



# THE WISDOMTREE SIEGEL STRATEGIC VALUE INDEX™ MARKETING VIDEO

The WisdomTree Siegel Strategic Value Index™ is an innovative *quantitative investment strategy* that leverages decades of experience and insight, leading index construction, and objective asset allocation processes from three prominent industry leaders.

As opposed to using traditional valuation metrics like *Book Value* or *Price to Earnings Ratios*, the Index bases its investment approach on the ratio of *Operating Earnings* and *Total Enterprise Value* as more reliable measures of valuation.

This approach avoids the potential for significant earnings swings due to changes in accounting principles; excludes one-time events that do not impact the longer-term value of firms; and helps to create more accurate comparisons across companies with different capital structures.

The methodology also leverages Professor Siegel's research on Aggregation Bias, which addresses cases where a few companies with very large losses can result in an artificially high P/E ratio at an aggregate level.

## Here's how it works:

### Evaluate

The Index evaluates 500 of the largest publicly traded U.S. companies by market cap, across 10 industry sectors, for fundamental factors including Operating Earnings and Total Enterprise Value.

### Select

The Index selects the four best valued U.S. market sectors and invests quarterly.

### Rebalance

Each month, the selected market sectors are rebalanced to capture potential gains.

**The Index then seeks to provide excess returns through a unique set of proprietary volatility controls.**

Trend Analysis leverages long- and short-term trends to capitalize on momentum when markets are moving higher and to reduce exposure when markets are declining. The Index also includes a Risk Management Strategy that combines a 100% long Equity Strategy, made up of the selected Equity Market sectors, with a 100% short position in a broad equity market index, in an effort to hedge against market risk when the broad market is declining.

**These innovative mechanisms built into the Index construction seek to maximize value while minimizing downside risk across market conditions.**

When the Trend Analysis is positive, the Index is always in some combination of the Equity Strategy and Risk Management Strategy to seek a balanced return. When the Trend Analysis is negative, the Index allocates all assets into the Risk Management Strategy. When Index volatility is low, the Index allocates up to a maximum of 150% to the strategy; as Index volatility increases, a cash allocation is added to maintain the volatility target.

**The end result? Whether it's a bull market or a bear market, the Index automatically seeks exposure to equities within a predefined volatility target.**

**The WisdomTree Siegel Strategic Value Index™. Seeking excess returns through volatility controls.**