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WisdomTree announces index change for WTI Crude Oil ETC

New and exclusive index offers better protections for investors against negative oil prices

NEW YORK, Aug. 04, 2020 (GLOBE NEWSWIRE) -- WisdomTree, an exchange traded fund ("ETF") and exchange traded product ("ETP") sponsor, has today announced a change to the underlying index tracked by WisdomTree WTI Crude Oil ETC (CRUD), following a vote by security holders. The index change was completed on August 4, 2020 and is *exclusive* to WisdomTree.

The new index, the Bloomberg WTI Crude Oil Multi-Tenor Excess Return Index, is the result of extensive work between WisdomTree and Bloomberg to create an index which would be resilient to extreme conditions in the WTI Crude Oil market. The index aims to track the performance of an equal-weight basket of three WTI Crude Oil future contracts and is rebalanced monthly.

Alexis Marinof, Head of Europe, WisdomTree, said: "CRUD is the largest and most liquid oil ETC in Europe, and WisdomTree is committed to ensuring that it provides the best oil investment experience in the industry. We have just endured a period of unprecedented market volatility with markets exhibiting new types of disruptions that were never before seen, including the appearance of negative prices in WTI contracts."

By moving CRUD to an index that spreads risk among three WTI contracts, WisdomTree is aiming to provide investors with greater future protection from the type of extreme conditions we have seen this year. In particular, the new index was designed by WisdomTree to offer greater resiliency with respect to negative or zero prices as well as enhanced liquidity for CRUD in these scenarios.

The approach continues to maintain exposure and performance that is towards the front of the futures curve, which should allow investors to continue to use CRUD both strategically and tactically. The new index has also shown historically reduced performance drag when oil is in contango, which can be a concern for investors.

Alexis Marinof added: "We have listened to investor feedback, working tirelessly with our partners to ensure CRUD is more robust than ever. We will continue to look at enhancing our product suite ensuring we offer the most comprehensive and robust range of energy ETCs for investors."

While WisdomTree's WTI Crude Oil ETCs did not face the prospect of having to replicate a negative price as they were tracking slightly further-dated futures contracts, the

unprecedented events of April 2020 highlighted that it is possible for futures contracts to trade at a negative price. The changes made will mitigate the risk of the index going negative.

The new index has a price floor at zero and, unlike other indices tracked by oil ETCs, cannot go negative. For the new index to reach the zero floor, the average price of the three futures contracts would need to drop below zero compared to only one futures contract with the previous index. With exposure to WTI Crude Oil diversified across multiple contracts instead of only one, CRUD will also benefit from improved liquidity and reduce the concentration in a given futures contract.

Jarrett Lilien, President and COO, WisdomTree, concluded: “We have just experienced one of the most challenging market environments ever. Our team managed through it, and we remained true to our heritage, using it as an opportunity to innovate. The result is a best in class product designed to endure extreme market conditions, helping investors navigate the financial markets.”

WisdomTree is the leader in European energy ETCs¹, with a 70% market share represented by \$2.4bn in Assets under Management.

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¹By AuM, as of July 29, 2020

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