

# 2024 Emerging Markets Dividend family re-balance

Published 28 November 2024

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## Key Takeaways

- The WisdomTree Emerging Markets Dividend family of indices underwent an annual reconstitution in October 2024
- Since inception, the WisdomTree Emerging Market indices family's performance has benefitted from a dividend weighted approach
- Following the latest rebalances, the WisdomTree Emerging Markets Indices improved key metrics like dividend yield, return on equity and price-to-earnings ratios, enhancing their attractiveness compared to traditional market cap-weighted indices
- Related Products WisdomTree Emerging Markets Equity Income UCITS ETF, WisdomTree Emerging Markets SmallCap Dividend UCITS ETF Find out more

The WisdomTree Emerging Markets (EM) Dividend family of indices underwent its annual reconstitution in October 2024, including:

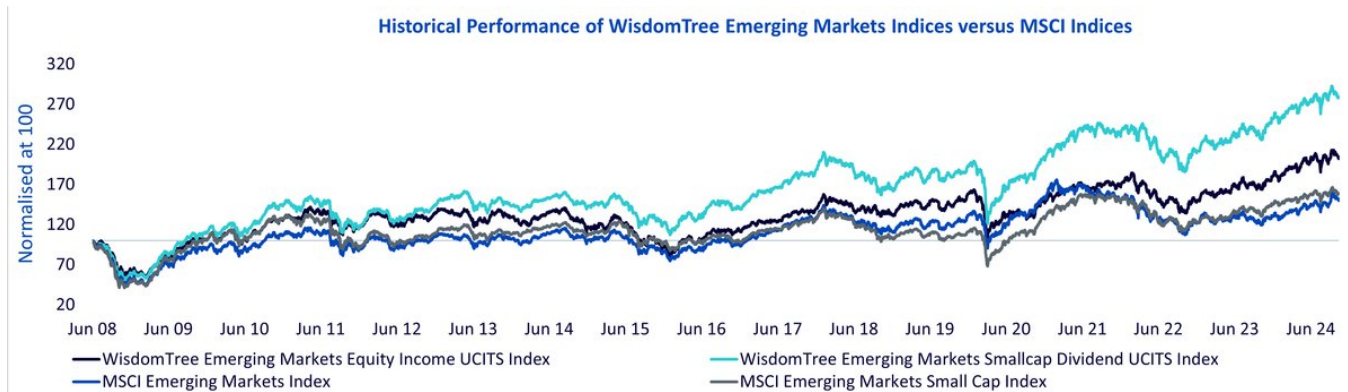
- **The WisdomTree Emerging Markets Equity Income UCITS Index (WTEMHUHT)** which measures the performance of companies ranking in the top 30% by highest dividend yield within the WisdomTree Emerging Markets Universe. The [WisdomTree EM Equity Income UCITS ETF](#) (Ticker: DEM) tracks the price and yield performance of the WisdomTree Emerging Markets Equity Income UCITS Index.
- **The WisdomTree Emerging Markets SmallCap Dividend UCITS Index (WTEMSUHT)** which measures the performance of the bottom 10% market capitalisation stocks selected from the WisdomTree Emerging Markets Universe. The [WisdomTree EM Small Cap Dividend UCITS ETF](#) (Ticker: DGSE) tracks the price and yield performance of the WisdomTree EM Small Cap Dividend UCITS Index.

The WisdomTree Emerging Markets Universe consists of companies that pay dividends in EM.

Constituent weights in the above indices are determined based on cash dividends paid over the prior year, resulting in greater weights given to companies that pay higher dividends than weights within a traditional market cap weighted index such as the MSCI Emerging Markets Index.

Since 2008, the WisdomTree EM Small Cap Dividend UCITS Index and WisdomTree EM Equity Income UCITS Index outperformed the benchmark MSCI Emerging Market Index as illustrated below. This goes

to show that dividend investing does not mean investors have to miss out on price appreciation, which is commonly associated with more growth oriented non-dividend paying stocks that tend to be allocated higher weights within traditional market cap-weighted indices compared to dividend weighted indices.

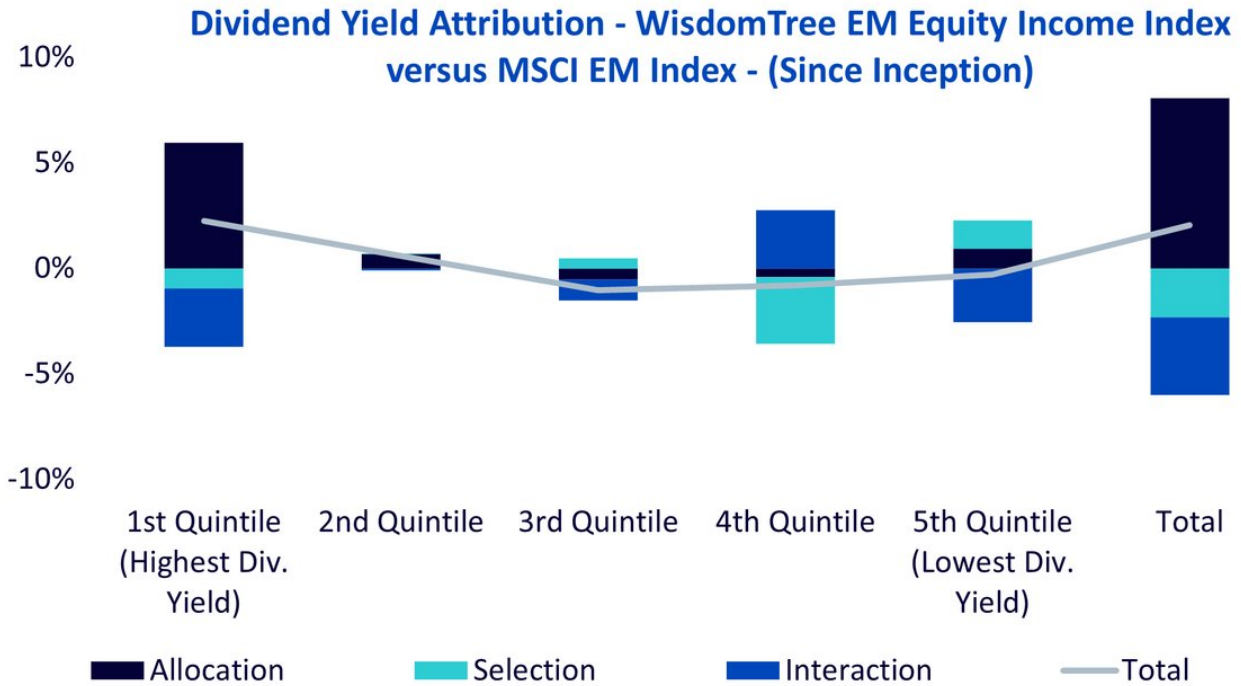


Source: Bloomberg, WisdomTree from 20 June 2008 to 13 November 2024. **Past performance is not indicative of future results. You cannot invest directly in an index.**

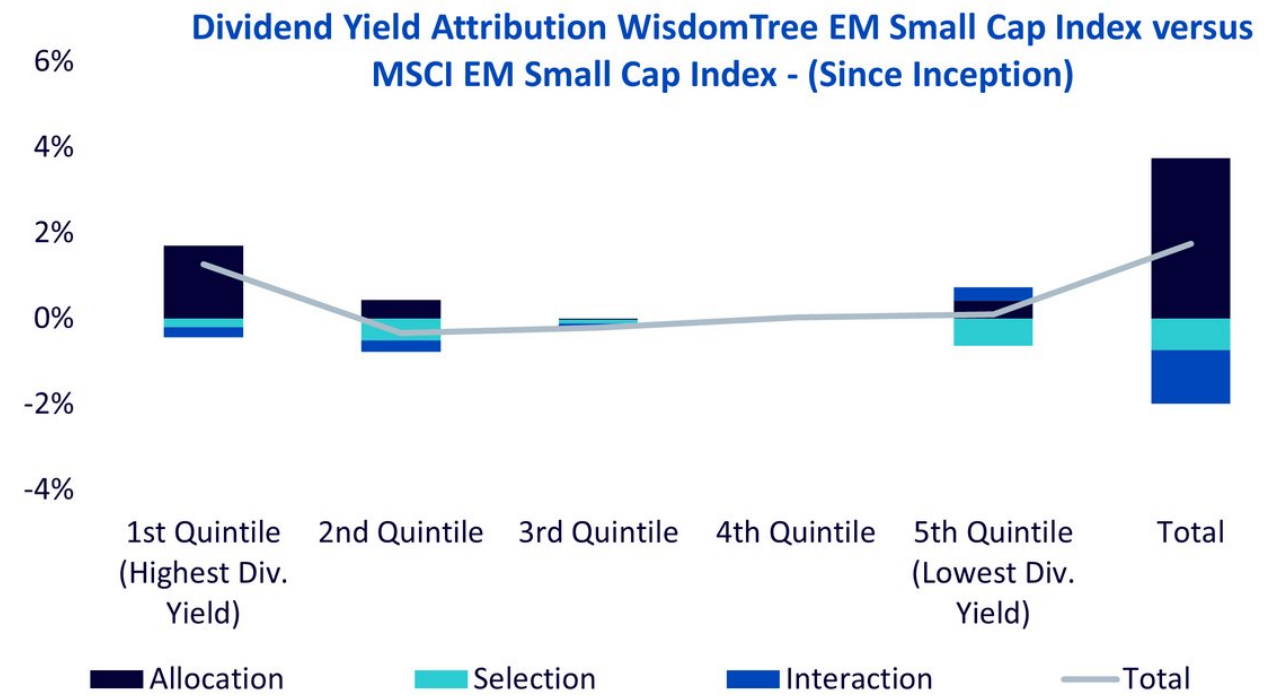
The rationale behind this concept is companies that pay regular dividends do so because they have healthy balance sheets and strong cash flows, making dividends a potential signal of underlying quality. Looking at the historical performance, we observe that while the broad EM benchmark was flat for the last three years, the WisdomTree indices had significantly higher returns.

Source: Bloomberg, WisdomTree from 20 November 2014 to 30 September 2024. *Past performance is not indicative of future results. You cannot invest directly in an index.*

Since the inception of the WisdomTree EM Equity Income UCITS Index, companies with higher dividend yields have outperformed those with lower dividend yields within the MSCI EM Index. The same can be observed for the WisdomTree EM Small Cap Dividend UCITS Index compared to the MSCI EM Small Cap Index.



Source: WisdomTree, FactSet, MSCI as of 31 October 2024. **Past performance is not indicative of future results. You cannot invest directly in an index.**



Source: WisdomTree, FactSet, MSCI as of 31 October 2024. **Past performance is not indicative of future results. You cannot invest directly in an index.**

## Rebalance changes: WisdomTree EM Dividend Indices

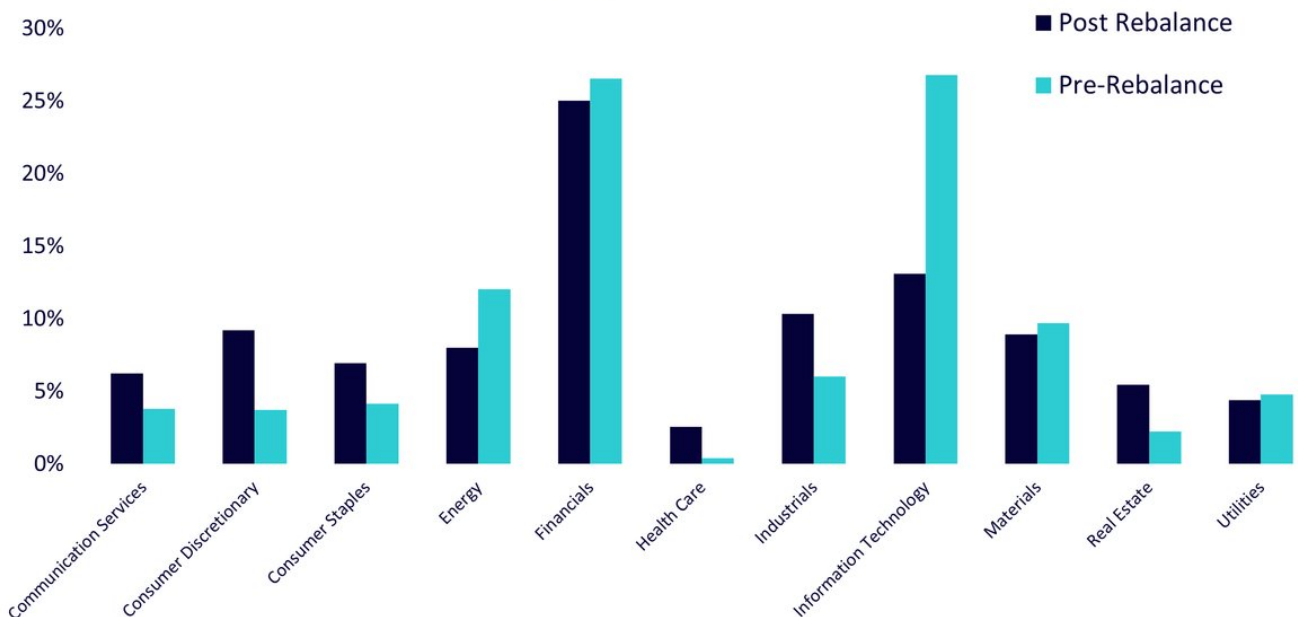
Following the Indices rebalances in October, WisdomTree EM Equity Income UCITS Index (WTEMHUHT) improved its dividend yield and return on equity and lowered its price-to-earnings ratio from 9.2x to 8.4x. The WisdomTree EM Small Cap Dividend UCITS Index (WTEMSUHT) also saw an improvement to its return on assets, return on equity and price-to-earnings ratio.

*Source: WisdomTree, FactSet, MSCI as of 30 September 2024. Past performance is not indicative of future results. You cannot invest directly in an index.*

From a sector perspective, consumer discretionary, industrials, real estate, consumer staples and communication services saw a higher allocation in the rebalance of the WisdomTree EM Equity Income UCITS Index. While Information technology and the energy sector saw a reduction in allocation during the rebalance of WisdomTree EM Equity Income UCITS Index.

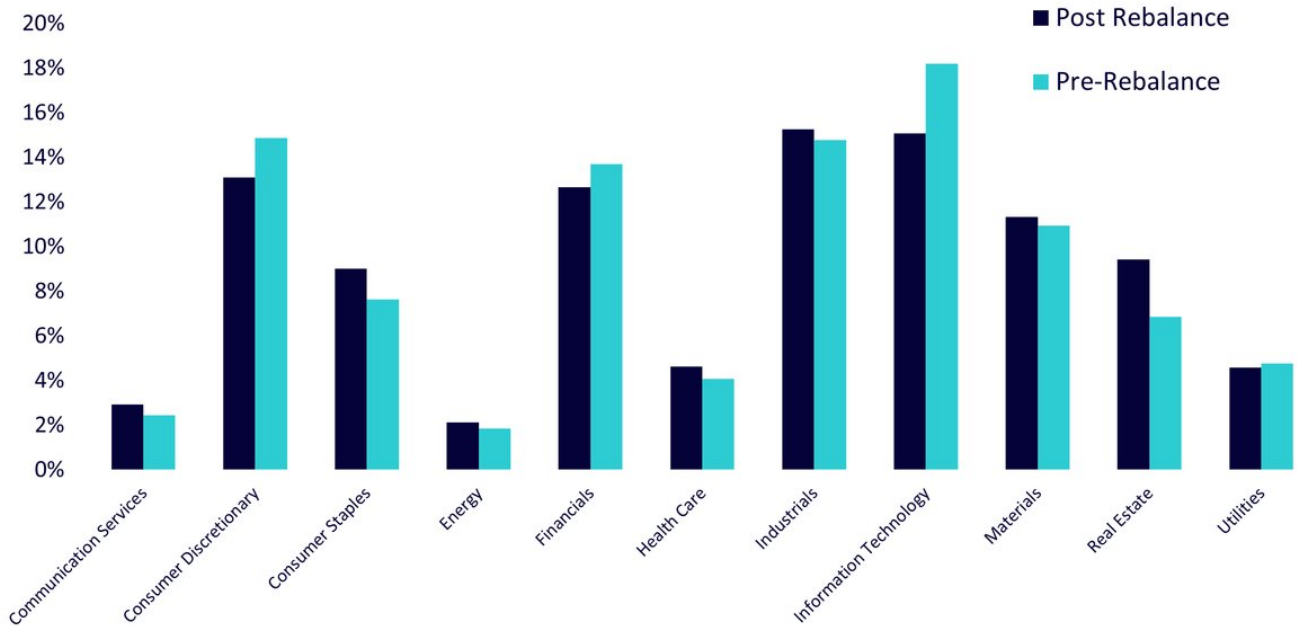
For the WisdomTree EM Small Cap Dividend UCITS Index, the real and consumer staples sector saw the biggest increase in allocation, while the information technology, consumer discretionary, financials sector saw the biggest reduction in allocation.

**WisdomTree EM Equity Income UCITS Index**



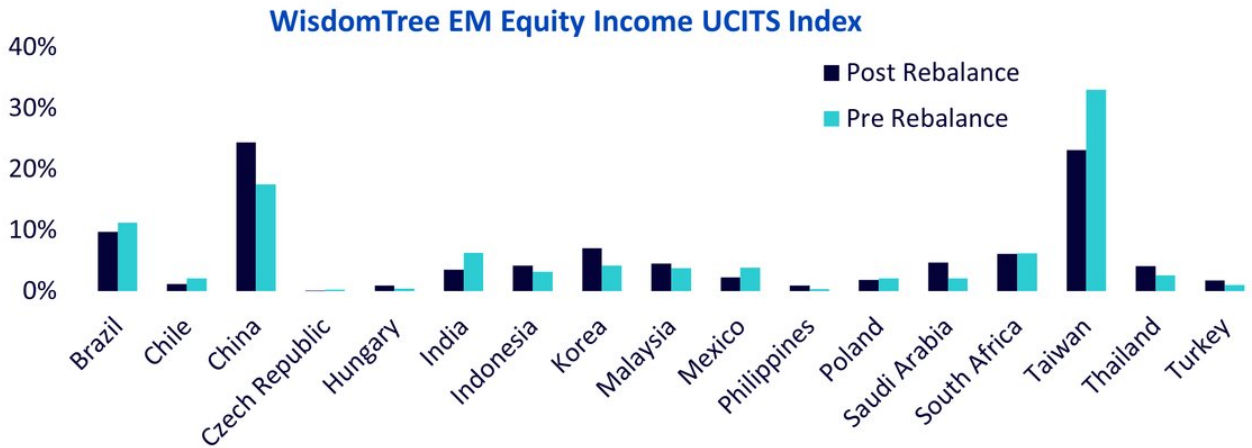
*Source: WisdomTree, FactSet, MSCI as of 30 September 2024. Past performance is not indicative of future results. You cannot invest directly in an index.*

### WisdomTree EM Small Cap Dividend UCITS Index

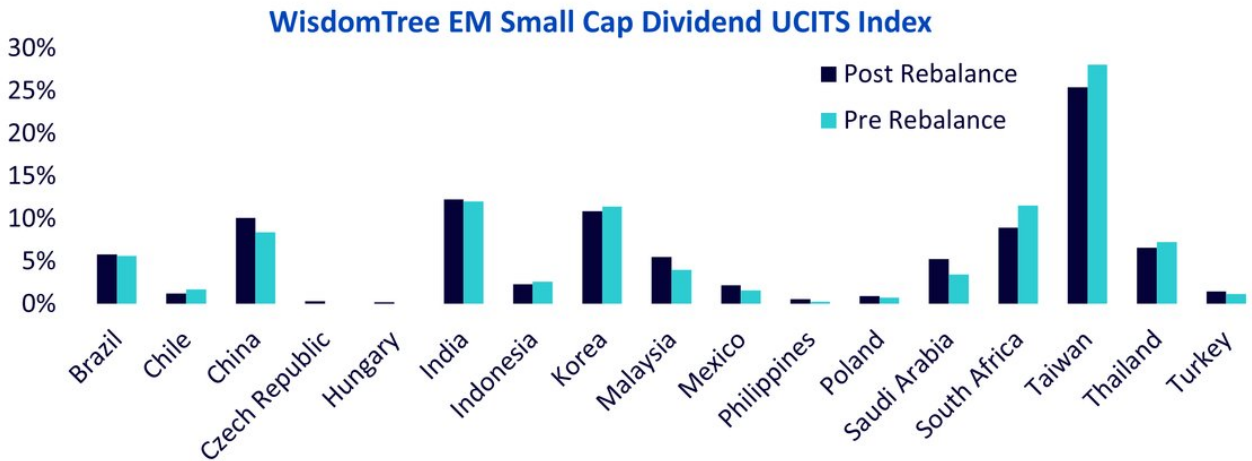


Source: WisdomTree, FactSet, MSCI as of 30 September 2024. **Past performance is not indicative of future results. You cannot invest directly in an index.**

From a geographic allocation perspective, China, Korea, Saudi Arabia and Thailand saw the biggest increases in allocation during the rebalance of the WisdomTree EM Equity Income UCITS Index. While Taiwan, India, Mexico and Brazil saw the biggest declines in allocation. In the case of the WisdomTree EM Small Cap Dividend UCITS Index rebalance, Saudi Arabia, China and Malaysia saw the biggest increase in allocation while Taiwan, South Africa and Thailand were the regions that faced the biggest decline in allocation.



Source: WisdomTree, FactSet, MSCI as of 30 September 2024. **Past performance is not indicative of future results. You cannot invest directly in an index.**



Source: WisdomTree, FactSet, MSCI as of 30 September 2024. **Past performance is not indicative of future results. You cannot invest directly in an index.**

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