

WISDOMTREE UNITED KINGDOM EQUITY INCOME INDEX

INDEX METHODOLOGY CHANGES

OLD METHODOLOGY

NEW METHODOLOGY


START

INITIAL SELECTION UNIVERSE



There is no application of any risk-based screening of the initial universe.


QUANTITATIVE RISK-BASED RANKING OF INITIAL UNIVERSE



Two factors are equal-weighted to comprise a composite risk score for ranking purposes. No stocks are removed within step 1 of the sequence, but the results of the rankings will be important for later steps.

- 1) **Quality:** Fundamentals that include both trend and point-in-time data and include such metrics as return on equity, return on assets, cash flow over assets, and gross profits over assets.
- 2) **Momentum:** Average of risk-adjusted total return for the last 6 and 12 months.

ESG CRITERIA



There is no application of any ESG criteria to the universe of eligible companies.

The following core principles define an exclusion list that is applied to the possible selection universe. The data source for ESG screening purposes is Sustainalytics:

- 1) **Controversial Weapons:** All companies classified in this category are excluded.
- 2) **Tobacco:** All companies, except companies in the Retail category deriving less than 10% of their revenues from tobacco products, are excluded.
- 3) **Thermal Coal:** Companies generating more than 25% for Thermal Coal extraction or having more than 25% of their generating capacity coming from Thermal Coal are excluded.
- 4) **United Nations Global Compact (UNGC):** Companies non-compliant with these standards are excluded.


ELIGIBILITY



Dividend-paying companies listed on the London Stock Exchange (LSE) and incorporated in the United Kingdom.

Dividend-paying companies listed on the London Stock Exchange (LSE) and incorporated in the United Kingdom. These stocks have also passed WisdomTree's ESG filtering process, shown here in step 2 of the sequence.

MARKET CAPITALISATION & LIQUIDITY



PRIMARY SELECTION CRITERIA



There are no risk based removal criteria applied to the initial selection universe.

RISK-BASED REMOVAL CRITERIA




There are two primary removal criteria based on the ranking of the Composite Risk Score, from step 1 in the sequence:


- 1) The bottom 10% of companies from the Developed ex-US universe are excluded from inclusion.
- 2) Companies within the Developed ex-US universe that rank in the top 5% based on dividend yield but still ranked in the bottom 50% on the basis of the Composite Risk Score are excluded from inclusion.
- 3) After these removals, if there are less than 75 constituents, the appropriate number of companies that would not have been within the top 33% of companies ranked by dividend yield (companies with lower yields) would be added such that a minimum number of 75 constituents was maintained.

There is no adjustment to the Dividend Stream of any company as a result of any screening process.

DIVIDEND STREAM ADJUSTMENT




INDEX WEIGHTING



Companies ranking within the top 20% of the Developed ex-US universe based on the **Composite Risk Score Screening** (Step 1 in the Sequence) would see their respective Dividend Streams multiplied by 1.5x. These increased Dividend Streams would be used for Index weighting purposes later in the process.

CAPPING RULES



- New Methodology
- Unchanged Methodology

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