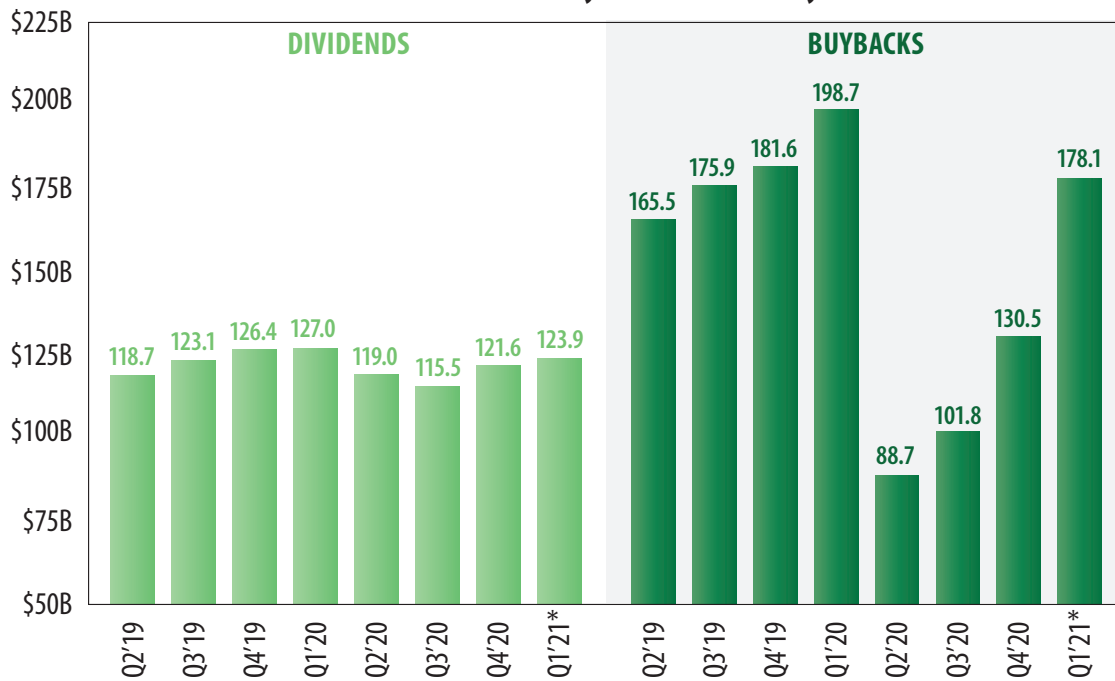


Dividends And Stock Buybacks Are In Recovery Mode

S&P 500 Dividend Payout vs. Stock Buybacks



Source: S&P Dow Jones Indices. Quarterly data points. *Q1'21 data is preliminary.

View from the Observation Deck

1. Companies have a number of ways in which to return capital to their shareholders. Two of the more popular ways in recent years are cash dividends and stock buybacks.
2. Today's blog post shows a recovery underway in both dividend distributions and stock buybacks, as measured by the S&P 500 Index.
3. For comparative purposes, we include the dividend distributions and share buybacks for the past eight quarters.
4. The all-time high for the S&P 500 Index's quarterly dividend payout was the \$127.0 billion distributed in Q1'20 (onset of COVID-19 pandemic), according to data from S&P Dow Jones Indices.
5. The record for quarterly stock buybacks was the \$223.0 billion registered in Q4'18 (not in chart), according to data from S&P Dow Jones Indices.
6. The S&P 500 Index's dividend payout of \$123.9 billion in Q1'21, while up from the previous three quarters, was still down on a year-over-year basis (see chart).
7. The \$178.1 billion in buyback activity posted in Q1'21 was also higher than in the previous three quarters, but lower than a year ago (see chart).
8. As of 6/17/21, the S&P 500 Index sectors contributing the most to its total dividend payout were as follows: Information Technology (17.2%); Health Care (15.1%); Financials (13.8%); and Consumer Staples (11.1%), according to S&P Dow Jones Indices.
9. As of Q1'21, the S&P 500 Index sectors that were most aggressive in repurchasing their stock were as follows (% of all stocks repurchased): Information Technology (31.6%); Financials (19.9%); Communication Services (12.2%); and Health Care (11.5%), according to S&P Dow Jones Indices.
10. Overall, the companies in the S&P 500 Index are still flush with cash. Cash holdings, which include short-term investments and long-term marketable securities, reached \$2.03 trillion in May 2021. The sectors holding the most cash were as follows: Information Technology (\$587.7 billion); Communication Services (\$345.2 billion); Consumer Discretionary (\$294.9 billion); and Health Care (\$288.4 billion); according to Bloomberg.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

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