

SWITCH NASDAQ INDICES TO SOLACTIVE/BCOM

WHAT IS HAPPENING?

Effective from 26 February 2021, a total number of 16 WisdomTree commodity Exchange Traded Products (ETPs) will begin tracking a different index. This is due to Nasdaq, the current index provider, announcing its intention to terminate its commodity indices platform. The affected ETPs will start tracking Solactive and Bloomberg Commodity (BCOM) indices instead.

01 What are the key dates for the index change?

The index change will happen on the 26 February 2021. At this point, all 16 products' exposure will change from the current index to the new index.

02 Why have you selected Solactive and Bloomberg as the new index providers?

WisdomTree is committed to providing access to a wide range of investment opportunities and works with best-in-class partners to deliver differentiated exposures to investors. After careful due diligence Solactive and Bloomberg were selected based on their rich heritage of developing index solutions and being recognised as leading index providers throughout the industry.

03 Which products are impacted by the index change?

16 WisdomTree products are impacted by the index provider change:

- + 14 short and leveraged (S&L) products will switch from a Nasdaq Index to a Solactive index
- + 2 unleveraged delta one products will switch from a Nasdaq Index to a Bloomberg Index.

Product Name	Product ticker	Current Index name and ticker	Current Index Future Exposure	New Index name and ticker	New Index Future Exposure
WisdomTree Gold 3x Daily Leveraged	3GOL	NASDAQ Commodity Gold Index ER (NQCIGCER)	1st month	Solactive Gold Commodity Futures SL Index (SOLWSGC1)	1st month
WisdomTree Gold 3x Daily Short	3GOS	NASDAQ Commodity Gold Index ER (NQCIGCER)	1st month	Solactive Gold Commodity Futures SL Index (SOLWSGC1)	1st month
WisdomTree Copper 3x Daily Leveraged	3HCL	NASDAQ Commodity HG Copper Index ER (NQCIHGER)	1st month	Solactive HG Copper Commodity Futures SL Index (SOLWSHG1)	1st month
WisdomTree Copper 3x Daily Short	3HCS	NASDAQ Commodity HG Copper Index ER (NQCIHGER)	1st month	Solactive HG Copper Commodity Futures SL Index (SOLWSHG1)	1st month
WisdomTree Natural Gas 3x Daily Leveraged	3NGL	NASDAQ Commodity Natural Gas ER Index (NQCINGER)	1st month	Solactive Natural Gas Commodity Futures SL Index (SOLWSNG2)	2nd month
WisdomTree Natural Gas 3x Daily Short	3NGS	NASDAQ Commodity Natural Gas ER Index (NQCINGER)	1st month	Solactive Natural Gas Commodity Futures SL Index (SOLWSNG2)	2nd month
WisdomTree Silver 3x Daily Leveraged	3SIL	NASDAQ Commodity Silver Index ER (NQCISIER)	1st month	Solactive Silver Commodity Futures SL Index (SOLWSSI1)	1st month
WisdomTree Silver 3x Daily Short	3SIS	NASDAQ Commodity Silver Index ER (NQCISIER)	1st month	Solactive Silver Commodity Futures SL Index (SOLWSSI1)	1st month
WisdomTree Palladium 2x Daily Leveraged	2PAL	NASDAQ Commodity Palladium Index ER (NQCIPAER)	1st month	Solactive Palladium Commodity Futures SL Index (SOLWSPA1)	1st month
WisdomTree Palladium 1x Daily Short	1PAS	NASDAQ Commodity Palladium Index ER (NQCIPAER)	1st month	Solactive Palladium Commodity Futures SL Index (SOLWSPA1)	1st month
WisdomTree Brent Crude Oil 3x Daily Leveraged	3BRL	NASDAQ Commodity 2nd Front Brent Crude Index ER (NQC12CBE)	2nd month	Solactive Brent Crude Oil Commodity Futures SL Index (SOLWSCO2)	2nd month
WisdomTree Brent Crude Oil 3x Daily Short	3BRS	NASDAQ Commodity 2nd Front Brent Crude Index ER (NQC12CBE)	2nd month	Solactive Brent Crude Oil Commodity Futures SL Index (SOLWSCO2)	2nd month
WisdomTree WTI Crude Oil 3x Daily Leveraged	3OIL	NASDAQ Commodity 2nd Front Crude Oil Index ER (NQC12CLE)	2nd month	Solactive WTI Crude Oil Commodity Futures SL Index (SOLWSCL2)	2nd month
WisdomTree WTI Crude Oil 3x Daily Short	3OIS	NASDAQ Commodity 2nd Front Crude Oil Index ER (NQC12CLE)	2nd month	Solactive WTI Crude Oil Commodity Futures SL Index (SOLWSCL2)	2nd month
WisdomTree WTI Crude Oil Pre-roll	WTID	NASDAQ Commodity 2nd Front Crude Oil Index ER (NQC12CLE)	2nd month	Bloomberg WTI Crude Oil Subindex (BCOMCL)	Classic BCOM
WisdomTree Brent Crude Oil Pre-roll	BRND	NASDAQ Commodity 2nd Front Brent Crude Index ER (NQC12CBE)	2nd month	Bloomberg Brent Crude Subindex (BCOMCO)	Classic BCOM

04 Is the index change modifying the investment objectives of the products?

No. The overall investment objective of all the products will remain the same. For example, the WisdomTree Gold 3x Daily Leveraged will continue to provide investors with a total return comprised of three-times daily leveraged exposure to gold front-months futures, plus the interest revenue earned on the collateralised amount.

05 What are the relevant differences between the current indices and the new indices?

For most products, the new index is almost identical to the current index. Both indices are excess return indices (ER) and are exposed to the same contract on the curve, as highlighted in the columns of "Index Future Exposure" from the table above.

However, there is one notable difference between the two indices: the roll schedule for the futures contracts.

Future contracts are an obligation to buy or sell a particular commodity at a certain point in the future. They, therefore, have a maturity date on which they expire. To ensure that the product delivers a continuous exposure the underlying commodity, the index has to roll its future contracts periodically (i.e. sell the future that is getting closer to expiry and buy a future with a longer maturity).

In the current indices, the roll happens over the first five business days of the month. In the new indices, the roll occurs between the 5th and the 9th business day of the month. This roll schedule's change aims to improve the liquidity on the day when the roll happens.

You can find details on the rules of the new indices in the Solactive rulebook:

https://solactive.com/downloads/guideline_solactive_commodity_futures.pdf

The differences are slightly larger for four products:

- + WisdomTree Natural Gas 3x Daily Leveraged (3NGL)
- + WisdomTree Natural Gas 3x Daily Short (3NGS)
- + WisdomTree WTI Crude Oil Pre-roll (WTID, New name: WisdomTree Bloomberg WTI Crude Oil)
- + WisdomTree Brent Crude Oil Pre-roll (BRND, New name: WisdomTree Bloomberg Brent Crude Oil)

06 What are the differences between the current index and the new index for WisdomTree natural gas 3x daily leveraged and WisdomTree natural gas 3x daily short?

For those two products, the index changes are slightly more impactful. Both the current and new indices are excess return indices offering exposure to the returns of front-months futures contracts in NYMEX Natural Gas. However, the new indices provide an exposure to the second-month futures contract on the curve while the current index is exposed to the first-month contract on the curve.

Similarly to the other products, the roll schedule also changes, from the roll happening over the first five business days of the month to the roll occurring between the 5th and the 9th business day of the month.

You can find details on the rules of the new indices in the Solactive rulebook:

https://solactive.com/downloads/guideline_solactive_commodity_futures.pdf

07 What are the differences between the current index and the new index for WisdomTree WTI Crude Oil pre-roll and WisdomTree Brent Crude Oil pre-roll?

Those two products will switch to the classic Bloomberg Commodity subindex for the relevant Crude Oil.

Both the current and new indices are excess return indices offering exposure to the returns of front-months futures contracts in the relevant Crude Oil contract. However, the Nasdaq and Bloomberg indices operate a bit differently:

- + The current Nasdaq indices roll their future contract every month to stay in the second-month contract. The Bloomberg index rolls future contracts every two months to minimize transaction costs. This means that the BCOM indices can be invested in the first/second/third-month contract depending on the month.
- + In the current indices, the roll happens over the first five business days of the month. In the new indices, the roll occurs between the 5th and the 9th business day of the month.

You can find details on the rules of the new indices in the Bloomberg rulebook:

<https://assets.bbhub.io/professional/sites/10/BloombergBCOMMethodology-2021-Jan.pdf>

08 What else is happening to WisdomTree WTI crude oil pre-roll and WisdomTree Brent Crude Oil pre-roll?

These two products will also undergo a name change to better reflect their newly assigned underlying index. The names will change as follows:

- + WisdomTree WTI Crude Oil Pre-Roll => **WisdomTree Bloomberg WTI Crude Oil**
- + WisdomTree Brent Crude Oil Pre-Roll => **WisdomTree Bloomberg Brent Crude Oil**

09 Does this impact other WisdomTree ETFs or ETPs?

No. The index change only impacts the 16 ETPs listed above.

10 Will this index change impact the price of my holdings?

No. At the time of the index switch, there is no impact on the prices of the 16 ETPs.

11 Will this change impact the tax status of my investments or my future tax reporting?

No. The change in underlying index from one provider to another provider is not expected to be a chargeable event for tax purposes, however shareholders are advised to liaise with their tax advisors in relation to the tax implications in individual circumstances.

12 If i am invested in an impacted product, what should i do?

No action on the investor part is necessary. The index change will happen automatically on the 26 February 2021. The product will continue to operate and trade as usual, with no changes to its overall operations.

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