

Fourth Consecutive Year of Double Digit Dividend Growth

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WisdomTree's U.S. dividend Indexes employ a rules-based rebalancing mechanism that adjusts relative weights based on underlying dividend and price trends. During the rebalancing process, which occurs once per year for each Index, the relationship between price change and dividend growth is measured and the Index adjusts relative weights based on the differentials in the dividend and price growth trends. The annual rebalance process provides a plethora of data about how dividends for the U.S. equity markets have changed over time. In the table below I will look at the *Dividend Stream*® for the WisdomTree Dividend Index, WisdomTree's broadest and most inclusive dividend Index. Dividends, a key gauge of the market's underlying fundamentals, continue to set new highs with another year of double-digit growth. **Figure 1: WisdomTree Dividend Index (WTDI) Dividend Stream**

Sector in WTDI	November 30, 2007	November 30, 2008	November 30, 2009	November 30, 2010	November 30, 2011	November 30, 2012	November 30, 2013	Growth 11/30/2012--11/30/2013	Cumulative Growth: 11/30/2007-11/30/2013
Consumer Discretionary	\$ 19.37	\$ 18.29	\$ 15.96	\$ 19.42	\$ 22.70	\$ 27.59	\$ 32.40	17.44%	67.26%
Consumer Staples	\$ 33.13	\$ 34.88	\$ 36.92	\$ 39.88	\$ 43.55	\$ 45.02	\$ 49.39	9.70%	49.09%
Energy	\$ 20.95	\$ 22.89	\$ 22.94	\$ 24.34	\$ 27.60	\$ 31.87	\$ 36.19	13.56%	72.74%
Financials	\$ 95.72	\$ 62.23	\$ 29.36	\$ 33.03	\$ 45.33	\$ 54.79	\$ 65.25	19.09%	-31.83%
Health Care	\$ 26.83	\$ 29.03	\$ 25.88	\$ 27.97	\$ 31.76	\$ 34.54	\$ 36.93	6.91%	37.65%
Industrials	\$ 30.77	\$ 34.14	\$ 25.35	\$ 27.37	\$ 31.60	\$ 34.57	\$ 37.98	9.85%	23.42%
Information Technology	\$ 16.17	\$ 17.89	\$ 19.27	\$ 22.18	\$ 27.51	\$ 44.01	\$ 51.96	18.06%	221.33%
Materials	\$ 12.73	\$ 12.47	\$ 8.75	\$ 11.15	\$ 13.70	\$ 14.74	\$ 14.49	-1.70%	13.79%
Telecommunication Services	\$ 15.45	\$ 16.96	\$ 17.45	\$ 18.33	\$ 19.15	\$ 19.12	\$ 18.55	-2.98%	20.09%
Utilities	\$ 17.40	\$ 18.46	\$ 19.04	\$ 20.19	\$ 21.08	\$ 22.66	\$ 23.19	2.31%	33.27%
Total Dividend Stream	\$ 288.53	\$ 267.25	\$ 220.92	\$ 243.86	\$ 283.98	\$ 328.92	\$ 366.32	11.37%	26.96%

Dividend Stream Percent	November 30, 2007	November 30, 2008	November 30, 2009	November 30, 2010	November 30, 2011	November 30, 2012	November 30, 2013
Financials	33.18%	23.29%	13.29%	13.54%	15.96%	16.66%	17.81%
Information Technology	5.60%	6.69%	8.72%	9.10%	9.69%	13.38%	14.18%

Sources: WisdomTree, Bloomberg, as of 11/30/2013.

Past performance is not indicative of future results. You cannot invest directly in an index. Subject to change.

- **New Record Dividend Stream:** 2013 marks the fourth consecutive year of double-digit growth for the U.S. *Dividend Stream*. Remarkably, the cumulative decline of more than 23% from 2007 to 2009 has been erased, and 2013 marks a new record high—27% above the mark set in 2007.¹
- **Tech Titan Growth:** Information Technology sector dividends have grown a remarkable 221% since November 30, 2007. At the prior peak, this sector comprised only 5.6% of the *Dividend Stream*, whereas now it comprises more than 14% and is the second-largest dividend-paying sector behind Financials.
- **More Diversified Dividend**

Stream: On November 30, 2007, approximately one-third of the U.S. *Dividend Stream* came from the Financials sector. As of the new November 30, 2013, peak, the Financials sector comprised only about 17.8% of the U.S. *Dividend Stream*. No single sector is above a 20% weight. **Number of Dividend Payers Also Increases** The November 30, 2013, rebalance screening makes it clear that the *Dividend Stream* has grown significantly, and one reason for that growth is the increased number of companies paying dividends. The table below also helps illustrate how these new dividend payers are becoming a very significant part of the Russell 3000 Index market cap. **Figure 2: WisdomTree Dividend Index (WTDI) Historical Trends**

Date	WTDI # of Constituents	WTDI Total Market Cap (\$ trn)	Russell 3000 Total Market (\$ trn)	WTDI Percent of Russell 3000 Index
12/31/2006	1522	12.75	16.40	77.71%
12/31/2007	1443	12.45	16.88	73.77%
12/31/2008	1207	7.73	10.19	75.91%
12/31/2009	1179	9.34	12.82	72.85%
12/31/2010	1239	10.64	15.09	70.51%
12/31/2011	1297	10.94	14.74	74.21%
12/31/2012	1348	12.80	16.64	76.90%
11/30/2013	1400	16.47	21.17	77.78%

Sources: WisdomTree, Bloomberg, as of 11/30/2013.

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• **Record Number of Additions:** There were 140 additions to WTDI this year, and they contributed \$11.1 billion to the *Dividend Stream*. This year's rebalance saw the largest number of additions to the index, since WTDI inception, but the total number of constituents is still below its pre-recession highs. On the other hand, the percentage of market cap that the WTDI Index constitutes within the Russell 3000 Index has surpassed previous highs. • **Dividend-Paying Market Cap Surpasses Previous High:** Looking at the WTDI market cap as a percentage of the Russell 3000 Index market cap gives us an approximate percentage of dividend payers by market capitalization. As a result of the great recession, the percentage declined from approximately 78% to 70% as companies were suspending dividends to shore up cash. Since then, profitability has increased and companies have been reinstating or initiating dividends in order to return more cash to shareholders, as witnessed by the increase from 70% back to 78%. It is important to note that the Russell 3000 Index and WTDI have different methodologies and not all securities are represented in each index, so the actual dividend-paying market cap of the Russell 3000 Index may be different. **Importance of Incorporating a Relative Rebalance** The WisdomTree annual rebalance is a key

element of the added value of WisdomTree's Index methodology and can help manage valuation risks. With market capitalization-weighted indexes, when constituents increase in price compared to other stocks, they gain greater weight and increase their impact on the performance of the index. WisdomTree Indexes use dividend growth as a key factor in determining which companies get increased weight at a rebalance. We interpret another year of double-digit dividend growth as a very positive indicator of underlying market fundamentals and believe it helps provide a notable foundation for potential future gains. ¹Each calendar year mentioned refers to the November 30 screening date for that specific year.

Important Risks Related to this Article

Dividends are not guaranteed and a company's future abilities to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time.