



WisdomTree Efficient Core Family



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The WisdomTree Efficient Core ETFs (exchange-traded funds) seek long-term capital appreciation while boosting risk-adjusted returns by leveraging the historically low, and often negative, correlation between equities and bonds.

Better than 100% equities?

A portfolio that blends equities with investment grade bonds, such as a 60/40 portfolio, serves as the bedrock (and benchmark) for asset allocation decisions as it tends to deliver a higher Sharpe ratio¹ than an all-equity exposure. This is due to the historically low, and often negative, correlation between equities and investment-grade fixed income. However, a 60/40 portfolio has also tended to deliver lower absolute returns than 100% equities, as the addition of bonds significantly reduces volatility within the portfolio.

Does this mean that investors seeking equity-like returns have to forgo the diversification benefits offered by a 60/40 portfolio? WisdomTree Efficient Core ETFs offer an answer to this question and a smarter approach to capital deployment. By using leverage, our Efficient Core strategy aims to achieve higher returns for the same level of volatility as an all-equity allocation.

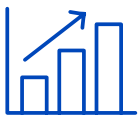
Academics have long argued that the optimal portfolio for a given level of risk is a leveraged version of the portfolio that presents the best Sharpe ratio. Applying this principle to the 60/40 mix has historically resulted in portfolios that:

- + Deliver **enhanced returns** while maintaining the same level of volatility as an all-equity portfolio.

¹ The Sharpe ratio is a measure of risk-adjusted returns of an investment. It is the difference between the risk-free return and the return of an investment divided by the investment's standard deviation.

- + Achieve **improved diversification**, often resulting in smaller drawdowns during periods of market stress.
- + Provide **more efficient use of capital**, allowing investors to accommodate other diversifiers in a portfolio.

The role of Efficient Core in a portfolio



An equity replacement

A low fee, core equity solution designed to replace existing core equity exposures. By offering return enhancement, improved risk management, and diversification potential compared to a 100% equity portfolio, these ETFs can also be used to complement existing equity exposures.



A capital efficiency tool

By delivering equity and bond exposure in a capital-efficient manner, the ETFs can help free up space in the portfolio for alternatives and diversifiers. Allocating 10% of a portfolio to this strategy, investors get 9% exposure to equities and 6% exposure to government bonds. This could allow investors to divest 6% from existing fixed income exposures and invest that in alternative assets (such as broad commodities, gold, carbon or crypto). This could be achieved without losing the diversifying benefits of their fixed income exposure.

Investment methodology highlights

The WisdomTree Efficient Core ETFs aim to deliver a 90% exposure to equities and 60% notional exposure to government bond futures, effectively creating a leveraged version of the traditional 60/40 portfolio:

- + The ETFs invest 90% of their assets in a diversified basket of large-cap equities held physically.
- + A 60% exposure to government bond futures is then overlaid on top, using the remaining 10% of the portfolio as cash collateral for the futures.
- + This allows the capital in the strategy to be deployed more efficiently and enhances the return from equities through diversification, while also reducing portfolio volatility in comparison to 100% equities.
- + The exposures are rebalanced quarterly².

² The strategy allows for intra quarter exceptional rebalancing in case the equity/bond exposures deviate by more than 5% from the target weights.

Large-cap equities	Government bond futures
US Efficient Core	
A diversified basket of the 500 largest US companies by market capitalisation that meet WisdomTree’s ESG criteria.	An equal-weight basket of five US Treasury futures contracts with maturities ranging from 2 to 30 years.
Global Efficient Core	
A diversified basket of the 1500 largest companies by market capitalisation in the global developed markets that meet WisdomTree’s ESG criteria.	US, Germany, UK, and Japan government bond futures contracts with maturities ranging from 2 to 30 years. The currency weight of the bond portfolio matches that of the equity portfolio and future contracts in the same currency are equal weighted.
Eurozone Efficient Core	
A diversified basket of the 250 largest Eurozone companies by market capitalisation that meet WisdomTree’s ESG criteria.	An equal-weight basket of 2, 5, 10 and 30-year German government bond futures and 10-year government bond futures from Italy and France.

WisdomTree’s ESG framework

WisdomTree understands the importance of Environmental, Social, and Governance (ESG) considerations within investment strategies and strongly believes that ESG principles need to be addressed holistically and not simply applied to a subset of impact investments. We have aligned our proprietary equity indices with ESG factors using exclusion criteria, applying a combination of principle-based exclusions and activity-based exclusions based on the assessment from Sustainalytics, a leading independent ESG and corporate governance research, ratings, and analytics firm.

For information on our approach to ESG, visit our [responsible investing page](#).

Why WisdomTree Efficient Core UCITS ETFs?

- + **Boost risk-adjusted returns:** the ETFs deliver a 90% exposure to equities while improving the Sharpe ratio and the drawdown thanks to a fixed income overlay.
- + **Improve portfolio capital efficiency:** the ETFs help boost the capital efficiency of a portfolio by combining equity and fixed income exposure in one capital efficient structure, freeing space for diversifiers and alternative strategies.
- + **A low-fee core equity solution:** low-fee, core equity solution that can complement other active and passive strategies.

Listing and fund information

Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base currency	TER%
US Efficient Core						
NTSX	LSE	IE000KF370H3	NTSX LN	USD	USD	0.20
WTEF	LSE	IE000KF370H3	WTEF LN	GBx	USD	0.20
NTSX	Borsa Italiana	IE000KF370H3	NTSX IM	EUR	USD	0.20
WTEF	XETRA	IE000KF370H3	WTEF GY	EUR	USD	0.20
NTSX	SIX	IE000KF370H3	NTSX SW	USD	USD	0.20
Global Efficient Core						
WGEC	LSE	IE00077IIPQ8	WGEC LN	GBx	USD	0.25
NTSG	LSE	IE00077IIPQ8	NTSG LN	USD	USD	0.25
NTSG	Borsa Italiana	IE00077IIPQ8	NTSG IM	EUR	USD	0.25
NTSG	SIX	IE00077IIPQ8	NTSG SW	USD	USD	0.25
NTSG	XETRA	IE00077IIPQ8	NTSG GY	EUR	USD	0.25
NTSG	Euronext Paris	IE00077IIPQ8	NTSG FP	EUR	USD	0.25
Eurozone Efficient Core						
NTSZ	LSE	IE000OV4XWA3	NTSZ LN	EUR	EUR	0.20
WEEC	LSE	IE000OV4XWA3	WEEC LN	GBx	EUR	0.20
NTSZ	Borsa Italiana	IE000OV4XWA3	NTSZ IM	EUR	EUR	0.20
NTSZ	XETRA	IE000OV4XWA3	NTSZ GY	EUR	EUR	0.20
NTSZ	Euronext Paris	IE000OV4XWA3	NTSZ FP	EUR	EUR	0.20

TER: total expense ratio.

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