

Cash Flowing

(Or, the wonder of dividends.)

ONE DAY
IN JULY

The importance of receiving maximum dividends cannot be overstated. John Bogle, the founder of Vanguard, gave a speech to a financial regulatory body in 2007, demonstrating that 95% (yes, you read that right: 95%) of the compound long-term return of the S&P 500 from 1926 to 2007 was due to dividend income. \$10,000 invested in 1926 without dividends was worth \$1,225,321 in 2007, but with dividends reinvested it was worth a stunning \$34,094,516.

“Do you know the only thing that gives me pleasure?” once mused John D. Rockefeller. “It’s to see my dividends coming in.”

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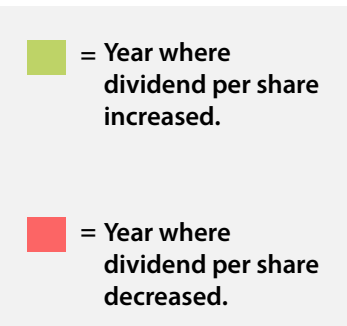
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Dividends of the S&P 500

Investing is the art of buying future cash flows. The cash that you receive as an owner of shares is called a dividend. Dividends have exhibited more stability than stock prices.

This chart shows the per-share dividends, by year, of the S&P 500. The S&P 500 comprises 500 of America’s largest public corporations.



1960	\$1.98
1961	\$2.04
1962	\$2.15
1963	\$2.35
1964	\$2.58
1965	\$2.83
1966	\$2.88
1967	\$2.98
1968	\$3.04
1969	\$3.24
1970	\$3.19
1971	\$3.16
1972	\$3.19
1973	\$3.61
1974	\$3.72
1975	\$3.73
1976	\$4.22
1977	\$4.86
1978	\$5.18
1979	\$5.97
1980	\$6.44
1981	\$6.83
1982	\$6.93
1983	\$7.12
1984	\$7.83
1985	\$8.20
1986	\$8.19
1987	\$9.17
1988	\$9.75
1989	\$11.06
1990	\$12.09
1991	\$12.20
1992	\$12.39
1993	\$12.58
1994	\$13.17
1995	\$13.79
1996	\$14.90
1997	\$15.50
1998	\$16.20
1999	\$16.69
2000	\$16.07
2001	\$15.74
2002	\$15.96
2003	\$17.88
2004	\$19.01
2005	\$22.34
2006	\$25.04
2007	\$28.14
2008	\$28.45
2009	\$21.97
2010	\$22.65
2011	\$26.53
2012	\$31.25
2013	\$34.90
2014	\$39.55
2015	\$43.41
2016	\$45.70
2017	\$48.93
2018	\$53.61
2019	\$58.80
2020	\$56.70
2021	\$59.20
2022	\$68.34
2023	\$70.30

During the past 64 years, dividends increased in 57 years and fell in 7 years.

Sources: Professor Aswath Damodaran, NYU Stern School of Business, 1960-2023
John Bogle Financial Markets Resource Center. The Bogle example covers a long period of time, more than the average investing lifetime. It is meant to illustrate the importance of dividends.