

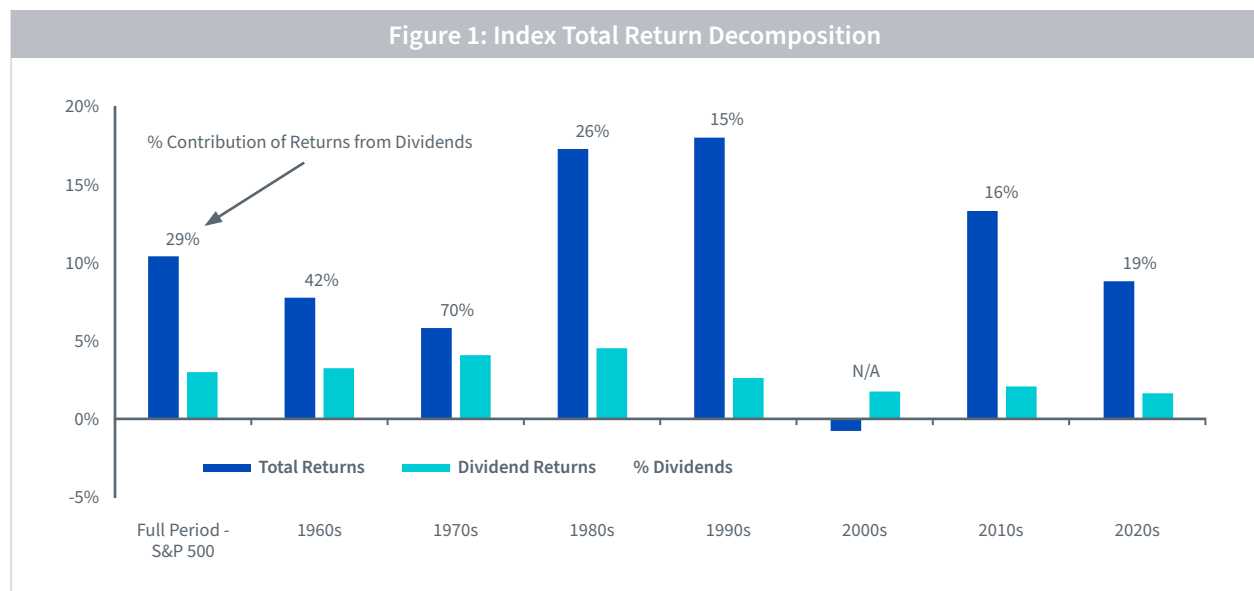
# THE DIFFERENCE OF DIVIDENDS: WisdomTree Dividend Indexes

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Dividends contributed nearly 30% to the 10.4% annual total returns of the S&P 500 over the long run.

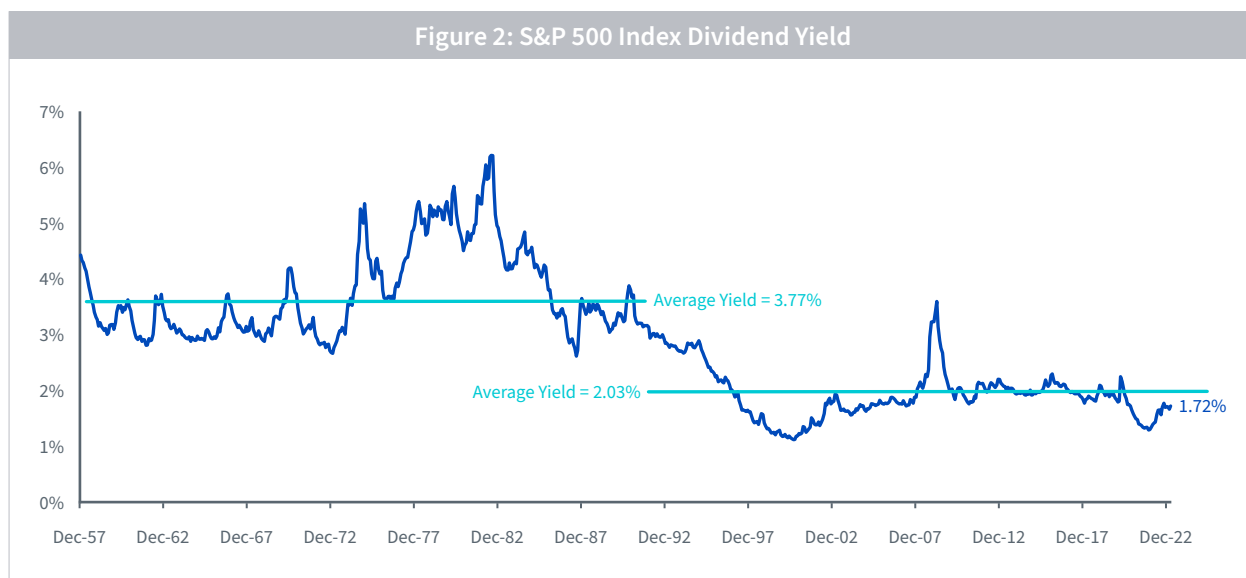
A few highlights from looking by decade:

- In the 1970s, a decade characterized by high inflation and weak economic growth, dividends made up 70% of total returns.
- The 1990s—the decade of the dot-com bubble—had the lowest contribution from dividends of just 15%.
- The 2000s was the only decade with negative total returns. The dividend returns of nearly 2% provided a cushion to offset negative price returns driven by the bursting of the dot-com bubble and the Global Financial Crisis.



Sources: WisdomTree, Robert Shiller Data Library, 12/31/1957-3/31/2023. You cannot invest directly in an index. **Past performance is not indicative of future returns.**

The dividend yield on the S&P 500 has steadily declined in recent years, lowering the expected return from this key component of long-term returns.



Sources: WisdomTree, Robert Shiller Data Library, 12/31/1957–3/31/2023. You cannot invest directly in an index. **Past performance is not indicative of future returns.**

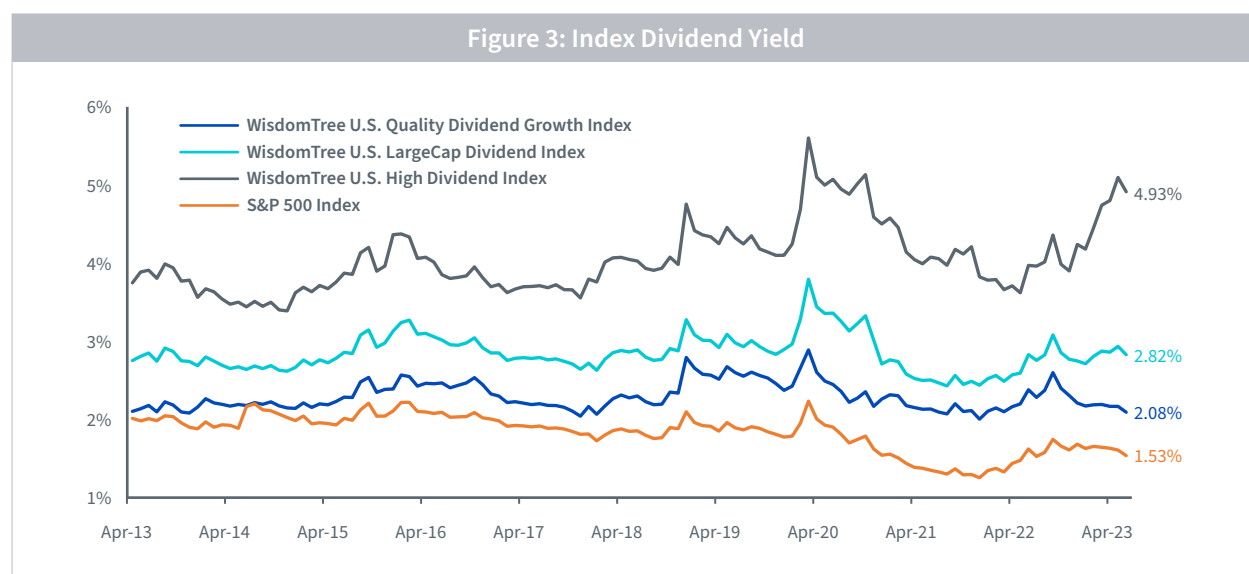
## WISDOMTREE'S SOLUTIONS

WisdomTree has three dividend-weighted large-cap Indexes with distinct style exposures.

Style	WisdomTree Index	Index Inception Date	Related WisdomTree ETF
Broad Dividends	U.S. LargeCap Dividend	6/1/2006	U.S. LargeCap Dividend (DLN)
Quality Dividends	U.S. Quality Dividend Growth	4/12/2013	U.S. Quality Dividend Growth (DGRW)
High Dividends	U.S. High Dividend	6/1/2006	U.S. High Dividend (DHS)

The WisdomTree U.S. High Dividend Index tends to have the highest dividend yield, followed by the WisdomTree U.S. LargeCap Dividend Index and the WisdomTree U.S. Quality Dividend Growth Index. Each Index has a dividend yield considerably higher than the S&P 500 yield of around 1.5%.

The WisdomTree U.S. Quality Dividend Growth Index dividend yield of 2.08% is the closest to the S&P 500 average dividend yield of 2.03% since 1990.



Sources: WisdomTree, S&P, FactSet, 4/30/13–6/30/23. Start date begins with the launch of the WisdomTree U.S. Quality Dividend Growth Index on 4/11/13. You cannot invest directly in an index. **Past performance is not indicative of future returns.**

In what has been a growth-led market over the last decade, the WisdomTree U.S. Quality Dividend Growth Index has outperformed the S&P 500 due to its combination of a higher average dividend yield and dividend growth.

The WisdomTree U.S. High Dividend Index had the lowest returns, primarily driven by negative valuation change, or multiple contraction.

**Figure 4: Return Deconstruction, April 30, 2014 to June 30, 2023**

Index Name	Fundamentals		Multiples	Total Return
	Average Dividend Yield	Dividend Growth	Valuation Change	
WisdomTree U.S. Quality Dividend Growth Index	2.5%	9.6%	0.1%	12.5%
WisdomTree U.S. LargeCap Dividend Index	3.0%	7.5%	-0.6%	10.1%
WisdomTree U.S. High Dividend Index	4.3%	6.6%	-3.1%	7.8%
S&P 500 Index	1.9%	7.1%	2.6%	11.9%

Sources: WisdomTree, S&P, FactSet, 4/30/14–6/30/23. Start date of 4/30/14 chosen based on first full year for calculating trailing 12-month dividend growth. You cannot invest directly in an index. **Past performance is not indicative of future returns.**

Put another way, the High Dividend Index had its starting price-to-dividend decrease from 28.0 to 21.0, a headwind of 3.1% annualized.

The S&P 500 Index was the only Index that saw a meaningful drop in its starting dividend yield of 2.0% to its ending yield of 1.5%.

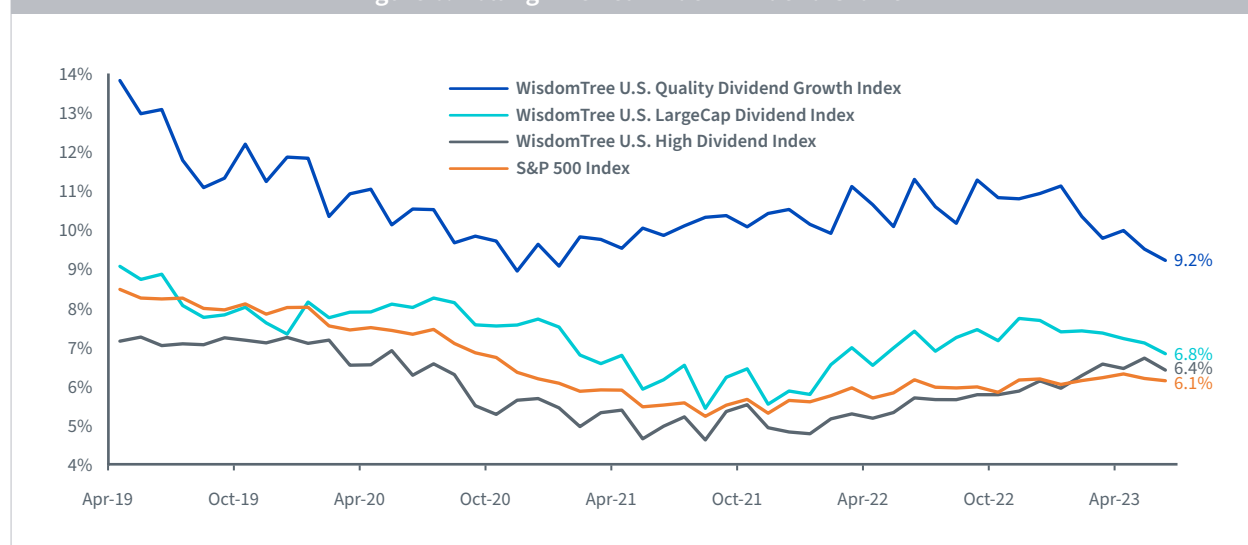
Figure 5: Valuation Metrics, April 30, 2014 to June 30, 2023

Index Name	Valuation Metrics			
	Starting Price-to-Dividend	Ending Price-to-Dividend	Starting Dividend Yield	Ending Dividend Yield
WisdomTree U.S. Quality Dividend Growth Index	45.2	45.6	2.2%	2.2%
WisdomTree U.S. LargeCap Dividend Index	36.7	34.9	2.7%	2.9%
WisdomTree U.S. High Dividend Index	28.0	21.0	3.6%	4.8%
S&P 500 Index	51.1	64.6	2.0%	1.5%

Sources: WisdomTree, S&P, FactSet. Start date: 4/30/14. End date: 6/30/23. Start date chosen based on first full year for calculating trailing 12-month dividend growth. You cannot invest directly in an index. **Past performance is not indicative of future returns.**

In addition to yields, dividend growth is another key driver of returns. Over rolling five-year periods, the WisdomTree U.S. Quality Dividend Growth Index had dividend growth that was consistently well above the other dividend indexes and the S&P 500.

Figure 6: Rolling Five-Year Index Dividend Growth



Sources: WisdomTree, S&P, FactSet, 4/30/19–6/30/23. You cannot invest directly in an index. **Past performance is not indicative of future returns.**

## THE BOTTOM LINE: DIVIDENDS MATTER

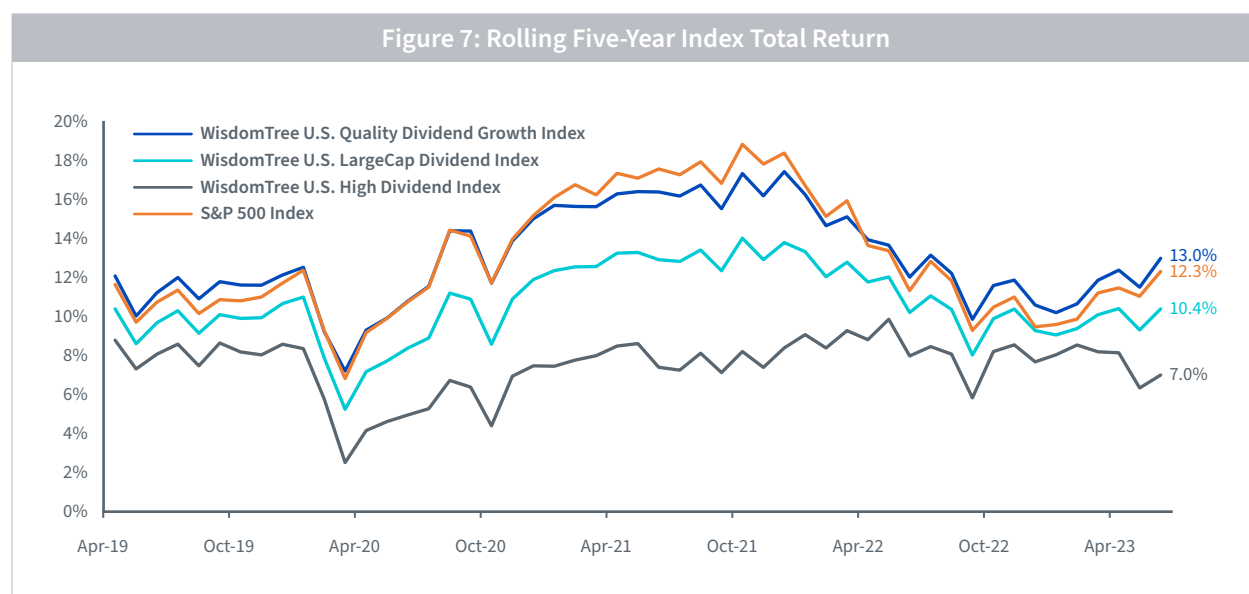
The below chart shows rolling five-year Index total returns since the inception of the WisdomTree U.S. Quality Dividend Growth Index.

The WisdomTree U.S. Quality Dividend Index has consistently had the closest tracking of the three Indexes to the performance of the S&P 500. Over the last five-year period, it has outperformed the S&P 500 by 0.7% annualized.

The WisdomTree U.S. High Dividend Index is the most differentiated of the three Indexes to the performance of the S&P 500. Over the latest five-year period, it has lagged the S&P 500 by more than 500 basis points annualized.

As we saw from the table on valuation metrics, the yield on the High Dividend Index has increased from 3.6% to 4.8% over the period, while the S&P 500 yield has slumped from 2.0% to 1.5%.

The WisdomTree U.S. LargeCap Dividend Index has a yield and a total return performance differential that sits between the Quality Dividend Growth and High Dividend Indexes.



Sources: WisdomTree, S&P, FactSet, 4/30/19–6/30/23. You cannot invest directly in an index. **Past performance is not indicative of future returns.**

## GLOSSARY

**Basis point:** 1/100th of 1 percent. **Dividend yield:** A financial ratio that shows how much a company pays out in dividends each year relative to its share price. **S&P 500 Index:** A 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. **Valuation metrics:** 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. **WisdomTree U.S. High Dividend Index:** A fundamentally weighted index that measures the performance of companies with high dividend yields selected from the WisdomTree U.S. Dividend Index. The Index is dividend weighted annually to reflect the proportionate share of the aggregate cash dividends each component company is projected to pay in the coming year, based on the most recently declared dividend per share and adjusted for a company's composite risk score. The composite risk score is an average of three factors: value, quality and momentum. Companies that score favorably on the composite risk score will have an increase in weight, and companies that rank poorly will have a reduction in weight. **WisdomTree U.S. LargeCap Dividend Index:** A fundamentally weighted index that measures the performance of the large-capitalization segment of the U.S. dividend-paying market. The Index is comprised of the 300 largest companies ranked by market capitalization from the WisdomTree U.S. Dividend Index. **WisdomTree U.S. Quality Dividend Growth Index:** A fundamentally weighted index that consists of dividend-paying stocks with growth characteristics. The primary starting screening universe for this Index is the constituents of the WisdomTree U.S. Dividend Index with market capitalization of at least \$2 billion. The Index is comprised of the 300 companies in the WisdomTree U.S. Dividend Index with the best combined rank of growth and quality factors. The growth factor ranking is based on long-term earnings growth expectations, while the quality factor ranking is based on three-year historical averages for return on equity and return on assets. **Yield:** The income return on an investment. Refers to the interest or dividends received from a security that is typically expressed annually as a percentage of the market or face value.

## IMPORTANT INFORMATION

**Investors should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. To obtain a prospectus containing this and other important information, please call 866.909.9473, or visit [WisdomTree.com/investments](http://WisdomTree.com/investments) to view or download a prospectus. Investors should read the prospectus carefully before investing.**

There are risks associated with investing, including possible loss of principal.

**DLN, DGRW, DHS:** 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. Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time.

Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

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