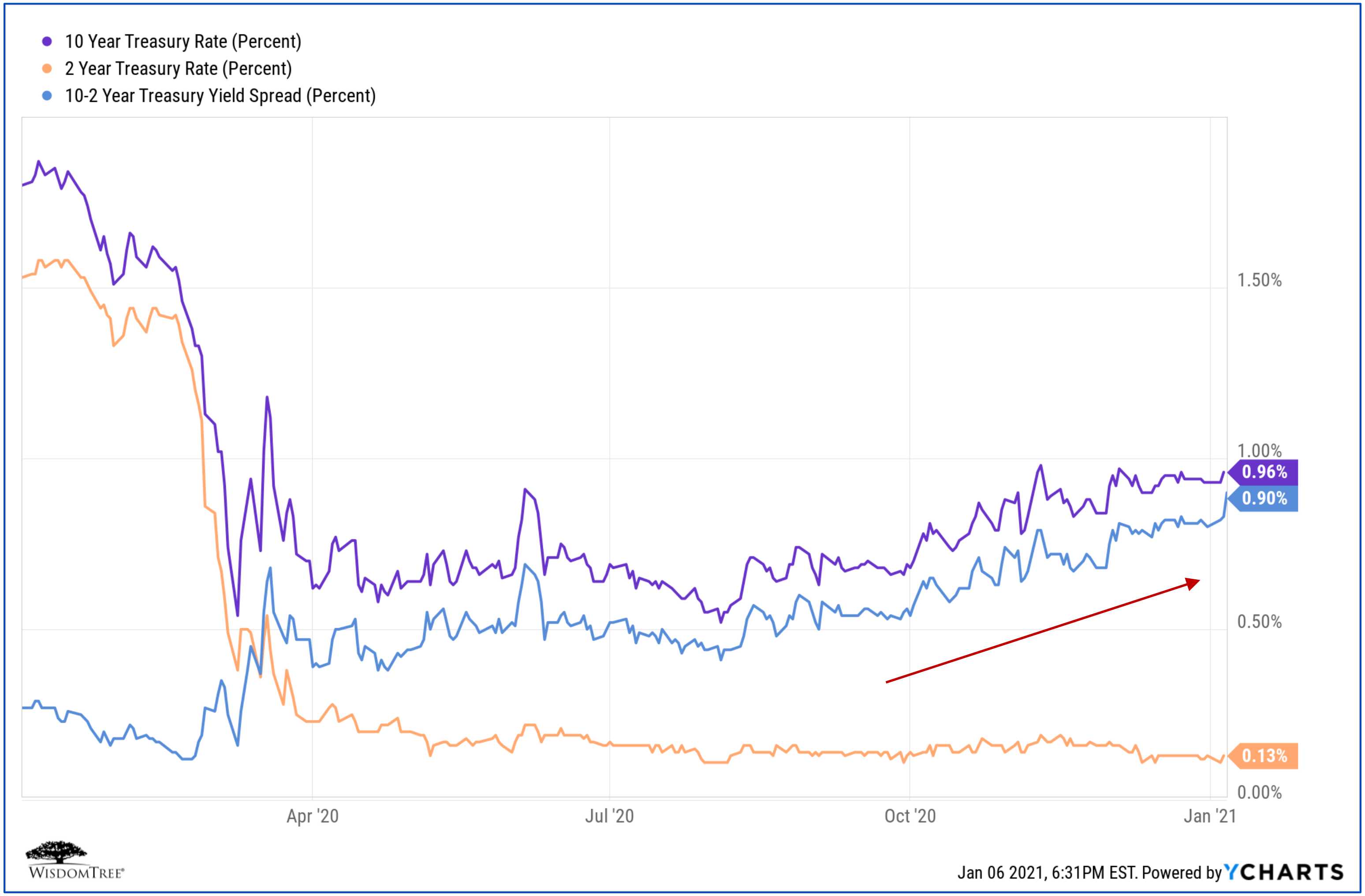
Source: Ycharts, Data as of January 2021.

Equity Market Summary

- We believe 2021, generally, will be a “risk on” market environment for equities
- Valuations are stretched, but investor sentiment remains robustly bullish
- Global earnings are expected to grow nicely, which will provide some cushion to elevated valuations
- Dividends should also begin to recover
- Quality and fundamentals may also come back into play as the “work from home” trade fades
- We think the factor rotation back toward value, small cap, and EM still has room to run
- We remain overweight the US and EM, and underweight EAFE, relative to the MSCI ACWI index
- Despite our cautious optimism, we continue to recommend both asset class and risk factor diversification within the equity portfolio

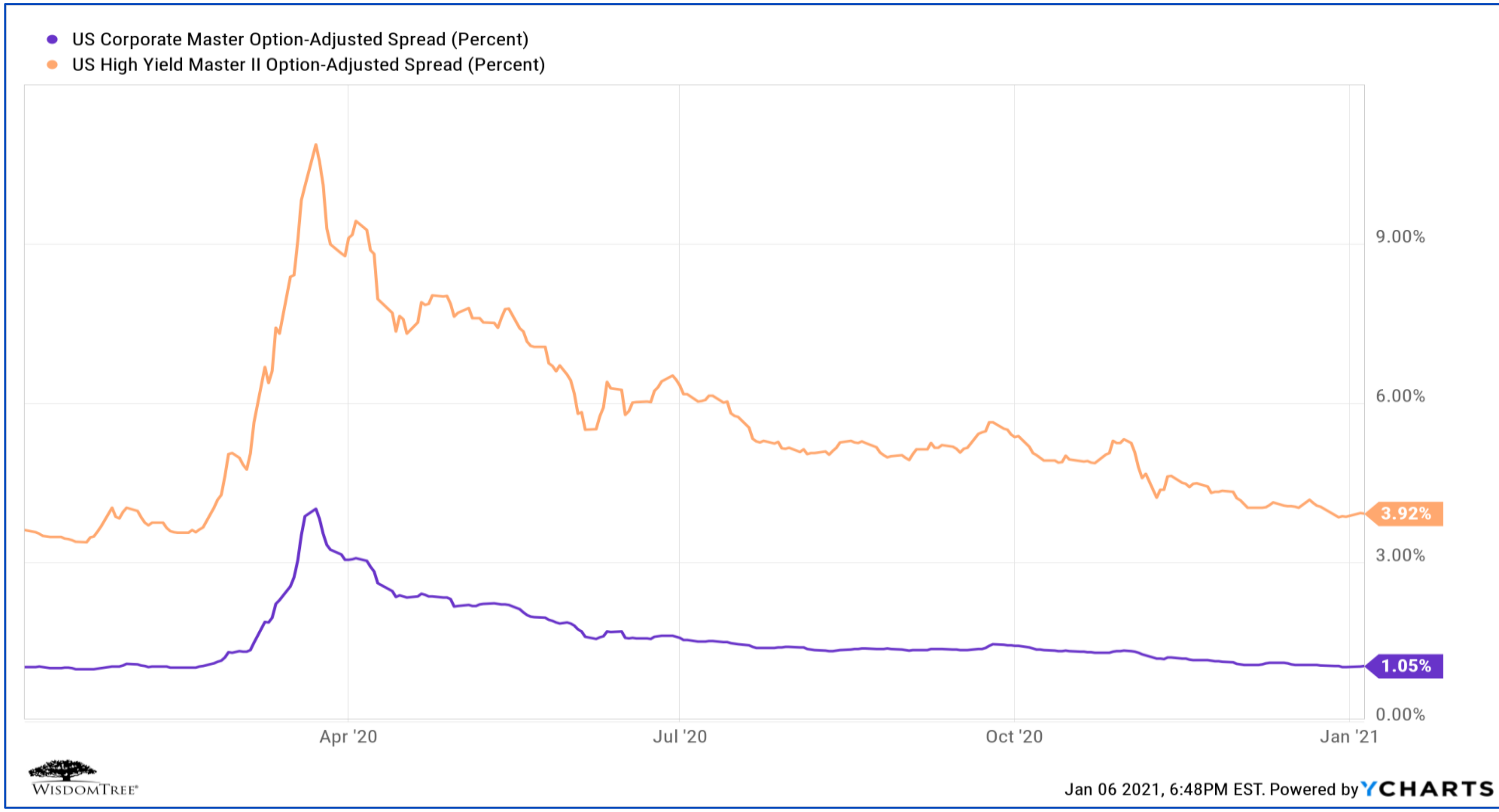
Rates & Credit Outlook:
"The Point of 'Know' Return"

The yield curve continues to steepen, especially after recent election results (more fiscal stimulus being priced in). This steepening may continue, especially given ongoing Fed policy at the short end. The Treasury is likely to issue more longer-dated maturities to fund deficits – won't take much of a rate rise to harm total returns



Source: Ycharts, Data as of January 2021.

Credit spreads have retraced back to and/or past pre-pandemic levels. We continue to recommend shorter duration and an overweight to higher quality credit. Yield scarcity, positive technicals, and economic recovery may offer return potential, but investors should expect modest gains (at best) going forward



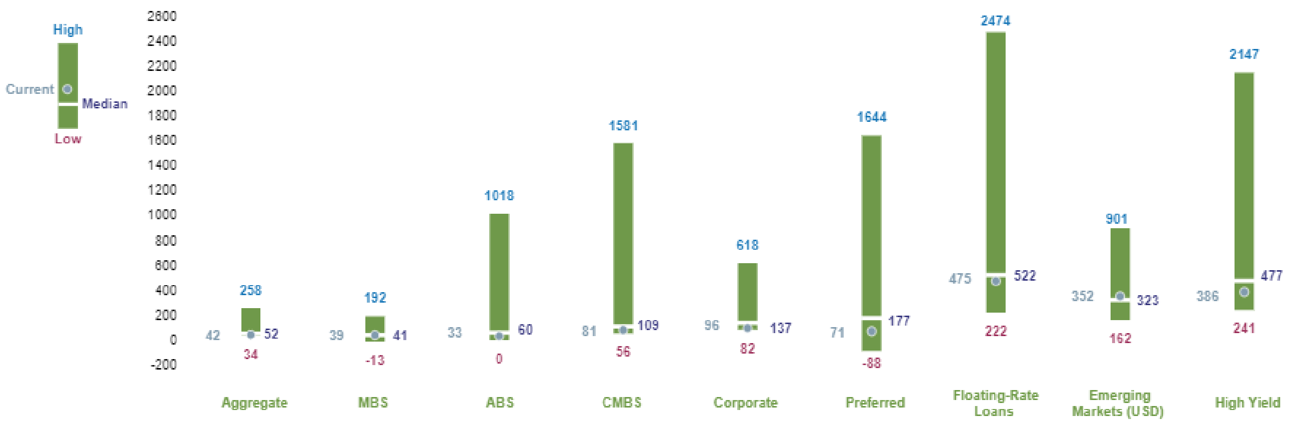
Source: Ycharts ,January 2021.

Global credit spreads are not “cheap”, but we see potential relative value in Emerging Market Local Debt. This is based on (a) higher local interest rates vs. the US, (b) a strengthening global economy, driving commodity demand, and (c) what we believe will be a continued decline in the dollar

Eaton Vance

Fixed Income

Spread analysis (bps)



	Aggregate	MBS	ABS	CMBS	Corporate	Preferred	Floating-Rate Loans	Emerging Markets (USD)	High Yield
Max Spread Date	12/3/2008	12/3/2008	1/6/2009	11/21/2008	12/3/2008	3/9/2009	12/19/2008	10/24/2008	12/15/2008
Min Spread Date	1/31/2018	7/27/2010	10/1/2009	1/31/2018	2/22/2007	12/6/2017	3/31/2006	6/1/2007	6/1/2007
Spread on 12/31/20	42	39	33	81	96	71	475	352	386
Spread on 12/31/19	39	39	44	72	93	17	461	291	360
Spread on 12/31/18	54	35	53	86	153	242	551	415	533

Source: Factset as of 12/31/20. Spread history measures past 15 years. Data provided is for informational use only. See end of report for important additional information. All fixed-income spreads are in basis points and measure option-adjusted yield spread relative to comparable maturity U.S. Treasuries using daily data. Loan Index spread represents the three-year discounted spread over LIBOR. Aggregate represented by Bloomberg Barclays US Aggregate Index. MBS represented by Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index. ABS represented by Bloomberg Barclays U.S. Asset Backed Securities (ABS) Index. CMBS represented by Bloomberg Barclays U.S. CMBS Investment Grade Index. Corporate represented by Bloomberg Barclays U.S. Corporate Investment Grade Index. Preferred represented by ICE BofA Fixed Rate Preferred Securities Index. Floating-Rate Loans represented by S&P/LSTA Leveraged Loan Index. Emerging Markets(USD) represented by J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified. High Yield represented by ICE BofA US High Yield Index.

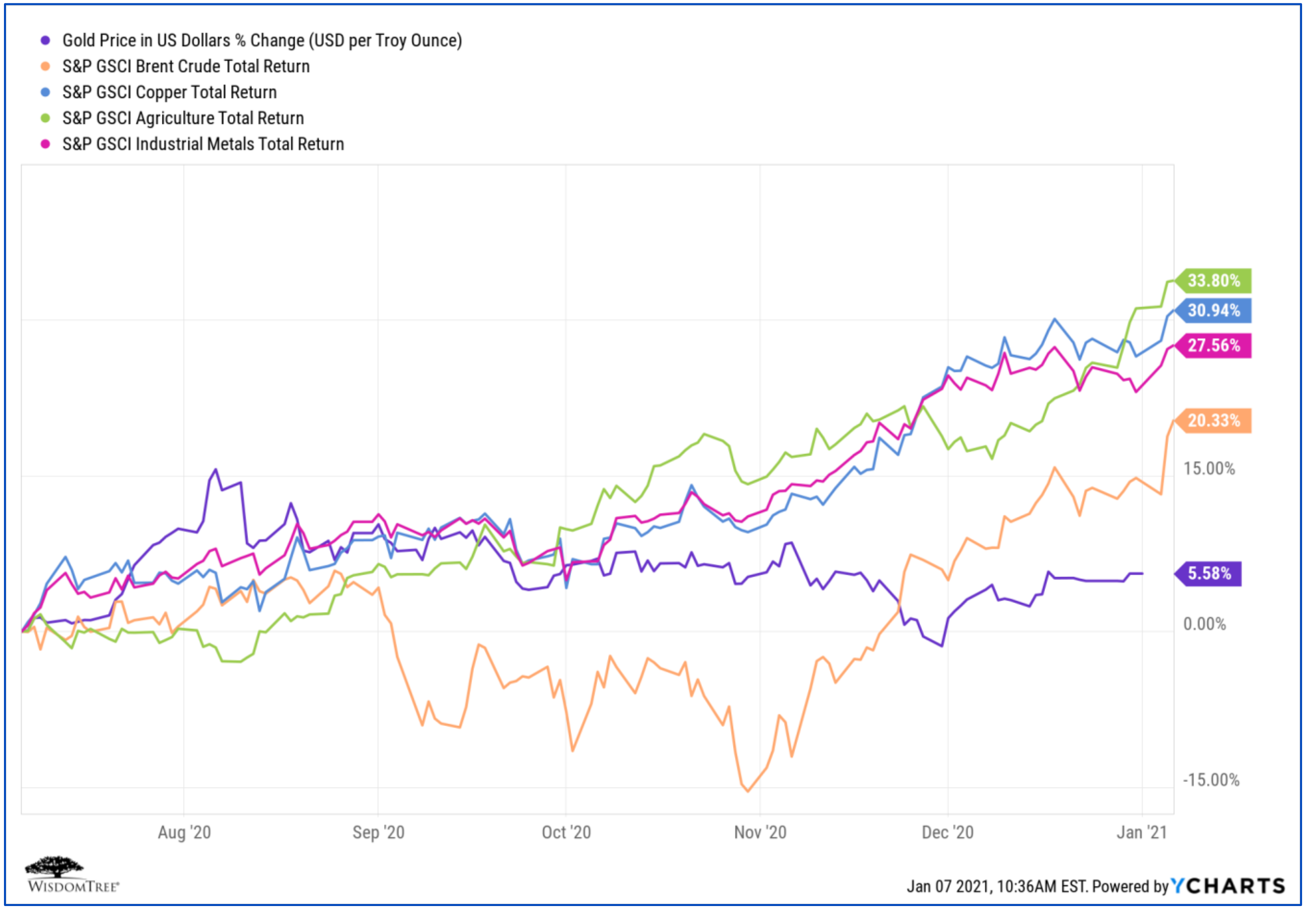
Source: The Eaton Vance Monthly Market Monitor, December 2020.

Rates & Credit Market Summary

+ We simply do not see a great deal of upside potential in the rates & credit market. Spreads have retraced to pre-pandemic levels, and rates are more likely to rise than fall
+ We suggest investors take a defensive posture toward interest rate risk
+ Technicals, economic recovery, and the demand for yield could help spreads grind a little tighter in 2021, despite current levels
+ There may still be opportunity remaining in high yield and securitized credit
+ We believe there may also be some relative value opportunity in emerging market local debt, due to higher local rates, a recovering global economy, and continued dollar weakness
+ Quality security selection remains paramount. Incremental gains and avoiding losers will be key in 2021
+ In general, we do not see much potential for total return. That said, coupons should mostly be safe, and bonds still play an important hedging role in a diversified portfolio

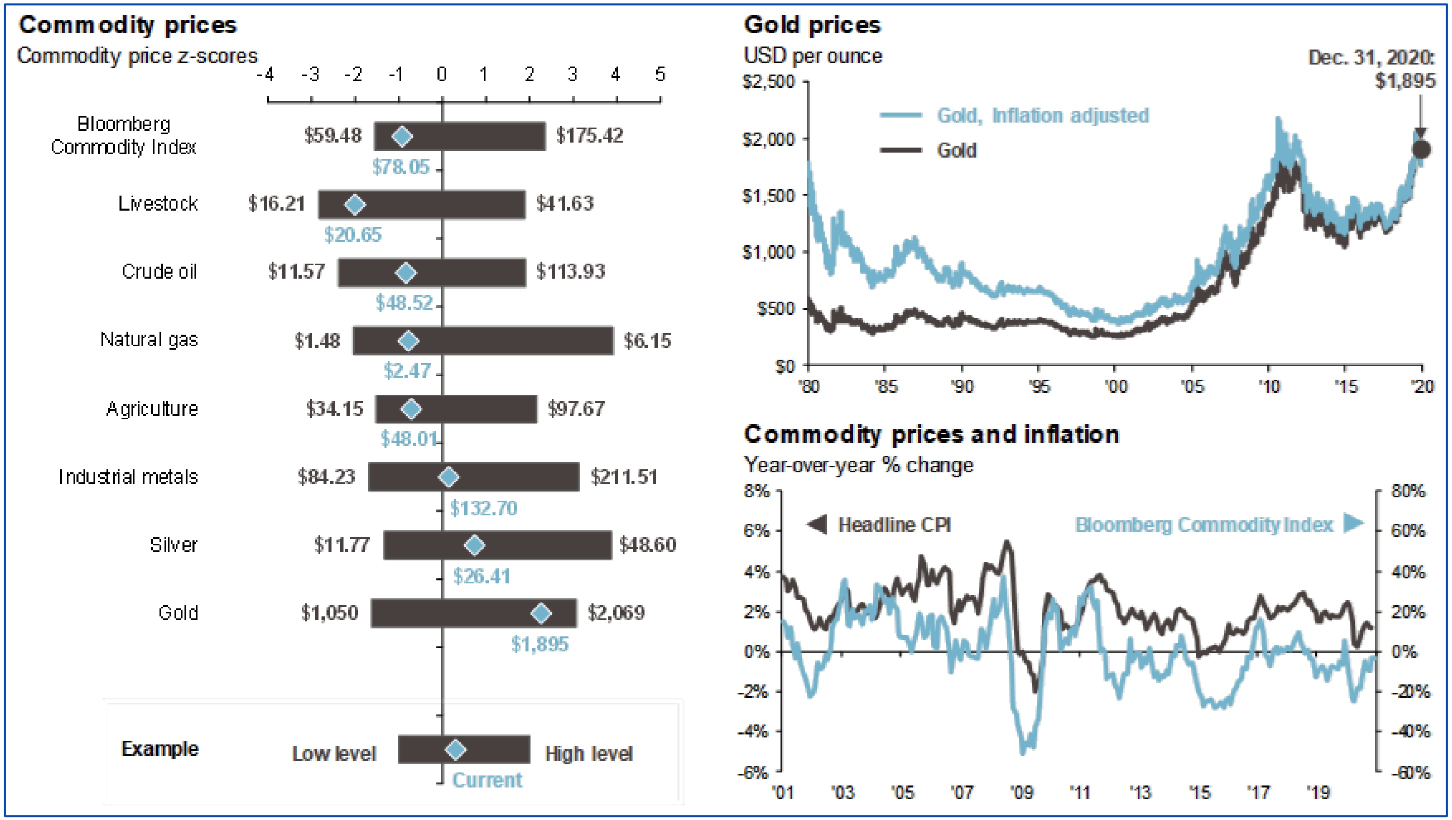
Real Assets & Alternatives Outlook:
"A-Tisket, A-Tasket, A Green and Yellow Basket"

Gold has stabilized but the overall global commodity complex continues to rally as the global economy revives. We expect this trend to continue through 2021, as the dollar weakens and demand increases



Source: Ycharts, data as of January 6, 2021.

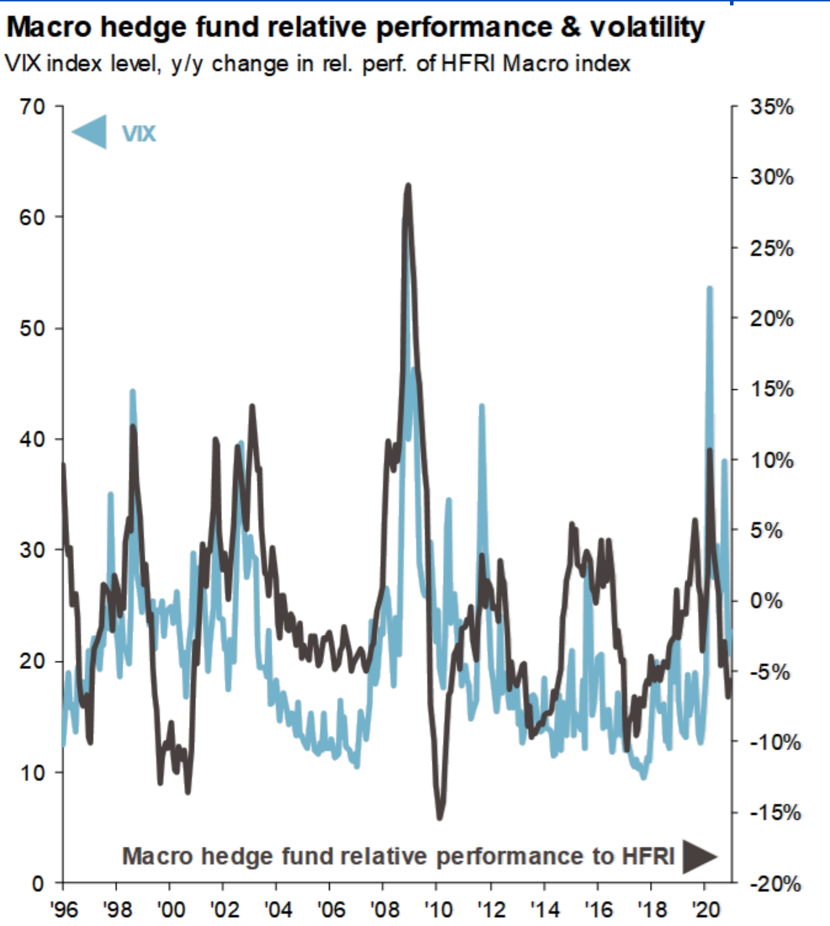
We expect commodity prices to "firm" as the global economy recovers and the dollar slides. We believe a broad commodity basket can act as an effective "reflation" hedge as we move through 2021

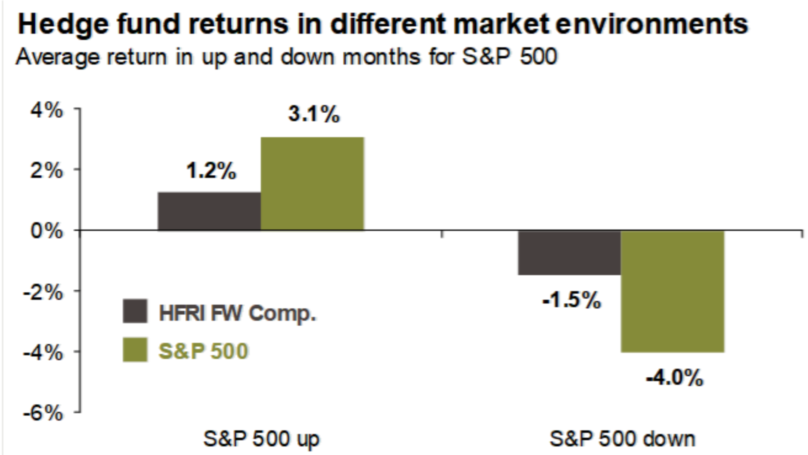


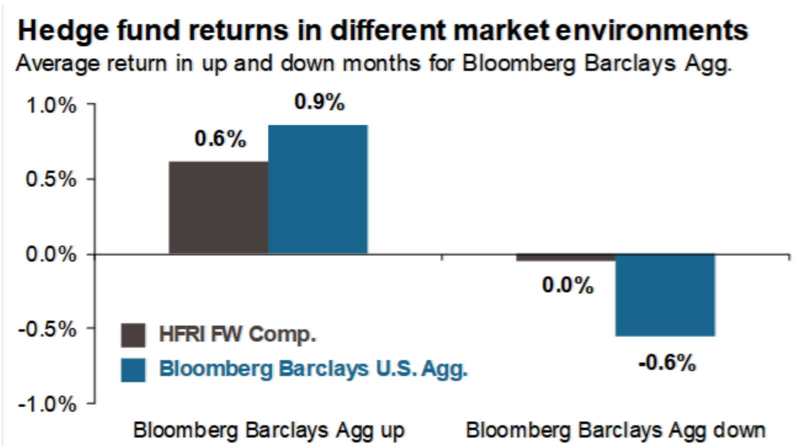
- The "z-score" does not represent actual "valuation", but rather how many standard deviations away from its mean (average) historical price a given commodity is
- Given historical "mean reversion" of commodity prices, a low z-score, therefore, may suggest an attractive "valuation"

Source: JP Morgan Asset Management Guide to the Markets, Q4 2020.

Lower correlated or "alternative" investments continue to be of interest to many investors as they seek to increase the diversification of their overall portfolio







Source: JP Morgan Asset Management Guide to the Markets, Q4 2020. You cannot invest directly in an index, and past performance is no indication of future results.

Real Assets & Alternatives Market Summary

+ We see real potential for a “reflationary” trade in 2021, as the global economy recovers and central banks remain accommodative
+ We believe a broad basket of commodity exposures has the potential to be both a positive return driver and an effective inflation hedge as we move through 2021
+ We continue to see investor interest in diversifying or lower correlated allocations, including alternative or “non-traditional” strategies

Current WisdomTree Asset Allocation Positioning: *"Cautiously Optimistic"*

Our current asset allocation guidelines:

- Stocks over bonds
- The US and EM over EAFE
- We believe the factor rotation back toward small cap, value, and EM still has room to run
- We think the dollar will continue to slide, which should provide a tailwind to non-US risk assets
- We think the quality and dividend factors may make a comeback as the economy and earnings improve and investors (perhaps) refocus on fundamentals
- Within fixed income, we continue to favor shorter duration and an overweight on quality credit (emphasis on quality)
- We believe there may be relative value in emerging markets local debt, due to higher local interest rates, a strengthening global economy, and continued dollar weakness
- We are bullish on the broader commodity complex as the global economy recovers and the dollar continues to slide. There may be “reflation” as we move through 2021
- We continue to see value in real asset and alternative investment allocations for investors seeking to increase overall portfolio diversification

Glossary

Gross domestic product (GDP): The sum total of all goods and services produced across an economy.

Inflation: Characterized by rising price levels.

A risk asset is any asset that carries a degree of risk. "Risk asset" generally refers to assets that have a significant degree of price volatility, such as equities, commodities, high-yield bonds, real estate and currencies.

Volatility: A measure of the dispersion of actual returns around a particular average level.

Yield curve: Graphical depiction of interest rates on government bonds, with the current yield on the vertical axis and the years to maturity on the horizontal axis.

Treasury notes: A debt obligation issued by the U.S. government that matures in less than 30 years.

Credit spread: The portion of a bond's yield that compensates investors for taking credit risk.

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

Value: Characterized by lower price levels relative to fundamentals, such as earnings or dividends. Prices are lower because investors are less certain of the performance of these fundamentals in the future. This term is also related to the value factor, which associates these stock characteristics with excess returns vs the market over time.

Quality: Characterized by higher efficiency and profitability. Typical measures include earnings, return on equity, return on assets, operating profitability as well as others. This term is also related to the quality factor, which associates these stock characteristics with excess returns versus the market over time.

Market capitalization-weighting: Market cap = share prices x number of shares outstanding. Firms with the highest values receive the highest weights in approaches designed to weight firms by market cap.

Low correlation: Characterized by assets that have a relatively lower correlation versus the market over time. This term is also associated with the low-correlation factor which associates these stock characteristics with excess returns versus the market over time.

Glossary

M2: a measure of the money supply that includes cash, checking deposits, and easily convertible near money.

Velocity: Measure of the frequency that money changes hands within a broader economy. Higher levels indicate the potential for greater levels of economic activity.

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.

Russell 2000 Total Return Index: Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

MSCI EAFE Total Return Index: is a market cap-weighted index composed of companies representative of the developed market structure of developed countries in Europe, Australasia and Japan.

MSCI Emerging Markets Total Return Index: The MSCI Em (Emerging Markets) Index is a free-float weighted equity index that captures large and mid cap representation across Emerging Markets (EM)

NASDAQ-100 Total Return Index: a basket of the 100 largest, most actively traded U.S companies listed on the Nasdaq stock exchange. The index includes companies from various industries except for the financial industry, like commercial and investment banks.

Russell 1000 Total Return Index: A measure of the performance of the 1,000 largest companies by market capitalization in the Russell 3000 Index.

Russell 2000 Total Return Index: Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

Glossary

S&P 1000 Growth Net Total Return Index: A market capitalization-weighted benchmark designed to measure the growth segment of the S&P 1000 Index.

S&P 1000 Value Net Total Return Index: A market capitalization-weighted benchmark designed to measure the value segment of the S&P 1000 Index.

WisdomTree LargeCap Dividend Index: Measures the performance of the 300 largest companies in the WisdomTree Dividend Index ranked by market capitalization. Weighting is by indicated cash dividends.

S&P 500 Total Return 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.

MSCI ACWI Index: A free-float adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets.

US Corporate Master Option-Adjusted Spread: uses an index of bonds that are considered investment grade (those rated BBB or better). When the last calendar day of the month takes place on the weekend, weekend observations will occur as a result of month ending accrued interest adjustments.

US High Yield Master II Option-Adjusted Spread: are the calculated spreads between a computed OAS index of all bonds in a given rating category and a spot Treasury curve. An OAS index is constructed using each constituent bond's OAS, weighted by market capitalization

Basis points (bps): 1/100th of 1 percent.

VIX: a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. It is the premier benchmark for U.S. stock market volatility.

HFRI: Captures the breadth of hedge fund performance trends across various strategies and region.

Bloomberg Barclays Aggregate: a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

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