WHEN COMPARING DIVIDEND ETFS, BE SURE TO COMPARE APPLE TO APPLE

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Dividend exchange-traded funds (ETFs) are becoming increasingly popular—and increasingly plentiful. And while you already knew that all dividend growth funds are not the same, it may surprise you to discover just how different they really are. We believe it is critical to understand the differences between the indexes they track and the methodologies they use in order to review and compare them on an "apples to apples" basis. For example, did you know that many of the most popular dividend growth ETFs use backward-looking screens that require 10–20 consecutive years of dividend growth before a company is eligible for inclusion? While this may sound like a good idea, it can keep both new dividend payers and the companies growing their dividends the fastest out of your portfolio for a decade or more. This simply doesn't make sense to us. Take Apple[1], for example. Apple is now the second-largest dividend payer in the United States. And with the record earnings the company just reported, it could easily move up to first place soon. But if your ETF uses backward-looking screens, as most do, you likely won't see Apple in your portfolio until 2023 (at the earliest). **So, how do you know if your ETF uses backward-looking screens?** • Look for the benchmark index • Review the index methodology • See if they require a set number of years of increasing dividends But some ETFs, such as theWisdomTree U.S. Dividend Growth Fund (DGRW), are based on Indexes with forward-looking methodologies and many quality requirements. We think this is a better idea and will help investors capture the future of dividend growth. ***Read more about Apple's dividends. Learn more about DGRW.*** [1]Apple weight was 4.35% in the WisdomTree U.S. Dividend Growth Fund as of 2/17/15.

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