

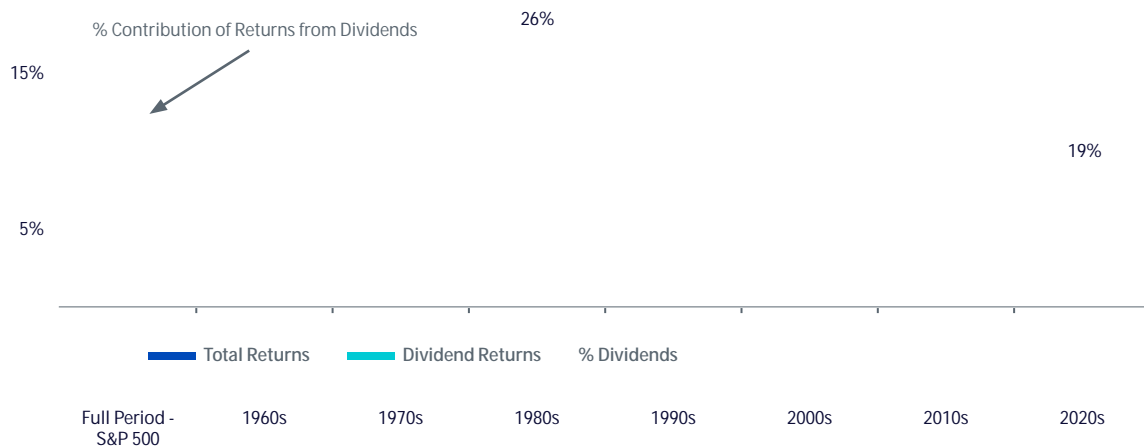
THE DIFFERENCE OF DIVIDENDS: WisdomTree Dividend Indexes

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Dividends have been a consistent source of returns for investors. In fact, they have been a major component of the S&P 500's total returns over the long term.

As a result, the contribution of dividends to total returns has varied significantly over time.

- In the 1970s, a decade characterized by high inflation and weak economic growth, dividends made up 70% of total returns.
- The 1990s—the decade of the dot-com bubble—had the lowest contribution from dividends of just 15%.
- The 2000s was the only decade with negative total returns. The dividend returns of nearly 2% provided a cushion to offset negative price returns driven by the bursting of the dot-com bubble and the Global Financial Crisis.



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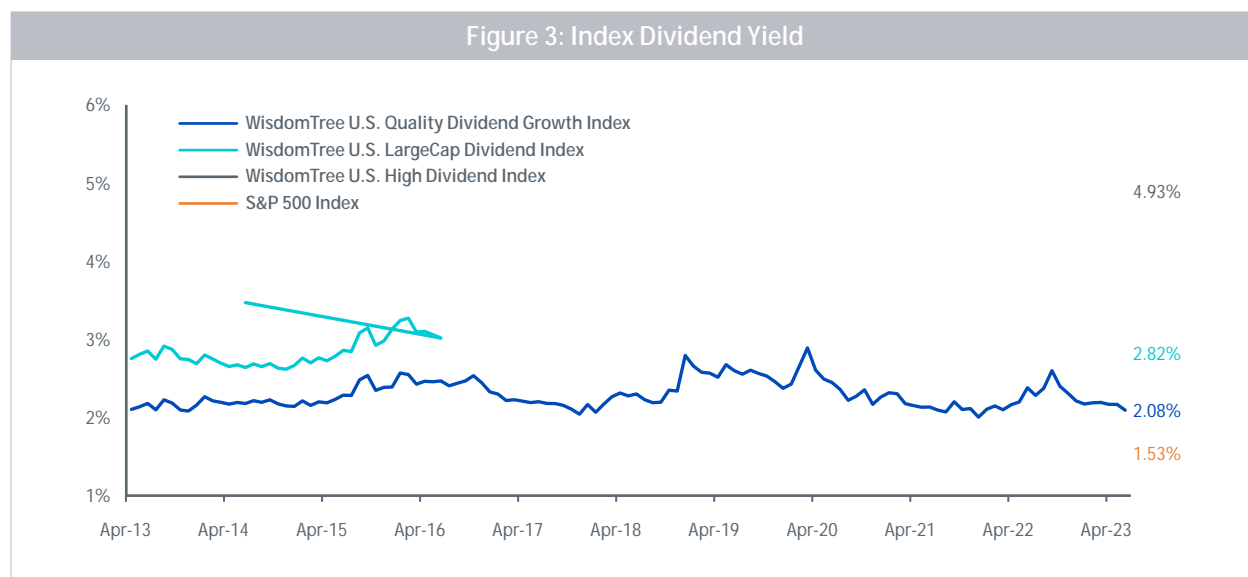
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5%

The WisdomTree U.S. High Dividend Index tends to have the highest dividend yield, followed by the WisdomTree U.S. LargeCap Dividend Index and the WisdomTree U.S. Quality Dividend Growth Index. Each Index has a dividend yield considerably higher than the S&P 500 yield of around 1.5%.

The WisdomTree U.S. Quality Dividend Growth Index dividend yield of 2.08% is the closest to the S&P 500 average dividend yield of 2.03% since 1990.



S&P 500 Index, WisdomTree U.S. Quality Dividend Growth Index, WisdomTree U.S. LargeCap Dividend Index, WisdomTree U.S. High Dividend Index, Performance Index

In what has been a growth-led market over the last decade, the WisdomTree U.S. Quality Dividend Growth Index has outperformed the S&P 500 due to its combination of a higher average dividend yield and dividend growth.

The WisdomTree U.S. High Dividend Index had the lowest returns, primarily driven by negative valuation change, or multiple contraction.

THE BOTTOM LINE DIVIDENDS MATTER

The below chart shows rolling five-year Index total returns since the inception of the WisdomTree U.S. Quality Dividend Growth Index.

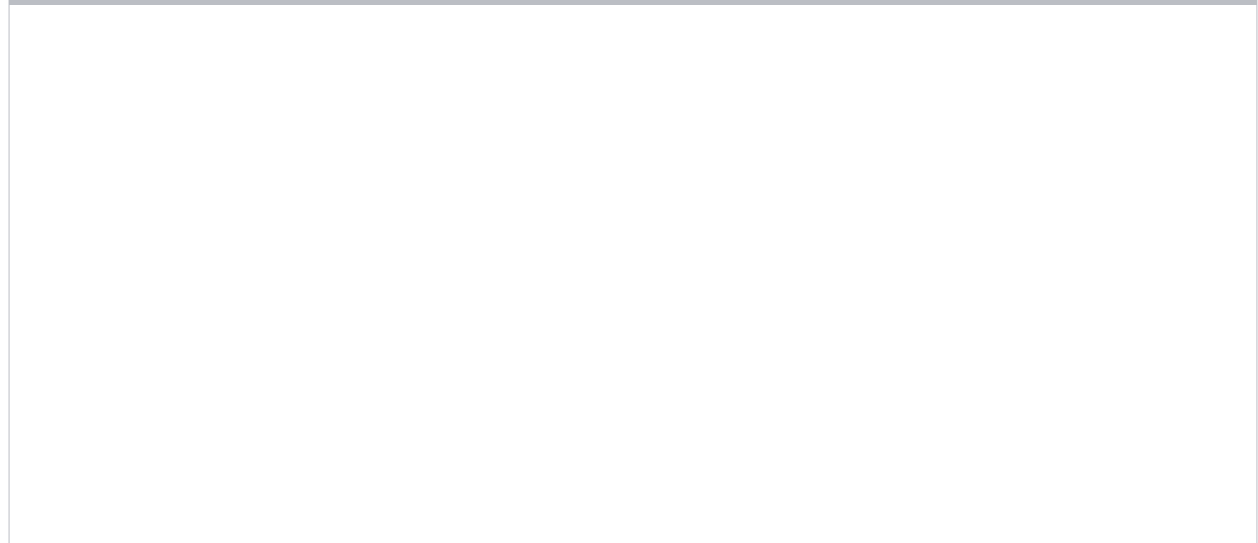
The WisdomTree U.S. Quality Dividend Index has consistently had the closest tracking of the three Indexes to the performance of the S&P 500. Over the last five-year period, it has outperformed the S&P 500 by 0.7% annualized.

The WisdomTree U.S. High Dividend Index is the most differentiated of the three Indexes to the performance of the S&P 500. Over the latest five-year period, it has lagged the S&P 500 by more than 500 basis points annualized.

As we saw from the table on valuation metrics, the yield on the High Dividend Index has increased from 3.6% to 4.8% over the period, while the S&P 500 yield has slumped from 2.0% to 1.5%.

The WisdomTree U.S. LargeCap Dividend Index has a yield and a total return performance differential that sits between the Quality Dividend Growth and High Dividend Indexes.

Figure 7: Rolling Five-Year Index Total Return



S&P 500, WisdomTree U.S. Quality Dividend Index, WisdomTree U.S. High Dividend Index, WisdomTree U.S. LargeCap Dividend Index, Yield

