



It's All About Dividends

WBI Power Factor High Dividend ETF
Ticker: WBIY



Investor Preference for Mega-Cap Stocks is Slipping

After an AI-driven, mega-cap-dominated run, early 2026 is showing clear signs of market broadening. Investors are rotating away from crowded super-cap leaders and toward cash-flow-rich, valuation-supported areas of the market – particularly high-yield and dividend-growth stocks. This shift favors strategies that screen for income and strong underlying fundamentals rather than relying on market capitalization alone.

What to watch for in 2026



Mega-cap concentration is peaking. Future returns require broader participation and market leadership will widen beyond the Magnificent Seven.



Rates will stabilize. Dividend payers regain relevance in a lower yield environment when compared to bonds and cash.



Extreme dispersion in valuations. Cheaper sectors and stocks with strong free-cash-flow will offer a cushion if growth multiple compress.



Earnings leadership will broaden. Sectors like industrials, financials, healthcare, and energy will participate more fully.

Dividend Stocks Lead in a Broadening Market



Dividend strategies are winning again - but for two different reasons. In early 2026, high yield and dividend growth stocks are both seeing a strong bid. The key is that they serve different investor objectives as markets rotate away from mega-cap dominance.

Two Trends Supporting Dividend Stocks

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High Yield Stocks = Income Replacement

- **Role:** Replace bonds or cash with dividend equity income
- **Where it shows up:** utilities, REITs, telecom, energy infrastructure
- **Why now?** As rates stabilize or drift lower, investors push stocks with durable yield upwards
- **Tailwind in 2026:** AI data center power demand turns utilities into essential infrastructure with growing CAPEX

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Dividend Growth Stocks = "Flight to Quality"

- **Role:** Stay invested - but look to reduce price-to-earnings multiple risk
- **Where it shows up:** dividend aristocrats, healthcare, consumer staples, and industrials
- **Why now?** Investors want companies that can grow cash-flow even if AI enthusiasm cools
- **Tailwind in 2026:** quality balance sheets and consistent payout growth compete well when mega-cap valuations normalize

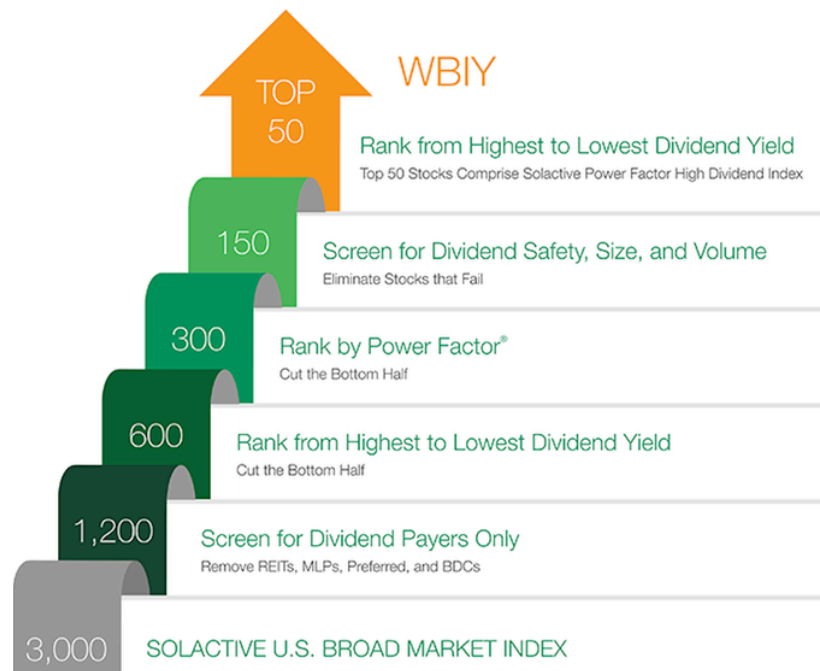
Bottom Line: When leadership broadens, investors favor strategies that capture the "next tier" of companies with strong cash flow, reasonable valuations and sustainable payouts

Why it's time for WBIY

WBI Power Factor High Dividend ETF (WBIY) provides differentiated and attractive exposure to dividend-paying companies selected through a rules-based, factor-driven methodology emphasizing yield and financial strength.

4.74%

30-day SEC Yield
as of 1/31/26



WBIY's Structural Advantages for 2026:

- **Low Tech Drag:** Dividend growth funds can be "Tech in Disguise" through mega-cap ownership. As valuations normalize, low-yield mega-caps can dilute performance.
- **SMID Exposure:** Market broadening typically favors small and mid-cap leaders with strong fundamentals - exactly where a concentrated Power Factor approach can be nimble.
- **Reduce "Yield Traps":** Yield alone is not a strategy. WBI's Power Factor emphasizes free-cash-flow and fundamental strength targeting sustainable yield, not distressed dividend-payers.
- **Quarterly Reconstitution:** Winners can change quickly when markets are in heavy rotation. An active, rules-based exit process helps preserve gains and reinvest into emerging leaders.

WBIY vs. Comparable ETFs

As investors evaluate income-focused equity allocations, structural differences can meaningfully impact outcomes. The chart below highlights yield, valuation metrics, portfolio concentration, capitalization exposure, and turnover across several widely used high-dividend ETFs.

ETF (Ticker)	Fund Name	AUM	30-Day SEC Yield as of 12/31/25	Holdings	Turnover Ratio 1/9/26	Weighted Avg. PE Ratio 1/9/26	Weighted Avg. Market Cap 1/9/26
WBIY	WBI Power Factor® High Dividend ETF	\$55.29 million	4.94%	50	141%	10.51	17.65 billion
SCHD	Schwab U.S. Dividend Equity ETF	\$69.65 billion	3.81%	98	30%	16.96	78.79 billion
HDV	iShares Core High Dividend ETF	\$11.58 billion	3.30%	75	82%	20.82	165.09 billion
VYM	Vanguard High Dividend Yield ETF	\$65.94 billion	2.45%	566	13%	20.02	143.27 billion

Source: YCharts

Cost Consideration

While WBIY's expense ratio is higher than that of certain ultra-low-fee dividend ETFs, the investment thesis reflects the view that disciplined factor selection, screening designed to help avoid potential yield traps, and active rebalancing within evolving market environments may provide the potential for excess return and improved risk management over time. In periods when mega-cap leadership moderates and market participation broadens, structural portfolio construction may become increasingly relevant.

Conclusion

If 2026 marks a continued broadening of market leadership – away from concentrated mega-cap dominance and toward value, dividends, and cash flow – strategies emphasizing income and factor discipline may be positioned to participate in that shift. WBIY is constructed with an income-oriented profile and a rules-based methodology designed to support long-term, full-cycle equity exposure.



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Past performance is not indicative of future results.

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References to other securities is not an offer to buy or sell.

SEC Yield reflects the dividends and interest earned during the most recent 30-day period covered by the Fund's filings with the SEC, after the deduction of the Fund's expenses. The unsubsidized yield reflects the 30-day yield if the investment adviser were not waiving all or part of its fee or reimbursing the fund for part of its expenses.

Although a company may pay a dividend, prices of equity securities – including those that pay dividends – fluctuate. Investing on the basis of dividends alone may cause an investor to buy or sell certain securities when circumstances may or may not be favorable.

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