

Cash Flow and Carey



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3/13/25

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 a capitalization-weighted index comprised of 500 companies used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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Paying Dividends

S&P 500 Index Dividend Payout Breakdown (As of 2/28/25)

Indices	Constituents	# of Constituents that Pay a Dividend	Dividend Payout Contribution	Index Yield
Comm. Services	22	17	6.60%	0.90%
Cons. Disc.	50	33	5.70%	0.70%
Cons. Staples	38	35	10.79%	2.36%
Energy	22	22	8.42%	3.28%
Financials	73	68	15.69%	1.39%
Health Care	61	39	14.24%	1.70%
Industrials	78	69	8.93%	1.38%
Info. Tech.	69	37	15.33%	0.64%
Materials	28	28	3.03%	1.96%
Real Estate	31	29	5.68%	3.33%
Utilities	31	31	5.60%	3.02%
S&P 500	503	408	100.00%	1.29%

Source: S&P Dow Jones Indices. Past performance is no guarantee of future results.

View from the Observation Deck

For many investors, dividend payments have become an ordinary and expected benefit of equity ownership. Notably, 408 of the 503 constituents in the S&P 500 Index ("Index") reported distributing a cash dividend to their equity owners as of 2/28/25. That said, the impact of dividends on the investment landscape has been nothing short of extraordinary, with dividend distributions accounting for a significant portion of the Index's total return. According to data from Bloomberg, dividends accounted for 36.50% of the total return of the Index over the 97-year period between December 30, 1927, and December 31, 2024.

- Dividend payments from the Index's constituents totaled a record \$74.61 per share in 2024, up from \$70.91 (previous record high) in 2023.
- As of 3/12/25, dividend payments are estimated to increase to \$81.65 and \$86.64 per share in 2025 and 2026, respectively.
- The Index's dividend payout ratio stood at 35.57% on 3/12/25. A dividend payout ratio between 30% and 60% is typically a good sign that a dividend distribution is sustainable, according to Nasdaq.
- Many investors view changes in dividend distributions as an indication of financial strength or weakness in the underlying company. Just three dividend cuts and one suspension were announced year-to-date through the end of February. For comparison, six dividends were cut and zero were suspended over the same period last year.

Takeaway

Dividend distributions continue to be one of the most efficient ways for companies to return capital to shareholders. They also contribute meaningfully to overall returns. In the 97-year period between December 30, 1927, and December 31, 2024, more than 36% of the total return of the Index came from dividends. Investors often view consistent or increasing dividend payments as a sign of financial strength. Tellingly, analysts estimate the Index's dividends will increase to a record \$81.65 per share in 2025 and \$86.64 per share in 2026. Finally, dividends can be a significant potential inflation hedge. Inflation, as measured by the consumer price index, increased by 34.43% over the 10-year period ended December 2024. Total dividends paid by the Index's constituents increased by a staggering 85.78% over the same period. To paraphrase Rockefeller: it's always good to see dividends coming in.