

SHAREHOLDER YIELD SHINES AMONG VALUE FACTORS

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WisdomTree pioneered fundamental weighting as a novel approach to rules-based [value investing](#). Instead of using [market capitalization](#), a company’s weight in indexes is based on dividends or earnings.

Another unique value strategy is the [WisdomTree Value Fund \(WTV\)](#), which selects and weights companies based on [shareholder yield](#).

$$\text{Shareholder Yield} = \text{Dividend Yield} + \text{Net Buyback Yield}$$

WTV Long-Term Performance and Rankings

Over a prolonged stretch where value indexes have lagged broad benchmarks, selecting companies based on shareholder yield has shone.

[WTV](#) ranks in the top decile of the Large Value category across standardized periods.*

WTV Performance and Peer Rankings

	YTD	1-Year	3-Year	5-Year	10-Year	15-Year
Total Return (Price)	22.34%	22.34%	13.66%	15.10%	10.87%	13.11%
Total Return (NAV)	22.11%	22.11%	13.54%	15.05%	10.82%	13.08%
Category (NAV)	11.63%	11.63%	9.75%	11.37%	8.39%	11.22%
Index (NAV)	14.34%	14.34%	10.41%	12.72%	9.89%	12.05%
Percentile Rank	5	5	6	7	4	10
# of Investments in Category	1,208	1,208	1,126	1,072	818	611

Sources: WisdomTree, Morningstar, as of 12/29/23. *The Fund’s objective changed effective December 18, 2017. Prior to December 18, 2017, Fund performance reflects the investment objective of the Fund when it tracked the performance, before fees and expenses, of the WisdomTree U.S. LargeCap Value Index. Category: U.S. Fund Large Value. Index = Morningstar US Large-Mid Cap Broad Value. Past performance is not indicative of future returns.

The performance quoted represents past performance and does not guarantee future results. The investment return and principal will fluctuate. Investor’s Shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted.

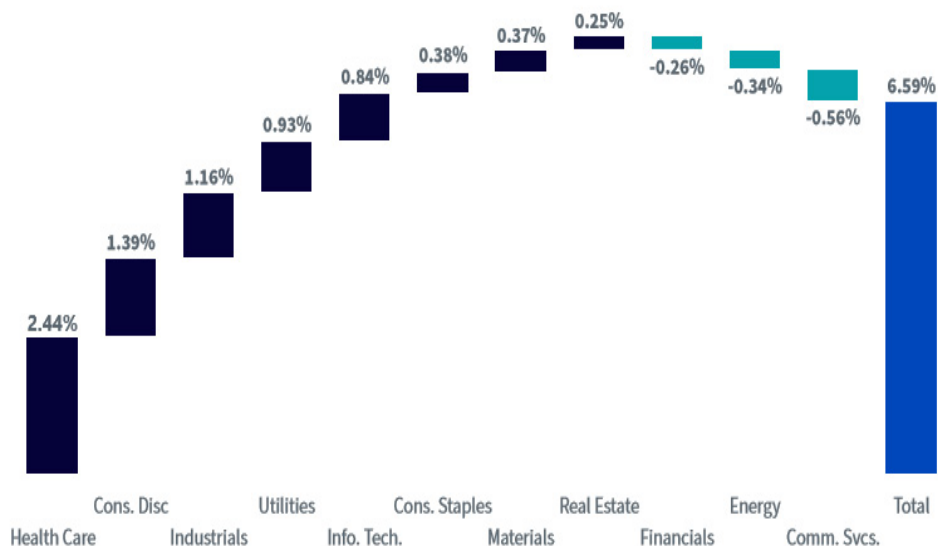
For the most recent month-end and standardized performance, click [here](#).

Recent Performance and Attribution

Over the last 12 months, [WTV](#) outperformed the [Russell 1000 Value Index](#) by more than 600 [basis points](#).

This outperformance spanned across sectors, with positive contributions from 8 out of 11 sectors.

One-Year Sector Attribution: WTV vs. Russell 1000 Value Index



Sources: WisdomTree, FactSet, Russell, as of 11/30/23. Past performance is not indicative of future returns. You cannot invest directly in an index.

December Rebalance

While some investors use shareholder yield to replace existing value mandates, it also serves as a complement, or diversifier, to other value approaches. [WTV](#) has only a 22% overlap with the Russell 1000 Value Index.

[WTV](#) was rebalanced this December, increasing weight to companies with higher shareholder yields and reducing weight to companies with lower shareholder yields.

After the rebalance, the Fund's shareholder yield increased from 6.5% to 7.9% while maintaining a higher [return on equity \(ROE\)](#) than both the Russell 1000 Value and the [S&P 500](#).

Compared to the Russell 1000 Value, the Fund typically has a [mid-cap](#) bias due to its factor weighting.

WTV Characteristics

Characteristics	Pre-Rebalance	Post-Rebalance	Russell 1000 Value	S&P 500
Size				
Wgt. Avg. Market Cap (\$bn)	\$53.8	\$46.5	\$127.6	\$681.6
Median Market Cap (\$bn)	\$14.3	\$18.1	\$12.0	\$32.5
Over \$10 billion	68.7%	72.2%	91.4%	99.3%
\$2 billion - \$10 billion	31.3%	27.8%	8.5%	0.7%
Under \$2 billion	0.0%	0.0%	0.1%	0.0%
Valuation & Other Characteristics				
Price/Earnings (Trailing)	13.9x	13.2x	18.1x	23.9x
Price/Earnings (Forward)	12.4x	12.6x	15.9x	20.5x
Price/Book	2.8x	2.8x	2.5x	4.6x
Price/Sales	0.9x	1.0x	1.6x	2.6x
Dividend Yield	1.74%	2.02%	2.29%	1.46%
SEC 30-Day Yield	1.57%	1.57%	N/A	N/A
Net Buyback Yield	4.71%	5.89%	1.59%	1.57%
Share Reduction Yield	4.01%	5.26%	1.05%	1.23%
Total Shareholder Yield	6.45%	7.91%	3.88%	3.03%
Return on Equity	17.97%	19.55%	12.98%	17.96%
Return on Assets	3.86%	3.53%	2.74%	4.19%
Number of Holdings	121	162	849	503

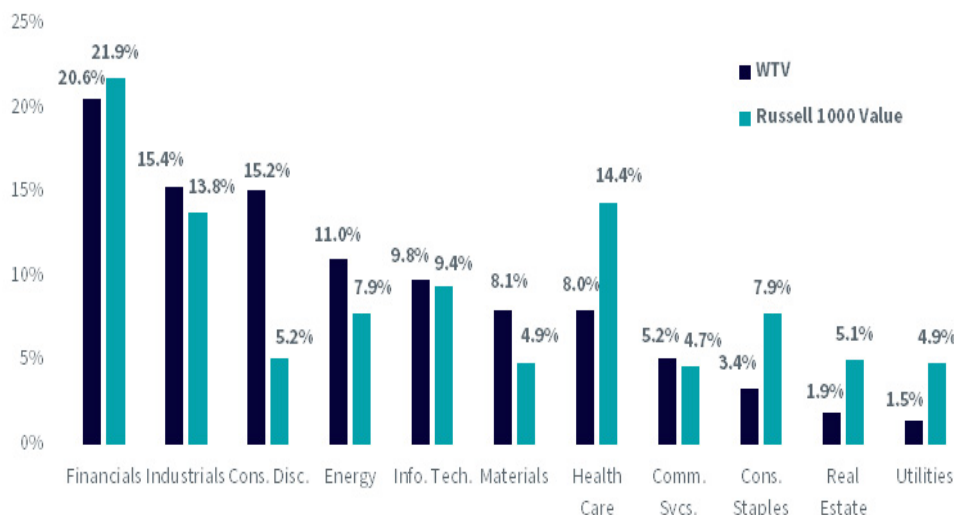
Sources: WisdomTree, FactSet, Russell, S&P. Pre-Rebalance as of 12/15/23. Post-Rebalance as of 12/18/23. S&P 500 and Russell 1000 Value as of 12/18/23. Total Shareholder Yield = Dividend Yield + Net Buyback Yield. You cannot invest directly in an Index. Past performance is not indicative of future results.

THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS. CLICK [HERE](#) TO VIEW WTV PROSPECTUS.

For definitions of terms in the table above, please visit the [glossary](#).

Compared to the Russell 1000 value, [WTV](#) is 10% over-weight in Consumer Discretionary with lesser over-weights in Energy (+3%) and Materials (+3%). The greatest under-weights are in Health Care (-6%), Consumer Staples (-4%), Real Estate (-3%) and Utilities (-3%).

Sector Weights



Sources: WisdomTree, FactSet, Russell, as of 12/18/23. You cannot invest directly in an Index.

The weighting process of the model behind [WTV](#), which is based on shareholder yield, is a version of modified equal weighting. The largest weight in the Fund after the rebalance is less than 1%, making the Fund well-diversified across companies and sectors.

Unlike frequent rebalancing, which can lead to premature selling of winning positions, [WTV](#) has an annual rebalancing process, with smaller-scale changes made intra-year based on market conditions and investment opportunities.

At this year’s rebalance, the Fund sold one of its winners—Meta—after impressive trailing 12-month returns of nearly 200%.

The reason?

Meta’s shareholder yield dropped significantly since November 20, 2022, falling from nearly 13% to less than 3%. In comparison to the S&P 500, Meta shifted from having a greater-than-3x shareholder yield to a below-market shareholder yield.

While there’s no perfect timing signal, using shareholder yield as a sell-discipline helps determine, quantitatively, when to take profits off the table.

For investors who find themselves over-weight in the [Magnificent Seven](#) following a remarkable surge this year, [WTV](#) offers a diversified basket with zero exposure to those specific names.

Important Risks Related to this Article

For current Fund holdings, please click [here](#). Holdings are subject to risk and change.

There are risks associated with investing, including the possible loss of principal. Funds focusing their investments on certain sectors increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. While the Fund is actively managed, the Fund’s investment process is expected to be heavily dependent on quantitative models, and the models may not perform as intended. Please read the Fund’s prospectus for specific details regarding the Fund’s risk profile.

For the top 10 holdings of WTV please visit the Fund's fund detail page at <https://www.wisdomtree.com/investments/etfs/equity/wtv>

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.

Related Funds

+ [WisdomTree U.S. Value Fund](#)

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

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DEFINITIONS

Market Capitalization: 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.

Shareholder Yield: A data point that references the combination of dividend yield and buyback yield.

Russell 1000 Value Index: A measure of the large-cap value segment of the U.S. equity universe, selecting from the Russell 1000 Index.

Basis point: 1/100th of 1 percent.

Return on Equity (ROE): Measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

S&P 500 Index: Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.

Mid-Cap: Characterized by exposure to the next 20% of market capitalization (after the top 70% have been removed) within the Value, Blend or Growth style zones with the majority of the fund's weight.

Magnificent 7: Refers to a group of high-performing U.S. stocks including Microsoft (MSFT), Amazon (AMZN), Meta (META), Apple (AAPL), Google parent Alphabet (GOOGL), Nvidia (NVDA), and Tesla (TSLA)