The Power of Dividends

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Tripp Zimmerman, CFA
Director, Research

The S&P 500 Index recently closed at another record high and is up more than 250% on a total return basis since its March 9, 2009, bottom.1 Although the S&P 500 Index has experienced strong gains, many active managers are still trying to play catch-up, with a majority of them underperforming the S&P 500 Index since the lows. One of the largest beneficiaries of active managers' underperformance has been exchange-traded funds (ETFs). ETFs that track broad market capitalization indexes like the S&P 500 Index have seen strong performance against active managers over the period, but they also offer numerous benefits—including diversification, generally low fees2, tax efficiency and daily transparency of holdings. WisdomTree believes—and a growing body of evidence suggests—that ETFs incorporating a rules-based discipline to rebalance exposures to a fundamental metric of value can deliver additional value over ETFs that just track traditional market cap-weighted indexes. We also believe that fundamental or smart beta ETFs have the potential to outperform a majority of active managers. **Active Manager Comparison** The WisdomTree Dividend ex-Financials Fund (DTN) was able to outperform the majority of active managers in its peer group over all periods displayed below. We find it impressive that it was able to outperform more than 99% of its peer group over the five-year period and since it began tracking the WisdomTree Dividend ex-Financials Index (WTDXF)3. How did it do this? We believe it's by using a rules-based process to select and weight stocks. **Active Manager Comparison**

	1-Year			3-Year			5-Year			6/1/2009 - 3/31/2015			7/1/2006-3/31/2015		
Morningstar Fund Category: US ETF & OE Large Value	Total Return	Rank in Peer Group	% of Peer Group Beaten	Total Return	Rank in Peer Group	% of Peer Group Beaten	Total Return	Rank in Peer Group	% of Peer Group Beaten	Total Return	Rank in Peer Group	% of Peer Group Beaten	Total Return	Rank in Peer Group	% of Peer Group Beaten
WisdomTree Dividend ex-Financials Fund	11.27%	139	90%	15.36%	413	65%	16.12%	13	99%	19.52%	14	99%	8.47%	50	94%
Dow Jones U.S. Select Dividend Index	10.13%	289	79%	15.87%	283	76%	15.46%	29	97%	19.00%	22	98%	6.95%	290	65%
S&P 500 Index	12.73%	59	96%	16.11%	226	81%	14.47%	93	91%	17.36%	97	91%	8.01%	107	87%
# of Funds in Category		1,388			1,194			1,057			1,024			816	

				Average Annual Returns as of 3/31/2015									
	FUND INFORMATION			TOTAL RETURN NAV (%)					MARKET PRICE (%)				
Fund/Index Name	Ticker	Expense Ratio	Fund Inception Date	YTD	1-Year	3-Year	5-Year	Since Fund Inception	YTD	1-Year	3-Year	5-Year	Since Fund Inception
WisdomTree Dividend ex-Financials Fund	DTN	0.38%	6/16/2006	-0.54%	11.27%	15.36%	16.12%	8.66%	-0.55%	11.32%	15.35%	16.11%	8.66%
Dow Jones U.S. Select Dividend Index				-0.96%	10.13%	15.87%	15.46%	7.05%	-0.96%	10.13%	15.87%	15.46%	7.05%
S&P 500 Index				0.95%	12.73%	16.11%	14.47%	8.16%	0.95%	12.73%	16.11%	14.47%	8.16%

Sources: WisdomTree, Morningstar, 6/16/06–3/31/15. WisdomTree Dividend ex-Financials Fund began tracking the WisdomTree Dividend ex-Financials Index after 5/7/09. Start date for the period was 6/1/09 because that was the start of the first full month the Fund began tracking its new Index.

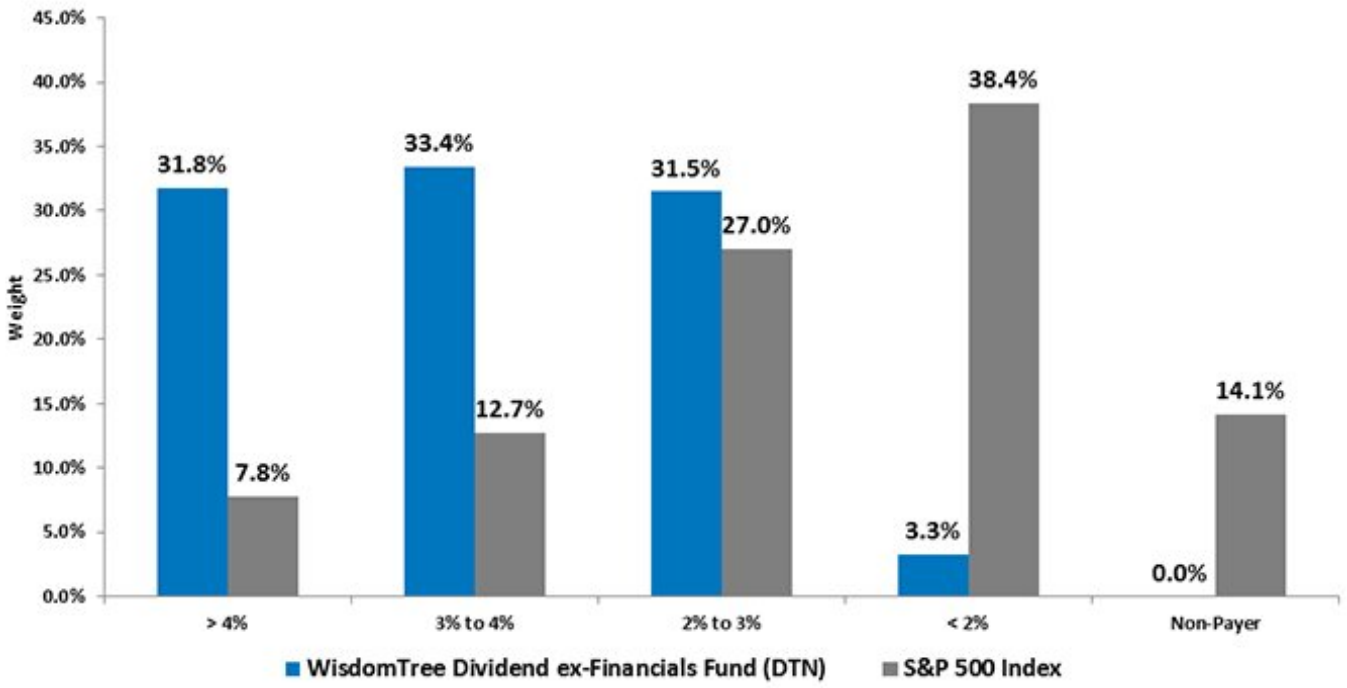
Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data for the most recent month-end is available at www.wisdomtree.com.

WisdomTree shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times. You cannot invest directly in an index.

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The Fundamental Difference DTN seeks to provide broad exposure to the highest-yielding companies outside of the financial sector, while maintaining sensitivity to valuation. To help achieve this, the underlying Index that the Fund tracks, WTDXF, weights companies by their indicated dividend yield, rather than their market cap, and rebalances back to dividend yields on an annual basis. WisdomTree's rebalance process typically is driven by: • Dividend growth: Companies increasing dividends see their weight increased. • Relative performance:

• Underperformers typically see their weight increased.• Outperformers often see their weight decreased. By following a rules-based Index that screens and weights companies by dividend yields, DTN can potentially raise a portfolio's dividend yield and provide increased income to investors. DTN achieves this by tending to over-weight higher dividend-yielding stocks and under-weight the lower dividend-yielding stocks. This effect can be significant when comparing DTN against the S&P 500 Index, the most widely followed barometer for U.S. stocks, but has no dividend-focused selection criteria and weights by market cap instead of a fundamental metric. **Dividend Yield Ranges**



Sources: WisdomTree, Bloomberg, 5/22/15. Subject to change.

Conclusion Investment managers and investors alike are always looking for better ways to invest. WisdomTree believes indexing is highly efficient and offers a number of benefits that make it a wise choice for investors. But history has shown us time and again that price is not always the best indicator of value, so WisdomTree feels a better approach might be to screen and weight securities by fundamentals. By focusing on dividend yields, DTN has proven itself for more than six years—outperforming 99% of active managers in its category since it began tracking WTDXF. 1Source: Bloomberg, 3/9/09–5/21/15. 2Ordinary brokerage commissions apply. 3WisdomTree Dividend ex-Financials Fund began tracking the WisdomTree Dividend ex-Financials Index after 5/7/09. Start date for the period was 6/1/09 because that was the start of the first full month the Fund began tracking its new Index.

Important Risks Related to this Article

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