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EVIDENCE ON EUROPEAN FUND MANAGERS AND INVESTORS VIEWS ON DIVIDENDS POST 2008

Abstract:

This study reports the views of European fund managers and investors on dividends. Specifically, the study uses semi-structured interviews with twenty participants and analyses their responses concerning the role of dividends in the stock screening process; the perceived relationship between dividend payment policy and share values; the impact of taxation and attitudes to share buybacks. The results suggest that contrary to reported historical evidence there appears to be little support for the notion that dividends are important in stock selection and that dividends influence share valuations. Particularly interesting findings are that since the financial crisis of 2008 European fund managers and investors appear to have to focus on geographical and geopolitical matters as the more significant investment criteria of companies in which they have a shareholding; that taxation issues appear relatively unimportant and that the majority of investors prefer short-term arbitrage capital gains rather than cash dividends or share buybacks.

Keywords:

Dividends, European, fund managers, investors, interviews

JEL Classification: G35