

S&P 500 Companies Still Cash Rich Despite Returning More Capital To Shareholders

S&P 500 Buybacks (12-Mo.) + S&P 500 Stock Dividends (12-Mo.) vs. S&P 500 Industrials (Old) Cash & Equivalents

Date	Buybacks + Dividends (12-Mo.)	Cash & Equivalent Holdings
Q1'11	\$546.02 Billion	\$0.96 Trillion
Q1'12	\$647.73 Billion	\$1.01 Trillion
Q1'13	\$702.06 Billion	\$1.09 Trillion
Q1'14	\$857.78 Billion	\$1.23 Trillion
Q1'15	\$900.14 Billion	\$1.23 Trillion

Source: S&P Dow Jones Indices. S&P 500 Industrials (Old) is defined as the S&P 500 minus Financials, Utilities and Transportation companies.

View from the Observation Deck

1. S&P 500 companies have been rewarding shareholders by increasing stock dividend payouts as well as repurchasing company stock in an effort to boost earnings-per-share growth via the reduction of share count.
2. From Q1'11 through Q1'15, S&P 500 companies increased their spending on buybacks and stock dividends from \$546.02 billion to \$900.14 billion. That represents a 64.9% increase in spending.
3. Over that same period, despite increasing capital outlays on buybacks and stock dividends by \$354.12 billion, the cash and equivalent holdings of the S&P 500 Industrials (Old) companies increased from \$0.96 trillion to \$1.23 trillion.
4. Keep in mind that S&P 500 companies also utilize capital for such things as mergers and acquisitions, investment in plants and factories, and to purchase software and equipment.
5. Companies have been able to boost spending and their cash holdings while operating in the midst of a modest economic recovery, in our opinion.
6. Data from the Bureau of Economic Analysis shows that U.S. real GDP growth has averaged just 2.1% in the current recovery (Q3'09-Q1'15), according to Bloomberg.
7. We will continue to monitor this dynamic moving forward.

This chart is for illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.