

Cash Flow and Carey



Robert Carey, CFA
Chief Market Strategist



Peter Leonteos
Market Strategist

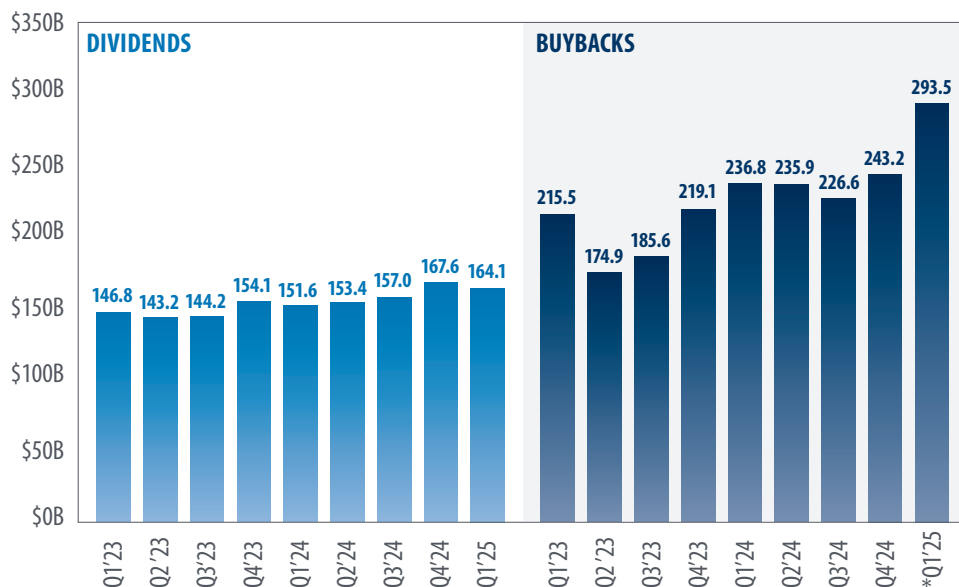
8/21/25

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 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.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

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. *Q1'25 data is preliminary

View from the Observation Deck

Today's post tracks quarterly changes in capital distributed to shareholders through dividend distributions and stock buybacks over a two-year period. Aside from several outliers, dividend distributions have steadily increased over today's set of observations. Comparatively, share buybacks continue to account for a larger share of total capital disbursements but exhibit greater variance.

- Combined, stock dividends and share buybacks totaled a record \$1.64 trillion (preliminary data) over the trailing 12-months ended in March 2025, up from \$1.41 trillion over the same period ended in March 2024.
- Dividend distributions declined to \$164.1 billion in Q1'25, down from the record of \$167.6 billion in Q4'24, but up from \$151.6 billion in Q1'24. In total, the companies that comprise the S&P 500 Index ("Index") distributed a record \$642.1 billion in dividend payments over the trailing 12-months ended March 2025.
- Stock buybacks increased to a quarterly record of \$293.5 billion in Q1'25 (preliminary data), up from \$243.2 billion in Q4'24. Buybacks totaled \$999.2 billion over the trailing 12-months ended March 2025, up from \$816.5 billion over the 12-months ended March 2024. By contrast, the Index's stock buybacks totaled a record \$1.005 trillion over the trailing 12-months ended June 2022.
- In Q1'25, the S&P 500 Index sectors that were most aggressive in repurchasing their stock were as follows (% of all stocks repurchased): Information Technology (27.3%); Financials (20.3%); and Communication Services (15.5%), according to data from S&P Dow Jones Indices.

Takeaway

Investors often view increases in dividend payouts and stock buybacks as signs of financial strength. Total dividend distributions and share repurchases increased to record levels again in Q1'25, signaling continued improvement in the financial performance of S&P 500 Index constituents. As many investors are likely aware, larger stock buybacks may have a tangible impact on a company's earnings per share (EPS). Notably, 13.7% of companies reduced share counts used for EPS calculations by at least 4% year-over-year in Q1'25, up from 12.0% in Q4'24, according to S&P Dow Jones Indices. The top 20 companies accounted for 48.4% of total buybacks in Q1'25, down from 53.2% in Q3'24. While the figure remains higher than the historical average (47.7%), the metric's decline may reflect improving financial conditions across a larger share of the Index's holdings. We will update this post with new information as it becomes available.