

DDLS

WisdomTree Dynamic Currency Hedged International SmallCap Equity Fund

Fund Description

DDLS tracks an index of dividend-paying developed-market small-cap equities outside the US & Canada, weighted by cash dividends. The index dynamically hedges currency exposure for USD investors based on three equal-weighted signals.

FactSet Analyst Report

DDLS offers exposure to dividend-paying international small-cap stocks with a dynamic currency hedge for US investors. The fund holds small-caps from developed markets outside the US, excluding Canada and S. Korea. Like many WisdomTree funds, DDWM holds only dividend-paying stocks, weighted by total cash dividends over past 12 months. Sister fund DLS (unhedged) shares this equity exposure. DDLS departs from its sibling by setting currency hedge levels anywhere from 0-100%, reset monthly. To determine the hedge amount, the fund uses three equally weighted inputs: differences in interest rates (the cost of the hedge), momentum (based on 10- and 240-day moving averages) and long term valuation (purchasing power parity). Variable hedging offers at least the possibility of enjoying more currency upside than downside. In all, the fund may appeal to long term investors who want a broad basket of dividend-paying small-cap stocks with variable, rules-based currency hedging.

