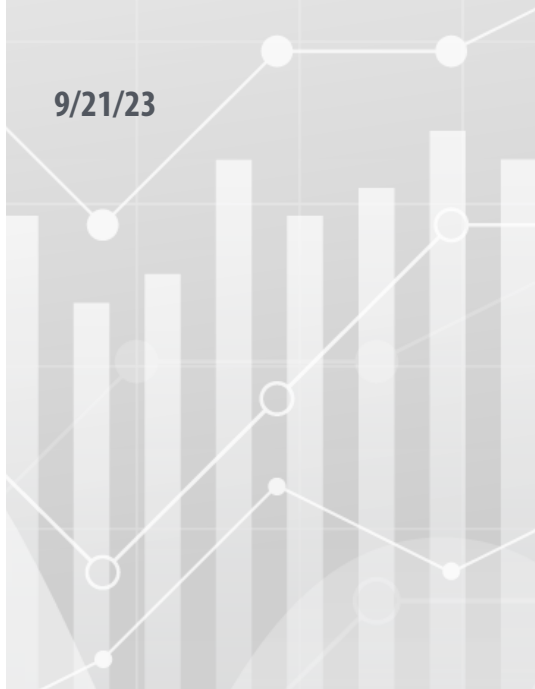


Cash Flow and Carey



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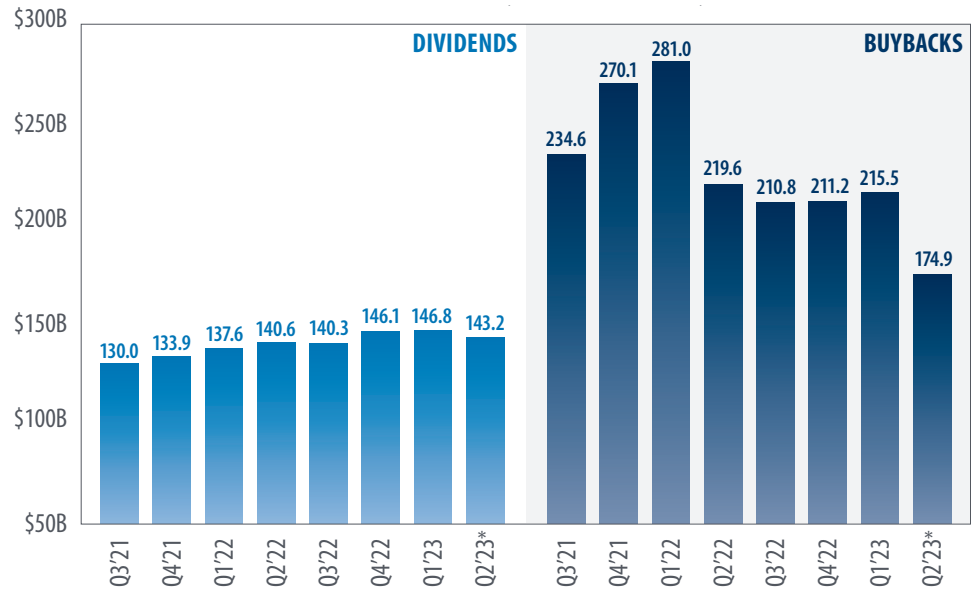


This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance.

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S&P 500 Index Dividends & Stock Buybacks

S&P 500 Dividend Payout vs. Stock Buybacks



Source: S&P Dow Jones Indices. Quarterly data points in \$ Billions. *Q2'23 data is preliminary.

View from the Observation Deck

Companies have a number of ways to return capital to their shareholders. Two of the more popular methods in recent years are cash dividends and stock buybacks. We update today's post on a quarterly basis to provide insight regarding the trend in cash dividends and stock buybacks among the companies that comprise the S&P 500 Index ("Index").

- Quarterly cash dividends and stock buybacks totaled \$143.2 billion and \$174.9 billion, respectively, in Q2'23, according to data from S&P Dow Jones Indices.
- The all-time high for the Index's quarterly dividend payout was the \$146.8 billion distributed in Q1'23. For comparison, the all-time high for stock buybacks was the \$281.0 billion of share repurchases in Q1'22.
- In total, the companies that comprise the Index distributed \$812.5 billion in dividends over the trailing 12-month period ended June 2023, down from \$1.005 trillion for the same time frame ended June 2022.
- Total shareholders return of dividends and buybacks stood at \$1.389 trillion over the trailing 12-month period ended June 2023.
- The S&P 500 Index sectors that were most aggressive in repurchasing their stock in Q2'23 were as follows (% of all stocks repurchased): Information Technology (26.95%); Financials (18.72%); and Communication Services (14.50%), according to S&P Dow Jones Indices.

Takeaway

As indicated in today's chart, both cash dividends and stock buybacks fell on a quarter-over-quarter basis in Q2'23. Over the twelve-month period ended June 2023, shareholder returns of dividends and share repurchases totaled \$1.389 trillion, down from the record \$1.547 trillion over the twelve-month period ended June 2022. Notably, the largest 20 companies in the index accounted for 52.0% of all buybacks in Q2'23, above the historical average of 47.2%, according to S&P Dow Jones Indices. Given the backdrop of tighter monetary policy, the threat of an economic recession in the U.S., and estimates that the companies that comprise the S&P 500 Index may experience negative earnings growth this year, it does not surprise us to see smaller companies find other uses for excess capital aside from buybacks. That said, dividend distributions remained relatively consistent over the time frame above. In our view, this is to be expected. Generally, companies tend to avoid cutting their dividend, as the action can be seen as an indication of financial weakness.