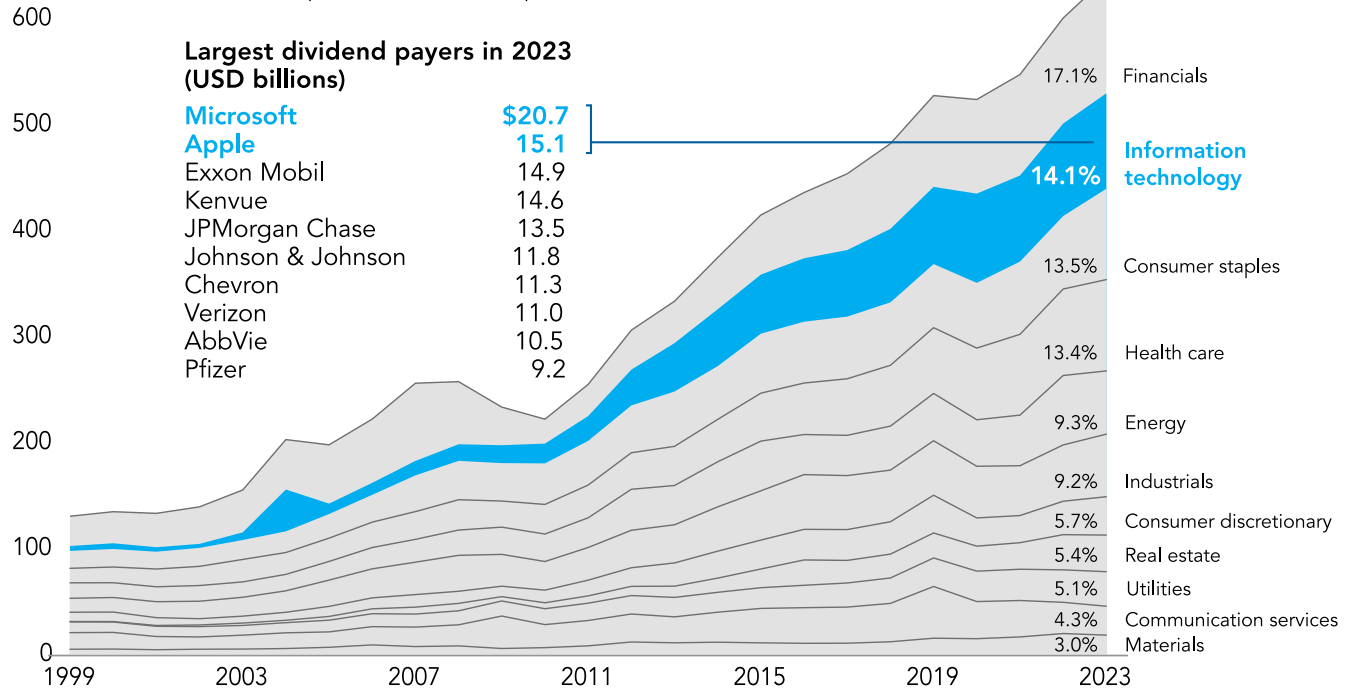


# THE JKA REPORT

AN INVESTMENT NEWSLETTER FOR CLIENTS & PROSPECTS

## The tech sector ranks second in cash dividend payments

Value of total cash dividends paid by S&P 500 companies (USD billions)



As we help clients plan and prepare for retirement, finding sources of income is often an important objective. Historically, that often meant considering blue-chip stocks, and not growth or tech stocks. This Capital Group article shows that may no longer be the case.

## Myth: Tech companies do not pay dividends

This is not your father's dividend market.

Long regarded as the domain of mature industries with slowing growth prospects, dividends are gaining favor among information technology giants. Meta, Alphabet and Salesforce all introduced dividends in the first half of 2024, and those announcements appear to be shifting the narrative.

"Meta and Alphabet's dividend can be viewed as a signal of capital discipline among tech innovators and a commitment to shareholder returns," says equity

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portfolio manager Chris Buchbinder. Tech companies accounted for 14.1% of total cash dividends paid by S&P 500 companies in 2023, making them the second largest contributor by sector in dollar terms.

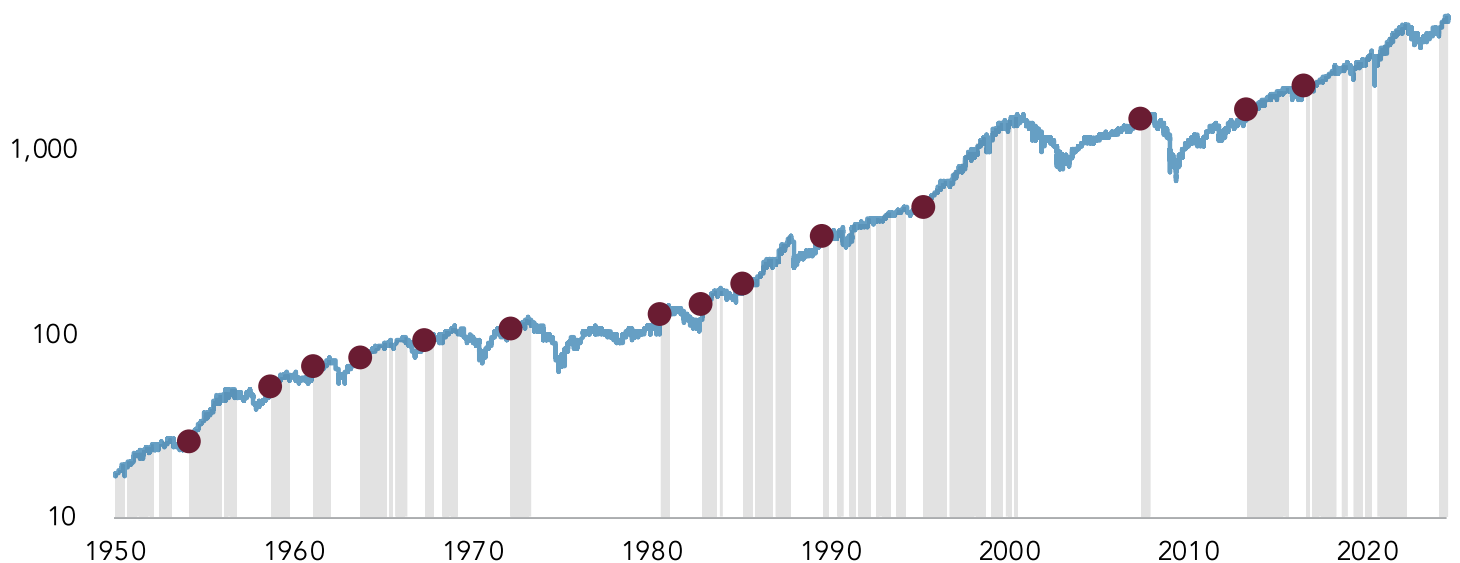
“While dividend yields for many tech firms are modest, the dollar amounts are massive, and I expect continued strong earnings growth both this year and in 2025,” adds Buchbinder. “Going forward, a broadening market should create an opportunity for dividend-oriented strategies to generate income and to participate more fully in market appreciation.”

For investors seeking current income, technology, aerospace and energy companies have been introducing or increasing dividends. For example, semiconductor makers Broadcom and Texas Instruments, and conglomerate General Electric, which makes and services jet engines, all boosted their dividends since the end of 2023, as has energy company Canadian Natural Resources, despite volatile oil prices.

## All-time highs can be bullish for stock markets

Stock markets have advanced more often than they've retreated

10,000 S&P 500 Index



**“The stock market is the story of cycles and of the human behavior that is responsible for overreactions in both directions.”**

**-Seth Klarman**

**“It’s not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for.”**

**-Robert Kiyosaki**

Stock market highs can feel like a mixed blessing.

When stocks reach record highs, investors may conclude the market has peaked and they’ve missed the boat. A look at history shows that has not typically been the case. Over long periods, markets have trended higher and peaked multiple times in prior cycles.

Of course, market declines are also inevitable, and stocks can fall at any time. But history has shown that fresh highs have often been a good entry point for long-term investors. Since 1950, each time the S&P 500 Index hit its first all-time high in at least a year, stocks then delivered a 17.1% average return for the subsequent 12 months. An investor would have had gains in each of these periods except the start of the global financial crisis in 2007.

“That’s why I focus on themes like globalization, productivity and innovation that are just incredibly powerful forces for growth,” says equity portfolio manager Martin Jacobs. “We’re going to have downturns, but that doesn’t change the long-term trajectory. That’s why I generally am positively positioned for market appreciation.”

So what’s the bottom line? Historically, bull markets have been much longer than bear markets, leading to new highs within each cycle.

Since 1950, the S&P 500 Index has reached **1,434 new all-time highs**

When the S&P 500 Index reached its first new high in more than a year:

Positive returns in **13 out of 14 periods**

Average return over the following year  
**17.1%**

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Sources: Capital Group, FactSet, Standard & Poor's. As of December 31, 2023. Past results are not predictive of results in future periods. Capital Group, RIMES, Standard & Poor's. Includes all daily periods between January 1, 1950, and May 31, 2024. Chart shown on a logarithmic scale. Markers include periods in which the S&P 500 Index reached its first all-time high in at least a year. The S&P 500 Index also reached its first all-time high in a least a year on January 19, 2024. This period has been excluded from the chart because a full year since that date has not been completed. Past results are not predictive of results in future periods. The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee that it is accurate or complete, it is not a statement of all available data necessary for making an investment decision, and it does not constitute a recommendation. Any opinions are those of Jerry K. Ask and not necessarily those of Raymond James. The S&P 500 is comprised of approximately 500 widely held stocks that is generally considered representative of the U.S. stock market. It is unmanaged and cannot be invested into directly. Dividends are not guaranteed and must be authorized by the company's board of directors.