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# SHARE BUYBACK V DIVIDENDS

## WHICH IS BETTER?

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If you’ve been investing for a while, you’re probably familiar with dividends. Companies pay you a slice of their profits, usually every quarter, and if you’re anything like most investors, you’ve grown pretty fond of that extra income.

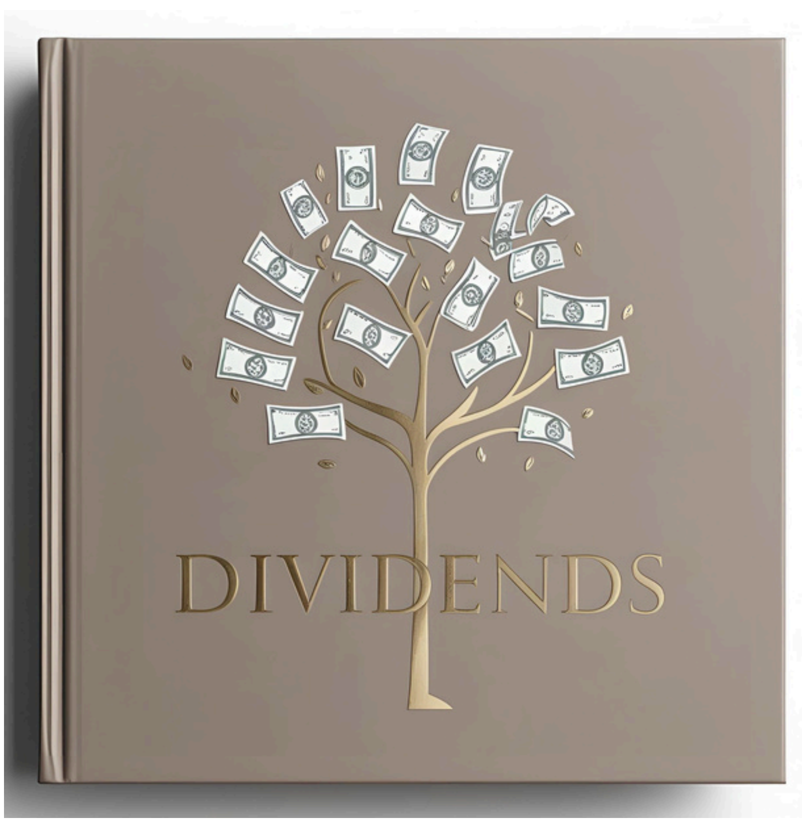
But what about share buybacks? You might have heard the term, but do you really understand how powerful they can be?

Let’s break it down – without sounding like a textbook.

# DIVIDENDS: THE CLASSIC

Dividends are simple. The company makes a profit and pays some of it to shareholders. You get cash in your account. Easy. Predictable. But also… a bit boring?

The thing is, once a company starts paying dividends, they're under pressure to keep doing it. Investors expect it, and cutting the dividend is usually taken as a bad sign. It's great for income, especially if you're in an ISA or SIPP where it's tax-free — but you're not going to suddenly see your portfolio leap just because your stock paid 2% instead of 1.8%.



# SHARE BUYBACKS: THE UNDERRATED POWER MOVE

Now let’s talk buybacks. This is when a company uses spare cash to buy its own shares back from the market. That reduces the number of shares in circulation, which means every remaining share is worth more. Like cutting a pizza into fewer slices — everyone gets a bigger piece.

The key benefit? Buybacks often result in a jump in the share price — something you just don’t get with dividends. They're also more tax-efficient (unless you're in a wrapper anyway) and give management flexibility. No promises, no pressure — just buying when it makes sense.

But here’s the kicker: spotting a good buyback candidate is harder than picking a dividend stock.

The Alphabet Example (a.k.a. Google Doing Google Things)

Just this week, Alphabet (Google’s parent company) announced a $70 billion buyback. Yes, billion with a “B”. This came alongside strong Q1 earnings, and what happened? The share price jumped nearly 5% — adding a cool $75 billion to their market value.

That's the buyback effect. No quarterly cheque in the post, just a fatter portfolio balance — the way we like it.

Apple, Bank of America, and More

Apple’s another one. They’ve been quietly hoovering up their own shares for years. Just last year, they approved a $110 billion buyback. That wasn’t just a corporate pat on the back — the market rewarded them immediately with a share price bounce.

Bank of America did the same earlier this year, buying back $4.5 billion worth of shares in Q1. It’s happening more than you think — but not every investor spots it early enough to benefit.

# SO WHICH IS BETTER?

If you want steady, predictable income — go for dividends. But if you're after growth and willing to dig a bit deeper? Buybacks can offer far more upside — especially when you catch them before the announcement.

And that's the good part: there are actually metrics you can track to spot companies that are likely to do a buyback before they announce it.

Yes, it's a bit more work. Yes, it's harder than Googling "high dividend stocks".

But the reward is disproportionately higher — and that's where smart investors thrive.

Want to Know Which Companies Could Be Next?

We've identified several companies we believe are likely to announce buybacks before the end of 2025 — based on specific financial and behavioural signals we've built into the DIP Strategy.

If you'd like to know what those metrics are — and which companies we've got our eye on — just send us a quick email.

Email: info@marketinsider.uk
Subject line: "Buyback List"

We'll get back to you with the details.

To smarter investing,
Market Insider Team

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INFO@MARKETINSIDER.UK
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