Introducing Global ex-U.S. Quality Growth

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Key Takeaways

- On October 23, 2025, the WisdomTree Global ex-U.S. Quality Growth Fund (DNL) removed its dividend requirement and shifted to market-cap weighting, aligning more closely with global growth benchmarks.
- This evolution will sharpen DNL's focus on high-quality, large-cap growth companies outside the U.S., with increased allocations to the Consumer Discretionary and Tech sectors.
- With a broader universe, stronger growth bias and regional selection enhancements, DNL will offer a purer international quality growth strategy built for long-term capital appreciation.

The WisdomTree Global ex-U.S. Quality Growth Fund (DNL) is evolving.

Reflecting its broadened universe, the Fund is dropping "Dividend" from its name and introducing enhancements to its methodology designed to better capture global quality growth opportunities.

Effective October 23, the WisdomTree Global ex-U.S. Quality Growth Fund—which tracks the similarly renamed WisdomTree Global ex-U.S. Quality Growth Index—will broaden its scope to include non-dividend-paying companies and shift its weighting approach from dividend-based to market-capitalization.

Methodology Changes

DNL has long been the global ex-U.S. counterpart to the WisdomTree U.S. Quality Dividend Growth Fund (DGRW).

Historically, the dividend requirement has shifted DGRW toward value.

Internationally, the dividend requirement is a less restrictive filter on a starting investment universe, as there are fewer mega-cap non-dividend payers like Amazon, Tesla or Netflix. Consequently, DNL's profitability and growth screens naturally tilted it toward growth characteristics, creating a mismatch with the more value-oriented U.S. approach.

To better capture the growth segment DNL was already aligned with, and create an international complement to the WisdomTree U.S. Quality Growth Fund (QGRW), the updated Index now:

- Removes the dividend requirement, expanding the investable universe
- Selects the top 200 companies (previously 300) ranked by combined growth and quality metrics

- Weights by market capitalization rather than cash dividends
- Rebalances semiannually (end of March and September screening) instead of annually
- Includes an Index committee as an additional layer of oversight

Figure 1: Index Methodology Change Summary

Category	Before	After
Index Name	**WisdomTree Global ex-U.S. Quality Dividend Growth**	**WisdomTree Global ex-U.S. Quality Growth**
Objective	Measures the performance of dividend-paying stocks with high profitability and growth characteristics in developed and emerging markets outside the U.S.	Measures the performance of highly profitable and growth-oriented companies across developed and emerging markets outside the U.S.
Universe	Constituents of the WisdomTree Global ex-U.S. Dividend Growth Index with market-capitalization ≥ $2B.	300 largest Europe, 200 largest Developed ex-Europe, 450 largest Emerging Markets ex-China A and 50 largest China A companies by market cap.
Screening Date	Annual (October).	Semiannual: last trading day in March and September.
Governance	Overseen by WisdomTree's Index management process.	Overseen by the **Quality Growth Index Committee**, composed of ≥3 members responsible for rule implementation and Index oversight.
Selection Factors	Combined rank of 50% **growth** (analyst earnings growth expectations) and **quality** (3-year averages of ROE and ROA).	Combined rank of 50% **growth** (50% analyst earnings growth, 25% 5-year EBITDA growth, 25% 5-year sales growth) and **quality** (50% ROE, 50% ROA).
Number of Constituents	300	200
Weighting Method	**Fundamentally weighted** by annual cash dividends paid.	**Market-capitalization weighted**
Capping Rules	5% per security; 20% sector/country caps.	7.5% max per security
Regional Adjustments	Regional weights equal to the float-adjusted market-capitalization weight of the starting universe regional allocations of the developed and emerging markets.	Regional weights equal to the float-adjusted market-capitalization weight of the starting universe regional allocations of the Europe, Developed International ex Europe and Emerging Markets.

Source: WisdomTree

Top Holdings Changes

Five of the prior top 10 holdings were dropped, replaced by four new entrants. Notably, Shopify, the Canadian e-commerce leader, was added to the top 10 and is one of the few that does not pay a dividend.

Figure 2: Top 10 Holdings

Pre-Rebalance				Post-Rebalance			
Name	Wgt	Sector	Country	Name	Wgt	Sector	Country
Taiwan Semiconductor Manufacturing Co., Ltd.	6.75%	Information Technology	Taiwan	Taiwan Semiconductor Manufacturing Co., Ltd.	7.50%	Information Technology	Taiwan
Industria de Diseno Textil, S.A.	4.73%	Consumer Discretionary	Spain	Tencent Holdings Ltd	6.32%	Communication Services	China
GSK plc	4.29%	Health Care	United Kingdom	ASML Holding NV	4.67%	Information Technology	Netherlands
MediaTek Inc	3.87%	Information Technology	Taiwan	LVMH Moet Hennessy Louis Vuitton SE	3.77%	Consumer Discretionary	France
ASML Holding NV	3.79%	Information Technology	Netherlands	Hermes International S.A.	3.22%	Consumer Discretionary	France
Nintendo Co., Ltd.	3.18%	Communication Services	Japan	AstraZeneca PLC	2.84%	Health Care	United Kingdom
Airbus SE	3.08%	Industrials	France	Shopify, Inc. Class A	2.77%	Information Technology	Canada
Deutsche Post AG	3.04%	Industrials	Germany	Novo Nordisk A/S Class B	2.31%	Health Care	Denmark
Novo Nordisk A/S Class B	2.26%	Health Care	Denmark	Industria de Diseno Textil, S.A.	2.06%	Consumer Discretionary	Spain
Hermes International S.A.	2.15%	Consumer Discretionary	France	Prosus N.V. Class N	2.05%	Consumer Discretionary	Netherlands

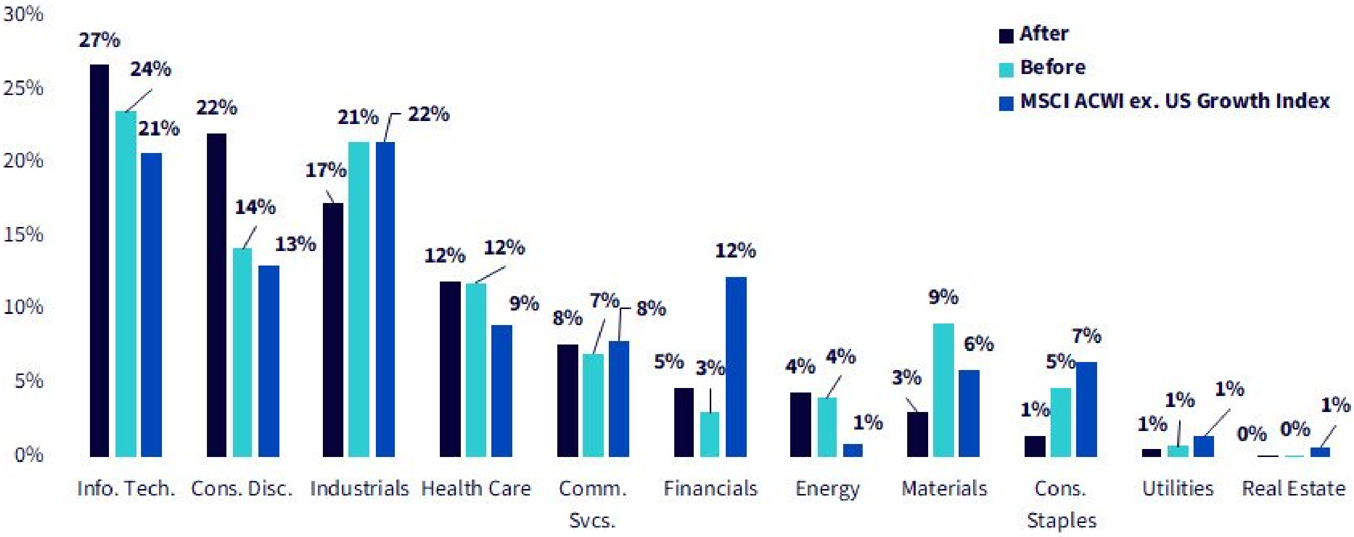
Source: WisdomTree. Pre-Rebalance is the WisdomTree Global ex-U.S. Quality Dividend Growth Index as of 9/30/25. Post-Rebalance is the WisdomTree Global ex-U.S. Quality Growth Index as of the 9/30/25 screening date. You cannot invest directly in an index.

Sector Exposures

The higher beta observed (1.11) is reflected in over-weight allocations in the more volatile Consumer Discretionary (+10%) and Information Technology (+6%) sectors, and a 5% under-weight in the low-vol Consumer Staples sector.

Consistent with the previous methodology, the Index remains under-weight in Financials (~7%). The return-on-assets screen continues to penalize the highly levered banking sector that heavily populates ex-U.S. markets.

Figure 3: Sector Exposures



Sources: WisdomTree, MSCI, as of 9/30/25. Before is the WisdomTree Global ex-U.S. Quality Dividend Growth Index as of 9/30/25. After is the WisdomTree Global ex-U.S. Quality Growth Index as of the 9/30/25 screening date. You cannot invest directly in an index.

Country Exposures

A unique enhancement of the new methodology is regional scoring and selection within defined geographic segments. This adjustment brings regional allocations closer to the underlying market-cap universe.

Regional exposures after the rebalance:

- Europe exposure remains largely unchanged
- Emerging Markets decreased by 8%
- Developed ex-Europe increased by nearly 9%

Figure 4: Regional Exposures

Regions	Before	After	Difference
Europe	47%	46%	-0.7%
EM	33%	25%	-8.0%
Developed ex Europe	20%	29%	8.7%

Sources: WisdomTree, FactSet. Before is the WisdomTree Global ex-U.S. Quality Dividend Growth Index as of 9/30/25. After is the WisdomTree Global ex-U.S. Quality Growth Index as of the 9/30/25 screening date. You cannot invest directly in an index.

Top country exposure changes after the rebalance:

- Top increases: China (+10%) and Canada (+7%)
- Top decreases: Taiwan, the United Kingdom and India (each down ~6%–7%)

Figure 5: Top Country Changes

Countries	Before	After	MSCI ACWI Ex. USA Growth Index
China	1.7%	11.9%	10.1%
Canada	4.4%	11.6%	7.8%
Taiwan	14.8%	8.4%	7.4%
United Kingdom	12.7%	5.9%	7.1%
India	7.9%	1.3%	4.5%

Sources: WisdomTree, FactSet, MSCI, as of 9/30/25. Before is the WisdomTree Global ex-U.S. Quality Dividend Growth Index as of 9/30/25. After is the WisdomTree Global ex-U.S. Quality Growth Index as of the 9/30/25 screening date. You cannot invest directly in an index.

More Directly Targeting Large Growth

The updated methodology focuses on a narrower, higher-quality set of 200 large-cap growth companies drawn from a broader global universe, unconstrained by the dividend requirement.

Key Takeaways:

- Larger-cap tilt: 99% large caps (vs. 79% previously)
- Lower dividend yield: 1.5% (vs. 2.5%) due to removal of dividend requirement
- Higher valuations: P/E 25x (vs. 22x), reflecting stronger growth bias
- Improved profitability: ROE 20.2% (vs. 17.9%)
- Minimal exposure to unprofitable companies: <1%

Figure 6: WisdomTree Global ex-U.S. Quality Growth Index Before and After

	Before	After
Characteristics		
Constituents	288	200
Large-Cap Weight	78.8%	98.8%
Mid-Cap Weight	19.9%	1.2%
Small-Cap Weight	1.3%	0.0%
Fundamentals		
Dividend Yield	2.5%	1.5%
Price to Earnings	21.7	25.3
Pct Negative Earners	2.0%	0.9%
Price to Book	3.9	5.1
Price to Sales	1.9	3.5
Return on Assets	6.2%	6.4%
Return on Equity	17.9%	20.2%
Return on Sales	12.7%	18.0%

Sources: WisdomTree, FactSet. Before is the WisdomTree Global ex-U.S. Quality Dividend Growth Index as of 9/30/25. After is the WisdomTree Global ex-U.S. Quality Growth Index as of the 9/30/25 screening date. You cannot invest directly in an index.

Comparison to MSCI ACWI ex-USA Growth Index

Following the rebalance, the WisdomTree Global ex-U.S. Quality Growth Index shows a 15% higher holdings overlap with the MSCI ACWI ex-USA Growth Index. This results in a lower ex ante tracking error and a beta of 1.11, aligning DNL more directly with global growth benchmarks.

Figure 7: Index Comparison

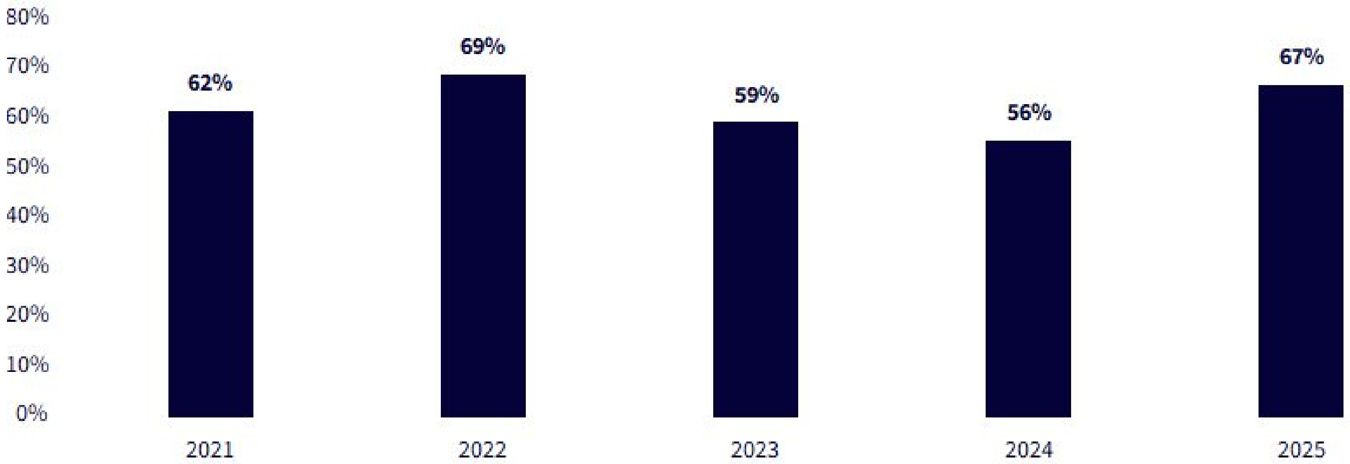
	vs. MSCI ACWI ex. USA Growth Index	
Category	**Before**	**After**
Holdings Overlap	24%	39%
Ex Ante Tracking Error	4.04%	3.80%
Ex Ante Beta	1.01	1.11

Sources: WisdomTree, MSCI, as of 9/30/25. Before is the WisdomTree Global ex-U.S. Quality Dividend Growth Index as of 9/30/25. After is the WisdomTree Global ex-U.S. Quality Growth Index as of the 9/30/25 screening date. You cannot invest directly in an index.

Rebalance Turnover

Turnover for this year's rebalance was 67% (one-way)—up 11 percentage points from 2024, but in line with levels seen between 2021 and 2022.

Figure 8: Historical Rebalance Turnover



Source: WisdomTree. Rebalance turnover of the WisdomTree U.S. Quality Dividend Growth Index

Positioning for the Next Phase of Global Growth

With this evolution, DNL transitions from a dividend-driven framework to a pure quality growth strategy.

By aligning with the U.S. Quality Growth framework, DNL will soon offer investors a cohesive global quality growth solution—balancing strong fundamentals, consistent profitability and exposure to the world's leading growth franchises outside the United States.

This repositioning strengthens DNL's relevance for investors seeking long-term capital appreciation through a disciplined, fundamentals-based approach to quality and growth.

Important Risks Related to this Article

There are risks associated with investing, including the possible loss of principal.

DNL: 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. 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. To the extent the Fund invests a significant portion of its assets in securities of companies of a single country or region, it is more likely to be impacted by events or conditions affecting that country or region. 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.

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.

DGRW: Funds focusing their investments in certain sectors increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time.

Please read each Fund’s prospectus for specific details regarding the Fund’s risk profile.