

UPDATED FRIDAY 13 MARCH 2020

EARLY TERMINATION OF 3X LEVERAGED OIL PRODUCTS DUE TO EXTREME MARKET MOVEMENTS

WHAT HAPPENED?

Due to an extreme adverse move in oil futures relative to the futures' closing price for Friday March 6th 2020, the swaps underlying the **WisdomTree Brent Crude Oil 3x Daily Leveraged ("3OIL")** and the **WisdomTree WTI Crude Oil 3x Daily Leveraged ("3BRL")** exchange-traded products (together, the "ETPs") have been terminated early Monday morning 9th of March 2020, before the open of European share exchanges.

This termination is in accordance with "Severe Overnight Gap Event" provisions set out in the [prospectus](#) for the products (page 182). In a "Severe Overnight Gap Event" the swap provider may terminate the swap agreement by issuing an official termination notice. The purpose of these provisions is to allow the swap provider to terminate the swap before it reaches or breaches a floor of \$0, where the product bears no value for investors.

Consequently, the products mentioned above, which relied on these swaps will be terminated as per the timelines detailed below through a process of compulsory redemption. Payment is expected to be made on or around Wednesday 18th of March 2020. The final NAVs which will be paid, and the relevant returns for the products from the previous day are provided below:

Table A – Final NAVs and Returns

	Termination Value Final NAV per Share	Return from the NAV of Fri. March 6 th to the Final NAV per Share
3OIL	\$0.0166224	-90.73%
3BRL	\$1.8736850	-84.86%

Source: WisdomTree

Trading of the ETPs on European exchanges is suspended and will remain suspended until the ETPs are closed.

The details around the timeline for the closure process for the products are provided below. Please follow our website to remain up-to-date.

It is important to emphasise that this was an extreme market event with the termination event only impacting long oil products with 3x leverage (full product details below). This event has not impacted other WisdomTree ETPs.

WHICH PRODUCTS WILL BE CLOSING?

Two products will close as a result of what happened. These two products are **listed below**.

Product Name	ISIN	Exchange	Trading Currency	Exchange Ticker	SEDOL	Bloomberg Ticker	Reuters Instrument Code
WisdomTree WTI Crude Oil 3x Daily Leveraged "3OIL"	IE00B7ZQC614	London Stock Exchange	GBP	3LOI	B9CMSS0	3LOI LN	3LOI.L
			USD	3OIL	B7ZQC61	3OIL LN	3OIL.L
		Borsa Italiana	EUR	3OIL	BD3CT28	3OIL IM	3OIL.MI
	DE000A133ZT6	Xetra	EUR	O1LL	BSJCN70	O1LL GY	O1LL.DE
WisdomTree Brent Crude Oil 3x Daily Leveraged "3BRL"	IE00BYTYHS72	London Stock Exchange	GBx	3BLR	BYY8QB0	3BLR LN	3BLR.L
			USD	3BRL	BDB6P13	3BRL LN	3BRL.L
		Borsa Italiana	EUR	3BRL	BYV7N53	3BRL IM	3BRL.MI
	DE000A2BGQZ2	Xetra	EUR	3BFM	BYY8QN2	3BFM GY	3BFM.DE

WHAT HAPPENED ON MARCH 9th IN MORE DETAIL?

The description below of the events of this weekend refers to the WisdomTree WTI Crude Oil 3x Leverage Daily (henceforth "3OIL") ETP. However, a very similar description applies to the WisdomTree Brent Crude Oil 3x Leverage Daily ETP ("3BRL").

Table B – Values and Returns for the Products and the Underlying Markets

	Date	Underlying Index Return	Overnight Underlying Market Return	Product NAV per Share for close of day	Product Final NAV per Share	Product's return from previous NAV
	A	B	C	D	E	F
3OIL	04 March 2020	-0.83%	-0.83%	\$ 0.2706675		-2.49%
	05 March 2020	-1.89%	-1.89%	\$ 0.2553012		-5.68%
	06 March 2020	-9.92%	-9.92%	\$ 0.1793411		-29.75%
	Weekend* 06-09 March 2020	n/a	-32.96%		\$ 0.0166224	-90.73%
3BRL	04 March 2020	-1.25%	-1.25%	\$18.3554842		-3.74%
	05 March 2020	-2.16%	-2.16%	\$17.1666811		-6.48%
	06 March 2020	-9.30%	-9.30%	\$12.3763061		-27.91%
	Weekend* 06-09 March 2020	n/a	-29.70%		\$ 1.8736850	-84.86%

Source: WisdomTree *Market close Friday 6 March 2020 to market open Monday 9 March 2020

- 3OIL references a front-month futures index which references the CLK0 crude oil future (henceforth "the future"). The white line in the chart below indicates the prices of the future from Friday March 6th 2020 to Monday March 9th 2020.
- This future closed at a price of **\$41.51** for March 6th 2020.
- As the future opened for trading Sunday night London time, it breached the "Severe Overnight Gap Event Threshold" for 3OIL, which is set at a 20% overnight adverse move in the price of the underlying market. This can be seen in the chart below in the white line indicating the relevant oil future's price sinking below the orange "-20%" line for March 9th 2020.
- The "Severe Overnight Gap Event" which is triggered by breaching through the "Severe Overnight Gap Event Threshold" invokes legal provisions which allow the swap provider to terminate the swap at its discretion. The purpose of these provisions is to allow the termination of the product before the product's value is completely wiped out. These provisions are specified in the product's [prospectus](#) (starting at page 182).
- Around 4am London time, the price of the future reached a value of **\$27.83**, indicated by the red arrow in the chart below. As indicated in *Column C* of the table below and in the red markers on the chart, this value presents a **32.96%** downwards move, or approximately -33%, versus the future's last closing price on March 6th 2020. Given that 3OIL provides an exposure that multiplies the return of the underlying index from its previous close by three, and the underlying index tracks the future, the theoretical value of the product at this point was approximately **1%** of its previous closing price on March 6th (\$0.1793411, as indicated in *Column D* in the table). This would equate to an overnight fall of 99% in the value of 3OIL from its previous close, nearly wiping out the product's value.

- The swap provider, BNP Paribas, was able to terminate the swap such that the final NAV for the product is **\$0.0166224**, as specified in *Column E* in the table. This represents a return of **-90.73%** from the previous close.
- A very similar description of what happened applies to 3BRL.

Chart A – Evolution of Prices in the Oil Future Underlying the Product



Source: Bloomberg, WisdomTree as of March 9th 2020

WisdomTree will be issuing further communications in the form of legal announcements, website update and FAQs. Please follow our website for more information.

WHAT SHOULD I EXPECT TO HAPPEN IN THE PROCESS OF CLOSING DOWN A PRODUCT?

The following timeline can provide additional detail about the process and what investors should expect at each stage

Monday, March 9th 2020

- All trading lines of the product were suspended from trading on the various exchanges.
- An official announcement notifying investors of the expected product closures was made.
- The products were valued for the final time. The final value of investor's holdings will be based upon the price ("NAV") of each product as of the close of March 9th 2020. Investors can find all NAVs published daily on the WisdomTree website www.wisdomtree.eu by looking up the relevant product, and in the above tables.

Wednesday, March 18th 2020

- On this date (or shortly after it) we expect to make all payments to registered holders. Please note it may take a few days for the payment to reach your broker's or custodian's accounts, and from there your broker may take more time processing the payment to your account.
- For uncertificated security holders, payments are expected to be made through CREST and for certificated holders, payments are expected to be made via cheque sent by post. WISDOMTREE MULTI ASSET ISSUER

PUBLIC LIMITED COMPANY (the “Issuer”) will only make payments to Security Holders who are named in the relevant register as of March 16th 2020.

- The payment will be done as per the March of 9th final NAVs.
- Please note, while WisdomTree will not be charging any commissions or fees related to the disbursement of the payment, there may be fees that are charged by your broker, custodian or settlement systems.
- Payment will be made in the base currency of the products which is USD.
- To the extent that you hold your securities through a broker, custodian or other intermediary, please contact that intermediary for information on how they will pass on the payments. Typically, you should expect to receive the payment in much the same way you receive a dividend, a coupon on a bond or the payment of principal when the bond matures. It may take longer for the payment to find its way to your account if you hold the security through a broker or a nominee account of another kind. Your broker, bank or financial adviser will be able to provide further information regarding how this process will work for you.
- Specifically, if you do not have a USD account with your broker, custodian or intermediary you should contact your broker to determine how the payment will be processed or converted to your currency of choice.

IF I OWN SHARES OF A PRODUCT THAT IS CLOSING, WHAT DO I NEED TO DO?

There is nothing you need to do, except wait for the payment. You may want to contact your broker to ask how the payment will be received, into which account, in which currency and the fees they may charge you.

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