

## **Goldman Sachs**

### **Time to focus on dividends?**

**Date of recording: May 13, 2025**

**Katherine Bordlemay:** Over the last several years, dividends have not been a major driver of equity returns.

In the post-Covid period, dividends contributed only about 20% to total equity returns. So understandably, investors haven't been focusing on them. But we think the environment is changing and we're moving into a period of structurally lower equity returns. And the reason for that is with higher uncertainty often comes lower earnings growth and therefore lower equity returns. If the environment turns out to be even more difficult than we expect, a dividend will be a really important buffer on that downside. If you look through history, in periods where the market was down, the standard index was down 16%, versus the dividend index down 10%.

In particular, we like dividends for international developed equities. First of all, we're very constructive on the outlook, especially for Europe, which is at a paradigm shift where they're changing their economic model to be more domestically focused. Also, historically, more than 70% of international developed equity returns have been sourced from dividends.

With that said, we would caution investors from seeking high yield just for the sake of high yield. And instead, focus on businesses paying a high sustainable yield underpinned by solid fundamentals.

The opinions and views expressed in this program may not necessarily reflect the institutional views of Goldman Sachs or its affiliates. This program should not be copied, distributed, published, or reproduced in whole or in part or disclosed by any recipient to any other person without the express written consent of Goldman Sachs. Each name of a third-party organization mentioned in this program is the property of the company to which it relates, is used here strictly for informational and identification purposes only, and is not used to imply any ownership or license rights between any such company and Goldman Sachs. The content of this program does not constitute a recommendation from any Goldman Sachs entity to the recipient, and is provided for informational purposes only. Goldman Sachs is not providing any financial, economic, legal, investment, accounting, or tax advice through this program or to its recipient. Certain information contained in this program constitutes “forward-looking statements”, and there is no guarantee that these results will be achieved. Goldman Sachs has no obligation to provide updates or changes to the information in this program. Past performance does not guarantee future results, which may vary. Neither Goldman Sachs nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this program and any liability therefore; including in respect of direct, indirect, or consequential loss or damage is expressly disclaimed.

This transcript should not be copied, distributed, published, or reproduced, in whole or in part, or disclosed by any recipient to any other person. The information contained in this transcript does not constitute a recommendation from any Goldman Sachs entity to the recipient. Neither Goldman Sachs nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this transcript and any liability therefore (including in respect of direct, indirect, or consequential loss or damage) are expressly disclaimed. The views expressed in this transcript are not necessarily those of Goldman Sachs, and Goldman Sachs is not providing any financial, economic, legal, accounting, or tax advice or recommendations in this transcript. In addition, the receipt of this transcript by any recipient is not to be taken as constituting the giving of investment advice by Goldman Sachs to that recipient, nor to constitute such person a client of any Goldman Sachs entity. This transcript is provided in conjunction with the associated video/audio content for convenience. The content of this transcript may differ from the associated video/audio, please consult the original content as the definitive source. Goldman Sachs is not responsible for any errors in the transcript.