

# A Global Equity Blueprint for Summer 2025: Thinking beyond the S&P 500 and MSCI ACWI

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**Christopher Gannatti, CFA**

Global Head of Research

**Jeremy Schwartz, CFA**

Global Chief Investment Officer

## Key Takeaways

- In mid-2025, with rising interest rates and mounting geopolitical pressures, investors are reassessing global equity exposures—making capital discipline and valuation realism essential to portfolio construction.
- A 60/20/20 blend of U.S. value, European opportunities, and Japanese opportunities offers a compelling alternative to tech-heavy benchmarks like the S&P 500 and MSCI ACWI.
- With superior shareholder yield, significantly lower valuation multiples, and underexposure to overvalued mega-cap tech, this allocation positions investors for structural tailwinds and a potential market regime shift.

If you're revisiting your equity portfolio in mid-2025, you're not alone. After a volatile first half of the year and continued macroeconomic crosscurrents—higher-for-longer rates, ongoing geopolitical fractures and renewed focus on capital discipline—investors globally are reassessing *what* they own, *why* and *where*.

Two indexes typically dominate the asset allocation conversation: the S&P 500 for U.S.-centric investors and the MSCI ACWI for those with a global orientation. But is there a more intentional—and potentially better-structured—way to frame a global equity portfolio today?

We think there is. One thoughtfully constructed blend we see merit in consists of:

- **60% in U.S. Value via [WisdomTree U.S. Value Fund \(WTV\)](#):** This strategy seeks income and capital appreciation by investing primarily in U.S. equity securities that provide a high total shareholder yield with favorable relative quality characteristics.

- **20% in European Equities via [WisdomTree European Opportunities Fund \(OPPE\)](#):** The strategy seeks exposure to European companies and is focused on both value stocks and companies benefiting from geopolitical and global policy shifts. Value stocks are defined as companies that provide a high "total shareholder yield," evidenced by return of capital to shareholders through either dividend distributions and/or the repurchase of shares (buybacks). The strategy also allocates to equities with exposures to thematic opportunities from developments in geopolitics, technology trends and macroeconomic conditions.
- **20% in Japanese Equities via [WisdomTree Japan Opportunities Fund \(OPPJ\)](#):** The strategy is allocated to companies in four different buckets. First, securities of Japanese companies that are strategic holdings of Berkshire Hathaway.<sup>1</sup> Second, companies that provide a high "total shareholder yield," evidenced by return of capital to shareholders through either dividend distributions and/or buybacks, and positive trends in earnings and dividend growth. Third, companies classified as "corporate governance improvers," evidenced by a low valuation ratio (such as a low price-to-book ratio) and favorable earnings and dividend growth characteristics. Four, securities with exposures to thematic opportunities from developments in geopolitics, technology trends and macroeconomic conditions.

Let's unpack why this 60/20/20 allocation that we'll call the "WT Global Value Portfolio," could be a compelling alternative to traditional benchmarks.

## U.S. Value (60% WTV): Shareholder Yield Meets Quality Discipline

While the S&P 500 continues to be dominated by a handful of mega-cap growth names—the Magnificent 7—[WTV](#) targets a differentiated slice of the U.S. market. It screens for shareholder yield through dividends and net buybacks, but crucially overlays quality and valuation filters.

[WTV's](#) portfolio has evolved since inception in 2017, but its north star remains constant: **invest in companies returning capital to shareholders while avoiding valuation traps**. As of mid-2025<sup>2</sup>:

- [WTV](#) holds companies with a greater than 7% average shareholder yield
- Trades at a **price-to-earnings** below 14 times
- Deliberately avoids frothier hype-driven sectors

It's a value allocation that's not afraid to look different than more traditional value benchmarks. It actively tilts toward **capital return and capital discipline**, two traits the markets are rewarding again in a higher interest rate world.

## European Opportunities (20% OPPE): Valuations, Policy Tailwinds and a Structural Rethink

Europe has long been the home of low valuations—but that alone isn't enough. What's changing in 2025 is the policy regime and **fiscal direction**.

**OPPE** combines traditional shareholder yield screens with a unique "GeoAlpha" overlay that targets themes leveraged to structural shifts, such as:

- European defense rearmament
- Industrial reshoring and infrastructure renewal
- Digitization and fiscal stimulus initiatives

As of summer 2025, Europe trades at a 30%-plus valuation discount to the U.S.,<sup>3</sup> even after the initial wave of re-rating in sectors tied to defense and energy security. **OPPE** targets the segment of the European market that's less expensive, more capital-disciplined and geopolitically relevant.

It's an allocation that asks: What if the new European economy is being rebuilt—and investors aren't paying attention?

## Japanese Opportunities (20% OPPJ): The Most Underappreciated Structural Reboot in Global Markets

Japan has gone from global value trap to global standout.

Behind the headlines of Warren Buffett buying into Japanese trading houses is a deeper transformation:

- Return on equity **is structurally rising** (thanks to the Tokyo Stock Exchange's pressure on underperformers<sup>4</sup>)
- **Shareholder practices are modernizing**, with record buybacks and dividend hikes<sup>5</sup>
- **Policy shifts**—particularly on corporate governance and capital allocation—are reinforcing competitiveness

**OPPJ** is designed to capture this. Like its European cousin **OPPE**, it blends shareholder yield and governance screens with sectoral and thematic overlays. Think companies:

- Adapting to **semiconductor reindustrialization**
- Leading in **robotics and factory automation**
- Benefiting from **friend-shoring and supply chain relocation**

Put simply, **OPPJ** gives investors access to the Japan that's emerging—not the one fading from memory.

## Why This Allocation? Why Now?

This 60/20/20 framework isn't about esoteric factor tilts or hyperactive tactical trades. It's about anchoring your global equity exposure in capital discipline, valuation realism and geopolitical alignment.

Compared to MSCI ACWI, the allocation is:

- Structurally under-weight in the more expensive U.S. tech
- Over-weight in geographies with both potential valuation upside and policy tailwinds

- Deliberately tilted toward shareholder yield, quality and exposure to real-world policy momentum

And compared to the S&P 500, it:

- Avoids narrow market breadth driven by such groupings as the Magnificent 7 or its subsets
- Taps into multi-polar growth narratives (U.S., Europe, Japan)
- Gives a portfolio an offensive orientation sensitive to where these regions are seeking to grow, alongside the defensive balance that comes from not being all-in on the more hype-oriented themes

## **Figure 1: Standardized Performance**

Fund/Index/Blend Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Fund SEC 30-Day Yield	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Fund Inception (Longest Available for Blend)
WT Global Value Portfolio					8.35%	19.35%	20.41%	18.49%	11.34%	11.18%
WisdomTree U.S. Value Fund (NAV)	WTV	2/23/07	0.12%	1.67%	3.89%	19.63%	19.51%	19.04%	11.92%	8.85%
WisdomTree U.S. Value Fund (MP)	WTV	2/23/07	0.12%	1.67%	3.79%	19.62%	19.56%	19.02%	11.90%	8.85%
WisdomTree Japan Opportunities Fund (NAV)	OPPJ	6/28/13	0.58%	2.58%	7.43%	10.50%	23.77%	18.41%	10.44%	12.38%
WisdomTree Japan Opportunities Fund (MP)	OPPJ	6/28/13	0.58%	2.58%	7.78%	9.27%	23.73%	18.39%	10.42%	12.26%
WisdomTree European Opportunities Fund (NAV)	OPPE	3/4/15	0.58%	3.23%	24.33%	28.20%	19.51%	16.21%	10.01%	9.94%
WisdomTree European Opportunities Fund (MP)	OPPE	3/4/15	0.58%	3.23%	25.15%	28.38%	19.57%	16.33%	10.09%	9.91%
S&P 500 Index					6.20%	15.16%	19.71%	16.64%	13.65%	N/A
MSCI ACWI Index					10.05%	16.17%	17.35%	13.65%	9.99%	N/A

Sources: WisdomTree, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 7/25/25 with returns as of 6/30/25. NAV denotes total return performance at net asset value. MP denotes market price performance. WTV's objective changed effective 12/18/17. Prior to 12/18/17, Fund performance reflects the investment objective of the Fund when it tracked the performance, before fees and expenses, of the WisdomTree U.S. LargeCap Value Index. Prior to 7/1/25, OPPJ was known as the WisdomTree Japan Hedged SmallCap Equity Fund (DXJS). On that date, the Fund's investment policy changed. Prior to 6/2/25, OPPE was known as the WisdomTree Europe Hedged SmallCap Equity Fund (EUSC). On that date the Fund's investment policy changed. **The performance data quoted represents past performance and 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 performance and to download the respective Fund prospectuses, click the relevant ticker: [WTV](#), [OPPJ](#), [OPPE](#).**

Figure 2 details the sector exposure story:

- **Structural Over-weight to Industrials and Financials, Under-weight to Tech:** The WT Global Value Portfolio allocates significantly more to Industrials (25.9%) and Financials (18.9%) than the S&P 500 (8.6% and 13.8%) or MSCI ACWI (11.0% and 17.7%), while maintaining a dramatically lower exposure to Information Technology (6.2%)—a stark contrast to the tech-heavy S&P 500 (34.0%).

- **Anti-Momentum Positioning with Broader Sector Diversification:** By avoiding overexposure to mega-cap tech and emphasizing more cyclical and value-oriented sectors like Energy, Materials and Consumer Staples, this portfolio may offer a differentiated return stream and potentially stronger performance in regime shifts away from growth-led equity markets.

**Figure 2: How the WT Global Value Portfolio Breaks from Sector Concentration**

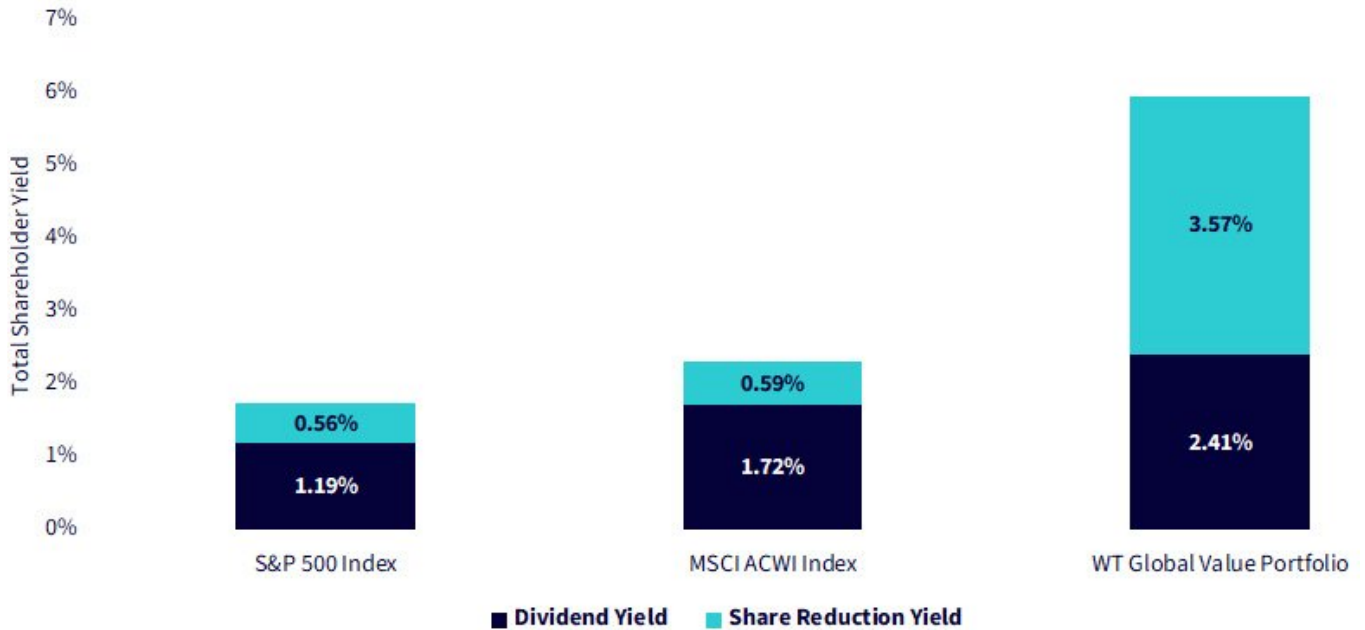
Name	WT Global Value Portfolio	S&P 500 Index	MSCI ACWI Index
Information Technology	6.2%	34.0%	26.6%
Financials	18.9%	13.8%	17.7%
Industrials	25.9%	8.6%	11.0%
Consumer Discretionary	11.5%	10.4%	10.5%
Health Care	8.2%	8.8%	8.4%
Communication Services	5.5%	9.9%	8.6%
Consumer Staples	8.6%	5.2%	5.7%
Energy	4.0%	3.0%	3.6%
Materials	5.9%	1.8%	3.4%
Utilities	3.7%	2.5%	2.6%
Real Estate	1.5%	2.0%	1.9%

Sources: WisdomTree, FactSet, Morningstar, with data as of 7/31/25. **Subject to change.**

As we described [WTV](#), [OPPJ](#) and [OPPE](#), shareholder yield and a focus on capital discipline was mentioned in each case. Figure 3 indicates the actual total shareholder yield and how that compares to the benchmarks.

- **Superior Total Shareholder Yield:** At nearly 6.0%, the WT Global Value Portfolio delivers more than three times the yield of the S&P 500 (below 2.0%) and MSCI ACWI (slightly above 2.0%), combining both elevated dividend income (2.41%) and substantial share reduction yield (3.57%).
- **Disciplined Capital Return Profile:** Unlike broad indexes, where buybacks dominate or dividends lag, WT Global Value balances both—favoring tangible shareholder return over capital reinvestment hype or speculative growth narratives.

**Figure 3: The Total Shareholder Yield Advantage**

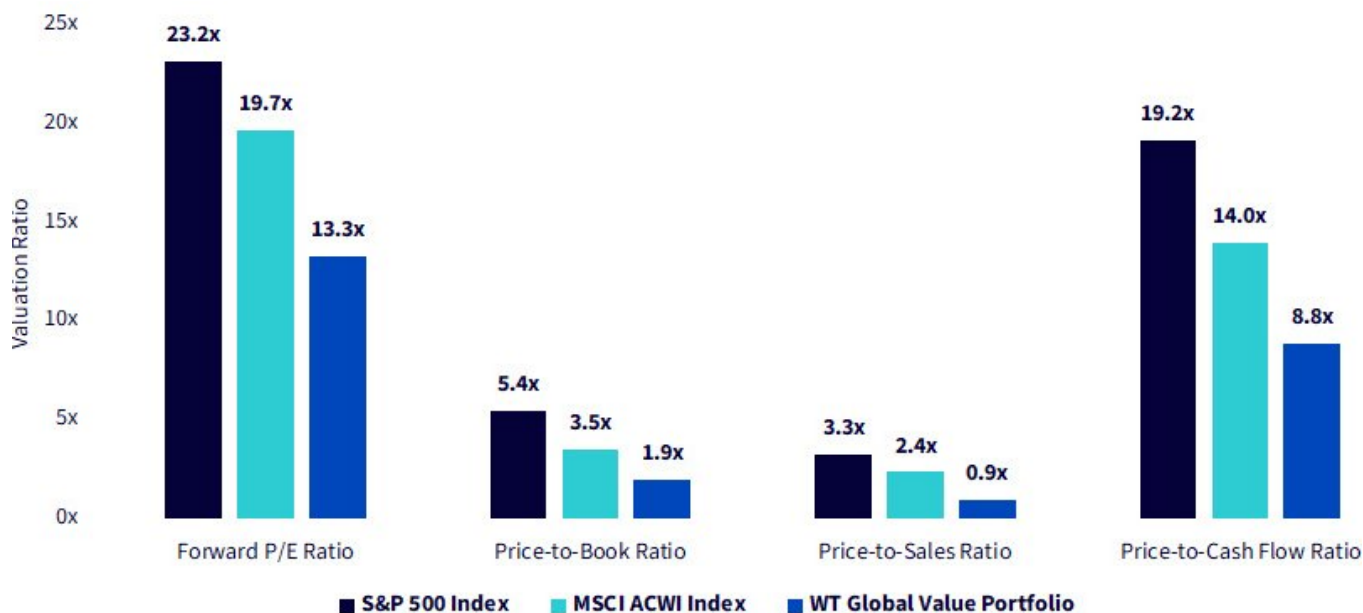


Sources: WisdomTree, FactSet, Morningstar, with data as of 7/31/25. **Subject to change.**

Speaking with many investors, a primary and often-cited concern is valuation. Figure 4 shows how, on an array of fundamental measures, the WisdomTree blend is mitigating this particular risk.

- **A Deliberate Valuation Discipline:** With materially lower multiples across every metric—forward price-to-earnings (13.3x), price-to-book (1.9x), price-to-sales (0.9x) and price-to-cash flow (8.8x)—the WT Global Value Portfolio avoids the valuation premium embedded in mega-cap growth and instead seeks returns through multiple expansion and mean reversion, not price momentum.
- **Patience as a Competitive Edge:** This is not a trade on the next quarter—it's a posture for a multi-year payoff. The portfolio is positioned for environments where market leadership rotates, valuation gaps close and investors are rewarded for backing businesses with cash flow strength and normalized expectations.

**Figure 4: Leaning into Tomorrow's Potential, Not Yesterday's Winners**



Sources: WisdomTree, FactSet, Morningstar, with data as of 7/31/25. **Subject to change.**

## Final Thought: What If This Is the Next Decade's Playbook?

The 2010s were dominated by U.S. growth and low rates. The 2020s are shaping up to be something very different.

Investors who reframe their global allocations not as **index completions**, but as **intentional exposures to capital return, restructuring and strategic autonomy**, may be positioning themselves ahead of the curve.

This isn't just a portfolio—it's a **statement about how global equity markets are changing**, and how to adapt as an investor.

1 Refers to Itochu Corporation, Marubeni Corporation, Mitsubishi Corporation, Mitsui & Co., Ltd., Sumitomo Corporation. The source for these companies being mentioned as strategic holdings is Buffett, W. E. (2025, February 24). *Berkshire Hathaway Inc. 2024 Annual Letter to Shareholders*. Berkshire Hathaway Inc. <https://www.berkshirehathaway.com/letters/2024ltr.pdf>

2 Sources: WisdomTree, FactSet, with data as of 7/18/25.

3 Source: Refers to a comparison, as of 4/30/25, of the S&P 500 Index and the MSCI Europe Index on the basis of forward P/E ratio. Data is from WisdomTree, FactSet, S&P and MSCI.

4 Source: Japan Exchange Group, Inc., "Measures to Promote Management Awareness of Cost of Capital and Stock Price," Tokyo Stock Exchange, 3/31/23. [https://www.jpx.co.jp/english/news/1020/e\\_20230331-01.html](https://www.jpx.co.jp/english/news/1020/e_20230331-01.html)

5 Source: "Japan's Share Buybacks Nearly Triple as Governance Push Gains Pace," Financial Times, 5/1/25.

## Important Risks Related to this Article

There are risks associated with investing, including the 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 Funds are actively managed, the Funds' 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 Funds' risk profile.