2024 Emerging Markets Dividend Family Rebalance Overview

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Hyun Kang
Research Analyst

Key Takeaways

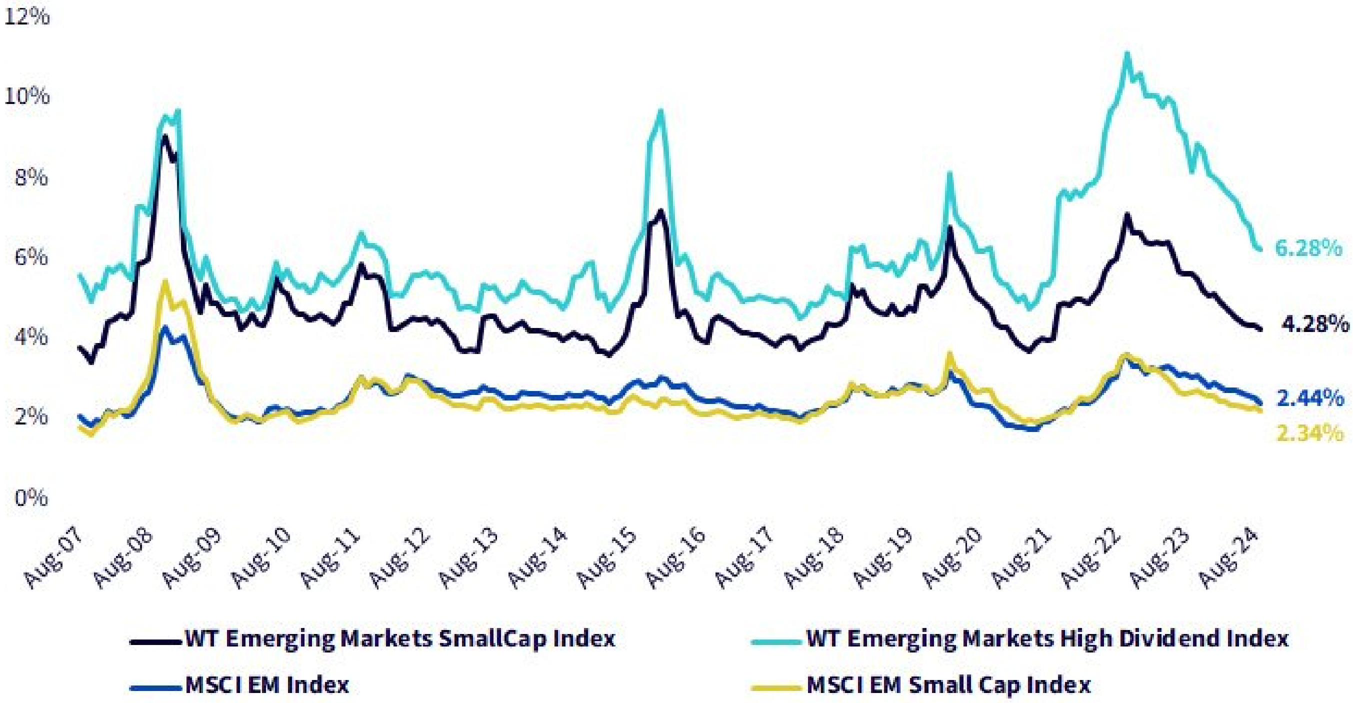
- The WisdomTree Emerging Markets Dividend family of indexes underwent an annual reconstitution in October.
- Since their inception, the WisdomTree Emerging Markets High Dividend Fund (DEM) and the WisdomTree Emerging Markets SmallCap Dividend Fund (DGS) have outperformed the MSCI Emerging Markets Index, benefiting from a dividend-weighted approach.
- Following the latest rebalances, the WisdomTree Emerging Markets Indexes improved key metrics like dividend yield, return on equity and price-to-earnings ratios, enhancing their attractiveness compared to traditional market cap-weighted indexes.

The WisdomTree Emerging Markets Dividend family of indexes undergoes an annual reconstitution in October, including:

- The WisdomTree Emerging Markets Dividend Index (WTEMI), which measures the performance of companies that pay dividends in the emerging markets
- The WisdomTree Emerging Markets High Dividend Index (WTEMHY), which measures the performance of companies ranking in the top 30% by highest dividend yield within the WisdomTree Emerging Markets Dividend Index
- The WisdomTree Emerging Markets SmallCap Dividend Index (WTEMSC), which measures the performance of the bottom 10% market capitalization stocks selected from the WisdomTree Emerging Markets Dividend Index

Component weights for the above Indexes are determined based on cash dividends, 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.

Figure 1: WisdomTree and MSCI Index Dividend Yields

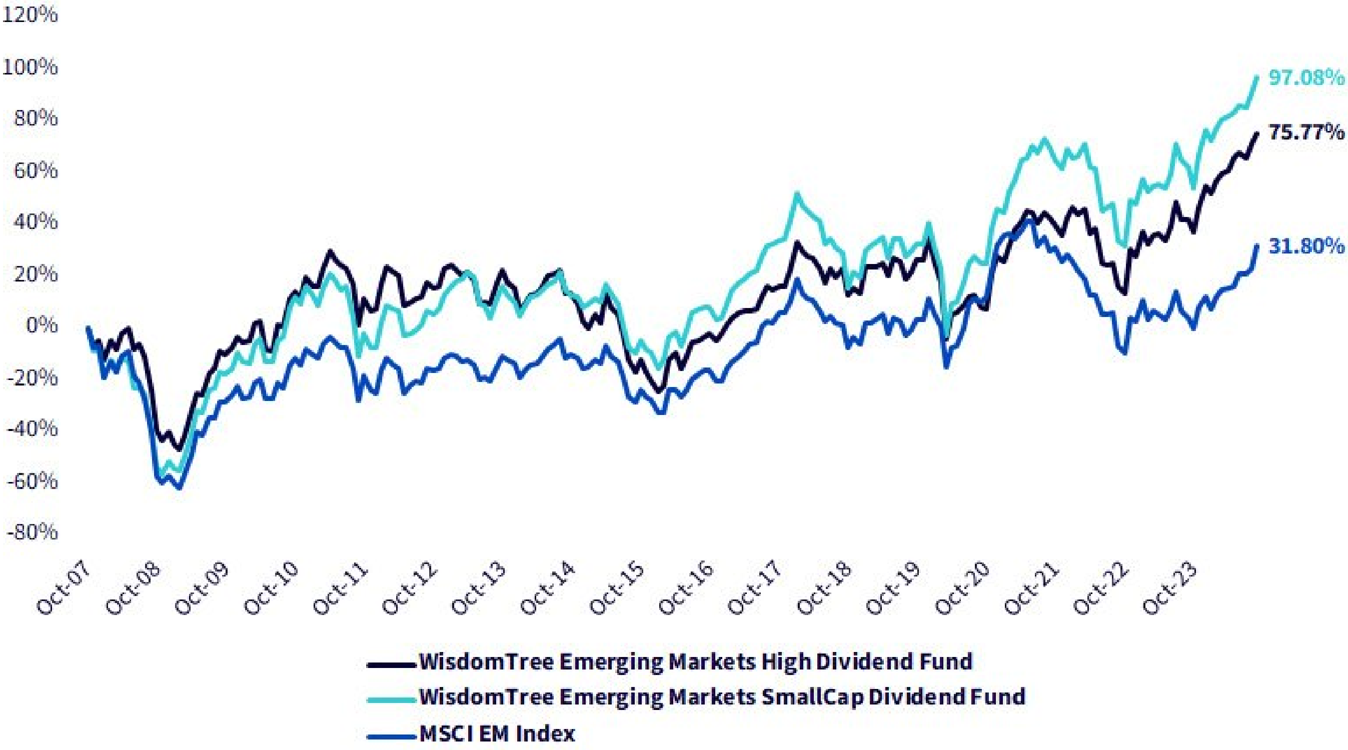


Sources: WisdomTree, FactSet, MSCI. Data from 8/31/07–9/30/24. **You cannot invest directly in an index. Past performance is not indicative of future results.**

Dividend investing does not mean investors have to miss out on outsized price appreciation, which is commonly associated with growthier dividend non-payers that are allocated greater weights within traditional market cap-weighted indexes than within dividend-weighted indexes.

Since October 2007, both the WisdomTree Emerging Markets High Dividend Fund (DEM) and the WisdomTree Emerging Markets SmallCap Dividend Fund (DGS), after accounting for expenses, handily outperformed the MSCI Emerging Markets Index.

Figure 2: Cumulative Total Returns



Sources: WisdomTree, FactSet, MSCI. Data from 10/31/07–9/30/24. **You cannot invest directly in an index. Past performance is not indicative of future results. Investment return 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. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performances and to download the Fund prospectus, please click the respective ticker: DEM, DGS.**

Generally, 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 standardized performance for DGS, DEM and the MSCI Emerging Markets Index, while the broad emerging markets benchmark was almost flat for the last three years, the two WisdomTree Funds had significantly greater returns.

Figure 3: Standardized Performance

Name	Cumulative Returns			Average Annual Total Returns					
	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception	Common Period 10/31/07–12/31/23
DGS (NAV)	3.03%	5.90%	11.43%	21.17%	5.05%	8.72%	5.54%	4.10%	3.57%
DEM (NAV)	2.62%	4.40%	13.31%	23.80%	7.19%	7.60%	4.42%	4.00%	2.74%
DGS (MP)	2.75%	5.52%	10.29%	20.13%	4.82%	8.51%	5.52%	4.05%	3.91%
DEM (MP)	2.42%	4.05%	12.96%	23.58%	7.36%	7.59%	4.44%	3.81%	3.26%
MSCI EM Index	6.68%	8.72%	16.86%	26.05%	0.40%	5.75%	4.02%	8.50%	0.74%

Sources: WisdomTree, FactSet, MSCI. Data as of 9/30/24. **You cannot invest directly in an index. Past performance is not indicative of future results. Investment return 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. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performances and to download the Fund prospectus, please click the respective ticker: DEM, DGS.**

Since the inception of DEM's underlying index, companies with lower dividend yields underperformed those with higher yields within the MSCI Emerging Markets Index.

The same can be observed for DGS's index versus the MSCI Emerging Markets Small Cap Index.

Figure 4: WisdomTree Emerging Markets High Dividend Index Dividend Quintile Attribution

Category	Attribution Components				Average Category Weight			Category Performance	
	Allocation	Stock Selection	Interaction	Total Attribution	Index Weight	Benchmark Weight	+/- Wgt	WT Index Return	Benchmark Return
1st Quintile (Highest Div. Yield)	5.06%	-0.71%	-1.96%	2.38%	69.04%	15.76%	53.29%	5.78%	7.55%
2nd Quintile	0.49%	0.20%	-0.14%	0.55%	22.20%	18.44%	3.76%	5.18%	4.16%
3rd Quintile	-0.46%	0.33%	-0.87%	-1.00%	4.26%	18.85%	-14.59%	2.83%	3.72%
4th Quintile	-0.27%	-1.92%	1.70%	-0.49%	1.98%	17.83%	-15.85%	-0.81%	3.80%
5th Quintile (Lowest Div. Yield)	0.70%	0.33%	-1.36%	-0.33%	0.61%	18.84%	-18.24%	-6.03%	1.41%
Zero Div. Yield	1.22%	-0.47%	0.05%	0.80%	0.18%	8.01%	-7.83%	-4.13%	-4.92%
N/A	-0.01%	0.40%	-0.07%	0.32%	1.73%	2.27%	-0.54%	-3.24%	-1.38%
Total	**6.73%**	**-1.85%**	**-2.65%**	**2.23%**	-	-	-	**5.53%**	**3.30%**

Sources: WisdomTree, FactSet, MSCI. Data as of 9/30/24. **Past performance is not indicative of future results. You cannot invest directly in an index.**

Figure 5: WisdomTree Emerging Markets SmallCap Dividend Index Dividend Quintile Attribution

Category	Attribution Components				Average Category Weight			Category Performance	
	Allocation	Stock Selection	Interaction	Total Attribution	Index Weight	Benchmark Weight	+/- Wgt	WT Index Return	Benchmark Return
1st Quintile (Highest Div. Yield)	1.73%	-0.24%	-0.30%	1.19%	40.97%	14.43%	26.54%	7.91%	9.07%
2nd Quintile	0.45%	-0.52%	-0.29%	-0.36%	25.81%	15.58%	10.23%	5.92%	8.32%
3rd Quintile	-0.03%	0.02%	-0.11%	-0.12%	16.59%	15.82%	0.78%	5.78%	5.45%
4th Quintile	0.01%	-0.05%	0.04%	-0.01%	9.78%	15.66%	-5.88%	3.78%	4.18%
5th Quintile (Lowest Div. Yield)	0.43%	-0.63%	0.32%	0.12%	3.80%	17.10%	-13.30%	-1.51%	1.15%
Zero Div. Yield	1.13%	0.20%	-0.27%	1.06%	0.35%	18.36%	-18.01%	0.66%	-0.68%
N/A	0.06%	-0.20%	0.00%	-0.15%	2.70%	3.06%	-0.36%	-10.79%	-8.65%
Total	**3.78%**	**-1.42%**	**-0.62%**	**1.73%**	-	-	-	**5.70%**	**3.97%**

Sources: WisdomTree, FactSet, MSCI. Data as of 9/30/24. **Past performance is not indicative of future results. You cannot invest directly in an index.**

Rebalance Changes: WisdomTree Emerging Markets Dividend Indexes

Following the Indexes' rebalances in October, WTEMHY improved its dividend yield and return on equity and lowered its price-to-earnings ratio from 8.7x to 8.2x.

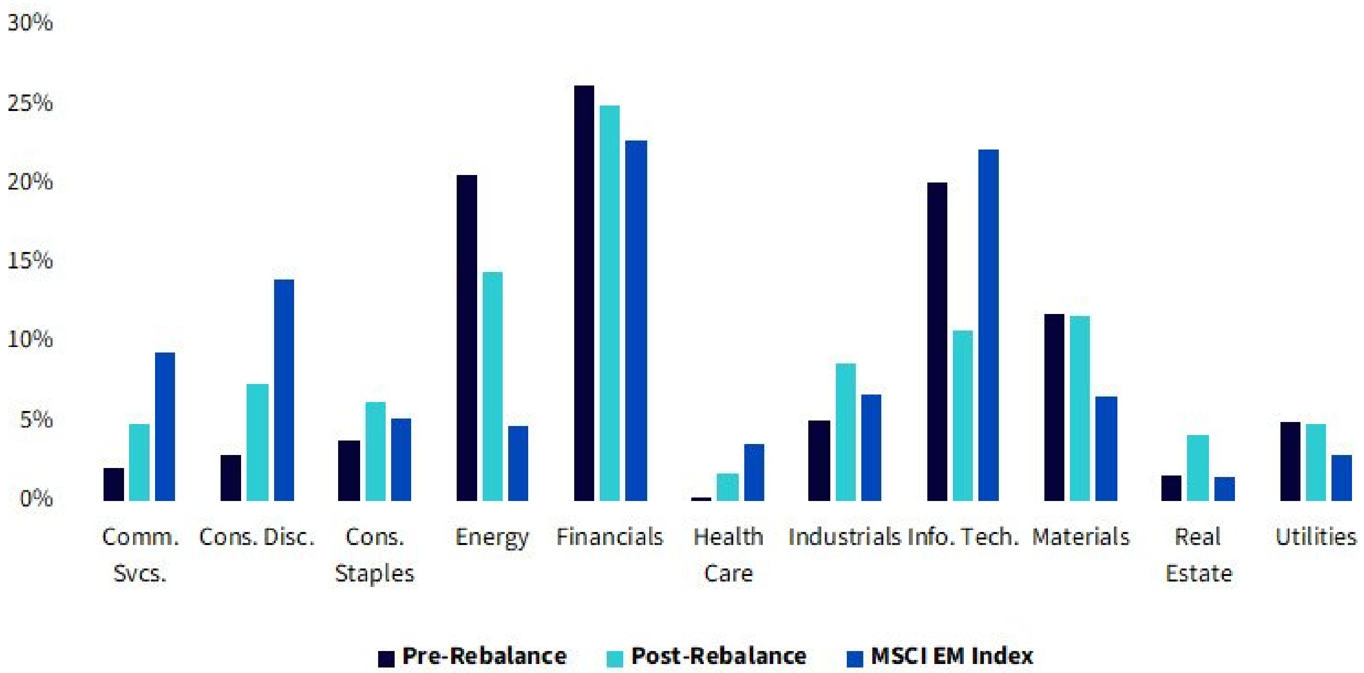
WTEMSC also improved its return on equity, as well as its return on assets and price-to-earnings.

Figure 6: Rebalance Fundamentals Changes

Index	Related WisdomTree ETF	Dividend Yield	Price to Earnings	Return on Assets	Return on Equity
WTEMHY (pre-rebalance)	DEM	6.28%	8.7x	1.51%	11.98%
WTEMHY (post-rebalance)		**6.35%**	**8.2x**	**1.45%**	**12.52%**
WTEMSC (pre-rebalance)	DGS	4.28%	12.5x	2.07%	10.11%
WTEMSC (post-rebalance)		**4.24%**	**11.6x**	**2.42%**	**11.28%**
MSCI EM		*2.44%*	*16.2x*	*1.66%*	*11.39%*

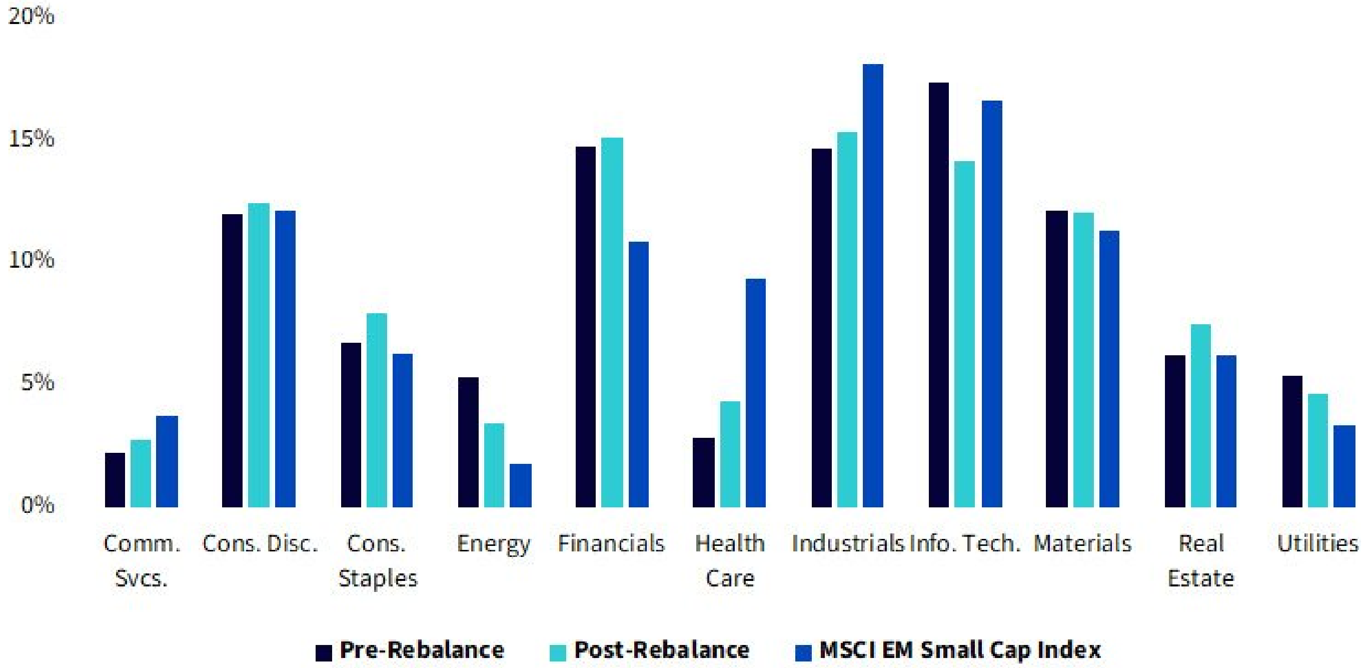
Sources: WisdomTree, FactSet, MSCI. Data as of 9/30/24. **Past performance is not indicative of future results. You cannot invest directly in an index.**

Figure 7: WisdomTree Emerging Markets High Dividend Index Sector Changes



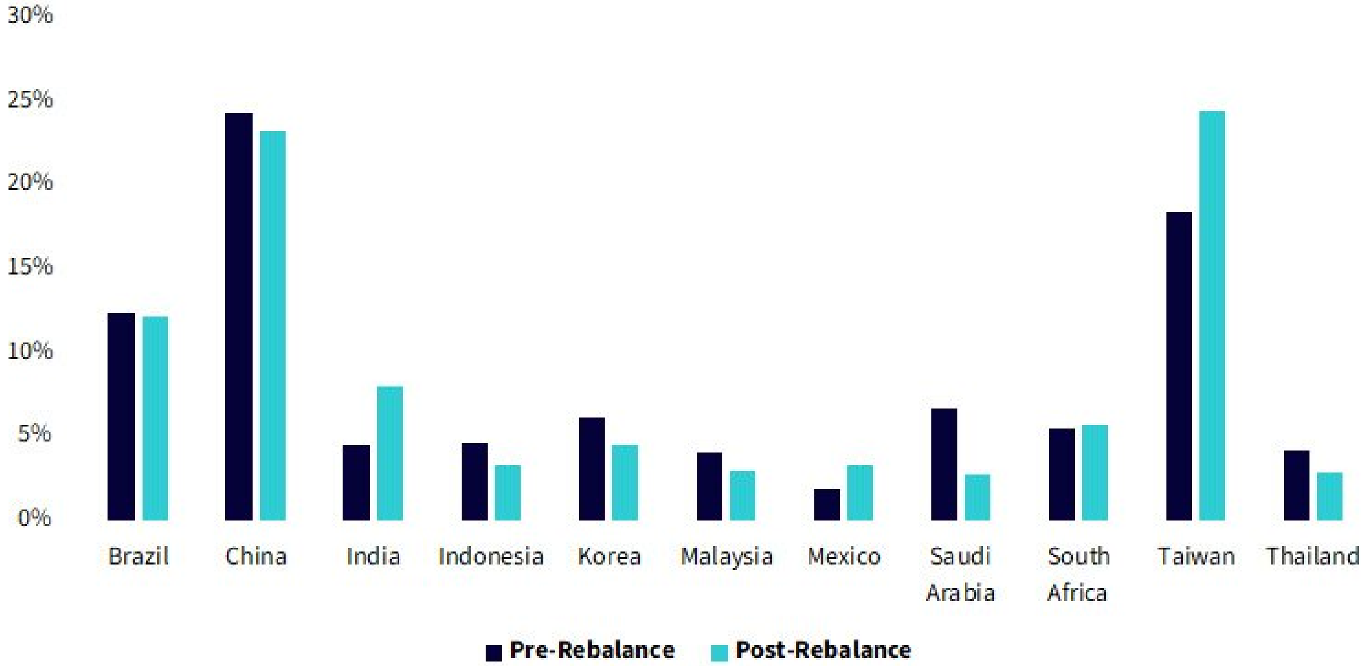
Sources: WisdomTree, FactSet, MSCI. Data as of 9/30/24. **You cannot invest directly in an index.**

Figure 8: WT Emerging Markets SmallCap Dividend Index Sector Changes



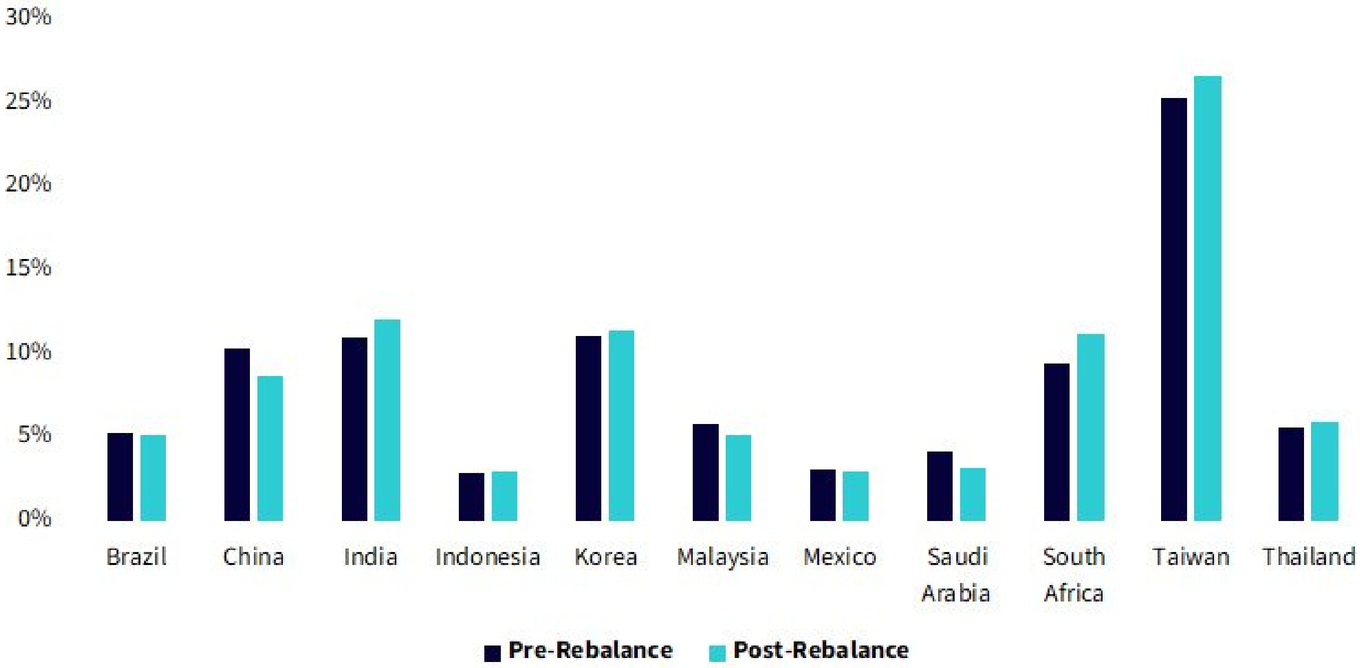
Sources: WisdomTree, FactSet, MSCI. Data as of 9/30/24. **You cannot invest directly in an index.**

Figure 9: WT Emerging Markets High Dividend Index Country Changes



Sources: WisdomTree, FactSet, MSCI. Data as of 9/30/24. **You cannot invest directly in an index.**

Figure 10: WT Emerging Markets SmallCap Dividend Index Country Changes



Sources: WisdomTree, FactSet, MSCI. Data as of 9/30/2024. **You cannot invest directly in an index.**

For additional details on the rebalance of each of the Indexes, please go to their respective Index page on the WisdomTree website:

- WisdomTree Emerging Markets Dividend Index (WTEMI)
- WisdomTree Emerging Markets High Dividend Index (WTEMHY) (the WisdomTree Emerging Markets High Dividend Fund (DEM) seeks to track the price and yield performance, before fees and expenses, of this Index)
- WisdomTree Emerging Markets SmallCap Dividend Index (WTEMSC) (the WisdomTree Emerging Markets SmallCap Dividend Fund (DGS) seeks to track the price and yield performance, before fees and expenses, of this Index)

Important Risks Related to this Article

There are risks associated with investing, including the possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Funds focusing on a single sector and/or smaller companies generally experience greater price volatility. Investments in emerging, offshore or frontier markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation, intervention and political developments. Due to the investment strategy of this Fund, it may make higher capital gain distributions than other ETFs. 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.