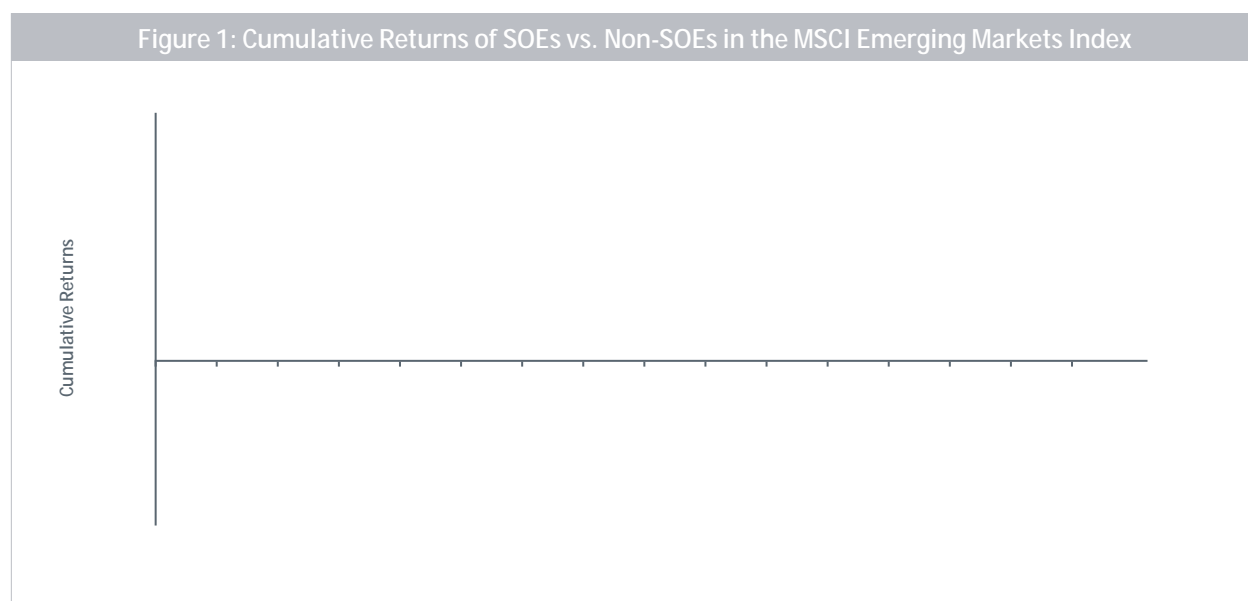


THE PERFORMANCE DIFFERENCE

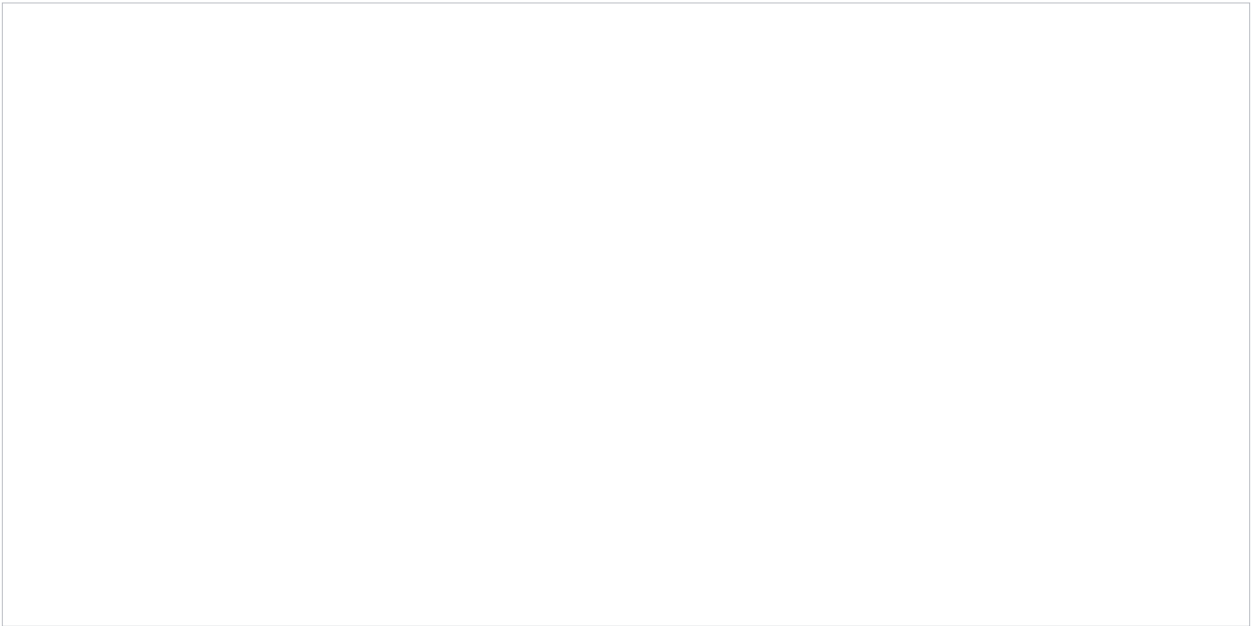
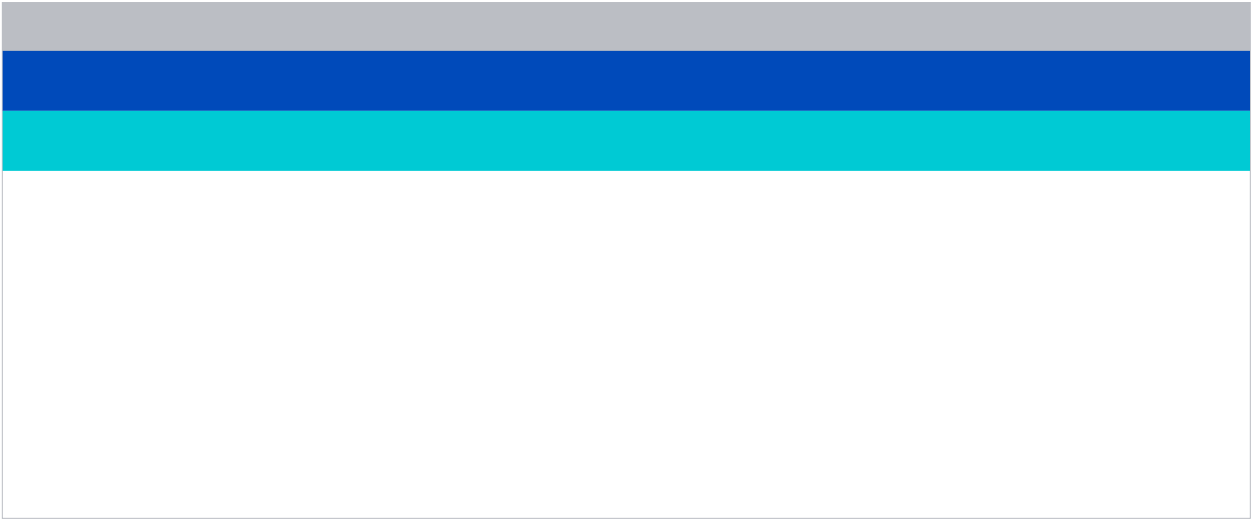
The first, and probably most critical, question to ask is whether SOEs and non-state-owned enterprises (non-SOEs) have performed differently. If the thesis that having multiple owners—shareholders and the government—significantly exacerbates what is referred to as the principal-agent problem for SOEs, it is bound to be reflected in investment performance.

To show this, WisdomTree built broad market capitalization-weighted portfolios of SOEs and non-SOEs in EM. State ownership, as defined by WisdomTree, applies to firms that have more than 20% of their shares owned by government entities. The data in figures 1 and 2 shows a consistently large performance gap in favor of non-SOEs.

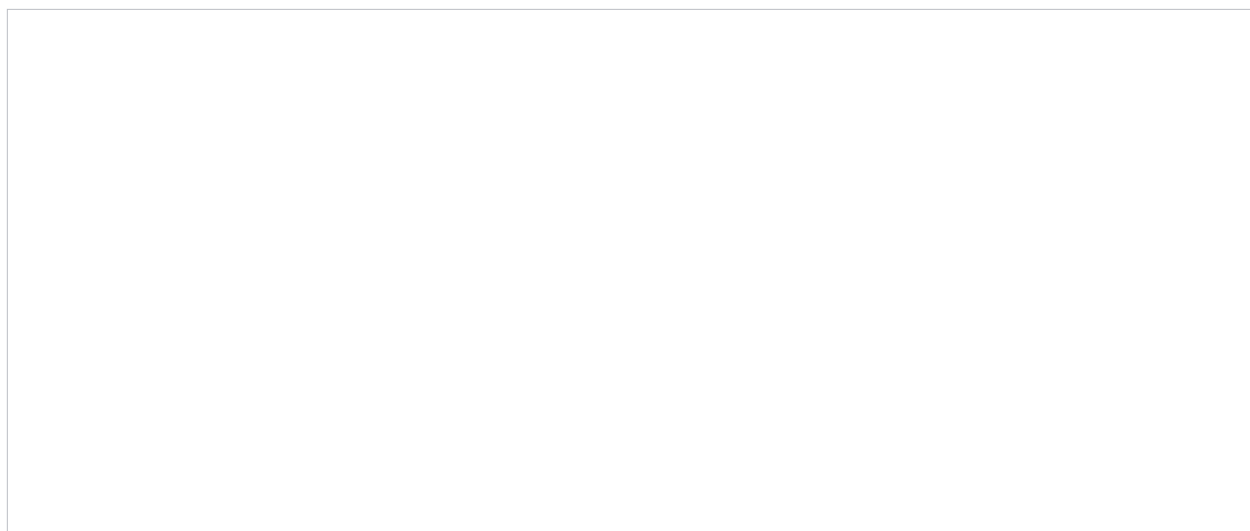
Some might ask if non-SOE outperformance is simply a consequence of sector tilts, or if non-SOEs have outperformed SOEs regardless. Data in figure 3 shows annualized return by sector for each of the SOE and non-SOE portfolios. We can conclude that sector tilts contributed to outperformance, as non-SOEs tend to be underweight the Energy, Materials and Industrials sectors, which have been the worst performers over the 13-year period. We can also see how the performance of non-SOEs was stronger than SOEs within the different sectors, except for the Consumer Staples, Financials and Real Estate sectors.



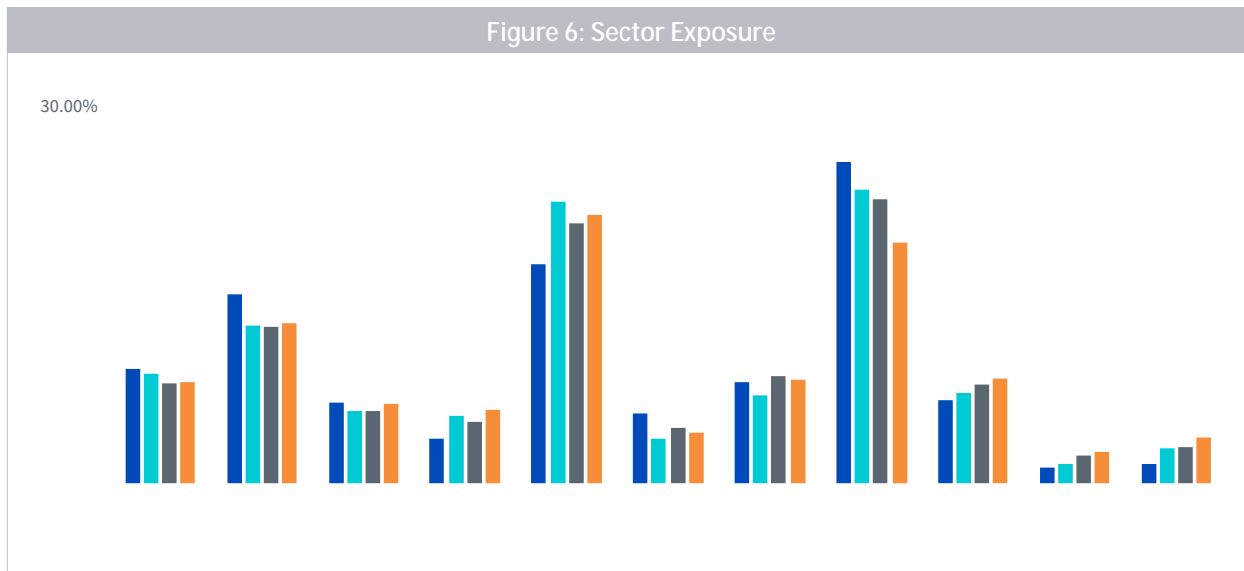
Sources: FactSet, WisdomTree, 12/31/07–3/31/24. SOEs are defined as firms that have more than 20% of their shares owned by government entities. Non-SOEs are defined as firms that have less than 20% of their shares owned by government entities. Universe of securities is the MSCI Emerging Markets Index. Returns are calculated in U.S. dollars. Past performance is not indicative of future results. You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in fund shares. Such fees, expenses and commissions could reduce returns.



HOW TO ACCESS NON-STATE-OWNED ENTERPRISES?



In figure 6 we can see XSOE's sector tilts relative to its peers.



Sources: WisdomTree, FactSet, as of N " N L " M O. Subject to change.

In terms of country exposures, XSOE stays relatively close to its starting universe as well as to its peers. Because of the concentration of many SOEs in a handful of countries, the index methodology had to ensure that XSOE's final portfolio was not overly biased—either for or against—any individual country.

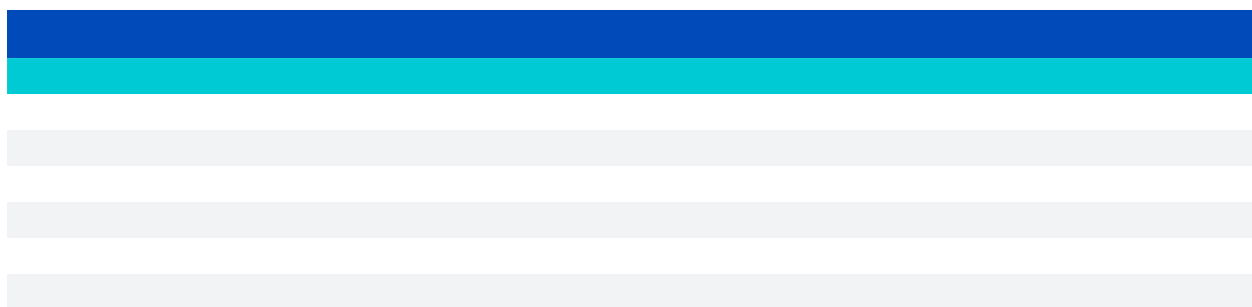


Sources: WisdomTree, FactSet, as of N " N L " M O. Subject to change.

FUNDAMENTALS

Comparing aggregate fundamentals for the baskets underlying each fund gives us an under-the-hood look and helps us understand where some of their differences come from.

We can see that by removing SOEs from its universe, XSOE /GSdng (en-US)/krDw.3 TDhed4 (-)26higit)IP stand where f3f the

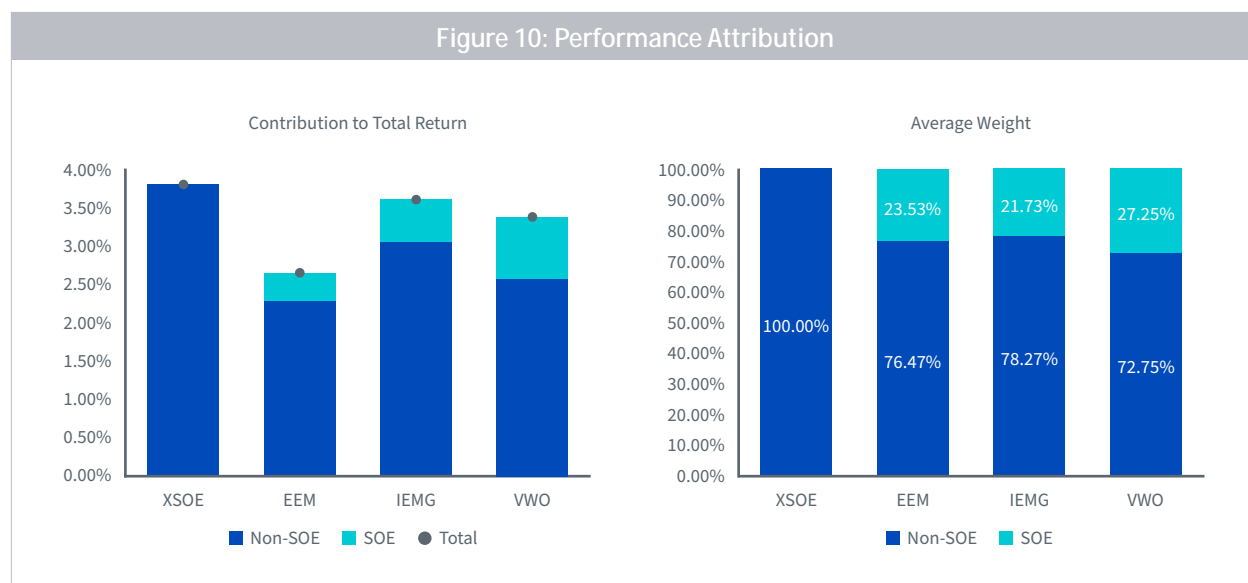


PERFORMANCE ATTRIBUTION

By construction, XSOE will have 100% of its weight invested in non-SOEs, while competitors will likely have a combination of both SOEs and non-SOEs. As shown in figures 1 and 2, non-SOEs have consistently outperformed SOEs over the last 13 years, so being overweight non-SOEs and underweight SOEs has positively contributed to XSOE's outperformance since inception.

In figure 13 we show each Fund's average weight to SOEs and non-SOEs along with the contribution to total return for each group since December 31, 2014. At a high level, XSOE has managed to generate annualized excess returns of more than 60 basis points (bps) versus its peers. Looking into further detail, peers' exposure to SOEs has not been fruitful as the relative contribution to returns of this exposure is significantly smaller than its average weight to the category.

Given how the numbers have historically backed up a sound investment thesis, we believe in the potential for this trend to continue in the future.



Sources: WisdomTree, FactSet as of N " N L " M O. Past performance is not indicative of future results. Weights are subject to change.

Figure 11: Standardized Performance

Average Annual Total Returns as of 3/ N L/24														
Fund Information				Total Return NAV					Market Price					
Fund	Ticker	Exp. Ratio	Fund Inception Date	1-Yr.	3-Yr.	5-Yr.	10-Yr.	Since Fund Inception	1-Yr.	3-Yr.	5-Yr.	10-Yr.	Since Fund Inception	
WisdomTree Emerging Markets ex-State-Owned Enterprises Fund	XSOE	0.32%	12/10/14	8.02%	-8.26%	2.26%	-	3.71%	7.80%	-8.56%	2.22%	-	3.66%	
iShares MSCI Emerging Markets ETF	EEM	0.68%	4/7/03	6.89%	-5.87%	1.43%	2.26%	8.37%	6.95%	-6.18%	1.43%	2.24%	8.36%	
iShares Core MSCI Emerging Markets ETF	IEMG	0.09%	10/18/12	9.12%	-4.13%	2.80%	3.16%	2.95%	8.94%	-4.44%	2.77%	3.13%	2.94%	
Vanguard FTSE Emerging Markets Fund														
				2736%	2789%	2809%	2819%	2829%	2839%	2849%	2859%	2869%	2879%	2836%

GLOSSARY

Basis point (bp): 1/100th of 1 percent. Earnings growth (earnings growth estimates): Bloomberg analysts' long-term earnings growth expectations, which encompass the estimated growth in operating earnings per share over the company's next full business cycle, typically three to five years. Trailing earnings is the amount of profit that a company produces during prior fiscal year. Emerging market (EM): Characterized by greater market access and less potential for operational risks when compared to frontier markets, which leads to a larger base of potentially eligible investors. Forward price-to-earnings: Share price divided by compilation of analyst estimates for earnings-per-share over the coming 12-month period. These are estimates that may be subject to revision or prove to be incorrect over time. Fundamentals: Attributes related to a company's actual operations and production as opposed to changes in share price. GlobalS



The **Global Industry Classification Standard** (“GICS”)