The Big Shareholder Diluters Are Out of Vogue

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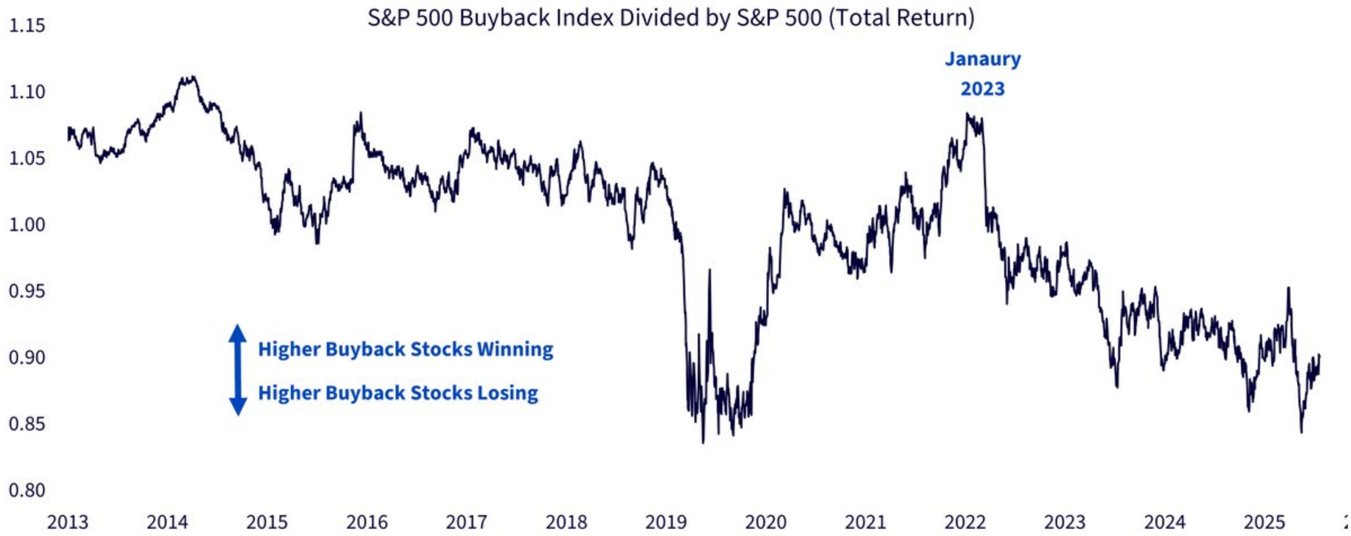
Key Takeaways

- Investors are increasingly favoring companies that reduce share counts over those issuing new equity, with buyback-oriented stocks outperforming since mid-May as sentiment toward shareholder dilution has weakened.
- Financials are leading in share reduction activity, while Technology has shifted into net dilution, highlighting how capital allocation is becoming a more important driver of sector performance.
- As markets place a greater premium on shareholder-friendly capital allocation, companies that consistently combine buybacks with dividends may be better positioned to outperform.

The pain in diluters is good news for some of our mandates, because companies who reduce share count have been struggling since January 2023 (Figure 1). But notice how “share buybackers” have been outperforming since May 14?

Figure 1: Share Buybacks Are Finding Some Love



Source: Refinitiv, as of 7/21/2026. The S&P 500 Buyback Index measures the performance of the top 100 constituents of the S&P 500 with the highest "buyback ratio" over the trailing 12-month period. You cannot invest directly in an index.

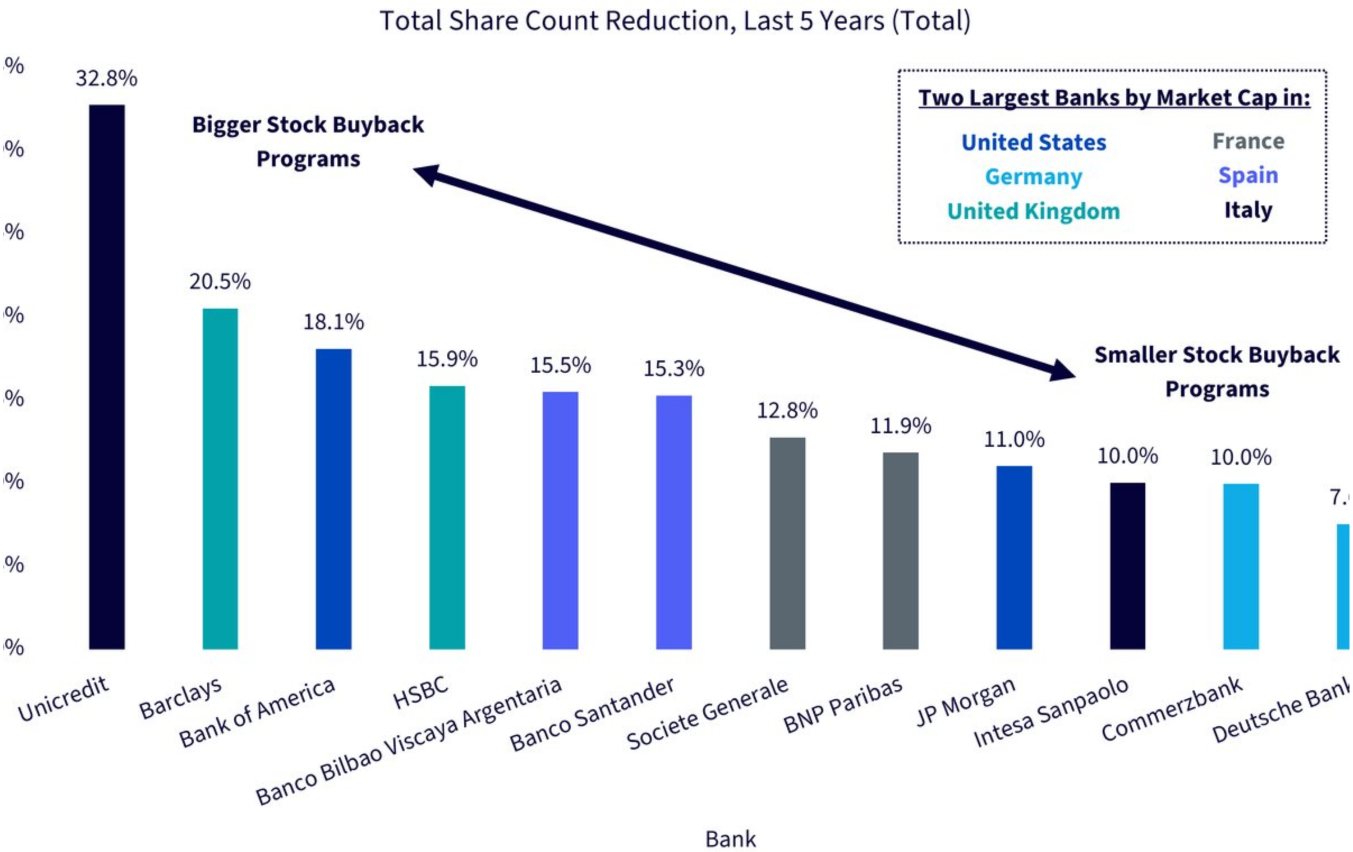
The market was originally comfortable with Oracle's $45-50bn equity, preferred and debt raise on February 1. The stock rallied throughout the spring. However, when Alphabet also announced an $80bn equity capital raise on June 1, suddenly this was starting to look like a trend. Alphabet's stock turned lower, pulling Oracle down with it (Figure 2).

Figure 2: The Market Doesn't Like Alphabet & Oracle Diluting Shareholders

Source: Refinitiv, as of 7/21/2026. You cannot invest directly in an index.

Meanwhile, one group has had a particularly strong summer: Financials. While Oracle and Alphabet expand their share count, the banking behemoths are buying (Figure 3).

Figure 3: Big Banks are Buying Back Stock



Source: Refinitiv. The sample is the two largest banks in the UK, Italy, Spain, France, Germany and the United States, Q2/2021 to Q2/2026.

If a company has 100 shares outstanding and reduces the share count to 98, the share reduction yield is 2%.

At 2.5%, the Financials sector has a share reduction yield well north of the S&P 500’s 0.3%. Other relative winners this summer include Staples (0.6%), Communication Services (0.7%) and Healthcare (0.7%), each of which has a higher share reduction yield than the market.

Tech’s share reduction yield is -0.4%, pushed into dilution mode. The sector is also the market’s trouble spot this summer.

Figure 4 shows our U.S. equity list sorted by share reduction yield.

Figure 4: U.S. Equity Funds

		A	B	= A + B
Ticker	**WisdomTree Fund Name**	**Dividend Yield**	**Share Reduction Yield**	**Shareholder Yield**
WTV	U.S. Value Fund	2.36%	**3.06%**	5.42%
QMID	U.S. Mid Cap Quality Growth Fund	0.67%	**1.77%**	2.44%
USMF	U.S. Multifactor	1.09%	**1.56%**	2.65%
EZM	U.S. Mid Cap Fund	1.52%	**1.47%**	2.99%
AIVL	U.S. AI Enhanced Value Fund	1.72%	**0.89%**	2.61%
DON	U.S. Mid Cap Dividend Fund	2.58%	**0.85%**	3.43%
QSML	U.S. Small Cap Quality Growth Fund	0.75%	**0.83%**	1.58%
DGRW	U.S. Quality Dividend Growth Fund	1.41%	**0.80%**	2.22%
DLN	U.S. Large Cap Dividend Fund	2.02%	**0.80%**	2.83%
DTD	U.S. Total Dividend Fund	2.10%	**0.78%**	2.88%
EPS	U.S. Large Cap Fund	1.18%	**0.76%**	1.93%
EES	U.S. Small Cap Fund	1.41%	**0.76%**	2.17%
	S&P Mid Cap 400 Index	1.20%	**0.67%**	1.87%
	Russell 1000 Value Index	1.64%	**0.67%**	2.31%
	S&P 500 Value Index	1.73%	**0.61%**	2.34%
	Russell Mid Cap Index	1.41%	**0.44%**	1.84%
DGRS	U.S. Small Cap Quality Dividend Growth Fund	2.28%	**0.36%**	2.65%
	S&P 500 Index	1.04%	**0.30%**	1.34%
DES	U.S. Small Cap Dividend Fund	2.83%	**0.27%**	3.10%
QGRW	U.S. Quality Growth Fund	0.36%	**0.27%**	0.63%
	Russell 1000	1.04%	**0.23%**	1.27%
	S&P Small Cap 600 Index	1.46%	**0.23%**	1.69%
DHS	U.S. High Dividend Fund	3.67%	**0.10%**	3.77%
	S&P 500 Growth Index	0.48%	**0.05%**	0.53%
	Russell 1000 Growth Index	0.41%	**-0.23%**	0.17%
	Russell 2000 Index	1.16%	**-1.67%**	-0.51%

Sorted by Share Reduction Yield

Source: WisdomTree PATH software, as of 6/30/2026. For definitions of terms/indexes in the chart, please visit the glossary. 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 performance, click the respective ticker: WTV, QMID, USMF, EZM, AIVL, DON, QSML, DGRW, DLN, DTD, EPS, EES, DGRS, DES, QGRW, DHS.**

Important Risks Related to this Article

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

WTV: Value stocks, as a group, may be out of favor with the market and underperform growth stocks or the overall equity market. 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 heavily dependent on quantitative models and the models may not perform as intended.

QMID: 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 primarily in the securities of mid-capitalization companies. As a result, the Fund's performance may be adversely affected if securities of these companies underperform securities of other capitalization ranges or the market as a whole. Securities of mid-capitalization companies are often less stable and more vulnerable to market volatility and adverse economic developments than securities of larger companies, but mid-capitalization companies may also underperform the securities of small-capitalization companies because medium capitalization companies are more mature and are subject to slower growth during economic expansion. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index. The composition of the Index is governed by an Index Committee, and the Index may not perform as intended.

USMF: Investing in a Fund exposed to particular sectors increases the vulnerability to any single economic, political or regulatory development. This may result in greater share price volatility. The Fund's investment strategy may result in a high portfolio turnover rate. Higher portfolio turnover which may result in the Fund paying higher transaction costs and the distribution of additional, which may generate greater tax liabilities. capital gain distributions than other ETFs. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index.

EZM: The fund invests primarily in the securities of mid-capitalization companies. As a result, the Fund's performance may be adversely affected if securities of these companies underperform securities of other capitalization ranges or the market as a whole. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index. The composition of the Index is governed by an Index Committee and the Index may not perform as intended.

AIVL: 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 heavily dependent on a quantitative model and the model may not perform as intended.

DON: The fund invests primarily in the securities of mid-capitalization companies. As a result, the Fund's performance may be adversely affected if securities of these companies underperform securities of other capitalization ranges or the market as a whole. Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index. The composition of the Index is governed by an Index Committee and the Index may not perform as intended.

QSML: 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. Funds focusing their investments on certain sectors and/or smaller companies increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. 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 securities of small-capitalization companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole. Small-capitalization companies may be particularly sensitive to adverse economic developments as well as changes in interest rates, government regulation, borrowing costs and earnings. 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. The composition of the Index is governed by an Index Committee and the Index may not perform as intended.

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