Value Isn’t What It Used to Be

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Key Takeaways

- In the first six weeks of 2026, the WisdomTree U.S. High Dividend Fund (DHS) opened a greater than 10% performance gap versus the S&P 500, suggesting leadership may be rotating away from concentrated mega-cap growth and toward higher-yielding dividend payers.
- As many traditional value benchmarks now hold large weights in mega-cap technology, DHS remains distinctly positioned in energy, telecom, pharmaceuticals and other cash-generative sectors, offering differentiated exposure if market breadth continues to improve.
- With DHS trading at 13.8x earnings and 8.9x cash flow compared to materially higher multiples for the broader market, investors are paying far less for each dollar of income and assets, creating a valuation cushion that could matter if growth expectations reset.

For nearly two decades, U.S. equity leadership had a clear pattern: own growth stocks, concentrate in the innovation complex and avoid high dividend yield strategies that seemed anchored to an earlier market regime. The rise of the ‘Magnificent 7’ reinforced the idea that reinvestment, not dividend income, was the path to outperformance.

Yet 2026 is telling a different story.

The WisdomTree U.S. High Dividend Fund (DHS), a strategy with a nearly 20-year history, has broken into performance leadership. What makes this shift notable is not simply that dividends are working. It’s that the definition of “value” itself has evolved. Today’s value exposures can include companies like Alphabet and Amazon, businesses once synonymous with pure growth. As cash flow generation matures across mega-cap tech and earnings dispersion widens, dividend yield is no longer a signal of stagnation. It may be a signal of durability.

Markets change slowly, until they don’t. This could be one of those moments.

In Figure 1, I was surprised by two things in the year-to-date period so far in 2026:

1. DHS has dramatically outperformed the WisdomTree U.S. LargeCap Dividend Fund (DLN) as well as the iShares Russell 1000 Value ETF (IWD), at least for the first part of this year.
2. The S&P 500 Index, over the first six weeks of 2026, has been essentially flat despite the dramatic headlines, meaning that DHS has opened up a greater than 10% gap in performance leadership.

Figure 1a: High Dividends Strike Back to Start 2026

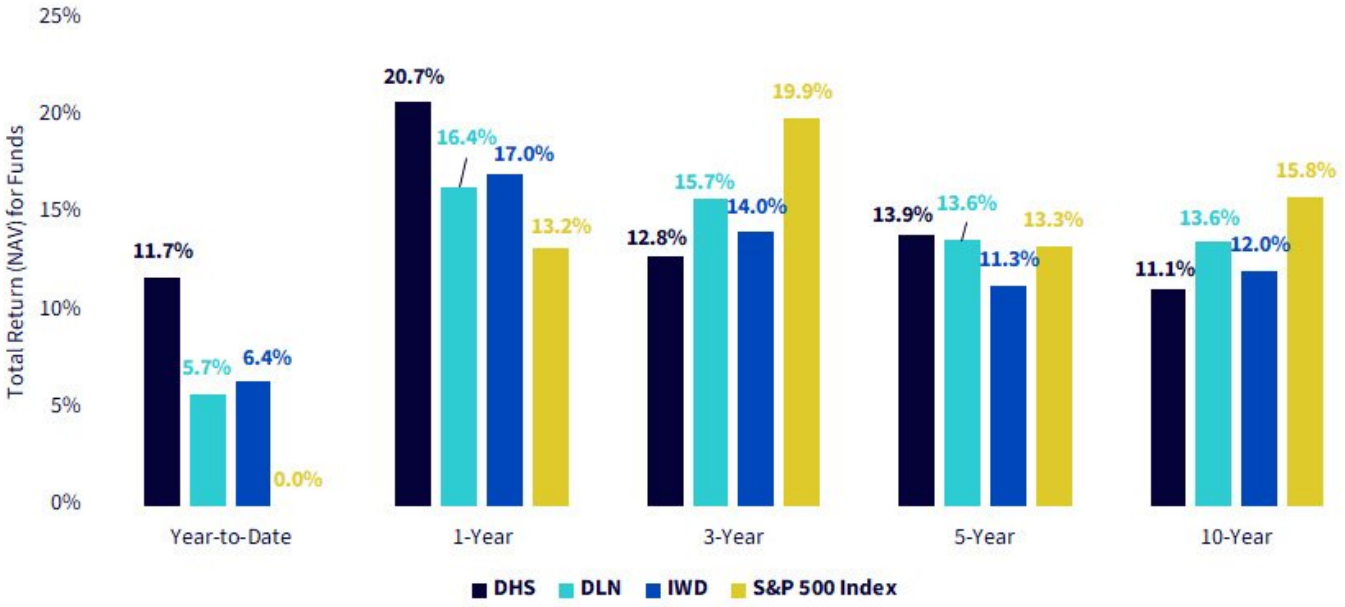


Figure 1b: Standardized Performance

Fund/Index Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Fund SEC 30-Day Yield	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Fund Inception
WisdomTree U.S. High Dividend Fund (NAV)	DHS	6/16/06	0.38%	3.67%	12.92%	12.92%	9.96%	12.05%	9.56%	7.65%
WisdomTree U.S. High Dividend Fund (MP)	DHS	6/16/06	0.38%	3.67%	12.92%	12.92%	9.97%	12.04%	9.56%	7.65%
WisdomTree U.S. LargeCap Dividend Fund (NAV)	DLN	6/16/06	0.28%	1.98%	15.59%	15.59%	14.96%	12.92%	12.27%	9.48%
WisdomTree U.S. LargeCap Dividend Fund (MP)	DLN	6/16/06	0.28%	1.98%	15.54%	15.54%	14.98%	12.91%	12.27%	9.46%
iShares Russell 1000 Value ETF (NAV)	IWD	5/22/00	0.18%	1.64%	15.71%	15.71%	13.71%	11.13%	10.34%	7.65%
iShares Russell 1000 Value ETF (MP)	IWD	5/22/00	0.18%	1.64%	15.68%	15.68%	13.72%	11.14%	10.35%	7.65%
S&P 500 Index					17.88%	17.88%	23.01%	14.42%	14.82%	N/A

Sources: WisdomTree, FactSet, Morningstar specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed February 14, 2026 with returns as of February 13, 2026 for Figure 1a and as of December 31, 2025 for Figure 1b. 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: DHS, DLN, IWD.**

When Value Starts to Look Like the Benchmark

Look at the top holdings and the evolution becomes obvious. DHS still reflects what many would recognize as classic value, with focal points in energy, tobacco, pharmaceuticals and telecom. These are cash-generative, higher-yielding businesses that historically define dividend and value investing. The profile is distinct.

DLN and IWD tell a different story. Microsoft, Nvidia, Apple, Alphabet and Amazon now sit comfortably inside "value" portfolios. That doesn't mean these strategies have abandoned discipline. It means the definition of value has expanded alongside the market itself. Mega-cap technology companies matured, generated enormous free cash flow and, in some cases, initiated large streams of cash dividends, qualifying for inclusion.

But composition matters. On a top-10 basis, DLN and IWD now resemble the S&P 500 more closely than in the past, something many investors may not realize. DHS remains structurally differentiated. If leadership rotates away from mega-cap tech and toward more traditional cyclical or defensive value sectors, that distinction becomes meaningful.

To start 2026, it already has.

Figure 2: When Value Starts to Mirror the Benchmark

DHS		DLN		IWD		S&P 500 Index	
Company Name	Weight	Company Name	Weight	Company Name	Weight	Company Name	Weight
Exxon Mobil	5.54%	Microsoft	3.39%	Alphabet	4.06%	Nvidia	7.76%
Altria Group	4.69%	JPMorgan Chase	3.38%	Berkshire Hathaway	2.84%	Apple	6.87%
AbbVie	4.52%	Nvidia	3.09%	JP Morgan Chase	2.66%	Microsoft	6.15%
Philip Morris International	4.47%	Apple	2.94%	Amazon.com	2.02%	Alphabet	5.61%
Merck & Co.	3.81%	Exxon Mobil	2.93%	Exxon Mobil	1.91%	Amazon.com	3.84%
Chevron	3.63%	Alphabet	2.57%	Johnson & Johnson	1.75%	Broadcom	2.80%
AT&T	3.42%	Chevron	2.18%	Walmart	1.49%	Meta Platforms	2.46%
PepsiCo	3.33%	Broadcom	2.03%	Micron	1.48%	Tesla	2.16%
Verizon Communications	2.68%	Johnson & Johnson	1.89%	Proctor & Gamble	1.14%	Berkshire Hathaway	1.58%
Texas Instruments	2.57%	AbbVie	1.65%	Chevron	1.06%	JP Morgan Chase	1.50%
Total	**38.66%**	**Total**	**26.05%**	**Total**	**20.41%**	**Total**	**40.73%**

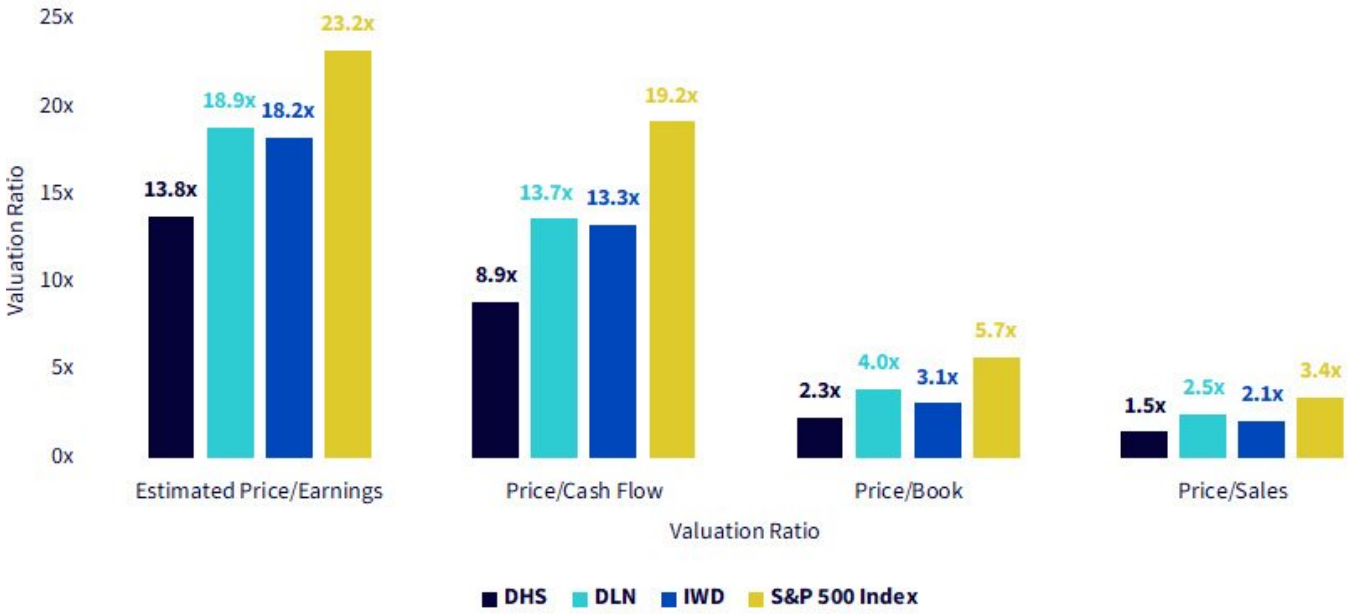
Sources: WisdomTree, Morningstar, FactSet, with data as of January 31, 2026. **Subject to change.**

A More Meaningful Discount

DHS is not just different in composition—it is materially different in valuation. On estimated price-to-earnings, DHS sits at 13.8x versus 18–19x for DLN and IWD and more than 23x for the S&P 500. The gap widens on price-to-cash-flow: 8.9x for DHS compared with roughly 13–14x for DLN and IWD and 19x

for the broad market. Even on price-to-book and price-to-sales, DHS trades at a meaningful discount. This is not a subtle spread—investors are paying materially less for each dollar of earnings, cash flow and assets. If market leadership broadens beyond mega-cap growth, that valuation cushion could matter significantly—as it has so far in 2026.

Figure 3: Three Value Strategies, but Meaningful Differences in Valuation Ratios



Sources: WisdomTree, Morningstar, FactSet, with data as of January 31, 2026. **Subject to change.**

Conclusion: When Leadership Changes, Structure Matters

For years, market leadership rewarded concentration in growth and the reinvestment trade. Dividend strategies, especially those rooted in more traditional sectors, often lagged as capital gravitated toward mega-cap innovation. But markets are adaptive systems. As growth matured into cash flow, "value" evolved, absorbing many of yesterday's disruptors into today's income and value portfolios.

That evolution creates nuance, and opportunity.

Some value strategies now look structurally closer to the S&P 500 Index benchmark than many investors appreciate. Others remain distinctly positioned in classic, higher-yielding sectors and trade at materially lower multiples. When leadership narrows, convergence helps. When leadership broadens or rotates, differentiation matters.

The early leadership of 2026 suggests the market may be reassessing what it is willing to pay for growth versus what it demands in return for cash flow. If that repricing continues, structure, not just style labels, could define the next phase of outperformance.

Figure 4: Additional Information

Fundamentals	WisdomTree U.S. High Dividend Fund (DHS)	WisdomTree U.S. LargeCap Dividend Fund (DLN)	iShares Russell 1000 Value ETF (IWD)
Objective	The WisdomTree U.S. High Dividend Fund is designed to track the total return performance of, before fees and expenses, the WisdomTree U.S. High Dividend Index. The WisdomTree U.S. High Dividend Index is a fundamentally weighted index that measures the performance of companies with high dividend yields selected from the WisdomTree U.S. Dividend Index. The index is dividend weighted annually to reflect the proportionate share of the aggregate cash dividends each component company is projected to pay in the coming year, based on the most recently declared dividend per share and adjusted for a company's composite risk score. Composite risk score is an average of three factors: value, quality and momentum. Companies that score favorably on the composite risk score will have an increase in weights and companies that rank poorly will have a reduction in weights.	The WisdomTree U.S. LargeCap Dividend Fund is designed to track the total return performance of, before fees and expenses, the WisdomTree U.S. LargeCap Dividend Index. The Index is comprised of the 300 largest companies ranked by market capitalization from the WisdomTree U.S. Dividend Index. The index is dividend weighted annually to reflect the proportionate share of the aggregate cash dividends each component company is projected to pay in the coming year, based on the most recently declared dividend per share.	The iShares Russell 1000 Value ETF is designed to track the total return performance of, before fees and expenses, the Russell 1000 Value Index. The Russell 1000® Value Index measures the performance of the largecap value segment of the US equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years).
Total Expense Ratio	0.38%	0.28%	0.18%
Total Assets Under Management (millions, $)	1,475	5,866	69,509

Sources: Respective ETF fund pages, with Assets Under Management as of February 13, 2026. **Subject to change**.

Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

DHS: Funds focusing their investments on certain sectors and/or regions increase their vulnerability to any single economic or regulatory development. 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.

DLN: The Fund invests primarily in the securities of large-capitalization companies. As a result, the Fund's performance may be adversely affected if securities of these companies underperform securities of smaller capitalization companies 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.

For IWD's risk disclosures, click here.