



WisdomTree Global Efficient Core UCITS ETF



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The WisdomTree Global Efficient Core UCITS ETF (NTSG) seeks long-term capital appreciation while boosting its risk-adjusted returns by leveraging the historically negative correlation between global stocks and global government bonds.

Better than 100% equities?

A portfolio that mixes equities with investment grade bonds, such as the 60/40 portfolio, serves as the bedrock (and benchmark) for asset allocation decisions as it tends to deliver a higher Sharpe ratio¹ than a pure equity exposure. This is due to the historically negative correlation between equities and investment-grade fixed income. It is also true that a 60/40 portfolio has tended to deliver lower returns than a 100% equity portfolio, as the addition of bonds significantly reduces volatility within the portfolio. Does it mean that investors have to choose between higher returns with increased volatility or lower returns with decreased volatility for their core equity exposures? Only when investing in 'delta one' strategies. Leverage is a key solution to combine higher returns with a higher Sharpe ratio.

Academics have long argued that the optimal portfolio for a given level of risk is a leveraged version of the portfolio that presents the best Sharpe ratio.

By leveraging a traditional 60/40 portfolio, investors can receive a similar level of volatility present

¹ The Sharpe ratio is a measure of risk-adjusted returns of an investment. It is the difference between the risk-free return and the return of an investment divided by the investment's standard deviation.

in a portfolio 100% allocated to equities but with the better Sharpe ratio of a 60/40 portfolio². Historically and over the long-term, this translates into:

- + Better long-term performance and a higher Sharpe ratio than a pure equity portfolio.
- + Improved diversification leading to smaller drawdowns during volatile markets.

Efficient Core in a portfolio: boosting capital efficiency



An equity replacement ETF

A low fee, global core equity solution designed to replace existing core equity exposures. By offering return enhancement, improved risk management and diversification potential compared to a 100% equity portfolio, this exchange-traded fund (ETF) can also be used to complement existing equity exposures.



A capital efficiency tool

By delivering global equity and bond exposure in a capital-efficient manner, the WisdomTree Global Efficient Core UCITS ETF can help free up space in the portfolio for alternatives and diversifiers. Allocating 10% of a portfolio to this strategy, investors get 9% exposure to global developed equities and 6% exposure to government bonds across the world. This could allow investors to divest 6% from existing fixed income exposures and invest that in alternative assets (such as broad commodities, gold, carbon or other assets). This could be achieved without losing the diversifying benefits of their fixed income exposure.

Investment methodology highlights

The WisdomTree Global Efficient Core UCITS ETF aims to deliver a 90% exposure to large-cap equities in global developed markets and 60% to global government bond futures across 4 currencies – USD, EUR, GBP and JPY – effectively delivering a leveraged position to the traditional 60/40 portfolio.

The ETF invests 90% of its assets in a diversified basket of the 1500 largest global developed companies by market capitalisation that meet WisdomTree’s ESG Framework. To help magnify the benefits of the asset allocation, a 60% exposure to global government bond futures is then overlaid on top, using the remaining 10% of the portfolio as cash collateral for the futures. The futures portfolio consists of US, Germany, UK and Japan government bond futures contracts with

² This is a concept first defined by Clifford S Asness in “Why Not 100% Equities: A Diversified Portfolio Provides More Expected Return per Unit of Risk”. 1996 The initial paper focused on US Equities but further analysis in “[WisdomTree Efficient Core An old idea to herald a new era of smart investing](#)” Showed the concept does work across many other geographies

maturities ranging from 2 to 30 years. The currency weight of the bond portfolio matches that of the equity portfolio and future contracts in the same currency are equal weighted. The exposures are rebalanced quarterly³.

WisdomTree ESG framework

WisdomTree understands the importance of Environmental, Social and Governance (ESG) considerations within investment strategies and strongly believes that ESG principles need to be addressed holistically and not simply applied to a subset of impact investments. We have aligned our proprietary equity indices with ESG factors using exclusion criteria, applying a combination of principle-based exclusions and activity-based exclusions based on the assessment from Sustainalytics, a leading independent ESG and corporate governance research, ratings, and analytics firm.

For information on our approach to ESG, visit our [responsible investing page](#).

Why WisdomTree Global Efficient Core UCITS ETF?

- + **Boost the risk-adjusted returns of a global equity investment:** The ETF delivers a 90% exposure to equities while improving the Sharpe ratio and the drawdown thanks to a fixed income overlay.
- + **Improve portfolio’s capital efficiency:** The ETF helps boost the capital efficiency of a portfolio by combining the global equity and global government bonds exposure in one capital efficient structure, freeing space for diversifiers and alternative strategies.
- + **A low-fee core equity solution:** Low-fee, core equity solution that can complement other active and passive strategies

Fund Information: WisdomTree US Efficient Core UCITS ETF

Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base Currency	TER%
NTSG	LSE	IE00077IIPQ8	NTSG LN	USD	USD	0.25
WGEC	LSE	IE00077IIPQ8	WGEC LN	GBx	USD	0.25
NTSG	Borsa Italiana	IE00077IIPQ8	NTSG IM	EUR	USD	0.25
NTSG	XETRA	IE00077IIPQ8	NTSG GY	EUR	USD	0.25
NTSG	SIX	IE00077IIPQ8	NTSG SW	USD	USD	0.25

TER: Total Expense Ratio

³ The strategy allows for intra quarter exceptional rebalancing in case the equity/bond exposures deviate by more than 5% from the target weights

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