The income imperative: why high dividend equities belong at the core of every portfolio

Published 1 July 2026

Aneeka Gupta
Director, Macroeconomic Research, WisdomTree Europe

Key Takeaways

- Reinvested dividends account for the overwhelming majority of real long-run equity wealth accumulation, making income generation a core, not peripheral, portfolio objective.
- The current macroeconomic backdrop (high energy prices, sticky inflation and heightened volatility) creates a particularly strong environment for high dividend strategies.
- A globally diversified, fundamentally weighted dividend strategy provides geographic and sector balance unavailable in single-region income products, while trading at a material valuation discount to the broad market.
- Related Products WisdomTree Global High Dividend UCITS ETF - USD Find out more

The enduring case for high dividend-yielding equities

High dividend yield strategies have long served as a cornerstone of sophisticated equity income portfolios. Yet in the current environment, the appeal extends well beyond the simple mechanics of income generation. For investors seeking resilient, risk-adjusted returns amid elevated macroeconomic volatility, dividend-focused equities may offer a strong investment proposition.

- **A reliable and compounding income stream**: Dividends have historically contributed a significant proportion of total equity returns over the long run, accounting for more than 40% of total equity market returns over the past century on a global basis1. Unlike capital gains, dividend income provides a visible, recurring cash flow that compounds powerfully over time. For liability-driven investors, defined benefit schemes, and income-oriented mandates, it is a structural requirement.
- **Downside protection and lower drawdowns**: Historically, dividend-paying companies have exhibited lower drawdowns during periods of market stress than some non-dividend-paying companies, although this has not been consistent across all market environments. The income cushion partially offsets capital declines, while the quality bias inherent in dividend selection tends to skew portfolios away from speculative, capital-hungry businesses that are most vulnerable to tightening financial conditions.

- **Inflation linkage and real return preservation**: Companies with pricing power (utilities, financials, energy majors, and consumer staples) often feature prominently in high dividend universes. Many can pass through inflationary cost pressures to end customers, which may help support returns during periods of elevated inflation.

The macro backdrop: why now matters

The current macroeconomic backdrop strengthens the structural case for high dividend equities. Three interlinked forces are reshaping the investment landscape in ways that are directly advantageous to high dividend strategies. Firstly, the US-Iran conflict has introduced a significant and sustained risk premium into global energy markets. With Brent crude elevated and supply-chain disruption cascading across oil-dependent sectors, headline inflation is proving stickier than central bank projections anticipated. For dividend investors, this creates two tailwinds: energy-sector constituents, which feature prominently in high-yield indices, are direct beneficiaries of elevated oil prices, and dividend yields gain relative attractiveness as real fixed-income yields come under pressure.

Secondly, in a regime of structurally higher inflation, the real yield on government bonds, even with nominal rates elevated, remains compressed. Equities yielding 3-4%, particularly when backed by dividend growth potential, may offer a stronger risk-adjusted income profile than investment-grade or short-duration fixed income.

Lastly, market volatility has been elevated throughout 2025–2026, reflecting geopolitical uncertainty, central bank policy divergence, and weakening global growth momentum. In such environments, portfolios anchored to cash-generative, dividend-paying businesses tend to demonstrate superior risk-adjusted performance.

This is because dividend income may provide a partial cushion during periods of market weakness: as prices fall, yields rise, attracting incremental buyers and compressing drawdowns relative to growth-oriented benchmarks. Furthermore, dividend streams are typically less volatile than earnings or price momentum, providing portfolio anchoring during periods of macroeconomic turbulence.

Introducing the WisdomTree Global High Dividend UCITS ETF

Against this backdrop, WisdomTree has launched of the WisdomTree Global High Dividend UCITS ETF (Ticker: WDIV). The fund tracks the WisdomTree Global High Dividend UCITS Index (Ticker: WTGDHYU), a proprietary, fundamentally-weighted index designed to deliver exposure to high dividend yielding companies across developed global markets, while actively screening for quality and sustainability to reduce the risk of value traps.

The index is built on three core design principles:

- **Income-oriented**: The Index targets companies in the top 30% by dividend yield within their region and Global Industry Classification Standard (GICS) sector, delivering a portfolio yield that is materially above market-cap weighted benchmarks.

- **Quality-aware**: Eligible companies are scored on a composite risk factor, equally weighting two signals: a Quality factor, measuring return on equity, return on assets, gross profitability and cash flow quality, scored within industry groups and a Momentum factor, measuring risk-adjusted price returns over 6 and 12 months to identify stocks with deteriorating market signals. Companies in the bottom decile of this composite score are excluded entirely. Critically, companies in the top 5% by dividend yield that also score in the bottom half of the composite risk score are removed as this is the index's explicit yield trap screen.
- **Fundamentally weighted**: Rather than weighting by market capitalisation, the index weights constituents by their dividend stream (annual dividend × shares outstanding), amplified by a 1.5× quality multiplier for companies that fall within the top two deciles of the composite risk factor. This tilts the portfolio towards larger, higher- dividend payers and away from the price-momentum bias inherent in cap-weighted indices.

Why WisdomTree launched the Global High Dividend UCITS ETF

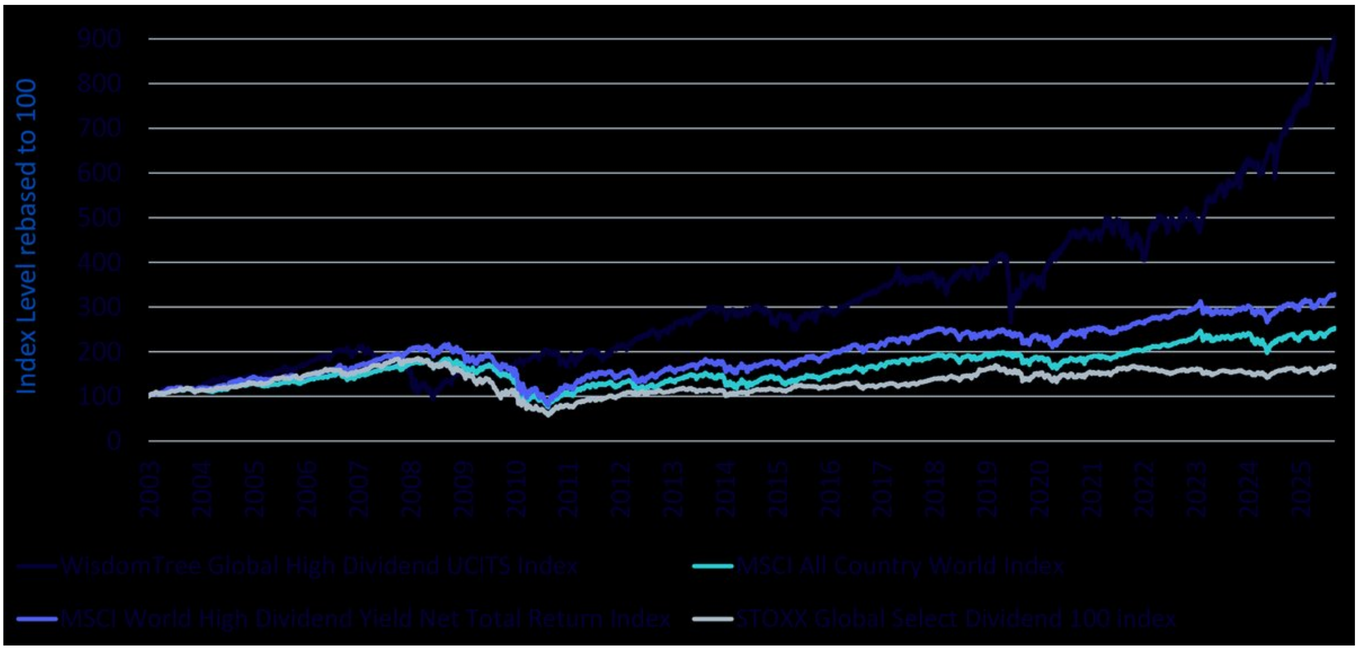
WisdomTree has been a global pioneer in dividend-weighted equity strategies for over two decades, with a live track record in dividend investing that spans multiple market cycles. The launch reflects three clear strategic imperatives:

- **Strong investor demand**: Equity income strategies continue to attract robust inflows across retail and institutional channels globally, reflecting a structural shift in portfolio construction towards income generation.
- **Portfolio completion**: The WisdomTree Global High Dividend exchange-traded fund (ETF) provides a genuinely global dividend vehicle that completes WisdomTree's High Dividend family, which already includes dedicated US, European, and Emerging Market high dividend ETFs with a unified global solution built on the same investment philosophy, index construction principles and ESG screening framework.
- **Differentiated design**: The Index applies a more rigorous dividend sustainability screen than many competing products and is designed to help address one of the common risks associated with high dividend strategies.

Backtested historical performance

The figure below illustrates the simulated performance of the Index against the MSCI All Country World Index (ACWI), the MSCI World High Dividend Yield Net Total Return Index and the Stoxx Global Select Dividend 100 Index since 29 September 2003, capturing multiple full market cycles including the Global Financial Crisis and the COVID-19 pandemic. The backtest indicates that the Index would have outperformed the referenced benchmarks over the period shown.

Figure 1: Backtest of WisdomTree’s Global High Dividend UCITS Index versus peers

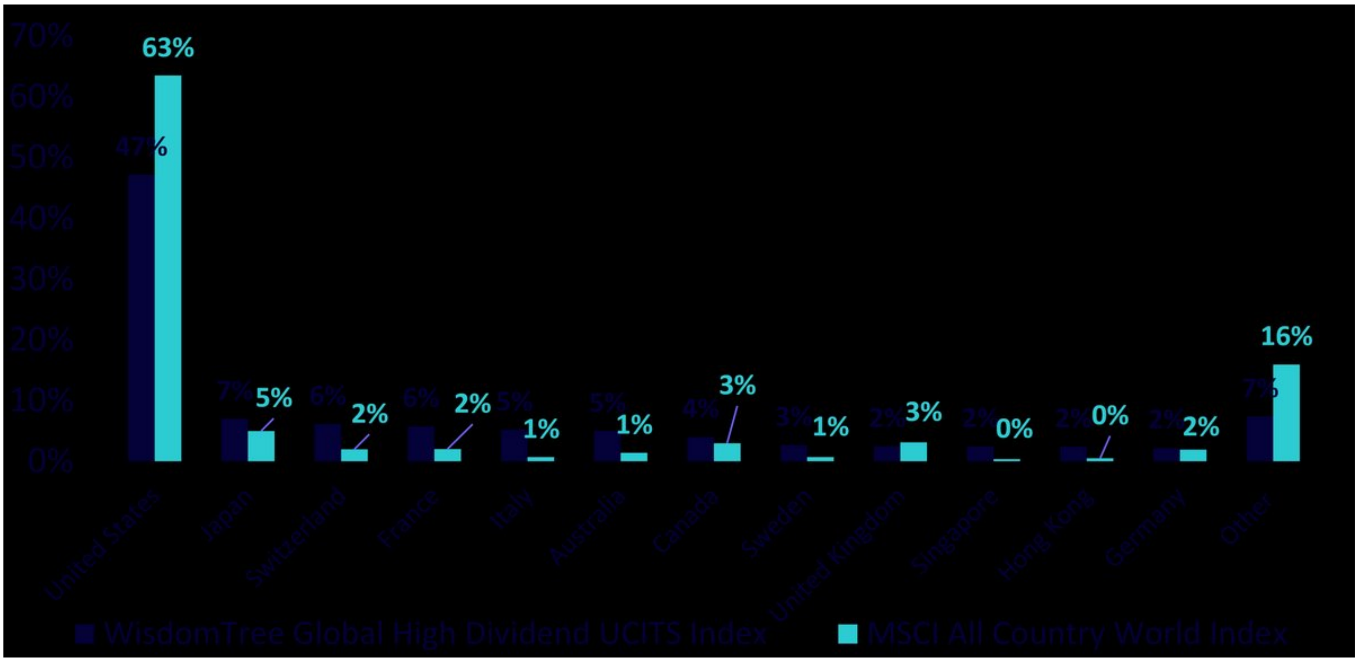


Source: FactSet, Bloomberg Finance L.P., WisdomTree from 30 September 2003 to 29 May 2026. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Portfolio tilts: geographic allocation

WisdomTree's Global High Dividend UCITS ETF maintains a distinctly different regional profile versus the MSCI All Country World Index (ACWI). While US equities remain the single largest allocation (47.2%), the Index is materially underweight the US relative to market capitalisation benchmarks. This reflects the dividend-weighted construction: high dividend payers are disproportionately represented in Europe, Japan, Australia and Asia, where corporate payout cultures are more entrenched. Switzerland (6.2%), France (5.8%), Italy (5.2%), Australia (5.0%) and Japan (7.0%) all feature as significant overweights versus MSCI ACWI weights.

Figure 2: Comparison of geographic allocation

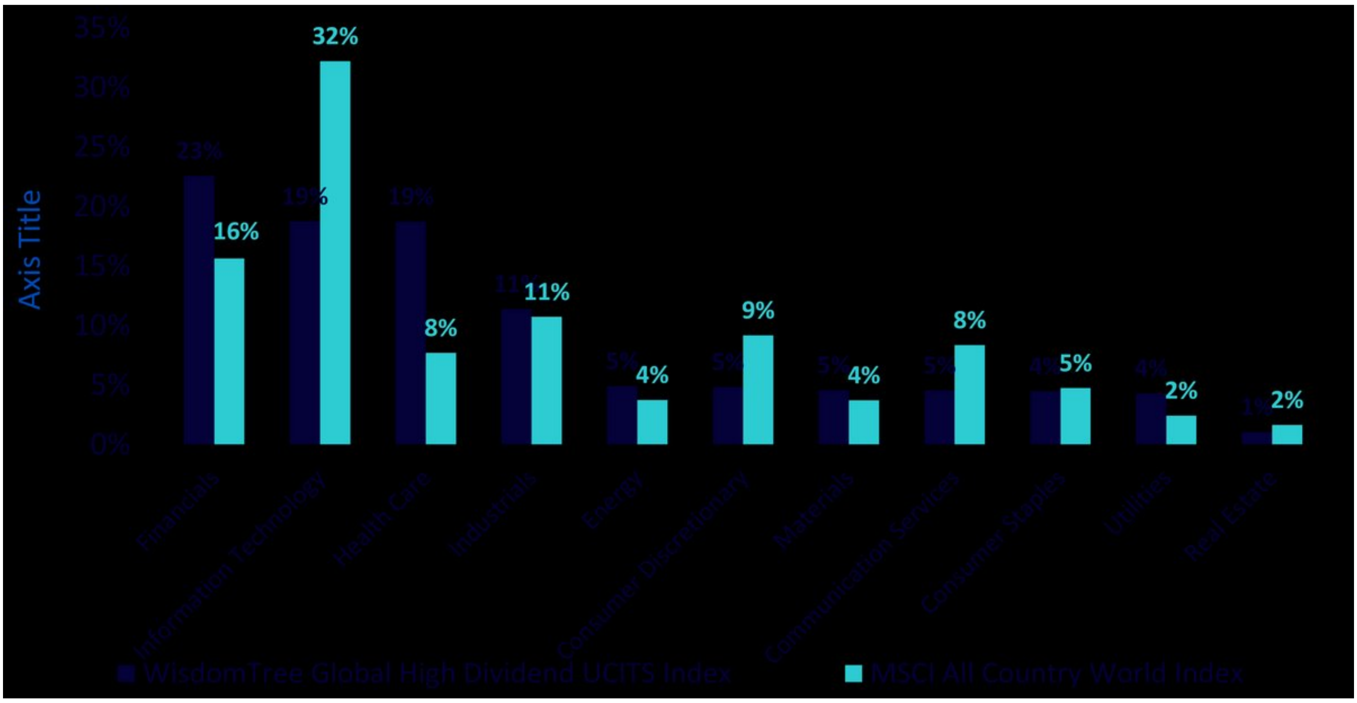


Source: FactSet, WisdomTree as of 29 May 2026. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Portfolio tilts: sector allocation

The Index's sector profile reflects the distribution of dividend-paying quality companies globally. Financials (22.6%), information technology (18.7%) and health care (18.7%) represent the three largest sector exposures. The technology weight benefits from large, highly cash-generative technology companies that have materially grown their dividends in recent years, an often-overlooked feature of the Global High Dividend index methodology versus older dividend indices that are structurally underweight technology. The Index is significantly underweight information technology relative to MSCI ACWI (18.7% versus 32.2%), with the difference largely offset by higher allocations to financials, health care and utilities. This results in a more diversified sector mix and a risk profile that is better aligned with income generation.

Figure 3: Comparison of sector allocation

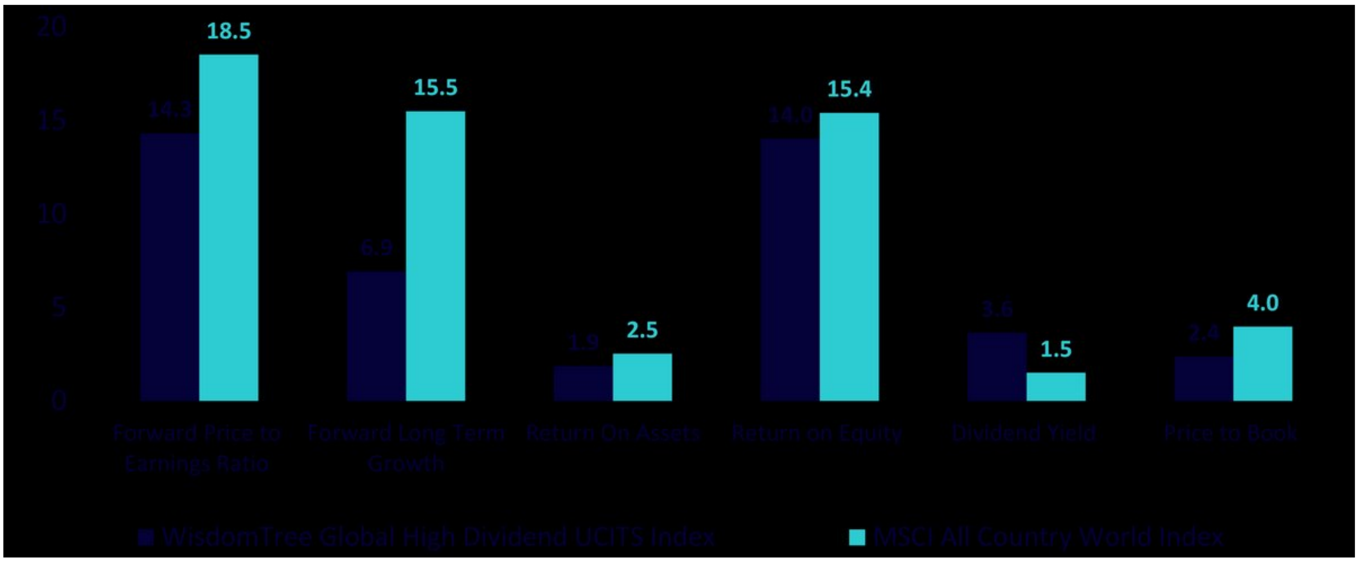


Source: FactSet, WisdomTree as of 29 May 2026. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Fundamental characteristics

The Index trades at a meaningful valuation discount to the broad global benchmark, with a forward P/E of 14.3x compared with 18.5x for MSCI ACWI, and a price-to-book ratio of 2.4x versus 4.0x. It also has historically exhibited a dividend yield above that of the MSCI ACWI while maintaining quality characteristics, although there can be no guarantee this will continue. Despite its lower valuation and higher income profile, the Index maintains strong quality characteristics, with a return on equity of 14.0%, compared with 15.4% for MSCI ACWI.

Figure 4: Comparison of fundamental valuations



Source: FactSet, WisdomTree as of 29 May 2026. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Conclusion

The WisdomTree Global High Dividend UCITS ETF offers investors a differentiated path to access global dividend yielding companies. Built on a transparent, rules-based methodology that targets yield sustainability and quality, the ETF delivers a dividend yield more than double that of the MSCI ACWI, without compromising on the balance sheet and earnings quality that defines WisdomTree's approach to dividend investing. In an environment defined by geopolitical risk, inflationary persistence, and elevated market volatility, the dividend equity proposition has rarely been more relevant. The WisdomTree Global High Dividend UCITS ETF is both a natural complement to existing regional dividend allocations and a standalone core income sleeve for sophisticated multi-asset portfolios.

Investments in equity securities can fall in value and investors may lose some or all of their investment. Companies paying high dividends may reduce, suspend or cancel dividend payments at any time. A high dividend yield may be the result of a falling share price and does not necessarily indicate financial strength. The Fund invests globally and may be exposed to market, currency, sector and regional risks. The Fund's investment strategy may underperform broader equity markets or other income-focused strategies. Past performance and simulated backtested performance are not reliable indicators of future results.

1 Source: Hartford Funds Data, at 29 May 2026.

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 is intended for all investors; however, the WisdomTree products described in this document and related materials may be restricted in certain jurisdictions and may only be available to particular categories of investors in accordance with applicable laws and regulations. Where a product is not authorised or its distribution is restricted in your jurisdiction, it is the responsibility of any person or entity in possession of this information to inform themselves of, and comply with, all relevant restrictions. Before making any investment, investors should seek appropriate legal, regulatory, tax and investment advice to assess the suitability and implications of investing in these products. Information about WisdomTree products is available at wisdomtree.eu. WisdomTree does not oer investment advice tailored to individual circumstances. 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 aected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and aer seeking independent investment, tax and legal advice. The content of this document does not constitute investment advice nor an oer for sale nor a solicitation of an oer 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 oering 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 ailiate, nor any of their respective oicers, 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 dier 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

Certain funds referred to in this document are issued by WisdomTree Issuer ICAV (“WT Issuer”). WT Issuer is an open-ended, umbrella-type Irish Collective Asset-management Vehicle with segregated liability between sub-funds and is authorised by the Central Bank of Ireland (“CBI”) as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) under Irish law. Each fund is represented by a separate class of shares (the “Shares”) issued by WT Issuer.

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. 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 Europe¼s 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 aected 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 WisdomTree¼s 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 oering, 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 oer 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.

For Investors in Monaco: This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.

For Investors in Israel: Oering materials for the oering of the Shares and securities have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this oering or passed upon the accuracy or completeness of any oering materials. Any representation to the contrary is unlawful. The products mentioned herein have not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute “an oer to the public” under sections 15 and 15a of the Israel Securities Law, 5728-1968 (“the Securities Law”) or section 25 of the Joint Investment Trusts Law, 5754-1994 (“the Joint Investment Trusts Law “), as applicable. The products are being oered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (“the Addendum”) to the Securities Law, “Sophisticated Investors”) who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority.

This prospectus or this document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any oeree who purchases a product is purchasing such product for its own benefit and account and not with the aim or intention of distributing or oering such product to other parties (other than, in the case of an oeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such oeree is purchasing a product for another party which is a Sophisticated Investor).

Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. A recipient of this document may be required to provide confirmation that it is a Sophisticated Investor purchasing a product for its own account or, where applicable, for other Sophisticated Investors.