

# THE PANDEMIC AND GLOBAL DIVIDENDS

January 2021

**Ben Lofthouse, CFA**

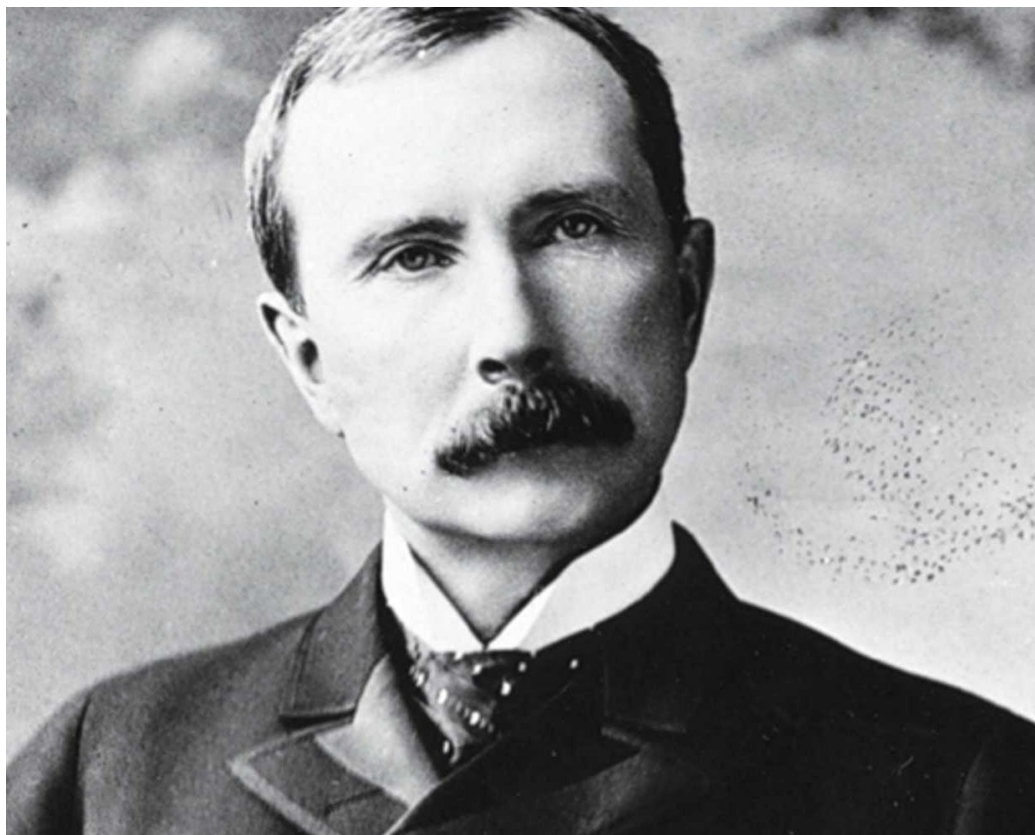
Head of Global Equity Income | Portfolio Manager



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“Do you know the  
only thing that gives  
me pleasure?  
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dividends coming in.”

— John D. Rockefeller

# UNPRECEDENTED DIVIDEND CUTS IN 2020



Source: The Guardian and the Financial Times

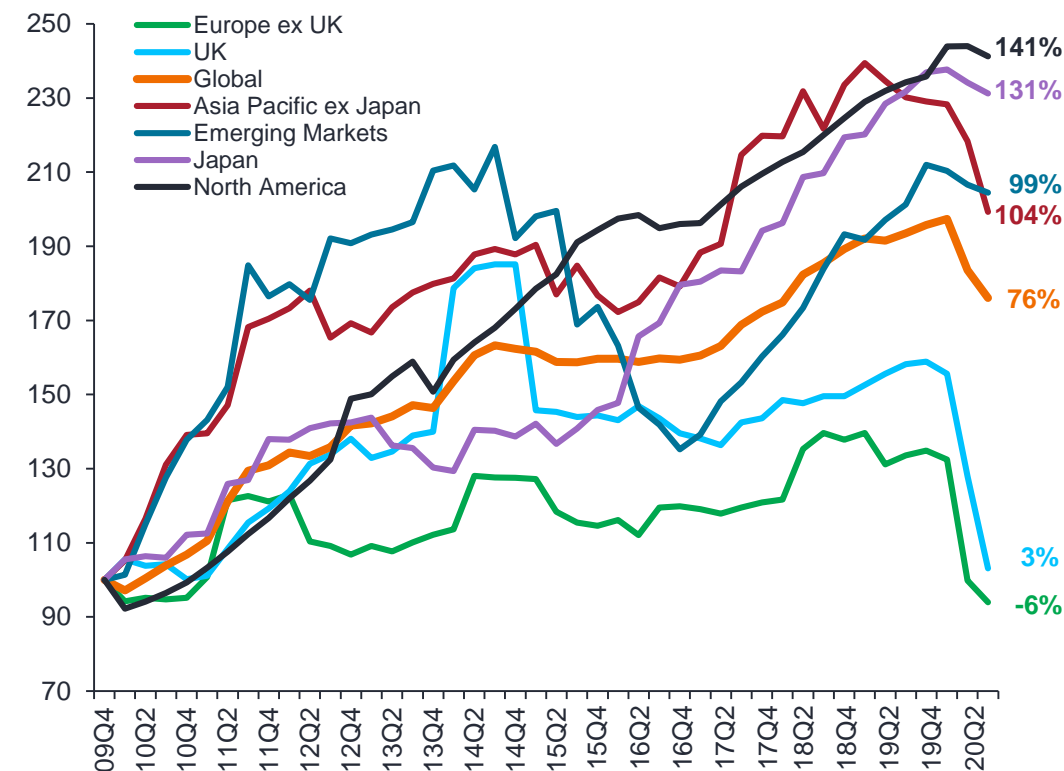
Note: Headlines taken from articles published between 20 March 2020 and 30 October 2020.

# JHGGI REGIONS – SIGNIFICANT DISPERSION

## Janus Henderson Global Dividend Index (JHGGI)

Region	Dividend Growth Q3 2020
Emerging Markets	1.7%
North America	-3.3%
Global	-11.4%
Asia Pacific ex Japan	-12.8%
Japan	-16.0%
Europe ex UK	-26.8%
UK	-41.6%

## Cumulative Dividend Growth



Source: Janus Henderson Investors, as at 30 September 2020

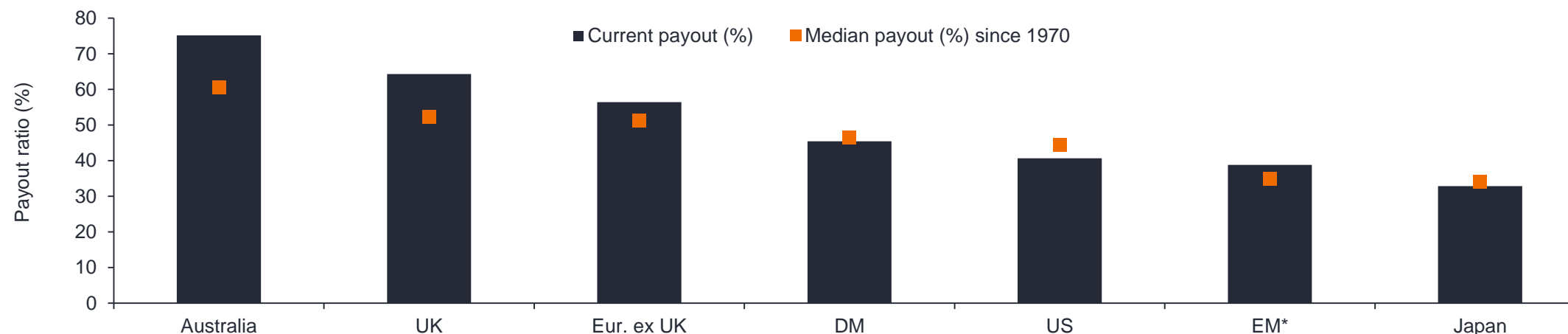
Note: Right hand chart rebased to 100. Dividends paid by top 1,200 global companies by market capitalisation in USD. Rounded to the nearest whole number, and based on dividend growth between Dec 2009 and September 2020.

**Past performance is not a guide to future performance.**

# THE STARTING POINT HAS MATTERED

Payout ratios from this time last year

## Dividend Yield and Payout Ratios by Region



Forecast Dividend Yield	Australia	UK	Eur. ex UK	DM	US	EM	Japan
2019	4.6%	5.6%	3.1%	2.3%	1.7%	2.5%	2.4%
2020	3.6%	4.0%	2.8%	2.0%	1.5%	2.4%	2.2%
2021	3.8%	4.3%	3.1%	2.1%	1.6%	2.7%	2.3%

Source: Citigroup Research – Global Equity Strategy, chart as at 31 August 2019, table as at 30 November 2020  
 Forecasted figures are projected estimates based on FactSet consensus data. \*EM median payout (%) is since 1996.

Note: The above indices are standard MSCI indices where Developed Markets (DM) is the MSCI World. EM: Emerging Markets  
 Yields may vary and are not guaranteed.

# THE TIMING WAS UNFORTUNATE

% annual dividends paid in each quarter (2009-2019)

Forecast Dividend Yield	Q1	Q2	Q3	Q4
North America	24%	25%	25%	26%
Europe ex UK	14%	68%	8%	10%
UK	22%	30%	31%	17%
Japan	5%	47%	6%	42%
Asia ex Japan	11%	28%	43%	18%
Emerging Markets	11%	27%	44%	18%
Global	18%	37%	25%	21%

■ >40%

Source: Janus Henderson Global Dividend Index, as at December 2019

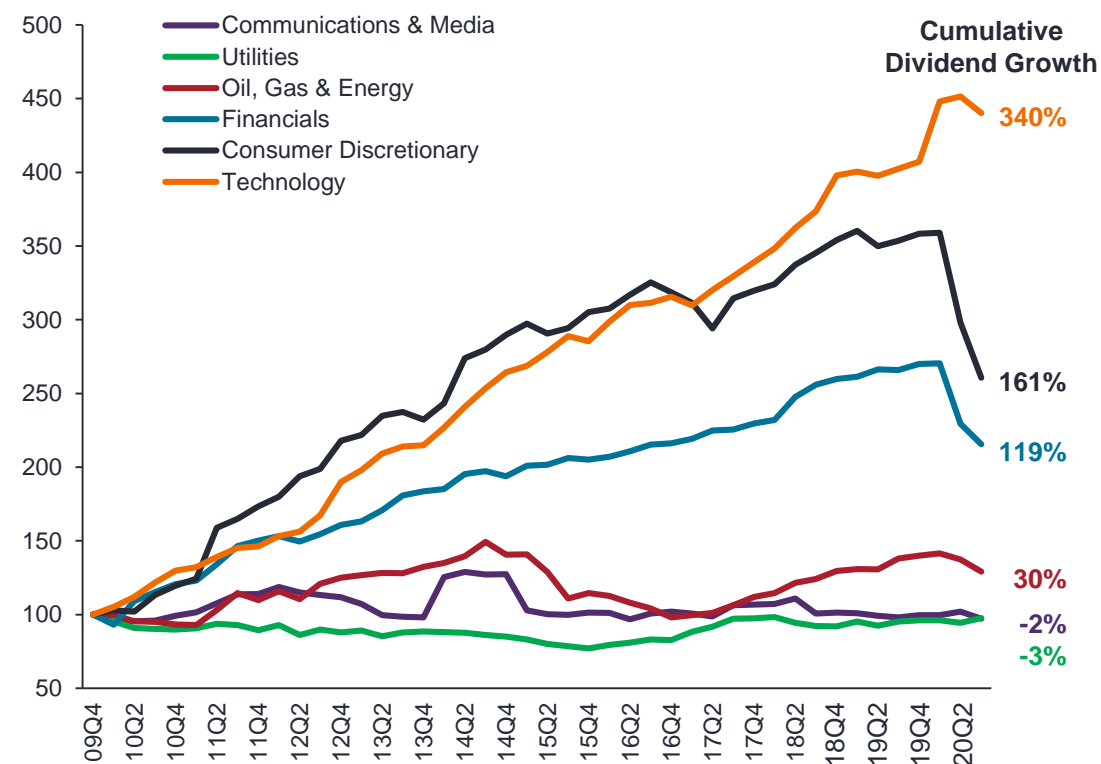
Note: Global total includes companies outside the top 1200. Rounded to the nearest whole number, and based on dividends paid between December 2009 and December 2019.

# JHGGDI SECTORS – SIGNIFICANT DISPERSION

## Janus Henderson Global Dividend Index (JHGGDI)

Industry Sector	Dividend Growth in Q3 2020
Utilities	9%
Healthcare & Pharmaceuticals	4%
Consumer Basics	4%
Industrials	-15%
Financials	-19%
Consumer Discretionary	-43%

## Janus Henderson Global Dividend Index (JHGGDI)



Source: Janus Henderson Investors, as at 30 September 2020

Note: Left hand table shows the top 3 and bottom 3 sectors according to Q3 2020 dividend growth. The right hand chart shows the top 3 and bottom 3 sectors according to cumulative dividend growth, and is rebased to 100. Dividends paid by top 1,200 global companies by market capitalisation in USD. Rounded to the nearest whole number, and based on dividend growth between December 2009 and September 2020.

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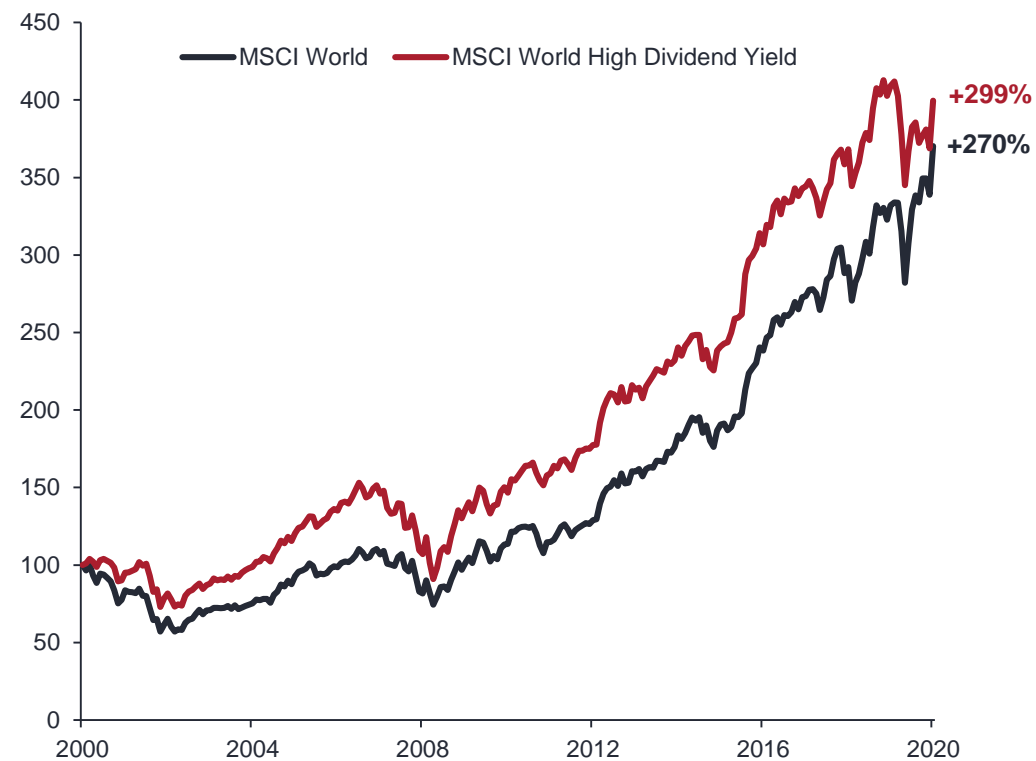
# MARKET TRENDS

Dividend uncertainty has impacted income stocks despite low interest rates



Source: Datastream, as at 30 November 2020

Note: Indices are total return, in GBP, rebased to 100 as at 1 January 2020



Source: Datastream, as at 30 November 2020

Note: Indices are total return, in GBP, rebased to 100 as at 30 November 2000



# UK INCOME BACKDROP

A difficult 2020 but outlook better

## DRIVER OF DIVIDEND CUT

Balance Sheet Stress



## OUTLOOK

Stabilised, Helped by Central Banks

Pay-out Ratio



Largely Rebased, Some Sectors Still Stretched

Covid Impact / Uncertainty



Generally Understood by Sector, Duration Hard to Call

Political Concerns



Improved

Regulation

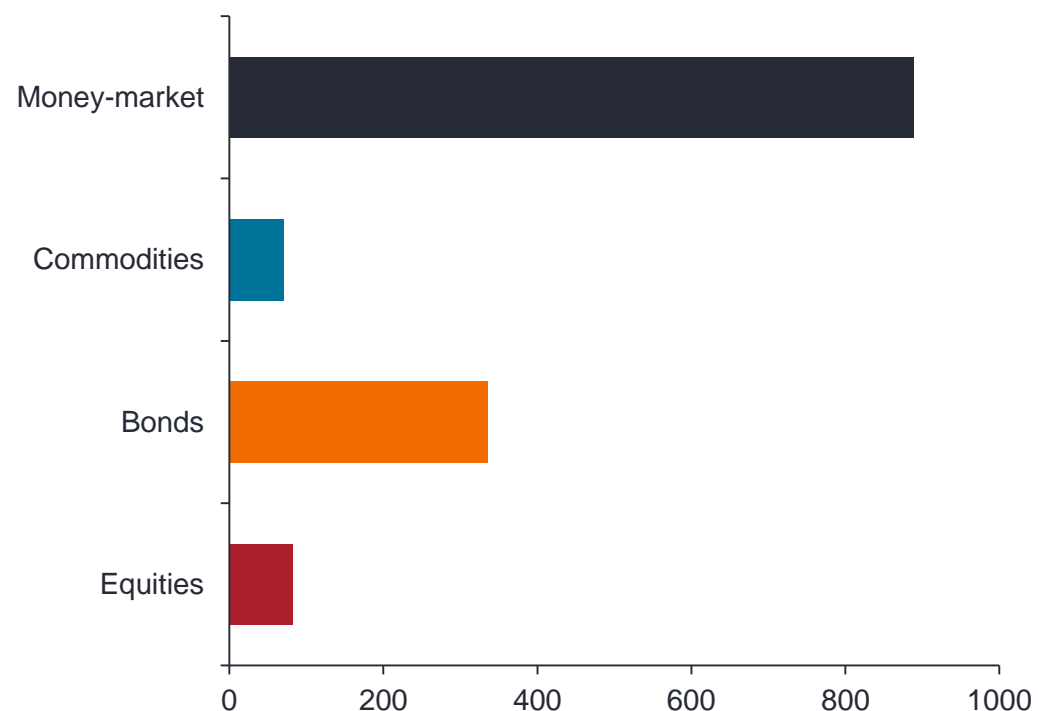


Improving for Financials

# OUTLOOK – CASH STILL KING?

Investors accumulated cash in 2020

Global Asset Class Flows in 2020 (\$Bn)



Source: Janus Henderson Investors, BofA Merrill Lynch Global Investment Strategy, EPFR Global, 24 November 2020

Notes: Includes mutual funds and ETFs

Assets in US Money Market Funds (\$Bn)



Source: Janus Henderson Investors, Bloomberg, as at 1 December 2020

# OUTLOOK – OPPORTUNITIES

## Top 10 stocks – significant premium vs. their bonds

Forecast Dividend Yield	Weight (%)	Dividend Yield (%)	Bond Rating	Bond Yield (%)
Microsoft	4.7	1.0	AAA	0.72
TSMC	3.5	2.0	–	0.55
Samsung	3.3	1.9	AA-	4.02
Novartis	2.7	3.9	AA-	-0.44
Nestle	2.5	2.7	AA-	-0.24
Cisco	2.5	3.2	AA-	0.54
Zurich	2.5	5.6	–	–
Roche	2.2	3.0	AA	–
Medtronic	2.1	2.1	A	–
Bristol-Myers Squibb	2.1	3.2	A+	1.05

Source: Janus Henderson, Bloomberg, weights as at 30 November 2020, Dividend yield, bond rating and bond yield as at 21 December 2020

Note: Dividend yields as 12m forward. Bond ratings and yields are based on the 5 year bond., with the exception of Samsung which is the 7 year and Nestle which is the 8 year  
References made to individual securities should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase, and neither should be assumed profitable

# OUTLOOK – OPPORTUNITIES

Diverse growth opportunities

Water Management



Efficiency / Safety



Electrification / Renewables



Technology



Circular Economy



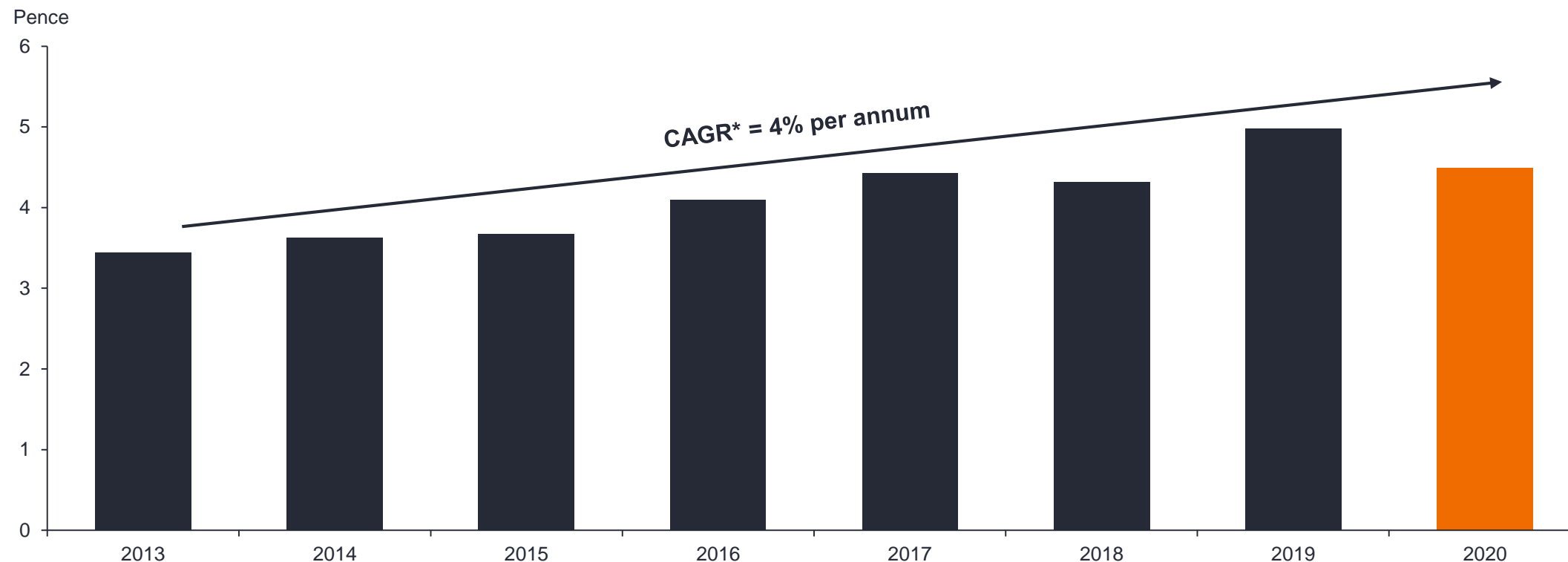
Health



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# JANUS HENDERSON GLOBAL EQUITY INCOME FUND

## Dividend growth through cycle



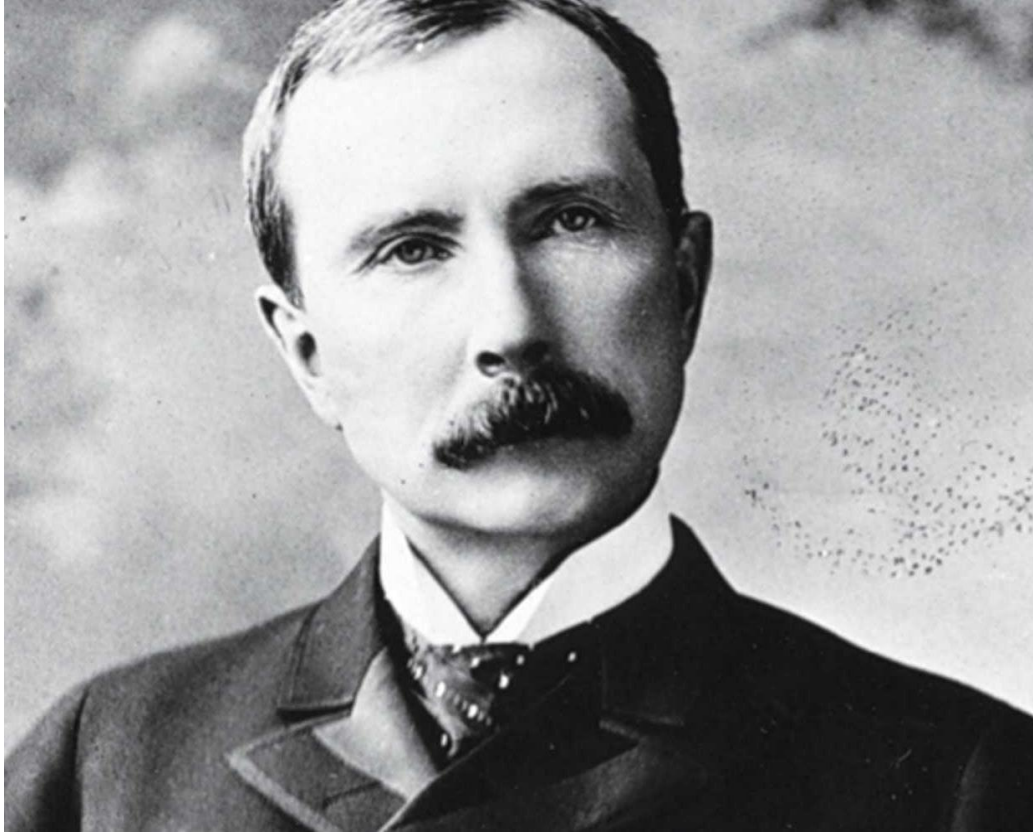
Source: Janus Henderson Investors, as at 31 October 2020

Notes: The chart shows the annual dividends announced and payable in GBp for Janus Henderson Global Equity Income OEIC I Inc share class

Annualised growth based on dividends between 30 November 2012 and 31 October 2020

\*Compound Aggregate Growth Rate

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# APPENDIX

# BIOGRAPHY



**Ben Lofthouse, CFA**

Head of Global Equity Income | Portfolio Manager

Ben Lofthouse is Head of Global Equity Income at Janus Henderson Investors, a position he has held since 2018. Mr. Lofthouse has been part of the Global Equity Income Team since joining Henderson in 2004 and has managed a range of equity income mandates since 2008. Prior to Henderson, Mr. Lofthouse worked as an accountant at PricewaterhouseCoopers, where he started his career in 1998.

Mr. Lofthouse graduated with a BA degree (Hons) in business economics from Exeter University. He is an associate of the Institute of Chartered Accountants in England and Wales (CA) and holds the Chartered Financial Analyst designation. He has 23 years of financial industry experience.

Source: Janus Henderson, as at 31 December 2020



# GLOBAL EQUITY INCOME FUND

## Annualised Performance (%)

	3 Year	5 Year	Since Inception
Fund – I Acc GBP (Net)	2.95	8.33	7.82
MSCI World GR Index	10.62	14.19	12.71
IA Global Equity Income	4.97	9.31	7.98

## Discrete Performance (%)

	I Acc GBP (Net)	Index	Peer Group
30 Sep 2019 – 30 Sep 2020	-5.70	5.79	-3.79
30 Sep 2018 – 30 Sep 2019	4.58	8.38	7.31
30 Sep 2017 – 30 Sep 2018	5.91	15.07	6.93
30 Sep 2016 – 30 Sep 2017	14.18	15.05	12.02
30 Sep 2015 – 30 Sep 2016	26.34	30.63	26.06

### Index Description

The MSCI World Index is a measure of the combined performance of large and medium sized companies from developed stock markets around the world. It is the income target for the Fund and provides a useful comparison against which the Fund's performance can be assessed over time.

### Peer Group Description

The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The Fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

Source: Janus Henderson Investors, as at 30 November 2020. Discrete performance as at 30 September 2020.

Note: Since inception date: 17 January 2014

The Fund aims to provide a return, from a combination of capital growth and income over the long term (5 years or more)

Performance fees may be charged before the Fund's outperformance target is reached

Index: MSCI World Index (Gross Return), usage: comparator. Peer group benchmark: The Investment Association (IA) usage: comparator

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## Contact us

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