

# Beyond market beta: two differentiated approaches to European equities

Publié le 27 mars 2026

**Ayush Babel**

Director, Quantitative Research

## Points clés

- Targeted and defensive exposure to Europe: In a geopolitically uncertain environment, strategies focusing on companies with strong fundamentals and shareholder return policies may provide more resilient equity exposure.
- A fresh lens for value: Research shows that value, as defined by shareholder yield (dividends plus buybacks), has historically outperformed traditional value measures such as price-to-book in European equity markets.
- Consistent high dividend: A high dividend strategy that incorporates safeguards against value traps, aiming to deliver long-term growth alongside consistent income.
- Two differentiated ways to access the region: The WisdomTree Europe Equity Income UCITS ETF targets sustainable dividend income, while the WisdomTree Europe Value UCITS ETF captures undervalued companies through total shareholder yield (dividends and buybacks).
- Related Products WisdomTree Europe Value UCITS ETF - EUR Acc, WisdomTree Europe Equity Income UCITS ETF - Acc Find out more

European equities are once again moving into focus for global investors. Rising geopolitical tensions in the Middle East have introduced a new layer of uncertainty for global markets, particularly through the potential impact on energy prices and global supply chains. While Europe is not directly involved in the conflict, the region remains sensitive to energy market disruptions given its reliance on imported energy.

In this environment, investors may increasingly focus on defensive equity exposure: companies with strong fundamentals, disciplined capital allocation and the ability to return capital to shareholders.

Europe offers a particularly compelling opportunity set in this regard. The region has long maintained a strong culture of returning capital to shareholders through dividends, and companies are increasingly complementing these payments with share buybacks.

Against this backdrop, investors may benefit from two differentiated approaches to accessing European equities:

- [WisdomTree Europe Equity Income UCITS ETF](#) – focused on companies delivering sustainable dividend income.
- [WisdomTree Europe Value UCITS ETF](#) – centred on companies returning capital through both dividends and share buybacks.

These strategies provide exposure to different drivers of equity returns while maintaining a disciplined and systematic investment framework.

## **WisdomTree Europe Equity Income UCITS ETF**

For many investors, Europe is particularly attractive because of its strong dividend culture. Dividend payments have historically been an important component of total returns in European equities, reflecting the region's emphasis on shareholder distributions.

The [WisdomTree Europe Equity Income UCITS ETF](#) focuses on companies capable of delivering sustainable and attractive dividend payouts. These are typically businesses with:

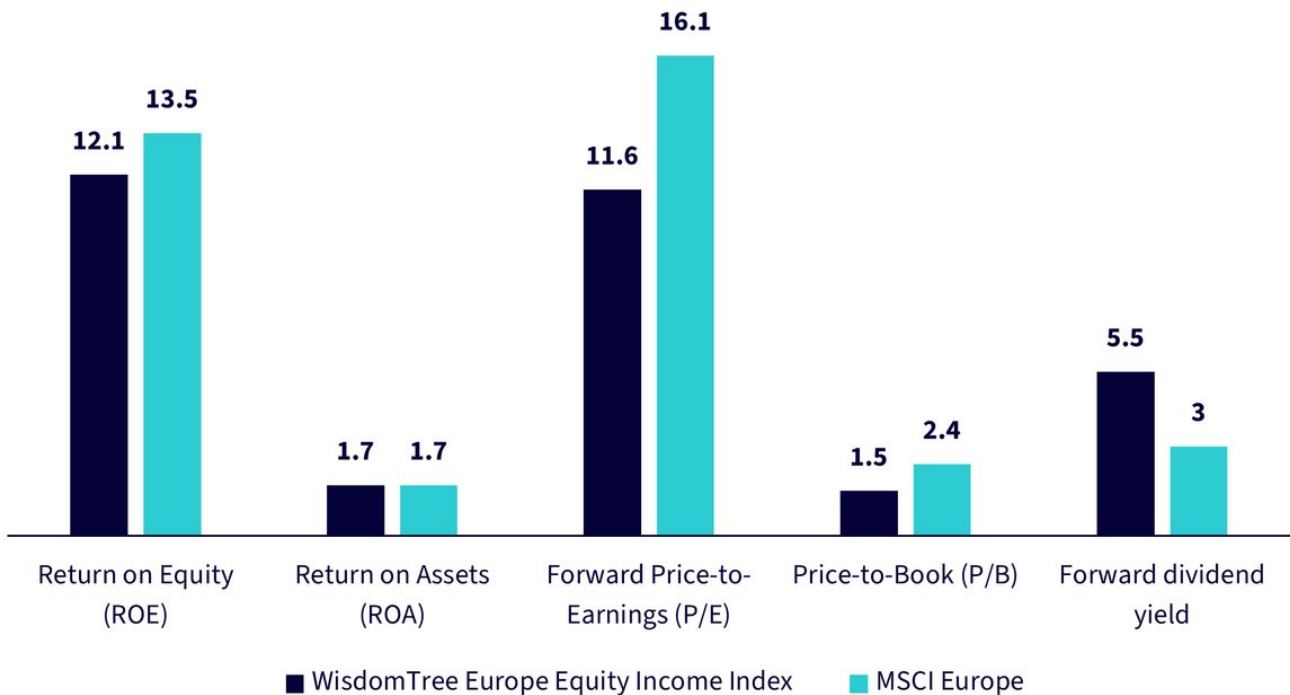
- strong and stable cash flows
- resilient balance sheets
- disciplined capital allocation policies

By emphasising companies with the ability to maintain and grow their dividend payments, this strategy seeks to provide investors with consistent income alongside equity market exposure.

In a more uncertain macroeconomic environment, such companies may also offer greater resilience than firms with weaker profitability or less predictable cash flows.

The WisdomTree Europe Equity Income strategy captures these companies and provides exposure to compelling valuations with a consistently high dividend yield (see Figure 1).

### **Figure 1: Fundamentals of the WisdomTree Europe Equity Income Index versus MSCI Europe**



Source: WisdomTree, FactSet, MSCI. Data as of 31 December 2025. **You can not invest in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

## WisdomTree Europe Value UCITS ETF

While dividends remain a cornerstone of shareholder returns in Europe, they represent only one part of the picture.

Companies are increasingly returning capital through share buybacks, which provide another mechanism for distributing excess cash to investors. Buybacks can signal management confidence in the company's fundamentals and belief that the stock is trading below its intrinsic value. By reducing the number of shares outstanding, buybacks can also improve per-share metrics such as earnings per share and cash flow per share.

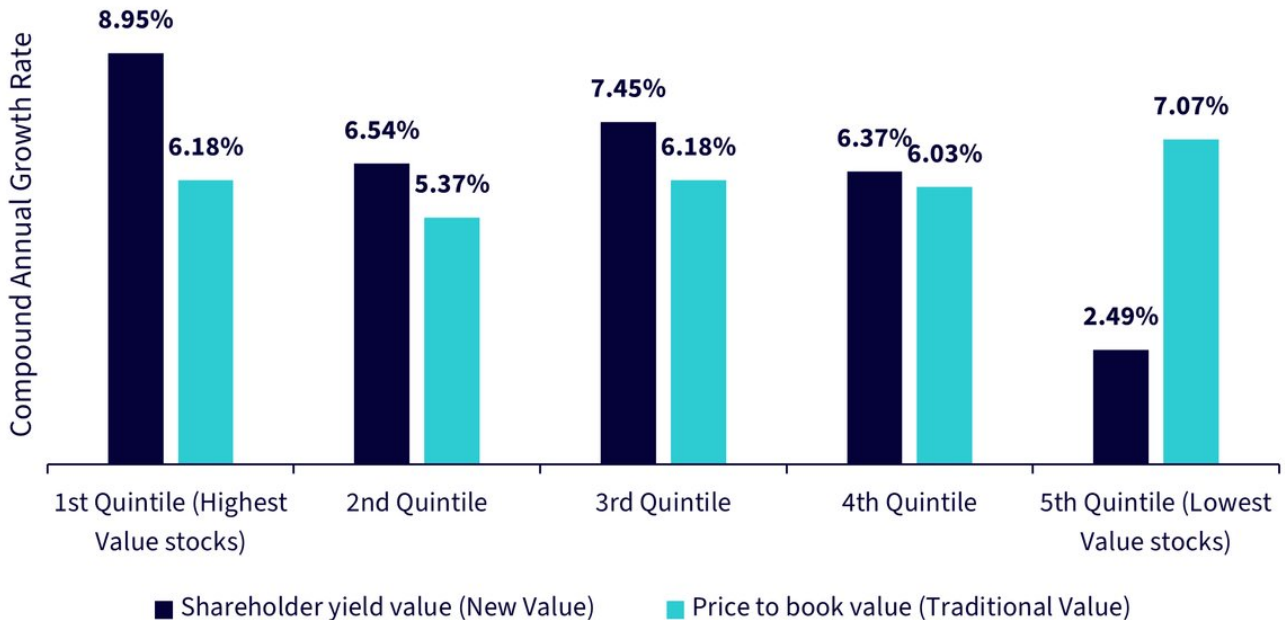
For this reason, the [WisdomTree Europe Value UCITS ETF](#) focuses on total shareholder yield, defined as the combination of dividend yield and net buyback yield.

This broader definition of value reflects the different ways companies return capital to shareholders. Research has shown that value strategies defined by shareholder yield have historically delivered stronger outcomes than traditional approaches that rely solely on valuation multiples, such as price-to-book ratios.

By focusing on companies with high shareholder yield, the strategy aims to capture firms that are not only attractively valued but also actively returning capital to investors.

Below is a representation of how shareholder yield has historically performed relative to traditional value metrics, such as the price-to-book ratio, in European equity markets.

## Figure 2: Value as defined by Shareholder Yield has outperformed traditional value in European markets



Sources: WisdomTree, MSCI, 12/31/2007–31/1/2026. Quintile portfolios created using end of December data each year and constituents are equally weighted. Shareholder yield = 1st quintile (highest shareholder yield) within the MSCI Europe Index. Price-to-Book = 1st quintile (lowest P/B) within the MSCI Europe Index. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investment may go down in value.**

## Avoiding value traps through a quality lens

Whether focusing on income or value, one of the key risks in equity investing is the value traps, companies that appear attractive based on yield or valuation but are facing deteriorating fundamentals.

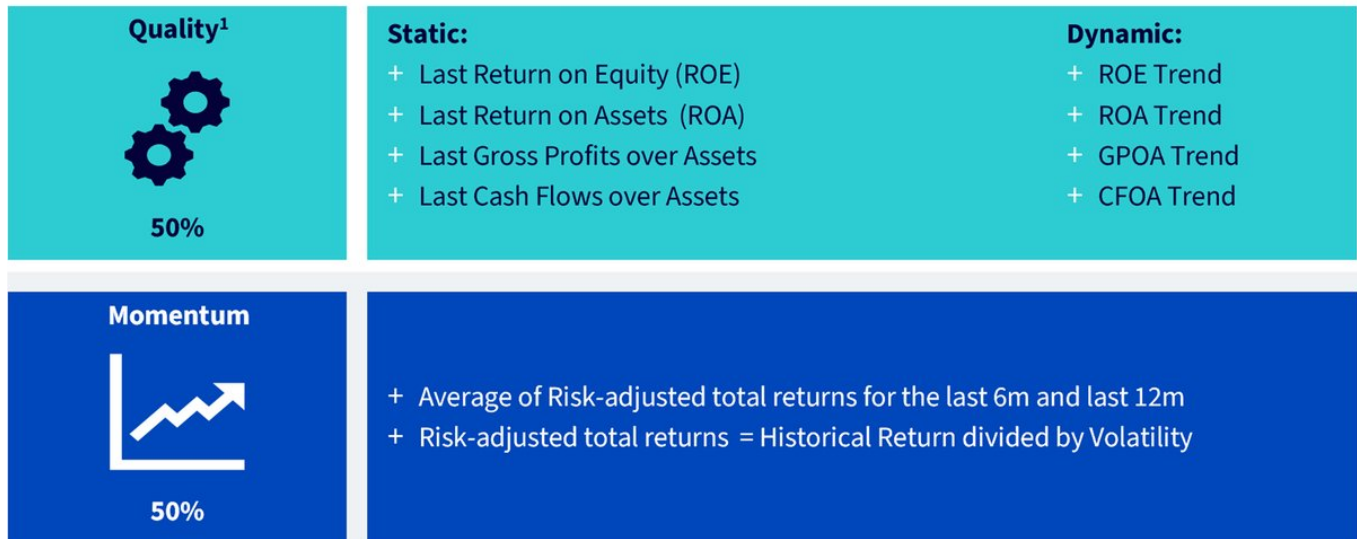
To address this challenge, WisdomTree incorporates a Composite Risk Score (CRS) framework designed to identify companies with stronger underlying characteristics.

The Composite Risk Score combines quality and momentum signals, evaluating factors such as profitability, cash flow strength and risk-adjusted price trends.

Companies that rank poorly on this framework are excluded from the strategies, helping remove potentially higher-risk stocks while maintaining exposure to companies with attractive shareholder return characteristics.

This disciplined screening process helps ensure that both the WisdomTree Europe Equity Income UCITS ETF and the WisdomTree Europe Value UCITS ETF emphasise shareholder returns alongside strong fundamentals.

### Figure 3: The WisdomTree Composite Risk Score (CRS) composition



Source: WisdomTree. 1. The Quality score is an equal weight of the 8 scores (at least 6 data points (3 and 3) are needed per stock to be included). Data is normalised using a cross-sectoral Z-score for each industry group. Trends are calculated as 12-quarter historical Z-scores for each industry group.

## Two complementary ways to invest in Europe

While both strategies focus on companies that return capital to shareholders, they target different return drivers within the European equity market.

### Conclusion

European equities offer a unique opportunity set for investors seeking diversification and defensive investments in the current geopolitical climate.

With the region's strong dividend culture, combined with the increasing use of share buybacks, creating multiple ways for companies to return capital to investors, the European story is compelling, but targeted exposure remains the key.

Through the [WisdomTree Europe Equity Income UCITS ETF](#) and the [WisdomTree Europe Value UCITS ETF](#), investors can access two differentiated approaches to the European equity market, one focused on sustainable dividends for stable income and the other on total shareholder yield targeting value exposure optimised for long-term risk-adjusted returns.

In an environment characterised by geopolitical uncertainty and shifting market leadership, these complementary strategies could offer investors a more balanced approach to capturing long-term opportunities in European equities.

## Important Risks Related to this Article

### IMPORTANT INFORMATION

**Marketing communications issued in the European Economic Area (“EEA”):** This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

**Marketing communications issued in jurisdictions outside of the EEA:** This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

This marketing communication has been prepared for professional investors, but the WisdomTree products set out in this document may be available in some jurisdictions to any investors, subject to applicable laws and regulations. As the product may not be authorised or its offering may be restricted in your jurisdiction, it is the responsibility of every person or entity to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory, tax and investment advice on the suitability and consequences of an investment in the products. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.

An investment in exchange-traded products (“ETPs”) is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or

distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

### **WisdomTree Issuer ICAV**

The products discussed in this document are issued by WisdomTree Issuer ICAV ("WT Issuer"). WT Issuer is an umbrella investment company with variable capital having segregated liability between its funds organised under the laws of Ireland as an Irish Collective Asset-management Vehicle and authorised by the Central Bank of Ireland ("CBI"). WT Issuer is organised as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under the laws of Ireland and shall issue a separate class of shares ("Shares") representing each fund.

The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer ("WT Prospectus"). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at [www.wisdomtree.eu](http://www.wisdomtree.eu). Where required under national rules, the KID will also be available in the local language of the relevant EEA Member State. Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the Shares.

The [summary of investor rights](#) associated with an investment in the fund is available in English on WisdomTree Europe's website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification.

### **For Investors in Switzerland:**

This document constitutes an advertisement of the financial product(s) mentioned herein.

The prospectus (in English only) and the key investor information documents (KID) (in German, French and Italian) are available from WisdomTree's website <https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports>

**For WisdomTree UCITS products only:** the representative and paying agent of the ETPs in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of jurisdiction and performance is at the registered seat of the representative and paying agent. Some of the sub-funds referred to in this document may not have been registered with the Swiss Financial Market Supervisory Authority ("FINMA"). In Switzerland, such sub-funds that have not been registered with FINMA may only be available to Qualified Investors.

### **For Investors in France:**

The information in this document is intended exclusively for professional investors (as defined under the MiFID) investing for their own account and this material may not in any way be distributed to the public. The distribution of the Prospectus and the offering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Financial Regulatory as UCITS compliant with European regulations although may not have to comply with the same rules as those applicable to a similar product approved in France. The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, the Key Investor Information Document, any supplements or addenda thereto, the latest annual reports and the memorandum of incorporation and articles of association) are available in France, free of charge at the French centralizing agent, Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France. Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto.

**For Investors in Malta:** This document does not constitute or form part of any offer or invitation to the public to subscribe for

or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority.