# HENDERSON GLOBAL DIVIDEND INDEX

Henderson
GLOBAL INVESTORS
KNOWLEDGE. SHARED

**Edition 11**
**August 2016**


**#HGDI**
**#HGiPress**
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# Contents



Nothing in this document should be construed as advice.

* Please refer to the glossary of services found on page 14.

# Introduction

**Henderson Global Investors is an asset manager investing in global equity markets on behalf of its clients throughout the world for over 80 years.**

## What is the Henderson Global Dividend Index?

The Henderson Global Dividend Index (HGDI) is a long-term study into global dividend trends. It measures the progress global firms are making in paying their investors an income on their capital, using 2009 as a base year – index value 100. The index is calculated in US dollars, and can be broken down into regions, industries and sectors. It enables readers to easily compare the dividend performance of countries like the US, which provides a large proportion of global dividends, with smaller nations, such as the Netherlands.

The report aims to help readers better understand the world of income investing.

# Executive summary – by region

## Overview

- Global dividends rose 2.3% to $421.6bn in Q2 on a headline basis*; underlying growth was 1.2%
- HGDI reached 161.0**, its highest level since the end of 2014
- Growth was slower than in Q1, due in part to a more muted performance from the US
- Q2 is particularly important for Europe ex UK with two thirds of the region's dividends being paid during the period

## Regions & Countries

- North America, Europe and Asia-Pacific ex Japan led the way, with steady underlying growth rates, while emerging markets, the UK and Japan lagged behind

## North America

- In the US, underlying growth* of 4.6% was slower than in recent quarters; headline growth* was 3.1%
- This reflects subdued profit growth, partly due to the impact of a strong US dollar
- Underlying growth in Canada was just 0.6% owing to cuts from mining and energy companies

## Europe ex UK

- European dividends reached $140.2bn, just 1.1% more than in Q2 2015, although once the lower level of special dividends* was factored in, underlying growth* was a respectable +4.1%
- The Netherlands led the way, and showed the second fastest underlying growth rate in the world (+28.3%) thanks to a large increase from ING
- France enjoyed the third fastest growth rate in the world, up 11.2% in underlying terms, with strength coming from almost all sectors
- German growth was hit by big cuts from Volkswagen and Deutsche Bank; Austria, Spain and Belgium also lagged behind

## UK

- Large special dividends boosted headline dividend growth* in the UK (+7.7%), more than offsetting a sharp decline in the pound
- In underlying terms UK dividends* fell 3.3% year on year reflecting weaker profit growth

Unless otherwise stated all data is sourced by Henderson Global Investors as at 30 June 2016. Nothing in this document should be construed as advice.

Past performance is no guarantee of future results. International investing involves certain risks and increased volatility* not associated with investing solely in the UK. These risks included currency fluctuations, economic or financial instability, lack of timely or reliable financial information or unfavourable political or legal developments.

The value of an investment and the income from it can fall as well as rise and you may not get back the amount initially invested.

* Please refer to the glossary of services found on page 14.

** This is a statistical measure of change of the Henderson Global Dividend Index.

# Executive summary – by region (continued)

## Asia Pacific ex Japan

- Q2 is seasonally important for Asia-Pacific accounting for around a third of the region's annual payments
- Dividends rose 12.2% on a headline basis to $36.9bn, boosted by some large payments moving into Q2 in Hong Kong; underlying growth was 3.7%
- A fivefold increase from Korea Electric pushed South Korea to the top of the global growth league
- Australian dividends were flat, while Singapore suffered a reduced payout from United Overseas Bank, and slowing Chinese economic growth hit Hong Kong dividends

## Japan

- Dividend growth in Japan slowed sharply in the second quarter
- Headline growth was 28.8%, yielding total payouts of $30.8bn, but this was mostly due to the soaring yen
- In underlying terms, dividends were 0.8% lower as company earnings came under pressure due to the strengthening yen

## Emerging Markets

- Emerging market dividends fell sharply with weakness in all the big four BRIC* countries
- Economic difficulties hit company profits hard
- Brazil was among the worst hit, with dividends down 88.3% year on year (-60.8% in underlying terms)

## Industries & Sectors

- Technology continued to generate rapid , broadly-based growth with increases in every technology sub-sector and from almost every country
- Financials, the largest sector, grew 5.7% in underlying terms
- Utilities were boosted by Korea Electric, but were otherwise weak
- Dividends from mining, energy and telecoms companies were lower year on year

## Outlook

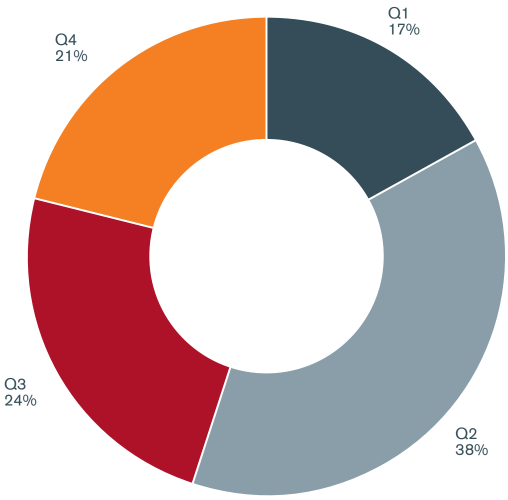
- The second half of 2016 is set to be weaker than the first half
- Muted profit growth in Japan and the US will hold back growth, while the UK and emerging markets will see dividends fall
- We have reduced our forecast by $20bn since Q1, and now expect global dividends of $1.16trillion in 2016, up 1.1% on a headline basis; +1.4% in underlying terms



* Please refer to the glossary of services found on page 14.

# US dividend growth slows, but Europe is encouraging

Quarterly distribution of dividends 2009-2015




Income investors turn their attention to Europe in the second quarter. Two-thirds of the region's dividends are paid in Q2, making it comfortably the largest contributor to the global total. European dividends (excluding the UK) rose 1.1% year on year in headline terms*, but on an underlying basis* were an encouraging 4.1% higher.

Global dividends* rose 2.3% on a headline basis, reaching $421.6bn, an increase of $9.7bn year on year. Underlying growth was 1.2%. This is slower than the 3.1% underlying growth seen in the first quarter, partly reflecting Q2 seasonal patterns that give greater weight to slower growing parts of the world, and partly owing to a more muted performance from the US. Nevertheless, by the end of the quarter, the HGDI had risen to 161.0, its highest level since the end of 2014.

Growth rates varied widely around the world, reflecting both diverging economic fortunes, and each region's differing exposure to sector-specific trends.

Annual dividends by region in USD billions

| Region | 2012 | % change | 2013 | % change | 2014 | % change | 2015 | % change | Q2 2015 | % change | Q2 2016 | % change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Emerging Markets | $116.1 | 8.6 | $130.2 | 12.1 | $116.5 | -10.0 | $107.4 | -8.0 | $31.2 | 0.5 | $22.9 | -26.7.0 |
| Europe ex UK | $196.4 | -11.9 | $206.1 | 4.9 | $234.5 | 14.0 | $209.6 | -11.0 | $138.6 | -12.1 | $140.2 | 1.1 |
| Japan | $51.3 | 3.2 | $47.0 | -8.5 | $50.0 | 6.0 | $52.4 | 5.0 | $23.9 | -7.6 | $30.8 | 28.8 |
| North America | $337.9 | 27.6 | $342.1 | 1.2 | $392.9 | 15.0 | $441.4 | 12.0 | $107.7 | 8.9 | $109.6 | 1.8 |
| Asia Pacific ex Japan | $106.0 | -1.4 | $112.3 | 5.9 | $116.0 | 3.0 | $110.3 | -5.0 | $32.9 | -16.1 | $36.9 | 12.2 |
| UK | $91.9 | 15.4 | $93.0 | 1.3 | $123.3 | 33.0 | $96.7 | -22.0 | $31.3 | -0.8 | $33.7 | 7.7 |
| TOTAL | $899.6 | 8.2 | $930.6 | 3.4 | $1,033.2 | 11.0 | $1,017.7 | -2.0 | $365.6 | -4.8 | $374.1 | 2.3 |
| Divs outside top 1200 | $114.1 | 8.2 | $118.1 | 3.4 | $128.1 | 9.0 | $129.1 | 1.0 | $46.4 | -4.8 | $47.5 | 2.3 |
| GRAND TOTAL | $1,013.8 | 8.2 | $1,048.7 | 3.4 | $1,161.3 | 11.0 | $1,146.8 | -1.0 | $411.9 | -4.8 | $421.6 | 2.3 |

* Please refer to the glossary of services found on page 14.

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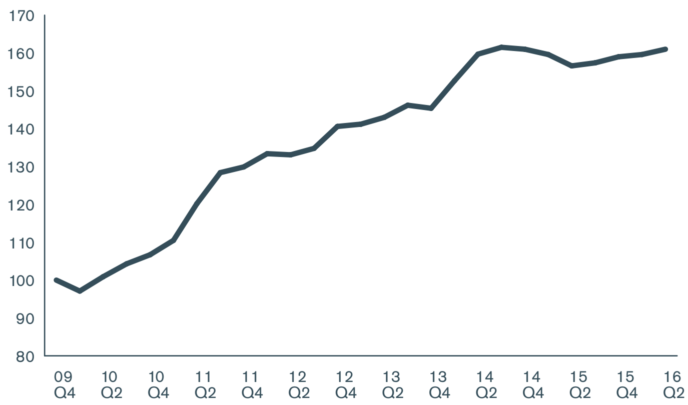
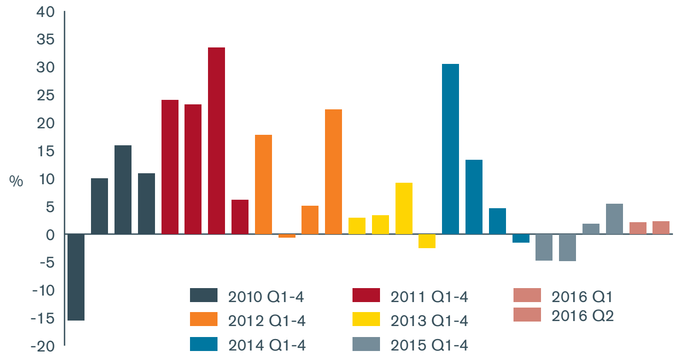
# US dividend growth slows, **but Europe is encouraging** (continued)

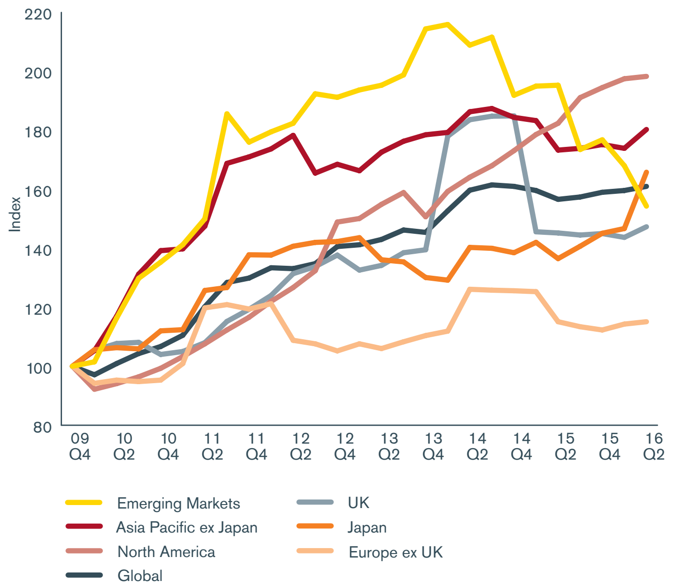
## HGDI



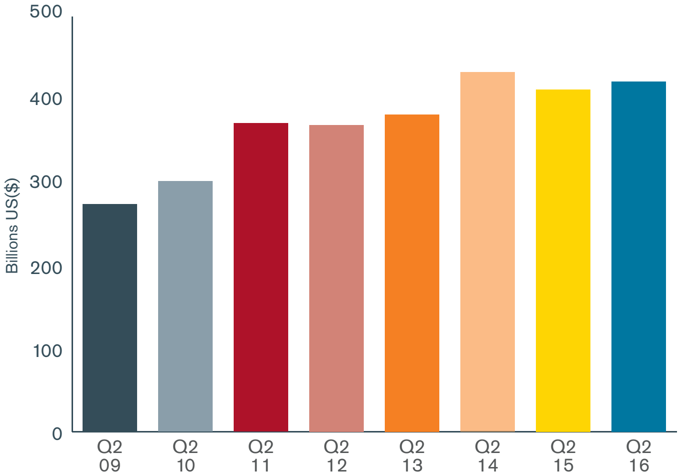

## Total dividends, annual growth per quarter




## HGDI – by region




## Global dividends (US$)

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# Underlying and headline growth

We calculate how four separate factors affect the headline growth* rate in order to show an underlying growth* rate. This means we can shine a light on what is truly driving dividends in each country. These factors relate to the timing of payments (when companies shift a dividend from one period to another), changes in the list of companies featuring in the global top 1,200, the volatility of special dividends, and changes in exchange rates.

A number of payments shifted into the second quarter, adding 1.0% to the global total. The effect was particularly pronounced in Hong Kong, where companies often move payments around, though it is also very common in emerging markets. For example, MTN in South Africa made its $1bn payment a few days later than usual, moving it into the second quarter from the first.

We separate out special dividends because they are unpredictable and can make a big impact on the total. They were lower than in Q2 2015, a difference which deducted 0.8% from the global total.

The effect of a weaker pound, Canadian dollar, emerging market currencies and Korean won were offset by a sharp increase in the Japanese yen and a modest rise in the euro. Exchange rate factors added 0.6% to the quarterly total, their smallest effect in almost two years. Meanwhile, the net effect of changes in the index was only 0.4%.

## Q2 annual growth rate – adjustments from underlying to headline growth

| Region | Underlying growth | Special dividends | Currency effects | Index changes | Timing effects* | Headline dividend growth |
|---|---|---|---|---|---|---|
| **Emerging Markets** | -18.8% | 4.1% | -7.0% | -13.4% | 8.3% | -26.7% |
| **Europe ex UK** | 4.1% | -5.8% | 1.6% | 2.0% | -0.6% | 1.1% |
| **Japan** | -0.8% | 0.8% | 19.2% | 11.6% | -2.0% | 28.8% |
| **North America** | 4.3% | -0.5% | -0.3% | -1.7% | 0.0% | 1.8% |
| **Asia Pacific ex Japan** | 3.7% | -0.4% | -1.6% | 3.7% | 6.9% | 12.2% |
| **UK** | -3.3% | 14.0% | -4.8% | 1.8% | 0.0% | 7.7% |
| **Global** | **1.2%** | **-0.8%** | **0.6%** | **0.4%** | **1.0%** | **2.3%** |

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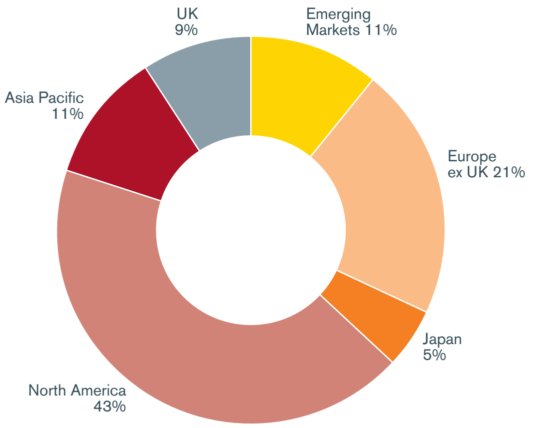
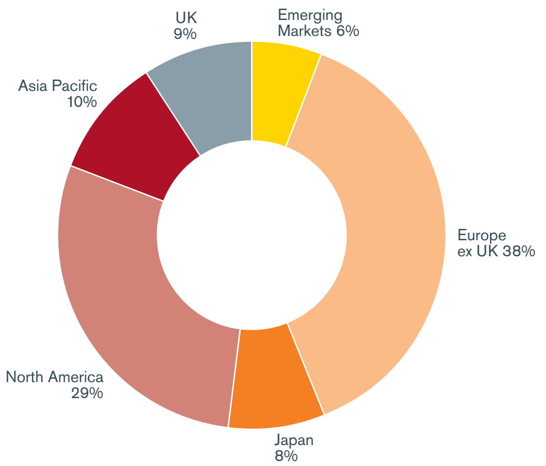
** Timing effects are not significant on an annual basis.

# Regions and countries

2015 Q2 dividends by region




2016 Q2 dividends by region




## North America

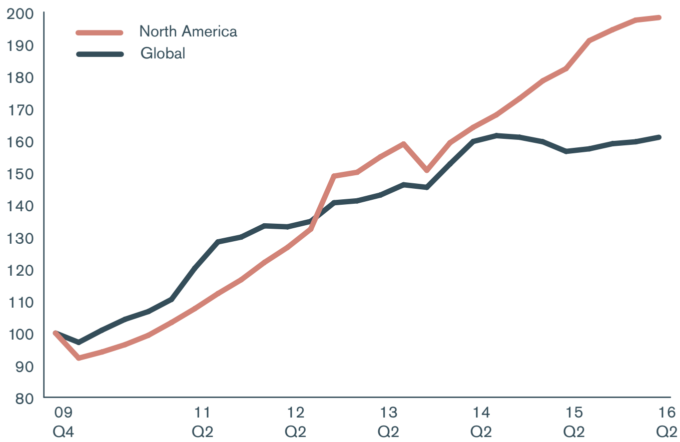
North American dividends rose to $109.6bn, an increase of 1.8%. Underlying growth was 4.3% once index changes, in particular in Canada, and a weaker Canadian dollar were taken into account.

US payouts rose 3.1% on a headline basis to $101.7bn, equivalent to an underlying increase of 4.6%. This was the slowest rate of growth since 2013, reflecting subdued profit growth in the US, partly due to the impact of a strong dollar. Wal-Mart and Exxon, two of the three largest payers in the quarter, each raised their dividends less than 3%. Apple (the second largest) increased its overall dividend total by 4.2%, but it has also been spending cash buying back shares, meaning it now has fewer shares in issue. Therefore on a per share basis, Apple's dividend growth was 10%. A number of US sectors, including transport and industrials, showed rather lacklustre dividend growth in comparison to recent times. The energy and mining sectors meanwhile continued to see declines, along with cuts from companies that supply the oil industry with equipment.

The slowdown in the US began late last year but should be considered a normalisation to more sustainable levels of dividend growth after several quarters of double digit increases. The US HGDI reached a new record of 206.0.

Canadian dividends fell 11.8% on a headline basis, though this mainly reflected energy companies leaving the index, as well as a weaker Canadian dollar. Underlying growth was 0.6%. The banking sector, which is the largest payer, grew dividends 2.7%, but this was not enough to offset cuts in mining and energy. Husky Energy, for example, suspended its $234m payout as profits are suffering from low oil prices.

HGDI – North America



# Regions and countries (continued)

## Europe ex UK

European dividends of $140.2bn made up two-fifths of the global second-quarter total. They were 1.1% higher than Q2 2015 on a headline basis. Underlying growth was an impressive 4.1%, once lower special dividends, particularly in France and Denmark, as well as other lesser factors were taken into account.

Growth rates varied significantly across the region, with the financial sector showing particular divergence. French and Dutch banks delivered big increases, while those in Germany, Spain and Belgium made deep cuts.

The Netherlands posted the fastest growth rate in Europe, with payouts of $7.6bn up 28.3% in underlying terms (+43.0% headline), a rate of growth beaten elsewhere only by South Korea. Every Dutch company in the index raised its dividend, but ING accounted for the lion's share of the overall increase, making it comfortably the largest payer. It more than tripled its distribution, adding an extra $1.3bn year on year, while insurance group NN increased its total by almost three quarters.

The biggest payer, France, was also near the top of the growth league. Its $40.0bn was 13.9% higher in headline terms. The headline growth rate was flattered by a small foreign exchange gain, and by large payments from Total and Compagnie St Gobain moving into the quarter. This boost was partially offset by lower special dividends. Even so, France's 11.2% underlying growth rate made its dividends the third fastest growing in the world. Almost nine in ten French companies increased their payouts or held them steady. French banks continued to rebuild dividend payments after the financial crisis: SocGen, BNP and Credit Agricole upped their distributions between 50% and 70%, though the last of these distributed most of its payment in the form of new shares. There was good news from a wide range of sectors as companies as diverse as Renault, LVMH, and Safran all made large increases.

Switzerland and Italy each posted single digit increases in underlying terms. In Italy, ENI, the oil company, cut its payout sharply, masking a more positive result from the seven in ten Italian companies that held or increased their distributions. In Switzerland, every company in the index increased its payout modestly, generating underlying growth of 5.1%.

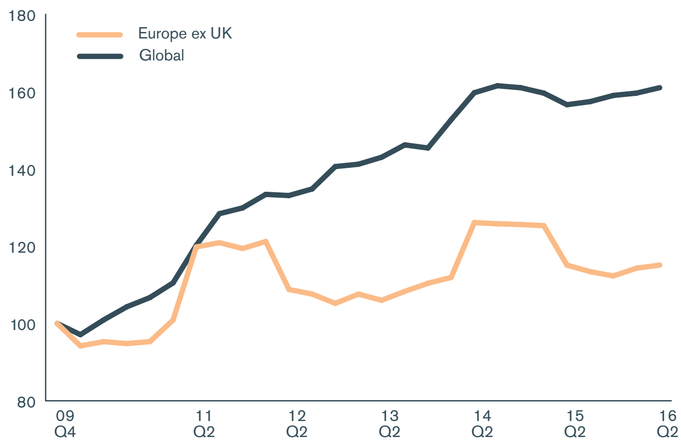
Germany, likely to fall beneath Switzerland to become Europe's third largest payer this year, lagged behind its peers. Dividends there rose 5.5% on a headline basis to $31.6bn, but this equated to an underlying increase of just 2.0%. The relatively poor performance was mainly down to just two large companies: Volkswagen slashed its payout by 98% in the wake of its emissions scandal, while ailing Deutsche Bank cancelled its dividend altogether. Between them, the impact was $2.7bn. Elsewhere, the news was good. As with France, nine out of ten German companies raised or held their payouts. One of the biggest increases came from Daimler (+38% in dollar terms), which overtook Allianz to become Germany's biggest payer. A number of household names, including BMW and Bayer, all increased their payouts by at least 10%.

Spanish dividends fell to $6.3bn, down 19.0%. This equated to a fall of 16.7% in underlying terms, once index changes and the effects of a slightly strong euro were taken into account. The biggest contributor to the decline was Santander, where the dividend has been cut by two thirds, but every other company in the index held its payment flat or increased it.

Other European laggards included Austria, where oil company OMV cut its payout by a fifth, and Belgium, where dividends fell 16.0% in underlying terms, owing to the cancellation of banking group KBC's payout. All other Belgian companies in the index modestly increased their payments, however.

Over 80% of Europe's 2016 dividends have now been paid, highlighting encouraging dividend trends for income investors across a broad number of European sectors and countries.

### HGDI – Europe ex UK




## UK*

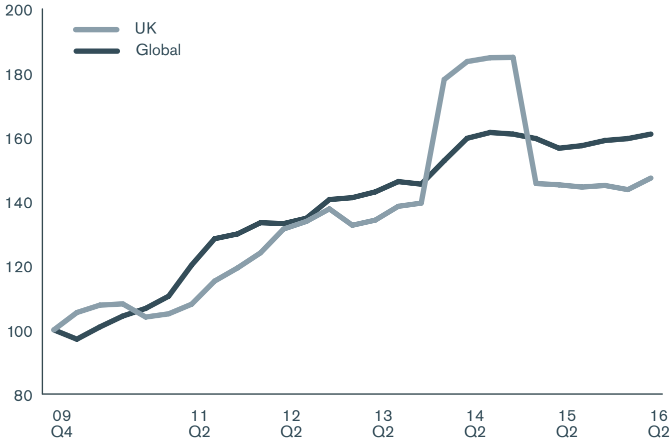
Large special dividends from companies such as GlaxoSmithKline and Intercontinental Hotels boosted the year-on-year comparison in the UK, more than offsetting the impact of a sharp decline in the pound. Total dividends reached $33.7bn, an increase of 7.7% on a headline basis. In underlying terms however, dividends were 3.3% lower year on year as cuts from Standard Chartered, Anglo American, Barclays and food retailer Morrison took effect. Profit growth remains under pressure in the UK, limiting the potential for companies to increase dividends. There was no impact from the Brexit vote in Q2, though this can be expected later in the year.

* In April 2016, the UK abolished a 10% tax credit, replacing it with a tax-free allowance. As a result we have changed how we treat UK dividends, and have restated historic years to show continuity of trends. The effect is to reduce by 10% the stated value paid in the UK.

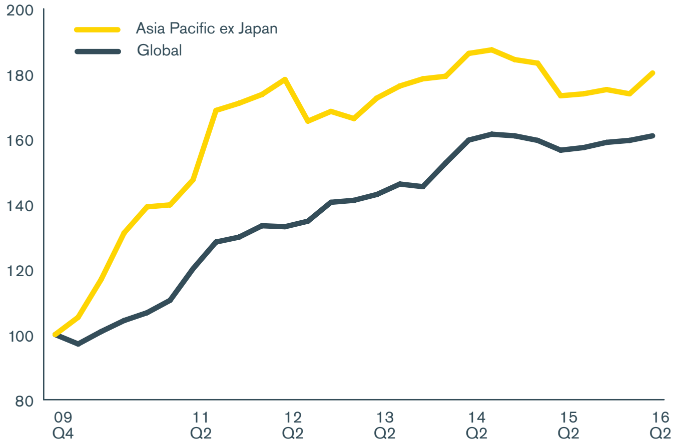
For further details see appendix.

# Regions and countries (continued)

HGDI – UK




HGDI – Asia Pacific ex Japan




## Asia Pacific ex Japan

The second quarter is seasonally important in Asia Pacific ex Japan, particularly in Hong Kong and South Korea. Total dividends of $36.9bn were 12.2% higher year on year, and were boosted by some large timing effects in Hong Kong, and the entry of a handful of companies into the global top 1,200 index. In underlying terms, growth was 3.7%.

At $15.3bn, Hong Kong's companies made the largest contribution. The sharp increase of 17.4% in headline terms mainly reflected some large payments shifting into Q2 from Q3. On an underlying basis, Hong Kong's dividends fell 2.4%, with China Mobile making the biggest impact by continuing the steady dividend cuts it began in 2014. It overshadowed large increases from AIA Insurance and the Hong Kong Stock Exchange.

Dividends rose 1.2% in Australia in headline terms, but were flat (-0.2%) on an underlying basis. The largest payer, Commonwealth Bank, held its payout steady, while retailer Woolworths made a steep cut. Meanwhile in Singapore, United Overseas Bank sharply reduced its Q2 payout, having made a special anniversary payment earlier in the year. This action pushed Singapore's dividends down by a fifth on an underlying basis.

South Korea stood out, with dividends up by a third on a headline and underlying basis, the fastest growth rate in the world during the quarter. This reflected a huge fivefold increase from Korea Electric, which distributed an extra $1.5bn year on year. Most other Korean companies modestly increased their payouts.

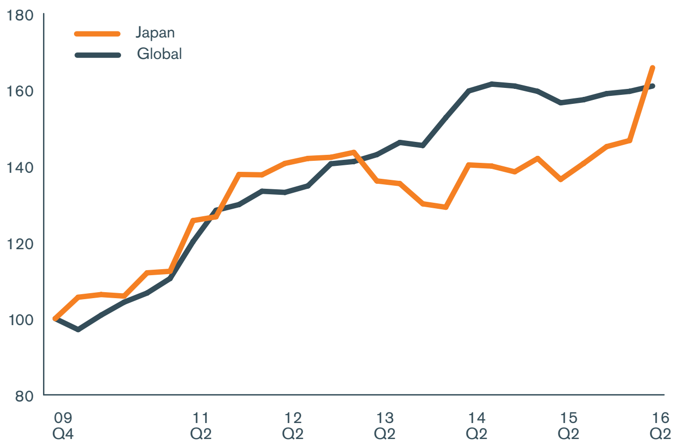
## Japan

Dividend growth in Japan slowed surprisingly sharply in the second quarter though international investors would scarcely have noticed, since the soaring Japanese yen meant payments converted into US dollars at very favourable exchange rates. Headline growth was 28.8%, with payouts totalling $30.8bn. Two thirds of this increase was down to the currency, with positive index changes accounting for the rest.

In underlying terms, therefore, dividends were 0.8% lower, as company earnings were depressed by the strong yen, and as economic confidence in Japan weakened.

High profile dividend cuts came from banking group Nomura, from technology manufacturer Fanuc, and from the mining sector. Toyota Motor reduced its final dividend by 12% in yen terms citing the strength of the yen for hitting its profits hard. Mobile telecoms and construction were among industries to hold their payouts flat year on year.

HGDI – Japan



# Regions and countries (continued)

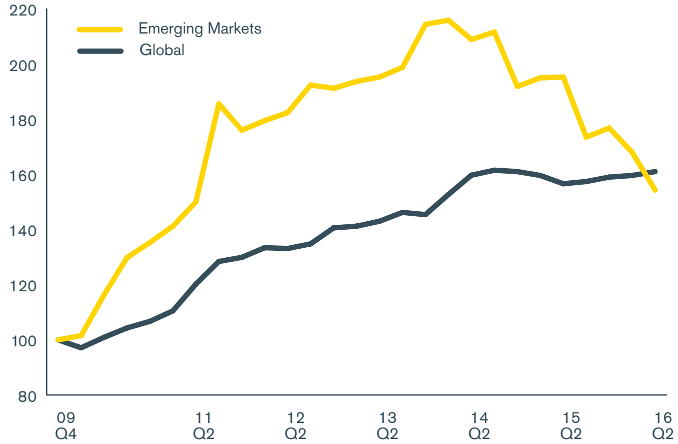
## Emerging Markets

It was a challenging quarter for emerging markets. Dividends fell over a quarter on a headline basis to $22.9bn, as weaker currencies and index changes took their toll. Adjusting for these factors, payouts fell 18.8% in underlying terms, with a large number of countries, including the big four BRICs*, seeing underlying declines.

In Brazil dividends dropped 88.3% (equivalent to -60.8% in underlying terms) with the largest impact coming from Vale, the mining company, whose plunging profits forced the management to cancel its payout in a bid to protect the company's credit rating. Banco do Brasil also cut its dividend significantly, reflecting the country's ongoing economic difficulties.

India performed better than most, but even here, several companies reduced their distributions, while in a seasonally quiet quarter for China, China Petroleum halved its dividend. Russian dividends also fell, though Rosneft bucked the trend.

HGDI – Emerging Markets

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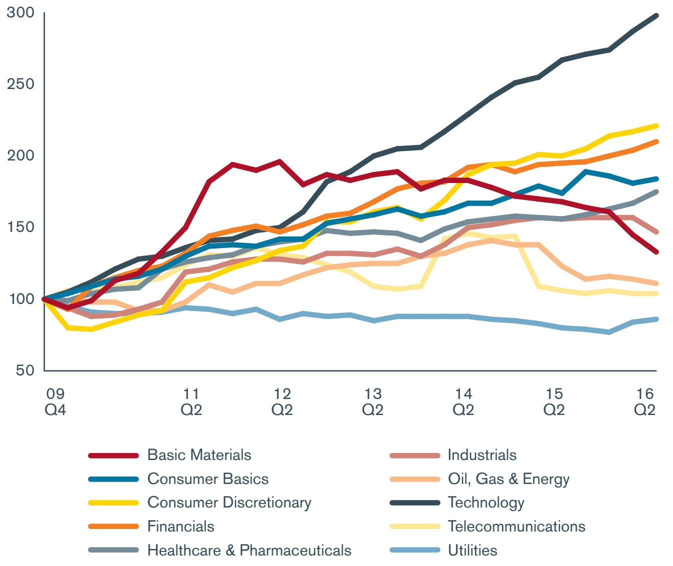
# Industry and sectors

HGDI – Total dividends by industry




Technology stocks continue to generate rapid, broadly-based growth, up 7.7% in underlying terms. Dividends rose in every technology sub-sector, and from almost every country. Meanwhile, financials, which typically contribute about a quarter of the world's equity income and are comfortably the largest sector, saw a 5.7% underlying increase. Utilities made a brief appearance at the top of the industry dividend growth league in the second quarter, after lagging behind for several years. This was, however, entirely due to Korea Electric's big increase.

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# Top payers

World's biggest dividend payers

| Rank | 10Q2 | 11Q2 | 12Q2 | 13Q2 | 14Q2 | 15Q2 | 16Q2 |
|---|---|---|---|---|---|---|---|
| 1 | Nestle SA | Nestle SA | Nestle SA | Nestle SA | Nestle SA | Nestle SA | Nestle SA |
| 2 | Deutsche Telekom AG | Telefonica | Sanofi | Sanofi | Ecopetrol SA | A.P. Moller - Maersk AS | Sanofi |
| 3 | Sanofi | Sanofi | China Mobile Limited | China Mobile Limited | Sanofi | HSBC Holdings plc | HSBC Holdings plc |
| 4 | E. On SE | E. On SE | Deutsche Telekom AG | Deutsche Telekom AG | Hutchison Whampoa Ltd. | Sanofi | Daimler AG |
| 5 | China Mobile Limited | Deutsche Telekom AG | Statoil ASA | Commonwealth Bank of Australia | China Mobile Limited | China Mobile Limited | Allianz SE |
| 6 | Telefonica | China Mobile Limited | Commonwealth Bank of Australia | Statoil ASA | HSBC Holdings plc | Anheuser-Busch InBev | Anheuser-Busch InBev |
| 7 | Total S.A. | Unibail-Rodamco | Telefonica | HSBC Holdings plc | Commonwealth Bank of Australia | Allianz SE | Commonwealth Bank of Australia |
| 8 | BP plc | Total S.A. | Daimler AG | Anheuser-Busch InBev | Statoil ASA | Commonwealth Bank of Australia | Royal Dutch Shell Plc |
| 9 | Statoil ASA | Statoil ASA | British American Tobacco | Royal Dutch Shell Plc | British American Tobacco | Toyota Motor Corporation | Toyota Motor Corporation |
| 10 | Royal Dutch Shell Plc | BNP Paribas | Basf SE | Wal-Mart Stores, Inc. | Basf SE | British American Tobacco | BNP Paribas |
| **Subtotal $bn** | **$37.3** | **$44.3** | **$39.0** | **$41.5** | **$46.0** | **$43.1** | **$41.3** |
| **% of total** | **12%** | **12%** | **11%** | **11%** | **11%** | **10%** | **10%** |
| 11 | Orange. | Orange. | Royal Dutch Shell Plc | Basf SE | Toyota Motor Corporation | Wal-Mart Stores, Inc. | Wal-Mart Stores, Inc. |
| 12 | AT&T, Inc. | Allianz SE | Ecopetrol SA | Daimler AG | Allianz SE | Exxon Mobil Corp. | China Mobile Limited |
| 13 | Eni Spa | Royal Dutch Shell Plc | HSBC Holdings plc | British American Tobacco | Daimler AG | Apple Inc | British American Tobacco |
| 14 | RWE AG | Commonwealth Bank of Australia | Wal-Mart Stores, Inc. | E. On SE | Royal Dutch Shell Plc | Royal Dutch Shell Plc | Apple Inc |
| 15 | Banco Santander S.A. | British American Tobacco | Exxon Mobil Corp. | Apple Inc | Anheuser-Busch InBev | Basf SE | Exxon Mobil Corp. |
| 16 | British American Tobacco | Basf SE | Eni Spa | Exxon Mobil Corp. | Wal-Mart Stores, Inc. | Daimler AG | Basf SE |
| 17 | Allianz SE | Banco Santander S.A. | Allianz SE | Allianz SE | Deutsche Telekom AG | Axa | Axa |
| 18 | Commonwealth Bank of Australia | Daimler AG | Orange. | Eni Spa | Exxon Mobil Corp. | Samsung Electronics | Glaxosmithkline plc |
| 19 | Wal-Mart Stores, Inc. | Eni Spa | E. On SE | BNP Paribas | Cheung Kong (Holdings) Ltd. | Deutsche Telekom AG | AT&T, Inc. |
| 20 | Zurich Insurance Group AG Ltd | RWE AG | Banco Santander S.A. | AT&T, Inc. | Apple Inc | Microsoft Corporation | Deutsche Telekom AG |
| **Subtotal $bn** | **$24.0** | **$28.9** | **$27.2** | **$27.7** | **$34.3** | **$31.5** | **$32.6** |
| **GRAND TOTAL $bn** | **$61.3** | **$73.2** | **$66.2** | **$69.2** | **$80.2** | **$74.6** | **$73.9** |
| **% of TOTAL** | **20%** | **20%** | **18%** | **18%** | **19%** | **18%** | **18%** |

Unless otherwise stated all data is sourced by Henderson Global Investors as at 30 June 2016. Nothing in this document should be construed as advice.

# Conclusion and outlook

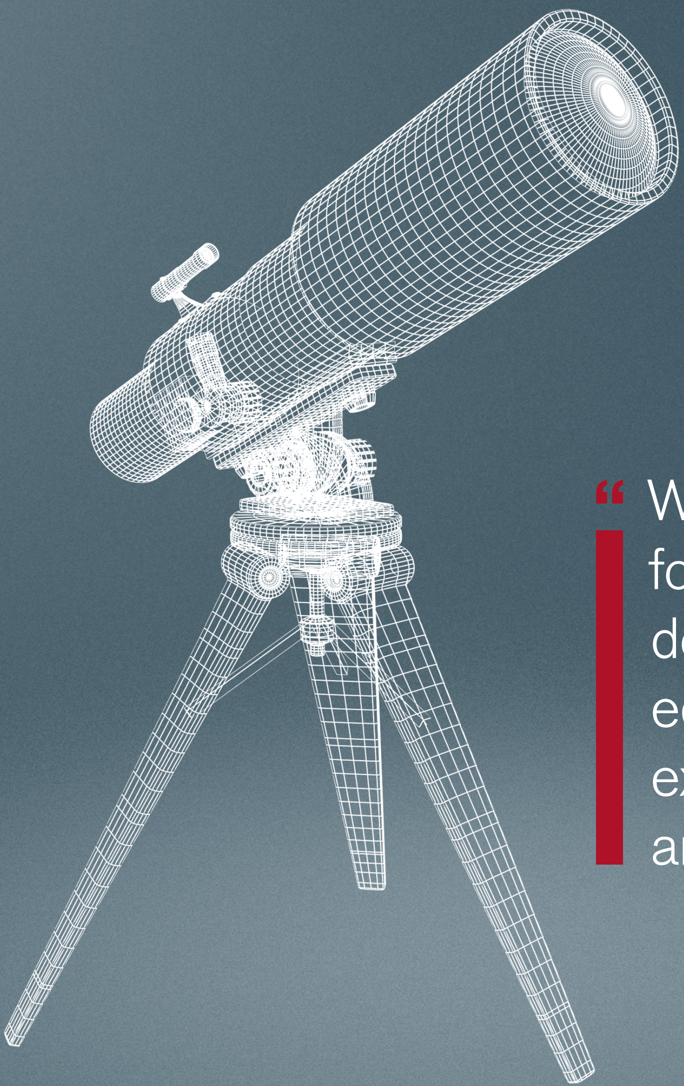
Since our last report, we can see how more muted profit expansion, partly owing to stronger currencies, has slowed dividend growth in Japan and the US. In emerging markets, payout cuts have been greater than we expected so far this year as well. China's big Q3 dividend season is now underway, however, and the reductions there are likely to be less severe than in other large emerging countries such as Brazil.

Since the UK's decision to leave the EU at the end of June, the pound has fallen further on the foreign exchange markets, extending a descent that began in the months running up to the referendum.

However, a number of large international UK companies pay their dividends in dollars, so the impact will be less severe than the pound's devaluation might suggest. In addition, the UK only accounts for around only 10% of global dividends so the effect on the global total is likely to be relatively small.

Europe remains broadly positive, in line with our expectations. The weak spots we have seen have been company-driven, or owing to specific sector trends like the impact of lower commodity prices, rather than related to wider economic difficulties. Meanwhile in Asia Pacific ex Japan, growth has stalled, but is no worse than we expected.

The second half of the year is likely to be weaker than the first, partly because seasonal patterns means the emphasis shifts slightly towards those parts of the world where dividends are growing more slowly, like emerging markets, Australia, and the UK. Owing to the changes we have seen in the latest quarter, we have reduced our forecast for the full year to $1.16 trillion, down from $1.18 trillion. This is equivalent to a headline expansion of 1.1%, or 1.4% on an underlying basis.



"We have reduced our forecast for the full year to $1.16 trillion, down from $1.18 trillion. This is equivalent to a headline expansion of 1.1%, or 1.4% on an underlying basis."

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# Methodology

Each year Henderson analyse dividends paid by the 1,200 largest firms by market capitalisation (as at 31/12 before the start of each year). Dividends are included in the model on the date they are paid. Dividends are calculated gross, using the share count prevailing on the pay-date (this is an approximation because companies in practice fix the exchange rate a little before the pay date), and converted to USD using the prevailing exchange rate. Where a scrip dividend* is offered, investors are assumed to opt 100% for cash. This will slightly overstate the cash paid out, but we believe this is the most proactive approach to treat scrip dividends*. In most markets it makes no material difference, though in some, particularly European markets, the effect is greater. Spain is a particular case in point. The model takes no account of free floats* since it is aiming to capture the dividend paying capacity of the world's largest listed companies, without regard for their shareholder base. We have estimated dividends for stocks outside the top 1200 using the average value of these payments compared to the large cap dividends over the five year period (sourced from quoted yield data). This means they are estimated at a fixed proportion of 12.7% of total global dividends from the top 1,200, and therefore in our model grow at the same rate. This means we do not need to make unsubstantiated assumptions about the rate of growth of these smaller company dividends. All raw data was provided by Exchange Data International with analysis conducted by Henderson Global Investors.

a-z

# Glossary

**BRIC** – A grouping acronym that refers to the countries of Brazil, Russia, India and China.

**Equity dividend yields** – A financial ratio that shows how much a company pays out in dividends each year relative to its share price.

**Free floats** – A method by which the market capitalization of an index's underlying companies is calculated.

**Government bond yields** – The rate of return derived from Government debt.

**Headline dividends** – The sum total of all dividends received.

**Headline growth** – Change in total gross dividends.

**Percentage points** – One percentage point equals 1/100.

**Scrip dividend** – An issue of additional shares to investors in proportion to the shares already held.

**Special dividends** – Typically, one-off payouts made by companies to shareholders that are declared to be separate from their regular dividend cycle.

**Underlying dividend growth** – Headline dividend growth adjusted for special dividends, change in currency, timing effects and index changes.

**Underlying dividends** – Headline dividends adjusted for special dividends, change in currency, timing effects and index changes.

**Volatility** – The rate and extent at which the price of a security or market index, for example, moves up and down. If the price swings up and down with large movements, it has high volatility. If the price moves more slowly and to a lesser extent, it has lower volatility. Used as a measure of risk.

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* Please refer to the glossary of services above.

# Appendices

## Appendix 1: Dividend Tax Changes in the UK

In April 2016, the taxation of dividend income in the UK changed significantly. Before the changes, a notional tax credit of 10% was granted to taxpayers (such as most individual investors) which they could offset against other UK tax they pay. Non-taxpayers (such as pension funds or tax-free savings accounts known as ISAs) could not benefit from it. Until now in the HGDI, we have calculated dividends to include the value of this credit. This made gross dividends comparable to gross yields on other asset classes, and across borders.

The new rules have abolished this credit. Instead, dividends are now free of tax for individuals up to an annual £5,000 allowance. Above this level they are taxed at a rate linked to the individual's marginal tax rate. There has been no change for non-taxpayers.

The HGDI now takes no account of dividend taxation in the UK, since it is impossible to reflect varying tax position of different recipients.

In order to enable readers of the HGDI to compare current UK payouts to previous years, we have restated historic UK dividends to exclude the value of the tax credit.

### Dividends before restatement following UK tax changes

| Region | 2011 | % | 2012 | % | 2013 | % | 2014 | % | 2015 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Emerging Markets | $106.9 | 30% | $116.1 | 9% | $130.2 | 12% | $116.5 | -11% | $106.8 | -8% |
| Europe ex UK | $222.8 | 25% | $196.4 | -12% | $204.7 | 4% | $232.8 | 14% | $205.4 | -12% |
| Japan | $49.5 | 22% | $51.3 | 4% | $46.4 | -10% | $49.3 | 6% | $51.9 | 5% |
| North America | $264.8 | 18% | $337.9 | 28% | $342.1 | 1% | $392.9 | 15% | $441.4 | 12% |
| Asia Pacific ex Japan | $107.6 | 23% | $106. | -1% | $112.3 | 6% | $116. | 3% | $110.3 | -5% |
| UK | $88.4 | 15% | $102.1 | 15% | $103.4 | 1% | $137. | 33% | $107.4 | -22% |
| **TOTAL** | $840. | 22% | $909.8 | 8% | $939. | 3% | $1,044.6 | 11% | $1,023.1 | -2% |
| **Outside top 1,200** | $106.6 | 22% | $115.4 | 8% | $119.1 | 3% | $129.5 | 8% | $129.8 | 0% |
| **Grand Total** | $946.6 | 22% | $1,025.3 | 8% | $1,058.2 | 3% | $1,174.1 | 11% | $1,153. | -2% |

## Appendix 2: 2016 Index Changes

The HGDI examines in detail the dividends paid by the largest 1,200 companies in the world, measured by the stock market value at the end of each year. These companies account for about 90% of global market capitalisation and a similar share of dividends. To complete the picture we make assumptions about the dividends of the remaining ten per cent. Each year, we rebase the index to include those that have joined the global top 1,200, and to exclude those that have dropped down the rankings. At a global level this change makes little difference over the course of the year, but at a regional level, and particularly at a country level the changes are more noticeable. We adjust for this factor when we discuss the underlying growth rates.

For 2016, 145 companies have changed in the top 1,200. There are fewer in emerging markets and North America. There are more in all other regions, especially Japan, which saw the largest increase. The largest companies to join the index are Alibaba in China, and Japan Post Holdings. The largest to leave are Actavis in the US and BG Group in the UK.

# Appendices (continued)

## Appendix 3

Dividends by country in USD billions

| Region | Country US$ bn | 10Q2 | 11Q2 | 12Q2 | 13Q2 | 14Q2 | 15Q2 | 16Q2 |
|---|---|---|---|---|---|---|---|---|
| **Emerging Markets** | Brazil | $6.5 | $7.1 | $7.5 | $4.5 | $5.3 | $2.5 | $0.3 |
| | Chile | $1.5 | $2.4 | $1.7 | $0.9 | $1.6 | $1.6 | $0.7 |
| | China | $5.4 | $2.6 | $1.3 | $2.8 | $1.3 | $1.6 | $1.5 |
| | Colombia | $0.7 | $1.2 | $2.9 | $2.0 | $5.6 | $2.2 | $0.0 |
| | Czech Republic | $0.3 | $0.6 | $0.0 | $0.4 | $0.0 | $0.0 | $0.0 |
| | Egypt | $0.2 | $0.2 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |
| | Hungary | $0.0 | $0.0 | $0.2 | $0.2 | $0.0 | $0.0 | $0.0 |
| | India | $1.5 | $2.1 | $1.6 | $2.6 | $1.6 | $2.0 | $2.2 |
| | Indonesia | $0.4 | $1.7 | $2.8 | $3.5 | $2.6 | $2.7 | $3.0 |
| | Malaysia | $0.6 | $1.4 | $2.5 | $3.5 | $2.8 | $1.7 | $1.6 |
| | Mexico | $1.3 | $2.1 | $2.2 | $2.4 | $1.6 | $2.0 | $1.7 |
| | Morocco | $1.0 | $1.2 | $0.9 | $0.8 | $0.0 | $0.0 | $0.0 |
| | Peru | $0.0 | $0.2 | $0.3 | $0.3 | $0.2 | $0.2 | $0.0 |
| | Philippines | $0.6 | $0.6 | $0.7 | $0.8 | $0.9 | $0.8 | $0.6 |
| | Poland | $0.2 | $0.6 | $0.5 | $0.0 | $0.3 | $0.0 | $0.0 |
| | Russia | $0.0 | $0.0 | $0.0 | $0.2 | $0.2 | $3.9 | $3.2 |
| | South Africa | $1.7 | $2.7 | $4.4 | $3.4 | $2.7 | $2.3 | $2.6 |
| | Thailand | $1.9 | $2.0 | $2.7 | $3.7 | $3.1 | $2.9 | $1.8 |
| | Turkey | $3.4 | $3.9 | $2.1 | $3.3 | $1.3 | $3.1 | $0.7 |
| | United Arab Emirates | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $1.6 | $3.0 |
| **Europe ex UK** | Austria | $1.3 | $0.9 | $0.6 | $0.8 | $0.7 | $0.5 | $0.4 |
| | Belgium | $3.0 | $3.9 | $4.3 | $5.9 | $5.6 | $5.9 | $5.7 |
| | Denmark | $0.3 | $0.8 | $0.8 | $0.9 | $1.1 | $6.4 | $1.4 |
| | Finland | $3.9 | $5.4 | $3.0 | $2.1 | $2.6 | $3.0 | $4.0 |
| | France | $34.4 | $46.4 | $32.4 | $31.9 | $41.4 | $35.1 | $40.0 |
| | Germany | $23.5 | $33.4 | $31.0 | $32.4 | $35.6 | $29.9 | $31.6 |
| | Greece | $0.4 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |
| | Ireland | $0.4 | $0.5 | $0.4 | $0.5 | $0.5 | $0.5 | $0.5 |
| | Israel | $1.7 | $1.1 | $0.7 | $0.7 | $0.5 | $0.4 | $0.3 |
| | Italy | $10.7 | $12.0 | $8.8 | $9.0 | $9.5 | $9.4 | $10.3 |
| | Luxembourg | $0.8 | $0.4 | $0.4 | $0.5 | $0.5 | $0.4 | $0.4 |
| | Netherlands | $4.5 | $5.4 | $5.3 | $4.4 | $4.9 | $5.3 | $7.6 |
| | Norway | $4.8 | $7.4 | $6.9 | $7.6 | $8.5 | $3.1 | $2.8 |
| | Portugal | $1.8 | $2.7 | $1.1 | $1.1 | $1.2 | $0.6 | $0.8 |
| | Spain | $8.7 | $9.8 | $8.9 | $5.9 | $10.3 | $7.8 | $6.3 |
| | Sweden | $8.6 | $14.8 | $14.3 | $11.7 | $15.6 | $11.7 | $9.8 |
| | Switzerland | $13.4 | $12.4 | $15.2 | $15.7 | $19.1 | $18.7 | $18.3 |
| **Japan** | Japan | $18.7 | $23.5 | $24.6 | $21.8 | $25.9 | $23.9 | $30.8 |
| **North America** | Canada | $6.9 | $8.3 | $9.2 | $9.6 | $9.3 | $9.0 | $7.9 |
| | United States | $49.9 | $58.4 | $68.1 | $78.6 | $89.6 | $98.7 | $101.7 |
| **Asia Pacific ex Japan** | Australia | $4.7 | $6.5 | $7.1 | $8.9 | $9.1 | $9.7 | $9.9 |
| | Hong Kong | $12.2 | $12.9 | $15.2 | $16.5 | $20.6 | $13.0 | $15.3 |
| | Singapore | $2.1 | $2.9 | $3.0 | $3.5 | $3.5 | $3.2 | $2.5 |
| | South Korea | $4.1 | $5.6 | $5.4 | $5.9 | $6.0 | $6.9 | $9.3 |
| | Taiwan | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |
| **UK** | United Kingdom | $19.7 | $21.8 | $26.7 | $27.8 | $31.5 | $31.3 | $33.7 |
| **Outside top 1,200** | | $34.0 | $41.8 | $41.6 | $43.0 | $48.7 | $46.4 | $47.5 |
| **Grand Total** | | $301.6 | $371.5 | $369.4 | $381.9 | $432.9 | $411.9 | $421.6 |

Unless otherwise stated all data is sourced by Henderson Global Investors as at 30 June 2016. Nothing in this document should be construed as advice.

# Appendices (continued)

## Quarterly dividends by industry in USD billions

| Industry US$ bn | 10Q2 | 11Q2 | 12Q2 | 13Q2 | 14Q2 | 15Q2 | 16Q2 |
|---|---|---|---|---|---|---|---|
| **Basic Materials** | $13.8 | $19.1 | $21.1 | $22.4 | $22.2 | $21.6 | $17.7 |
| **Consumer Basics** | $30.3 | $36.6 | $40.2 | $42.7 | $46.7 | $43.6 | $45.7 |
| **Consumer Discretionary** | $17.4 | $26.3 | $29.3 | $32.8 | $40.5 | $40.2 | $41.8 |
| **Financials** | $65.0 | $76.2 | $71.5 | $80.8 | $93.5 | $94.3 | $102.8 |
| **Healthcare & Pharmaceuticals** | $16.9 | $19.3 | $20.8 | $20.9 | $23.3 | $22.6 | $26.6 |
| **Industrials** | $21.2 | $33.4 | $33.0 | $32.7 | $39.9 | $39.6 | $34.1 |
| **Oil, Gas & Energy** | $29.1 | $35.0 | $35.1 | $36.4 | $41.6 | $27.8 | $25.1 |
| **Technology** | $12.5 | $14.1 | $14.7 | $18.0 | $21.7 | $25.2 | $28.8 |
| **Telecommunications** | $36.0 | $42.4 | $38.8 | $31.4 | $34.1 | $31.7 | $31.5 |
| **Utilities** | $25.5 | $27.3 | $23.1 | $20.8 | $20.6 | $18.8 | $20.0 |
| **TOTAL** | **$267.6** | **$329.6** | **$327.8** | **$338.9** | **$384.2** | **$365.6** | **$374.1** |
| **Outside Top 1,200** | $34.0 | $41.8 | $41.6 | $43.0 | $48.7 | $46.4 | $47.5 |
| **GRAND TOTAL** | **$301.6** | **$371.5** | **$369.4** | **$381.9** | **$432.9** | **$411.9** | **$421.6** |

## Quarterly dividends by sector in USD billions

| Industry | Sector US$bn | 10Q2 | 11Q2 | 12Q2 | 13Q2 | 14Q2 | 15Q2 | 16Q2 |
|---|---|---|---|---|---|---|---|---|
| **Basic Materials** | Building Materials | $1.0 | $1.2 | $1.0 | $1.0 | $1.5 | $1.8 | $1.4 |
| | Chemicals | $7.6 | $8.9 | $10.2 | $11.8 | $11.6 | $10.5 | $11.8 |
| | Metals & Mining | $5.1 | $8.1 | $9.7 | $9.5 | $8.9 | $9.1 | $3.6 |
| | Paper & Packaging | $0.1 | $0.8 | $0.2 | $0.2 | $0.2 | $0.2 | $0.9 |
| **Consumer Basics** | Beverages | $4.1 | $5.8 | $7.4 | $8.1 | $8.3 | $8.9 | $8.7 |
| | Food | $8.5 | $10.6 | $11.1 | $11.7 | $12.8 | $12.4 | $11.8 |
| | Food & Drug Retail | $7.7 | $8.0 | $8.6 | $10.1 | $10.8 | $9.4 | $9.2 |
| | Household & Personal Products | $5.0 | $6.4 | $6.3 | $6.6 | $6.9 | $6.4 | $8.1 |
| | Tobacco | $5.0 | $5.9 | $6.8 | $6.3 | $7.9 | $6.7 | $7.9 |
| **Consumer Discretionary** | Consumer Durables & Clothing | $2.6 | $3.2 | $3.3 | $3.2 | $5.3 | $4.9 | $5.5 |
| | General Retail | $4.7 | $6.5 | $6.5 | $6.2 | $6.3 | $6.2 | $6.5 |
| | Leisure | $1.3 | $1.6 | $2.9 | $4.3 | $5.3 | $4.0 | $5.5 |
| | Media | $5.2 | $5.2 | $4.7 | $4.9 | $6.1 | $7.3 | $5.7 |
| | Other Consumer Services | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.1 | $0.0 |
| | Vehicles & Parts | $3.6 | $9.7 | $11.8 | $14.2 | $17.5 | $17.7 | $18.6 |
| **Financials** | Banks | $36.6 | $42.3 | $39.0 | $42.7 | $49.1 | $52.1 | $53.4 |
| | General Financials | $6.9 | $7.5 | $6.9 | $8.4 | $10.1 | $11.1 | $10.7 |
| | Insurance | $15.7 | $17.9 | $18.7 | $20.0 | $24.3 | $23.1 | $27.2 |
| | Real Estate | $5.8 | $8.5 | $6.9 | $9.7 | $10.1 | $8.0 | $11.4 |
| **Healthcare & Pharmaceuticals** | Health Care Equipment & Services | $1.7 | $2.4 | $2.5 | $2.9 | $3.7 | $3.8 | $4.3 |
| | Pharmaceuticals & Biotech | $15.2 | $16.9 | $18.3 | $18.0 | $19.7 | $18.8 | $22.3 |
| **Industrials** | Aerospace & Defence | $3.1 | $3.3 | $3.2 | $4.0 | $4.8 | $4.9 | $5.3 |
| | Construction, Engineering & Materials | $3.6 | $7.8 | $6.6 | $5.4 | $5.4 | $4.8 | $5.8 |
| | Electrical Equipment | $2.0 | $4.0 | $4.0 | $4.3 | $4.9 | $4.0 | $2.9 |
| | General Industrials | $7.4 | $10.8 | $11.5 | $11.7 | $16.0 | $11.3 | $10.6 |
| | Support Services | $1.0 | $1.4 | $1.4 | $1.7 | $2.0 | $2.1 | $2.1 |
| | Transport | $4.1 | $6.1 | $6.4 | $5.6 | $6.8 | $12.5 | $7.5 |
| **Oil, Gas & Energy** | Energy - non-oil | $0.1 | $1.0 | $0.3 | $0.1 | $0.1 | $0.0 | $0.0 |
| | Oil & Gas Equipment & Distribution | $1.8 | $2.3 | $2.4 | $3.2 | $3.1 | $3.6 | $3.0 |
| | Oil & Gas Producers | $27.1 | $31.7 | $32.4 | $33.0 | $38.4 | $24.2 | $22.2 |
| **Technology** | IT Hardware & Electronics | $4.6 | $5.7 | $4.6 | $6.8 | $7.4 | $10.8 | $11.8 |
| | Semiconductors & Equipment | $2.3 | $2.5 | $2.9 | $4.1 | $5.3 | $3.8 | $4.5 |
| | Software & Services | $5.6 | $5.9 | $7.2 | $7.1 | $9.0 | $10.6 | $12.5 |
| **Telecommunications** | Fixed Line Telecommunications | $26.4 | $30.4 | $25.9 | $19.7 | $23.7 | $21.4 | $22.6 |
| | Mobile Telecommunications | $9.6 | $12.0 | $13.0 | $11.7 | $10.4 | $10.3 | $8.9 |
| **Utilities** | Utilities | $25.5 | $27.3 | $23.1 | $20.8 | $20.6 | $18.8 | $20.0 |
| **TOTAL** | | **$267.6** | **$329.6** | **$327.8** | **$338.9** | **$384.2** | **$365.6** | **$374.1** |
| **Outside Top 1,200** | | $34.0 | $41.8 | $41.6 | $43.0 | $48.7 | $46.4 | $47.5 |
| **GRAND TOTAL** | | **$301.6** | **$371.5** | **$369.4** | **$381.9** | **$432.9** | **$411.9** | **$421.6** |

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# Appendices (continued)

## HGDI – by region

| Region | 10Q2 | 11Q2 | 12Q2 | 13Q2 | 14Q2 | 15Q2 | 16Q2 |
|---|---|---|---|---|---|---|---|
| Emerging Markets | 116.3 | 150.0 | 182.4 | 195.3 | 208.9 | 195.3 | 154.3 |
| Europe ex UK | 95.3 | 119.8 | 108.8 | 106.0 | 126.1 | 115.1 | 115.1 |
| Japan | 106.3 | 125.7 | 140.7 | 136.1 | 140.3 | 136.5 | 165.8 |
| North America | 94.1 | 107.6 | 126.7 | 154.9 | 164.1 | 182.4 | 198.3 |
| Asia-Pacific ex Japan | 116.9 | 147.5 | 178.3 | 172.6 | 186.3 | 173.3 | 180.3 |
| UK | 107.7 | 108.0 | 131.4 | 134.2 | 183.6 | 145.2 | 147.3 |
| **GLOBAL TOTAL** | **100.9** | **120.2** | **133.1** | **143.0** | **159.7** | **156.6** | **161.0** |

## HGDI – by industry

| Industry | 10Q2 | 11Q2 | 12Q2 | 13Q2 | 14Q2 | 15Q2 | 16Q2 |
|---|---|---|---|---|---|---|---|
| Basic Materials | 98.8 | 149.6 | 196.5 | 187.3 | 182.8 | 168.0 | 132.8 |
| Consumer Basics | 109.3 | 130.0 | 142.4 | 159.5 | 167.0 | 174.3 | 184.1 |
| Consumer Discretionary | 79.1 | 112.2 | 133.5 | 161.4 | 186.5 | 200.4 | 221.1 |
| Financials | 109.2 | 131.6 | 147.2 | 167.6 | 192.1 | 194.7 | 210.2 |
| Healthcare & Pharmaceuticals | 104.1 | 126.1 | 140.3 | 146.6 | 153.5 | 155.9 | 174.5 |
| Industrials | 88.3 | 119.2 | 127.6 | 131.2 | 149.9 | 156.3 | 147.4 |
| Oil, Gas & Energy | 98.3 | 98.3 | 111.4 | 125.0 | 137.5 | 123.4 | 111.3 |
| Technology | 112.0 | 135.6 | 150.1 | 200.4 | 229.2 | 267.0 | 298.4 |
| Telecommunications | 107.6 | 123.5 | 131.3 | 109.1 | 145.9 | 105.6 | 103.7 |
| Utilities | 91.0 | 93.8 | 86.2 | 85.2 | 87.7 | 80.2 | 85.5 |
| **TOTAL** | **100.9** | **120.2** | **133.1** | **143.0** | **159.7** | **156.6** | **161.0** |

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# Appendices (continued)

## Q2 Annual Growth Rate – adjustments from underlying to headline

| Region | Country | Underlying growth | Special dividends | Currency | Index changes | Timing effects | Headline Growth |
|---|---|---|---|---|---|---|---|
| **Emerging Markets** | Brazil | -60.8% | 0.0% | -1.0% | -26.5% | 0.0% | -88.3% |
| | Chile | -27.3% | 11.7% | -5.6% | -34.4% | 0.0% | -55.6% |
| | China | -7.4% | 0.0% | -0.1% | 11.3% | -8.4% | -4.7% |
| | Colombia | -99.1% | 0.0% | 0.0% | -0.9% | 0.0% | -100.0% |
| | India | -0.8% | 0.0% | -6.8% | -0.9% | 17.4% | 8.9% |
| | Indonesia | -25.3% | 27.8% | -2.7% | 10.4% | 0.0% | 10.3% |
| | Malaysia | 4.9% | -9.5% | -9.6% | 0.0% | 6.5% | -7.6% |
| | Mexico | 1.5% | 3.4% | -12.9% | 0.0% | -7.6% | -15.5% |
| | Philippines | -0.4% | -17.1% | -3.2% | 0.0% | 0.0% | -20.6% |
| | Russia | -14.8% | 14.6% | -16.1% | 0.0% | 0.0% | -16.2% |
| | South Africa | -29.9% | 0.0% | -26.3% | -41.2% | 106.8% | 9.4% |
| | Thailand | -2.0% | 0.0% | -3.8% | -32.4% | -2.2% | -40.4% |
| | Turkey | 3.0% | 0.0% | -1.5% | -79.9% | 0.0% | -78.4% |
| | United Arab Emirates | | 0.0% | 0.0% | 77.6% | 0.0% | 92.9% |
| **Europe ex UK** | Austria | -21.6% | 0.0% | 1.6% | 0.0% | 0.0% | -20.0% |
| | Belgium | -16.0% | 0.0% | 2.4% | 10.5% | 0.0% | -3.1% |
| | Denmark | -0.6% | -83.0% | 1.0% | 3.6% | 0.0% | -79.0% |
| | Finland | 6.6% | 7.3% | 4.3% | 15.1% | 0.0% | 33.3% |
| | France | 11.2% | -6.0% | 1.8% | -0.1% | 7.1% | 13.9% |
| | Germany | 2.0% | -0.7% | 1.9% | 2.3% | 0.0% | 5.5% |
| | Ireland | 2.4% | 0.0% | 0.9% | 0.0% | 0.0% | 3.3% |
| | Israel | 4.9% | 0.0% | 0.0% | -15.9% | 0.0% | -10.9% |
| | Italy | 3.0% | 0.0% | 2.5% | 4.2% | 0.0% | 9.7% |
| | Netherlands | 28.3% | 2.2% | 2.3% | 10.2% | 0.0% | 43.0% |
| | Norway | 7.6% | 0.0% | -6.5% | -9.2% | 0.0% | -8.1% |
| | Portugal | -2.4% | 0.0% | 1.7% | 27.4% | 0.0% | 26.6% |
| | Spain | -16.7% | 0.0% | 1.9% | -4.1% | 0.0% | -19.0% |
| | Sweden | 2.5% | -3.1% | 4.5% | -2.3% | -17.2% | -15.6% |
| | Switzerland | 5.1% | -2.1% | -1.1% | 3.3% | -7.3% | -2.0% |
| **Japan** | Japan | -0.8% | 0.8% | 19.2% | 11.6% | -2.0% | 28.8% |
| **North America** | Canada | 0.6% | 0.0% | -3.8% | -9.0% | 0.5% | -11.8% |
| | United States | 4.6% | -0.6% | 0.0% | -1.0% | 0.0% | 3.1% |
| **Asia Pacific ex Japan** | Australia | -0.2% | 0.0% | 0.0% | 0.0% | 1.4% | 1.2% |
| | Hong Kong | -2.4% | -0.5% | -0.1% | 4.1% | 16.4% | 17.4% |
| | Singapore | -21.3% | -1.9% | -1.0% | 0.1% | 0.0% | -24.1% |
| | South Korea | 32.3% | 0.0% | -6.9% | 9.6% | 0.0% | 35.1% |
| **UK** | United Kingdom | -3.3% | 14.0% | -4.8% | 1.8% | 0.0% | 7.7% |

# Frequently Asked Questions

## What is the Henderson Global Dividend Index?

The Henderson Global Dividend Index (HGDI) is a long-term study into global dividend trends, and is the first of its kind. It is a measure of the progress global firms are making in paying their investors an income on their capital. It analyses dividends paid every quarter by the world's largest 1,200 firms by market capitalisation.

## How many companies are analysed?

The world's largest 1,200 companies by market capitalisation are analysed in detail, representing 90% of global dividends paid. The next 1,800 only represent 10%, so due to their size, their effects on the results are negligible.

## What information does HGDI provide?

The index breaks down global payouts by region, industry and sector. It enables readers to easily compare the dividend performance of countries like the US for example, that provide a large proportion of global dividends, alongside smaller nations such as the Netherlands. The report aims to explain the world of equity income investing.

## What do the charts cover?

All charts and tables are based on the analysis of the top 1,200 companies. The charts are there to help illustrate the dividend performance, regional and sector pay outs.

## Why is this piece of research produced?

The hunt for income remains a major investment theme for investors, and in response to client feedback Henderson has undertaken a long term study into global dividend trends with the launch of the Henderson Global Dividend Index.

## How are the figures calculated?

Dividends are included in the model on the date they are paid. They are calculated gross, using the share count prevailing on the pay-date, and converted into US dollars using the prevailing exchange rate. Please see the methodology section in the HGDI report for a more detailed answer.

## Why is the report based in dollars?

The report is produced in US dollars, since the US dollar is the global reserve currency, used as the standard measure for comparing cross border financial metrics.

## Is the data in the report year on year or quarter on quarter?

The report is published on a quarterly basis. Given that this is a global study of dividend income, publishing the data on a quarterly basis provides best insight on which regions and sectors pay dividends in which quarter. In each edition the data is compared with the same quarter of the previous year e.g. Q1 2015 vs Q1 2014.

## What is the difference between headline and underlying growth?

In the report we focus on headline growth which is how much was paid in USD in any quarter in relation to the same period in the previous year. Underlying growth is also calculated, but is an adjusted rate which takes currency movements, special dividends, timing changes and index changes into account.

## Can you invest in the HGDI?

The HGDI is not an investable index like the S&P 500 or FTSE 100, but is a measure of the progress that global firms are making in paying their investors an income on their capital, taking 2009 as a base year (index value of 100).

## Is the HGDI linked to any of Henderson's funds?

The index is not linked to any of Henderson's funds, however the report is headed by Alex Crooke, Head of Global Equity Income and supported by Ben Lofthouse and Andrew Jones co-managers of Henderson's Global Equity Income strategy.

## Why should investors be interested in global dividend income?

Investing in companies that not only offer dividends, but increase them, has proven over time to provide both growing income and higher total return than companies that do not. Investing globally offers investors diversification across countries and sectors to reduce risk to income and capital.

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