

# Income Is Reemerging —Quietly

By Paul Ehrlichman



**FLEXTION**

*It's about time.*

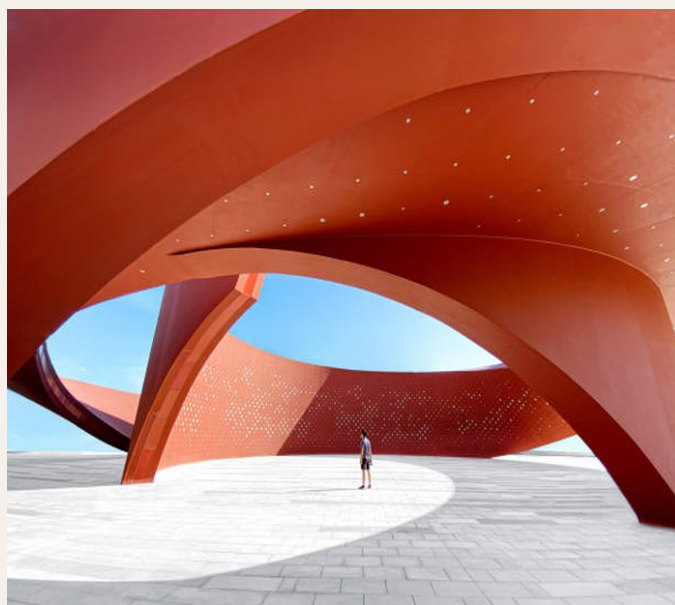
# Markets are moving through a transition. Leadership is broadening, patterns are shifting, and areas that have been out of favor are beginning to reassert themselves. What defined the last cycle is no longer the only place to look—that’s where opportunity starts to open up.

At Flexion, we spend less time reacting to headlines and more time observing behavior across thousands of strategies. When you step back, a different picture emerges. This isn’t about calling a market top or bottom. It’s about recognizing when leadership begins to change.

One area starting to stand out is U.S. equity income.

For years, income strategies sat in the background while capital concentrated in growth and mega-cap leadership. But over the long run, dividends and their reinvestment have accounted for roughly half of total equity returns. That’s not a defensive feature—it’s a core component of how markets compound.

What’s shifting now is how that profile fits the current environment. Income strategies bring a different balance. They can help smooth volatility, support more consistent returns, and shorten recovery periods after drawdowns—all while maintaining equity exposure. In periods of transition, that combination becomes more relevant.



## What’s particularly notable is the dispersion beneath the surface.

iShares Core High Dividend ETF (HDV) is up over **12.3%** as of March 31, 2026.

Fidelity High Dividend ETF (FDVV) is down around **1.8%** over the same period.

Two strategies, similar in name, delivering very different outcomes.

The difference comes down to construction—not the label.

The stronger performers are diversified and balanced across sectors. Others have leaned more heavily into familiar large-cap exposures, where yield is lower and expectations remain elevated. It’s a reminder that income isn’t defined by a label—it’s defined by how the portfolio is built.

More broadly, this reflects a market that is opening up again. For much of the past decade, returns were concentrated in a narrow group of companies. Today, capital is beginning to find its way into strategies built on **diversification, income generation, and valuation discipline.**

## A Shift That Rarely Announces Itself.

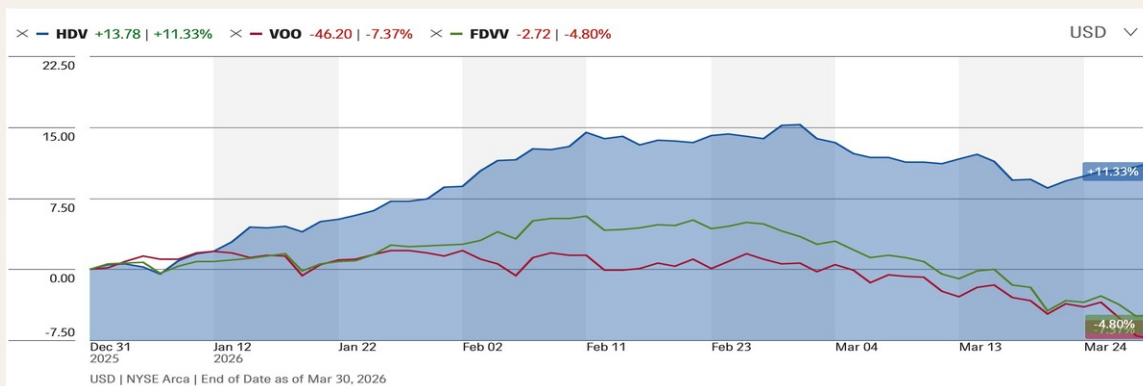
This kind of shift rarely announces itself. It tends to develop gradually, with leadership emerging from areas that haven't been in focus. At Flextion, we look for those inflection points where extended periods of underperformance begin to turn into sustained opportunity.

Our current signals highlight a group of income-oriented strategies that are positioned to benefit from this shift. Others, despite similar labels, require more selectivity.

The takeaway isn't simply that income is working. It's that the market is evolving and with it, the sources of return.



*Income is no longer just a complement to growth. In moments like this, it becomes a different way to participate in the next phase of the cycle.*



HDV vs VOO vs FDVV / USD / NYSE Arca / End of Date as of Mar 30, 2026

## U.S. Equity Income Funds We Find Attractive — and a Few to Avoid

### ATTRACTIVE

- **HDV** iShares Core High Dividend ETF
- **DVIPX** Davenport Value and Income Fund
- **GEQIX** Glenmede Equity Income Portfolio
- **ARDEX** AMG River Road Dividend All Cap Value Fund
- **DGRS** WisdomTree US Small Cap Quality Dividend Growth Fund
- **PEY** Invesco High Yield Dividend Achievers ETF
- **VHYAX** Vanguard High Dividend Yield Index ETF

### AVOID

- **DGRW** WisdomTree US Quality Dividend Growth Fund
- **JNGIX** Janus Henderson Growth & Income Fund
- **KNGZ** First Trust S&P 500 Diversified Dividend Aristocrats ETF
- **FDVV** Fidelity High Dividend ETF

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## About the Author

Paul Ehrlichman, Flextion's CEO and CIO, has over four decades of experience in portfolio management, leveraging fundamental and quantitative research to develop investment processes and strategies that enhance client returns and manage risks in volatile markets. He has led equity teams focused on global and international value strategies, serving a diverse client base that includes individuals, pension funds, and endowments at several leading global asset managers.

**Flextion** is a breakthrough platform for evaluating fund strategy returns, helping investors identify managers at a pivotal turning point—those poised to outperform after a period of underperformance. Designed by seasoned portfolio managers, Flextion bridges the gap between “clock time” and “market time,” empowering investors to unlock long-term value and uncover hidden performance potential.

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