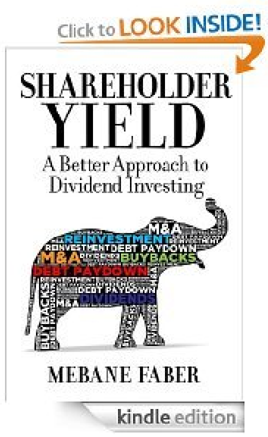

Shareholder Yield: A Better Approach to Dividend Investing

Mebane T. Faber

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Shareholder Yield: A Better Approach to Dividend Investing shows step-by-step how to find returns in a low yield world. Investors have flocked to dividend stocks in search of yield; however, fewer companies are paying out less in dividends due to legal, tax, and structural changes in the US markets. Dividend payments are only one use of a company’s free cash flow; other uses of cash include: share repurchases, debt paydown, reinvestment in the business, and mergers and acquisitions.

Consequently, investors in the 21st century must look to all of the direct and indirect ways in which companies distribute their cash to shareholders, a metric commonly referred to as “Shareholder Yield”. In this book, we analyze portfolios based on the various cash flow metrics and find that portfolios of companies with high shareholder yields outperform both broad market indices and high dividend yield portfolios by a substantial margin.

With all of the uncertainty in the markets today, Shareholder Yield helps the reader answer one of the most often asked question in investing today - "Where do I find yield"?

-- Amazon.com

Shareholder Yield: A Better Approach to Dividend Investing Details

Date	:	Published May 12th 2013 by The Idea Farm
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Author	:	Mebane T. Faber
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Genre	:	Economics, Finance, Business

From Reader Review Shareholder Yield: A Better Approach to Dividend Investing for online ebook

Mark says

Finished August 5, 2017. Readability 9. Rating 6. Another good reminder - shareholder yield is a good indicator of quality and drives good returns. Worth Factoring in. Not quite as interesting as the asset allocation book, but still useful.

Joshua Wright says

Really like Meb's writing and research style. This book was great. Good info and just the right length to get his message across.

Daniel says

Very informative and a logical (though not obvious) way of thinking of stock distributions.

Evan says

This short book (essay) is clear, well-presented and understandable. If you found this book, you are probably familiar with Meb. I encourage you to listen to his podcast (ranked in the top 5 investing podcasts by wsj) and visit his website. He has free white papers and articles on his website that probably explain the concepts. Additionally, occasionally he makes his books available for free, which is how I obtained this book.

I think the book is around 8 short chapters. The first lays out the case for dividends being a large part of a stocks performance. By chapter 3, he is explaining that since 1982, American companies have begun repurchasing shares more and more, and how repurchases should be considered part of yield. He then moves on to debt retirement as another form of yield.

I would never attempt to implement this strategy myself, but I am pretty sure that Cambria offers an ETF that implements this strategy of shareholder yield while also considering momentum and value.

A nice read.

VJ says

Share buy backs, debt pay down is something to watch out. More so than dividend payout ratio on a standalone basis. Good, simple, easy read.

Jon says

It's Meb Faber. It's only 55 pages.
Mr.Faber never disrespects or wastes your time.
This one is no exception.
Stop thinking and just read it.

Subash says

Love this short book (should have been a single article/blog post though) because it introduces another quant parameters which if used above traditional dividend yield, generate a very smart alpha. This can read in a single sitting, so saves your time as well.

Brett Nocerini says

SYLD Good place to look for great managers

Not surprisingly, a basket of the highest total yielding stocks, including div and share repurchase and debt pay down, does better over time than broader s&p. Yield is measured on mkt cap, so you are getting the highest return on equity business at the moment you buy. You are buying "deals." Eventually the market recognizes the superb quality of the business and raises its price, delivering you an above avg return.

It's unclear why this hasn't been arbitraged away - traders should buy the great businesses that pay out more money, drive up the prices, such that their current yields at those higher prices match the overall s&p. Perhaps such a trade is difficult bc a big portion of the money returned is through repurchases and these are done opportunistically and unpredictably by mgmt at a time when the price is lower that fair value. The correction to fair value takes time.

Byron Kay says

how to beat the market

Great summary and strategic review of the new way to find yield. Meb explains how companies use cash to benefit the shareholder in 3 ways. 1. Dividends 2. Share repurchases 3. Debt pay down

By combining these three metrics you can beat a simple dividend portfolio which normally beats a vanilla index fund

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Alvin says

A very brief book that reviews a number of academic studies on improving investment performance through a study not just of dividend yield but an examination of capital allocation and total growth of shareholder value.

Not as easy to implement as the Ivy League Portfolio by this same author. But it does provide investors with some ways to grow performance.

CRAWFORD COLLINS says

Not a book

Lots of good information. But it's can be considered a collection of research. Not very long. I'm not sure it's worth the price of your familiar with Meb's work and his associates.

Matthew Wagner says

Higher level investment book but very interesting. Worth reading if you have a little more background in the subject.

Bear-it says

Rather short but to the point. Mr. Faber continues to discuss his quantitative investing methods in a readable fashion, albeit academic in nature. It does borrow heavily from concepts in published papers and provides ample opportunity for additional self research. The investing approach is simple and appears fruitful but is harder to implement than his Ivy Portfolio book due to the cost of acquiring the necessary data on an ongoing basis.
