Growth vs Dividend Stocks

INTERMEDIATE PRACTICE WORKSHEET

Pick two real companies you're curious about - one you'd call a growth stock, one you'd call a dividend stock. There's no wrong answer, the goal is just practice.

Section 1 - Calculate Total Return

For each company over the last year: starting price, ending price, dividends paid. Calculate price return, dividend yield, and total return for both.

Section 2 - Calculate the Payout Ratio

For the dividend-paying company, find its dividend per share and EPS. Calculate the payout ratio - does it look sustainable?

Section 3 - Compare the Two

Which company had the higher total return this year? Does that alone tell you which is the 'better' investment? Why or why not?

Section 4 - Match to a Goal

If you needed steady income next year, which company would fit better? If you had a 20-year time horizon and didn't need income now, which might fit better?

Section 5 - Reflection

What would make you trust a high dividend yield less, even if the payout ratio looks fine today?