

HIGH-DIVIDEND STOCKS: CALLING MARCH 6, 2009

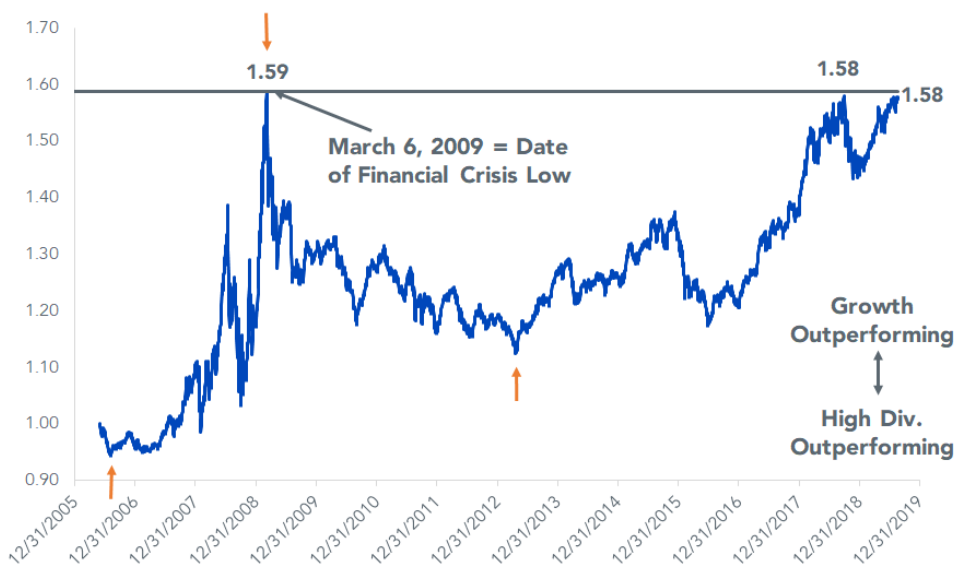
Jeff Weniger — Head of Equity Strategy
08/29/2019

It's not often that you come across a chart that rivals levels last seen on the day the stock market bottomed out during the global financial crisis—ancient history now. March 6, 2009 witnessed the [S&P 500](#) touch an intraday generational low of 666 (it is around 2,900 now).

That day also marked the beginning of the end for [growth](#) stocks for 49 months. From the stock market bottom to 4/18/2013, the [WisdomTree U.S. High Dividend Index](#) outperformed the [S&P 500 Growth Index](#) by 1,063 [basis points \(bp\)](#) annually. The fun for deep [value](#) mandates ended right then and there, followed by over six years of frustration to this day.

But as you can see, things are getting...interesting.

Figure 1: U.S. Growth Stocks Relative to High-Dividend Stocks



Sources: WisdomTree, Bloomberg. S&P 500 Total Return Relative to WisdomTree U.S. High Dividend TR Index, 5/31/2006 – 8/20/2019. Past performance is not indicative of future results.

In the chart above, I marked the big turning points with orange arrows. Figures 2–4 show the returns between them.

Figure 2: Index Returns, 8/4/2006 (1st Orange Arrow) through 3/9/2009 (2nd Orange Arrow)

| Index | Value of \$100 | Annualized Return |
|-------------------------------------|----------------|-------------------|
| S&P 500 Growth Index | \$65.18 | -15.24% |
| S&P 500 Index | \$56.54 | -19.77% |
| S&P 500 Value Index | \$48.33 | -24.49% |
| WisdomTree U.S. High Dividend Index | \$38.82 | -30.61% |

Sources: WisdomTree, Bloomberg. Past performance is not indicative of future results. You cannot invest directly in an index.

Figure 3: Index Returns, 3/9/2009 (2nd Orange Arrow) through 4/18/2013 (3rd Orange Arrow)

| Index | Value of \$100 | Annualized Return |
|-------------------------------------|----------------|-------------------|
| S&P 500 Growth Index | \$237.45 | 23.35% |
| S&P 500 Index | \$246.27 | 24.45% |
| S&P 500 Value Index | \$258.01 | 25.85% |
| WisdomTree U.S. High Dividend Index | \$333.77 | 33.98% |

Sources: WisdomTree, Bloomberg. Past performance is not indicative of future results. You cannot invest directly in an index.

Figure 4: Index Returns, 4/18/2013 (3rd Orange Arrow) through Present (8/20/2019)

| Index | Value of \$100 | Annualized Return |
|-------------------------------------|----------------|-------------------|
| S&P 500 Growth Index | \$243.95 | 15.10% |
| S&P 500 Index | \$214.41 | 12.78% |
| S&P 500 Value Index | \$184.28 | 10.12% |
| WisdomTree U.S. High Dividend Index | \$174.35 | 9.16% |

Sources: WisdomTree, Bloomberg. Past performance is not indicative of future results. You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in fund shares. Such fees, expenses and commissions could reduce returns. WisdomTree, its affiliates and their independent providers are not liable for any informational errors, incompleteness or delays or for any actions taken in reliance on information contained herein.

Because high-dividend companies comprise *the value stocks of value stocks*, notice that our Index did particularly poorly when value was "off?" Likewise, when value came snapping back in 2009, WisdomTree's Index ripped higher, beating the S&P 500 by nearly double digits annually for years on end.

When deep value is on, deep value is *on*.

It has been forever since hunting for big dividends has paid off, so I can't say if this is just the kind of extreme needed to cause a change in market leadership. But I will tell you this: Respect any chart that is near or touching March 6, 2009 levels.

Unless otherwise stated all data is from Bloomberg, as of 8/20/2019.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Kara Marciscano, Jianing Wu, Brian Manby and Scott Welch are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.

You cannot invest directly in an index.

DEFINITIONS

S&P 500 Index : Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.

Growth : Characterized by higher price levels relative to fundamentals, such as dividends or earnings. Price levels are higher because investors are willing to pay more due to their expectations of future improvements in these fundamentals.

S&P 500 Growth Index : A market capitalization-weighted benchmark designed to measure the growth segment of the S&P 500 Index.

Basis point : 1/100th of 1 percent.

Value : Characterized by lower price levels relative to fundamentals, such as earnings or dividends. Prices are lower because investors are less certain of the performance of these fundamentals in the future. This term is also related to the Value Factor, which associates these stock characteristics with excess returns vs the market over time.

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