Introducing Siegel-WisdomTree Asset Allocation Model Portfolios

Modern portfolios for today's investors

Dr. Jeremy Siegel

WisdomTree's Senior Investment Strategy Advisor, and Professor of Finance at Wharton School, Dr. Jeremy Siegel, collaborated with WisdomTree to create two unique model portfolios, the Siegel-WisdomTree Global Equity Model and the Siegel-WisdomTree Longevity Model[1].

Today's investors face a number of challenges. Lower interest rates, lower U.S. equity returns, market volatility[2] —these, combined with longer life spans, can make some investors worry their investment strategy won't be enough to carry them through retirement.

Individual investment strategies can often:

- Have costs that add up very quickly—eating away at returns
- Underperform over the long term
- Have significant overlap of underlying holdings—potentially leaving an investor overexposed to market risks

ETF Model Portfolios Can Help Solve These Investment Challenges

Exchange-traded fund (ETF) Model Portfolios are off-the-shelf investment strategies that leverage global asset allocation and research teams to construct portfolios designed to meet a broad range of investment objectives and risk tolerances. Models using ETFs can help solve the challenges of individual investment strategies as they provide the potential for:

- Enhanced returns
- Increased income
- Lower risks and downside protection

Investors and their advisors have increasingly turned to ETF models so that their investment strategies are better equipped to navigate any market environment.

[1] The Siegel-WisdomTree Longevity Model Portfolio seeks to address increasing longevity by shifting the focus to potential long-term growth through a higher stock allocation versus more traditional 60/40 portfolios.

[2] Volatility: A measure of the dispersion of actual returns around a particular average level.

Solving the Challenges Investors Face

It's only natural that the longer investors live, the more assets they will need to support and maintain their lifestyle. Market conditions, combined with people living longer than ever, pose a serious question: Will the strategies that worked in the past continue to work in the future?

We have our current doubts. Consider that while bonds may be thought of as "safer" relative to equities, their current low yields will no longer be able to provide the same level of income retirees relied upon in the past. Going forward, investors who do not use enough stock investments may be at greater risk of outliving their assets. Therefore, we believe investors need an approach that balances income and growth.

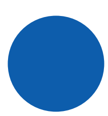
The Siegel-WisdomTree Model Portfolios Can Help

Designed to outperform the most common traditional model portfolios (60% equities/40% bonds) in a risk-smart way, these models allocate more to equities than fixed income and tilt toward factors like dividend yield[3] and low price-to-earnings[4] ratios. As a result, they can offer:

- Enhanced income and return potential to help maintain lifestyles
- Increased tax-efficiency compared to mutual funds to help you keep more of what you make[5]
- Lower risks and downside potential
- A focus on longer time horizons to match longer lifespans
- Diversification on a global scale

The Models at a Glance

AT-A-GLANCE COMPARISON

	MODEL	
	SIEGEL-WISDOMTREE GLOBAL EQUITY MODEL	SIEGEL-WISDOMTREE LONGEVITY MODEL
	 100% Equity	 75% Equity 25% Fixed Income
MAY BE SUITED FOR	Investors seeking to align their investments with the core principles of Professor Jeremy Siegel and WisdomTree and increase income from dividends.	Investors seeking an alternative to a traditional 60/40 portfolio for balancing income needs with longevity risks.

[3] Dividend yield: A financial ratio that shows how much a company pays out in dividends each year relative to its share price.
[4] Price-to-earnings (P/E) ratio: Share price divided by earnings per share. Lower numbers indicate an ability to access greater amounts of earnings per dollar invested. A higher number indicates that a company's stock is overvalued.
[5] ETFs are known to be more tax efficient than mutual funds due their secondary trading and in-kind create/redeem process.

So, Who Is Siegel and Why Does It Matter?

Professor Jeremy J. Siegel, WisdomTree's Senior Investment Strategy Advisor, is the Russell E. Palmer Professor of Finance at The Wharton School of the University of Pennsylvania. Professor Siegel has written and lectured extensively about the economy and financial markets and is a regular contributor to the financial news media. Additionally, he has been recognized by Businessweek as one of the highest rated business school professors, and he is a bestselling author.

Professor Siegel's most widely read work, Stocks for the Long Run, provided investors with a new paradigm for investing and building wealth in the 21st century. This book was named as one of the 10 best investment books of all time by The Washington Post.[6] Three key takeaways from Professor Siegel's research over his nearly 50-year career are:

- Stocks outperformed bonds significantly after accounting for inflation
- Despite higher returns, stocks are less risky than bonds measured by annual standard deviation[7] when given over 20- to 30-year time frames[8]
- The Noisy Market Hypothesis: Prices of securities are not always the best estimate of the true underlying value of the firm, as stock prices are constantly being impacted by buying and selling that are unrelated to the fundamental value[9] of the firm

Put Professor Siegel to Work for You

Today, WisdomTree and Professor Siegel have come together to create models that enable you to put his legendary investment wisdom into your portfolio.

For more information on Professor Siegel and the Siegel-WisdomTree Model Portfolios, consult with your investment advisor or visit WisdomTree.com.

[6] James K. Glassman,"Try These Books to be a Better Investor," The Washington Post, 11/9/97.
[7] Standard deviation: A measure of how widely an investment or investment strategy's returns move relative to its average returns for an observed period. A higher value implies more "risk," in that there is more of a chance the actual return observed is farther away from the average return.
[8] Source: Jeremy Siegel, Stocks for the Long Run, 2014, with updates to 2019.
[9] Fundamental value: The value of a firm that is related to a company's actual operations and production as opposed to changes in share price.

IMPORTANT INFORMATION

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The Model Portfolios presented are available through separate third-party platforms, and the strategies cannot be purchased directly from WTAM. WTAM's parent company may have a financial interest in such a platform.

Jeremy Siegel serves as Senior Investment Strategy Advisor to WisdomTree Investments, Inc., and its subsidiary, WisdomTree Asset Management ("WTAM" or "WisdomTree"), and serves on the Asset Allocation committee of WisdomTree, which develops and rebalances WisdomTree's Model Portfolios. In serving as a consultant to WisdomTree in such roles, Mr. Siegel is not attempting to meet the objectives of any person, does not express opinions as to the investment merits of any particular securities and is not undertaking to provide and does not provide any individualized or personalized advice attuned or tailored to the concerns of any person. The Siegel-WisdomTree Longevity Model Portfolio seeks to address increasing longevity by shifting the focus to potential long-term growth through a higher stock allocation versus more traditional "60/40" portfolios.

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 WTGM-3444

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