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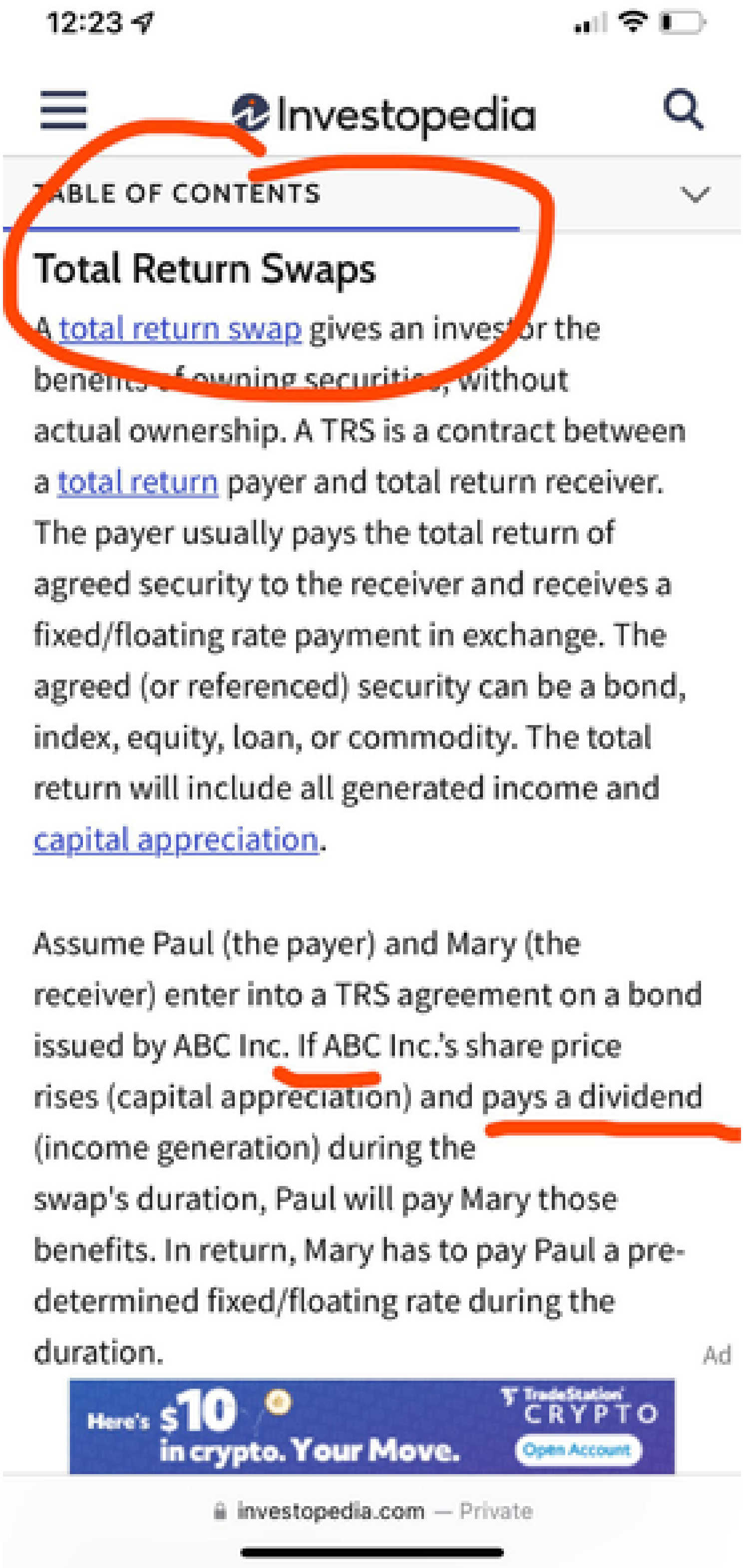

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Total Return Swaps

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 pre-determined fixed/floating rate during the duration.

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