Short and leveraged exchange-traded products are only intended for investors who understand the risks involved in investing in a product with short and/or leveraged exposure and who intend to invest on a short term basis. Any investment in short and/or leveraged products should be monitored on a daily basis to ensure consistency with your investment strategy. You should understand that investments in short and/or leveraged exchange-traded products held for a period of longer than one day may not provide returns equivalent to the return from the relevant unleveraged investment multiplied by the relevant leverage factor. Potential losses in short and/or leveraged exchange-traded products may be magnified in comparison to investments that do not incorporate these strategies. Please refer to the section entitled “Risk Factors” in the relevant prospectus for further details of these and other risks associated with an investment in short and/or leveraged exchange-traded products. You should consult an independent investment adviser prior to making an investment in short and/or leveraged exchange-traded products in order to determine its suitability to your circumstances.
Executive Summary

Short & Leveraged (S&L) investors increased their bearish convictions in US equities

- In November, accounting for the leverage factors, S&L Exchange Traded Product (ETP) investors took bearish positions in US equities with -$4.4bn in net ETP position flows.
- Risk-on momentum for US equities continued strongly during November with the S&P 500 Index having a price rally of over 3%. With valuations at such elevated levels, S&L investors most likely took profits from selling their long positions. This appears to be the trend among S&L ETP investors in recent months in relation to their US equity exposure.
- S&L ETP investors who have added short positions may be concerned about the durability of the current rally given the economic and financial risks facing equity markets. One of these risks relates to trade wars which have not only escalated again between the US and China but have rippled out with the US proposing tariffs on Brazil, Argentina and France.

Investors in S&L ETPs turn bearish on oil while adding to bullish natural gas positions

- In November, S&L ETP investors added $2.3bn net negative ETP flows into oil and $939m net positive flows into natural gas, accounting for the leverage factors.
- Despite some price volatility during the month, oil broadly had a flat month overall in November. Oil prices continue to face pressures as markets are expecting a supply surplus for the commodity globally next year on account of lacklustre economic data. Some of this could be offset by the policy response of the Organisation of the Petroleum Exporting Countries (OPEC) if they decide to extend or deepen supply cuts.
- Natural gas prices rose strongly during the month on account of elevated seasonal demand for the commodity used for heating purposes. S&L bulls would have been well placed to benefit from the positive price action during the month.
S&L ETP Investors increased their short positions in Italian government bond ETPs

- In November, investors in S&L ETPs increased their positions in short Italy government bond ETPs by $168mn accounting for the leverage factors. Investors positioned themselves for a potential rise in Italian government bond yields as probes about a financial corruption investigation came into the limelight linking the Italian prime minister to a Vatican backed investment fund.

Global Asset Allocation

- The total global AUM of Short & Leveraged (S&L) ETPs was $75.5 billion as of 29/11/2019
- 36% of AUM is held in short products with leverage factors ranging between -1x to -3x. 64% of AUM is held in long products with leverage factors ranging from +2 and above. The leverage factor with the most assets is +2x, with 39% of AUM.
- In terms of S&L asset allocation, equity ETPs are the most popular with 83% of AUM, followed by commodities with 9% and debts with 5%. The remainder is allocated between currency and alternative ETPs.

All data provided in this report is sourced from calculations by WisdomTree, which are performed on underlying price, return, AUM, currency and market capitalisation data from Bloomberg®. All data is as of 29 November 2019. All figures are denominated in USD.

You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.
# Table of Contents

Executive Summary .............................................................................................................................................. 2

Global Growth of S&L ETFs/ETPs ............................................................................................................................ 5

Global Asset Allocation .......................................................................................................................................... 6

Short & Leveraged Equities .................................................................................................................................... 8
  Global Equities ........................................................................................................................................................................................... 8
  Europe Equities ........................................................................................................................................................................................ 10

Short & Leveraged Government Debt .................................................................................................................... 12
  Global Debt .......................................................................................................................................................................................... 12

Short & Leveraged Commodities .......................................................................................................................... 14
  Global Commodities ................................................................................................................................................................................ 14

Short & Leveraged Currencies .............................................................................................................................. 16
  Global Currencies .................................................................................................................................................................................... 16

Data, Methodology and Terms Used ...................................................................................................................... 18
Global Growth of S&L ETFs/ETPs

AUM and Number of Products

**AUM by Leverage Factor**

As of 29th November 2019

**AUM by Asset Class**

As of 29th November 2019

**AUM by Domicile Region**

As of 29th November 2019
Global Asset Allocation

Current Allocations
As of 29th November 2019; Figures in USD Mil.

November 2019 Flows
Over November 2019; Figures in USD Mil.

AUM

AUM by Leverage Factor

Notional AUM by Long / Short ETPs
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of assets in a 3x leverage or a 3x short ETP equals $3 of notional AUM.

Notional Flows by Long / Short ETPs
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of outflows from a 3x leverage ETP equals -$3 of notional flow.

Net Position
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position.

Net Position Flows
The net flow in long ETPs minus the net flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows.
Global Asset Allocation - Historical View

Net Position and Average Investor Leverage

Cumulative Asset Flows into Short / Long ETPs and Net Position Flows

- Net Position, ($m, LHS)
- Average Investor Leverage (RHS)
- Net Position Flow ($m)
- Asset Flows into Long ETPs ($m)
- Asset Flows into Short ETP ($m)
Short & Leveraged Equities

Global Equities

Current Allocations

By Geographic Exposure; As of 29th November 2019; Figures in USD Mil.

“Europe” represents the sum total of ETPs exposed to Europe or European countries.

November 2019 Flows

By Geographic Exposure; During November 2019; Figures in USD Mil.

AUM

Asset Flows

AUM by Leverage Factor

Asset Flows by Leverage Factor

Notional AUM by Long / Short ETPs

The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of assets in a 3x leverage or a 3x short ETP equals $3 of notional AUM

Notional Flows by Long / Short ETPs

The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of outflows from a 3x leverage ETP equals -$3 of notional flow

Net Position

The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position

Net Position Flows

The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows
European Equities Breakdown

Current Allocations
By Geographic Exposure; As of 29th November 2019; Figures in USD Mil.
“Europe” represents ETPs exposed to Europe as a region.

November 2019 Flows
By Geographic Exposure; Over November 2019; Figures in USD Mil.

AUM
Showing countries with AUM above $10mm

AUM by Leverage Factor

Notional AUM by Long / Short ETPs
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of assets in a 3x leverage or a 3x short ETP equals $3 of notional AUM

Notional Flows by Long / Short ETPs
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of outflows from a 3x leverage ETP equals -$3 of notional flow

Net Position
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position

Net Position Flows
The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows
Europe Equities - Historical View

Net Position and Average Investor Leverage

Cumulative Asset Flows into Short / Long ETPs and Net Position Flows

- **Broad Europe Equities**
- **UK Equities**
- **Germany Equities**
- **Italy Equities**
- **France Equities**
Short & Leveraged Government Debt

Global Debt

Current Allocations
By Geographic Exposure; As of 29th November 2019; Figures in USD Mil.

AUM

Showing countries with AUM above $10mm

November 2019 Flows
By Geographic Exposure; Over November 2019; Figures in USD Mil.

Asset Flows

Notional AUM by Long / Short ETPs
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of assets in a 3x leveraged or a 3x short ETP equals $3 of notional AUM

Notional Flows by Long / Short ETPs
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of outflows from a 3x leverage ETP equals -$3 of notional flow

Net Position
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position

Net Position Flows
The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows
Global Debt - Historical View

Net Position and Average Investor Leverage

Cumulative Asset Flows into Short / Long ETPs and Net Position Flows
Short & Leveraged Commodities

Global Commodities

Current Allocations
By commodity exposure; As of 29th November 2019; Figures in USD Mil; Showing the top 10 AUM commodity exposures

November 2019 Flows
By commodity exposure; Over November 2019; Figures in USD Mil; Showing the Flows for top 10 AUM commodity exposures

AUM
Showing commodity exposures with the top 10 AUMs

AUM by Leverage Factor

Asset Flows by Leverage Factor

Notional AUM by Long / Short ETPs
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of assets in a 3x leverage or a 3x short ETP equals $3 of notional AUM

Notional Flows by Long / Short ETPs
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of outflows from a 3x leverage ETP equals -$3 of notional flow

Net Position
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position

Net Position Flows
The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows
Global Commodities - Historical View

Net Position and Average Investor Leverage

Cumulative Asset Flows into Short / Long ETPs and Net Position Flows
Short & Leveraged Currencies

Global Currencies

Current Allocations
By currency exposure; As of 29th November 2019; Figures in USD Mil;
Showing the top 10 AUM currency exposures

November 2019 Flows
By currency exposure; Over November 2019; Figures in USD Mil;
Showing the Flows for top 10 AUM currency exposures

AUM
Showing currency exposures with the top 10 AUMs

AUM by Leverage Factor

Asset Flows by Leverage Factor

Notional AUM by Long / Short ETPs
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of assets in a 3x leverage or a 3x short ETP equals $3 of notional AUM

Notional Flows by Long / Short ETPs
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., $1 of outflows from a 3x leverage ETP equals -$3 of notional flow

Net Position
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position

Net Position Flows
The notional flow in long ETPs minus the notional flow in short ETPs. A negative figure indicates net bearish flows, while a positive figure indicates net bullish flows
Global Currencies - Historical View

Net Position and Average Investor Leverage

Cumulative Asset Flows into Short / Long ETPs and Net Position Flows

- EUR-USD
- EUR-GBP
- JPY-USD
- GBP-USD
Data, Methodology and Terms Used

This report provides statistics of AUM, flows and related measures for short & leveraged Exchange Traded Products (ETPs).

Following are some definitions for the terms used in the analyses:

**ETP (Exchange Trade Product)** is used as a generic, interchangeable term to refer to Exchange Traded Funds (ETFs), Exchange Traded Products (ETPs), Exchange Traded Notes (ETNs) and Exchange Traded Commodities (ETCs).

**Short & Leveraged ETPs (S&L ETPs)** are ETPs whose leverage factor with respect to the underlying asset class being tracked is different to 1.

**Short ETPs** are ETPs whose leverage factor with respect to the underlying asset class being tracked is negative, typically $1$, $-2x$ or lower.

**Leveraged ETPs** are ETPs whose leverage factor with respect to the underlying asset class being tracked is positive and higher than $+1x$.

**AUM or Assets** represents the assets under management in an ETP. For some ETPs for which the AUM is not available, their market capitalisations have been used where possible.

**Asset Flow or Net Subscriptions** is a measure representing the value of net subscriptions over the period, thus removing the effect of changes due to price.

**Notional AUM** is the sum of the AUM in each ETP multiplied by the absolute value of its leverage factor, e.g. $1$ in a $3x$ long ETP or $1$ in a $-3x$ short ETP is $3$ of Notional AUM in both cases.

**Notional Flow** is the net subscriptions for each ETP multiplied by the absolute value of the leverage factor. Alternatively, it is the change in the Notional AUM that is not due to price changes.

**Net Position** is the sum of the AUM in each ETP multiplied by its leverage factor (which may be either negative or positive). A negative figure indicates investors are net short.

**Net Position Flow or Repositioning** is Notional Flow in long ETPs minus the Notional Flow in short ETPs. Alternatively, it is the change in the Net Position that is not due to price changes and indicates whether investors are bullish (net long) or bearish (net short) after taking leverage factor into account.

**Average Investor Leverage** is calculated as the average leverage factor across all ETPs of a certain index / exposure and is weighted by the total AUM and leverage factor for each ETP. Average Investor Leverage is used as a proxy for overall investor sentiment with regard to an asset. It may be biased due to leverage factors on offer for each index / exposure, and thus the change in Average Investor Leverage is the most relevant observation rather than the actual number.

All data provided in this report is sourced from calculations by WisdomTree, which are performed on underlying price, return, AUM, currency and market capitalisation data from Bloomberg®. All data is as of 29 November 2019. All figures are denominated in USD.

You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.
Important Information

Communications issued in the European Economic Area ("EEA"): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Communications issued in jurisdictions outside of the EEA: This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

For professional clients only. The information contained in this document is for your general information only and is neither an offer for sale nor a solicitation of an offer to buy securities or shares. This document should not be used as the basis for any investment decision. Investments may go up or down in value and you may lose some or all of the amount invested. Past performance is not necessarily a guide to future performance. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.

This document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares or securities in the United States or any province or territory thereof. Neither this document nor any copy hereof should be taken, transmitted or distributed (directly or indirectly) into the United States.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding current expectations or beliefs with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. However, back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance.

Short and leveraged exchange-traded products are only intended for investors who understand the risks involved in investing in a product with short and/or leveraged exposure and who intend to invest on a short term basis. Any investment in short and/or leveraged products should be monitored on a daily basis to ensure consistency with your investment strategy. You should understand that investments in short and/or leveraged exchange-traded products held for a period of longer than one day may not provide returns equivalent to the return from the relevant unleveraged investment multiplied by the relevant leverage factor. Potential losses in short and/or leveraged exchange-traded products may be magnified in comparison to investments that do not incorporate these strategies. Please refer to the section entitled “Risk Factors” in the relevant prospectus for further details of these and other risks associated with an investment in short and/or leveraged exchange-traded products. You should consult an independent investment adviser prior to making an investment in short and/or leveraged exchange-traded products in order to determine its suitability to your circumstances.