

Two Prices, One Fund: Understanding NAV and Market Price in ETFs

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Key Takeaways

- For U.S. equity ETFs such as the [WisdomTree U.S. Quality Dividend Growth Fund \(DGRW\)](#), NAV and Market Price typically remain closely aligned, highlighting the efficiency of the ETF arbitrage mechanism.
- International funds such as the [WisdomTree Japan Hedged Equity Fund \(DXJ\)](#) can exhibit wider NAV-to-Market Price gaps as investors reprice overnight news, currency moves and market developments during U.S. trading hours.
- Emerging market strategies including the [WisdomTree Emerging Markets SmallCap Dividend Fund \(DGS\)](#), [WisdomTree Emerging Markets High Dividend Fund \(DEM\)](#) and [WisdomTree India Earnings Fund \(EPI\)](#) often see larger short-term pricing divergences, though NAV and Market Price generally converge over longer periods.

Every WisdomTree performance report lists two return figures for each ETF:

- Net Asset Value (NAV)
- Market Price (or Price)

The reason those two numbers exist, and what drives them apart or together, reveals something genuinely important about how ETFs are built, and also about the regulatory history that has shaped modern fund disclosure.

This is the story of two prices, and why both of them matter.

A Little History: Why You See Both Numbers at All

Exchange-traded funds were introduced in the early 1990s. The structure was novel, and unlike a mutual fund, which investors buy and sell directly from the fund company at one daily price, an ETF trades on an exchange throughout the day just like a stock. That means at any moment, a buyer and a seller are agreeing on a price, and that price may or may not perfectly reflect what the underlying basket of securities is actually worth.

Regulators noticed the ambiguity immediately. They ultimately asked such questions as:

- If an ETF trades at a price determined by the market, how would investors know whether they were paying a fair price?
- Was the \$100 share they hypothetically just bought actually backed by \$100 worth of assets, or were they overpaying by a dollar, or getting a deal?

The answer evolved through the Security and Exchange Commission's (SEC's) exemptive order process, meaning that each ETF launching before 2019 required individual SEC approval, and those orders consistently required disclosure of both NAV and market price as a condition of operation. This informal regime was finally codified in a single, unified framework under SEC Rule 6c-11 (Investment Company Act Release No. IC-33646, October 2019), which explicitly mandated daily website disclosure of NAV, market price, and the premium or discount between them.¹

The requirement to show both numbers was a regulatory acknowledgment of a structural truth:

ETF shares live in two worlds simultaneously, specifically the portfolio world and the trading world.

What NAV Is Actually Measuring

The NAV is the portfolio price. It is calculated once per day, after the close of U.S. markets, by taking the total value of everything the fund holds, meaning every stock, bond, or other security, adding any accrued income, subtracting liabilities and fees, and dividing by the number of shares outstanding.

Think of it as asking: if you could liquidate this entire fund right now at fair prices and distribute the proceeds to shareholders equally, what would each share be worth? That number is the NAV.

What Market Price Is Actually Measuring

The market price is the trading price. It reflects what a buyer actually paid (or a seller actually received) for a share of the ETF on the exchange.

Per SEC disclosure requirements, the standardized market price return in fund reporting uses the midpoint of the bid-ask spread at the 4:00 p.m. EST market close, meaning the midpoint between what a buyer was willing to pay and what a seller was willing to accept at that moment.

Importantly, an investor who places a market order at 2:30 in the afternoon might execute at a slightly different price than the 4 p.m. midpoint used in the official return calculation.

The reported Market Price return is a standardized benchmark, not a record of any particular investor's experience.

Still, the Market Price return is important because it represents the reality of the exchange. If you bought shares at one 4 p.m. midpoint and sold at another, the Market Price return approximates your actual gain or loss, before commissions, but adjusted for how the market was valuing those shares at those specific moments.

So Why Do They Differ?

In a perfectly efficient world, NAV and Market Price would always be identical. But ETF shares are traded by humans and algorithms responding to information, sentiment, and supply and demand, while NAV is calculated from closing prices of the underlying holdings. Several forces can push the two apart:

- **Trading hours and time zones.** This is perhaps the single most powerful driver of NAV-to-price gaps in international ETFs. Consider an ETF focused on Japanese equities. The Japanese equity market closes around midnight Eastern time. By the time U.S. markets open at 9:30 a.m. and investors begin trading an ETF with Japanese equities underlying its exposure, the underlying Tokyo-listed stocks have been frozen at their last prices for hours. If significant news breaks overnight, which could be a Bank of Japan announcement, a global risk-off move, or a currency shift, the ETF's market price will immediately begin moving to reflect that new information, while the official NAV still reflects yesterday's Tokyo closing prices. The result is a premium or discount that is not irrational, it simply reflects the fact that the market price is more current than the NAV.
- **Liquidity differences.** Some ETFs hold assets that are less liquid than the ETF shares themselves. High yield bond ETFs are one potential example, in that the underlying bonds may trade infrequently, with wide bid-ask spreads, but the ETF shares may trade continuously. During periods of market stress, the ETF's market price can fall faster than the NAV, not because the ETF is broken, but because the market price is incorporating forward-looking information about where those bonds might clear if they actually traded.
- **Bid-ask spread mechanics.** Every ETF has a bid-ask spread, and this is the gap between what buyers will pay and what sellers will accept. For large, heavily traded ETFs, this spread can be fractions of a penny per share, making the midpoint calculation nearly identical to NAV. For smaller, less-liquid ETFs in niche markets, the spread can be wider, introducing more variability into the reported market price return.
- **Arbitrage mechanism — and why it usually works.** The reason NAV and Market Price stay close for most ETFs, most of the time, is the authorized participant arbitrage mechanism that sits at the heart of the ETF structure. Large institutional traders called authorized participants can create new ETF shares by delivering the underlying basket of securities to the fund, or redeem ETF shares by exchanging them for the underlying basket. This means that if an ETF's market price rises meaningfully above its NAV (a premium), authorized participants can profit by delivering the cheaper underlying basket and selling the pricier ETF shares, and this is a trade that pushes the market price back down. The reverse happens when ETFs trade at a discount. This mechanism is elegant, self-correcting, and one of the genuinely clever pieces of financial engineering in the ETF structure.

The authorized participant arbitrage mechanism is one of the most important dynamics in modern markets, effectively, an invisible hand that quietly keeps two prices aligned.

Reading the Numbers: What to Look For

It makes sense to look at some real examples. What follows is all standardized performance as of March 31, 2026. We look at:

- U.S. equity examples, and we explore whether there are observable differences over these periods for large caps, mid caps or small caps.
- Developed International examples, and we explore a Japan-specific example along side a single currency, regional example focused on the Euro-are and then two broader, diversified multi-country and multi-currency examples.
- Emerging Markets examples, and we again look at one single country example, two predominantly large cap diversified examples and one predominantly small cap, diversified example.

Let's see if real differences are visible.

U.S. Case Study Across Large, Mid and Small Market Capitalization Equities

Across the [WisdomTree U.S. Quality Dividend Growth Fund \(DGRW\)](#), the [WisdomTree U.S. MidCap Dividend Fund \(DON\)](#), and the [WisdomTree U.S. SmallCap Dividend Fund \(DES\)](#), the spread between NAV and Market Price returns is remarkably tight, and this is a testament to the efficiency of the arbitrage mechanism for domestic equity ETFs where underlying holdings and fund shares trade in the same market, at the same time, in the same currency. [DGRW](#) shows the closest alignment. [DON](#) and [DES](#) follow a similar pattern, with some observations hitting the range of 6 to 15 basis point differences. The larger differences did concentrate within [DES](#), the smallest market capitalization-focus of the three strategies. The 10-Year horizon, however, the two measures converge almost entirely, reinforcing that for U.S.-listed domestic funds, NAV and Market Price were expected to be quite close and that is what we have observed.

Figure 1: A Look at U.S. ETF Figures

Fund Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Fund 30-Day SEC Yield	Year-to-Date	1-Year	3-Year	5-Year	10-Year
WisdomTree U.S. Quality Dividend Growth Fund (NAV)	DGRW	5/22/13	0.28%	1.36%	-1.50%	11.66%	13.93%	10.95%	13.13%
WisdomTree U.S. Quality Dividend Growth Fund (MP)	DGRW	5/22/13	0.28%	1.36%	-1.51%	11.63%	13.93%	10.90%	13.12%
WisdomTree U.S. MidCap Dividend Fund (NAV)	DON	6/16/06	0.38%	2.54%	2.37%	8.91%	11.34%	8.10%	8.99%
WisdomTree U.S. MidCap Dividend Fund (MP)	DON	6/16/06	0.38%	2.54%	2.39%	8.91%	11.34%	7.98%	8.98%
WisdomTree U.S. SmallCap Dividend Fund (NAV)	DES	6/16/06	0.38%	2.86%	7.81%	15.60%	11.05%	5.89%	7.68%
WisdomTree U.S. SmallCap Dividend Fund (MP)	DES	6/16/06	0.38%	2.86%	7.87%	15.67%	11.07%	5.74%	7.68%

Sources: Morningstar, FactSet and WisdomTree, specifically data is from the PATH Fund Comparison Tool, accessed as of May 18, 2026, but showing returns for the period ended March 31, 2026. NAV denotes total return performance at net asset value. MP denotes market price performance. **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 relevant ticker: [DGRW](#), [DON](#), [DES](#).**

When underlying markets operate in different time zones from U.S. trading hours, the gap between NAV and Market Price returns can widen considerably, and nowhere is this more visible than in [DXJ](#), the WisdomTree Japan Hedged Equity Fund. The Tokyo Stock Exchange closes before U.S. markets

open, meaning [DXJ](#) shares trade throughout the American session against a NAV anchored to overnight Japanese closing prices. When significant news, call it currency moves, macro developments, or risk sentiment shifts, emerges during U.S. hours, the market price adjusts in real time while the NAV cannot. The result is the largest NAV-to-Market Price divergence in this group: a 10-year annualized gap of 36 basis points (16.48% NAV vs. 16.84% Market Price) and a striking 271-basis-point difference on the 1-year return (43.53% NAV vs. 46.24% Market Price). The [WisdomTree International Hedged Quality Dividend Growth Fund \(IHDG\)](#), the [WisdomTree Europe Hedged Equity Fund \(HEDJ\)](#), and the [WisdomTree Dynamic International Equity Fund \(DDWM\)](#) show similar dynamics at smaller magnitudes, reflecting the same structural reality: the more disconnected the underlying market's trading hours from U.S. hours, the greater the potential for NAV and Market Price to diverge.

Figure 2: A Look at Developed International Equity ETFs

Fund Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Fund 30-Day SEC Yield	Year-to-Date	1-Year	3-Year	5-Year	10-Year
WisdomTree Japan Hedged Equity Fund (NAV)	DXJ	6/16/06	0.48%	0.69%	7.34%	43.53%	33.20%	23.88%	16.48%
WisdomTree Japan Hedged Equity Fund (MP)	DXJ	6/16/06	0.48%	0.69%	10.09%	46.24%	34.24%	24.35%	16.84%
WisdomTree International Hedged Quality Dividend Growth (NAV)	IHDG	5/7/14	0.58%	1.69%	-2.71%	12.15%	8.68%	7.37%	9.49%
WisdomTree International Hedged Quality Dividend Growth (MP)	IHDG	5/7/14	0.58%	1.69%	-0.84%	13.09%	9.03%	7.61%	9.69%
WisdomTree Europe Hedged Equity Fund (NAV)	HEDJ	12/31/09	0.58%	2.09%	-2.75%	11.59%	11.08%	10.20%	9.88%
WisdomTree Europe Hedged Equity Fund (MP)	HEDJ	12/31/09	0.58%	2.09%	-0.95%	12.59%	11.56%	10.48%	10.09%
WisdomTree Dynamic International Equity Fund (NAV)	DDWM	1/7/16	0.40%	1.99%	-0.40%	21.76%	15.70%	12.04%	9.81%
WisdomTree Dynamic International Equity Fund (MP)	DDWM	1/7/16	0.40%	1.99%	1.49%	23.12%	16.43%	12.35%	9.95%

Sources: Morningstar, FactSet and WisdomTree, specifically data is from the PATH Fund Comparison Tool, accessed as of May 18, 2026, but showing returns for the period ended March 31, 2026. NAV denotes total return performance at net asset value. MP denotes market price performance. **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 relevant ticker: [DXJ](#), [IHDG](#), [HEDJ](#), [DDWM](#).**

Emerging markets introduce the widest and most structurally complex NAV-to-Market Price divergences in the WisdomTree fund lineup, and the data here reflect that reality vividly. Multiple forces converge simultaneously:

- Underlying securities trade across dozens of markets spanning vastly different time zones
- Liquidity in those markets can be uneven
- Currency dynamics add another layer of real-time repricing that NAV calculations cannot fully capture until the following day's close

The result is gaps that can appear larger than what we saw with domestic or even developed international funds. The [WisdomTree Emerging Markets SmallCap Dividend Fund \(DGS\)](#) shows a 1-year difference of 355 basis points (25.82% NAV vs. 29.37% Market Price), while the [WisdomTree Emerging Markets High](#)

Dividend Fund's (DEM) 1-year spread reaches 238 basis points (21.10% NAV vs. 23.48% Market Price). The WisdomTree India Earnings Fund (EPI) presents another notable stat: a Year-to-Date NAV return of -14.58% against a Market Price return of -11.86% — a 272-basis-point gap reflecting how rapidly Indian market sentiment and rupee dynamics were being repriced in U.S. trading hours relative to the prior night's official closing values. Across all four funds, the pattern is consistent: over longer time horizons the two measures converge, but in shorter windows, emerging markets expose the structural limits of end-of-day NAV pricing in ways that domestic funds simply do not.

Figure 3: A Look at Emerging Markets Equity ETFs

Fund Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Fund 30-Day SEC Yield	Year-to-Date	1-Year	3-Year	5-Year	10-Year
WisdomTree Emerging Markets High Dividend Fund (NAV)	DEM	7/13/07	0.63%	4.07%	4.11%	21.10%	14.62%	8.16%	8.81%
WisdomTree Emerging Markets High Dividend Fund (MP)	DEM	7/13/07	0.63%	4.07%	6.99%	23.48%	15.45%	8.64%	9.13%
WisdomTree India Earnings Fund (NAV)	EPI	2/22/08	0.84%	0.61%	-14.58%	-9.89%	8.10%	6.44%	8.81%
WisdomTree India Earnings Fund (MP)	EPI	2/22/08	0.84%	0.61%	-11.86%	-6.64%	9.07%	6.92%	9.09%
WisdomTree Emerging Markets ex-State-Owned Enterprises Fund (NAV)	XSOE	12/10/14	0.32%	1.08%	-1.20%	28.39%	13.52%	0.89%	7.72%
WisdomTree Emerging Markets ex-State-Owned Enterprises Fund (MP)	XSOE	12/10/14	0.32%	1.08%	3.11%	32.45%	14.88%	1.44%	8.18%
WisdomTree Emerging Markets SmallCap Dividend Fund (NAV)	DGS	10/30/07	0.58%	2.81%	2.52%	25.82%	12.89%	7.28%	8.68%
WisdomTree Emerging Markets SmallCap Dividend Fund (MP)	DGS	10/30/07	0.58%	2.81%	5.73%	29.37%	13.85%	7.69%	9.02%

Sources: Morningstar, FactSet and WisdomTree, specifically data is from the PATH Fund Comparison Tool, accessed as of May 18, 2026, but showing returns for the period ended March 31, 2026. NAV denotes total return performance at net asset value. MP denotes market price performance. **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 relevant ticker: [DEM](#), [EPI](#), [XSOE](#), [DGS](#).**

The Bottom Line

The existence of two prices for the same ETF is not redundancy, but rather it is transparency. Regulators required both figures to be disclosed precisely because they capture different things:

- NAV captures the value of what the fund owns
- Market Price captures the reality of how it traded

For most domestic equity ETFs, in most periods, the two numbers will be close. But in markets under stress, in funds holding hard-to-price assets, or in international funds spanning multiple time zones, the gap between them can become more meaningful, and this is a window into market sentiment, liquidity conditions, and the mechanics of how price discovery actually works in the real world.

1 Source: Here's the APA citation for SEC Rule 6c-11:

Securities and Exchange Commission. (2019, October 24). *Exchange-traded funds* (Release No. IC-33646; File No. S7-15-18). Federal Register, 84(206), 57162–57302.

Important Risks Related to this Article

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

DGRW: 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.

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.

DES: 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.

Foreign Investing

Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty.

See below for specific fund risks.

DXJ: The Fund focuses its investments in Japan, thereby increasing the impact of events and developments in Japan that can adversely affect performance.

IHDG: 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.

HEDJ: This Fund focuses its investments in Europe, thereby increasing the impact of events and developments associated with the region which can adversely affect performance.

DDWM: The Fund invests in derivatives in seeking to obtain a dynamic currency hedge exposure. Derivative investments can be volatile, and these investments may be less liquid than other securities, and more sensitive to the effects of varied economic conditions.

DEM: Investments in emerging, offshore or frontier markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation, intervention and political developments.

EPI: This Fund focuses its investments in India, thereby increasing the impact of events and developments associated with the region, which can adversely affect performance.

XSOE: Investments in emerging or offshore markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation and intervention or political developments.

DGS: Funds focusing on a single sector and/or smaller companies generally experience greater price volatility. Investments in emerging, offshore or frontier markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation, intervention and political developments.

Please read the each of the Funds' prospectus for specific details regarding the Fund's risk profile.