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Global Dividends Grew 9%, With U.S. Growth Leading The Way

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In the current environment of low interest rates, dividends have been a key driver supporting the market in recent years. Tracking the growth of the global [Dividend Stream](#)®—the sum of dividends paid by companies in the [WisdomTree Global Dividend Index](#)—is an important element through which to judge the fundamentals of the global equity market.

Conducting our annual Index rebalance affords us the opportunity to keep our pulse on dividend trends around the world. Below are some of the highlights from this year, which had a screening date of September 30, 2014.

- The *Dividend Stream* of the WisdomTree Global Dividend Index grew by approximately 9%. The aggregate global *Dividend Stream* approached \$1.19 trillion, which is about 10% higher than the pre-crisis 2008 peak and approximately 50% higher than the global lows in 2009.
- The primary drivers of global dividend growth were U.S. constituents, which grew their dividends nearly 16% compared to the 2013 Index screening.
- Developed international markets also turned in *Dividend Stream* growth of approximately 7.5%. This occurred despite the euro falling from \$1.30 to \$1.27 and subtracting approximately 2.3 percentage points from the *Dividend Stream* of euro-traded stocks, which constitute approximately 28% of the developed international dividend payments.
- The *Dividend Stream* of the [WisdomTree Emerging Markets Dividend Index](#) measured in U.S. dollars was approximately \$185.11 billion at the 2014 screening date—an increase of approximately 1% from 2013 levels.
- **U.S. Share of the Stream:** The U.S. has been on a strong upward trend since the 2011 Index screening when its constituents made up only about one quarter of the global *Dividend Stream*. As of this latest screening, U.S. constituents increased their share to about one-third, at the expense of both developed international and emerging market dividend payers. This percentage is still lower than the U.S. representation in traditional market capitalization-weighted indexes due to the lower dividend yields of U.S. companies.

The dividend weighted average dividend yield of various regional components dictates this under-weighted position for U.S. companies. The dividend-weighted average dividend yields of the three regions, as of the September 30, 2014, Index screening:

- United States: 2.8%
- Developed international: 4.2%
- Emerging markets: 4.4%

Bottom Line: The growth in dividends around the world has continued apace, increasing approximately 9%. The U.S. is

shining on a relative basis in terms of growth here, although some of the weakness internationally is being caused by currency translation effects contrasting with the underlying dividends of the companies.

Dividend Stream Growth Occurred across All 3 Regions Shown, but U.S. Only Region to Increase Share

(click to enlarge)

Dividend Stream

| | 5/31/2008 | 5/31/2009 | 5/31/2010 | 5/31/2011 | 5/31/2012 | 5/31/2013 | 9/30/2014 |
|--------------------|------------|-----------|-----------|------------|------------|------------|------------|
| United States | \$288.02 | \$255.13 | \$225.35 | \$253.85 | \$293.14 | \$339.93 | \$393.92 |
| Developed World | \$660.11 | \$458.88 | \$458.14 | \$580.92 | \$539.79 | \$568.68 | \$610.96 |
| Emerging Markets | \$135.57 | \$105.82 | \$109.25 | \$169.48 | \$169.68 | \$183.43 | \$185.11 |
| WT Global Dividend | \$1,083.70 | \$819.83 | \$792.74 | \$1,004.25 | \$1,002.61 | \$1,092.04 | \$1,189.99 |
| Growth | | -24.35% | -3.30% | 26.68% | -0.16% | 8.92% | 8.97% |

Percent Share of WT Global Dividend Stream

| | | | | | | | |
|------------------|--------|--------|--------|--------|--------|--------|--------|
| United States | 26.58% | 31.12% | 28.43% | 25.28% | 29.24% | 31.13% | 33.10% |
| Developed World | 60.91% | 55.97% | 57.79% | 57.85% | 53.84% | 52.07% | 51.34% |
| Emerging Markets | 12.51% | 12.91% | 13.78% | 16.88% | 16.92% | 16.80% | 15.56% |

Sources: WisdomTree, Standard & Poor's . Dividend Stream is quoted in billions of U.S. dollars. Past performance is not indicative of future results. You cannot invest directly in an index. Subject to change. Data calculated for each annual Index screening date from 5/31/08 to 9/30/14. Universe for entire chart refers to the constituents of the WisdomTree Global Dividend Index. Note: This was the first year WisdomTree conducted its annual screening for Indexes that included emerging market components (including global and global ex-US dividend Indexes) in September instead of May. This change in screening dates was motivated by a desire from the portfolio management team to separate developed world and emerging markets rebalances and to better align the rebalance with the timing of annual dividend cycles.

Important Risks Related to this Article

Dividends are not guaranteed, and a company's future ability to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time.

Investments in emerging, offshore or frontier markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation and intervention or political developments.

Jeremy Schwartz, Director of Research



As WisdomTree's Director of Research, Jeremy Schwartz offers timely ideas and timeless wisdom on a bi-monthly basis. Prior to joining WisdomTree, Jeremy was Professor Jeremy Siegel's head research assistant and helped with the research

and writing of *Stocks for the Long Run and The Future for Investors*. He is also the co-author of the *Financial Analysts Journal* paper "What Happened to the Original Stocks in the S&P 500?" and the *Wall Street Journal* article "The Great American Bond Bubble."

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