

Elevate Your U.S. Equity Allocation with WTV and QGRW

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Jeff Weniger, CFA

Head of Equity Strategy

Key Takeaways

- Combining the [WisdomTree U.S. Quality Growth Fund \(QGRW\)](#) and the [WisdomTree U.S. Value Fund \(WTV\)](#) offers a diversified portfolio blend that we believe mirrors the S&P 500's sector profile while enhancing profitability metrics at a lower valuation.
- Since the inception of [QGRW](#) in 2022, a 50/50 allocation of it and [WTV](#) has consistently outpaced the S&P 500, delivering robust returns with reduced risk through screens for quality, dividends and buybacks.¹
- A [WTV-QGRW](#) portfolio reduces overexposure to top-weighted "Magnificent 7" (Mag 7) stocks while improving shareholder yield (3.6% vs. S&P 500's 1.9%) and maintaining a higher return on equity, creating a compelling case for core equity allocations.

What do you do if you have low cost basis growth allocations that ran hard in 2023 and 2024? The big pent-up capital gain in a U.S. growth fund is a nice problem to have, but it's a problem nonetheless if your big game plan is to generally be a blend-type investor who is S&P 500-minded.

Even if taking the capital gain is not on the radar, portfolio drift, courtesy of the U.S. stock market's ever-increasing large-cap growth feel, has us fielding questions on how to bring allocations back to something that should be benched to the S&P 500 or Russell 1000.

Probably our best-known "good problem to have" is the [WisdomTree U.S. Quality Growth Fund \(QGRW\)](#), a strategy that went up-and-to-the-right from the moment we launched it. We lucked into a December 2022 birth date for it, which you may recall was just weeks after the market put in its lows for that year.

[QGRW](#) has a decidedly NASDAQ-y feel to it, right down to the ticker using the letter "Q," that helps us go after NASDAQ 100 tracker funds. Think about what the NASDAQ did in the last couple years, and you can see how an original [QGRW](#) allocation has grown in the portfolio allocation pie chart.

Some of you have asked what value fund can be added to existing [QGRW](#) allocations to create a portfolio that has more of an S&P 500-meets-smart beta vibe. The one that is [QGRW's](#) complement is [WTV](#), which is the strategy we've been harping on about in the Office Hours webinar series. The back of the envelope on [WTV](#) is that it runs buyback, dividend and quality screens to face the S&P 500 Value and Russell 1000

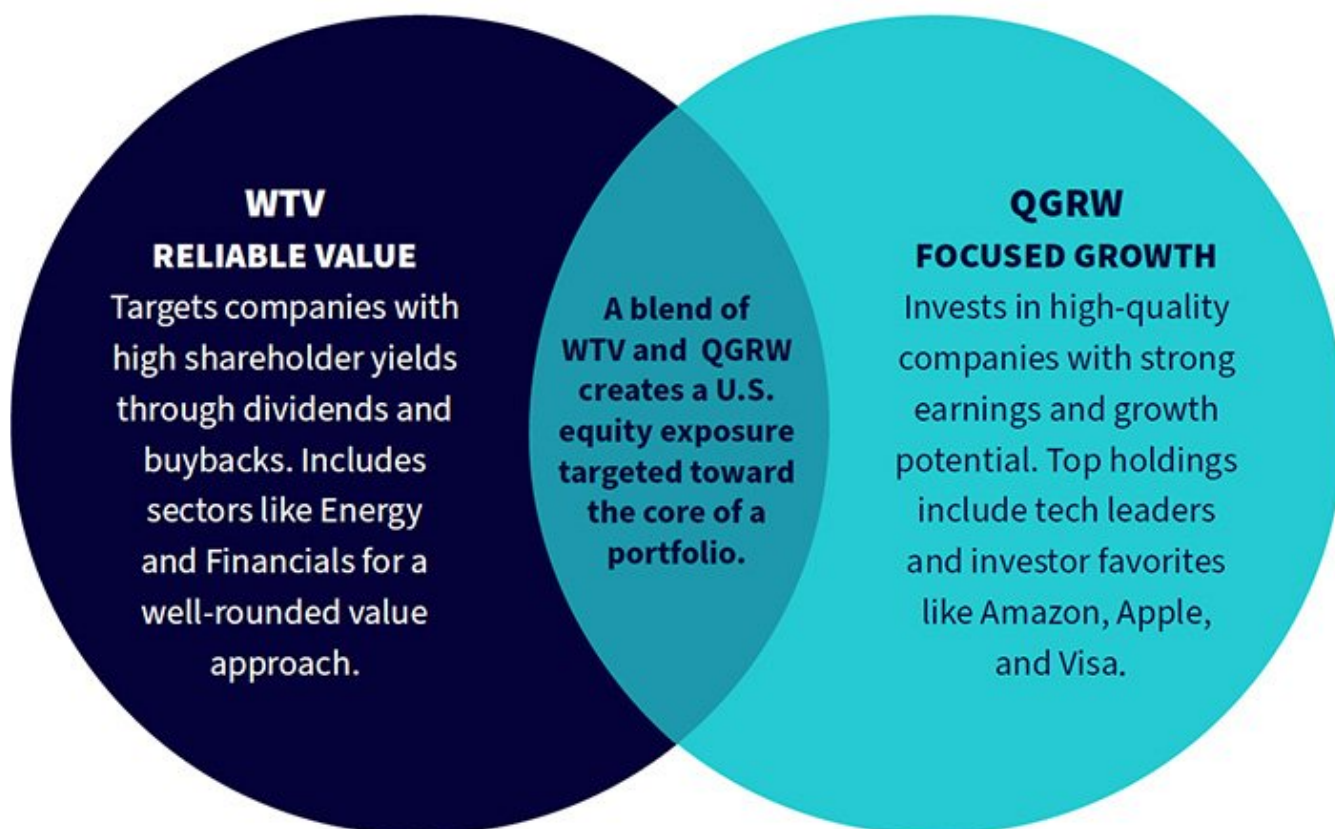
Value indexes. We named it the WisdomTree U.S. Value Fund ([WTV](#)). This one is older, with a track record that goes back to early 2007. It's fair to say that it is probably our most successful value Fund, returns-wise.

[WTV's](#) large-cap holdings are smaller than the S&P 500, which is helpful in a combo with [QGRW](#), which has a lot of Mag 7. Because [WTV](#) is screening for shareholder yield, which is dividends plus buybacks, it picks up stocks and sectors that are at large valuation discounts to the S&P 500.

You knew we would throw the concentric circles at you. Here you go.

Their profiles:

- **[WTV](#)—Quality Value**
 - Targets companies with high shareholder yield, which often results in sectors like Energy and Financials showing up high in the holdings list. For example, right now Energy is 8% of [WTV](#), whereas it comprises 3% of the S&P 500. Financials stocks comprise about a quarter of [WTV](#), whereas the sector is 13% of the S&P 500.
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 - Invests in high-quality companies with strong earnings and growth potential. Right now, being in [QGRW](#) gives more Mag 7 exposure than the NASDAQ 100.

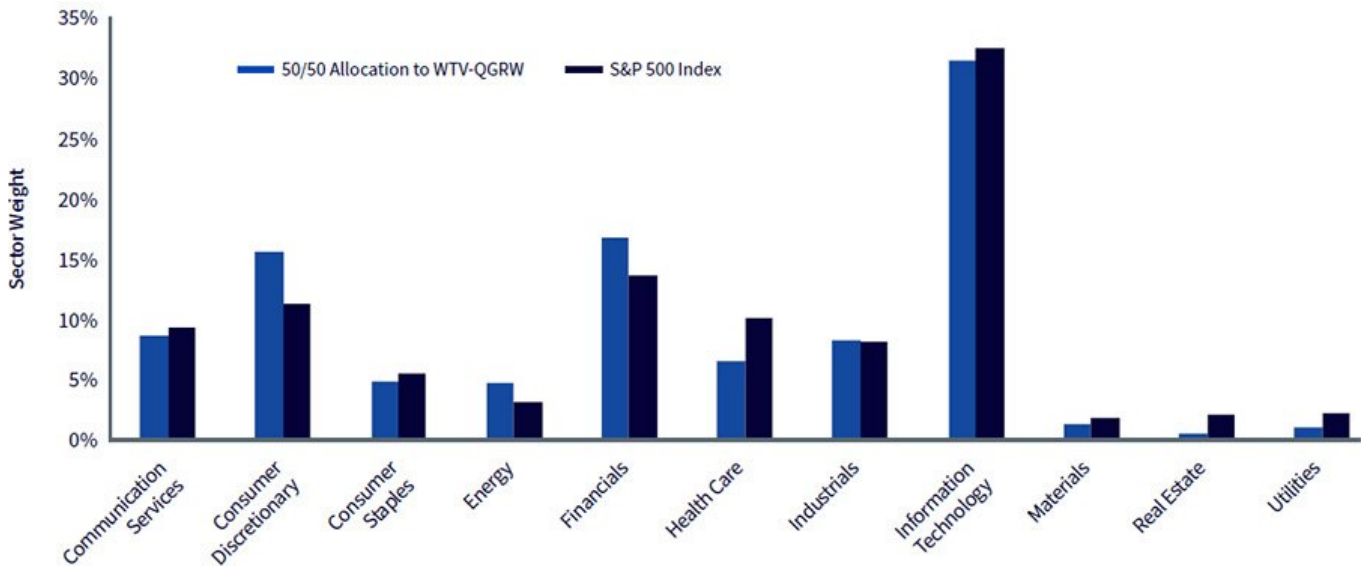


When you combine [WTV](#) and [QGRW](#), no sector ends up being wildly out of proportion relative to the S&P 500; it ends up being a mix that is picking up smart beta screens like value and quality without big, bold sector or stock-specific calls.

Key Benefits of a WTV-QGRW Combination

- **Balanced Core Equity Exposure**—Combines growth and value strategies to deliver a mix that scores higher than the S&P 500 on profitability metrics while doing so at a lower valuation.
- **Consistent Outperformance**—Since the inception of [QGRW](#) in 2022, the blend has outpaced the S&P 500, offering heady returns with lower risk. In the longer time series, [WTV](#) goes back to early 2007.
- **Sector Diversification**—Putting the two Funds together in a 50/50 blend creates a sector profile that is similar to that of the S&P 500, but with all of the profitability, dividend and buyback screens that people associate with WisdomTree.

Sector Allocations vs. the S&P 500 Index



Source: WisdomTree, as of 12/31/24. Holdings subject to change.

The table below is what you end up with as a top 10 list if you put 50% in [WTV](#) and 50% in [QGRW](#). The basket still has the Magnificent 7, but the weights in those companies end up being a little lower than their weights in the S&P 500. Though we have been talking about 50/50 baskets, nothing is stopping you from putting more in [WTV](#) than [QGRW](#), or more in [QGRW](#) than [WTV](#), depending on where you stand with respect to Mag 7 exposure.

In the 50% [WTV](#)/50% [QGRW](#) basket, the shareholder yield comes out to 3.6%, while the forward P/E multiple is 18.7. That compares to the S&P 500's 1.9% shareholder yield and forward multiple of 22.7. We believe the appeal of the mix is that those discounts come despite a higher return on equity (ROE). The 50/50 has an ROE of 23.9% compared to 17.7% for the S&P 500.

Top 10 Holdings Similar to the S&P 500 Index

50/50 WTV-QGRW Blend		S&P 500 Index	
Company Name	Weight	Company Name	Weight
Apple, Inc.	5.93%	Apple, Inc.	7.60%
NVIDIA Corp.	5.38%	NVIDIA Corp.	6.61%
Microsoft Corp.	4.67%	Microsoft Corp.	6.29%
Alphabet, Inc.	3.10%	Amazon.com, Inc.	4.12%
Amazon.com, Inc.	2.80%	Alphabet, Inc.	4.04%
Meta Platforms, Inc.	2.11%	Meta Platforms, Inc.	2.56%
Broadcom Inc.	2.11%	Tesla, Inc.	2.26%
Tesla, Inc.	1.91%	Broadcom Inc.	2.17%
Eli Lilly & Co.	1.44%	Berkshire Hathaway, Inc.	1.67%
Visa, Inc.	1.32%	JPMorgan Chase & Co.	1.36%
Total	30.76%	Total	38.69%

Source: WisdomTree, as of 12/31/24. Holdings subject to change.

Performance

CUMULATIVE PERFORMANCE as of 3/25/2025			Cumulative Returns			Average Annual Total Returns					
Ticker	Fund	Inception Date	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception	Common Period 12/14/2022 - 3/25/2025
500	S&P 500 Index	1/1/1970	-3.33%	-4.03%	-1.47%	11.76%	10.19%	20.57%	12.69%	-	19.33%
WTV	WisdomTree U.S. Value Fund (NAV)	2/23/2007	-1.83%	-0.44%	0.62%	14.22%	12.40%	24.35%	11.44%	8.78%	18.87%
QGRW	WisdomTree U.S. Quality Growth Fund (NAV)	12/15/2022	-4.90%	-8.84%	-5.30%	12.47%	-	-	-	31.32%	31.32%

Source: WisdomTree, as of 12/31/24. NAV denotes total return performance at net asset value. **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, click the respective ticker: [WTV](#), [QGRW](#).**

1 Source: WisdomTree, as of 12/31/24.

Important Risks Related to this Article

The illustration of the performance of model portfolio shown above is historical and does not guarantee future results. Past performance does not guarantee future results Current performance may be lower or higher than the performance quoted Investment returns and principal value of an

investment in funds included in the model portfolios will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost Performance data current to the most recent month end for a fund included in the model portfolios may be obtained by visiting the respective fund pages: [WTV](#), [QGRW](#).

For current holdings of, please click the respective ticker: [WTV](#), [QGRW](#). Holdings are subject to risk and change.

There are risks associated with investing, including the possible loss of principal. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

WTV: 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.

QGRW: Growth stocks, as a group, may be out of favor with the market and underperform value stocks or the overall equity market. Growth stocks are generally more sensitive to market movements than other types of stocks. The Fund is non-diversified; as a result, changes in the market value of a single security could cause greater fluctuations in the value of Fund shares than would occur in a diversified fund. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit. The Fund does not attempt to outperform its Index or take defensive positions in declining markets, and the Index may not perform as intended.

You cannot invest directly in an index.