



# Domestic China exposure

## Information notice

As part of the annual rebalance this year scheduled for Trade date 19 October 2018, the below listed funds, sub funds of the WisdomTree Issuer PLC umbrella, will be gaining China Exposure, via the Local Domestic market. This will be achieved by acquiring equities via the China Stock Connect - Third Party Custodian Model, more commonly known as the "TPC model".

Ticker	ISIN	Fund Name
DEM	IE00BQQ3Q067	WisdomTree Emerging Markets Equity Income UCITS ETF
DEMA	IE00BYPGT035	WisdomTree Emerging Asia Equity Income UCITS ETF
DGSE	IE00BQZJBM26	WisdomTree Emerging Markets Small Cap Dividend UCITS ETF

### Why invest in China Domestic market?

The possible inclusion of China A-shares into global benchmarks has started to emerge relatively recently. This can be attributed to three major developments in China:

- + The expansion of the stock market
- + Regulatory improvements, and
- + Easier market accessibility for international investors.

WisdomTree believes that the size of China A markets is significant, and will continue to grow as continued development, innovation and harmonisation across international exchanges take place.

### Key features of the TPC Model:

- + China A shares acquired in the fund will be dependent on the availability of the stocks on China Connect platform.
- + The TPC model means that there is a single broker, via the existing State Street Trust and Bank Custody Network, that will be used for trading in China A shares. The appointed sub-Custodian will be HSBC.
- + Key feature of this model is that the Broker is also the sub-custodian, which means that all trades will settle DVP (Delivery vs Payment).
- + A Standing Instruction will be in place to ensure efficient cash management of the Chinese Renminbi "CNY" on the funds, with the FX execution done by the Custodian. FX executions are done at 16:30-18:30 Hong Kong local time.

### Fund vs Index:

- + The index will consist of the China A shares and reflect the Local Sedol. The fund will hold the Stock Connect Sedol and will vary from the Index.
- + The valuation of the China A holdings on the Index will be based on CNH/USD FX Rate<sup>1</sup>. The fund valuation will be based on CNY/USD<sup>1</sup>. In times of extreme volatility, there could be slippage due to FX rate differences.

For any further information on the above model and process, please do not hesitate to contact WisdomTree at [infoeu@wisdomtree.com](mailto:infoeu@wisdomtree.com).

<sup>1</sup> FX Rates refer to the WM Reuters 4pm London fixing

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