WisdomTree India Earnings Fund [NYSE Arca: EPI]

Binghamton Investment Fund Alternatives Sleeve

Presentation Resources

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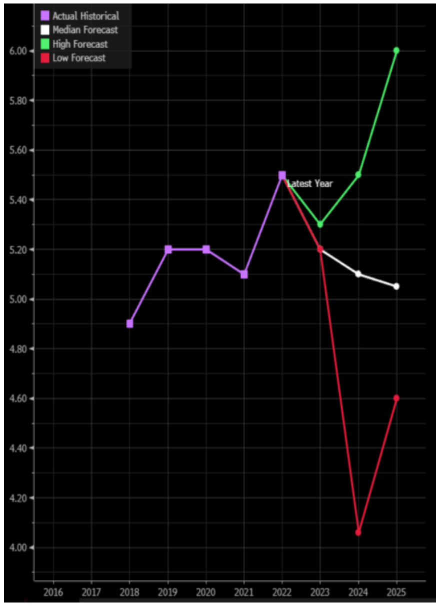
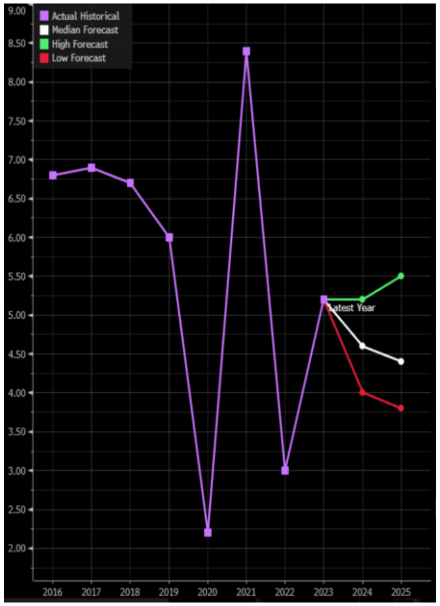
The Battle to be the Next World Power - China

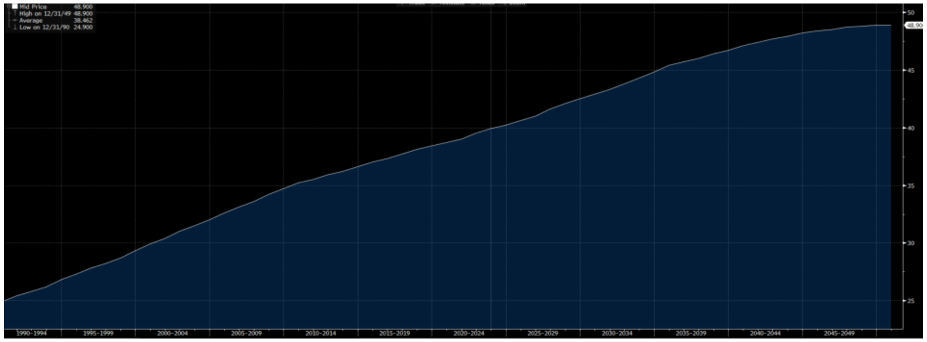
Unemployment



GDP Growth



China's Median Age (Current: 40 → 2050: 49)



What Happened to China

At the onset of the 21st century, investors were eager to invest in China. Market participants anticipated Xi Jinping would bring **capitalism** to China and move away from the extreme socialism of Mao Zedong, However, during the Covid-19 Pandemic, it became clear Xi Ping was closer to Zedong than people thought. The dictator established total centrality in the banking system and sought total control over the economy.

The one-child policy, enacted in 1980, was the start of the **demography downfall** in China. Now, China is dealing with rapid aging and the situation is expected to be worse than the US by 2050. The construct of the population is making it impossible for China to sustain its productivity in the long run.

Recent Economic Turmoil… the Next Japan?

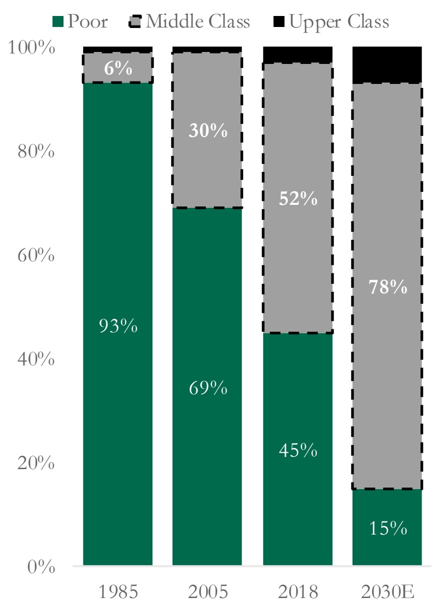
The economic mismanagement prompted by the Covid-19 pandemic has thrown the Chinese market in a downward spiral. The **zero-Covid** policy led to market slowdowns and supply chain issues worldwide.

The recent **real estate bust**, due to the over-leverage of major real estate corporations and government regulations, weak spending (pointing to possible **deflation**), domestic debt levels, and the labor force shrinkage have caused investors to sell off their Chinese stocks. Additionally, tensions and trade wars with the West have caused companies to rethink their positioning in China. A little economic stimulation will not be able to get China back to 6% growth because the issues are structural. Many corporate strategies are increasingly focused on reducing their over-reliance on China.

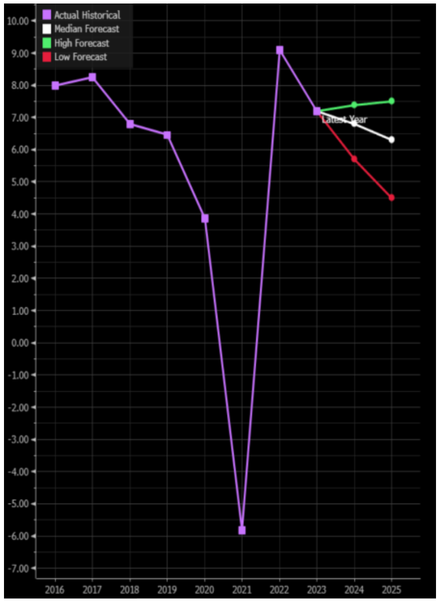
Sources: JP Morgan, CNBC, Bloomberg

The Battle to be the Next World Power - India

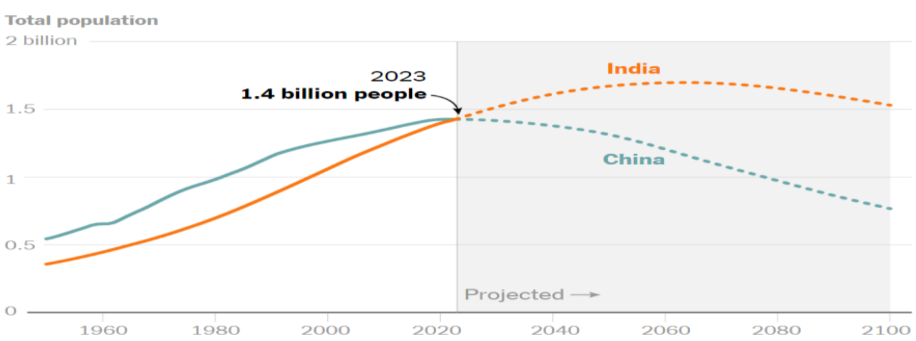
Middle-Class Expansion



Est. GDP Growth



Population: India vs China



Making Friends With the Right People

India is on its way to be the next China, with an inherent difference – it is the world's democracy. **"(Narendra) Modi is the one person who can buy all the Russian oil he wants and still get invited to a White House dinner"** - Kevin Carter EMQQ Founder. When Modi took office, his main goals included turning India into the **digital China** through his "Make it India" and "Digital India" initiatives. The expansion of infrastructure and improved education have fueled India as a world power. The growth of the middle class propelled spending with 500 mil. people expected to reach the upper-middle class bracket.

India's demography is as strong as it gets, even 15 years from now it will allow the country to remain in growth mode. Currently, the median age is 25 compared to 38 in China.

Where Does India Go From Here

The long-term vision for foreign trade: India's Foreign Trade Policy (FTP) 2023 announced new export hubs as well as measures targeting the e-commerce, dairy, and apparel and clothing sectors, among others. The new FTP also seeks the internationalization of domestic currency and will facilitate global trade payments in rupees.

61% of executive-level managers prefer manufacturing in India over China (if both have the same material resources). This is due to the **favorable relationship with the US** and trade war risk with China, and the advantage of India's location. **India's labor is cheaper than China's** and comparable to Vietnam's. India does not employ the same restrictive labor restriction that China imposes and is set to update its tax law for the first time in 50 years.

Sources: JP Morgan, Bloomberg, NYT

India’s Upcoming Election – Bullish Signal

Certainty and Consistency to Remain with a Modi Victory

Investors view elections the same way investors view everything else – they prefer **certainty**. In India, polls show that Modi and his Bharatiya Janata Party are set to win the 2024 election. This points to certainty, consistency, and predictability in India. The India National Developments Inclusive Alliance (INDIA) party is putting up a fight. But it will not be enough to overcome Modi’s popularity.

History shows an **election year is typically bullish** for large-cap stocks in India, especially the 6-month pre-elections (this is where we sit presently, as elections will take place in April and May of this year). This presents a short-term alpha opportunity for non-US 60/40 investors.

Modi seeks to continue the **large FDI** by American and European companies to take India’s economy to the next level.

Modi’s government and companies’ management teams are on the same page. Both believe India’s economy, demographics, location, and manufacturing scalability present a strong opportunity

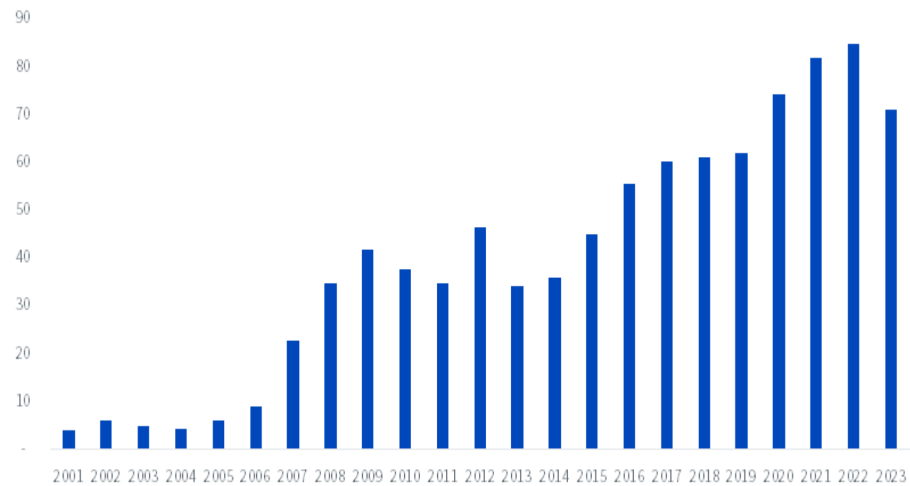
Large-Cap Equity Benchmark Performance Pre & Post Election

Benchmark large-cap equity market index tends to rise before and after election results

Election result dates	Nifty-50 performance (%)					
	Pre-election			Post-election		
	6-month	3-month	1-month	1-month	3-month	6-month
06-Oct-99	36.3	11.0	-0.9	-1.0	15.8	5.4
13-May-04	6.7	-9.2	-6.9	-11.8	-6.1	9.3
16-May-09	30.6	28.9	5.4	22.1	24.7	37.8
16-May-14	17.6	17.8	5.8	5.8	9.4	17.8
23-May-19	11.5	8.8	1.2	-0.1	-8.5	1.5
Simple average	**20.5**	**11.4**	**0.9**	**3.0**	**7.1**	**14.4**

Pre-election Nifty-50 performance is calculated using the point-to-point index until the end of day before result date; Election result end-day index is the starting point for calculating post-election Nifty-50 performance Source: India Stock exchanges (BSE/NSE), CEIC, MOFSL

FDI Inflows in India (in bil. $USD)

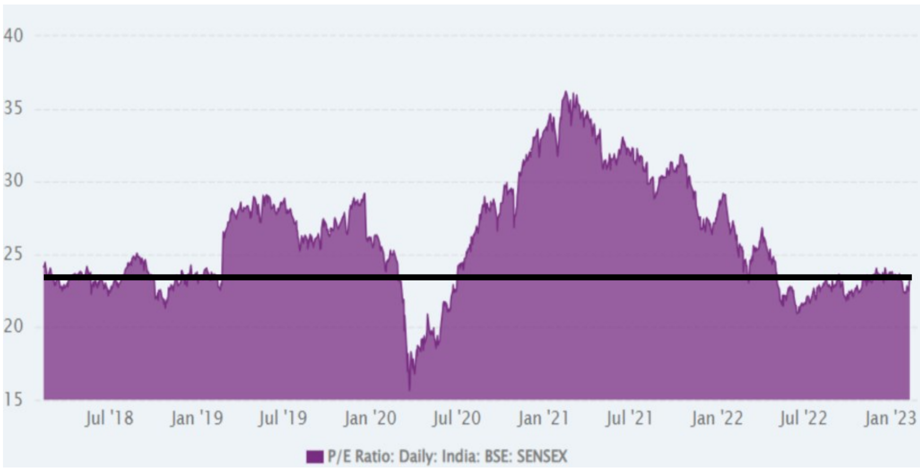


Sources: FDI Statistics | Department for Promotion of Industry and Internal Trade | MoCI | GoI (dpiit.gov.in), from FY 2001 to FY 2023 (projected).

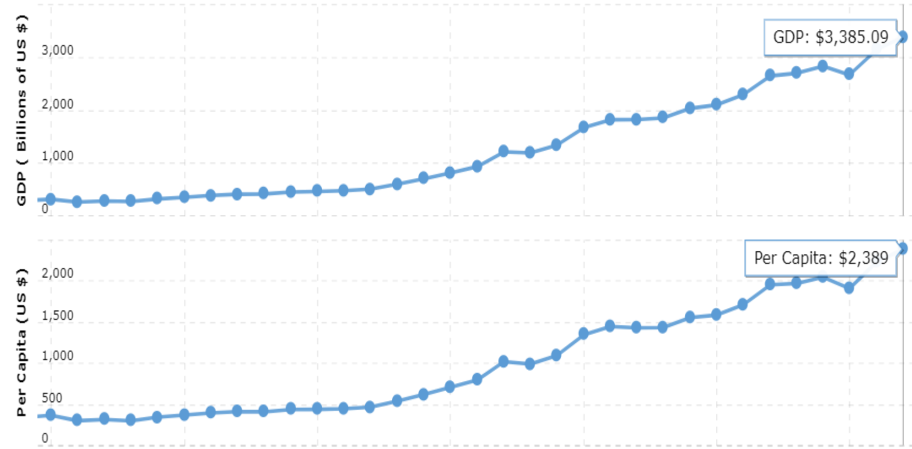
Sources: WisdomTree, livemint, CNBC

Valuations Back at '21 Levels… Even with Economic Expansion and Growth

Large Cap India Valuation



GDP & GDP Per Capita Growth



History Always Repeats Itself

Economic experts across Wall Street are predicting a 0% chance of a recession taking place in India over the next two years. India's GDP is expected to hit $4 trillion in ~18 months. Investors make maximum returns in "emerging markets" when the GDP moves from $2 trillion to $5 trillion. China took 5 years (2004 to 2009) and the Hang Seng Index grew 377%. The US took eleven years (1977 to 1988) and the Dow Jones grew ~220%. Lastly, Japan took 8.5 years (1978 to 1986) and its stock market grew ~333%. Here are some of the key catalysts driving India's growth catalysts. India's GDP reached $2 trillion in 2014, and the BSE SENSEX is up ~180%.

Many companies have the goal of becoming carbon neutral. The current cost of green hydrogen is $6-8/kg, Reliance Industries is aiming for $1-2/kg to reset the clean energy market and capture the $5.9 trillion G20 financing to turn developing countries clean, which Modi proposed (RELIANCE is the top holding in EPI).

India revised infrastructure spending from $110 billion until 2030 to $142 billion, this is the only country in the world that announced this figure. India is laying the foundation for growth and scale. The current wedding season also serves as a short-term catalyst from increased consumer spending.

Valuations are still well below the 2021 peak (peaked then due to seemingly cool inflationary pressures, strong rupee, and multibagger FOMO). Valuations dropped due to the Omicron variant and CPI uptick. With unemployment expected to remain steady, exports on the rise (22% of GDP), and a clear 4% inflation target from the Reserve Bank of India, FDI is expected to continue to rise following a strong end to 2023.

Sources: Bloomberg, CEIC Data, Macrotrends, Financial Express

Our ETF Pick…EPI

What Makes EPI Special

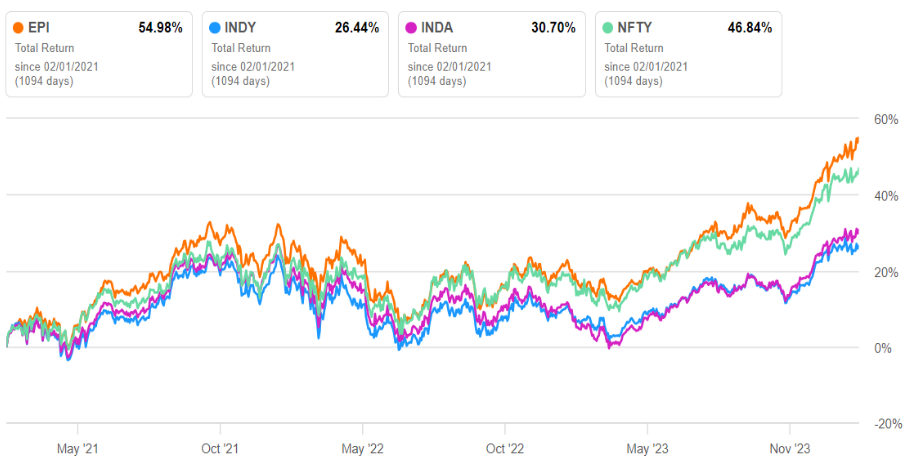
Unlike many other ETFs that typically weigh equities based on market cap, EPI adopts an earnings-weighted approach. This means that the fund **allocates its investments in Indian large-cap equities based on the earnings (last four Qs) they generate, rather than their market size.**

This strategy offers an alternative to the potential drawbacks of cap-weighted approaches, which can be significantly impacted by volatility. Additionally, due to higher rates, we prefer profitable companies (with recent inflation reacceleration)

Heavily Weighted Sector Outlooks (Top 4 = 65%)

- Financials – Interest rates will remain at 6.50%, all major banks easily meet min. capital requirements. Banking system is structured similarly to the US.
- Energy –Large emphasis on Bharat (Green energy capital), refining, and petrochemicals
- Materials – 8% CAGR until 2028 due to low input costs
- Information Tech – Many consulting or IT companies, large app development industry

EPI vs Competitors (INDA, INDY, NFTY)



Weighted Holdings & Sectors

Top Fund Holdings	Weight
Reliance Industries Ltd	7.72%
Hdfc Bank Limited	6.57%
ICICI Bank Ltd	4.79%
Infosys Ltd	4.78%
Coal India Ltd	2.72%
Oil & Natural Gas Corp Ltd	2.70%
Tata Consultancy Services Ltd	2.55%
NTPC Ltd	2.38%
State Bank of India	2.18%
Power Grid Corp of India Ltd	2.07%

Holdings are subject to change without notice.

Top Fund Sector	Weight
Financials	24.05%
Energy	16.08%
Materials	13.98%
Information Technology	12.13%
Industrials	7.70%
Utilities	7.57%
Consumer Discretionary	7.28%
Health Care	4.48%
Consumer Staples	4.36%
Communication Services	1.53%

Sectors may include many industries and weights are subject to change without notice.

Sources: WisdomTree, SeekingAlpha,

Allocation Recommendation & Risks

Alts Portfolio Weighting

ALTS With EPI	Weight	ALTS Current	Weight
ETHE	8%	ETHE	8%
EMB	4%	EMB	4%
IGLB	10%	IGLB	10%
CPER	4%	CPER	4%
MAIN	6%	MAIN	6%
SNOXX	38%	SNOXX	53%
SRLN	3%	SRLN	3%
PPLT	1%	PPLT	1%
SH	9%	SH	9%
CWB	3%	CWB	3%
EPI	15%		

Alts Portfolio Risks

Risk Factor	ALTS with EPI	ALTS Current
Equity	1.63%	-0.04%
Equity Market	1.15%	-0.16%
Equity Country	0.52%	-0.03%
Equity Sector	0.18%	0.16%
Equity Style	-0.22%	0.00%
Fixed Income	0.75%	0.69%
Rates	0.31%	0.36%
Spreads	0.44%	0.33%
Alternatives	4.43%	4.67%
FX	0.26%	0.00%
Idiosyncratic	2.05%	2.39%
Other	0.01%	0.01%
Estimated Risk	**9.13%**	**7.72%**

Thesis Risks

- Recent rise in **Hindu-Muslim and Hindu-Secular tension** could cause internal risks and pushback against Modi.
- **India-Pakistan relations** must be monitored for border scuffles.
- Given the high level of spending to build out India's infrastructure (transportation, manufacturing, tech, etc.) the **federal deficit** has without enough increases in income (taxes). The debt/GDP ratio is 86%. Still, the country is growing rapidly and higher debt levels are the norm among the top emerging markets

Alts Allocation Recommendation

The BIF Alternatives Portfolio currently owns SNOXX which is an MMF (almost risk-free). The team started selling out of its position in mid-December. Given the clearer inflation outlook, it is time to start investing for alpha.

Adding EPI to the portfolio will increase risk when the MMF weighting is lowered, and the portfolio is exposed to international equities. Given the growth thesis, reallocating to make EPI the heaviest-weighted is the right portfolio decision.

Sources: Trading Economics, BBC, Blackrock

Thank You | Questions