

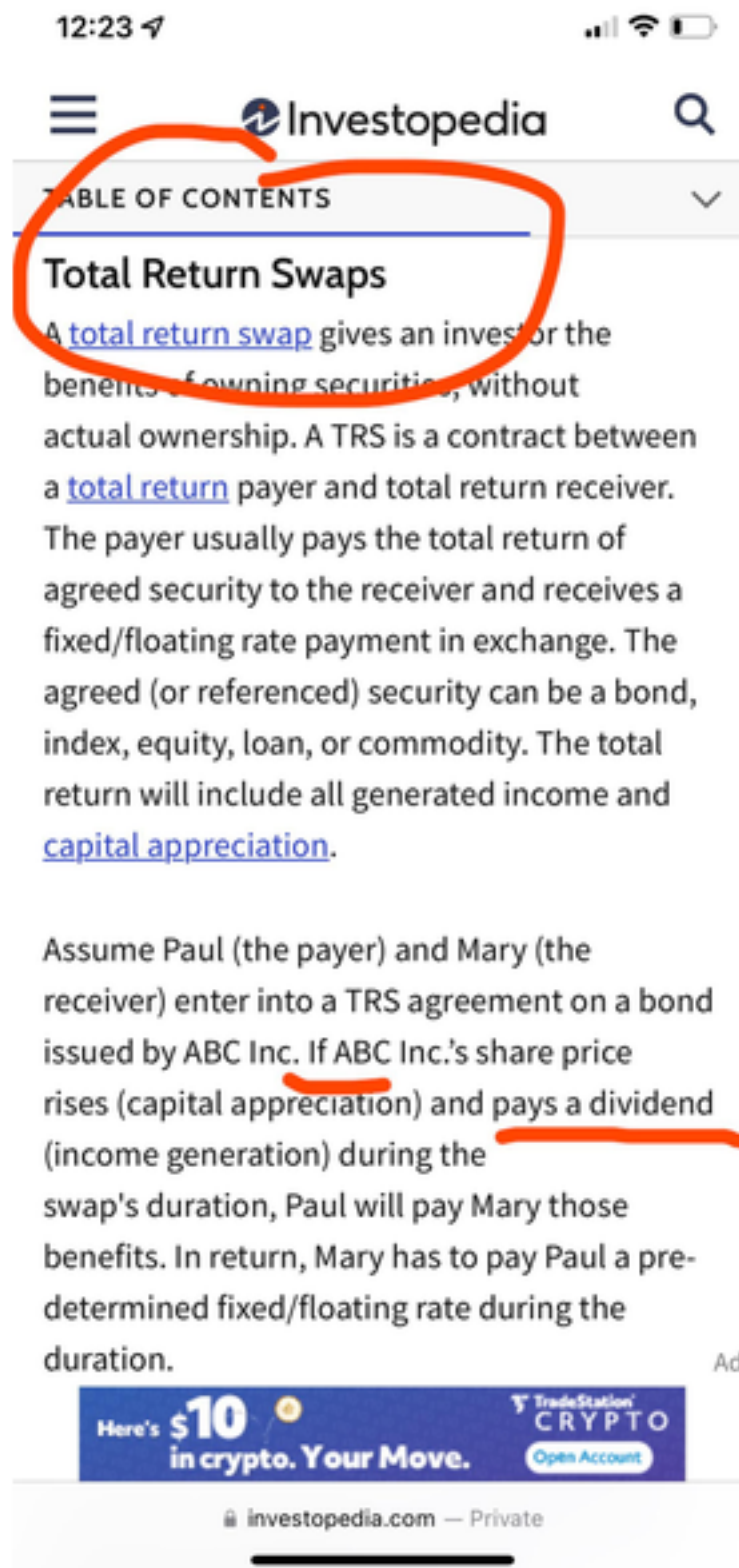
Title: Reason for a share dividend instead of a split?

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Permalink: /r/GME/comments/vt9vru/reason_for_a_share_dividend_instead_of_a_split/

Url: https://i.redd.it/88ytjgmo74a91.jpg



The screenshot shows a mobile browser interface with the Investopedia logo at the top. A red circle highlights the 'TABLE OF CONTENTS' section, which lists 'Total Return Swaps'. Below this, the article text explains that a total return swap gives an investor the benefits of owning securities without actual ownership. It describes a contract between a total return payer and receiver, where the payer pays the total return of an agreed security to the receiver in exchange for a fixed or floating rate payment. The agreed security can be a bond, index, equity, loan, or commodity. The total return includes all generated income and capital appreciation. An example is provided: Paul (the payer) and Mary (the receiver) enter into a TRS agreement on a bond issued by ABC Inc. If ABC Inc.'s share price rises (capital appreciation) and pays a dividend (income generation) during the swap's duration, Paul will pay Mary those benefits. In return, Mary has to pay Paul a predetermined fixed/floating rate during the duration. At the bottom, there is a blue advertisement for TradeStation Crypto with the text 'Here's \$10 in crypto. Your Move.' and an 'Open Account' button. The footer shows 'investopedia.com — Private'.

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Total Return Swaps

A [total return swap](#) gives an investor the benefits of owning securities, without actual ownership. A TRS is a contract between a [total return](#) payer and total return receiver. The payer usually pays the total return of agreed security to the receiver and receives a fixed/floating rate payment in exchange. The agreed (or referenced) security can be a bond, index, equity, loan, or commodity. The total return will include all generated income and [capital appreciation](#).

Assume Paul (the payer) and Mary (the receiver) enter into a TRS agreement on a bond issued by ABC Inc. If ABC Inc.'s share price rises (capital appreciation) and pays a dividend (income generation) during the swap's duration, Paul will pay Mary those benefits. In return, Mary has to pay Paul a predetermined fixed/floating rate during the duration.

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