HENDERSON GLOBAL DIVIDEND INDEX

Henderson
GLOBAL INVESTORS
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Edition 9
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#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 15.

Introduction

Henderson Global Investors is an asset manager that has invested 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 the first of its kind: a long-term study into global dividend trends. It is not an investable index like the S&P 500 or the Hang Seng but is a measure of 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 can be broken down, in US dollar terms, 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 – outlook

Report highlights

At first glance, 2015 was disappointing for the equity income investor. Headline global dividends* fell by 2.2% to $1.15 trillion, equivalent to a decline of $26.4bn. This marked the first annual decline in HGDI's seven-year history with the index ending the year at 157.7**. Much of the decline can be attributed to the exceptional strength of the dollar, which wiped $104bn off the value of global dividends over the year. The underlying picture was, however, much more robust with growth of 9.9%.

Looking past the impact of the strong US dollar, there are several reasons to be optimistic. North America – the engine of global dividend growth – hit a new high, while in Europe there was encouraging underlying growth. There were also encouraging signs that Japanese companies are paying attention to encouragement from policymakers and investors for higher dividend payments. The UK was the exception amongst developed markets given the FTSE 100's high concentration of oil and mining stocks which have been impacted by the current commodity price slump.

Even in the turbulent emerging markets, the fall in headline dividends was only 8.3% despite dividends in China falling for the first time ever. Underlying growth was more encouraging at +12.7%.

Outlook

Headline growth in 2016 should improve as currency effects dissipate, which will allow underlying dividend growth in most regions to shine through. However, the global underlying growth rate is likely to be lower as the full impact of lower commodity prices and economic growth will be felt in the emerging markets. It is also likely to be another difficult year for the UK dividend income investor due the concentration of mining companies in the FTSE 100.

The fourth quarter was more positive as headline dividends increased **4.6%** due to dissipating exchange rate effects

Further dramatic strengthening of the US dollar is unlikely, encouraging underlying dividend growth from many regions to shine through

We expect payouts to exceed **$1.17 trillion** in **2016**, a headline increase of 1.6% equivalent to a **3.3%** rise in underlying terms.

* Please refer to the glossary of services found on page 15.

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

Executive summary – by region

Overview

- Global dividends fell 2.2% (headline) in 2015 to $1.15 trillion – a decline of $26.4bn
- This was the first annual decline in the HGDI's seven-year history: the HGDI finished the year at 157.7, down from 161.3** at the end of 2014
- The fall reflected a very strong US dollar rather than difficulties at the company level; the exchange rate knocked an unprecedented $104bn off the translated value of global dividends
- The fourth quarter was more positive as headline dividends increased 4.6% due to dissipating exchange rate effects
- Underlying growth* – which strips out special dividends, currency movements, index changes and changes in the timing of payments – was an outstanding 9.9% for 2015

North America

- North American dividends hit a new high in 2015; rising by 12.1% (headline) to $440.4bn – underlying growth was 10.2%
- US companies paid out $50bn more in 2015 than 2014 – an increase of 14.1% to $405.4bn – while Q4 saw the eighth consecutive quarter of double digit growth
- US HGDI reached a level of 200.0** at the end of 2015 – in other words, payouts have doubled since 2009
- Canada's weak currency pushed headline dividends down 6.7% to $35bn for the year, but underlying growth in Canada was strong at +10.1%

Europe ex UK

- European dividends dropped by 12.2% (headline) to $204.5bn, hit by the sharply lower value of the euro which deducted $41.7bn from annual payouts
- The European HGDI was 109.6** by the end of 2015 – the lowest since 2013
- But underlying growth was encouraging at 7.7%
- France is Europe's largest dividend payer but, in underlying terms, grew more slowly than its neighbours with growth of just +0.6%
- Germany's underlying dividend growth was 9.3% but the Netherlands topped the growth tables with an underlying increase of 42.1%

UK

- UK lagged behind other developed markets as dividends fell by 21.7% (headline) to $107.1bn with special dividends much lower this year
- Underlying growth was 3.7%, which was also poor in comparison to other developed markets
- A few big companies dominate the UK dividend universe and these all showed no or slow growth

Japan

- Headline growth* in Japan was 5.2%, taking payouts to $51.9bn – the second fastest headline growth rate among large developed countries
- But headline growth was hit by the decline in the value of the yen which masked an impressive underlying growth rate of 19.2% – the best among the major economies
- Higher payout ratios drove dividend growth

* Please refer to the glossary of services found on page 15.

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

Executive summary – by region (continued)

Emerging Markets

- Despite emerging market turmoil, dividends only fell by 8.3% (headline) to $106.8bn, while underlying growth was 12.7%
- China, which is the biggest contributor to emerging market dividends, saw its first ever annual decline
- Banks make up three quarters of Chinese payouts and despite challenging trading conditions, the largest banks managed to maintain payouts
- Russian dividends dropped by 20.8% as sharply higher rouble-based dividends could not compensate for the plunging exchange rate
- In Brazil, dividends fell in headline and underlying terms and India replaced it as the third largest emerging market payer

Asia Pacific ex Japan

- Headline growth was held back by weaker exchange rates as annual dividends fell by 5.0% to $110.3bn while underlying growth was 14.0%
- Australia experienced a 7.6% headline decline, due to a sharply lower exchange rate; however underlying growth was an encouraging 14.8%
- Hong Kong dividends dropped by 14.6% to $34.5bn, mainly because a number of large special dividends were not repeated. Underlying growth was also slow at 2.5%
- Taiwan and South Korea saw dividends soar as payout ratios rose

Industries & sectors

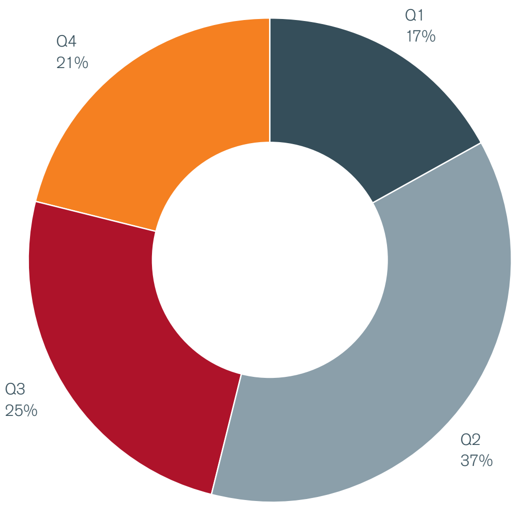
- Financials dominate world dividends, accounting for a quarter of payouts; financial dividends significantly outperformed the global average in 2015, driven by Switzerland and the US
- Oil dividends dropped 20% in 2015. The fall was exaggerated by technical factors with most of the world's biggest oil companies maintaining payouts, while some smaller ones cut dividends
- Mining dividends only fell modestly despite collapsing commodity prices, but companies are likely to cut payouts in 2016
- Technology (especially in Taiwan) and consumer sectors (especially in the US) topped the growth league

Outlook

- Headline growth in 2016 should strengthen but underlying growth will be weaker than 2015
- Further dramatic strengthening of the US dollar is unlikely, encouraging underlying dividend growth from many regions to shine through
- The UK and emerging markets will be weak spots, with the former especially hit by mining companies cutting payouts
- We expect payouts to top $1.17 trillion in 2016, a headline increase of 1.6% and a 3.3% rise in underlying terms

Global dividends decline for first time on HGDI record, though a soaring US dollar disguises growth in all regions

Quarterly distribution of dividends 2009-2015



Global dividends fell by 2.2% to $1.15 trillion in 2015, in line with our forecast. The annual decline of $26.4bn was the first in the seven-year history of Henderson's Global Dividend Index but principally reflected unusually volatile foreign exchange markets rather than difficulties experienced at company level. The US dollar ended the year stronger against the majority of world currencies – the only exceptions being those that are tightly pegged to it.

At the end of 2015, the HGDI had fallen to 157.7 compared with 161.3 for the previous year. It reached a low point in July but rose modestly in the second half of the year as the impact of exchange rate factors faded, allowing underlying growth at country and company level to become more visible. In fact, the year ended on a strong note, thanks in particular to very large dividends from companies in Russia and Colombia proving, once again, how unpredictable they can be. In the fourth quarter, headline dividends rose by 4.6% year on year to $230.0bn – the fastest increase since late 2014.

For the full year, underlying growth – which strips out special dividends, currency movements, index changes, and changes in the timing of payments – was 9.9%, an outstanding result, and comfortably ahead of the impressive 8.8% underlying growth rate investors enjoyed in 2014. Underlying growth in the fourth quarter 2015 was 12.1%.

Annual dividends by region in USD billions

Region	2010	% change	2011	% change	2012	% change	2013	% change	2014	% change	2015	% change
Emerging Markets	82.2	35.3%	106.9	30.1%	116.1	8.6%	130.2	12.1%	116.5	-10.5%	106.8	-8.3%
Europe ex UK	177.8	-4.7%	222.8	25.3%	196.4	-11.9%	204.7	4.2%	232.8	13.8%	204.5	-12.2%
Japan	40.4	12.0%	49.5	22.3%	51.3	3.8%	46.4	-9.6%	49.3	6.3%	51.9	5.2%
North America	225.3	-0.7%	264.8	17.5%	337.9	27.6%	342.1	1.2%	392.9	14.8%	440.4	12.1%
Asia Pacific	87.6	39.2%	107.6	22.8%	106.0	-1.4%	112.3	5.9%	116.0	3.3%	110.3	-5.0%
UK	77.1	4.0%	88.4	14.8%	101.9	15.2%	103.1	1.2%	136.7	32.6%	107.1	-21.7%
TOTAL	690.4	6.6%	840.0	21.7%	909.6	8.3%	938.8	3.2%	1,044.3	11.2%	1,020.9	-2.2%
Divs outside top 1200	87.7	6.6%	106.6	21.7%	115.5	8.3%	119.2	3.2%	132.6	11.2%	129.6	-2.2%
GRAND TOTAL	778.0	6.6%	946.6	21.7%	1,025.1	8.3%	1,058.0	3.2%	1,176.9	11.2%	1,150.5	-2.2%

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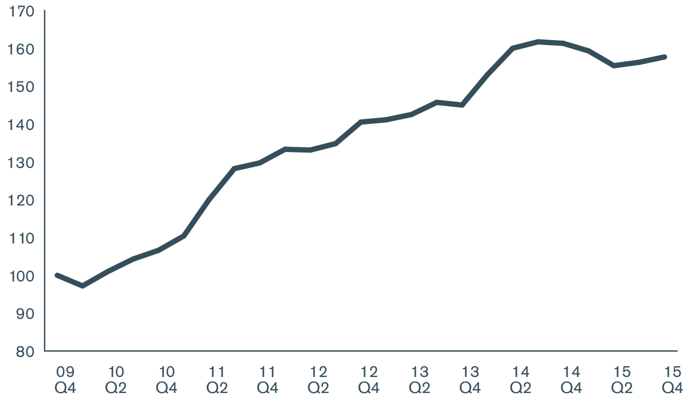
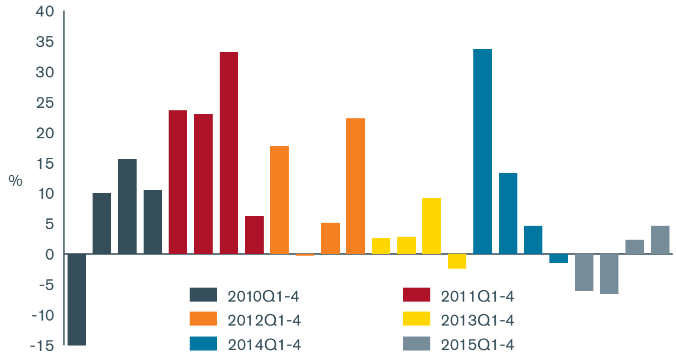
Global dividends decline for first time on HGDI record, though a soaring US dollar disguises growth in all regions (continued)

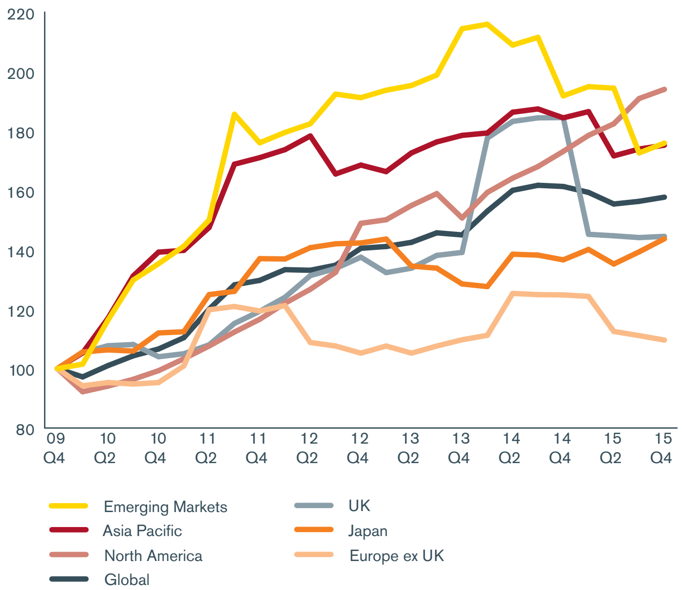
HGDI



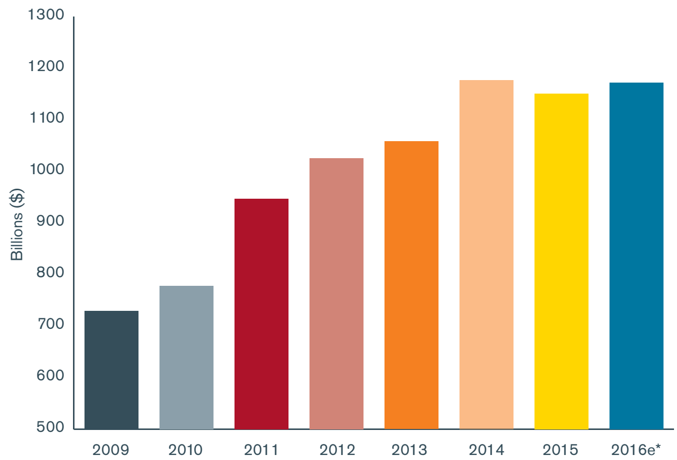
Total dividends, annual growth per quarter



HGDI – by region



Global dividends (US$)



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* This is a forecasted figure for 2016.

Underlying and headline growth

The 12.1 percentage point difference between underlying and headline growth for 2015 is particularly pronounced. Over the long term, exchange rate effects broadly even out but the effect in 2015 was exceptional and reflected the extraordinary strength of the US dollar over the course of the year. The strength of the US dollar deducted nine percentage points from annual headline growth, equivalent to a fall of $104bn in dividends over the course of the year. This was ten times greater than in 2014, and the greatest in the Index's record.

The impact of the strong dollar was greatest in Europe where quantitative easing caused the euro and other currencies to weaken sharply. Away from Europe, and compared to the size of their overall dividends, the impact was greatest in Russia, Brazil, and Australia whose currencies fell sharply along with the commodity prices on which their exports depend. By the end of the year, the effect had begun to dissipate as foreign exchange volatility subsided. In the fourth quarter exchange rate effects reduced dividend growth by only 6 percentage points compared with 13 percentage points in the second quarter.

Lower special dividends in 2015 compared to 2014 deducted two percentage points from the headline growth rate, and slightly more in the fourth quarter.

Changes to the list of companies which constitute the global top 1200 subtracted 1 percentage point from the headline growth rate in 2015 but had no effect in the fourth quarter. Index changes resulted in lower payments from all regions except Japan and North America.

Timing differences* occur when a company shifts a payment from one quarter to another but have only a negligible effect on the index over the course of a full year. There can be a pronounced effect in any one quarter or a single region, however. In the fourth quarter it was just one percentage point and the greatest impact was in emerging markets, where payments are customarily less regular than in developed markets.

The tables below show the contribution each factor makes to regional growth rates around the world.

Full year 2015 – adjustments from underlying to headline growth*

Region	Underlying growth	Currency effects	Special dividends	Index changes	Headline dividend growth
Emerging Markets	12.7%	-18%	-1%	-2%	-8.3%
Europe ex UK	7.7%	-18%	1%	-3%	-12.2%
Japan	19.2%	-14%	0%	0%	5.2%
North America	10.2%	-1%	3%	1%	12.1%
Asia Pacific	14.0%	-10%	-6%	-2%	-5.0%
UK	3.7%	-4%	-19%	-2%	-21.7%
Total	**9.9%**	**-9%**	**-2%**	**-1%**	**-2.2%**

Q4 annual growth rate – adjustments from underlying to headline growth

Region	Underlying growth	Currency effects	Special dividends	Index changes	Timing effects	Headline dividend growth
Emerging Markets	40.8%	-30%	-2%	0%	8%	16.3%
Europe ex UK	2.8%	-13%	-4%	-2%	3%	-12.9%
Japan	16.5%	-4%	0%	0%	-5%	8.0%
North America	9.3%	-2%	-2%	1%	0%	6.9%
Asia Pacific	22.5%	-12%	-5%	1%	-2%	3.9%
UK	2.4%	-3%	1%	-3%	5%	1.7%
Total	**12.1%**	**-6%**	**-2%**	**0%**	**1%**	**4.6%**

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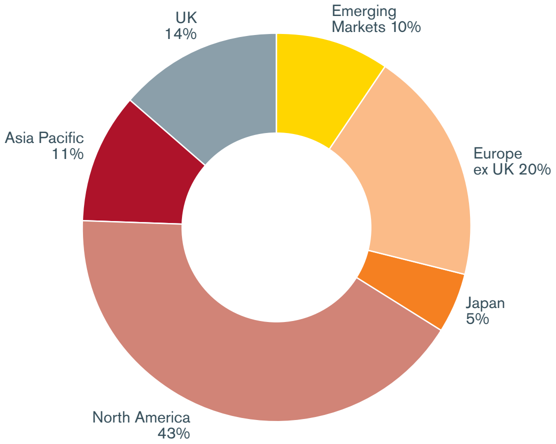
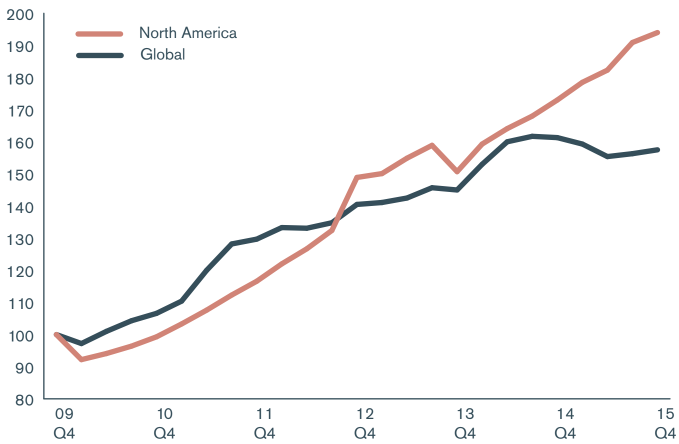
* Timing effects are not significant on an annual basis

Regions and countries

2015 dividends by region



HGDI – North America



North America

North American companies pay more than two fifths of the world's dividends and delivered the fastest headline growth of any region in 2015. Canadian dividends only contribute one tenth to the continent's total so the sharp fall in the Canadian dollar only had a relatively small impact. North American dividends rose by 12.1% (headline) to $440.4bn in 2015, equivalent to an underlying increase of 10.2% for the full year.

US companies paid their shareholders an additional $50bn in dividends in 2015, the total rising by 14.1% (headline) to $405.4bn. The fourth quarter marked the eighth consecutive quarter of double-digit increases with underlying growth of 10.2% in 2015.

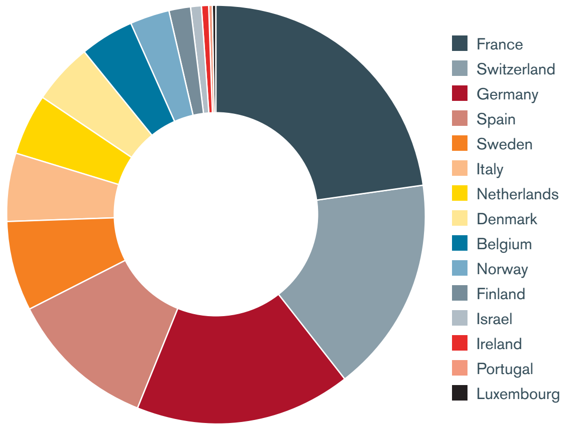
Every sector in the US increased payouts, except for mining and semiconductors. Computer chip companies' payments were only lower because KLA-Tencor made a large special dividend payment in 2014. In the US's small mining sector, Freeport McMoran, Newport and Southern Copper all paid out substantially less to their shareholders as commodity price falls impacted profits. Overall oil producers held their dividends flat at $31.8bn, despite much lower oil prices, though Chesapeake cut. This may signal difficulties for other smaller players as the oil price has continued to fall into 2016. Low oil prices have already cost producers their top spot as the largest paying sector in the US. The pharmaceuticals & biotech sector overtook oil & gas producers as the largest dividend payer – payouts rose to $33.1bn, an annual increase of 13%, and were boosted by Gilead's first year of dividends and dramatic increases from Amgen. Payouts from this sector look set to increase further in 2016.

The US HGDI finished 2015 at 200.0, signifying an exact doubling of US dividends since 2009.

Canadian dividends fell 6.7% in 2015 to US$35.0bn. They increased 10.1% in underlying terms once the rapid decline in the Canadian dollar and other factors were taken into account. Overshadowed by its giant neighbour, it is easy to overlook that Canada is, in fact, the sixth largest dividend payer in the world, larger than Germany. Many sectors grew payouts even in US dollar terms but mining dividends fell by close to three fifths and oil companies collectively paid almost a quarter less, with Canadian Oil Sands, a high cost producer, cutting its dividend sharply.

Europe ex UK

Europe ex UK 2015



European dividends fell by 12.2% (headline) to $204.5bn due to a dramatic exchange rate effect which wiped $41.7bn off the value of payouts. This impact was so significant because the euro was 24% lower year-on-year against the US dollar during the second quarter when two thirds of European dividends are paid. Companies outside the eurozone did not escape as other European currencies fell in tandem. Exchange rate movements knocked 18 percentage points off the European growth rate in 2015, disguising the rather encouraging underlying European dividend growth of 7.7% once other factors were also considered. The European HGDI fell to 109.6 – its lowest level since the end of 2013.

France is the largest dividend payer in Europe and its companies distributed $47.0bn in 2015, down 15.8% year on year. Underlying growth of 0.6% was slow by comparison to its neighbours – but this was slightly distorted by a change in the payment schedule for Total, which we do not take into account in the annual figures. Orange was among France's weakest performers, cutting its payout by 14% in euro terms, a decline which doubled in US dollar terms to almost $700m. Among France's largest companies, Axa and Société Générale both made large increases, almost enough to offset the sharp fall in the currency.

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Regions and countries (continued)

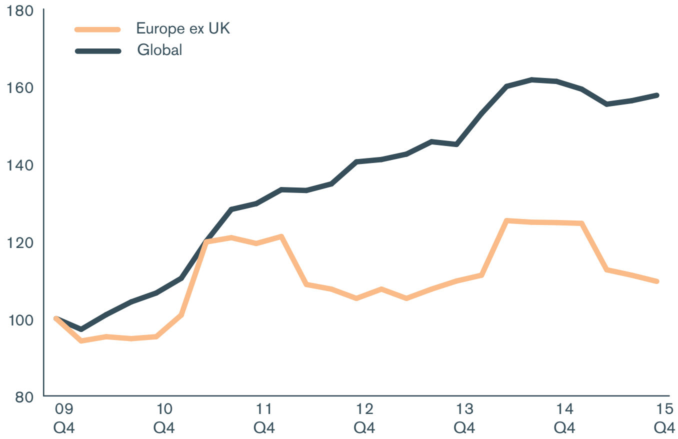
German dividends fell by 13.3% to $34.2bn but rose 9.3% in underlying terms. Allianz was Germany's largest payer, increasing its payout by 29% in euro terms – equivalent to a 5% rise in US dollar terms. A 10% increase from Siemens – its first since 2012 – was not enough to offset the weaker euro but was nevertheless a strong performance from Germany's second largest payer. In the automobile sector, BMW raised its euro payout to 12%, while Volkswagen, which is Germany's eighth largest payer, distributed an extra 20% in euro terms. The subsequent scandal over diesel emissions, however, means a sharp cut is likely in 2016.

Spanish dividends fell sharply, down 27% year on year on a headline basis to $23.1bn. Underlying growth underperformed too – there was no increase on last year's level. The largest single factor was the sharp $1.5bn dividend cut from Banco Santander – a reduction of two thirds. It announced it would no longer distribute shares in lieu of a dividend; even though the new level of dividends is lower, it is now a true cash payment to investors. Repsol appeared to pay out far less to its shareholders but that was because it made a large special payment in 2014. In Italy, where a sharp cut from ENI Spa in the face of lower oil prices made a large dent in the annual total, a number of companies nevertheless made significant increases. Snam and Intesa are two such examples. Italian dividends fell by 14.8% (headline) but underlying growth was an impressive 8.8%.

The best performing country, however, was the Netherlands, where dividends soared 20.4% on a headline basis to $9.6bn, representing even stronger underlying growth of 42.1%. ING and KPN reinstating dividend payments accounted for most of the growth, though Heineken and Randstad also increased their payouts significantly – even in US dollar terms.

Switzerland just missed becoming the second largest payer in Europe. Swiss companies paid their investors $34.0bn, a headline increase of 1.9% – equivalent to 7.9% underlying growth. The exchange rate effect was much lower for the Swiss franc than for the euro and there was real strength at company level. UBS stood out: even in US dollar terms it almost tripled its payout to $3.0bn – one third of which was a special supplementary dividend. A number of other Swiss companies also made healthy increases in their payouts e.g. Roche, Novartis.

HGDI – Europe ex UK



UK

The UK performed poorly compared to other developed markets. Dividends fell by 21.7% on a headline basis to $107.1bn – the dramatic decline principally due to a record special dividend Vodafone paid in 2014. Sterling's weakness relative to the dollar deducted another four percentage points and index changes also made a small impact. Underlying growth of 3.7% was nevertheless subdued in comparison to most other developed countries and reflected little or no growth among the UK's largest listed companies. Shell and Glaxo held their dividends flat, while HSBC and BP only increased payments by 1.7% and 2.5% respectively. These companies are in the global top 25 dividend payers and dominate the dividends paid in the UK so a lacklustre performance from them has a significant impact. There were other high profile dividend cuts, particularly in the UK supermarket sector.

The outlook for the UK in 2016 remains challenging as many of the huge multinational mining companies, which have headquarters in Britain, have already cancelled their payouts. Standard Chartered, which is suffering from harsh trading conditions in emerging markets, will also be reducing dividends. Although the cuts are large, they are concentrated among a few companies. This will reduce the size of overall UK payouts but masks the positive impact the rapid growth of the domestic economy is having on the ability of mid-sized companies' to sharply increase dividends. Unfortunately these companies are too small either to have a major influence on the total amount paid or to make it into the HGDI global top 1,200 index.

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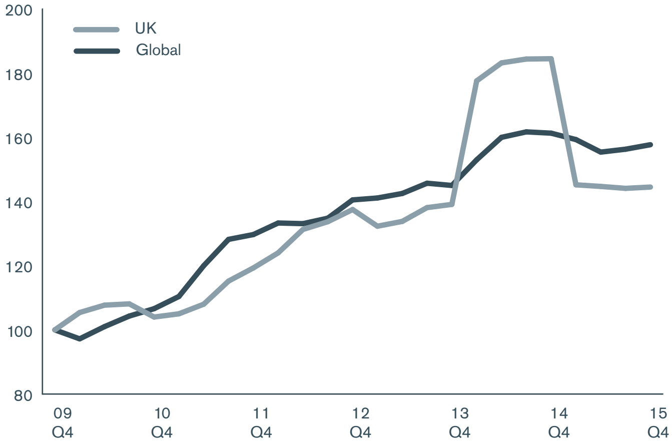
Regions and countries (continued)

The taxation of dividends in the UK is set to change from April 2016. We will revise the HGDI in due course and restate historic UK dividends for the purposes of continuity.

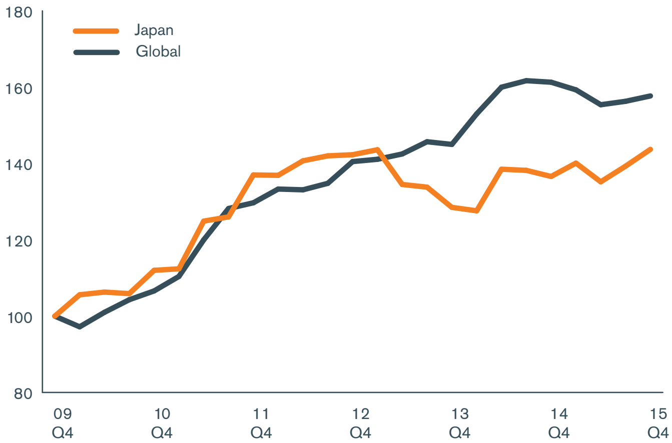
HGDI – UK



Japan

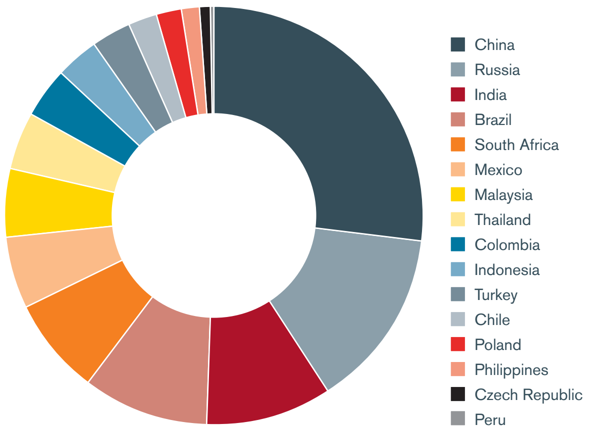
2015 was a terrific year for Japanese dividends. Headline growth was the second fastest in the developed world – beaten only by the US – with dividends growing by 5.2% to $51.9bn. The devaluation of the yen considerably dampened growth, deducting 14 percentage points but underlying growth was in fact 19.2%, making Japan the best major economy for dividend growth. Japanese companies responded to government and investor pressure to increase payout ratios, diverting cash away from corporate balance sheets and returning it to shareholders. Toyota Motor is a good example. Easily the largest payer in Japan, it returned $6.2bn to investors in 2015, having increased its yen dividend 29% year on year. This pattern was repeated across a range of companies and sectors.

HGDI – Japan



Emerging Markets

Emerging Markets 2015



The sharp economic slowdown in China as well as the associated decline in commodity prices and the realignment of US monetary policy all wreaked havoc on emerging markets. Stock markets, economic growth and currency values all declined. While dividends were also affected, the impact was more muted than one might have expected. They fell by 8.3% on a headline basis to $106.8bn, although taking into account currency devaluations and other factors, underlying growth was robust at 12.7%. Rapid local currency growth in emerging markets is less appealing to global investors than in developed markets, however, as higher inflation, and structural concerns around their economies make longer term exchange rate deprecation more likely.

The year ended on a high, however, with fourth quarter dividends up 16.3% – equivalent to 40.8% in underlying terms, as Columbia's Ecopetrol made a huge $1.7bn payment even though it paid less over the full year than in 2014. Russian commodity giants Norilsk Nickel and Lukoil together paid $1.5bn despite weak oil and metal prices hitting their profits. While these payments boosted the performance of emerging markets, it is difficult to predict when such payments will be made. Russian companies have no clear dividend schedule and Ecopetrol, like many emerging market state-owned companies, must first appease its government shareholder's appetite for cash.

It is a mistake to consider emerging markets a single, homogenous bloc as each country faces very different circumstances. China makes up the largest share of emerging market dividends. As we predicted earlier in 2015, dividends fell for the first time ever, dropping by 1.5% on a headline basis to $27.9bn but inched ahead on an underlying basis. China's large banks make up three quarters of all Chinese dividends yet, despite the harsh trading conditions facing the banking industry, their dividends only dipped 1% year on year. Government influence is no doubt helping keep these payouts high, even as the banks seek more capital. Meanwhile China Minsheng Bank, the only privately owned bank in China, succumbed to market forces and cut its dividend.

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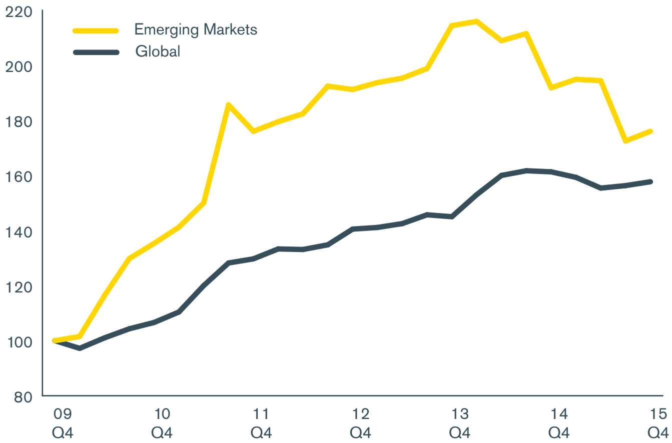
Regions and countries (continued)

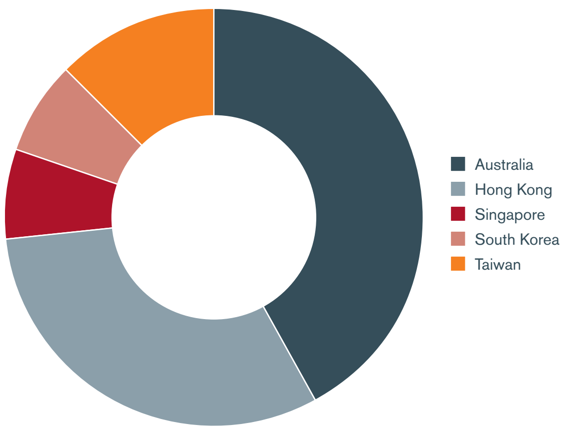
Russian dividends dropped by 20.8% (headline), as the rouble plunged, but rose 45% on an underlying basis, partly because large Russian energy and metal exporters earn foreign currencies, enabling them to raise rouble payouts. Brazilian dividends fell 39.8%, hit by a sharply lower real, but there was also an underlying decline of 5.2%, as companies felt the pinch of the harsh recession there. Mining and oil dividends fell especially sharply. India, meanwhile, overtook Brazil to become the third largest emerging market payer.

HGDI – Emerging Markets



Asia Pacific ex Japan

Asia Pacific ex Japan 2015



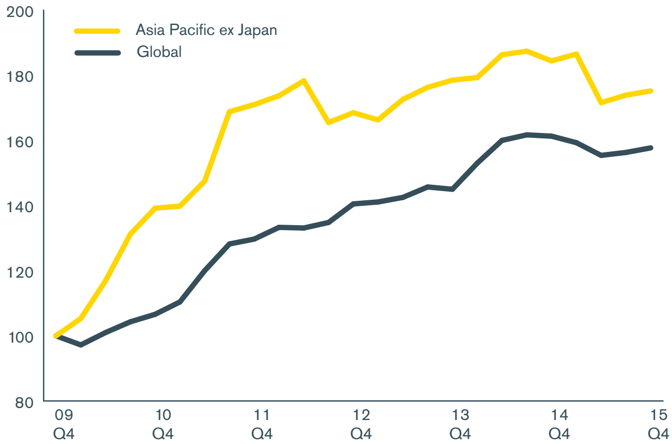
Dividends from Asia-Pacific, excluding Japan, also suffered the effects of lower exchange rates; especially in Australia, which makes up two fifths of this group's total. They fell to $110.3bn in 2015, 5.0% lower year on year, though this equated to a healthy 14.0% growth on an underlying basis. Lower exchange rates deducted ten percentage points from headline growth, while lower special dividends and other factors knocked off a further eight.

In Australia, dividends fell by 7.6% to $46.5bn. The plunging Aussie dollar was the key driver of this decline – underlying payouts rose 14.8% year on year. Banks did very well, with Commonwealth Bank of Australia and Westpac both raising their distribution, even in US dollar terms. The banking industry is likely to see less growth, however, in 2016 as the regulator tightens its grip on their balance sheets, but it will still generate the lion's share of Australian payouts. Mining companies also held up well, though there are risks for 2016 (see Outlook).

Hong Kong dividends fell 14.6% to $34.5bn due mainly to fewer special dividend payments. Underlying growth was a modest 2.5%. China Mobile, by far Hong Kong's largest payer, reduced its payout as profits fell but oil company Cnooc, the second largest payer, held dividends steady.

South Korean and Taiwanese dividends performed the best, rising 20% and 30% respectively, with underlying growth even faster. There is a trend of sharply higher payout ratios in these countries which is propelling dividends dramatically higher. Taiwan Semiconductor and Samsung Electronics – the largest payers in each country – exemplified this trend.

HGDI – Asia Pacific ex Japan



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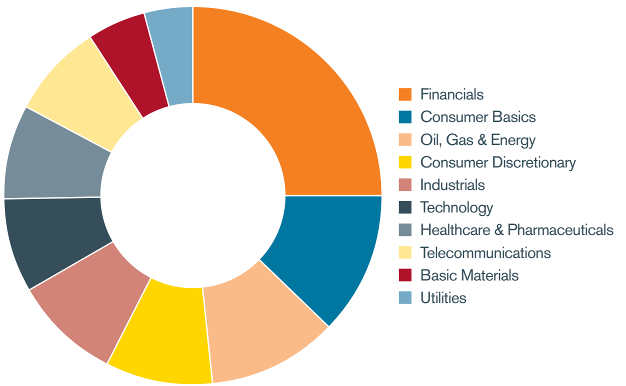
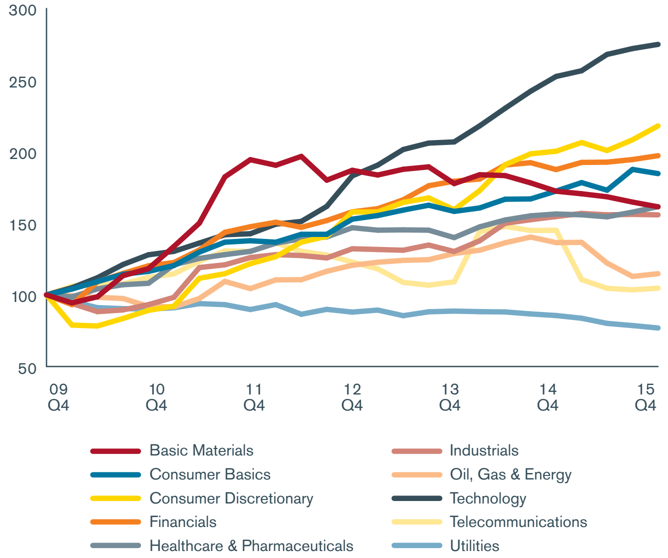
Industry and sectors

Global dividends by industry 2015



HGDI – Total dividends by industry



Financial companies make up almost a quarter of global dividends so their performance is important to income investors. Dividends for this sector rose 5.2% year on year adding $12.5bn globally – far outperforming the global average payout of -2.2%. Banks, which are by far the largest contributors, increased payouts modestly with most of the growth coming from general financials, especially in Switzerland and the US.

Oil and gas producers made up 9% of global dividends in 2015, the second largest sector. They fell 20.0% year on year. The world's ten biggest payers account for two thirds of the global total but only three reduced distributions – Ecopetrol, Gazprom, and ENI Spa. Smaller players were much more likely to cut. The mining sector is less than 3% of global payouts and their dividends fell only 6% year on year though the decline is expected to be much greater in 2016. Some regions are more exposed than others with, for example, oil and mining comprising almost one third of UK dividends and one quarter of emerging markets.

Technology dividends grew fastest, with Taiwan topping the table, while consumer sectors were also strong, boosted especially by a very impressive result in the US where they soared 27%.

Top payers

World's biggest dividend payers

Rank	2009	2010	2011	2012	2013	2014	2015
1	BP plc	Royal Dutch Shell Plc	Royal Dutch Shell Plc	Royal Dutch Shell Plc	Royal Dutch Shell Plc	Vodafone Group plc	Royal Dutch Shell Plc
2	Royal Dutch Shell Plc	AT&T, Inc.	AT&T, Inc.	Vodafone Group plc	Exxon Mobil Corp.	Royal Dutch Shell Plc	Exxon Mobil Corp.
3	AT&T, Inc.	Exxon Mobil Corp.	Telefonica	AT&T, Inc.	Apple Inc	China Construction Bank Corp.	China Construction Bank Corp.
4	Time Warner Cable Inc	Telefonica	Exxon Mobil Corp.	Exxon Mobil Corp.	China Construction Bank Corp.	Exxon Mobil Corp.	Apple Inc
5	Ecopetrol SA	Vodafone Group plc	Vodafone Group plc	HSBC Holdings plc	AT&T, Inc.	Apple Inc	HSBC Holdings plc
6	General Electric Co.	China Mobile Limited	China Mobile Limited	China Construction Bank Corp.	HSBC Holdings plc	HSBC Holdings plc	Kraft Foods Group, Inc
7	Exxon Mobil Corp.	Total S.A.	China Construction Bank Corp.	China Mobile Limited	China Mobile Limited	AT&T, Inc.	Microsoft Corporation
8	Total S.A.	China Construction Bank Corp.	HSBC Holdings plc	Commonwealth Bank of Australia	Vodafone Group plc	Microsoft Corporation	AT&T, Inc.
9	China Mobile Limited	Banco Santander S.A.	Total S.A.	Banco Santander S.A.	Banco Santander S.A.	Banco Santander S.A.	General Electric Co.
10	Banco Santander S.A.	HSBC Holdings plc	Commonwealth Bank of Australia	Westpac Banking Corp	Westpac Banking Corp	General Electric Co.	Verizon Communications Inc
Subtotal $bn	**89.6**	**79.7**	**87.3**	**997.3**	**98.9**	**128.0**	**109.2**
% of total	**12.3%**	**10.2%**	**9.2%**	**97.3%**	**9.3%**	**10.9%**	**9.5%**
11	HSBC Holdings plc	BP plc	Banco Santander S.A.	General Electric Co.	Microsoft Corporation	China Mobile Limited	BP plc
12	Telefonica	Johnson & Johnson	Nestle SA	Total S.A.	Commonwealth Bank of Australia	Verizon Communications Inc	Johnson & Johnson
13	GDF Suez	Pfizer Inc.	Westpac Banking Corp	Gazprom	General Electric Co.	Chevron Corp.	Chevron Corp.
14	Eni Spa	GlaxoSmithKline plc	Pfizer Inc.	Nestle SA	BP plc	BP plc	China Mobile Limited
15	Pfizer Inc.	Chevron Corp.	GlaxoSmithKline plc	BP plc	Chevron Corp.	Nestle SA	Wells Fargo & Co.
16	Chevron Corp.	Commonwealth Bank of Australia	Novartis AG	Microsoft Corporation	Total S.A.	Johnson & Johnson	Nestle SA
17	Johnson & Johnson	Westpac Banking Corp	Chevron Corp.	Chevron Corp.	Johnson & Johnson	Total S.A.	Novartis AG
18	Verizon Communications Inc	Nestle SA	General Electric Co.	Ecopetrol SA	Nestle SA	Novartis AG	Procter & Gamble Co.
19	Orange	Procter & Gamble Co.	Johnson & Johnson	Novartis AG	Pfizer Inc.	Wells Fargo & Co.	Commonwealth Bank of Australia
20	GlaxoSmithKline plc	Novartis AG	BP plc	GlaxoSmithKline plc	Novartis AG	Procter & Gamble Co.	Pfizer Inc.
Subtotal $bn	**58.8**	**56.2**	**64.6**	**70.4**	**74.6**	**77.1**	**75.4**
GRAND TOTAL $bn	**148.4**	**135.9**	**151.9**	**1,067.7**	**173.5**	**205.1**	**184.6**
% of TOTAL	**20.3%**	**17.5%**	**16.0%**	**104.2%**	**16.4%**	**17.4%**	**16.0%**

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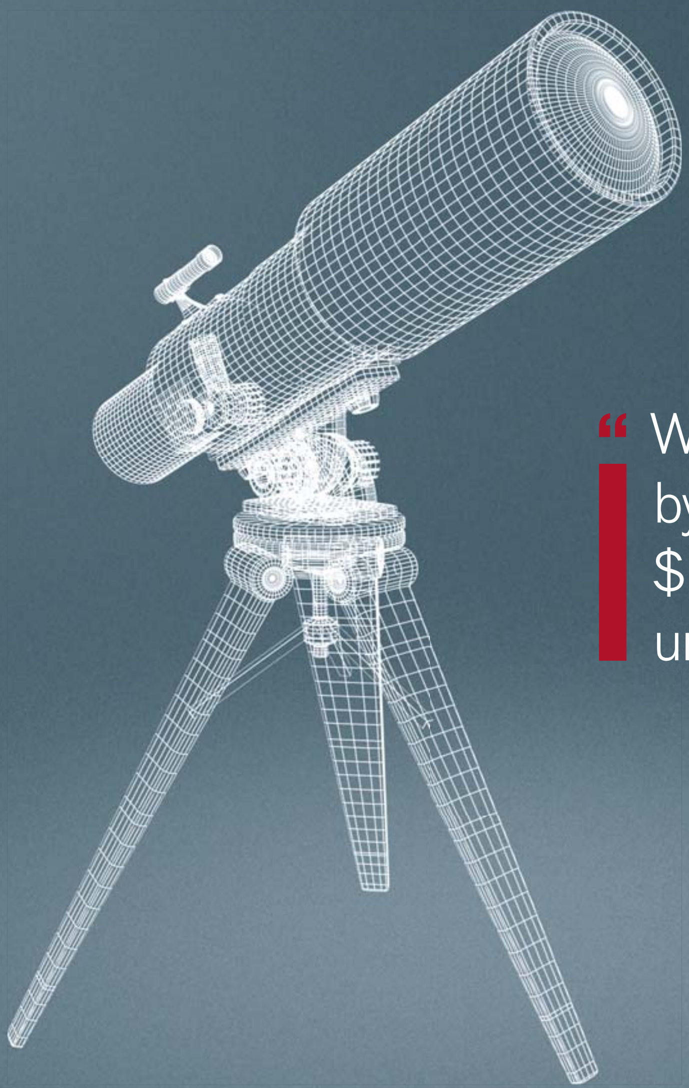
Conclusion and outlook

2015 was a much better year than the headline numbers suggest with rapid underlying growth across the developed world – the one exception being the UK. If it had not been for the extraordinary appreciation of the US dollar we would have been celebrating a comfortable record for global payouts. This seems contradictory given the current pressures on global economic growth, the ongoing European crisis, commodity price freefalls and emerging market turmoil. But major markets, such as the US are doing very well, while Europe is recovering and many sectors are benefitting from the global trends, such as the lower oil price, which are hurting others. Also, dividends lag profits and are much less volatile. Most companies opt for progressive dividend policies where managers attempt to increase payouts gradually every year, and only cut when a sustained negative market environment forces them too.

There will be some such cuts in 2016. Oil and mining dividends are especially vulnerable as company profits in these industries collapse. Some oil producers have already cut – such as Petrobras, ENI Spa, Rosneft – while others are likely to be considering it. The world's largest producers, such as Exxon and Shell, are unlikely to reduce payments in the near term, though they cannot resist low oil prices forever. Multinational mining concerns are dramatically slashing their payouts, however, and the UK will bear the brunt as the biggest companies are listed there. Payouts from the UK-listed mining sector are expected to be billions of dollars lower in 2016. The overall global impact, however, is smaller than the attention garnered by these sectors suggests.

Lower mining dividends are the main reason why we expect UK dividend growth to join emerging markets at the bottom of the dividend growth league in 2016. Most UK companies are delivering good dividend growth but they are overshadowed by a handful of big companies which need to cut. We remain optimistic, however, for North America, Europe and Japan. Asia-Pacific, excluding Japan, is likely to be slow but positive.

We expect dividends to grow by 1.6% on a headline basis to $1.17 trillion in 2016, an underlying increase of 3.3%, which is $10bn less than our last forecast, due in part to big dividend cuts now being announced in the mining sector.



"We expect dividends to grow by 1.6% on a headline basis to $1.17 trillion in 2016, an underlying increase of 3.3%."

Methodology

Each year Henderson analyse dividends paid by the 1200 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 1200, 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.

Glossary

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.

* Please refer to the glossary of services above.

Appendices

Appendix 1: Index Changes for 2015

The HGDI examines in detail the dividends paid by the largest 1200 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 1200, and to exclude those that have dropped down the rankings. At a global level this change makes very 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 talk about the underlying growth rates.

For 2015, 132 stocks changed in our top 1200 list, but they only account for close to half a per cent of the total market capitalisation of the top 1200, and they will account for a similar share of dividends. The largest number of net additions is in the US. The strength of the US dollar, which depressed the translated USD value of many non-US stocks, and a relatively strong 2014 for the US market, means that most other regions of the world now have fewer stocks in our index than in 2014. Emerging markets are an exception. They have recovered some of the ground they lost, with newcomers from India and China boosting the total.

We are now compiling the new list for 2016, and will report on that in April.

Appendices (continued)

Appendix 2

Dividends by country in USD billions

Region	Country US$ bn	2009	2010	2011	2012	2013	2014	2015
Emerging Markets	Brazil	$10.9	$17.6	$22.5	$18.1	$16.3	$16.8	$10.1
	Chile	$1.5	$1.9	$3.5	$3.0	$2.2	$2.7	$2.4
	China	$9.9	$15.2	$18.1	$20.6	$26.5	$28.4	$28.0
	Colombia	$9.1	$2.2	$3.5	$7.0	$5.9	$5.7	$4.0
	Czech Republic	$2.3	$2.4	$2.2	$1.2	$1.5	$1.0	$0.9
	Egypt	$0.9	$0.4	$0.4	$0.0	$0.0	$0.0	$0.0
	Hungary	$0.0	$0.0	$0.0	$0.2	$0.2	$0.0	$0.0
	India	$5.6	$10.4	$8.6	$9.9	$11.4	$11.3	$10.2
	Indonesia	$1.6	$2.7	$4.2	$4.3	$4.6	$3.4	$3.6
	Malaysia	$2.2	$3.8	$5.4	$7.2	$7.7	$7.0	$5.5
	Mexico	$2.4	$2.5	$3.7	$3.6	$9.0	$3.8	$5.6
	Morocco	$1.4	$1.1	$1.4	$1.1	$0.8	$0.0	$0.0
	Peru	$0.1	$0.1	$0.3	$0.4	$0.3	$0.2	$0.2
	Philippines	$0.8	$0.9	$1.0	$0.9	$1.2	$1.2	$1.5
	Poland	$0.5	$2.5	$3.7	$3.1	$2.3	$1.8	$1.8
	Russia	$2.6	$5.0	$9.6	$17.3	$21.1	$18.3	$14.5
	South Africa	$5.5	$6.3	$10.7	$11.2	$9.9	$8.5	$7.7
	Thailand	$1.4	$3.7	$3.8	$4.7	$5.9	$5.0	$4.7
	Turkey	$2.2	$3.4	$4.3	$2.1	$3.3	$1.3	$3.1
Europe ex UK	Austria	$1.9	$1.5	$1.1	$0.6	$1.1	$0.7	$0.0
	Belgium	$3.5	$3.5	$4.5	$4.8	$7.5	$8.1	$9.0
	Denmark	$1.2	$1.1	$2.0	$2.2	$2.8	$3.9	$9.5
	Finland	$4.2	$4.3	$5.7	$3.9	$3.3	$5.4	$3.6
	France	$51.2	$48.0	$62.1	$47.9	$52.1	$55.8	$47.0
	Germany	$31.4	$25.8	$37.3	$35.0	$36.4	$39.4	$34.2
	Greece	$1.5	$0.8	$0.0	$0.0	$0.0	$0.0	$0.0
	Ireland	$0.6	$1.2	$0.6	$1.2	$0.5	$0.7	$1.2
	Israel	$1.6	$2.8	$4.6	$2.0	$1.8	$2.1	$1.5
	Italy	$16.6	$15.7	$17.1	$12.3	$12.4	$13.0	$11.1
	Luxembourg	$0.5	$1.1	$0.8	$0.8	$0.6	$0.6	$0.4
	Netherlands	$6.8	$7.2	$8.6	$8.0	$7.3	$7.9	$9.6
	Norway	$4.2	$5.7	$9.4	$8.5	$8.7	$11.5	$5.8
	Portugal	$1.8	$3.2	$2.7	$1.7	$1.2	$1.4	$0.6
	Spain	$34.1	$25.8	$26.0	$24.7	$25.1	$31.6	$23.1
	Sweden	$7.2	$8.6	$15.6	$14.3	$15.9	$17.4	$14.0
	Switzerland	$18.2	$21.3	$24.9	$28.6	$27.8	$33.3	$34.0
Japan	Japan	$36.1	$40.4	$49.5	$51.3	$46.4	$49.3	$51.9
North America	Canada	$24.3	$27.2	$33.8	$37.1	$38.6	$37.5	$35.0
	United States	$202.7	$198.1	$230.9	$300.8	$303.5	$355.4	$405.4
Asia Pacific ex Japan	Australia	$30.0	$40.6	$48.6	$51.7	$55.2	$50.4	$46.5
	Hong Kong	$20.0	$23.7	$26.8	$29.4	$33.1	$40.3	$34.5
	Singapore	$4.9	$6.0	$9.9	$7.1	$8.0	$8.2	$7.6
	South Korea	$0.3	$5.7	$6.7	$6.4	$6.7	$6.6	$7.9
	Taiwan	$7.7	$11.7	$15.5	$11.4	$9.3	$10.6	$13.7
UK	United Kingdom	$74.1	$77.1	$88.4	$101.9	$103.1	$136.7	$107.1
TOTAL		$647	$690	$840	$910	$939	$1,044	$1,021
Outside top 1,200		$82	$88	$107	$115	$119	$133	$130
Grand Total		$730	$778	$947	$1,025	$1,058	$1,177	$1,151

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Appendices (continued)

Annual dividends by industry in USD billions

Industry US$ bn	2009	2010	2011	2012	2013	2014	2015
Basic Materials	$33.3	$39.4	$64.6	$62.2	$59.1	$57.3	$53.7
Consumer Basics	$67.1	$78.1	$92.5	$102.6	$106.2	$115.7	$123.9
Consumer Discretionary	$42.0	$37.5	$51.2	$66.4	$67.0	$84.2	$91.6
Financials	$128.6	$154.7	$189.8	$203.2	$230.8	$241.1	$253.6
Healthcare & Pharmaceuticals	$50.8	$55.0	$66.3	$74.7	$71.2	$79.5	$82.2
Industrials	$58.6	$54.6	$73.9	$77.5	$76.3	$90.6	$91.4
Oil, Gas & Energy	$98.4	$90.5	$102.7	$118.7	$126.8	$134.3	$113.0
Technology	$30.5	$39.1	$43.6	$55.9	$63.1	$77.1	$84.0
Telecommunications	$77.3	$86.7	$100.8	$95.0	$84.3	$112.3	$80.9
Utilities	$60.8	$54.8	$54.6	$53.5	$53.9	$52.1	$46.8
TOTAL	**$647.5**	**$690.4**	**$840.0**	**$909.6**	**$938.8**	**$1,044.3**	**$1,020.9**
Outside Top 1,200	$82	$88	$107	$115	$119	$133	$130
GRAND TOTAL	**$730**	**$778**	**$947**	**$1,025**	**$1,058**	**$1,177**	**$1,151**

Annual dividends by sector in USD billions

Industry	Sector US$bn	2009	2010	2011	2012	2013	2014	2015
Basic Materials	Building Materials	$1.6	$2.0	$1.9	$1.7	$1.7	$2.1	$2.1
	Chemicals	$13.5	$14.6	$22.7	$23.6	$22.5	$24.1	$22.4
	Metals & Mining	$17.6	$22.0	$38.3	$35.7	$33.7	$30.0	$28.1
	Paper & Packaging	$0.6	$0.7	$1.7	$1.1	$1.1	$1.1	$1.2
Consumer Basics	Beverages	$12.6	$15.3	$18.0	$19.5	$24.4	$27.1	$28.4
	Food	$13.4	$15.0	$17.8	$20.3	$22.0	$23.6	$32.6
	Food & Drug Retail	$15.8	$18.1	$22.3	$26.9	$22.8	$25.2	$23.3
	Household & Personal Products	$11.7	$13.1	$15.2	$15.8	$16.0	$16.7	$16.5
	Tobacco	$13.6	$16.5	$19.2	$20.0	$21.0	$23.1	$23.0
Consumer Discretionary	Consumer Durables & Clothing	$4.4	$5.0	$5.8	$6.7	$7.2	$10.5	$12.2
	General Retail	$8.6	$9.9	$13.3	$14.7	$14.2	$16.3	$17.9
	Leisure	$5.3	$6.3	$7.8	$13.1	$13.1	$16.7	$15.1
	Media	$17.8	$8.7	$9.7	$13.2	$10.8	$13.9	$16.3
	Other Consumer Services	$0.3	$0.2	$0.0	$0.0	$0.0	$0.0	$0.3
	Vehicles & Parts	$5.7	$7.3	$14.6	$18.6	$21.8	$26.7	$29.8
Financials	Banks	$82.7	$96.6	$123.0	$129.6	$152.1	$152.0	$154.9
	General Financials	$9.6	$13.4	$15.4	$17.2	$18.1	$23.0	$27.2
	Insurance	$24.4	$28.9	$31.6	$34.8	$32.9	$41.1	$42.2
	Real Estate	$12.0	$15.8	$19.8	$21.6	$27.6	$25.0	$29.3
Healthcare & Pharmaceuticals	Health Care Equipment & Services	$4.4	$4.7	$6.1	$10.1	$7.9	$10.6	$11.8
	Pharmaceuticals & Biotech	$46.5	$50.3	$60.2	$64.6	$63.3	$69.0	$70.3
Industrials	Aerospace & Defence	$8.9	$9.0	$9.6	$10.7	$11.8	$14.1	$14.9
	Construction, Engineering & Materials	$9.1	$9.1	$12.7	$13.2	$10.8	$12.2	$10.7
	Electrical Equipment	$4.9	$4.8	$6.4	$6.5	$6.9	$7.2	$6.8
	General Industrials	$22.5	$18.6	$27.8	$29.5	$29.7	$35.5	$30.6
	Support Services	$3.3	$2.7	$3.7	$3.6	$4.2	$4.8	$5.0
	Transport	$9.9	$10.3	$13.8	$14.1	$12.9	$16.9	$23.3
Oil, Gas & Energy	Energy – non-oil	$0.5	$0.7	$1.9	$3.0	$2.5	$3.5	$2.5
	Oil & Gas Equipment & Distribution	$5.0	$5.4	$6.4	$7.2	$10.5	$11.4	$15.0
	Oil & Gas Producers	$92.8	$84.4	$94.4	$108.5	$113.8	$119.5	$95.5
Technology	IT Hardware & Electronics	$9.3	$12.0	$15.1	$21.2	$27.0	$31.4	$35.9
	Semiconductors & Equipment	$7.2	$10.1	$10.4	$12.1	$12.9	$17.5	$16.0
	Software & Services	$14.1	$17.0	$18.1	$22.6	$23.3	$28.2	$32.0
Telecommunications	Fixed Line Telecommunications	$56.5	$60.1	$68.2	$57.5	$49.8	$54.7	$51.7
	Mobile Telecommunications	$20.8	$26.7	$32.5	$37.5	$34.5	$57.6	$29.2
Utilities	Utilities	$60.8	$54.8	$54.6	$53.5	$53.9	$52.1	$46.8
TOTAL		**$647.5**	**$690.4**	**$840.0**	**$909.6**	**$938.8**	**$1,044.3**	**$1,020.9**
Outside Top 1,200		$82	$88	$107	$115	$119	$133	$130
GRAND TOTAL		**$730**	**$778**	**$947**	**$1,025**	**$1,058**	**$1,177**	**$1,151**

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Appendices (continued)

HGDI – by region

Region	09Q4	10Q4	11Q4	12Q4	13Q4	14Q4	15Q4
Emerging Markets	100	135.3	176.0	191.2	214.4	191.8	175.9
Europe ex UK	100	95.3	119.4	105.2	109.7	124.8	109.6
Japan	100	112.0	137.0	142.3	128.5	136.6	143.7
North America	100	99.3	116.6	148.9	150.7	173.1	194.0
Asia-Pacific	100	139.2	171.0	168.5	178.5	184.4	175.2
UK	100	104.0	119.3	137.5	139.1	184.5	144.5
GLOBAL TOTAL	**100**	**106.6**	**129.7**	**140.5**	**145.0**	**161.3**	**157.7**

HGDI – by industry

Industry	09Q4	10Q4	11Q4	12Q4	13Q4	14Q4	15Q4
Basic Materials	100	118.3	194.4	187.0	177.7	172.4	161.5
Consumer Basics	100	116.4	137.8	152.9	158.3	172.5	184.7
Consumer Discretionary	100	89.2	121.8	157.9	159.5	200.3	218.0
Financials	100	120.3	147.6	158.0	179.4	187.5	197.2
Healthcare & Pharmaceuticals	100	108.1	130.4	146.9	140.0	156.5	161.6
Industrials	100	93.2	126.1	132.2	130.3	154.7	155.9
Oil, Gas & Energy	100	92.0	104.4	120.7	128.9	136.5	114.8
Technology	100	128.0	142.7	183.1	206.8	252.5	274.9
Telecommunications	100	112.2	130.3	122.9	109.1	145.3	104.7
Utilities	100	90.1	89.8	88.0	88.7	85.6	76.9
TOTAL	**100**						

Q4 Annual Growth Rate – adjustments from underlying to headline

Region	Country	Underlying growth	Currency Effects	Special Dividends	Index Changes	Timing Changes	Headline Dividend Growth
Emerging Markets	Brazil	-30.3%	-24%	0%	-5%	3%	-56.0%
	Chile	-16.5%	-10%	0%	-13%	0%	-40.1%
	China	15.2%	0%	-41%	0%	9%	-16.3%
	Colombia	3446.9%	-1046%	0%	0%	0%	2401.3%
	India	30.3%	-8%	0%	-1%	0%	21.0%
	Indonesia	2.5%	-11%	0%	0%	0%	-8.7%
	Malaysia	-13.8%	-18%	-1%	-2%	-1%	-34.8%
	Mexico	88.0%	-35%	7%	0%	0%	59.8%
	Russia	486.6%	-121%	0%	-29%	0%	336.0%
	South Africa	44.1%	-34%	0%	31%	0%	41.5%
	Thailand	0.0%	0%	0%	0%	-100%	-100.0%
Europe ex UK	Belgium	51.5%	-21%	0%	-5%	0%	25.2%
	Denmark	7.5%	-13%	0%	0%	0%	-5.3%
	France	3.3%	-12%	-4%	1%	1%	-10.7%
	Ireland	9.1%	-15%	0%	0%	0%	-5.5%
	Israel	-1.9%	0%	0%	0%	0%	-1.8%
	Italy	8.4%	-11%	0%	-32%	0%	-35.3%
	Luxembourg	0.0%	0%	-100%	0%	0%	-100.0%
	Netherlands	-3.3%	-11%	0%	0%	0%	-14.6%
	Norway	43.1%	-31%	-26%	-26%	54%	14.2%
	Spain	-21.8%	-10%	0%	0%	0%	-31.2%
Japan	Japan	16.5%	-4%	0%	0%	-5%	8.0%
North America	Canada	9.7%	-16%	0%	-1%	0%	-8.0%
	United States	9.2%	0%	-2%	1%	0%	8.4%
Asia Pacific ex Japan	Australia	26.7%	-16%	-5%	-3%	-16%	-12.5%
	Hong Kong	5.7%	0%	-4%	13%	17%	32.0%
	Singapore	13.5%	-2%	0%	0%	-72%	-60.2%
UK	United Kingdom	2.4%	-3%	1%	-3%	5%	1.7%

Appendices (continued)

2015 Annual Growth Rate – adjustments from underlying to headline

Region	Country	Underlying growth	Currency Effects	Special Dividends	Index Changes	Headline Dividend Growth
Emerging Markets	Brazil	-5.2%	-24%	-7%	-4%	-39.8%
	Chile	-7.5%	-9%	10%	-4%	-10.7%
	China	1.6%	0%	-2%	-1%	-1.5%
	Colombia	10.4%	-27%	-12%	-1%	-29.4%
	Czech Republic	0.2%	-16%	0%	0%	-16.3%
	India	-5.4%	-5%	0%	0%	-10.1%
	Indonesia	-0.8%	-14%	3%	17%	6.0%
	Malaysia	0.3%	-15%	-1%	-6%	-21.1%
	Mexico	58.3%	-28%	19%	-2%	47.3%
	Peru	15.1%	0%	0%	0%	15.1%
	Philippines	5.8%	-3%	-6%	25%	22.5%
	Poland	15.3%	-18%	0%	0%	-2.5%
	Russia	45.1%	-47%	-2%	-17%	-20.8%
	South Africa	14.5%	-17%	0%	-7%	-9.9%
	Thailand	-5.4%	-5%	0%	3%	-7.1%
	Turkey	195.1%	-57%	0%	0%	137.7%
Europe ex UK	Belgium	41.0%	-23%	0%	-7%	10.9%
	Denmark	25.6%	-27%	141%	4%	143.5%
	Finland	10.3%	-18%	-21%	-5%	-33.6%
	France	0.6%	-18%	1%	0%	-15.8%
	Germany	9.3%	-20%	0%	-2%	-13.3%
	Ireland	28.7%	-37%	81%	0%	73.3%
	Israel	-0.7%	-6%	-24%	0%	-29.9%
	Italy	8.8%	-19%	0%	-5%	-14.8%
	Luxembourg	21.7%	0%	-27%	-40%	-45.3%
	Netherlands	42.1%	-25%	2%	2%	20.4%
	Norway	-11.1%	-14%	-1%	-24%	-49.9%
	Portugal	0.4%	-10%	0%	-43%	-52.5%
	Spain	0.0%	-15%	-12%	0%	-26.7%
	Sweden	8.5%	-24%	-1%	-3%	-19.4%
	Switzerland	6.3%	-9%	4%	-1%	0.5%
Japan	Japan	19.2%	-14%	0%	0%	5.2%
North America	Canada	10.1%	-14%	0%	-2%	-6.7%
	United States	10.2%	0%	3%	1%	14.1%
Asia Pacific ex Japan	Australia	14.8%	-20%	-1%	-1%	-7.6%
	Hong Kong	2.5%	0%	-15%	-2%	-14.6%
	Singapore	13.1%	-8%	-5%	-7%	-7.0%
	South Korea	42.0%	-7%	0%	-15%	20.2%
	Taiwan	37.1%	-8%	0%	1%	30.2%
UK	United Kingdom	3.7%	-4%	-19%	-2%	-21.7%

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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