

GLOBAL DIVIDENDS GREW 9%, WITH U.S. GROWTH LEADING THE WAY

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In the current environment of low interest rates, dividends have been a key driver supporting the market in recent years. Tracking the growth of the global [Dividend Stream®](#)—the sum of dividends paid by companies in the [WisdomTree Global Dividend Index](#)—is an important element through which to judge the [fundamentals](#) of the global equity market. Conducting our annual Index rebalance affords us the opportunity to keep our pulse on dividend trends around the world. Below are some of the highlights from this year, which had a screening date of September 30, 2014.¹

- The *Dividend Stream* of the WisdomTree Global Dividend Index grew by approximately 9%. The aggregate global *Dividend Stream* approached \$1.19 trillion, which is about 10% higher than the pre-crisis 2008 peak and approximately 50% higher than the global lows in 2009.
- The primary drivers of global dividend growth were U.S. constituents, which grew their dividends nearly 16% compared to the 2013 Index screening.
- Developed international markets also turned in *Dividend Stream* growth of approximately 7.5%. This occurred despite the euro falling from \$1.30 to \$1.27 and subtracting approximately 2.3 percentage points from the *Dividend Stream* of euro-traded stocks, which constitute approximately 28% of the developed international dividend payments.
- The *Dividend Stream* of the [WisdomTree Emerging Markets Dividend Index](#) measured in U.S. dollars was approximately \$185.11 billion at the 2014 screening date—an increase of approximately 1% from 2013 levels.
- **U.S. Share of the Stream:** The U.S. has been on a strong upward trend since the 2011 Index screening when its constituents made up only about one quarter of the global *Dividend Stream*. As of this latest screening, U.S. constituents increased their share to about one-third, at the expense of both developed international and emerging market dividend payers. This percentage is still lower than the U.S. representation in traditional [market capitalization-weighted](#) indexes due to the lower [dividend yields](#) of U.S. companies. The [dividend weighted average dividend yield](#) of various regional components dictates this under-weighted position for U.S. companies. The dividend-weighted average dividend yields of the three regions, as of the September 30, 2014, Index screening:
 - United States: 2.8%
 - Developed international: 4.2%
 - Emerging markets: 4.4%
- **Bottom Line:** The growth in dividends around the world has continued apace, increasing approximately 9%. The U.S. is shining on a relative basis in terms of growth here, although some of the weakness internationally is being caused by [currency translation](#) effects contrasting with the underlying dividends of the companies.

Dividend Stream Growth Occurred across All 3 Regions Shown, but U.S. Only Region to Increase Share

	5/31/2008	5/31/2009	5/31/2010	5/31/2011	5/31/2012	5/31/2013	9/30/2014
United States	\$288.02	\$255.13	\$225.35	\$253.85	\$293.14	\$339.93	\$393.92
Developed World	\$660.11	\$458.88	\$458.14	\$580.92	\$539.79	\$568.68	\$610.96
Emerging Markets	\$135.57	\$105.82	\$109.25	\$169.48	\$169.68	\$183.43	\$185.11
WT Global Dividend	\$1,083.70	\$819.83	\$792.74	\$1,004.25	\$1,002.61	\$1,092.04	\$1,189.99
Growth		-24.35%	-3.30%	26.68%	-0.16%	8.92%	8.97%

Percent Share of WT Global Dividend Stream

United States	26.58%	31.12%	28.43%	25.28%	29.24%	31.13%	33.10%
Developed World	60.91%	55.97%	57.79%	57.85%	53.84%	52.07%	51.34%
Emerging Markets	12.51%	12.91%	13.78%	16.88%	16.92%	16.80%	15.56%

Sources: WisdomTree, Standard & Poor's. Dividend Stream is quoted in billions of U.S. dollars. Past performance is not indicative of future results. You cannot invest directly in an index. Subject to change. Data calculated for each annual Index screening date from 5/31/08 to 9/30/14. Universe for entire chart refers to the constituents of the WisdomTree Global Dividend Index. Note: This was the first year WisdomTree conducted its annual screening for Indexes that included emerging market components (including global and global ex-US dividend Indexes) in September instead of May. This change in screening dates was motivated by a desire from the portfolio management team to separate developed world and emerging markets rebalances and to better align the rebalance with the timing of annual dividend cycles.

¹Sources for all bullets:

WisdomTree, Bloomberg, Standard & Poor's. Data measured as of 9/30/14 Index screening.

Important Risks Related to this Article

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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.

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You cannot invest directly in an index.

DEFINITIONS

WisdomTree Global Dividend Index : WisdomTree's broadest measure of dividend-paying stocks, including firms incorporated in emerging markets, developed international markets and the United States, weighted by cash dividends.

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

WisdomTree Emerging Markets Dividend Index : A cash dividend-weighted Index measuring the performance of dividend-paying equities incorporated within emerging markets.

Market capitalization-weighting : 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.

Dividend yields : Refers to the trailing 12-month dividend yield. Dividends over the prior 12 months are added together and divided by the current share price. Higher values indicate more dividends are being generated per unit of share price.

Dividend weighted : Constituent securities represented within the Index in proportion to their contribution to the dividend stream of the Index.

Average dividend yield : The average relationship of dividend per share divided by share price over a period of time. Higher values indicate greater potential for dividend reinvestment.