

CREATIONS TEMPORARILY HALTED ON TWO SHORT & LEVERAGED ETPS TRACKING WTI OIL

Due to unprecedented levels of volatility in WTI crude oil contracts, risks to investors in short & leveraged exchange traded products (“ETPs”) tracking these contracts have materially increased. We have therefore taken the decision to temporarily halt creations to two of our short & leveraged ETPs tracking WTI crude oil, until further notice.

WisdomTree is continuously assessing market conditions and evaluating all available options to protect the interests of security holders and ensure an orderly market is maintained.

Redemptions in the two ETPs will not be limited in any way by the halting of creations.

You can find more details about the rationale for this decision below, as well as its expected impact on these two ETPs. Click [here](#) to read more about the risks investors may face with halting creations for an ETP.

01 Which ETPs are affected?

ETP Name	ISIN	Exchange	Trading Currency	Ticker	SEDOL	WKN	Bloomberg Ticker	Reuters Instrument Code
WisdomTree WTI Crude Oil 2x Daily Leveraged	JE00BDD9Q840	LSE	USD	LOIL	BDD9Q84		LOIL LN	LOIL.L
		Borsa	EUR	LOIL	BDD9QS4		LOIL IM	LOIL.MI
	DE000A2BDEB6	Xetra	EUR	4RT6	BYQ7XX6	A2BDEB	4RT6 GY	4RT6.DE
WisdomTree WTI Crude Oil 1x Daily Short	JE00B24DK975	LSE	USD	SOIL	B24DK97		SOIL LN	SOIL.L
		Borsa	EUR	SOIL	B4QS6N0		SOIL IM	SOIL.MI
	DE000A0V9XY2	Xetra	EUR	9GA7	B39N6D5	A0V9XY	9GA7 GY	9GA7.DE

02 Why is WisdomTree temporarily halting creations for these short & leveraged ETPs?

Limiting the creations on the above ETPs is intended to limit the growth of these ETPs beyond the amount of securities outstanding at the time of suspension.

This has been done with the following considerations in mind:

- + Market volatility in WTI crude oil contracts has increased to unprecedented levels. With this, the volatility of short & leveraged ETPs tracking WTI crude oil have also increased to unprecedented levels.
- + Specifically, the following risks to investors in the above ETPs have materially increased:
 - a) The risk of significant losses on the position.
 - b) The risk of adverse compounding. This means the performance experienced from a short & leveraged ETPs held over a period longer than one day can be significantly worse when markets are more volatile, regardless of the returns of the underlying market.
 - c) The risk of a so-called "gap event" whereby the ETP's value drops to zero due to a price move in the underlying market. An ETP's value cannot drop below zero.
 - d) High volatility is often associated with low liquidity which is a risk in and of itself but also serves to exacerbate all of the above risks.
- + WisdomTree relies on swap counterparties to provide the return profile promised by the ETP in its investment objective detailed in the prospectus. For these swap counterparties, the risks associated with hedging a short & leveraged exposure on WTI crude oil have materially increased, due to the reasons mentioned above. In particular, the risks associated with a gap event, where a 50% move down for LOIL or a 100% move up for SOIL could lead to the ETP's whole market value being wiped out, have substantially increased. These risks are harder to manage, the bigger the ETP is (in terms of assets under management).
- + With the price of oil futures being very low even a small change of a few dollars in the price of a future could lead to disproportionate percentage moves in the value of the product, potentially exceeding 50% down or 100% move up very rapidly. This would wipe out the above ETPs.
- + We are seeing rapid inflows into short & leveraged ETPs tracking oil globally, and WisdomTree believes limiting the issuance of new securities of the mentioned ETPs is prudent, to be able to manage the risks associated with an increased balance and increased investor exposure to these ETPs.

While WisdomTree has taken the decision to temporarily halt creations in these two products to mitigate the risks mentioned above, we are also working with index providers and swap providers to reduce the probability that the risks mentioned above ever materialize for WisdomTree ETPs.

03 Which futures do these ETPs track today?

For a list of the contracts held today, please see this [link](#).

For expected roll schedules, please see this [link](#).

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Short and Leveraged ETPs (S&L ETPs) are complex instruments and bear high risk. This risk is greater during periods of heightened market volatility, and investors face a greater risk of losing all of their investment or substantially more than they were expecting. Due to the global nature of markets, the loss may also occur outside of European trading hours, when WisdomTree S&L ETPs are not tradeable. To read more [click here](#).