

Settlement Currency Impact on Short & Leverage ETPs

Exchange Traded Products (ETPs) can track many different asset classes, whose assets are usually defined / priced in a particular currency. For example, the NASDAQ 100 is quoted in USD, FTSE MIB in EUR and the FTSE 100 in GBP. The same is true for fixed income and commodities. Commodities are usually priced in USD.

The base currency of each ETP will generally be fixed to be the same as the base currency of the index / asset which the ETP is tracking. There can only be one NAV for each ETP and this will be in the base currency of the ETP. A price or “indicative” NAV may be quoted for the same ETP in other currencies.

Although ETPs are issued and redeemed in only one currency (the base currency), ETPs may be traded in multiple currencies. This might be to facilitate trading and settlement, make the ETPs cheaper to purchase for investors, or because some exchanges will only provide listings in certain currencies. For example:

- Boost Gold 3x Leverage Daily ETP (3GOL) has its base currency and NAV in USD but is traded in GBP and USD on the London Stock Exchange and EUR on Borsa Italiana and Deutsche Borse.
- Boost US Treasuries 10Y 3x Short Daily ETP (3TYS) has its base currency and NAV in USD but is quoted in EUR on the Borsa Italiana.

For an ETP with no currency hedging, the return of each ETP is different depending on the currency in which the investor has purchased the ETP. Taking Boost US Treasuries 10Y 3x Short Daily ETP (3TYS) as an example:

- Base currency is USD
- There is no currency hedging
- Traded in EUR on Borsa Italiana

Table 1 shows the weekly movement in the NAV (in USD) for 3TYS. It also shows the weekly change in the EUR/USD exchange rate. The EUR Price of 3TYS on Borsa Italiana will be a function of (i) the USD Price of 3TYS and (ii) the current EUR/USD exchange rate. The change in EUR Price of 3TYS will be a function of (i) the change in the USD price of 3TYS and (ii) the change in the EUR/USD exchange rate.

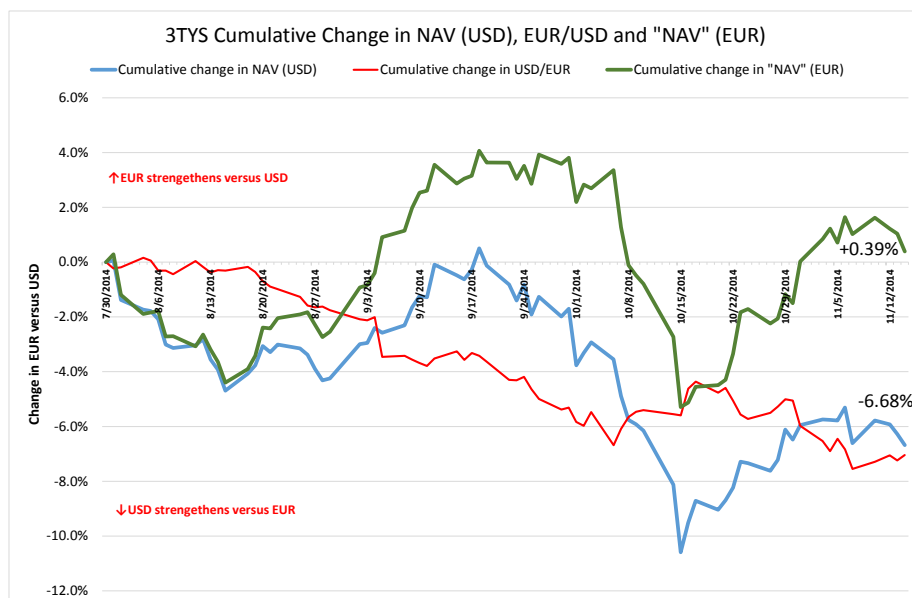
Table 1

	NAV (USD)	change (%)	USD/EUR	change (%)	"NAV" (EUR)	change (%)
10/10/2014	\$ 93.85		1.2686		€ 73.98	
17/10/2014	\$ 91.29	-2.729%	1.2666	-0.152%	€ 72.07	-2.581%
24/10/2014	\$ 92.66	1.503%	1.2660	-0.051%	€ 73.19	1.555%
31/10/2014	\$ 94.05	1.499%	1.2791	1.036%	€ 73.53	0.458%
07/11/2014	\$ 93.39	-0.697%	1.2825	0.269%	€ 72.82	-0.964%

- Investor buys 3TYS in EUR on 24 October for EUR 73.19 when the EUR/USD rate is 1.2660. The USD Price on that day is \$92.66
- On 31 October, the investor sells 3TYS for EUR 73.53, an increase of 0.46%
- The USD Price of 3TYS increased by 1.50% over the same period but due to the USD weakening versus EUR by 1.04%, the net result was a 0.46% return for the investor in Euros from 24 November to 31 November.

The chart below shows the cumulative change in % terms for NAV (USD), EUR/USD and also the “NAV” in EUR from 30 July 2014 to 14 November 2014. As the USD strengthens versus EUR, i.e. it costs less USD to buy one EUR and the EUR/USD line moves down. Conversely if the EUR strengthens versus USD, i.e. it costs more USD to buy one EUR, the EUR/USD line moves up. Over the period 3TYS fell by 6.68% in USD terms, while it increased 0.39% in EUR terms as EUR strengthened versus USD by 7.04%.

Investors should be aware of the effects of any currency changes on trades that they carry out.



About us

BOOST ETP, a **WisdomTree Company**, is an award winning Exchange Traded Products ETP provider and one of few providers of specialised ETPs in the European market, and is the first to focus on Short and Leveraged ETPs. BOOST's offering targets sophisticated investors including day traders, stock brokers, wealth managers, high frequency traders and institutional investment managers.

WisdomTree Investments, Inc. is a New York-based exchange-traded fund ("ETF") sponsor and asset manager. WisdomTree offers ETFs across Equities, Fixed Income, Currency Income and Alternatives asset classes, and is currently the world's sixth largest ETF issuer. To learn more about parent company WisdomTree Investments, Inc., visit the Investor Relations (<http://ir.wisdomtree.com/>) website.

BOOST ETP's key features include:

- **Independence** - BOOST is independent from any investment bank, swap provider, market maker, trustee or custodian
- **Best of breed** – BOOST's founders have over 25 years of experience in the ETP market. With this experience, plus the wealth of experience provided by BOOST's world class service providers, investors are able to enjoy efficient products with liquidity, strong counterparty risk management and relatively low costs
- **Transparency** – BOOST discloses all fees, collateral holdings and details on its website each day
- **Innovative and nimble** - BOOST aims to be a leader in innovation, as evidenced by the ETPs issued, and the product development and market research behind the products
- **Focused and specialised** - BOOST's strategy differs from the existing ETP issuers by not focusing on being everything to everyone

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The value of an investment in ETPs may go down as well as up and past performance is not a reliable indicator of future performance. An investment in ETPs is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

ETPs offering daily leveraged or daily short exposures ("Leveraged ETPs") are products which feature specific risks that prospective investors should understand before investing in them. Higher volatility of the underlying indices and holding periods longer than a day may have an adverse impact on the performance of Leveraged ETPs. As such, Leveraged ETPs are suitable for institutional and retail investors who are financially sophisticated, wish to take a short term view on the underlying indices and can understand the risks of investing in Leveraged ETPs. Investors should refer to the section entitled "Risk Factors" and "Economic Overview of the ETP Securities" in the Prospectus for further details of these and other risks associated with an investment in Leveraged ETPs and consult their financial advisors as needed. Neither WisdomTree Europe Ltd. nor the Issuer has assessed the suitability of any Leveraged ETPs for investors other than the relevant Authorised Participants.

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