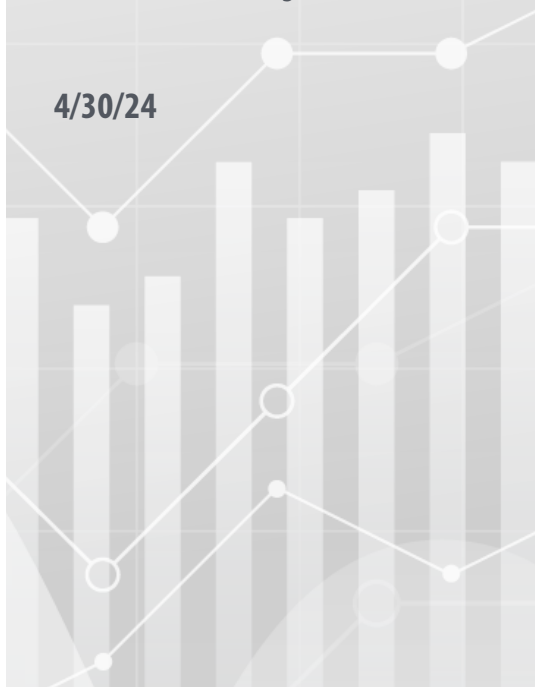


Cash Flow and Carey



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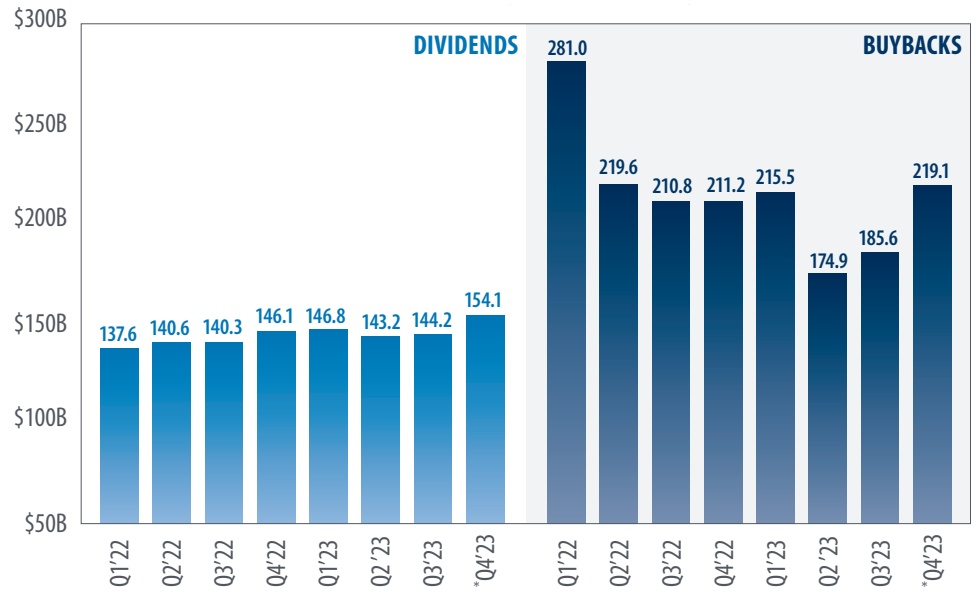


This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies 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. *Q4'23 data is preliminary.

View from the Observation Deck

Companies have a number of ways in which to return capital to their shareholders. As the chart above shows, cash dividends and stock buybacks have been two of the more popular methods that corporations have utilized in recent years. Apart from Q3'22 and Q2'23, dividend distributions steadily increased over the period. For comparison, share buybacks remain well-below their peak set in Q1'22. Even so, buybacks were still a more significant source of overall capital disbursements than dividend distributions over the period in today's chart.

- Total shareholders return of dividends and buybacks stood at \$1.383 trillion in 2023, down from \$1.487 trillion in 2022.
- In total, the companies that comprise the S&P 500 Index distributed a record \$588.2 billion as dividends in 2023, up 4.2% from \$564.6 billion in 2022.
- Dividend distributions increased on a quarterly basis in five of the quarters represented in today's chart.
- Stock buybacks stood at \$795.1 billion in 2023, down from a record \$922.7 billion in 2022.
- In 2023, the S&P 500 Index sectors that were most aggressive in repurchasing their stock were as follows (% of all stocks repurchased): Information Technology (24.9%); Financials (17.4%); and Communication Services (16.1%), according to S&P Dow Jones Indices.

Takeaway

Despite a brief contraction in Q2'23, both dividends and stock buybacks rebounded in the final two quarters of 2023. Dividend distributions were particularly strong, rising to a record \$154.1 billion in Q4'23 and \$588.2 billion for the 2023 calendar year. When ranked by total buyback expenditures, the top 20 companies accounted for 54.1% of all share buybacks in the quarter, according to Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices. For comparison, the historical average for the metric is 47.4%. In our view, the impact of the 1% excise tax levied on share repurchases beginning in 2022 has been muted. In 2023, the tax reduced operating earnings by just 0.40%, down from 0.51% in 2022.