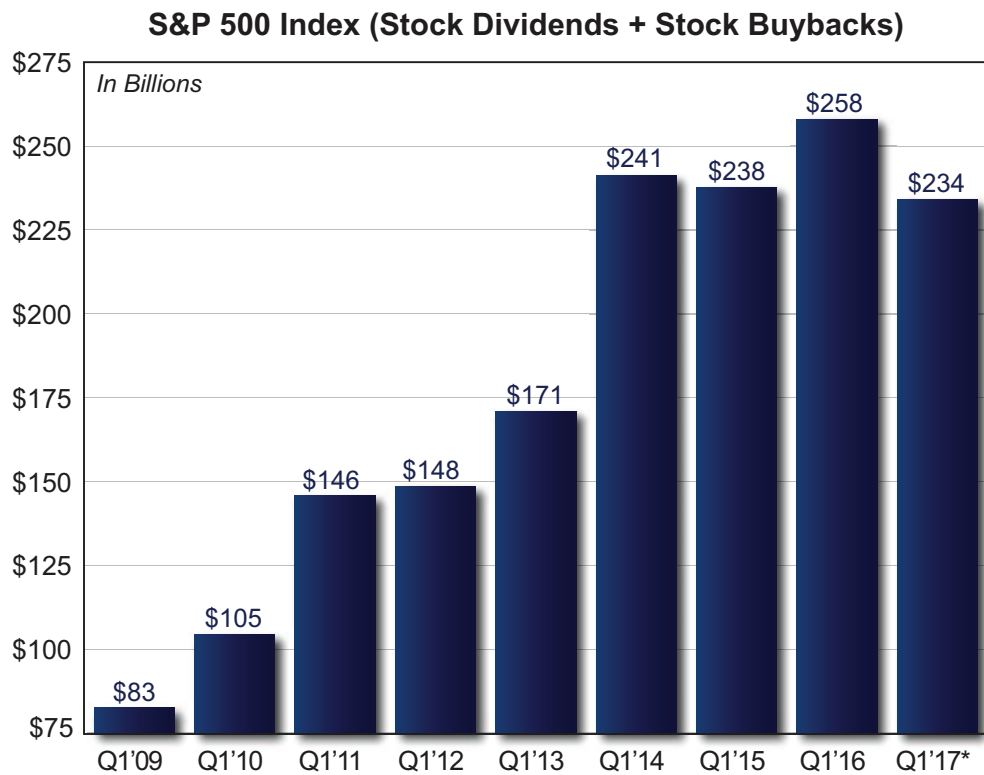


S&P 500 Index Companies Continue To Reward Shareholders



Source: S&P Dow Jones Indices. *Q1'17 is a preliminary figure.

View from the Observation Deck

1. Today's blog post shows the surge in the amount of capital that S&P 500 Index companies have committed to stock dividends and stock buybacks since the quarter (Q1'09) in which the index bottomed in the last bear market.
2. As indicated in the chart, using first quarter data points, the S&P 500 Index increased its combined outlays (dividends + buybacks) from \$83 billion in Q1'09 to \$234 billion in Q1'17 (preliminary), or an increase of 181.93%.
3. With respect to the nine quarters referenced in the chart, 59.14% of the capital spent went to stock buybacks, while the other 40.86% was spent on dividends.
4. Combined distributions have been above the \$200 billion mark for 15 consecutive quarters (not in chart), according to S&P Dow Jones Indices. The all-time high for this combined distribution was \$258 billion, set in Q1'16.
5. As of Q1'17, preliminary data puts cash and equivalents held by the companies in the S&P Industrials (Old), defined as the S&P 500 minus Financials, Utilities and Transportation companies, at a record \$1.496 trillion, according to S&P Dow Jones Indices.
6. The S&P 500 Index closed 6/21/17 at 2,435.61, 0.73% below its all-time high of 2,453.46 established on 6/19/17, according to Bloomberg.
7. Bloomberg's 2017 and 2018 earnings growth rate estimates for the S&P 500 Index were 15.37% and 12.04%, respectively, as of 6/21/17.
8. Investors should be encouraged by the fact that companies are not only distributing hundreds of billions of dollars to shareholders via dividends and buybacks, but appear to have the wherewithal to keep this trend going, in our opinion.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. 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 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.

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