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# IS WISDOMTREE A VALUE OR GROWTH SHOP?

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The murmurings are starting. Maybe a [value](#) stock cycle is underway. Are you looking?

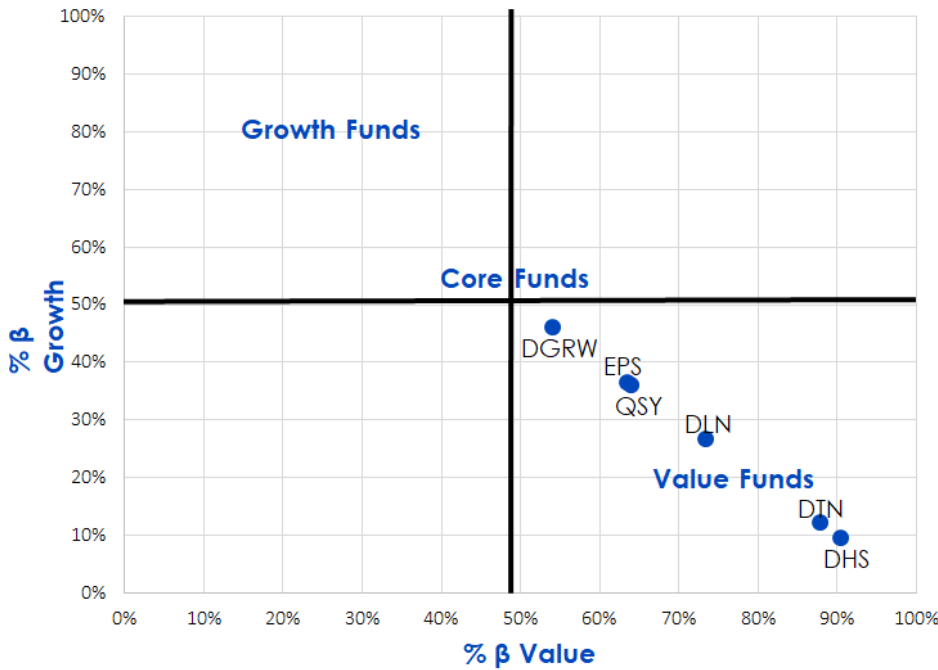
[Growth](#) stocks ran up 271% from July 2006 through September 2018, more than doubling the 129% gain in value stocks over that time.<sup>1</sup>

But an ever-so-slight rotation has taken hold, with value strategies beating growth by 313 [basis points \(bps\)](#) since the end of the third quarter of 2018. Maybe it's time to start considering that new market leadership may be upon us.

If so, is WisdomTree the place to be? I've staked my career on it.

The chart below shows that all six WisdomTree U.S. large-cap exchange-traded funds<sup>2</sup> (ETFs) in existence for at least five years tilt more toward value than growth, including one of our core offerings that has the word "Growth" in its name—the [WisdomTree U.S. Quality Dividend Growth Fund \(DGRW\)](#), which tracks the [WisdomTree U.S. Quality Dividend Growth Index](#).

**Percentage of Commonality with [S&P 500 Growth](#) and [S&P 500 Value Indexes](#)**



Sources: WisdomTree, Bloomberg Fund Style Analysis. The grid shows U.S. funds that have a large-cap emphasis on “growth” and “value” scales using S&P 500 Growth and S&P 500 Value indexes. Data for the period 1/31/14–1/31/19. Percentage  $\beta$  to Growth +  $\beta$  to Value add up to 100% in binary style attribution. Past performance is not indicative of future results. You cannot invest directly in an index.

That means even the most “growthy” of the six has slightly more of a value flavor than the [S&P 500 Index](#).

Another core WisdomTree Fund is the [WisdomTree U.S. Earnings 500 Fund \(EPS\)](#), our answer to the S&P 500. It tracks the [WisdomTree U.S. Earnings 500 Index](#) and also has a value skew because it often trades a couple of [P/E multiple](#) points below the broad market (currently 14.2 against the S&P’s 16.7 forward P/E).

After the core Funds ([DGRW](#), [EPS](#) and [QSY](#)), the three other ETFs are clearly value. The one that is “deepest value”—for those believing that a shift in market internals is upon us—is the [WisdomTree U.S. High Dividend Fund \(DHS\)](#). It has been around since Day 1 in 2006. For people interested in the FAANGs (Facebook, Amazon, Apple, Netflix and Google’s parent, Alphabet), those types of companies aren’t going to show up in DHS—at least, not at the moment.

For investors like me who think the 100+% performance gap between growth and value since 2006 is ripe for reversal, the graph is a reference point for deciding where to be on the spectrum. At least within U.S. equities, WisdomTree is primed if value starts to click. We are a value shop.

**Unless otherwise stated, all data is from Bloomberg through February 22, 2019. “Value” and “growth” refer to the respective S&P 500 indexes with those names.**

<sup>1</sup>Source: Bloomberg, using S&P 500 Growth and Value, 07/31/2006-09/30/2018.

<sup>2</sup>Large Cap ETFs include: [WisdomTree U.S. Quality Dividend Growth Fund \(DGRW\)](#), [WisdomTree U.S. Earnings 500 Fund \(EPS\)](#), [WisdomTree U.S. Quality Shareholder Yield Fund \(QSY\)](#), [WisdomTree U.S. LargeCap Dividend Fund \(DLN\)](#), [WisdomTree U.S. Dividend ex-Financials Fund \(DTN\)](#), [WisdomTree U.S. High Dividend Fund \(DHS\)](#)

Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. Funds focusing their investments on certain

sectors increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. While QSY is actively managed, the Fund's investment process is expected to be heavily dependent on quantitative models, and the models may not perform as intended. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

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](#)

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## **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.**

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You cannot invest directly in an index.

## **DEFINITIONS**

**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.

**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.

**Basis point** : 1/100th of 1 percent.

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

**S&P 500 Value Index** : A market capitalization-weighted benchmark designed to measure the value segment of the S&P 500 Index.

**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.

**Earnings multiple** : another way of saying price-to-earnings multiple.