

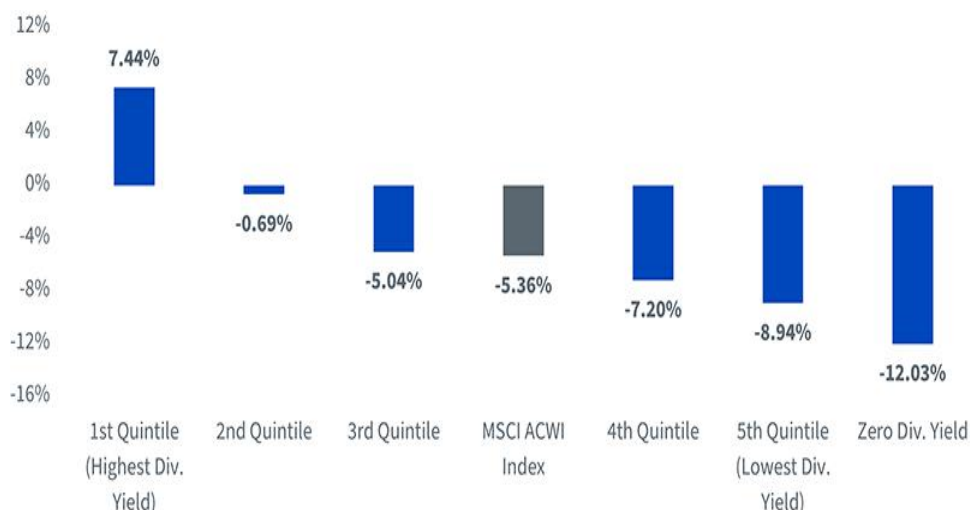
LOOKING ABROAD FOR DIVIDEND INCOME

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Value has trounced [growth](#) globally this year. High [dividend yield](#) companies, which tend to have high overlap with [value](#) indexes, have also outperformed.

The first [quintile](#) of companies in the MSCI ACWI Index by dividend yield has outperformed the fifth quintile by over 1,600 [basis points \(bps\)](#) and outperformed non-payers by over 1,900 bps.

Year-to-Date MSCI ACWI Index



Sources: WisdomTree, FactSet, as of 3/31/22. You cannot invest directly in an index. Past performance is not indicative of future results.

Many investors are familiar with investing in search of [dividend income](#) when allocating to U.S. equities. Some may be less familiar with the global dividend investment opportunity—particularly when it comes to emerging markets.

The below table summarizes some key data points for dividend payouts across the globe.

Of the \$1.4 trillion in the global [Dividend Stream](#), \$216 billion, or 15%, comes from companies within emerging markets. That amount is just over 3.5% greater than the 11.5% weight that emerging markets have in the [market cap-weighted MSCI ACWI IMI Index](#).

The U.S., on the other hand, comprises just 43% of the global [Dividend Stream](#) but accounts for 60% of market cap. In part that is because the U.S. has higher valuations, and much less of its market cap weight is in companies paying a dividend.

In emerging markets, 85% of the market cap is in companies paying dividends. In the U.S., the comparable number is just 72%.

As a result of the lower weight of companies paying a dividend, the U.S. has a dividend yield of just 1.4%—a full 100 bps lower than the yield of emerging markets.

The difference is even greater when weighting companies by their Dividend Stream instead of market cap. The emerging markets has a Dividend Stream-weighted yield of 6% compared to just 3% for the U.S.

Global *Dividend Stream*

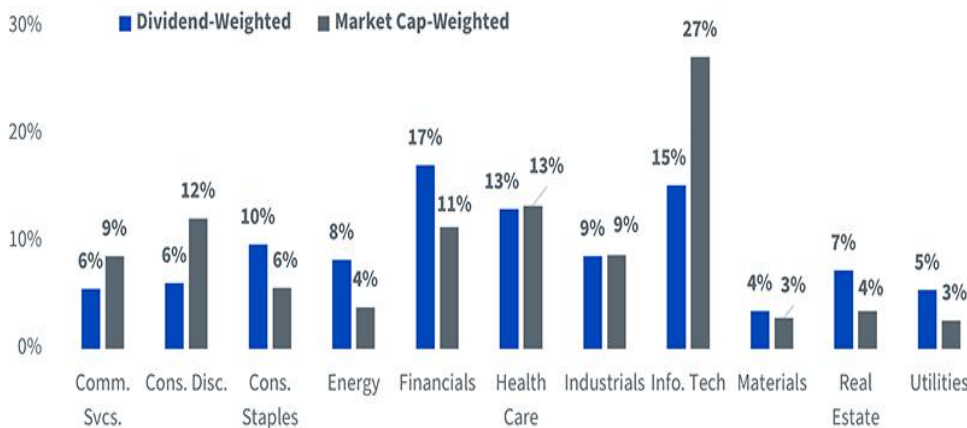
						Dividend Yield	
	Dividend Stream (\$bn)	Dividend Weight	Market Cap (\$bn)	Market Cap Weight	% Market Cap Dividend Payers	Dividend Stream Weighted	Market Cap Weighted
United States	\$619.4	43.3%	\$45,380.5	60.3%	71.7%	3.0%	1.4%
Emerging Markets	\$212.4	14.9%	\$8,395.4	11.2%	85.2%	6.0%	2.4%
Europe	\$339.1	23.7%	\$12,141.2	16.1%	92.7%	4.6%	2.8%
Japan	\$101.3	7.1%	\$4,377.0	5.8%	98.2%	3.4%	2.3%
Canada	\$63.1	4.4%	\$2,443.1	3.2%	90.5%	3.7%	2.5%
Developed Asia	\$94.1	6.6%	\$2,501.8	3.3%	92.5%	5.3%	3.5%
Global	\$1,429.5	100.0%	\$75,239.0	100.0%	79.4%	4.0%	1.9%

Sources: WisdomTree, MSCI, as of 3/31/22. Universe is MSCI ACWI IMI. Israel Included In Europe. Developed Asia Includes Singapore, Australia, Hong Kong, and New Zealand. U.S. dividends are indicated. International dividends are trailing. Dividend Stream and Market Cap totals are adjusted for investability factors. You cannot invest directly in an index.

We can break down the U.S. and emerging markets market-cap weights and Dividend Stream weights on a sector level to get an indication of where dividend payouts are more concentrated.

In the U.S., the largest dividend sectors are Financials (17%), Information Technology (15%), Health Care (13%) and Consumer Staples (10%).

Sector Weights: Market Cap-Weighted vs. Dividend-Weighted (MSCI USA IMI Index)

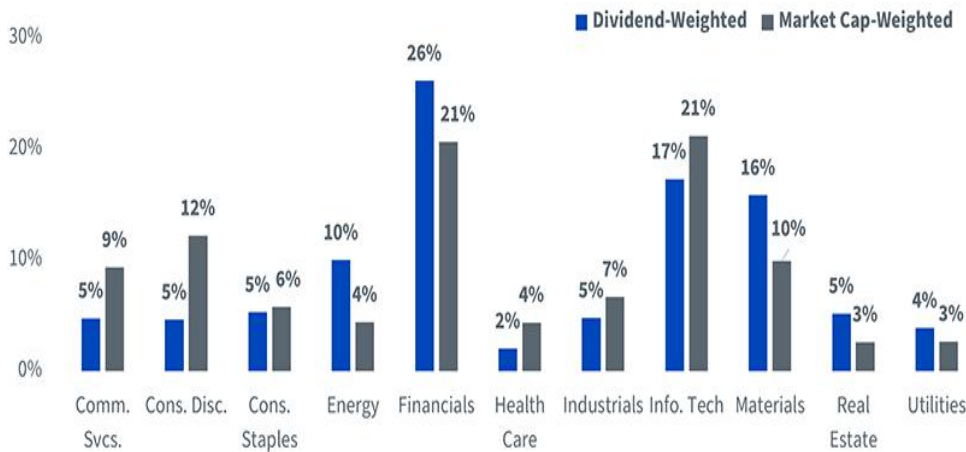


Sources: WisdomTree, MSCI, as of 3/31/22. U.S. dividends are indicated. Dividend Stream and Market Cap totals are adjusted for investability factors. You cannot invest directly in an index.

In the emerging markets, the largest dividend sectors are Financials (26%), Materials (16%), Information Technology (17%) and Energy (10%).

The combined dividend weights of Materials and Energy (26%) make a [dividend-weighted](#) exposure to emerging markets much more commodity-sensitive than the tech- and consumer-heavy allocations of market cap-weighted emerging markets exposures.

Sector Weights: Market Cap-Weighted vs. Dividend-Weighted (MSCI Emerging Markets IMI Index)

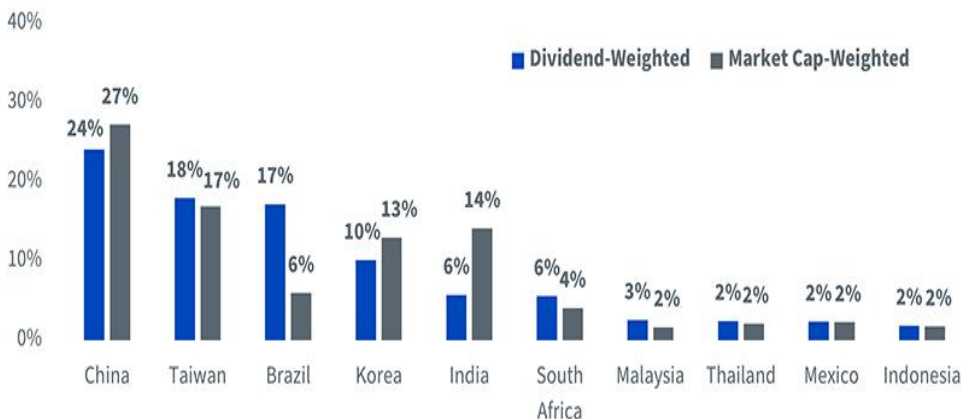


Sources: WisdomTree, MSCI, as of 3/31/22. Emerging Markets dividends are trailing 12 month. Dividend Stream and Market Cap totals are adjusted for investability factors. You cannot invest directly in an Index.

From a country perspective, China and India have noticeably lower weights based on dividend weighting. Many Chinese tech and consumer companies pay little, or no, dividends. In India, there is a tendency for low [dividend payouts/yields](#).

Brazil is the most noticeable overweight given its large dividend-paying Energy and Materials companies. Russia was recently removed from MSCI indexes for its invasion of Ukraine but historically had been another overweight based on its large dividend payouts.

Country weights: Market Cap-weighted vs. Dividend-weighted (MSCI Emerging Markets IMI Index)

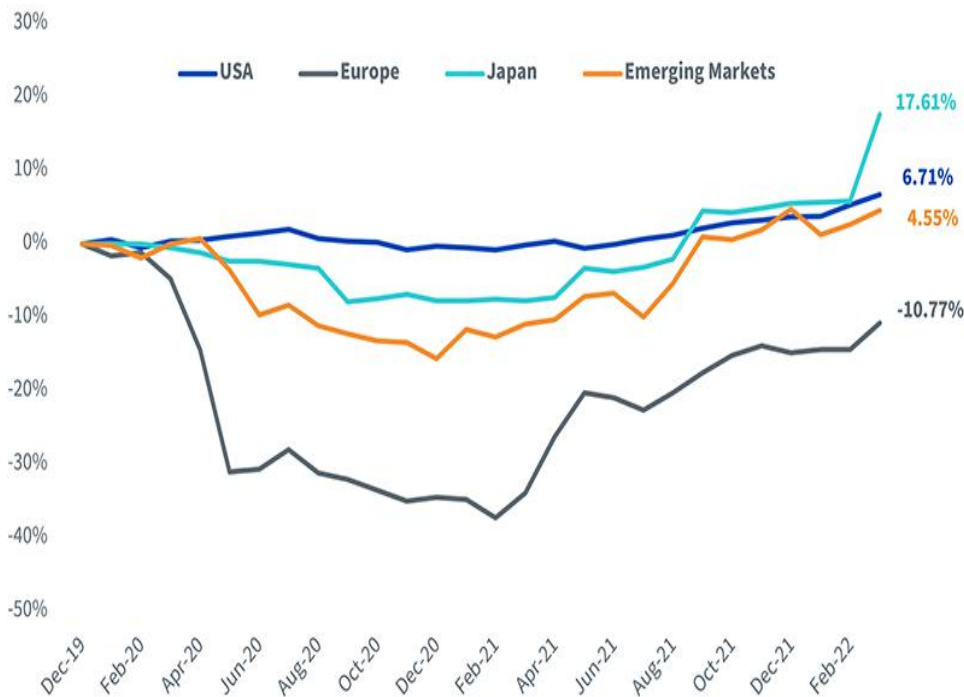


Sources: WisdomTree, MSCI, as of 3/31/22. Emerging Markets dividends are trailing 12 month. Dividend Stream and Market Cap totals are adjusted for investability factors. You cannot invest directly in an Index.

The global recession during the height of the COVID-19 pandemic provides a good case study as to the relative riskiness of the payouts from emerging markets companies.

Emerging markets dividends did get reduced more than U.S. dividends, but also rebounded sharply in the past 12 months. European dividends, not emerging markets, stick out as the global laggard in reducing payouts during the pandemic.

Index Dividend Growth since 2019



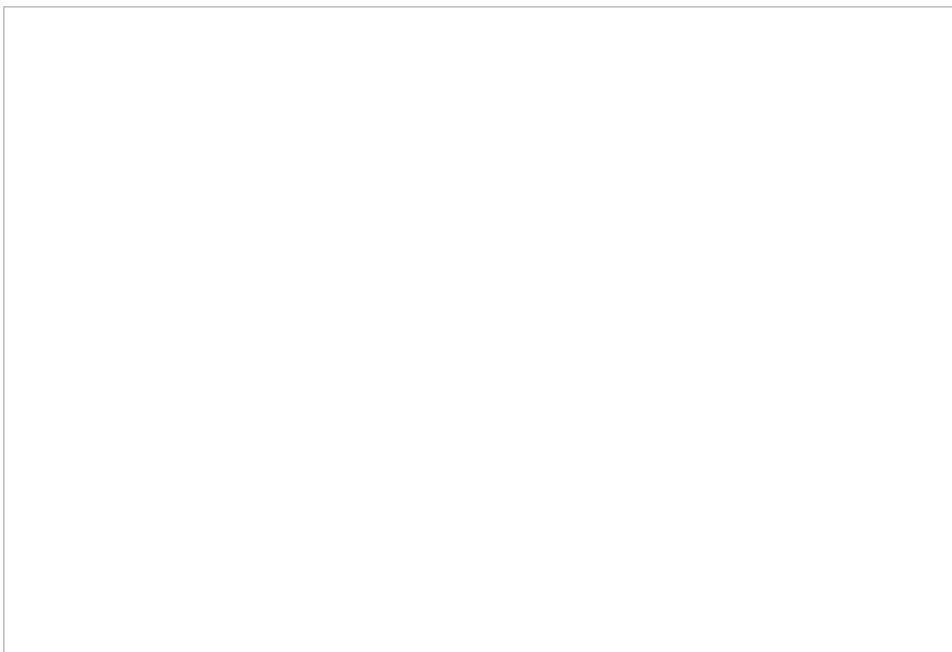
Sources: WisdomTree, MSCI, 12/31/19–3/31/22. Dividends are trailing 12 months. Regions represented by respective MSCI Indexes. You cannot invest directly in an Index.

Lastly, we can compare the yields across markets to get an idea of how investors can look to emerging markets to harvest income in a low-rate environment.

The [WisdomTree Emerging Markets High Dividend Index](#) has historically had an average [yield premium](#) of 130 bps relative to the [WisdomTree U.S. High Dividend Index](#), and a yield premium of about 50 bps relative to the [WisdomTree International High Dividend Index](#).

For investors looking to increase dividend income, emerging markets equities may offer a compelling addition to portfolios in a low-yield environment.

Trailing 12-Month Dividend Yields: WisdomTree High Dividend Yield Indexes



For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and

physically deliver to an investor must print the monthly performance report to accompany this blog.

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DEFINITIONS

Growth: Characterized by higher price levels relative to fundamentals, such as dividends or earnings. Price levels are higher because investors are willing to pay more due to their expectations of future improvements in these fundamentals.

Dividend yields: Refers to the trailing 12-month dividend yield. Dividends over the prior 12 months are added together and divided by the current share price. Higher values indicate more dividends are being generated per unit of share price.

Value: Characterized by lower price levels relative to fundamentals, such as earnings or dividends. Prices are lower because investors are less certain of the performance of these fundamentals in the future. This term is also related to the Value Factor, which associates these stock characteristics with excess returns vs the market over time.

Quintile: One of the class of values of a variate which divides the members of a batch or sample into equal-sized subgroups of adjacent values or a probability distribution into distributions of equal probability.

Basis point: 1/100th of 1 percent.

Dividend Stream: Refers to the regular dividends per share multiplied by the number of shares outstanding.

Market capitalization-weighting: Market cap = share prices x number of shares outstanding. Firms with the highest values receive the highest weights in approaches designed to weight firms by market cap.

MSCI ACWI IMI Index: The MSCI ACWI Investable Market Index (IMI) captures large, mid and small cap representation across 23 Developed Markets (DM) and 25 Emerging Markets (EM) countries.

Dividend weighted: Constituent securities represented within the Index in proportion to their contribution to the dividend stream of the Index.

Dividend Payout Ratio: The percentage of earnings paid to shareholders in dividends. Calculated as yearly dividends per share over earnings per share.

Yield premium: the additional amount of income investors require for holding a security.