

12 February 2021

PROPOSAL FOR THE CHANGE OF INDEX ON WISDOMTREE S&P 500 VIX SHORT-TERM FUTURES 2.25X DAILY LEVERAGED

KEY QUESTIONS EXPLAINED

In 2020 we saw a high number of unprecedented market moves which is why WisdomTree has been considering a proposal to seek to mitigate some of the risk associated with such extreme volatility for the benefit of our exchange traded product ("ETP") investors and to improve the product robustness in such scenarios. WisdomTree Multi Asset Issuer PLC ("the Issuer") is proposing a number of changes to WisdomTree S&P 500 VIX Short-Term Futures 2.25x Daily Leveraged ETP (VIXL).

Key timings to note:

- + 05 April 2021: Deadline to submit proxy voting forms (11 AM London time) in respect of first meeting
- + 07 April 2021: Shareholder meeting to vote on the proposed changes

If meeting is adjourned due to lack of investor participation then a second meeting will be held on the below expected timeframe, please note that votes submitted in respect of the first meeting will be also valid for the second meeting.

- + 20 April 2021: Deadline to submit proxy voting forms (11 AM London time) in respect of adjourned meeting
- + 22 April 2021: Adjourned shareholder meeting to vote on the proposed changes

01 What changes are being proposed?

WisdomTree Multi Asset Issuer Limited PLC (the "Issuer") is proposing the following changes:

Proposed changes on VIXL	Current	Proposed
Index	S&P 500 VIX Short-term Futures Index ER	S&P 500 VIX Short-term Futures Index (0930-1600 EST) (USD) ER
Daily Swap Rate	0.01181 per cent. per day	0.00966 per cent. per day

The Issuer proposes changing the index to one that is available between 9:30 a.m. to 4:00 p.m. Eastern Standard Time ("EST"), as opposed to between 3:00 a.m. to 4:00 p.m. EST. It is important to note that both indices (see the table below) behave in an identical way between 9.30 a.m. and 4.00 p.m. EST, i.e. when the US equity markets are open. The only difference in the two indices is that the new index is not printing prices before 09.30am EST.

02 Will the price of VIXL be affected by the index change?

The price of VIXL ETP depends on the closing level of the Index compared to the closing level of the Index on the last Valuation Date multiplied by the Leverage Factor less applicable fees. The ETP price will remain the same as a result of the change.

The Proposed Index has the exact same daily closing level as the Current Index (both calculated at 4.00 p.m. EST), as shown in the following Bloomberg chart:



Source: Bloomberg, index values from 31st December 2019 to 3rd February 2021. SPVXSP refers to the Current Index - S&P 500 VIX Short-term Futures Index ER. **VXXIDSPE** refers to the Proposed Index - S&P 500 VIX Short-term Futures Index (0930-1600 EST) (USD) ER. You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.

03 Why change the Index and what will the impact of the change in Index be?

Under the current index, S&P 500 VIX Short-Term Futures ER Index, a Restrike Event can be triggered at any time on a valuation date between 03:00am and 4:00pm. During the period between 03:00am and 09:30am, when US equity markets are closed, liquidity in the underlying futures can be very low. If a restrike event occurs while the liquidity in the underlying futures is low, the associated rebalancing by the swap provider could cause the level of the index to fall even further, causing the restrike price to be lower or to be zero. The investor could retain less or no value in this product.

The risk of a Restrike Event occurring during the low liquidity period (i.e., between 03:00am and 09:30am EST for VIXL) is highly undesirable from the perspective of the Issuer and the Swap Provider, and the continued risk threatens the viability of VIXL. If the Index continues to be the S&P 500 VIX Short-Term Futures ER Index, VIXL is likely to be closed pursuant to an Issuer call option.

Under the proposed index, S&P 500 VIX Short-Term Futures ER Index (0930-1600 EST) (USD) ER, a restrike can only be triggered during the index opening hours of 09:30am to 4:00pm when the liquidity is comparatively higher due to the US equity markets being open.

As a result of the proposed change of Index, a Severe Overnight Gap Event could occur instead during the period between 03:00am and 09:30am EST.

04 What is a Restrike Event?

A restrike event seeks to protect investors in the event of extreme market movements. It is a rebalancing of the affected ETP securities, like that which normally occurs at the end of each valuation date; although a restrike event could occur more than once per day.

A restrike event generally occurs if the value of the relevant underlying index level falls to or beyond a set percentage threshold over the course of a day since the previous day's closing settlement price.

For VIXL, the Restrike Threshold is currently at 25%.

05 What is a Severe Overnight Gap Event?

The severe overnight gap event covers the time between the official closing time of the index on a scheduled trading day up until the official publication of the level of the index on the next scheduled trading day. The Swap Calculation Agent has the right to react, should the price of the reference benchmark fall below a certain threshold which is currently at 25%.

The consequence of a severe overnight gap event can include the swap provider terminating the swap transaction, causing a compulsory redemption in the ETP.

To understand more on how short & leveraged products work, please see [7 things to remember when investing in Short and Leveraged ETPs.](#)

IMPORTANT INFORMATION

This material is prepared by WisdomTree and its affiliates and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any ETPs or to adopt any investment strategy. The opinions expressed are as of the date of production and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and non-proprietary sources. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by WisdomTree, nor any affiliate, nor any of their officers, employees or agents. Reliance upon information in this material is at the sole discretion of the reader. Past performance is not a reliable indicator of future performance.

The application of regulations and tax laws can often lead to a number of different interpretations. Any views or opinions expressed in this communication represent the views of WisdomTree and should not be construed as regulatory, tax or legal advice. WisdomTree makes no warranty or representation as to the accuracy of any of the views or opinions expressed in this communication. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.

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.