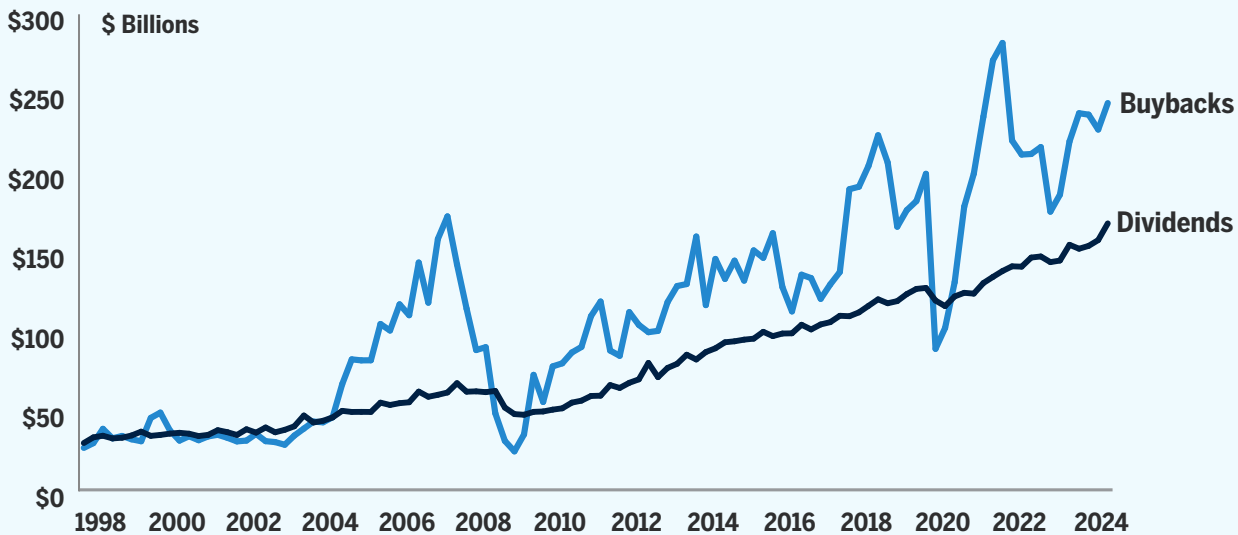


## Capital Returns

Return of capital is part of return on capital. In other words, dividends and share repurchases have been significant drivers of equity performance over the long-term. Below, we provide some historical perspective and deeper analysis on how companies return cash to shareholders.

### S&P 500 Dividend & Share Repurchase History



Source: Standard & Poor's data through December 31, 2024.

- In 2024, S&P 500 companies returned approximately \$1.6 trillion to shareholders in the form of dividends and share repurchases, a 14% increase over the prior year. This represented 3.2% of the market value of the index, significantly higher than the 1.3% dividend yield alone.
- As the chart above shows, share repurchases from S&P 500 companies have generally been significantly larger than dividends paid, averaging 57% and 43%, respectively, as a percentage of capital returned to shareholders since 1998. Over the 12-months ending December 31, 2024, S&P 500 share repurchases totaled \$943 billion, 50% greater than dividends of \$630 billion. Historically, dividends have been more consistent than share repurchases as corporations have tried to honor their dividend commitments while being more tactical in their share repurchases.
- Over the past 50 years, dividends alone have accounted for more than a quarter of the S&P 500's total return.<sup>1</sup> However, given that share repurchases can be larger than dividends, investors should assess the prospects for aggregate return of capital, which is subject to the amount of free cash flow companies can produce. Our [research](#) shows that free cash flow generation relative to net income has been increasing over the long-term. In our view, the ability of today's companies to generate strong free cash flow to fund both dividends and share repurchases should be a significant contributor to total shareholder returns in the future.

<sup>1</sup> FactSet and Standard & Poor's.

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Free cash flow is the cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets.

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