

# DIVIDENDS CONTRIBUTION TO RETURNS

May 31, 2020

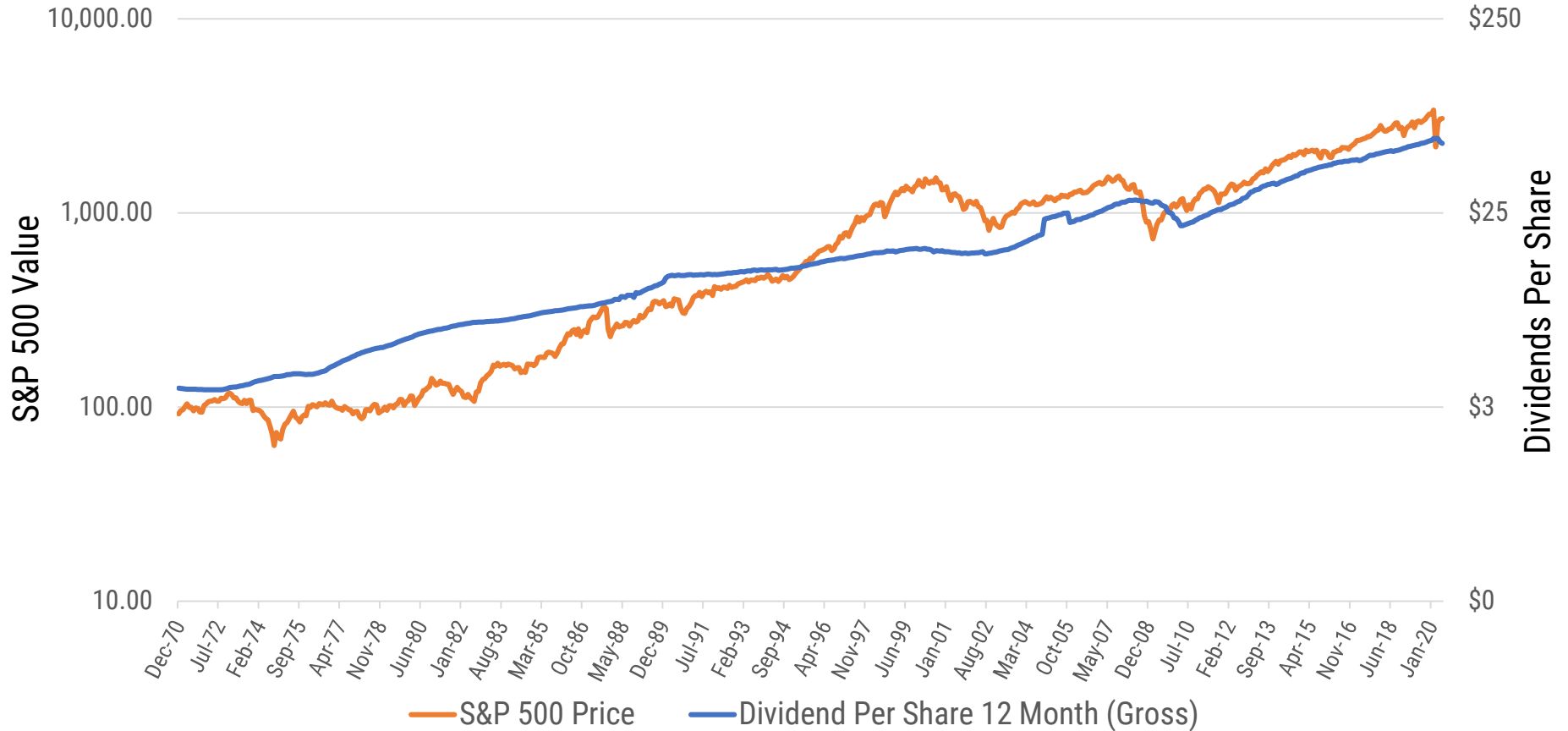
CARY STREET  
PARTNERS

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# S&P 500 INDEX PRICE AND DIVIDENDS

## Dividend Growth Greater Reliability than Price Appreciation

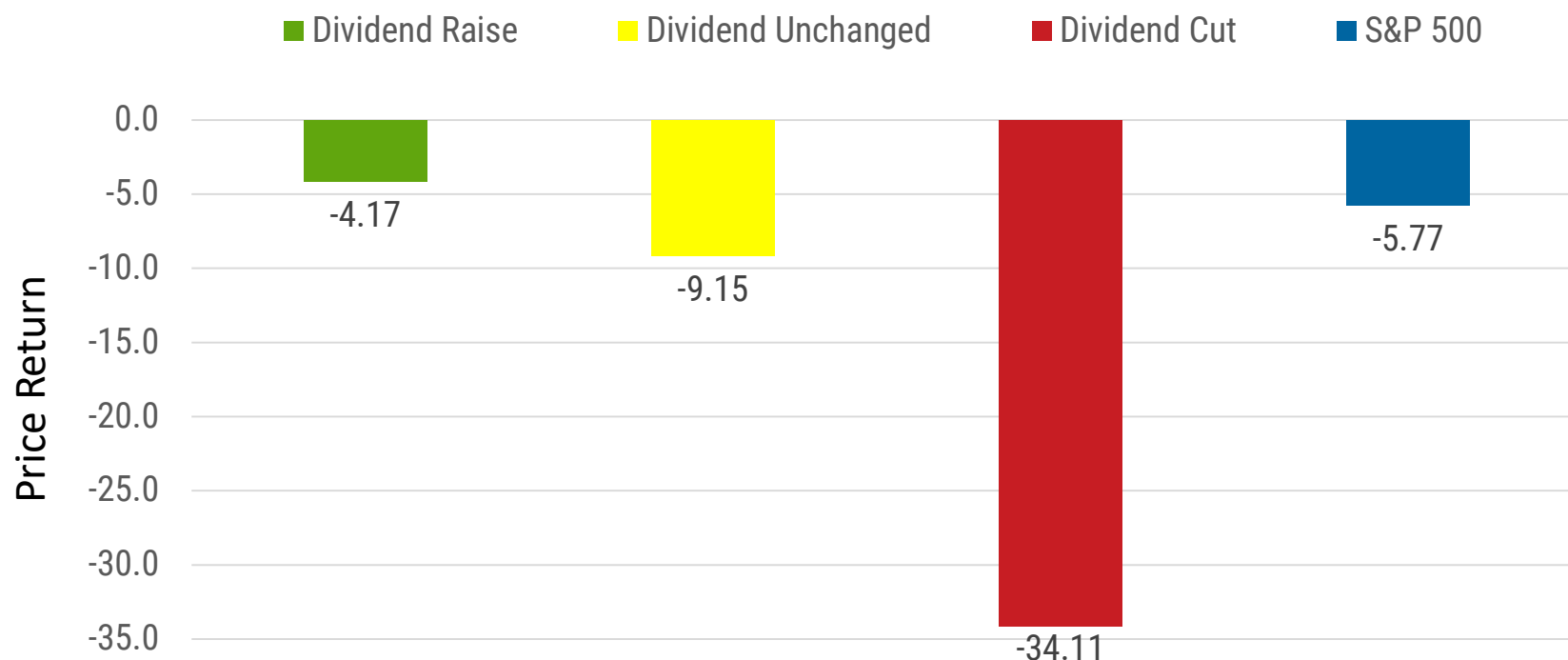


Source: Bloomberg and Cary Street Partners Asset Management  
Past performance is no guarantee of future results.

# PROTECTING CAPITAL AND LIMITING DRAWDOWNS

## Components of the S&P 500 Broken Down by Dividend History

### 2020 Year-to-Date Returns through May



Dividend increases during the COVID-19 recession were indicative of financial strength and resulted in better returns and capital protection.

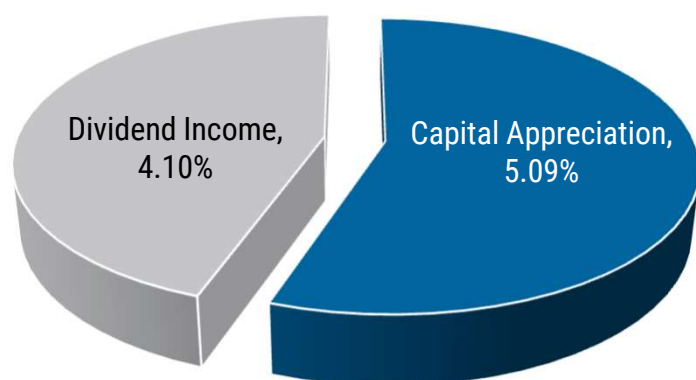
Source: Bloomberg and Cary Street Partners Asset Management. As of May 31, 2020.  
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# COMPELLING HISTORY OF DIVIDEND INCOME

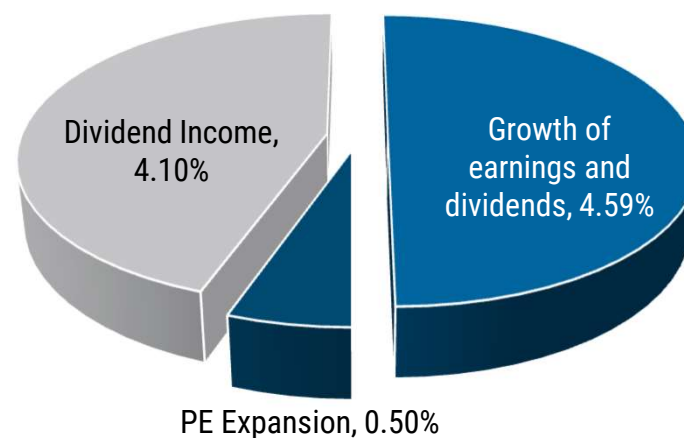
Dividends Fueled Total Return, 1910–2020, 110 Years Ending March

**Total Return (TR) Belief = 9.19%**

**TR Historical Return = 9.19%**



COMPARED TO

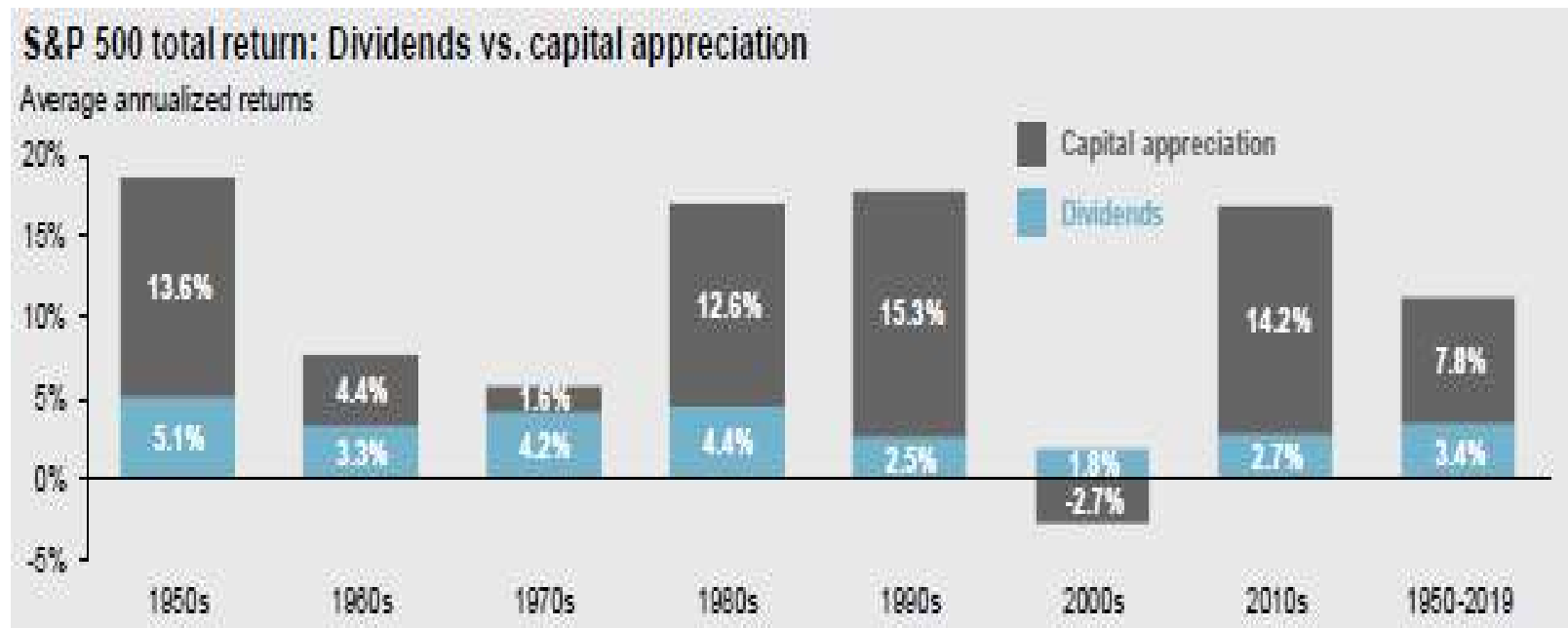


Dividends have accounted for approximately 45% of the 9.19% total return generated by the S&P 500 Index.

Dividend income combined with growth of earnings and dividends have accounted for approximately 95% of the total return. The remaining 5% is from PE expansion.

Source: Shiller-Yale [www.econ.yale.edu/~shiller/data.html](http://www.econ.yale.edu/~shiller/data.html) and Cary Street Partners Asset Management.

# SOURCES OF TOTAL RETURN BY DECADE



Dividend Income has been a reliable source of returns across decades.

Source: FactSet, Standard and Poor's, J.P. Morgan Asset Management, Ibbotson. Returns are through 12/31/19.

*Guide to the Markets – U.S.* Data as of May 28, 2020. Past performance is no guarantee of future results.

# SOURCES OF TOTAL RETURN BY YEAR



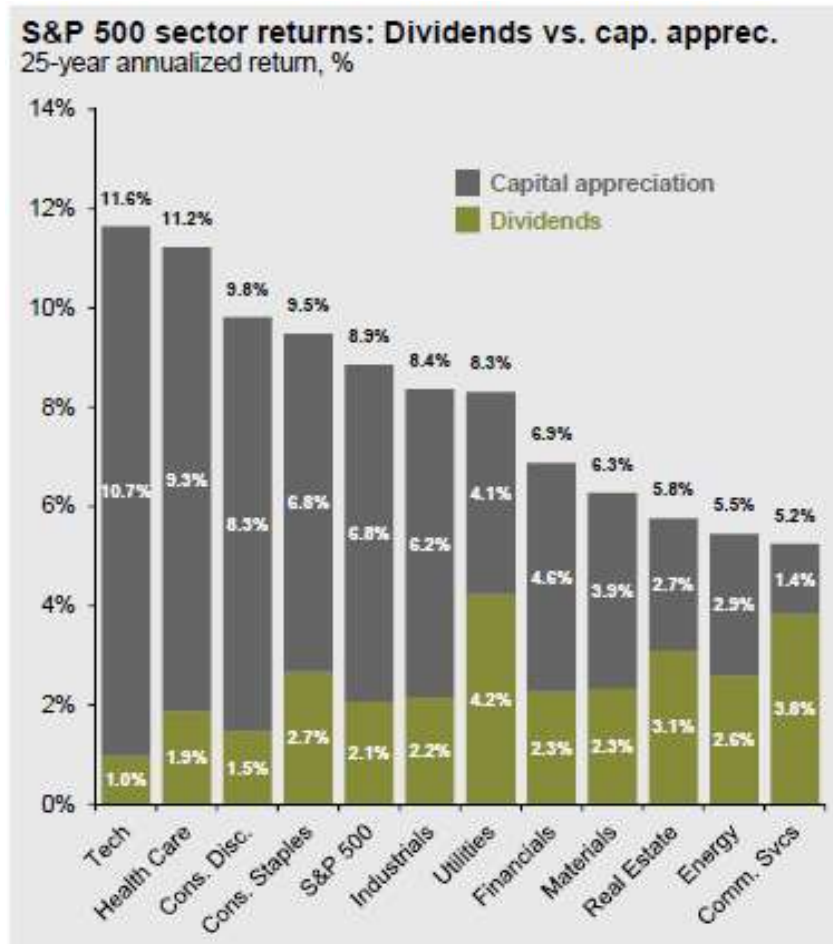
Dividend Income has been a reliable source of returns over the years and has always been positive.

Source: Standard and Poor's, FactSet, J.P. Morgan Asset Management.

Earnings contribution is the measured change in forward earnings per share estimates.

*Guide to the Markets* – U.S. Data are as of March 31, 2020. Past performance is no guarantee of future results.

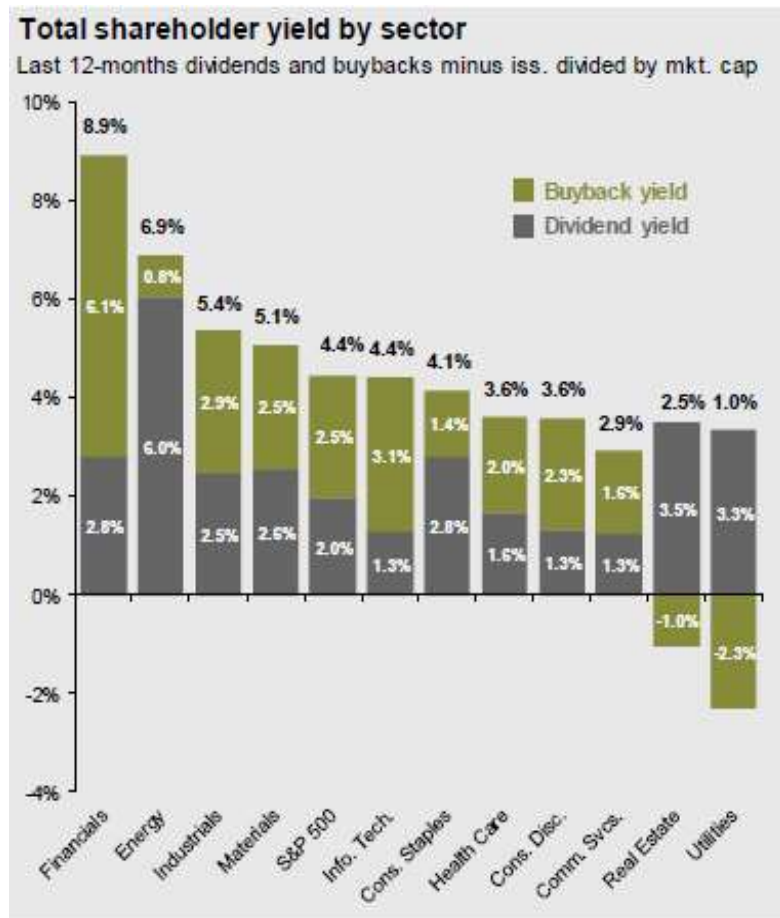
# S&P 500 SECTOR RETURNS



Dividend Income has broad divergence across sectors of the economy. Historically, the sectors with high returns from dividends have had a lower total return. Strategies that focus on yield will thus generally have lower total returns than strategies that combine the search for dividend yield with dividend growth.

Source: FactSet, Standard and Poor's, J.P. Morgan Asset Management.  
Sector variations are equal weighted. 25-yr. annualized return calculated from 3/31/1995 – 3/31/2020.  
*Guide to the Markets – U.S.* Data are as of March 31, 2020. Past performance is no guarantee of future results..

# BUYBACK AND DIVIDEND YIELDS BY SECTOR



Companies have migrated to a greater use of stock buybacks over the past several years. Stock buybacks help drive dividends and earnings per share higher. The combination of dividends and stock buybacks is the total shareholder yield. Over time shareholder yield will drive the realized returns of to investors. Investors need to be careful not to buy companies with high dividend yield but low shareholder yield.

Source: Bloomberg, Compustat, FactSet, Standard and Poor's, J.P. Morgan Asset Management.  
Dividend Yield is calculated as the last 12-month dividend by market capitalization.  
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# CHARACTERISTICS

	Dividend Value	Russell 3000 Value Index
Dividend Yield	3.57%	3.04%
2021 Projected Dividend Yield	3.93%	3.34%
Dividend Growth (5-year estimate)	9.00%	7.00%
Return on Equity (weighted)	24.30%	8.57%
Long-Term Earnings Growth	9.00%	7.00%
Debt to Capital Ratio	45.60%	41.80%
Price/Earnings Ratio (forward 1-year estimate)	15.2	17.0
Price to Earnings Divided by Growth Rate (PEG)	1.7	2.4
Weighted Average Market Cap (\$ billion)	148.7	118.5
Number of Stocks	46	693

Source: Bloomberg and Cary Street Partners Asset Management. As of May 31, 2020.

# DIVIDEND INCOME AND YIELD PROJECTIONS

Projections based on a million-dollar investment

Year	Estimated Yield	Projected Income
2020	3.57%	\$ 35,700
2021	3.93%	\$ 39,270
2022	4.28%	\$ 42,804
2023	4.67%	\$ 46,657
2024	5.09%	\$ 50,856
2025	5.54%	\$ 55,433
2026	6.04%	\$ 60,422
2027	6.59%	\$ 65,860
2028	7.18%	\$ 71,787
2029	7.82%	\$ 78,248
2030	8.53%	\$ 85,290
2031	9.30%	\$ 92,966
2032	10.13%	\$ 101,333

Source: Bloomberg and Cary Street Partners Asset Management. As of May 31, 2020.

Projections are not guaranteed and are for illustration purposes only. Please see full disclosure at end of presentation.

# DISCLOSURES

## **Past performance is no guarantee of future results.**

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