REDISCOVER

THE POWER OF DIVIDENDS

WISDOMTREE®

A NEW PATH TO INCOME

Generating income is a universal challenge that impacts most investors. And while it used to be fairly simple to do, today it is more challenging than ever.

But it doesn’t have to be.

Historically, you would start your search for income with bonds. But today, dividend-paying equities have every right to be considered a first stop in generating income. Not only can they be a smart choice for pursuing income during retirement, but dividends can also help provide the portfolio growth and support you need to get there.

With a simple, innovative approach, dividend-paying stocks can become an income engine for your portfolio.

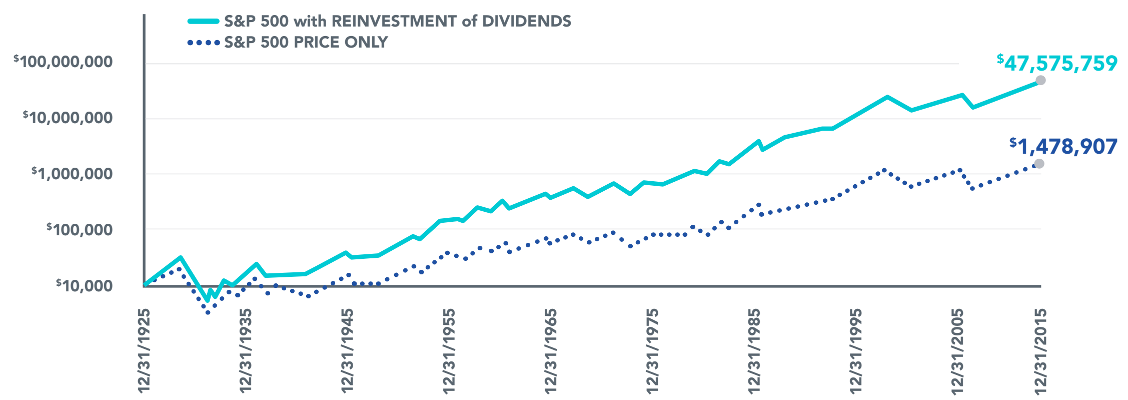
THE CASE FOR DIVIDENDS

Investors used to purchase stocks as much for their ability to provide income as for the potential to grow their investment. And it's true that dividend-paying equities can be a great source of income. But that's not all. Dividends can help provide growth of capital too.

HISTORICAL PERFORMANCE OF DIVIDENDS

Since 1926, reinvestment of dividends has been responsible for more than 96% of the stock market's return, helping a $10,000 investment grow to about $47.6 million—**more than $46 million over the stock returns alone**.

The Difference Dividends Have Made



Source: The S&P 500 Index and data compiled by Jeremy Siegel, Professor of Finance at the Wharton School of the University of Pennsylvania. The S&P 500® Index is an unmanaged index of 500 U.S. large-cap common stocks traded on the New York Stock Exchange and NASDAQ Stock Market, weighted by market capitalization. It was launched on March 4, 1957. Professor Siegel has reconstructed S&P 500 Index returns for earlier years using methods explained in his book The Future for Investors. Unlike a mutual fund, the performance of an index is not reduced by operating expenses, transaction costs, and taxes. It is not possible to invest directly in an index. Index performance is for illustrative purposes only and is not intended to represent the past or future returns for any actual investment. Past performance does not guarantee future results.

THE CHART ON THE LEFT IS NOT DRAWN TO SCALE

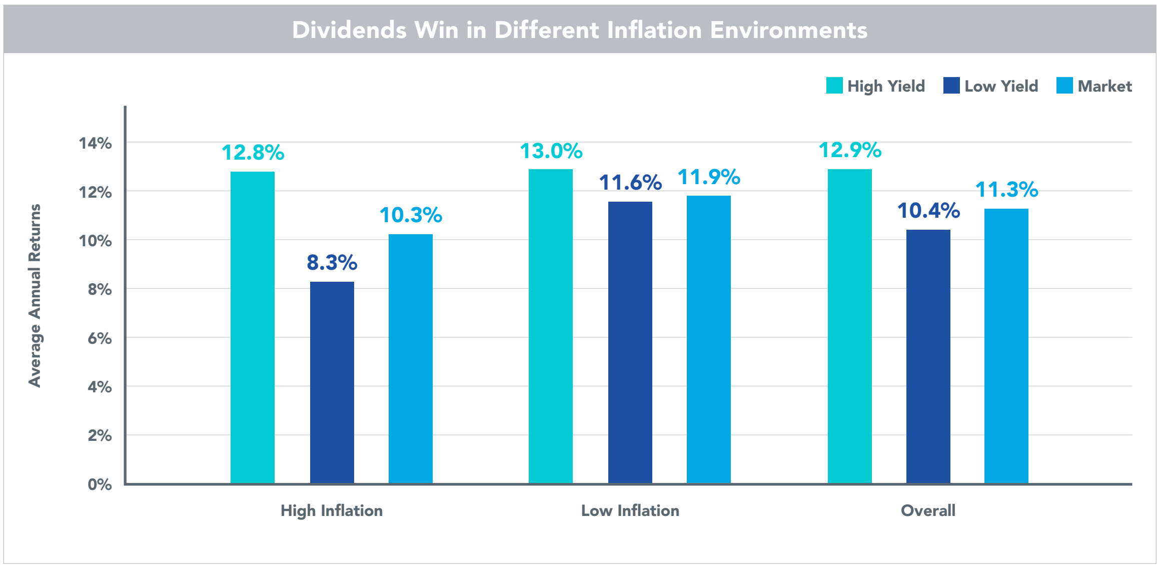
It is based on a logarithmic scale—using smaller and smaller increments for larger numbers. If the scale were arithmetic, with one foot equal to $10,000, then the area representing S&P 500 returns without dividends would be about 148 feet tall—the height of a 14-story building. That's impressive, but nowhere near as tall as something like the Freedom Tower, for example. The area representing S&P 500 returns with dividends reinvested, however, would be 4,758 feet tall—more than 2.5 times as tall as the Freedom Tower. That's quite a difference!

DIVIDENDS CAN SIGNAL STRENGTH

Companies that pay dividends are typically healthy and stable—they would have to be in order to distribute cash to investors on a regular basis. Because of their steady nature, they tend to provide the kind of stability that other investments may not be able to match.

DIVIDENDS OUTPERFORMED INFLATION

Inflation can eat away at the value of your portfolio, causing you to spend more money to purchase the same items over time. Dividends have historically outperformed inflation, helping to protect your purchasing power. In the chart below, notice how high-yielding dividend stocks outperformed low-dividend payers and the market in general during periods of high inflation, low inflation and overall.



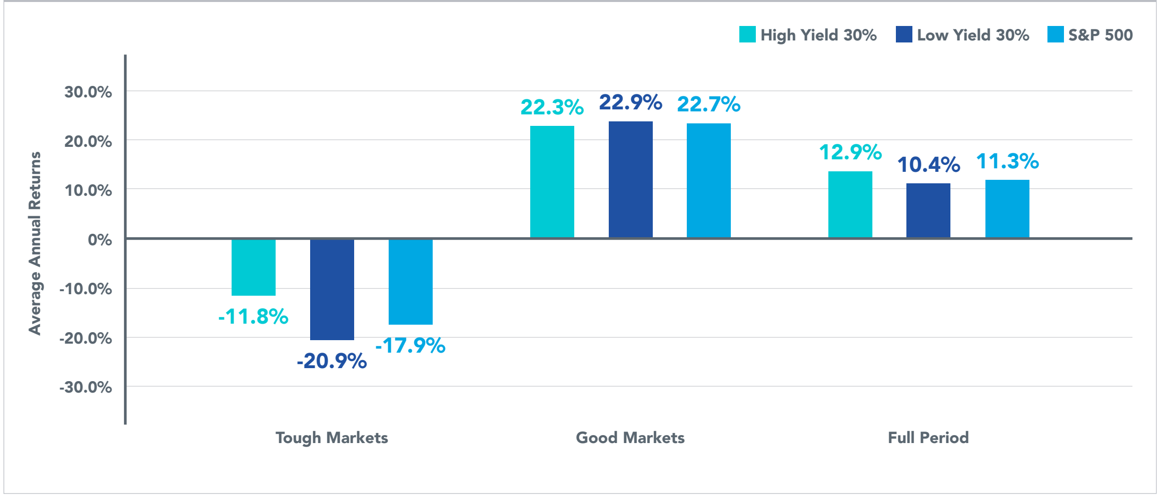
Sources: Bloomberg, Kenneth French Data Library. Inflation is calculated as the year-over-year change in the U.S. Consumer Price Index (CPI). Average annual change in the CPI over the full period was about 3.6%, so "high inflation" is defined as years in which the change in CPI was above this level, and "low inflation" is defined as years in which the change in CPI was below this level. "Overall" refers to the full period, 12/31/1949 to 12/31/2015. Past performance is not indicative of future results. The universe included all U.S.-listed dividend-paying stocks. "High yield" refers to the top 30% of the stocks within the universe; "low yield" refers to the bottom 30% of the stocks within the universe.

The measure of the market includes all New York Stock Exchange, American Stock Exchange and NASDAQ listed firms. The Low 30% and the High 30% take the dividend yield of each of these stocks on an annual basis and rank them on the basis of dividend yield. The highest 30% are selected and arranged in their market capitalization weights. The lowest 30% are selected and arranged in their market capitalization weights. There is no variation over the time series—it is always the highest 30% and the lowest 30% on the basis of dividend yield.

DIVIDENDS CAN PROVIDE SUPPORT WHEN MARKETS ARE DOWN

Studies have shown that losing less on the downside may be even more important to your portfolio value over time than average annual returns. And one of the most important benefits dividend stocks provide is their tendency to outperform during down markets. In fact, during the 18 periods when the S&P 500 Index trended down by 10% or more between December 31, 1950, and December 31, 2015, the higher-yielding 30% of equities outperformed the market by 6% per year.

The Road to Outperformance over the Long Term: Outperforming in Tough Markets



Sources: Bloomberg, Kenneth French Data Library. "Tough markets" are defined as periods where the S&P 500 Index decreased in a trend by 10% or more. "Good markets" are defined as periods outside these decreasing trends. "Full period" refers to 12/31/1949 to 12/31/2015. Past performance is not indicative of future results. You cannot invest directly in an index.

The available universe includes all New York Stock Exchange, American Stock Exchange and NASDAQ listed firms. The Low 30% and the High 30% take the dividend yield of each of these stocks on an annual basis and rank them on the basis of dividend yield. The Highest 30% are selected and arranged in their market capitalization weights. The Lowest 30% are selected and arranged in their market capitalization weights. There is no variation over the time series—it is always the highest 30% and the lowest 30% on the basis of dividend yield. For benchmark purposes, this chart includes the performance of the S&P 500 Index over specified time periods and market conditions.

High-dividend payers have tended to outperform in down markets—losing nearly 6% and 9% less than low-dividend payers and the S&P 500, respectively. This was key to their outperformance over the full period.

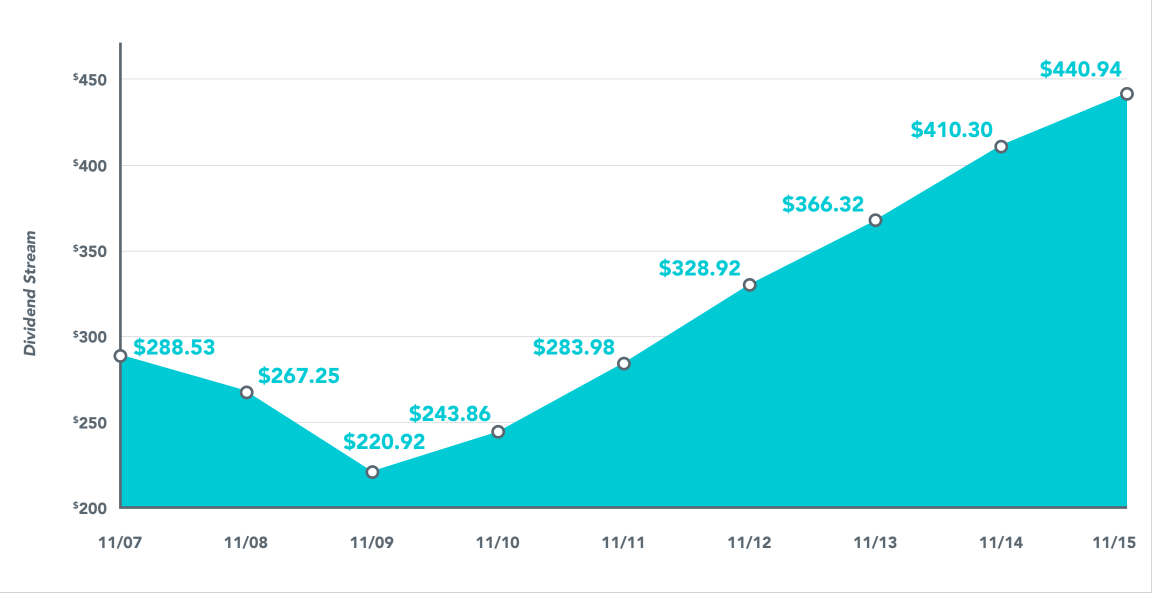
DIVIDENDS ARE EVERYWHERE

In the United States, 84% of the stocks in the S&P 500 pay dividends.[1] But dividends can actually be found all over the world, in every country—and in every sector. And more companies are paying dividends today than ever before. Consider, for example, that technology firms that rarely paid dividends before 2008 are now some of the largest dividend payers in the world.[2]

COMPANIES ARE PAYING LARGER DIVIDENDS THAN EVER

Today, more companies are paying dividends and in larger amounts than ever before. In fact, many companies increase their dividends over time, providing a growing stream of income. And the *Dividend Stream®*, the sum of all dividends being paid in the United States, is growing. In 2015, the U.S. *Dividend Stream* was more than $440 billion—an increase of nearly $220 billion since the low of November 30, 2009.

U.S. *Dividend Stream* (in Billions) from November 30, 2007, to November 30, 2015



Sources: WisdomTree, Bloomberg, with data measured as of each index screening date (November 30 of each year) from 11/30/2007 to 11/30/2015. Universe is the WisdomTree Dividend Index. Past performance is not indicative of future results.

[1] Source: Bloomberg, with data as of 12/31/2015.
[2] Sources: WisdomTree, Bloomberg, with data as of 12/31/2015.

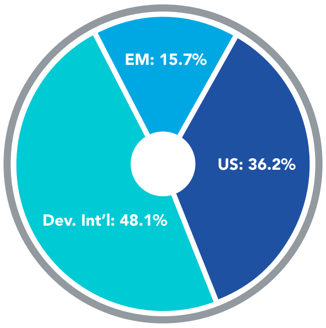
The global Dividend Stream *is nearly $1.2 trillion—with two-thirds of dividends coming from outside the United States. And while only 80% of the U.S. market is made up of dividend payers, ex-U.S. markets are, on average, made up of 96% dividend payers.*

DIVIDENDS ARE EVERYWHERE

Small-, mid- and large-cap companies all over the world offer dividends. In fact, nearly 64% of the world's dividends are paid outside the United States[3]—providing global opportunities for income. And since different countries react differently to certain economic and market events, going global could mean growth and income potential regardless of market conditions.

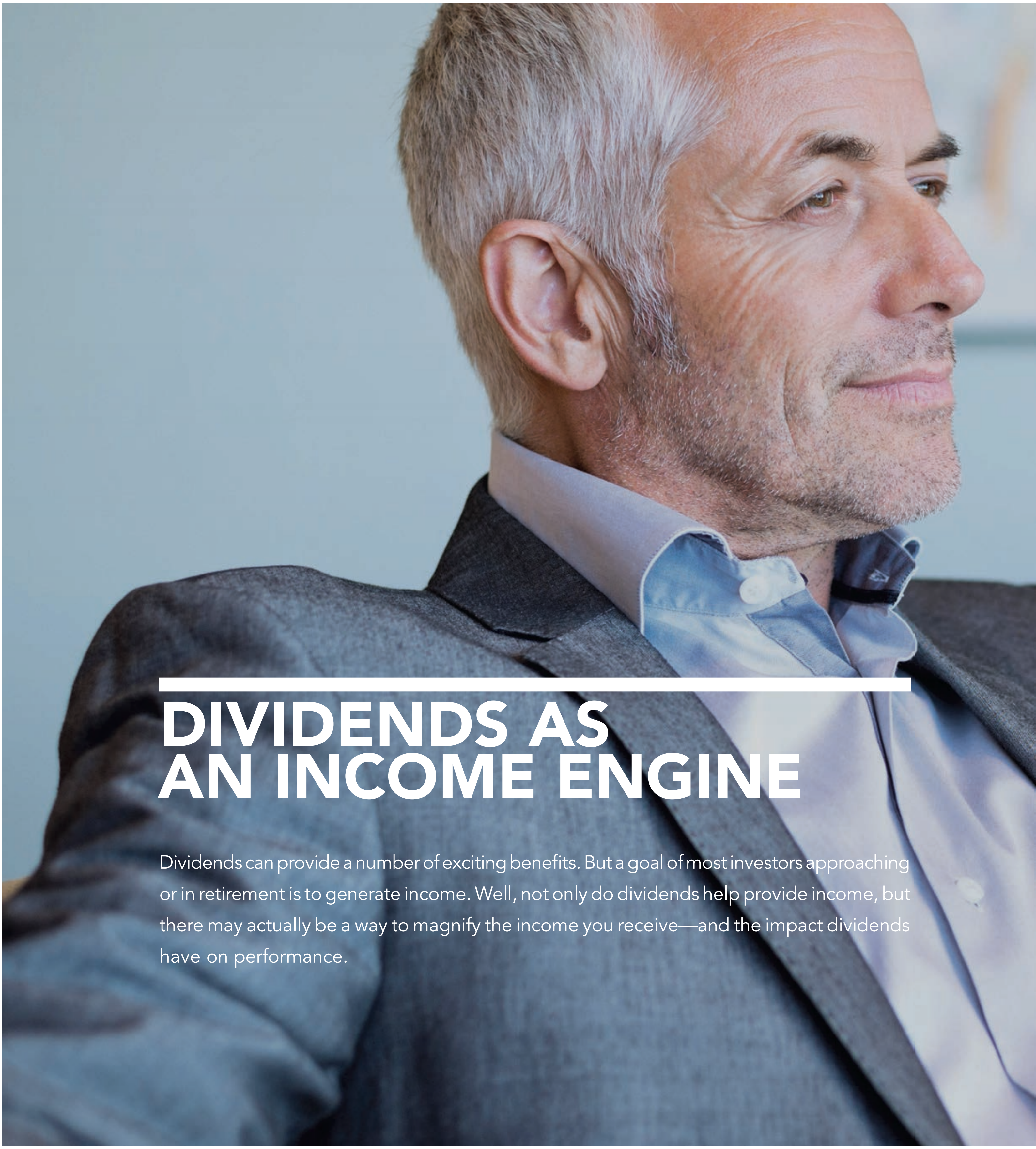
	*Dividend Stream 2015**	% of Global Market Cap in Dividend Payers**
United States	$424.28	79.7%
Europe	$366.41	97.7%
Japan	$81.71	99.0%
Canada	$43.98	92.3%
Pacific ex-Japan	$71.08	98.7%
Emerging Markets	$183.82	95.4%
Global	**$1,171.29**	**90.0%**

Global Dividends



Source: Bloomberg, with data as of 9/30/2015.
*As measured by the WisdomTree Global Dividend Index.
**As measured by the following indexes: U.S.: Russell 3000 Index; Europe: MSCI Europe Index; Japan: MSCI Japan Index; Canada: MSCI Canada Index; Pacific ex-Japan: MSCI Pacific ex-Japan Index; emerging markets: MSCI Emerging Markets Index; global: MSCI ACWI Index.

[3] Sources: WisdomTree, Standard & Poor's, with data as of the 9/30/2015 Index screening. Foreign investing involves additional risk.



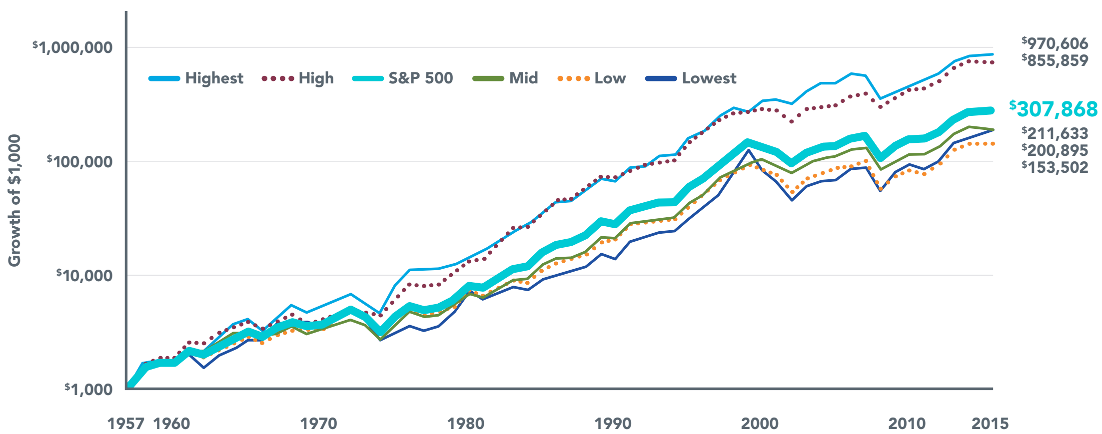
DIVIDENDS AS AN INCOME ENGINE

Dividends can provide a number of exciting benefits. But a goal of most investors approaching or in retirement is to generate income. Well, not only do dividends help provide income, but there may actually be a way to magnify the income you receive—and the impact dividends have on performance.

THE POWER OF HIGHER DIVIDENDS

Consider that some companies simply pay higher dividends than others. In the chart below, noted economist and WisdomTree advisor Professor Jeremy Siegel divides the S&P 500 into five groups, or quintiles, each representing 20% of the dividend payers within the index. The quintiles are then ranked from those paying the highest dividends to those paying the lowest. Looking at the growth of $1,000 from December 31, 1957, to December 31, 2015, the power of dividends becomes clear. Not only did the stocks with the highest dividend yields more than triple the growth of the S&P 500 over that time, they outperformed the stocks with the low and lowest dividend yields by nearly 532% and 383%, respectively.

Dividend Yield and Relative Performance, 1957–2015



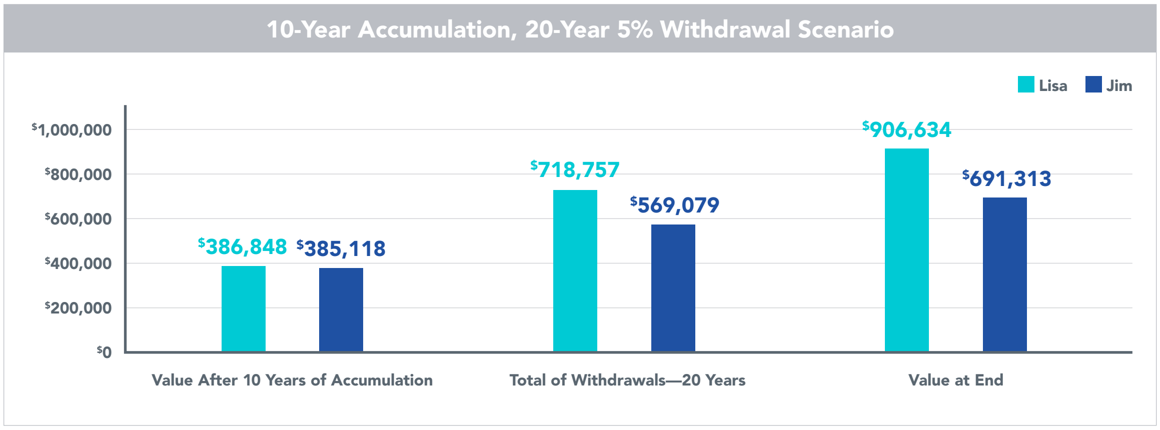
Source: Professor Jeremy Siegel, with updates through 12/31/2015. Universe is the S&P 500 Index, and period is determined by the live performance period for this index. Each stock in the S&P 500 Index is ranked from highest to lowest by dividend yield on December 31 of every year and placed into quintiles, baskets of 100 stocks apiece. The stocks in the quintiles are weighted by their market capitalization. The dividend yield is defined as each stock's annual dividends per share divided by its stock price as of December 31 of that year. Past performance is not indicative of future results.

A TALE OF TWO INVESTORS

Lisa and Jim are both 55-year-old investors. They are both hoping to retire in 10 years, and they each have $100,000 invested in the stock market. Lisa invested in a portfolio focused on the highest dividend payers in the U.S. Jim, however, put his money in a portfolio that tracks the S&P 500 Index, which consists of both dividend-paying and non-dividend-paying stocks. We used historical data to show how this would have worked over a live market, but remember that past performance is no guarantee of future results.

THE DIVIDENDS OF DIVIDENDS

For the first 10 years, Lisa and Jim did not take any income but instead reinvested their dividends. Over the full 30-year period, Lisa's dividend-based portfolio provided $149,000 more in income and nearly $215,000 more in residual portfolio value—that's a total of $364,000 more in additional income and growth from the same initial investment!

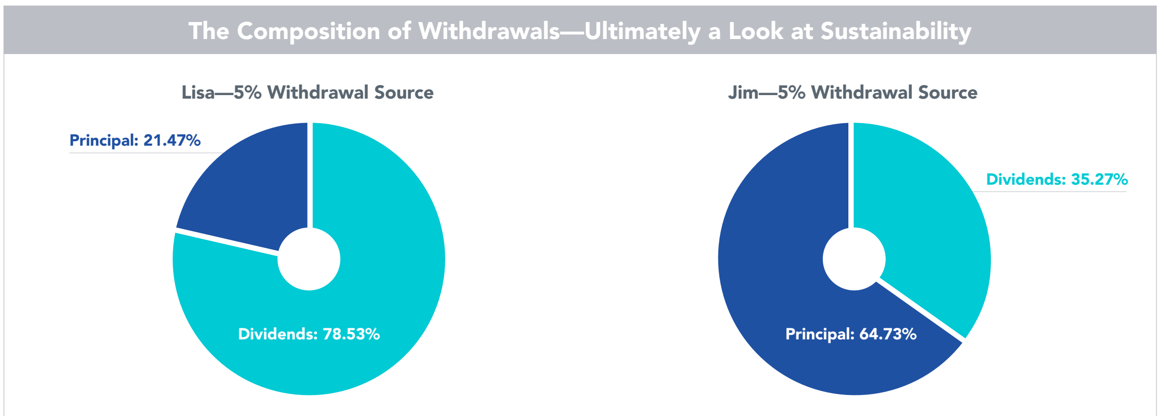


Lisa's portfolio is composed of the top 30% of the highest-dividend-yielding stocks on U.S. listed markets. Jim's portfolio tracks the S&P 500 Index.

Sources: Bloomberg, Kenneth French Data Library. Period from 12/31/1985 to 12/31/2015, with accumulation phase from 12/31/1985 to 12/31/1995. Withdrawal phase from 12/31/1995 to 12/31/2015. Hypothetical example for illustrative purposes only. Does not represent an actual investment.

WHAT DROVE THE INCOME?

Looking at where the withdrawals came from may help show the difference more clearly. Jim's withdrawals were made up of about 65% principal, while Lisa's were made up of nearly 79% dividends—this was key to her end balance and to the sustainability of her portfolio.



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Sources: Bloomberg, Kenneth French Data Library, period from 12/31/1985 to 12/31/2015, with accumulation phase from 12/31/1985 to 12/31/1995. Withdrawal phase from 12/31/1995 to 12/31/2015.

THE DIVIDENDS OF ETFs

As we've discussed, dividends offer numerous benefits, including the potential for income and growth as well as their ability to offer support in down markets. Exchange-traded funds (ETFs) also offer a number of advantages that can make them effective in helping investors reach their long-term goals. Below we illustrate how ETFs compare to another popular investment choice, traditional mutual funds:

	Exchange-Traded Funds	Mutual Funds
Bought and Sold	Trade on an exchange like stocks	Through the mutual fund companies
Sales Charges	None (though ordinary brokerage fees may apply)	May have sales loads, purchase and/or redemption fees
Minimum Investment	None	Varies
Liquidity	Intraday—investors can buy and sell shares anytime during the trading day	Can be bought and sold only at the end of the day once the market has closed
Tax Efficiency	Because ETF shares are created and redeemed "in kind," it makes them generally more tax efficient. Put simply, when one investor wants to sell ETF shares, those shares are traded to another investor who wants to buy them. This typically avoids a capital gain event for the ETF.	Conversely, anytime the mutual fund sells securities that have appreciated, it creates a capital gain. And all accrued capital gains must be paid out to shareholders at the end of each year.
Transparency	Fund holdings are typically published daily on ETF provider websites	Fund holdings are typically published quarterly and are a historical look back

Dividends can be a powerful weapon in your retirement toolkit. And weighting stocks by the dividends they pay, rather than by market cap, can provide more income—using the same capital and the same stocks.

THE DIFFERENCE DIVIDEND WEIGHTING MAKES

Most indexes and ETFs weight stocks by market capitalization (which is share price x number of shares outstanding)—a method that assumes price is always the best measure of true value. WisdomTree, however, believes that dividends are a better measure of a company's value than price alone, and thus has developed a method for weighting stocks by their *Dividend Stream*. As you can see below, the dividend-weighted portfolio delivered 30% more income using the same three stocks and the same initial investment!

				Market Capitalization-Weighted Strategy			Dividend-Weighted Strategy		
	Market Capitalization	Cash Dividends	Dividend Yield	Weight	Investment	Dividend Generation	Weight	Investment	Dividend Generation
Company A	$100 Billion	$2	2.0%	46.30%	$46,296	$926	20.00%	$20,000	$400
Company B	$50 Billion	$3	6.0%	23.15%	$23,149	$1,389	30.00%	$30,000	$1,800
Company C	$66 Billion	$5	7.6%	30.56%	$30,556	$2,315	50.00%	$50,000	$3,788
						$4,630			$5,988

Source: WisdomTree. Hypothetical example for illustrative purposes only. Does not reflect an actual investment.

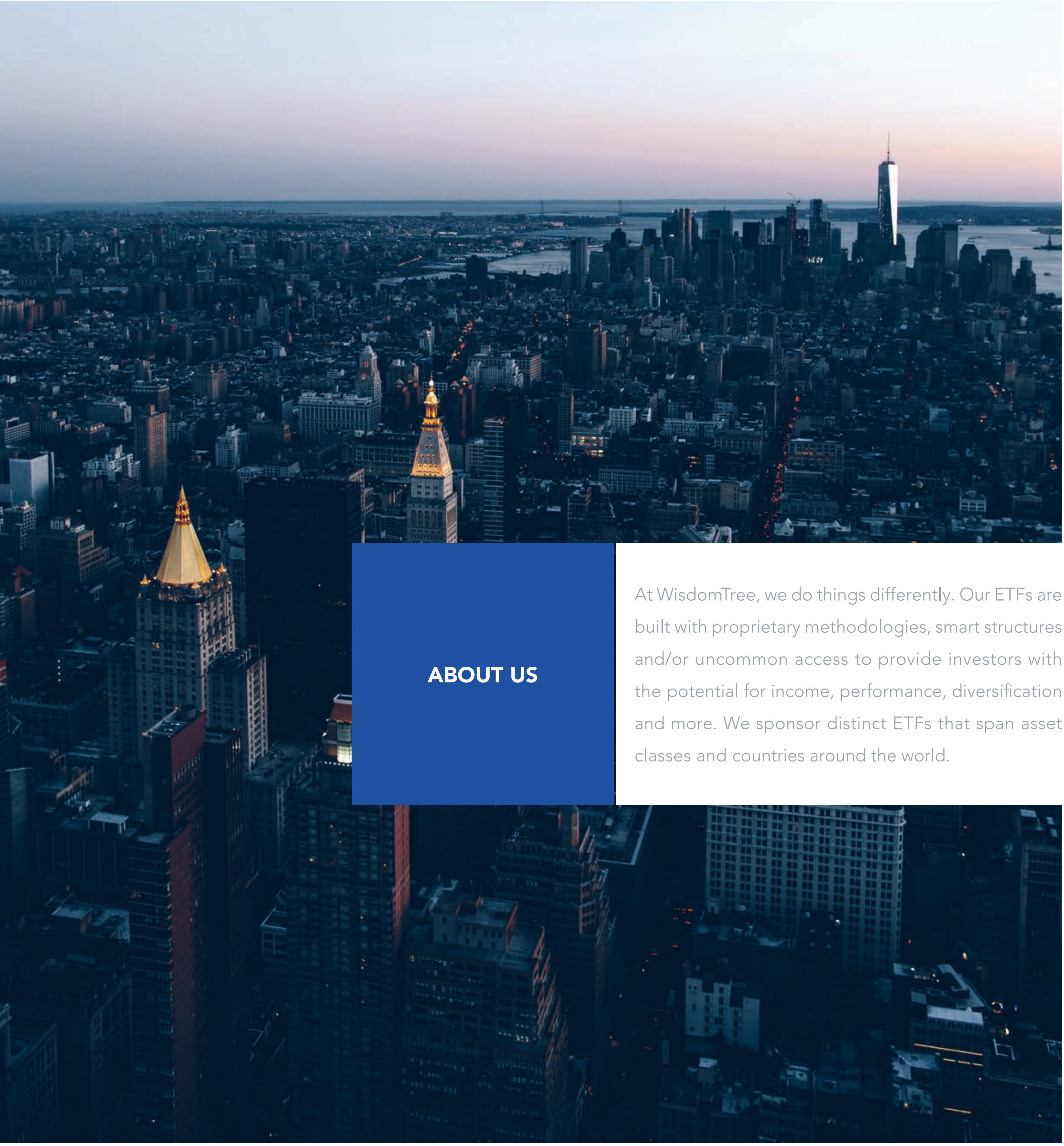
AN APPROACH THAT PAYS DIVIDENDS

Dividend stocks have certainly earned the right to be considered a first stop on the path to income. Adding them to your portfolio can help you generate income in retirement in addition to providing the portfolio growth and support you need to get to retirement.

And ETFs have numerous benefits that make them a compelling choice for investors as well. But remember, all dividend ETFs are not created equal. Weighting by dividends can help maximize not only your income potential but also your portfolio value over time. WisdomTree pioneered the concept of dividend weighting and offers the largest family of dividend ETFs, covering all major asset classes, all over the world.

Learn more about the power of dividends at **WisdomTree.com**.

Dividend stocks can help grow assets today—and provide income for tomorrow.



ABOUT US

At WisdomTree, we do things differently. Our ETFs are built with proprietary methodologies, smart structures and/or uncommon access to provide investors with the potential for income, performance, diversification and more. We sponsor distinct ETFs that span asset classes and countries around the world.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. To obtain a prospectus containing this and other important information, call 866.909.WISE (9473) or visit wisdomtree.com. Read the prospectus carefully before you invest.

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

Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time.

ETFs are subject to risks similar to stocks, including those regarding short-selling and margin account maintenance.

You cannot invest directly in an index.

WisdomTree Global Dividend Index: Measures the performance of the dividend-paying segments of developed and emerging market equities; **Russell 3000 Index:** Measures the performance of the 3,000 largest U.S. companies based on total market capitalization; **MSCI Europe Index:** A free float-adjusted market capitalization-weighted index designed to measure the performance of developed equity markets in Europe; **MSCI Japan Index:** A market cap-weighted subset of the MSCI EAFE Index that measures the performance of the Japanese equity market; **MSCI Canada Index:** A market capitalization-weighted index designed to measure the performance of the Canadian equity market; **MSCI Pacific ex-Japan Index:** A market capitalization-weighted index designed to measure the performance of the large- and mid-cap segments of developed equity market countries in the Pacific region, excluding Japan; **MSCI Emerging Markets Index:** A broad market cap-weighted index showing the performance of 23 emerging market countries defined as "emerging markets" by MSCI; **MSCI ACWI Index:** A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets.

WisdomTree®

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