

Over the last few decades, companies have been generous in returning capital to shareholders in the form of dividends, buybacks or a combination of both. Dividends have historically been the predominant way of returning capital but according to the data compiled by S&P Dow Jones Indices (S&P), this trend reversed in the U.S. since 1997 when share repurchases overtook cash dividend distributions.

Companies prefer buybacks over dividends due to financial flexibility. Dividend cuts are generally viewed more negatively and as an indication of poor financial health, whereas share repurchases can be done more flexibly and opportunistically. Share buybacks are also used as takeover deterrents, when the stock price is undervalued and as a way to offset the dilution effects of employee stock option grants.

Skeptics of share repurchases believe that excess capital should be reinvested for further growth. They argue that this form of returning capital is done for the wrong reasons and is often ill-timed, buying back at high prices. Some also view them as low commitment and inferior to dividends.

While these buyback downsides exist, we believe it is unwise to cast all share repurchase programs in the same light. In fact, our research shows that shareholder yield has been among the best measures of relative value over the past decade.

What is Shareholder Yield?

Shareholder yield is the total amount of money a company returns to shareholders in the form of cash dividends and share buybacks, expressed as follows:

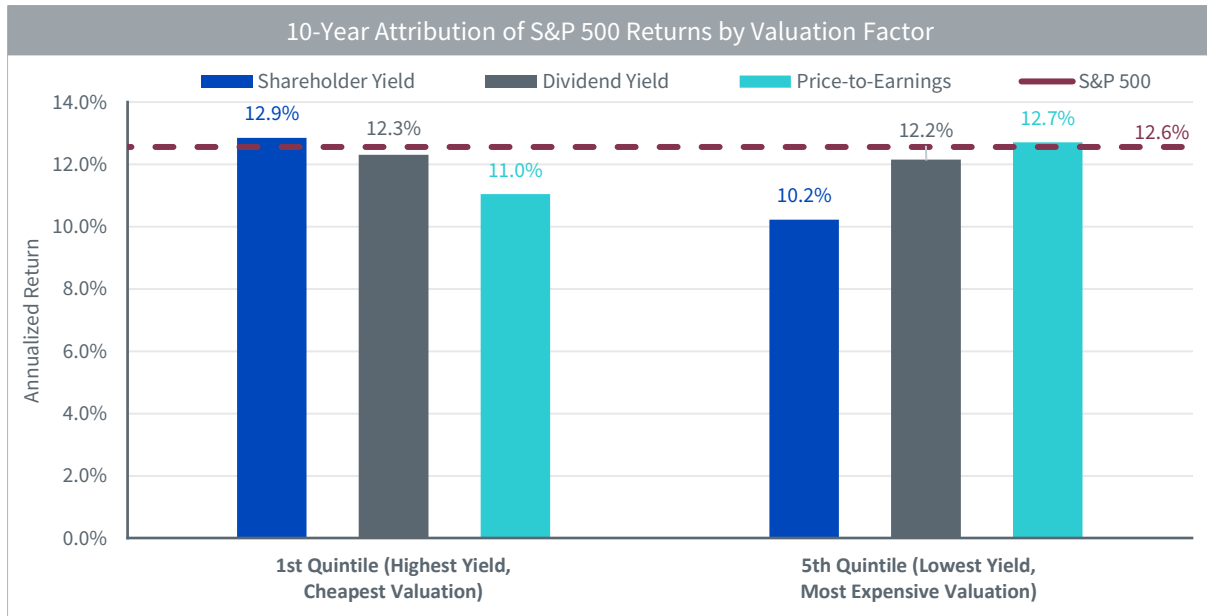
$$\text{Shareholder Yield} = \frac{\text{Cash Dividends} + \text{Net Share Repurchases}}{\text{Market Capitalization}}$$

where Net Share Repurchases is the difference between the dollar amount of share repurchases and share issuances.

Why is Shareholder Yield Important?

WisdomTree believes shareholder yield is a significant driver of returns. Companies that combine regular cash dividends with a well-executed buyback program can create value for shareholders in the form of excess returns as well as income.

As shown in the below chart, shareholder yield has been an effective measure of value over the last decade. To illustrate this point, we divided the S&P 500 Index constituents into quintiles. Stocks in the first quintile, which include companies with the highest shareholder yield, outperformed the index by 29 basis points whereas stocks in the fifth quintile, with the lowest shareholder yield, underperformed the index by 233 basis points, for a total of 263 basis points of relative outperformance of highest versus lowest.



Source: WisdomTree, as of 12/31/2022. Past performance is not indicative of future results. You cannot invest directly in an index. WisdomTree, its affiliates and their independent providers are not liable for any informational errors, incompleteness or delays or for any actions taken in reliance on information contained herein. Top and bottom quintiles are shown for simplicity.

WisdomTree U.S. Value Fund (WTV) Investment Methodology

The WisdomTree U.S. Value Fund (WTV) seeks income and capital appreciation. WTV is a quantitative actively managed strategy that invests primarily in large- and mid-capitalization U.S. companies with high total shareholder yield and favorable quality characteristics, such as return on equity (ROE) and return on assets (ROA). To avoid companies that finance share buybacks by issuing debt, the strategy ranks stocks based on both metrics and applies a qualitative risk management overlay.

The Fund’s portfolio is reconstituted and rebalanced on an annual basis, although a more active approach may be taken depending on market conditions and investment opportunities.



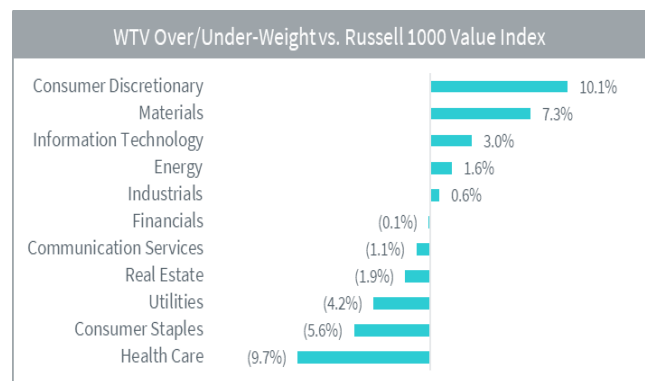
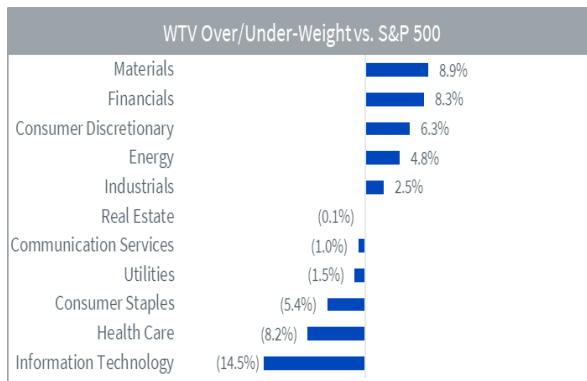
Adding a U.S. Value Strategy to Your Portfolio

WTV incorporates Warren Buffett’s philosophy of investing in high quality businesses at reasonable valuations and well executed share buyback programs that are done at the right prices and for the right reasons. This is evident in WTV fundamental characteristics. WTV currently offers investors higher quality and higher capital returns at discounted valuations relative to benchmark indexes.

Characteristics (as of 12/31/2022)								
	Price/Earnings (Trailing)	Price/Earnings (Forward)	30-Day SEC Yield (%)	Dividend Yield (%)	Net Buyback Yield (%)	Shareholder Yield (%)	Return on Equity (%)	Return on Assets (%)
WisdomTree U.S. Value Fund	8.01	9.84	2.01	1.86	10.10	11.96	27.92	5.01
S&P 500 Index	18.26	17.29	N/A	1.69	2.48	4.16	19.80	4.32
Russell 1000 Index	17.83	17.09	N/A	1.65	2.39	4.04	18.73	4.06
Russell 1000 Value Index	14.40	14.32	N/A	2.20	2.34	4.54	14.87	3.00

Source: WisdomTree, FactSet. Past performance is not indicative of future results. You cannot invest directly in an index.

The strategy offers differentiated sector exposure relative to the market, as measured by the S&P 500 Index, and its benchmark, the Russell 1000 Value Index.



Source: WisdomTree, FactSet, as of 12/31/2022.

How has WTV Performed?

Standardized Annual Returns (as of 12/31/2022)					
	1 Year	3 Year	5 Year	10 Year	Since Inception
WisdomTree U.S. Value Fund (NAV)	-7.94%	8.36%	8.71%	11.58%	7.21%
WisdomTree U.S. Value Fund (Market Price)	-8.11%	8.36%	8.68%	11.58%	7.21%
Russell 1000 Value Index	-7.54%	5.96%	6.67%	10.29%	6.39%

Calendar Year Returns											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
WisdomTree U.S. Value Fund (NAV)	11.97%	30.73%	13.62%	-0.79%	8.39%	23.33%	-8.04%	29.75%	6.14%	30.19%	-7.94%
Russell 1000 Value Index	17.51%	32.53%	13.45%	-3.83%	17.34%	13.66%	-8.27%	26.54%	2.80%	25.16%	-7.54%
Excess Return (NAV)	-5.54%	-1.80%	0.17%	3.04%	-8.95%	9.67%	0.23%	3.21%	3.34%	5.03%	-0.40%

Source: WisdomTree, FactSet, as of 12/31/2022. Fund inception date: 02/23/2007. You cannot invest directly in an index.

Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data for the most recent month-end is available at wisdomtree.com.

WisdomTree shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total Returns are calculated using the daily 4:00pm EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times.

Conclusion

Over the long-term investment horizon, companies returning the most capital through dividends and buybacks generated excess returns for shareholders. WTV offers exposure to high shareholder yield companies with high quality characteristics at discounted valuations.

Quick Facts	
Ticker	WTV
Exchange	NYSE Arca
Expense Ratio	0.12%
Structure	Open-end ETF
Exposure	Mid and large-cap equities
Number of Holdings*	124
Rebalancing	Annually

*Number of holdings subject to change. Data as of 12/31/2022 unless otherwise noted.

We build our ETFs with proprietary methodologies, smart structures and uncommon access to provide investors with the potential for income, performance, diversification and more.

For more information on WTV, contact your WisdomTree representative or visit WisdomTree.com.

Glossary:

Basis point: 1/100th of 1 percent. **Dividend:** A portion of corporate profits paid out to shareholders. Dividends are not guaranteed and may fluctuate. **Buyback:** When a company uses its own cash to purchase its own outstanding shares; may positively impact the share price. **Net Buyback Yield:** A company's net share buyback is the difference between the capital raised by issuing new shares and the money the company spent on buying back any outstanding shares. A positive net share buyback means that more was spent on buying back existing shares than received from issuing new shares. Net buyback yield is the amount of a company's net buybacks divided by its market capitalization. Please note that net buyback yield does not represent a dividend paid by the company. **Dividend yield:** A financial ratio that shows how much a company pays out in dividends each year relative to its share price. **Excess capital:** Defined as the excess of a company's liabilities over its productive capital. **Market Capitalization:** 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. **Large-Capitalization (Large-Cap):** A term used by the investment community to refer to companies with a market capitalization value of more than \$10 billion. Large cap is an abbreviation of the term "large market capitalization". Market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share. **Mid-Capitalization (Mid-Cap):** Characterized by exposure to the next 20% of market capitalization (after the top 70% have been removed) within the Value, Blend or Growth style zones with the majority of the fund's weight. **Price-to-earnings (P/E) ratio:** Share price divided by earnings per share. Lower numbers indicate an ability to access greater amounts of earnings per dollar invested. **Forward Price-to-Earnings (P/E) Ratio:** Ratio of current price per share to estimated earnings per share over the course of the next year. **Trailing Price-to-earnings (P/E) ratio:** Share price divided by trailing 12-month earnings per share. Lower numbers indicate an ability to access greater amounts of earnings per dollar invested. **Return on Equity (ROE):** Measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Return on assets (ROA):** Firm profits (after accounting for all expenses) divided by the firm's total assets. Higher numbers indicate greater profits relative to the level of assets utilized to generate them. **SEC 30-Day Yield:** The yield figure reflects the dividends and interest earned during the period, after deduction of the Fund's expenses. This is also referred to as the "standardized yield. **Valuation:** Refers to metrics that relate financial statistics for equities to their price levels to determine if certain attributes, such as earnings or dividends, are cheap or expensive.

Index Definitions:

S&P 500 Index: A capitalization-weighted index of 500 stocks selected by the Standard & Poor's Index Committee, designed to represent the performance of the leading industries in the U.S. economy. **Russell 1000 Index:** A capitalization-weighted index that measure the large-cap segment of the U.S. equity universe. **Russell 1000 Value Index:** A capitalization-weighted index that measure the large-cap value segment of the U.S. equity universe.

Unless otherwise stated, data source is WisdomTree.

This information must be preceded or accompanied by a prospectus, [click here](#) to view or download prospectus. We advise you to consider the fund's objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other important information about the fund. Please read the prospectus carefully before you invest.

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 the Fund 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.

Statements concerning financial market trends are based on current market conditions, which will fluctuate. References to specific securities and their issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities.

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