

HIGH-DIVIDEND STOCKS: CALLING MARCH 6, 2009

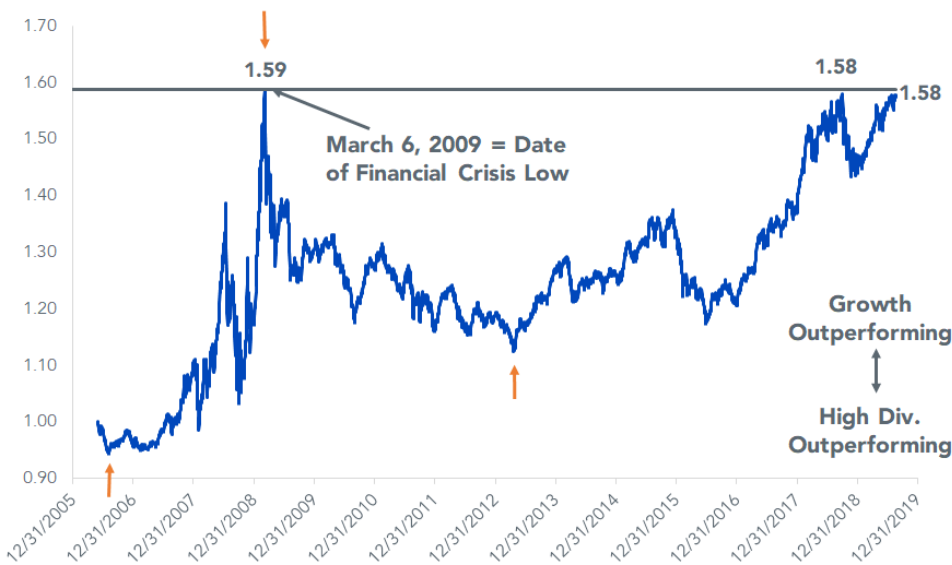
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It's not often that you come across a chart that rivals levels last seen on the day the stock market bottomed out during the global financial crisis—ancient history now. March 6, 2009 witnessed the [S&P 500](#) touch an intraday generational low of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

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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.