TECH STOCKS LEADING DIVIDEND GROWTH. BUT YOU MAY NOT BENEFIT UNTIL 2033.

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Just over 10 years ago, at the height of the technology bubble, Cisco was a $600 billion company and the largest market cap stock in the world. Today that title belongs to Apple. Apple is known for innovations, and the iDividend, Apple's first dividend in two decades, appears to be applying extra pressure on other tech companies to keep pace with this latest trend of paying more dividends. Five years ago, in 2007, technology stocks paid just 5.6% of the total dividends in the United States.[1] Today, with the latest announcements from Apple, Cisco, Dell and others, tech stocks comprise over 13.2% of all U.S. dividends. This growth rate is unparalleled by any other sector and could help attract more demand for their shares. Cisco has been a languishing tech stock for much of the last decade. With its latest 75% dividend hike, one can reasonably say that Cisco has transformed from being one of the market's premiere growth stocks to resembling a more traditional value and high-dividend stock. I take this news as yet another sign of the cash flows underpinning the technology sector as a whole and welcome these new tech companies to the dividend growth club. But if you're expecting Apple, Cisco or Dell to show up in several popular dividend-focused ETFs, you could be waiting a very long time. A number of popular dividend ETFs have growth screens that require a company to have raised dividends for 10 to 20 years before they can become eligible for inclusion. While I understand that a proven history of growth theoretically provides some semblance of assurance that a company can continue to pay dividends, I believe these ETFs may be missing the forest for the trees (not to mention taking an undue stock selection risk by concentrating their exposure on a smaller number of firms that meet these explicit criteria). In August 2012, Apple paid its first dividend in nearly two decades. The company will not be eligible for many of the largest dividend ETFs until 2023 or even 2033—and neither will Dell. Cisco, because it started paying in 2011, has a one-year head start on Apple and Dell. Cisco currently is a member in the WisdomTree Domestic Dividend Indexes (and thereby any WisdomTree Index ETFs designed to track them), and Apple and Dell, now that they are dividend payers as well, will be eligible for inclusion at the next rebalance. WisdomTree screens the U.S. equity universe each year on November 30, with the next screening falling on November 30, 2012. On this date, constituent eligibility is determined for the next 12-month period. *For more information, read my commentary. Find out more about the WisdomTree approach to dividends.* [1]Based on the WisdomTree Dividend Index, as of the annual Index rebalance on November 30, 2007.

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