

Cash Flow and Carey



Robert Carey, CFA
Chief Market Strategist



Peter Leonteos
Market Strategist

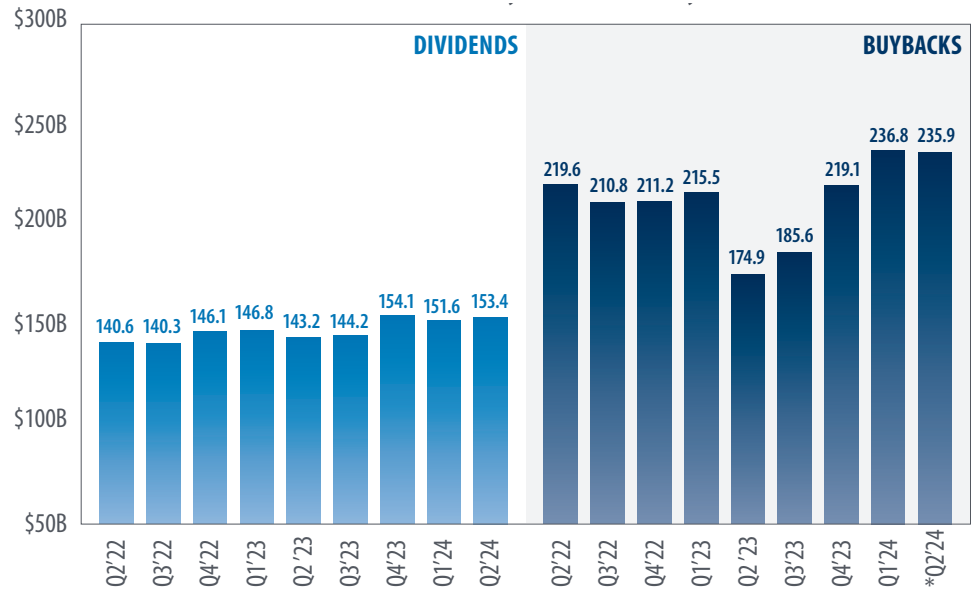
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This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The 11 major sector indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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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. *Q2'24 data is preliminary.

View from the Observation Deck

While companies have a number of ways in which to return capital to shareholders, cash dividends and stock buybacks have been increasingly popular methods corporations have utilized in recent years. Apart from Q3'22, Q2'23, and Q1'24, dividend distributions steadily increased over today's set of observations. In contrast, share buybacks continue to account for a larger share of total capital disbursements despite greater variance.

- Combined, stock dividends and share buybacks totaled \$1.481 trillion (preliminary data) over the trailing 12-month period ended June 2024, up from \$1.389 trillion over the same period last year.
- Dividend distributions totaled \$153.4 billion in Q2'24, up from \$151.6 billion in Q1'24. In total, the companies that comprise the S&P 500 Index ("Index") distributed a record \$603.3 billion as dividends over the trailing 12-month period ended in June 2024, up from \$576.4 billion over the same period last year.
- Stock buybacks totaled \$235.9 billion in Q2'24 (preliminary data), down from \$236.8 billion in Q1'24. Stock buybacks totaled \$877.5 billion over the trailing 12-month period ended June 2024, up from \$812.5 billion over the same period last year.
- In Q2'24, the S&P 500 Index sectors that were most aggressive in repurchasing their stock were as follows (% of all stocks repurchased): Information Technology (29.0%); Financials (19.2%); and Communication Services (14.6%), according to S&P Dow Jones Indices.

Takeaway

Investors often view dividend increases and initiations as signs of financial strength, while cuts and suspensions can be viewed as signs of weakness. Despite a slight contraction in Q1'24, the Index's dividend distributions increased to a record \$603.3 billion over the trailing 12-months ended June 2024. Year-to-date through 9/30/24, there were eleven dividend cuts and two suspensions in the Index compared to twenty cuts and four suspensions from January through September of last year. Buybacks declined slightly during the quarter, totaling \$235.9 billion. When ranked by total buyback expenditures, the top 20 companies in the Index accounted for 52.3% of all share buybacks in Q2'24, up from 50.9% in the previous quarter. For comparison, the historical average for the metric is 47.5%.