

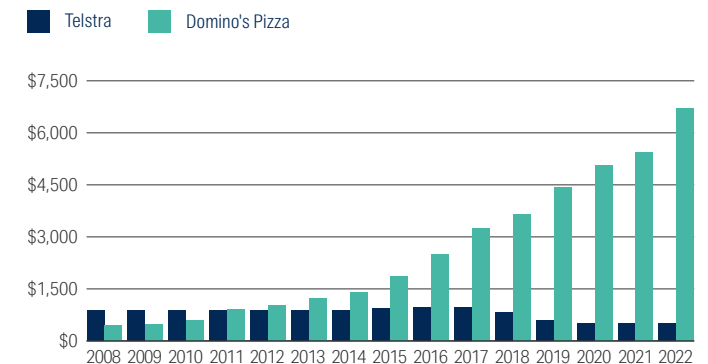
Look beyond dividend yields for better income and total returns

Stocks with higher dividend yields may look attractive to investors looking for income in the short term, but these stocks often do not provide higher income over time. First Sentier Investors' Equity Income team compare the income and growth of a typical income stock (Telstra), with a typical growth stock (Domino's Pizza Enterprises) – you may find the results surprising!

Growth of \$10,000 invested in June 2007

	Telstra Corporation (TLS)	Domino's Pizza Enterprises (DMP)
June 2007		
Stock price in 2007	\$4.59	\$3.37
Yield in 2007	8.71%	4.51%
Income generated over 1 year to June 2007	\$871	\$451
June 2022		
Value of holding in 2022	\$8,388	\$202,046
Stock price in 2022	\$3.85	\$68.00
Yield in 2022	6.08%	1.87%
Income generated over 1 year to June 2022	\$498	\$6,702
Total income generated over 2007–2022	\$11,889	\$38,902

Income generated per year



In the early years, Telstra's higher yield results in higher income than Domino's Pizza.

But in the long term, an investor in Domino's Pizza would have received **\$27,013** more income, including franking credits, than an investor in Telstra!

Look at the difference between yield and long term income!

Look beyond dividend yields for better income and total return

Below are the highest ranked stocks from the S&P/ASX 100 based on average gross dividend yield over a 15 year period. Higher dividend yields do not ensure higher levels of income will be generated over the long term – which can have an adverse impact on total wealth outcomes.

Income and growth of \$10,000 invested over 15 years

Top 20 dividend yield stocks	Sector	Average yield rank	Actual income generated rank	Actual total wealth rank
Fortescue Metals Group Ltd	Materials	1	3	9
TABCORP Holdings	Consumer Discretionary	2	31	38
National Australia Bank	Financials	3	25	47
Telstra	Telecommunication	4	14	40
Harvey Norman Holdings	Consumer Discretionary	5	26	46
Bendigo and Adelaide Bank	Financials	6	29	49
Westpac Banking Corporation	Financials	7	13	39
Australia and New Zealand Banking Group	Financials	8	18	42
Bank of Queensland	Financials	9	41	59
Suncorp Group	Financials	10	40	56
Commonwealth Bank of Australia	Financials	11	12	24
Rio Tinto	Materials	12	20	36
JB Hi-Fi	Consumer Discretionary	13	7	13
Wesfarmers	Consumer Staple	14	19	35
BHP Billiton	Materials	15	21	34
APA Group	Utilities	16	10	15
Metcash	Consumer Staple	17	37	43
Woodside Energy	Energy	18	45	52
Mineral Resources	Materials	19	4	5
Stockland	REIT	20	53	63

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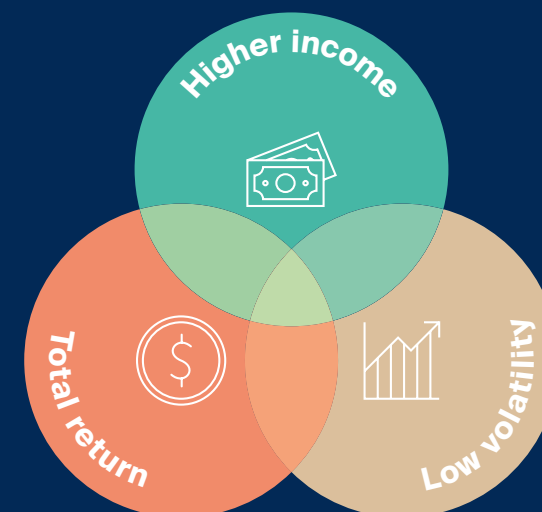
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But what if I want more income now?

There are investment strategies that seek to balance short term income needs with long term total returns – delivered with smoother returns through market cycles.



The First Sentier Equity Income strategy provides exposure to attractive stock ideas that are often overlooked by more conservative, income-seeking equity investors. This is combined with equity options that aim to deliver increased income and a more consistent return from Australian shares. Options are never used to provide leverage in the strategy.

Find out more at www.firstsentierinvestors.com.au