Technology & Financial Stocks Contribute Most To S&P 500 Dividend Payout

View from the Observation Deck

1. Today’s chart provides a snapshot depicting the level of contribution each of the 10 major sectors currently make to the dividend payout of the S&P 500, relative to the close of 2005.

2. What investors may find interesting is that the dividend yield on the S&P 500 changed very little from 1.80% on 12/31/2005 to 1.99% to 2/17/15. There were a couple of major changes, however, on a sector level.

3. The two sectors that have changed the most are Information Technology and Financials. Information Technology now ranks as the largest contributor, while the amount contributed by Financials was essentially cut in half.

4. Today, only 45 of the 65 Information Technology constituents in the index distribute a dividend, so there is room for growth, in our opinion. Financials are still in recovery mode following the 2008-2009 financial crisis, when its contribution dropped to the 9.0% level in December 2009.

5. Information Technology and Financials carried the two largest sector weightings in the S&P 500 at 19.5% and 16.0%, respectively, as of 2/24/15, according to S&P Dow Jones Indices.

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