

# SIXTH CONSECUTIVE YEAR OF ABOVE AVERAGE DIVIDEND GROWTH

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WisdomTree conducts the annual [rebalance](#) of its U.S. [dividend](#) Index family in December of each year, with the [annual screening date](#) occurring on the last trading day of November.<sup>1</sup> The annual screening process provides a plethora of data about how dividends for the U.S. equity markets have changed over time, and gives important information about the underlying market [fundamentals](#). In the table below, we look at the [Dividend Stream®](#) for the [WisdomTree Dividend Index](#) WisdomTree's broadest and most inclusive dividend Index. Dividends, a key gauge of the market's underlying fundamentals, continue to set new highs with another year of above-average growth. **WisdomTree Dividend Index**

Sector in WisdomTree Dividend Index (WTDI)	November 30, 2007	November 30, 2008	November 30, 2009	November 30, 2010	November 30, 2011	November 30, 2012	November 30, 2013	November 30, 2014	November 30, 2015	Growth 11/30/2014-11/30/2015	Cumulative Growth: 11/30/2007-11/30/2015
Consumer Discretionary	\$ 19.37	\$ 18.29	\$ 15.96	\$ 19.42	\$ 22.70	\$ 27.59	\$ 32.40	\$ 38.78	\$ 43.11	11.18%	122.57%
Consumer Staples	\$ 33.13	\$ 34.88	\$ 36.92	\$ 39.88	\$ 43.55	\$ 45.02	\$ 49.39	\$ 52.55	\$ 56.87	8.23%	71.66%
Energy	\$ 20.95	\$ 22.89	\$ 22.94	\$ 24.34	\$ 27.60	\$ 31.87	\$ 36.19	\$ 40.84	\$ 40.26	-1.40%	92.20%
Financials	\$ 95.72	\$ 62.23	\$ 29.36	\$ 33.03	\$ 45.33	\$ 54.79	\$ 65.25	\$ 79.09	\$ 89.46	13.11%	-6.54%
Health Care	\$ 26.83	\$ 29.03	\$ 25.88	\$ 27.97	\$ 31.76	\$ 34.54	\$ 36.93	\$ 39.48	\$ 43.29	9.65%	61.34%
Industrials	\$ 30.77	\$ 34.14	\$ 25.35	\$ 27.37	\$ 31.60	\$ 34.57	\$ 37.98	\$ 43.46	\$ 45.96	5.75%	49.38%
Information Technology	\$ 16.17	\$ 17.89	\$ 19.27	\$ 22.18	\$ 27.51	\$ 44.01	\$ 51.96	\$ 55.85	\$ 60.02	7.48%	271.19%
Materials	\$ 12.73	\$ 12.47	\$ 8.75	\$ 11.15	\$ 13.70	\$ 14.74	\$ 14.49	\$ 15.35	\$ 14.00	-8.79%	9.95%
Telecommunication Services	\$ 15.45	\$ 16.96	\$ 17.45	\$ 18.33	\$ 19.15	\$ 19.12	\$ 18.55	\$ 21.19	\$ 22.78	7.50%	47.42%
Utilities	\$ 17.40	\$ 18.46	\$ 19.04	\$ 20.19	\$ 21.08	\$ 22.66	\$ 23.19	\$ 23.72	\$ 25.19	6.16%	44.74%
Total Dividend Stream	\$ 288.53	\$ 267.25	\$ 220.92	\$ 243.86	\$ 283.98	\$ 328.92	\$ 366.32	\$ 410.30	\$ 440.94	7.47%	52.82%
Total ex-Financials	\$ 192.81	\$ 205.02	\$ 191.56	\$ 210.83	\$ 238.64	\$ 274.13	\$ 301.07	\$ 331.21	\$ 351.48	6.12%	82.29%
Year-over-Year Dividend Growth (%)		-7%	-17%	10%	16%	16%	11%	12%	7%		

Sources: WisdomTree, Bloomberg, as of 11/30/15. Past performance is not indicative of future results. *Dividend Stream* is reported in billions of U.S. dollars. You cannot invest directly in an index. Subject to change.

**(WTDI) Dividend Stream**

**New Record Dividend Stream:** 2015 marks the sixth consecutive year of above-average dividend growth for the U.S. *Dividend Stream*. Although this was the first time in six years that dividend growth wasn't in the double digits, the growth was still above the longer-term average of 5.6%, and 2015 marks a new high—over 53% above the mark set in 2007.<sup>2</sup>

**Tech Titan Growth:** Information Technology sector dividends have grown a remarkable 270% since November 30, 2007. At the prior peak, this sector constituted only 5.6% of the *Dividend Stream*, whereas now it constitutes more than 13.5% and is the second-largest dividend-paying sector behind Financials.

**Financials Displayed Highest Growth:** The sector has grown its dividends more than 13% since last year's screening and has averaged more than 20% growth since hitting bottom in 2009. Despite the impressive growth since then, the sector's dividends are still slightly below their 2007 highs, and Financials are the only sector whose *Dividend Stream* remains below its 2007 highs.

**Energy Dividends Relatively Flat:** Overall, the sector saw a slight decline in dividends, which is impressive, considering the 37% decline in oil prices and 50% decline in the sector's core earnings.<sup>3</sup> Exxon remains the largest dividend payer in the U.S., with an indicated *Dividend Stream* of \$12.2 billion, and actually grew its dividend by 5.80% over the period. Chevron, the second largest dividend payer in the sector, kept its dividend constant over the period, and ConocoPhillips, the third largest, raised its dividend by 1.37%.

Heavily reliant as it is on the price of oil, we believe this sector will remain in focus this year as many try to determine an equilibrium price for oil.

**Number of Dividend Payers** The November 30, 2015, rebalance screening showed that the *Dividend Stream* has grown, and one reason for that growth is an increased number of companies paying dividends. At each annual screening date the Index looks to incorporate dividend changes of existing constituents but also include new dividend-paying companies. Throughout the year companies may drop out of the Index as a result of dividend cancellation or other corporate actions such as mergers, acquisitions or even bankruptcy. The table below helps illustrate how these new dividend payers are continuing to be a very significant part of the [Russell 3000 Index market cap](#).

**WisdomTree Dividend**

Date	WTDI # of Constituents	WTDI Total Market Cap (\$ trn)	Russell 3000 Total Market Cap (\$ trn)	WTDI Percentage of Russell 3000 Index
12/31/2006	1522	12.75	16.40	77.71%
12/31/2007	1443	12.45	16.88	73.77%
12/31/2008	1207	7.73	10.19	75.91%
12/31/2009	1179	9.34	12.82	72.85%
12/31/2010	1239	10.64	15.09	70.51%
12/31/2011	1297	10.94	14.74	74.21%
12/31/2012	1348	12.80	16.64	76.90%
12/31/2013	1398	17.10	21.82	78.37%
12/31/2014	1460	18.20	24.00	75.84%
11/30/2015	1456	18.18	23.85	76.21%

Sources: WisdomTree, Bloomberg, as of 11/30/15. WTDI information based on most recent screening. Past performance is not indicative of future results. You cannot invest directly in an index. Subject to change.

**Index (WTDI) Historical Trends**

• **Over 90 Additions:** There were over 90 additions to WTDI this year, and they contributed \$8.6 billion to the *Dividend Stream*. Despite all the additions, the total number of constituents is still slightly below last year’s and WTDI’s prerecession highs. The two largest additions were Gilead Sciences and Vereit Incorporated, contributing \$2.5 billion and \$497 million, respectively.<sup>4</sup>

• **A Large Majority of Constituents Exhibited *Dividend Stream* Growth:** Excluding the additions, approximately 80% of the constituents remaining in the Index have increased their indicated *Dividend Stream* since last year’s screening. Such household names as Microsoft, Walt Disney, International Business Machines (IBM) and Apple were some of the leaders in the indicated *Dividend Stream* growth.<sup>5</sup>

**Conclusion** WisdomTree interprets this year’s aggregate dividend growth of 7.5% as a very positive indicator of underlying market fundamentals. Even more impressive is the fact that this was the sixth consecutive year of above-average dividend growth. We take comfort in the fact that the overall [valuations](#) of dividend stocks have not become overly stretched as a result of this strong dividend growth, and believe future dividend growth could provide a notable foundation for potential future gains.

<sup>1</sup>The annual screening date is when each qualifying company’s indicated dividends per share are measured; the actual rebalancing transactions that adjust the Index to these new weights occur in December. <sup>2</sup>Each calendar year mentioned refers to the November 30 screening date for that year. <sup>3</sup>Sources: S&P, WisdomTree, 11/30/14–11/30/15. Decline in oil refers to spot price of West Texas Intermediate (WTI) Crude. <sup>4</sup>Gilead Sciences’ and Vereit Incorporated’s projected rebalance weights in the WisdomTree Dividend Index are 0.56% and 0.11%, respectively. <sup>5</sup>The [projected rebalance weight](#) of the mentioned companies in the WisdomTree Dividend Index are: Microsoft, 2.59%; Walt Disney, 0.49%; IBM, 1.14%; Apple, 2.61%.

**Important Risks Related to this Article**

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You cannot invest directly in an index.

## DEFINITIONS

**Rebalance** : An index is created by applying a certain set of selection and weighting rules at a certain frequency. WisdomTree rebalances, or re-applies its rules based selection and weighting process on an annual basis.

**Dividend** : A portion of corporate profits paid out to shareholders.

**Annual screening date** : The screening date refers to the date upon which characteristics of eligible constituent firms are measured, whereas the rebalance refers to when the results from the screening date are implemented by way of Index weights and constituents.

**Fundamentals** : Attributes related to a company's actual operations and production as opposed to changes in share price.

**Dividend Stream** : Refers to the regular dividends per share multiplied by the number of shares outstanding.

**Russell 3000 Index** : Measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

**Market Capitalization** : Market cap = share prices x number of shares outstanding. Firms with the highest values receive the highest weights in approaches designed to weight firms by market cap.

**Valuation** : Refers to metrics that relate financial statistics for equities to their price levels to determine if certain attributes, such as earnings or dividends, are cheap or expensive.

**Projected Rebalance Weight** : Anticipated weight after the index rebalances, based on index screening.