PLAGIARISM SCAN REPORT

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The dividend growth model is a valuation model that determines the fair value of a stock by assuming that dividends grow at a constant rate in perpetuity or at a variable rate over the time under consideration. The dividend growth model calculates whether a stock is overpriced or undervalued by assuming that the company's projected dividends would increase at a constant rate of “g”, which is deducted from the needed rate of return. Because the current situation is unusual and fast-evolving, models based on macroeconomic fundamentals may overlook certain critical forces and may be too slow to update, given the frequency with which macroeconomic data becomes accessible. Asset prices have long been regarded as valuable since they represent investors' expectations about future payoffs. The stock market's moves have gotten a lot of attention.

The substantial decreases in Sri Lanka stock market assets during the start of the COVID-19 pandemic are determined to be the consequence of pricing predicted future falls in actual economic activity induced by the global shock, according to an enhanced version of the dividend discount model. The ensuing asset market boom and lower volatility that followed this initial drop in stock prices are due to a significant link between the central banks' balance sheet expansion and near-term stock market uncertainty. In the Sri Lankan market, this link between unorthodox monetary policy moves is heavily valued (Juha-Pekka Junttila & Vance L. Martin, 2021).

The Growth Model is a method of evaluating a stock solely on its expected dividend payments in the future. To arrive at a stock price, this model uses several assumptions, such as a company's rate of future dividend growth and its cost of capital. The Growth Model is a variant of the commonly used discounted cash flow model by financial analysts. The model anticipates future payments based on the current amount and a growth rate, then discounts each dividend to today's value. The total is a value estimate for the stock.

Markets may be anticipating large dividend cuts in part because they believe that not only will cutbacks be essential to maintain financial stability, but that the stigma of such cuts will be minimized when corporations decrease dividends across the board. However, recent data shows that dividend payouts have remained stable. Between January 1, 2020, and May 26, 2020, 151 dividend increases were declared, according to Strategies Research Partners. Thirty-one of these announcements were made after the COVID-19 epidemic began, accounting for more than 20% of the total. Investor expectations are another factor for dividends' persistence. Income investors cling on to equities in the hope of receiving a return of capital. Many dividend issuers, as recent announcements show, are hesitant to break such expectations, even in times of crisis. In addition, historically low-interest rates and increasing gaps between very low bond yields and rising dividend yields are expected to boost dividend demand.

Sources	Similarity
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