

WisdomTree

SHORT & LEVERAGED ETPs
Global Flows
September / 2019

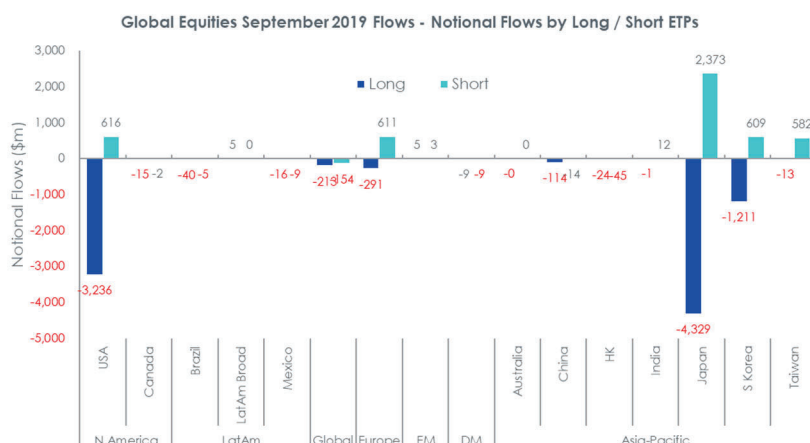


Short and leveraged exchange-traded products are only intended for investors who understand the risks involved in investing in a product with short and/or leveraged exposure and who intend to invest on a short term basis. Any investment in short and/or leveraged products should be monitored on a daily 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

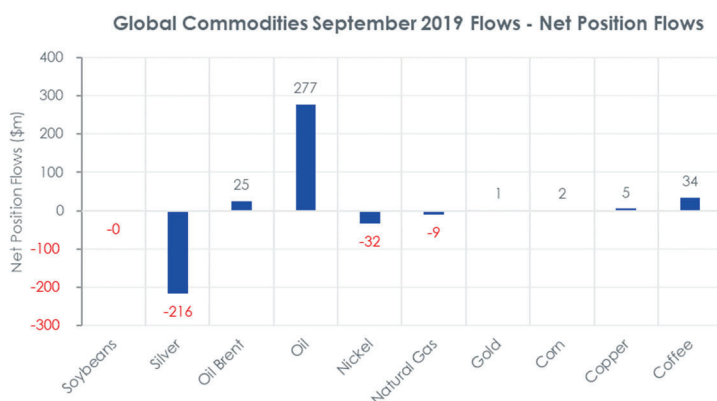
US and Japan lead bearish sentiment for Short & Leveraged (S&L) equity investors

- Japan led the bearish flows with investors reducing their long positions by a notional of \$4,329m during the month and adding \$2,373m in new notional short positions, accounting for leverage factors. Japanese equities had a strong month with Nikkei 225 Index exhibiting a price rally of over 5% in September. This is likely to have caused investors to take profits from their positions during the month.
- US followed suit in bearish flows with investors reducing their long positions by a notional of \$3,236m during the month and adding \$616m in new notional short positions. Following good performance in the first half of the month, US stocks pared gains as economic growth concerns clouded sentiment yet again and an inquiry against President Trump was initiated.



Another month for oil bulls with silver the only notable bear in commodity markets

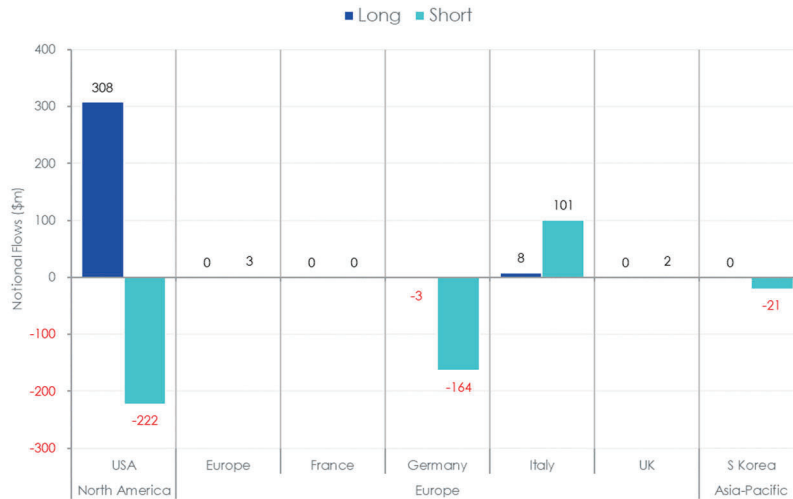
- In September, S&L investors added \$277m in net position flows into oil driven primarily by new long positions, accounting for the leverage factors. Oil prices spiked suddenly during the month when Saudi oil facilities were attacked creating a potential supply scare before retreating quickly as those supply concerns were alleviated by Saudi authorities. Overall, oil bulls would have made healthy gains in the last two months.
- Investors in S&L Exchange Traded Products (ETP) also added bearish positions in silver during the month by closing their longs and adding new shorts resulting in net position flows of \$-216m. Silver, which has enjoyed a strong rally in recent months on account of its correlation with gold and its historically safe haven characteristics, has retreated partially in recent weeks potentially prompting S&L investors to close positions.



S&L investors maintain bearish views on US treasury yields

- In September, S&L investors continued to reduce their positions in short US government bond ETPs by \$222mn but at the same time they increased their long positions by \$308mn accounting for the leverage factors.
- September was an important month for central banks as the US Federal Government cut interest rates by an additional 25 basis points to a range of 1.75% to 2.00%, meanwhile has indicated that they are unlikely to cut again in 2019. A view that remains at odds with the market which is currently expecting another cut in December of this year.

Global Debt September 2019 Flows - Notional Flows by Long / Short ETPs



Global Asset Allocation

- The total global AUM of Short & Leveraged (S&L) ETPs was \$73.5 billion as of 30/09/2019
- 37% of AUM is held in short products with leverage factors ranging between -1x to -3x. 63% 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 8% 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 30 September 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.

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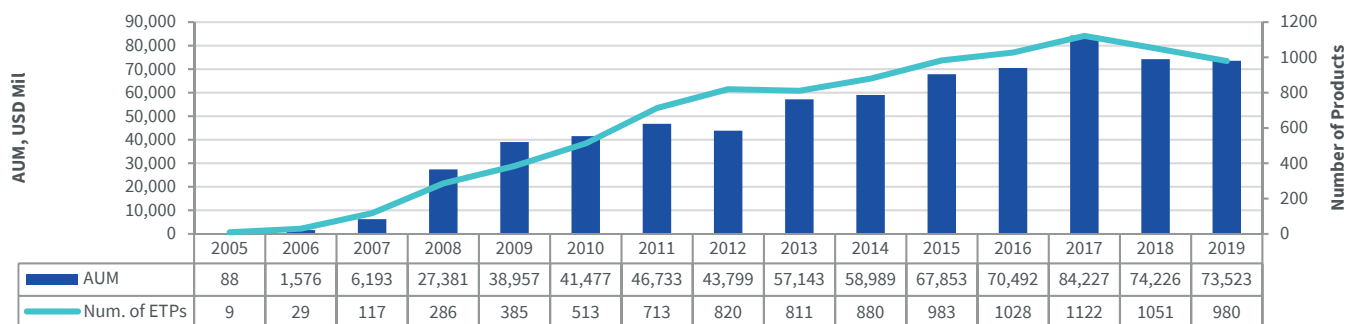
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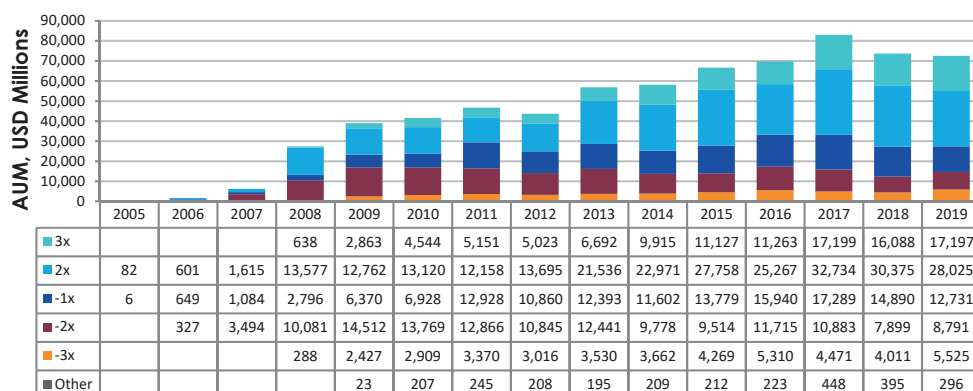
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Global Growth of S&L ETFs/ETPs

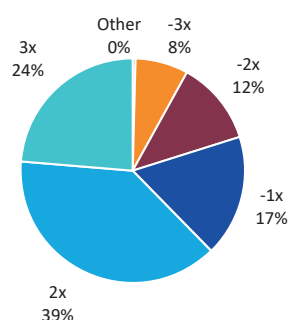
AUM and Number of Products



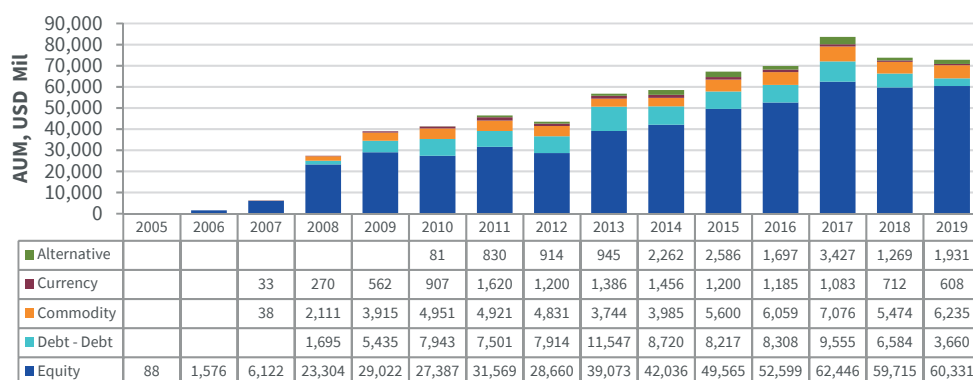
AUM by Leverage Factor



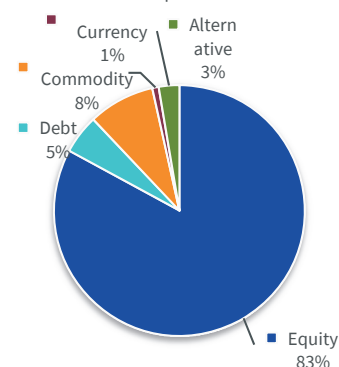
As of 30th September 2019



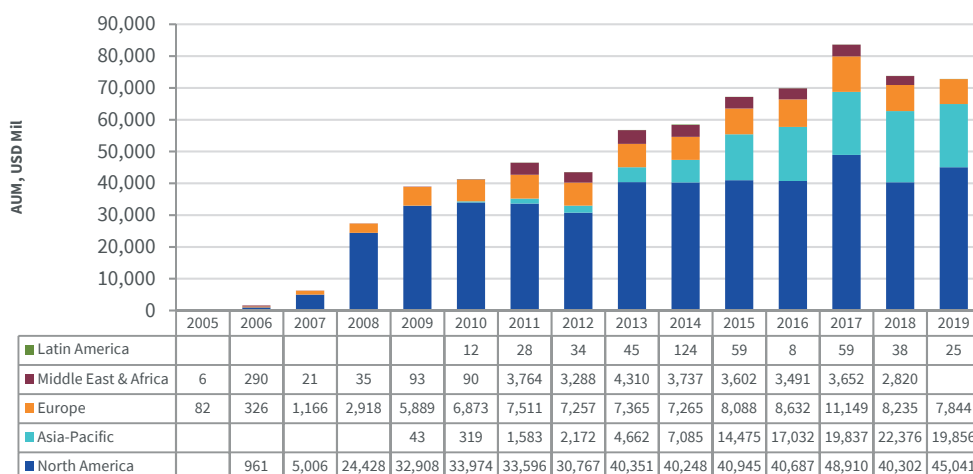
AUM by Asset Class



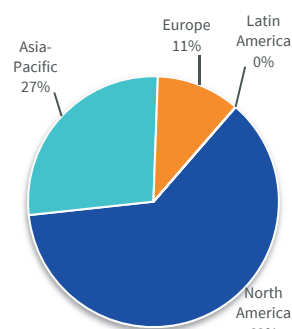
As of 30th September 2019



AUM by Domicile Region



As of 30th September 2019

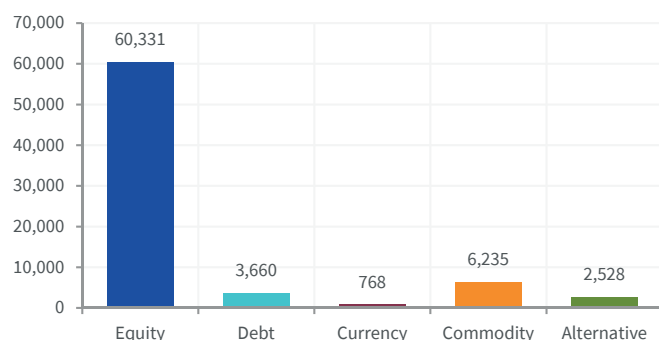


Global Asset Allocation

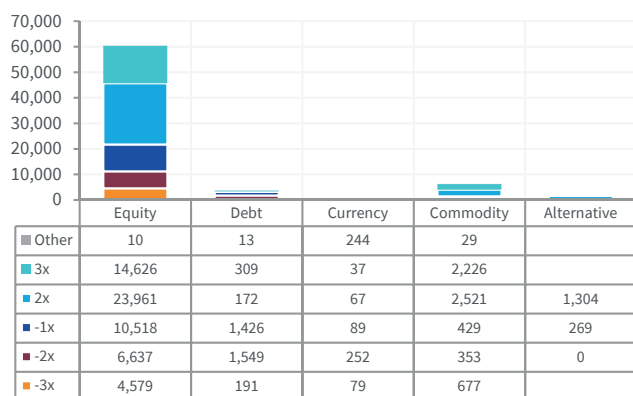
Current Allocations

As of 30th September 2019; Figures in USD Mil.

AUM

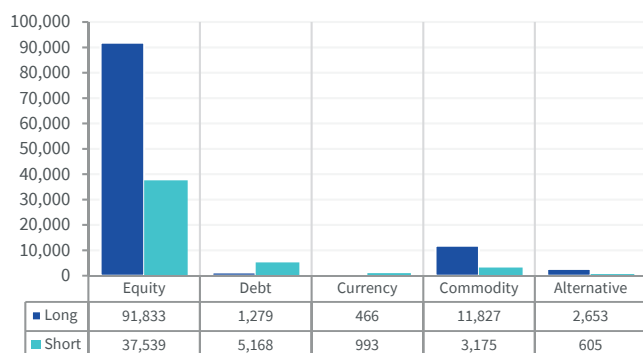


AUM by Leverage Factor



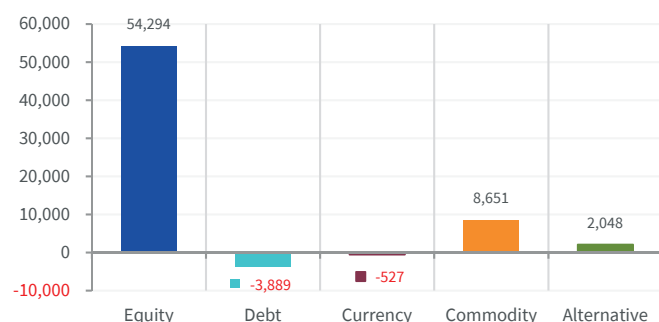
Notional AUM by Long / Short ETPs

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



Net Position

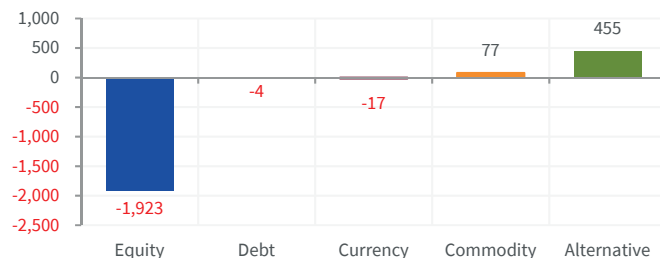
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



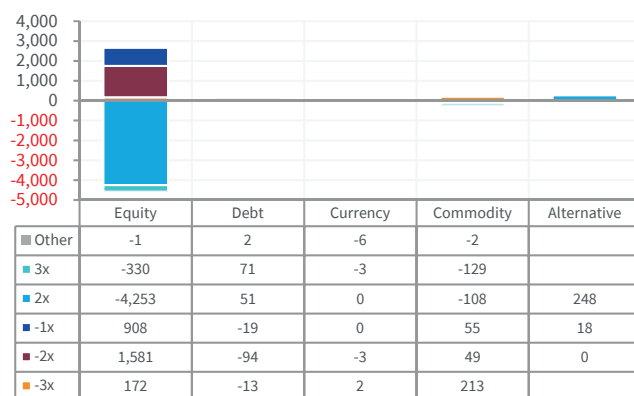
September 2019 Flows

Over September 2019; Figures in USD Mil.

Asset Flows

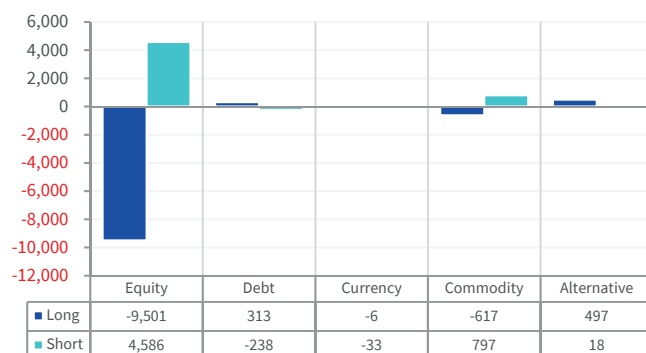


Asset Flows by Leverage Factor



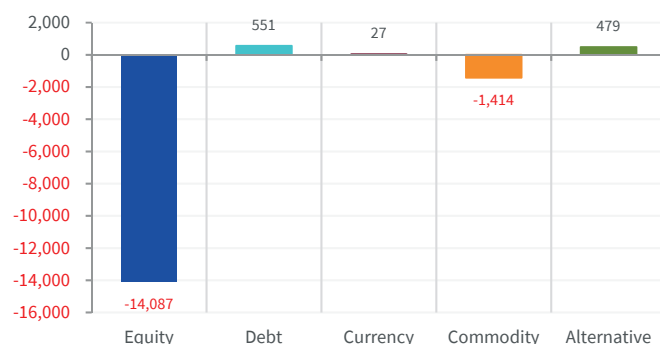
Notional Flows by Long / Short ETPs

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



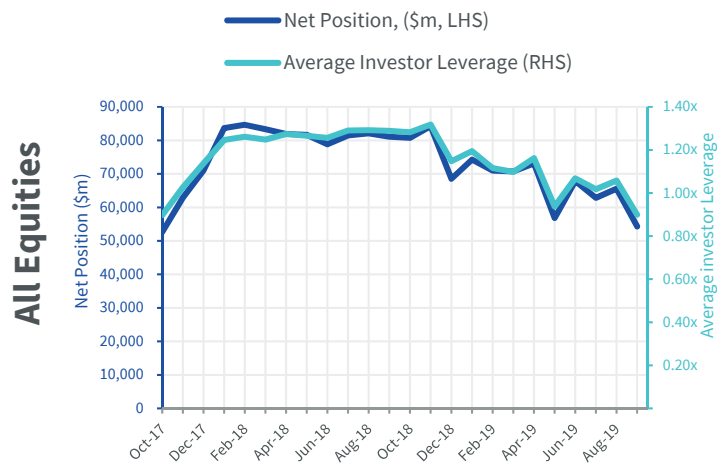
Net Position Flows

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

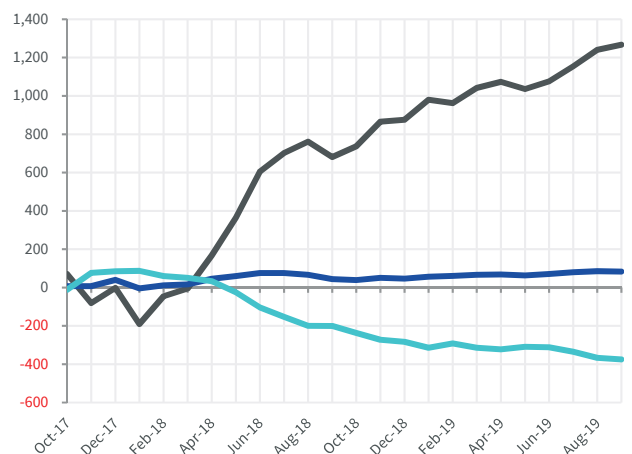
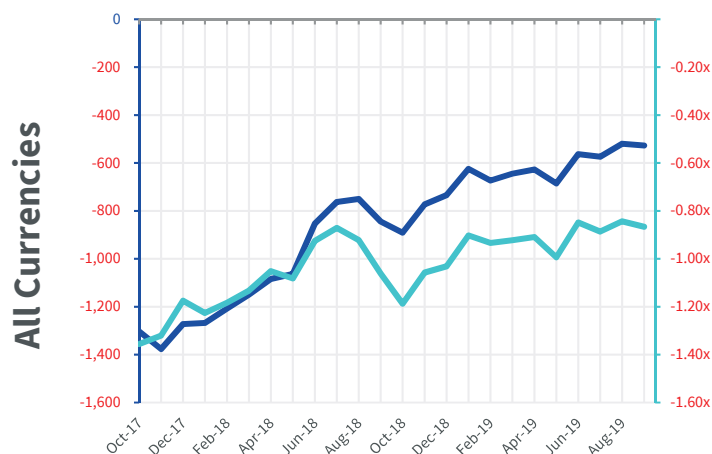
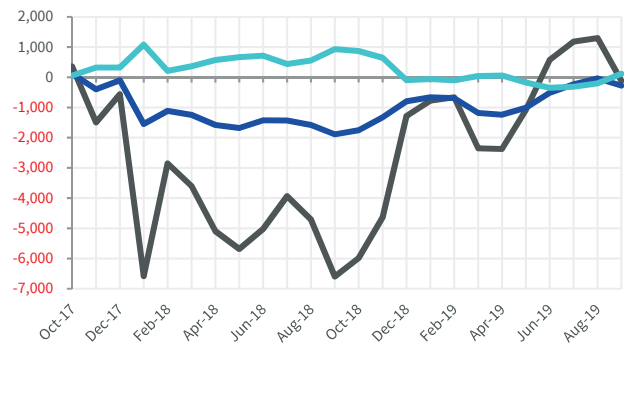
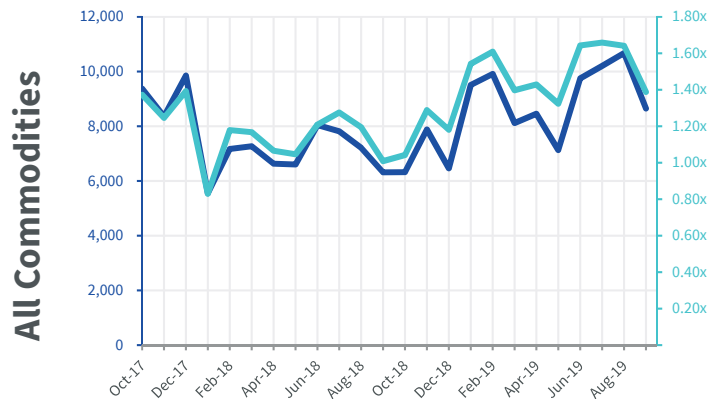
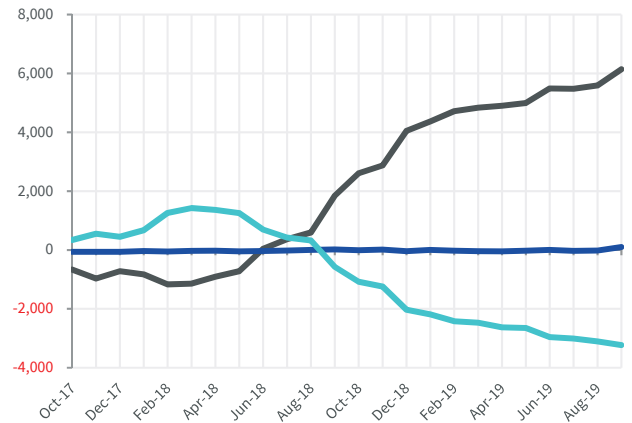
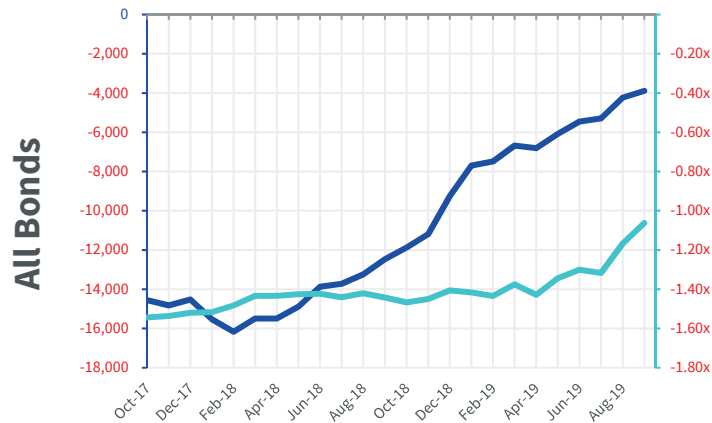
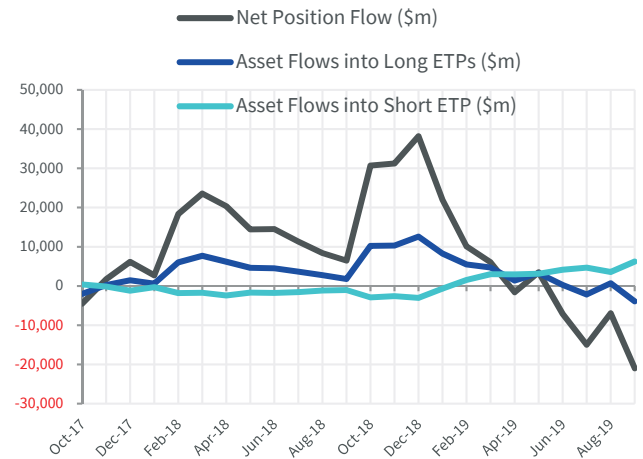


Global Asset Allocation - Historical View

Net Position and Average Investor Leverage



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



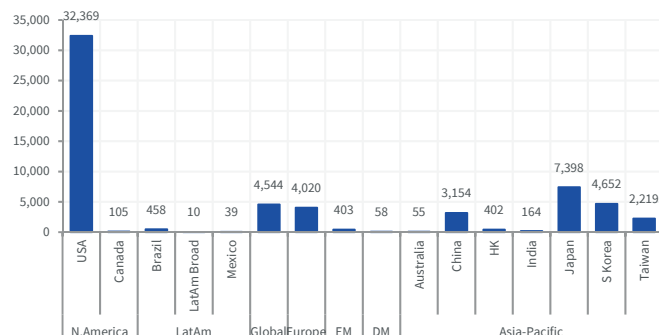
Short & Leveraged Equities

Global Equities

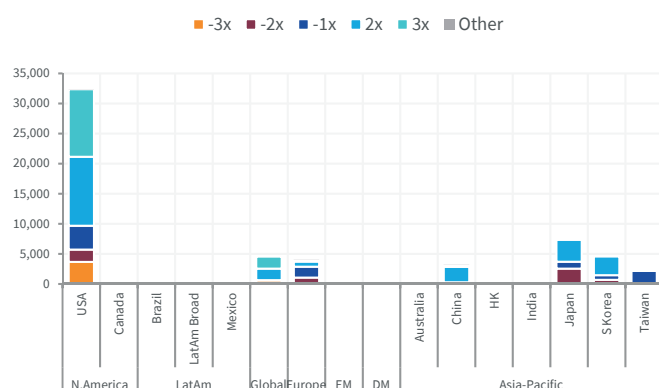
Current Allocations

By Geographic Exposure; As of 30th September 2019; Figures in USD Mil.
"Europe" represents the sum total of ETPs exposed to Europe or European countries.

AUM

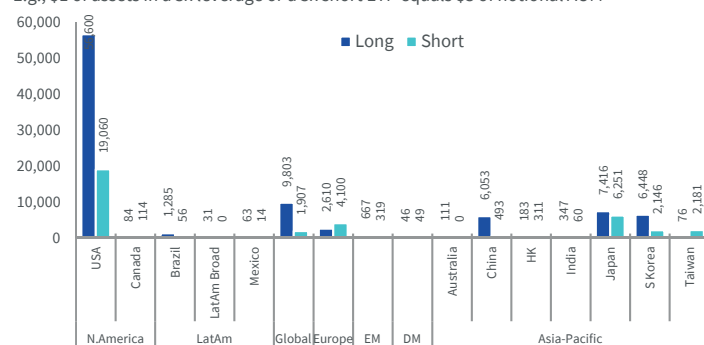


AUM by Leverage Factor



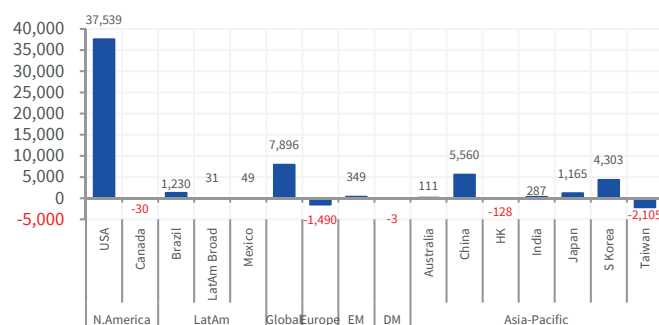
Notional AUM by Long / Short ETPs

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



Net Position

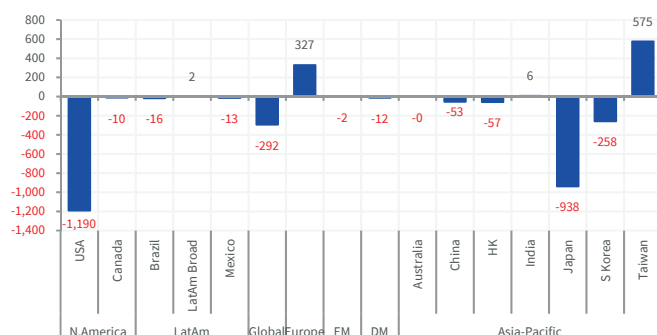
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



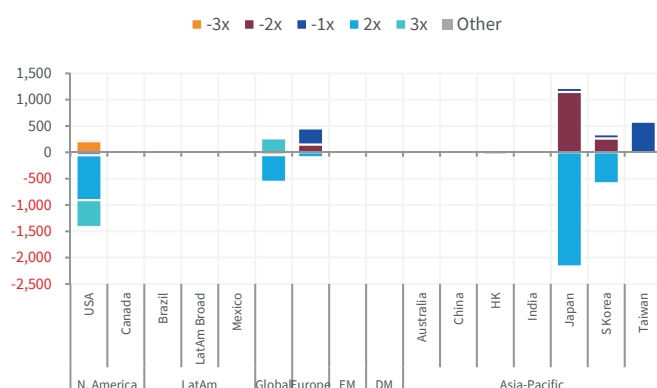
September 2019 Flows

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

Asset Flows

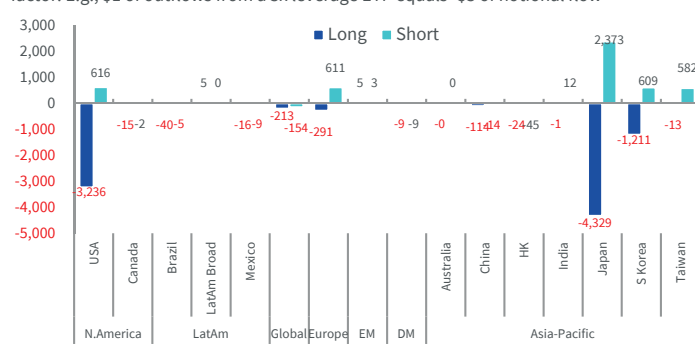


Asset Flows by Leverage Factor



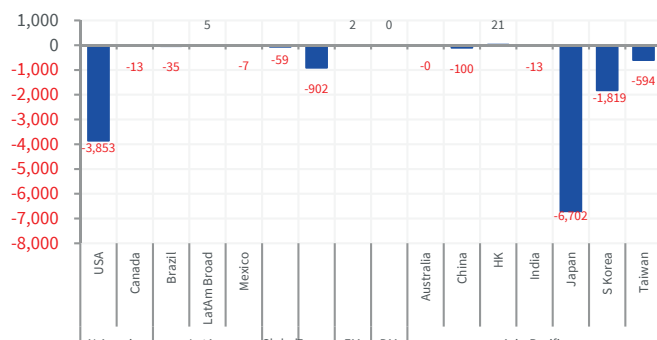
Notional Flows by Long / Short ETPs

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



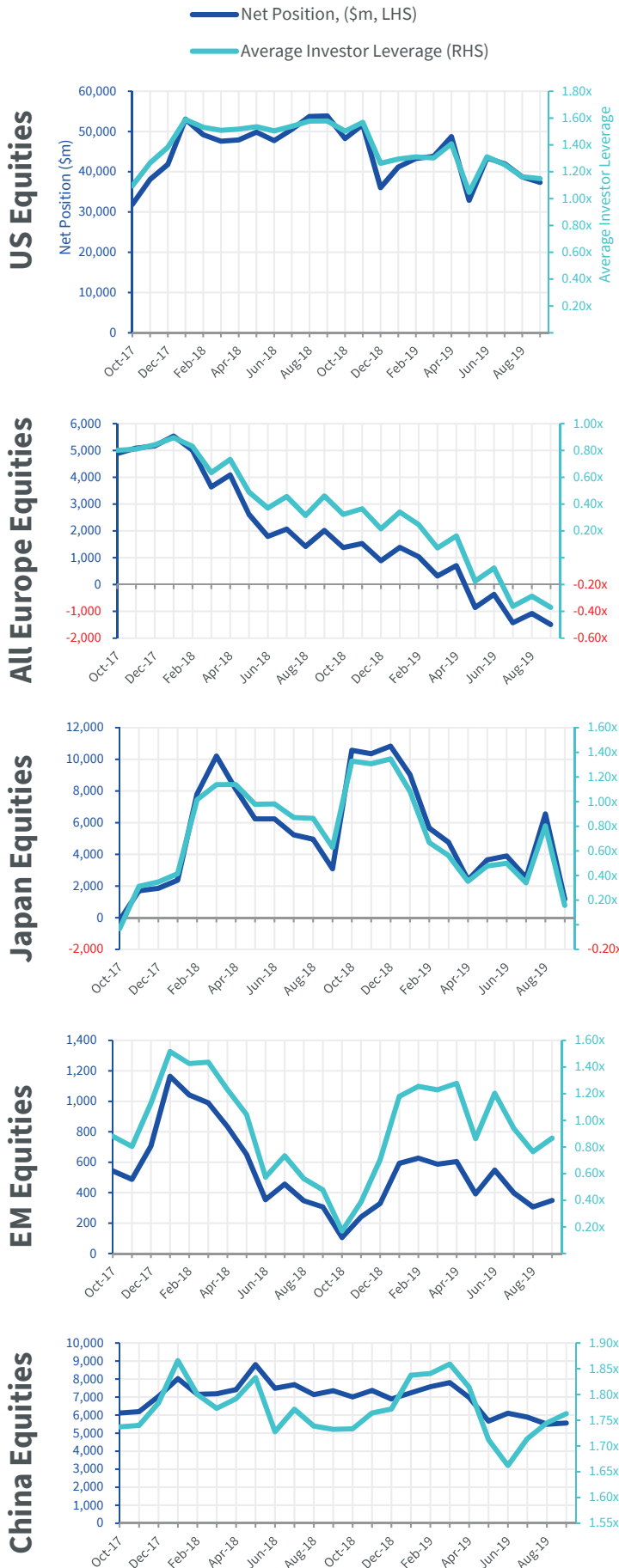
Net Position Flows

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

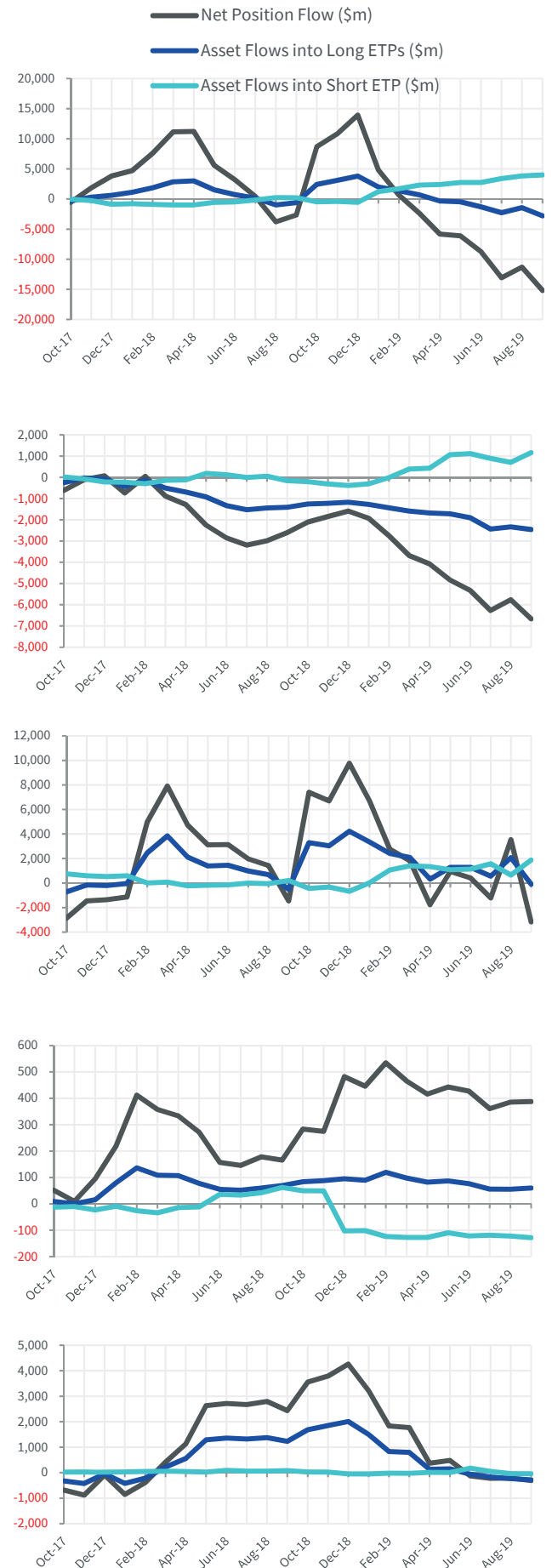


Global Equities - Historical View

Net Position and Average Investor Leverage



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



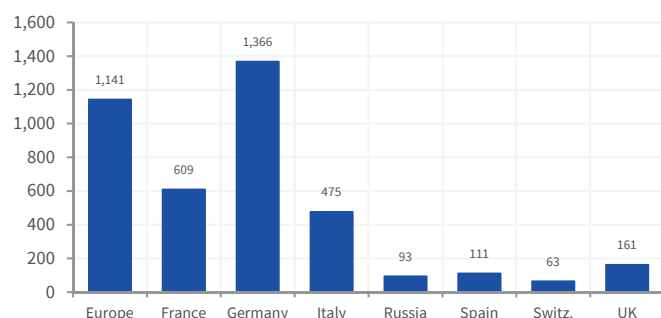
European Equities Breakdown

Current Allocations

By Geographic Exposure; As of 30th September 2019; Figures in USD Mil.
"Europe" represents ETPs exposed to Europe as a region.

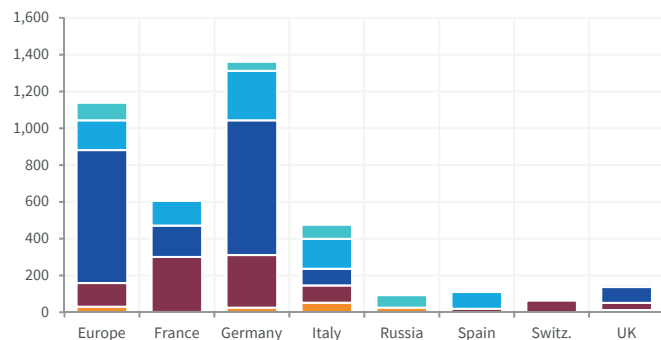
AUM

Showing countries with AUM above \$10mm



AUM by Leverage Factor

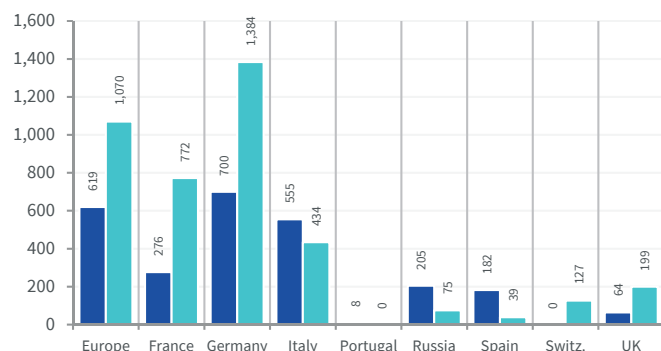
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional AUM by Long / Short ETPs

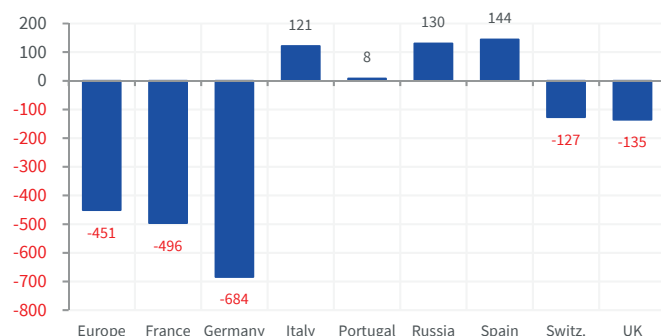
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of assets in a 3x leverage or a 3x short ETP equals \$3 of notional AUM

Legend: Long, Short



Net Position

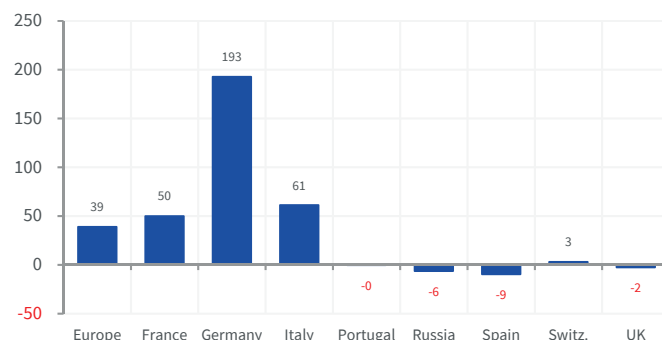
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



September 2019 Flows

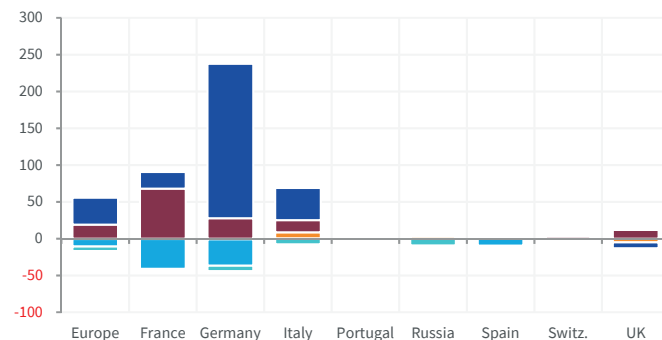
By Geographic Exposure; Over September 2019; Figures in USD Mil.

Asset Flows



Asset Flows by Leverage Factor

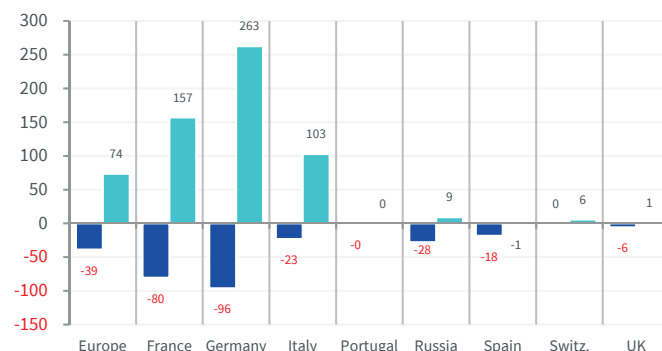
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional Flows by Long / Short ETPs

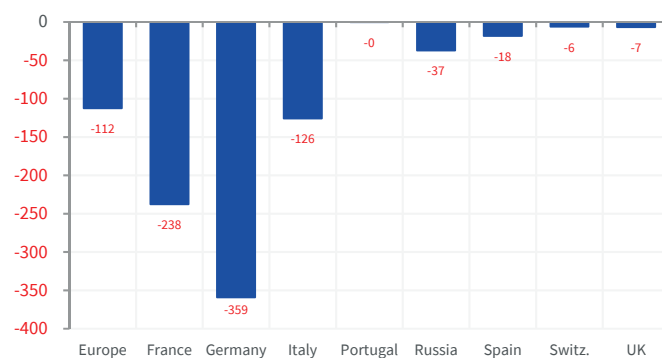
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of outflows from a 3x leverage ETP equals -\$3 of notional flow

Legend: Long, Short



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



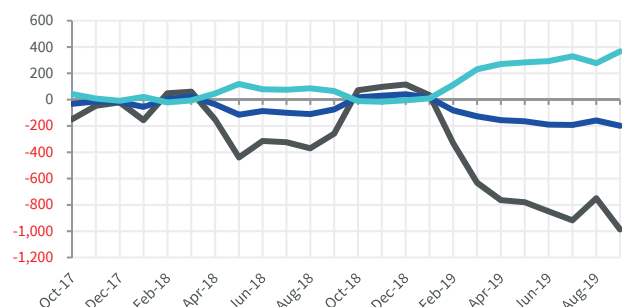
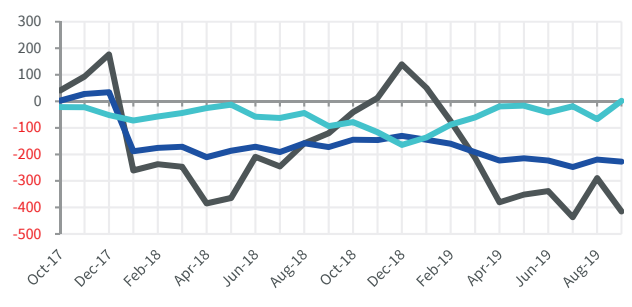
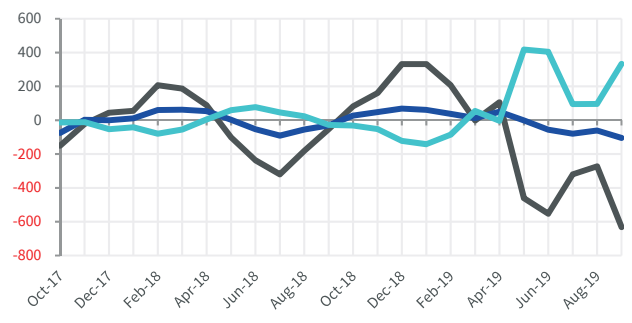
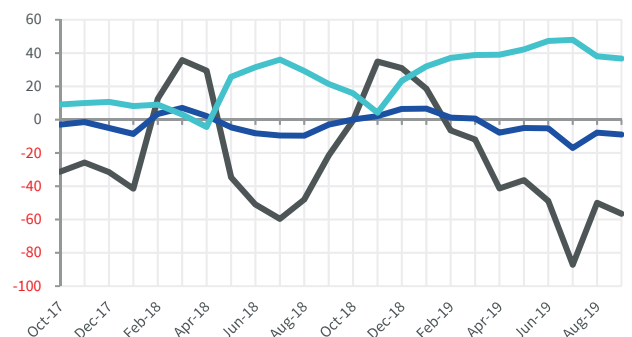
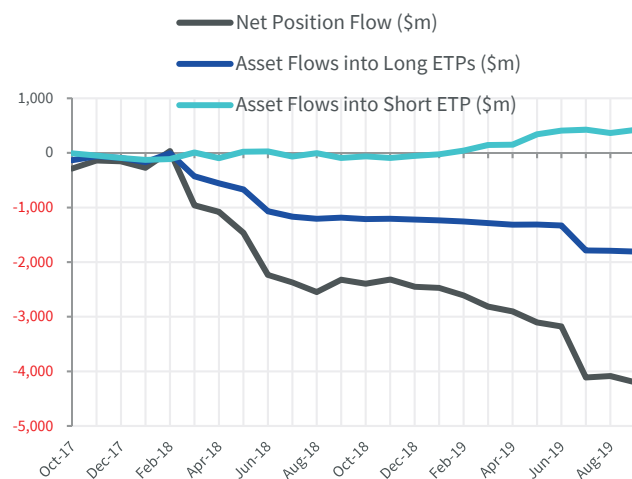
UK Equities

Germany Equities

Italy Equities

France Equities

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



Short & Leveraged Government Debt

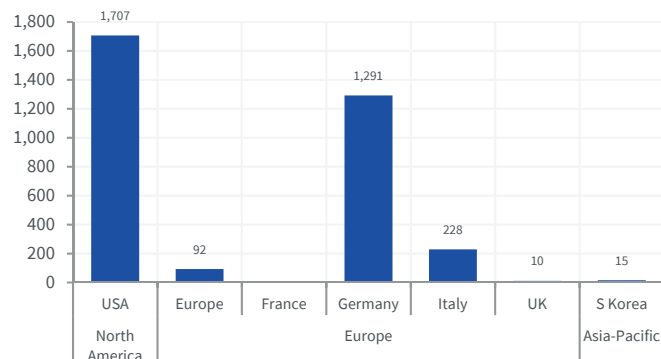
Global Debt

Current Allocations

By Geographic Exposure; As of 30th September 2019; Figures in USD Mil.

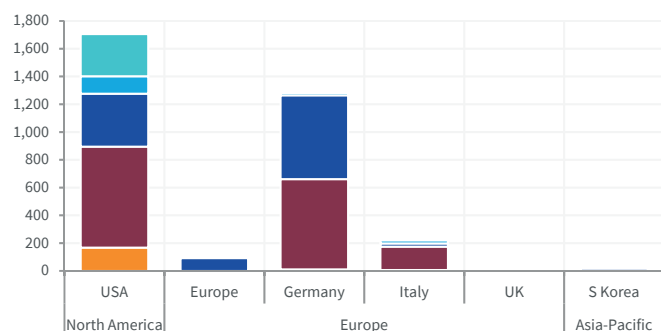
AUM

Showing countries with AUM above \$10mm



AUM by Leverage Factor

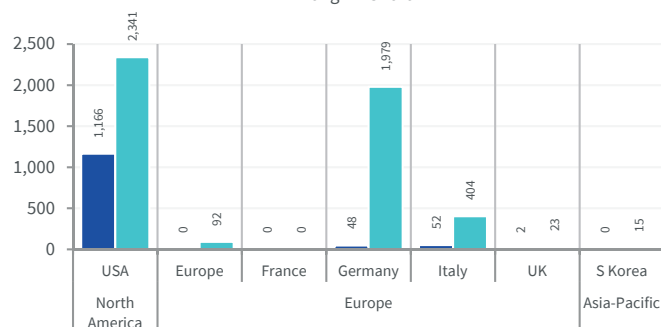
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional AUM by Long / Short ETPs

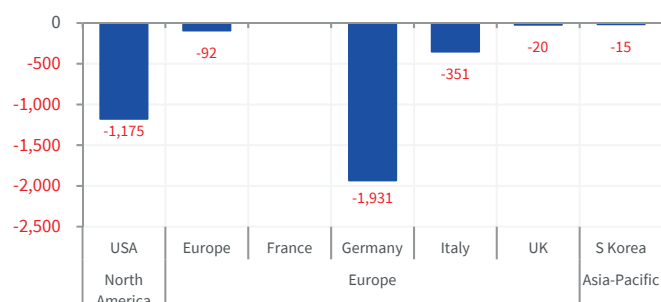
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of assets in a 3x leverage or a 3x short ETP equals \$3 of notional AUM

Legend: Long, Short



Net Position

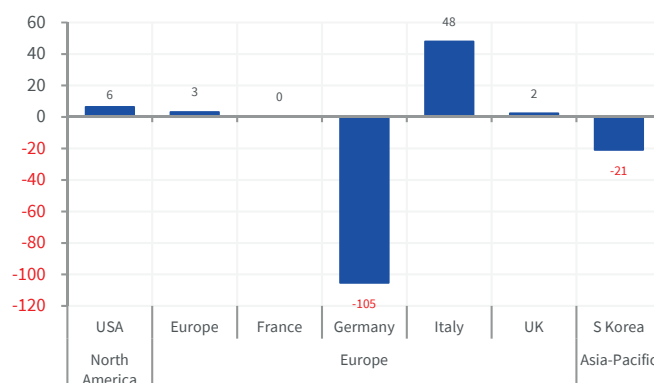
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



September 2019 Flows

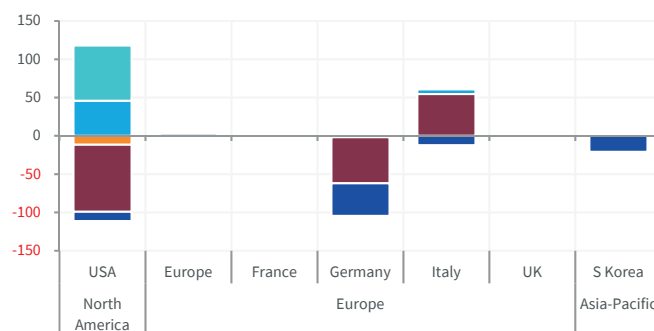
By Geographic Exposure; Over September 2019; Figures in USD Mil.

Asset Flows



Asset Flows by Leverage Factor

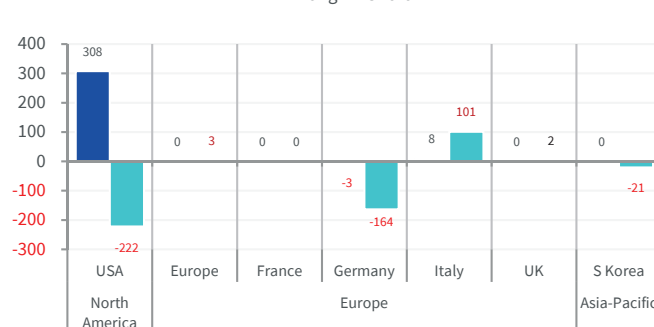
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional Flows by Long / Short ETPs

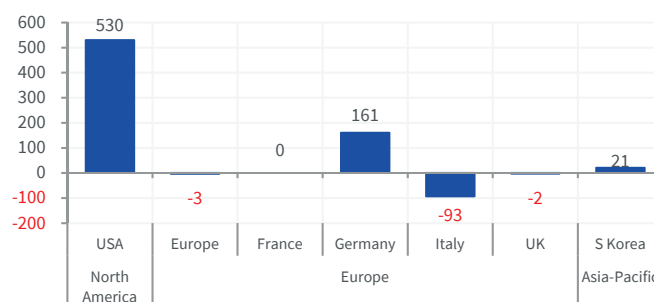
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Legend: Long, Short



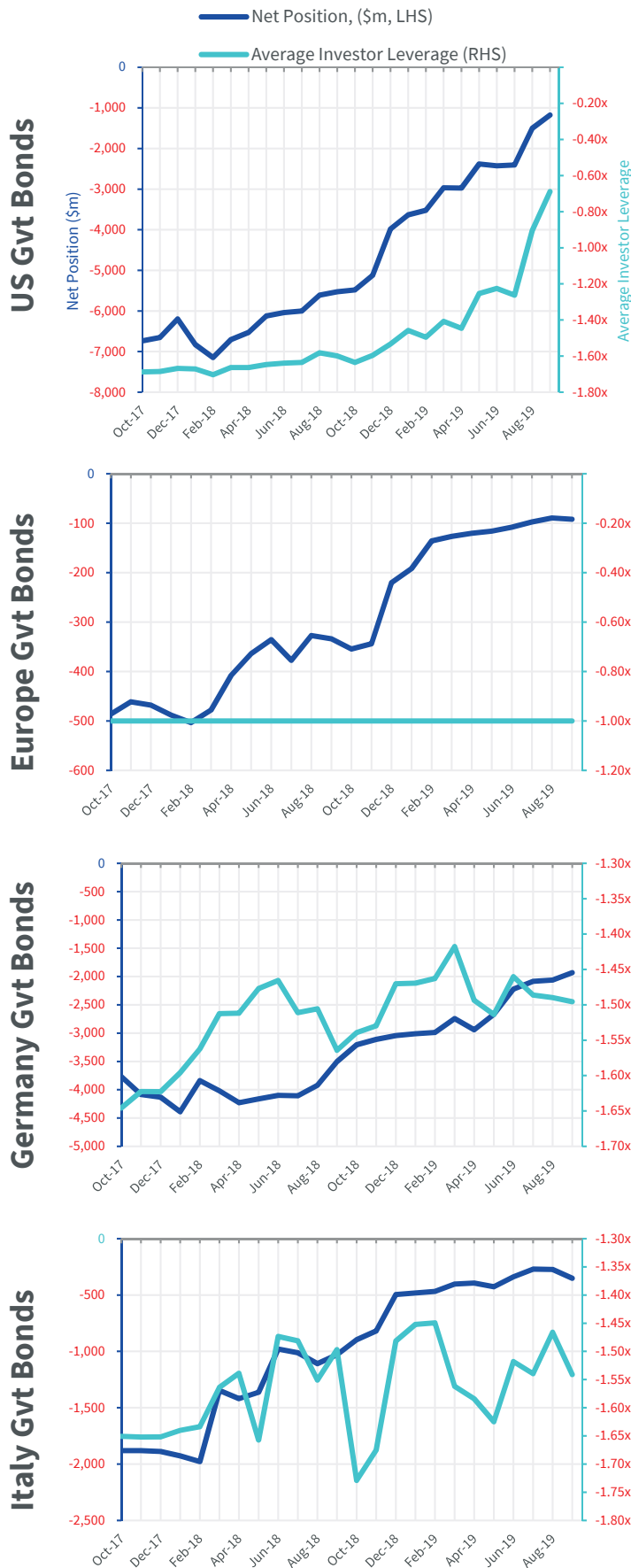
Net Position Flows

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

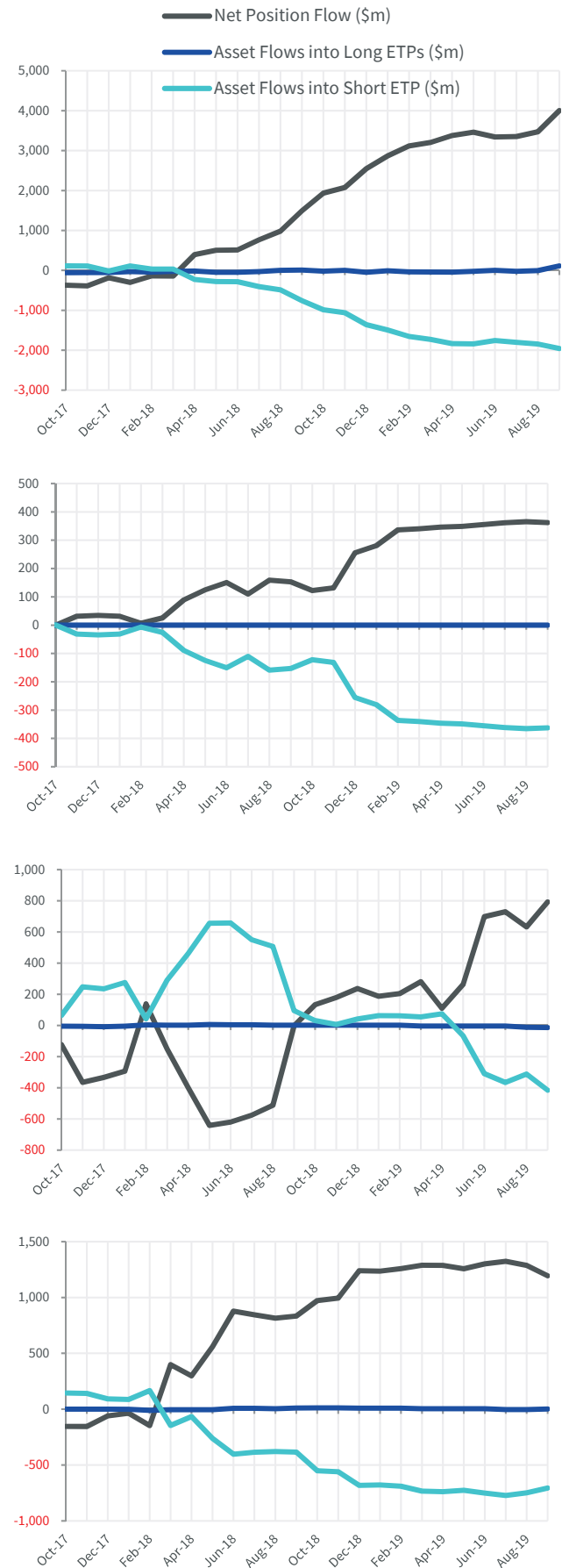


Global Debt - Historical View

Net Position and Average Investor Leverage



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



Short & Leveraged Commodities

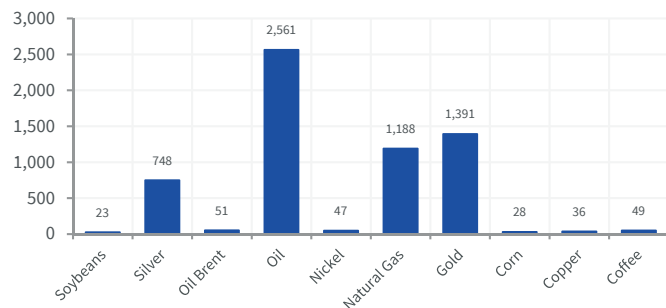
Global Commodities

Current Allocations

By commodity exposure; As of 30th September 2019; Figures in USD Mil;
Showing the top 10 AUM commodity exposures

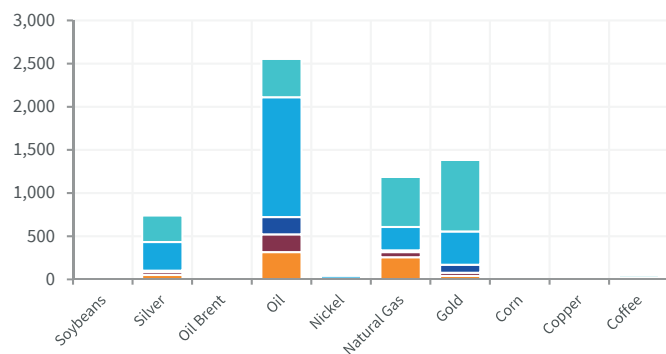
AUM

Showing commodity exposures with the top 10 AUMs



AUM by Leverage Factor

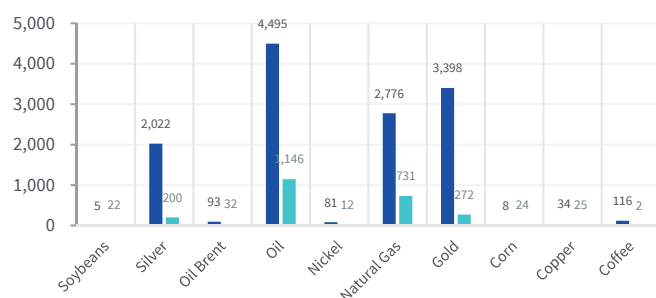
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Notional AUM by Long / Short ETPs

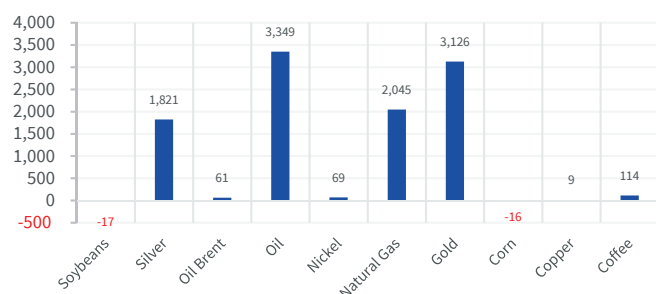
The sum of the AUM in each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of assets in a 3x leverage or a 3x short ETP equals \$3 of notional AUM

Legend: Long, Short



Net Position

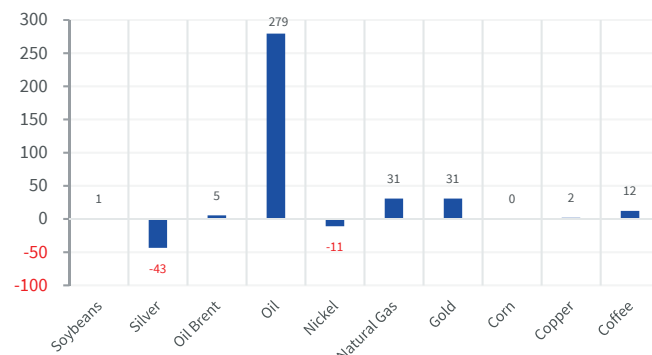
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



September 2019 Flows

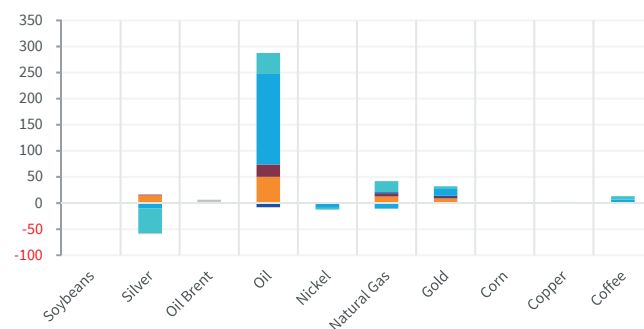
By commodity exposure; Over September 2019; Figures in USD Mil;
Showing the Flows for top 10 AUM commodity exposures

Asset Flows



Asset Flows by Leverage Factor

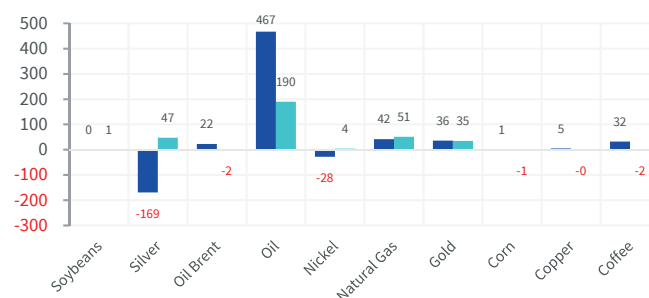
Legend: -3x, -2x, -1x, 2x, 3x, Other



Notional Flows by Long / Short ETPs

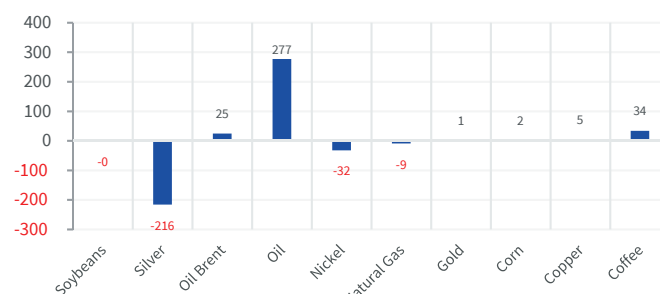
The net subscriptions for each ETP multiplied by the absolute value of its leverage factor. E.g., \$1 of outflows from a 3x leverage ETP equals -\$3 of notional flow

Legend: Long, Short



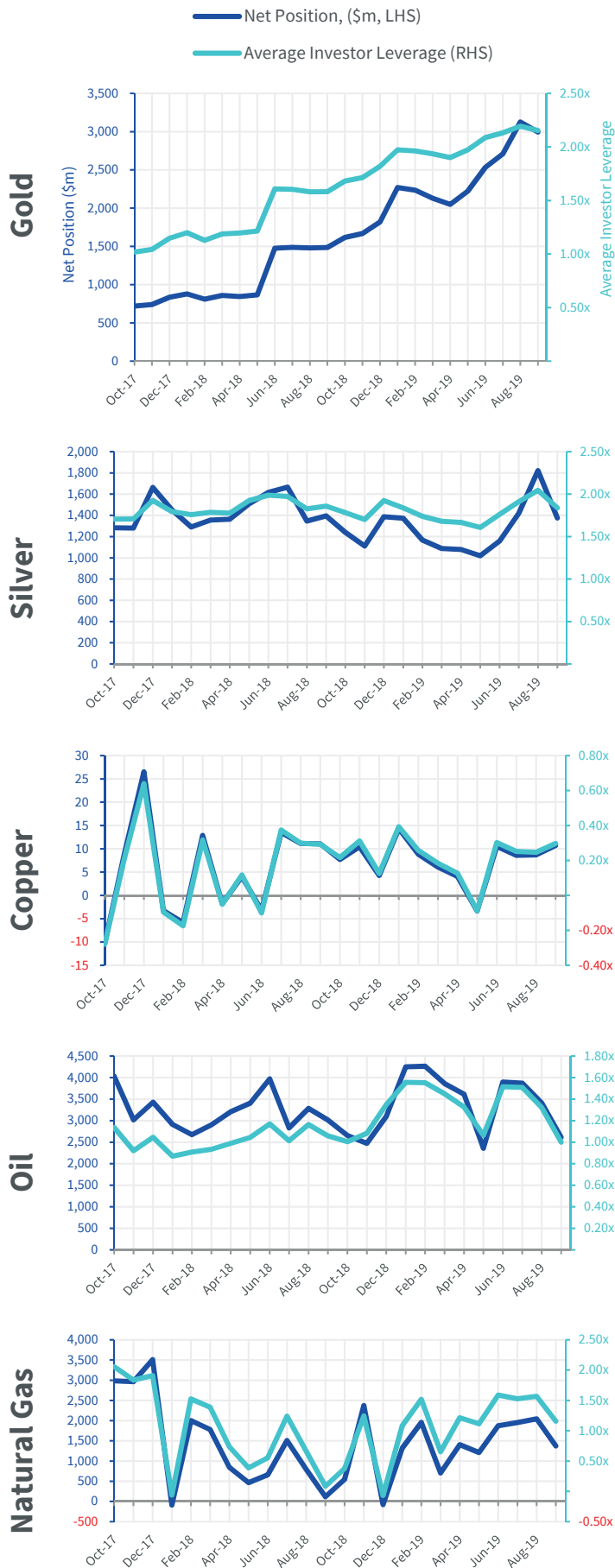
Net Position Flows

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

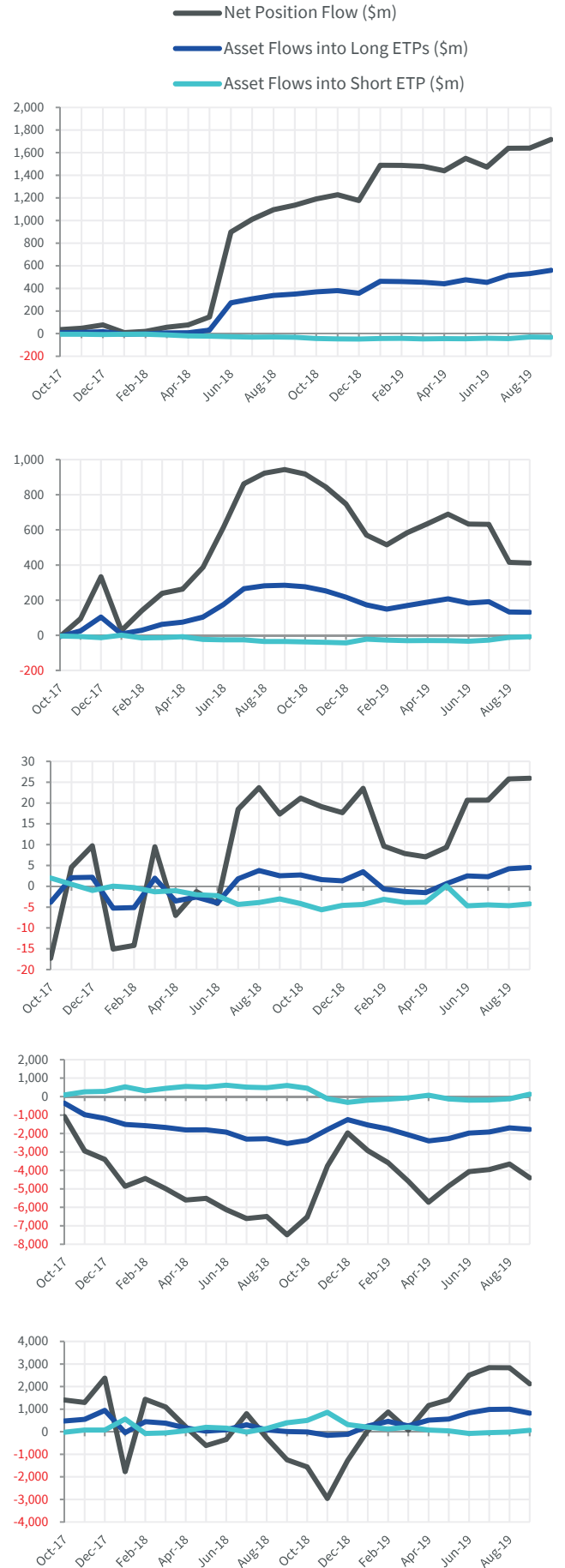


Global Commodities - Historical View

Net Position and Average Investor Leverage



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



Short & Leveraged Currencies

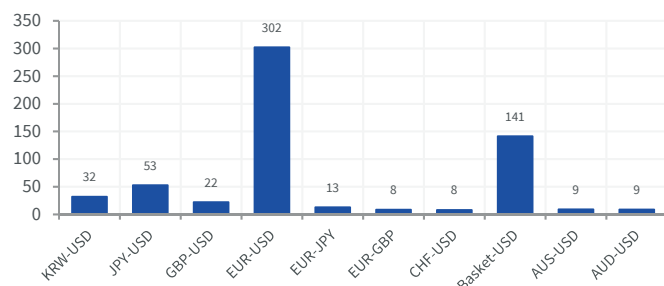
Global Currencies

Current Allocations

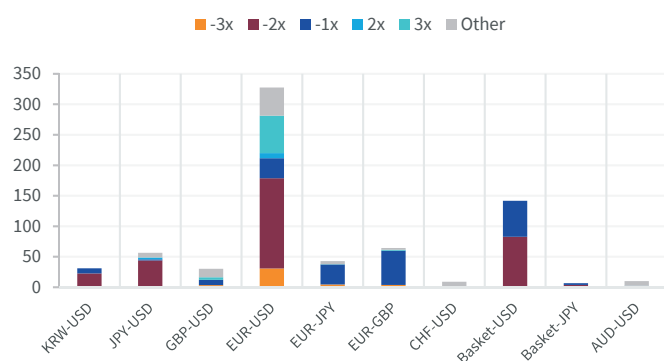
By currency exposure; As of 30th September 2019; Figures in USD Mil;
Showing the top 10 AUM currency exposures

AUM

Showing currency exposures with the top 10 AUMs

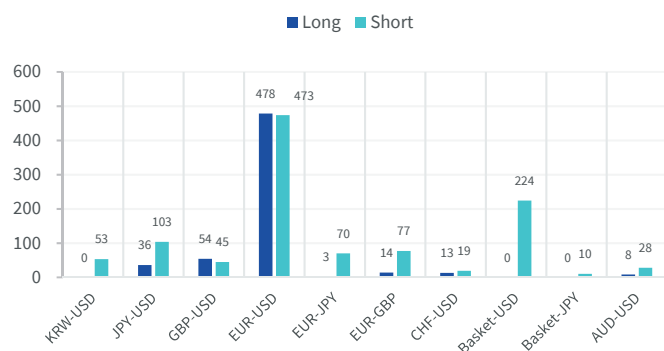


AUM by Leverage Factor



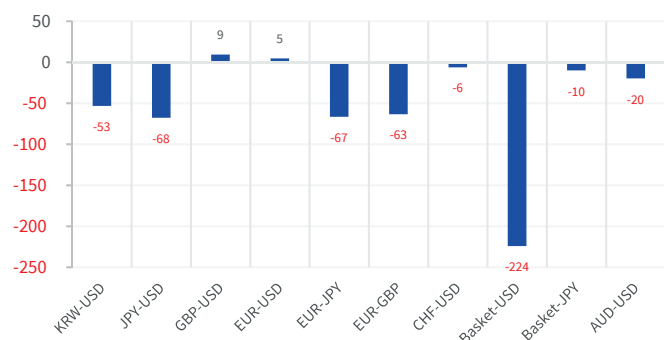
Notional AUM by Long / Short ETPs

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



Net Position

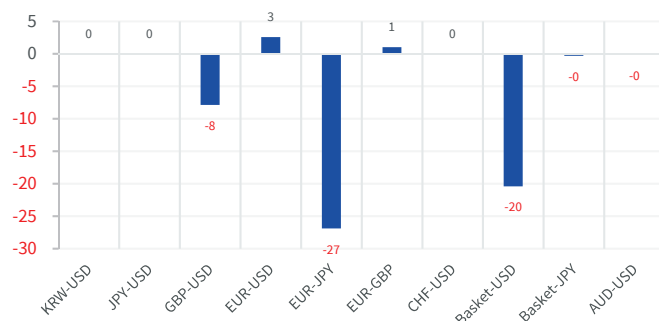
The notional AUM in long ETPs minus the notional AUM in short ETPs. A negative figure indicates investors have a net short, or net bearish position; a positive figure indicates a net long or net bullish position



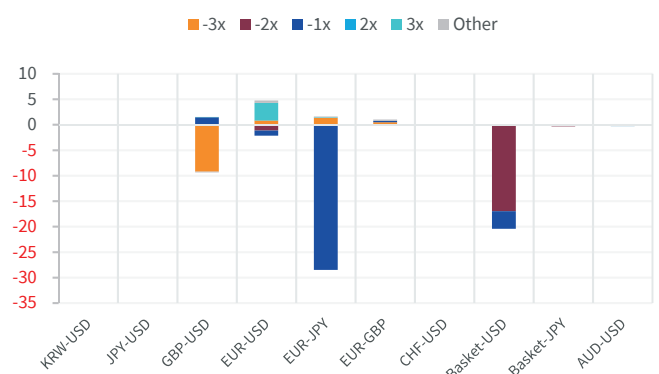
September 2019 Flows

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

Asset Flows

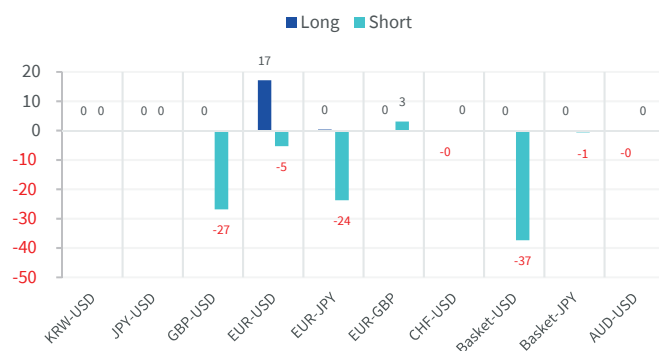


Asset Flows by Leverage Factor



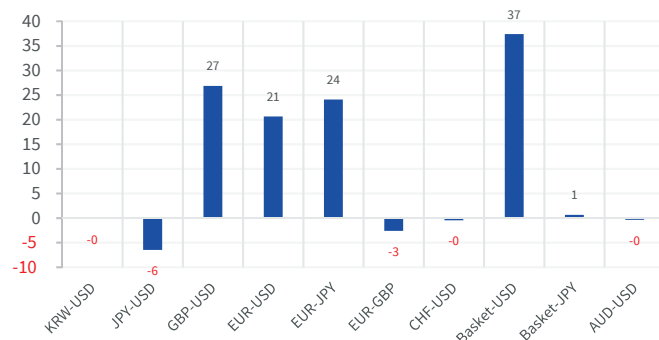
Notional Flows by Long / Short ETPs

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



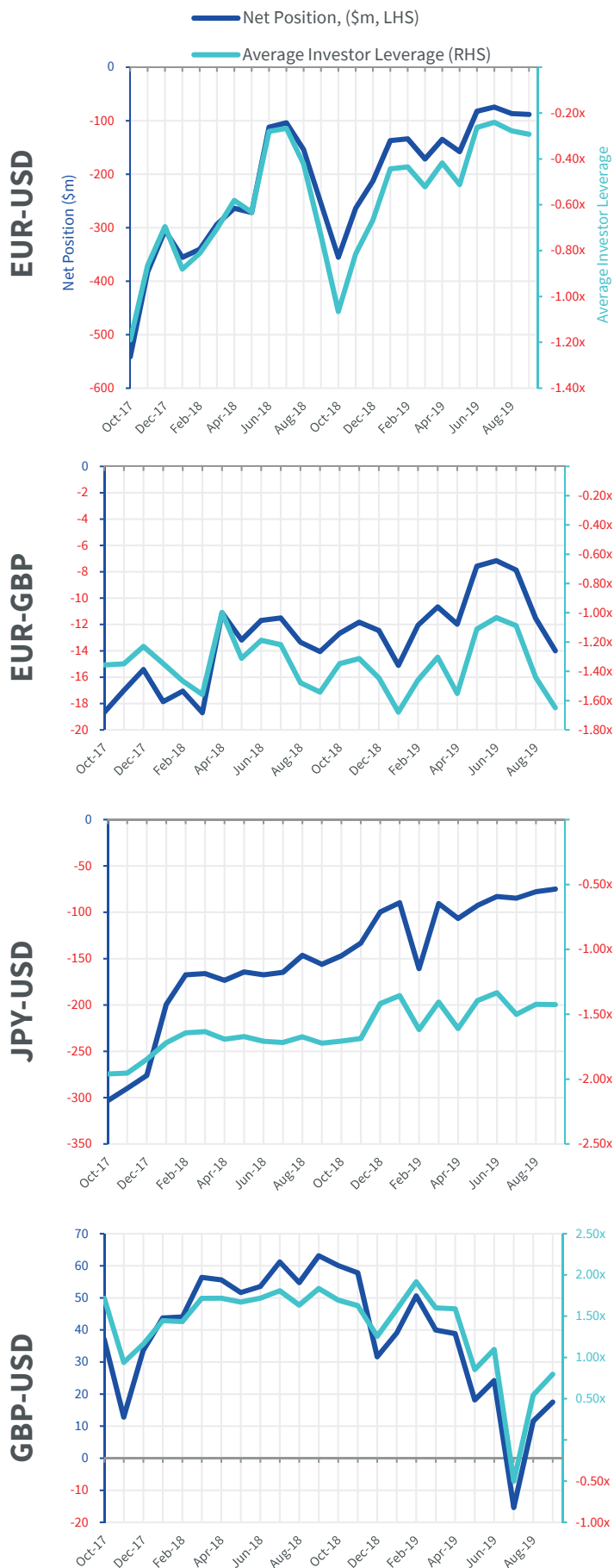
Net Position Flows

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

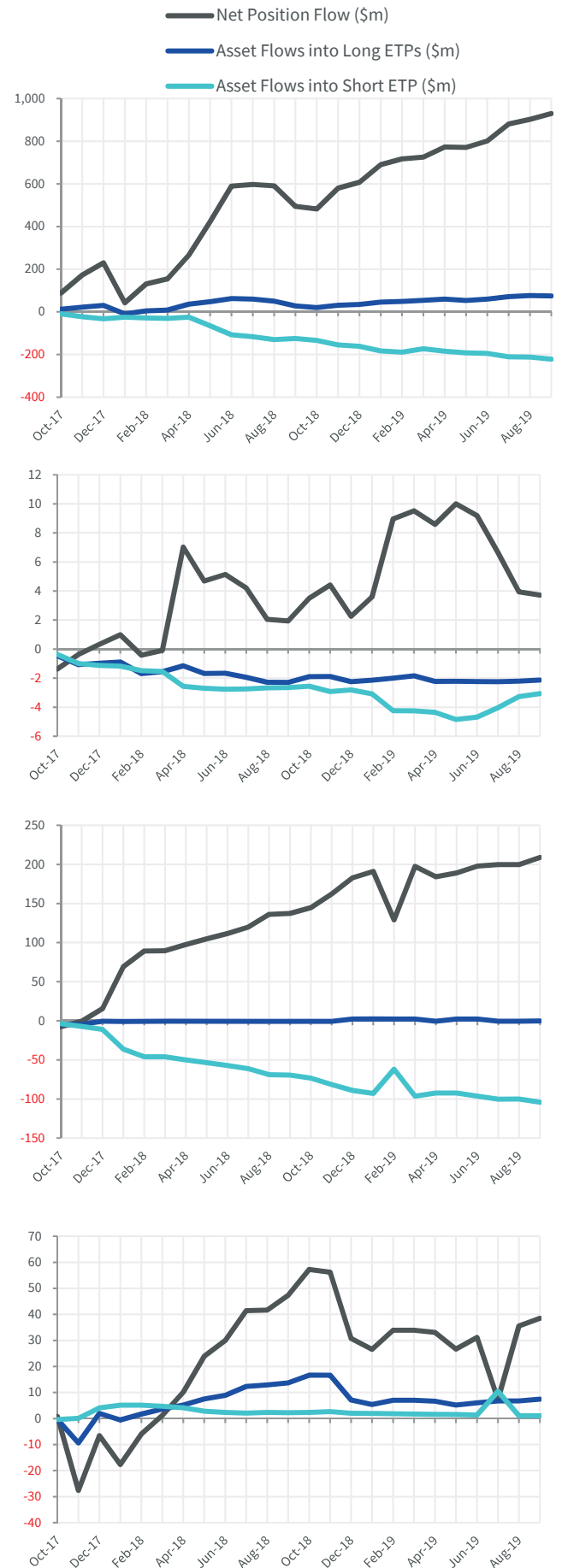


Global Currencies - Historical View

Net Position and Average Investor Leverage



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



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 $-1x$, $-2x$ 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 30 September 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.

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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.