

February 6th, 2018

Summary of Events Related to VIXL on Tuesday, February 6th 2018

On Tuesday February 6th 2018 at 14:40 GMT the S&P VIX Short Term Futures Index (**SPVXSP**), fell more than 25% from its previous close¹, leading to a fall of more than 56.25% in the theoretical fair value of Boost S&P 500 VIX Short-Term Futures 2.25x Leverage Daily ETP (**VIXL**) from its previous close.

The extreme fall triggered an automatic intraday rebalance of the product, as part of a protection mechanism incorporated in Boost short & leveraged ETPs, which is designed to mitigate the risk of the ETP's value getting wiped out due to a sustained adverse movement in the underlying index. The product was rebalanced at a "restrike price" of \$0.162556, corresponding with an underlying index value of 64.41.

The restrike worked in accordance with the Restrike Event provisions in the Boost Base Prospectus:

- VIXL returned **2.25x** the return of the underlying index between the close of 05 Feb 2018 and the restrike event²
- VIXL returned **2.25x** the return of the underlying index between the restrike event and the close of 06 Feb 2018³
- This translated into **2.67x** the return of the underlying index between the close of 05 Feb 2018 and the close of 06 Feb 2018

	VIXL	SPVXSP	VIXL	SPVXSP	Effective Leverage of VIXL vs SPVXSP
	Price		Return from Previous Close		
Intraday restrike at 06/02/2018 at 14:40	0.163	64.410	-75.5%	-33.6%	2.25x
	Price		Return from Intraday Restrike		
Close of 06/02/2018	0.204	71.777	25.7%	11.4%	2.25x
	Closing Price		Daily Return		
05/02/2018	0.663	96.938	216.1%	96.1%	2.25x
06/02/2018	0.204	71.777	-69.2%	-26.0%	2.67x

Source: Bloomberg, WisdomTree, as of Feb 7th 2018. All returns and prices are given in USD.

A short summary of the workings of the intraday restrike mechanism can be found below. For more information on the restrike mechanism in Boost short & leveraged ETP please consult the Boost Base Prospectus, which is available on www.wisdomtree.eu.

¹ SPVXSP broke through an intraday value of 72.703 as measured by its intraday ticker, SPVXSPID, at 14:40 GMT. Source: Bloomberg, S&P.

² Return here is measured as the difference between the intraday restrike price, i.e., the price at which the product reset its leverage, and the previous close of the product.

³ Return here is measured as the difference between the intraday restrike price, i.e., the price at which the product reset its leverage, and the day's closing price for the product.

The Restrike Mechanism in Boost Short & Leveraged ETPs

Introduction

- To protect from the possibility of an ETP's value being wiped out over a single day, Boost S&L ETPs have an intra-day crash protection mechanism which comes into play in cases of extreme intra-day moves in the underlying asset. The aim and function of that mechanism is to mitigate the possibility of a fall in the price of the ETP to 0 due to the impact of a sustained *adverse* intra-day movement in the underlying non-leveraged index.
- The purpose of the note below is to give an overview of how this mechanism works, however the full exact details are in the prospectus and in any case of conflict, the prospectus rules.

When is the intraday restrike mechanism invoked?

- Broadly speaking, the intraday restrike mechanism would be invoked intraday at the moment the return of the relevant underlying (non-leveraged) index from the previous day's index close reaches a certain threshold. These thresholds are different for each product depending on the underlying and leverage factor and are specified in each products' Final Terms, available on the website.
- It is enough for the relevant index to 'touch' that threshold for the mechanism to be invoked. Even if the index moves back below the threshold, the mechanism should still be invoked.
- There may be multiple intraday restrike events on a single day if the relevant index continues to move in an adverse direction for the ETP. At each point during the day the last restrike price acts as if it were a normal day's close.

What happens when the intraday restrike mechanism is invoked?

The intraday rebalance takes place in the same way as the ETP normally resets its leverage at the end of each day, but *with a few important differences*:

- The ETP restrike takes place over a period of 15 minutes following the moment at which the relevant index touched the threshold.
- The price at which the ETP is re-struck will generally be the lowest price for the ETP during these 15 minutes, however:
- For some of the ETPs where the market is less liquid, the ETP restrike price may be further adjusted down according to the actual rebalancing cost incurred by the swap provider. The application of such an adjustment for costs may result in the product's price falling to 0 if the swap provider was not successful in rebalancing the product and the underlying index continued its adverse move.
- We will inform the investor community of a restrike price as soon as it is determined and verified.
- The leverage of the ETP from the restrike price to the next rebalance (which should typically be the close but could be another restrike if the underlying index moves again by the same threshold amount), is its designated daily leverage factor, as specified in the ETP's name.

For more details, please consult the Boost Base Prospectus, [available on our website](#).



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Boost Exchange Traded Products (“ETPs”) are suitable for financially sophisticated investors who wish to take a short term view on the underlying indices and can understand the risks of investing in products offering daily leveraged or daily short exposures.

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