

# HENDERSON GLOBAL DIVIDEND INDEX

**Edition 10  
May 2016**

**Henderson**  
GLOBAL INVESTORS  
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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 and other asset classes 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 easily to 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 2.2% to \$218.4bn in Q1 on a headline\* basis; underlying growth\* was 3.1%
- HGDI reached 158.8\*\*, its highest level in a year
- Special dividends\* doubled year on year
- Exchange rate movements had only a minor impact in most parts of the world

## Regions & Countries

- Japan, North America, and Europe led the way.
- Emerging markets, Asia-Pacific and the UK lagged behind

## North America

- Three fifths of Q1 global dividends are paid in North America
- North American dividends rose 6.3% year on year on a headline basis, reaching \$115.2bn. Underlying growth was 6.7%
- In the US, headline growth of 8.1% exceeded 6.7% underlying growth due to much larger special dividends than in Q1 2015
- US growth was evident across every sector except mining and oil
- The sharp headline decline in Canada (-14.1%) can be explained both by companies leaving the top 1200 index, and by the weakness of the Canadian dollar
- Underlying growth in Canada was 6.3%

## Europe ex UK

- Headline growth\* of 10.8% to \$38.0bn, the strongest since early 2014
- The headline growth rate was boosted by higher special dividends and timing factors, while the effect of exchange rates was the smallest since 2014; underlying growth was 3.6%
- Swiss pharmaceuticals accounted for one third of Europe's Q1 total
- All German companies in the index increased their dividends; headline growth was 3.0% but exchange rate effects meant it was 7.5% in underlying terms
- A large special dividend from Vivendi boosted French dividends; French underlying growth was 5.3%
- Spanish dividends fell 5.6% in underlying terms because Banco Santander, the country's largest payer, cut its dividend
- The outlook for European dividends over the important Q2 reporting season is promising

## UK

- UK dividends fell 5.0% in the first quarter to \$16.4bn largely impacted by sterling's fall against the US dollar
- Underlying growth, meanwhile, was 0.7%
- The outlook for UK dividends in 2016 is challenging because a few large companies have cut dividends deeply

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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

- Q1 is seasonally quiet for Asia-Pacific
- Headline dividends fell 8.0% to \$9.8bn, an underlying decline of 4.5%
- Australia performed worst, where a headline decline of 49.8% to \$2.8bn was exaggerated by timing factors
- On an underlying basis, Australian dividends were 29.7% lower owing to a \$2bn cut from BHP Billiton
- Hong Kong was boosted by special dividends and a large increase from Hang Seng Bank

## Japan

- First quarter dividends are seasonally low, but continued the rapid growth seen in 2015
- Underlying growth was 10.5% and yen strength helped push headline growth to 21.1%
- The vast majority of Japanese companies increased payouts year on year

## Emerging Markets

- Most emerging market countries saw lower payouts, with dividends down 34.4% to \$10.2bn on a headline basis
- Falling exchange rates, and other factors, meant emerging dividends fell 16.9% in underlying terms
- India contrasted to many of its peers, increasing dividends year on year

## Industries & Sectors

- Financials and healthcare are the two largest sectors making payments in Q1, and both saw dividends rise, while technology again proved the fastest grower
- Commodity sectors saw payouts fall

## Outlook

- 2016 looks positive for Japan, North America and Europe, but commodity dividend cuts in Australia makes the outlook for Asia-Pacific ex Japan less optimistic
- Emerging markets and the UK are also set to see dividends decline in 2016
- We expect global dividends of \$1.18 trillion in 2016, up 3.9% on a headline basis, an underlying growth rate of 3.3%

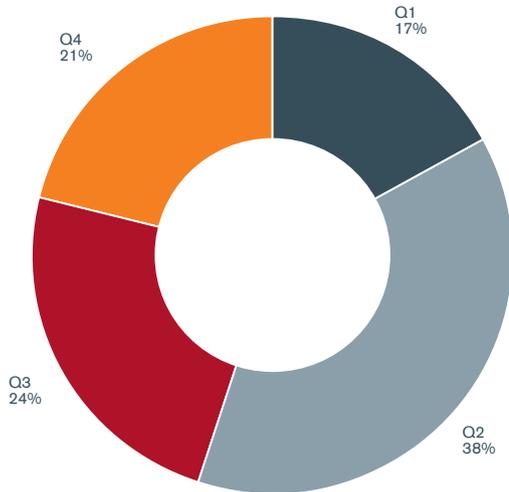
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# Global fortunes diverge as 2016 dividends roll in

Quarterly distribution of dividends 2009-2015



Rapid underlying dividend growth\* from around the world in 2015 was disguised by volatility in foreign exchange markets, with the US dollar stronger against most world currencies. The first quarter of 2016 showed a much clearer picture, as exchange rates made less impact.

Global dividends rose 2.2% on a headline basis to \$218.4bn, an increase of \$4.7bn. Underlying growth was 3.1%. By the end of March, the HGDI had risen to 158.8, its highest level in a year. Japan, North America, and Europe led the way, while emerging markets, Asia-Pacific ex Japan and the UK lagged behind.

Annual dividends by region in USD billions

Region	2012	% change	2013	% change	2014	% change	2015	% change	Q1 2015	% change	Q1 2016	% change
Emerging Markets	\$116.1	8.6	\$130.2	12.1	\$116.5	-10.5	\$106.8	-8.3	\$15.6	13.7	\$10.2	-34.4
Europe ex UK	\$196.4	-11.9	\$204.7	4.2	\$232.8	13.8	\$205.4	-11.8	\$34.3	-1.9	\$38.0	10.8
Japan	\$51.3	3.8	\$46.4	-9.6	\$49.3	6.3	\$51.9	5.3	\$3.5	57.1	\$4.2	21.1
North America	\$337.9	27.6	\$342.1	1.2	\$392.9	14.8	\$441.4	12.4	\$108.4	13.0	\$115.2	6.3
Asia Pacific	\$106.	-1.4	\$112.3	5.9	\$116.	3.3	\$110.3	-5.0	\$10.6	-6.2	\$9.8	-8.0
UK	\$91.9	15.4	\$93.	1.3	\$123.3	32.6	\$96.6	-21.6	\$17.2	-60.4	\$16.4	-5.0
<b>TOTAL</b>	<b>\$899.6</b>	<b>8.2</b>	<b>\$928.7</b>	<b>3.2</b>	<b>\$1,030.9</b>	<b>11.0</b>	<b>\$1,012.4</b>	<b>-1.8</b>	<b>\$189.6</b>	<b>-5.9</b>	<b>\$193.8</b>	<b>2.2</b>
<b>Divs outside top 1200</b>	<b>\$114.1</b>	<b>8.2</b>	<b>\$117.8</b>	<b>3.2</b>	<b>\$127.8</b>	<b>8.5</b>	<b>\$128.4</b>	<b>0.5</b>	<b>\$24.1</b>	<b>6.4</b>	<b>\$24.6</b>	<b>2.2</b>
<b>GRAND TOTAL</b>	<b>\$1,013.8</b>	<b>8.2</b>	<b>\$1,046.5</b>	<b>3.2</b>	<b>\$1,158.7</b>	<b>10.7</b>	<b>\$1,140.9</b>	<b>-1.5</b>	<b>\$213.7</b>	<b>-4.7</b>	<b>\$218.4</b>	<b>2.2</b>

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

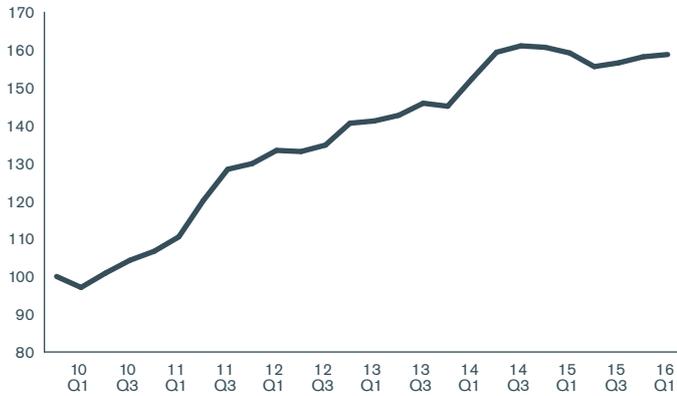
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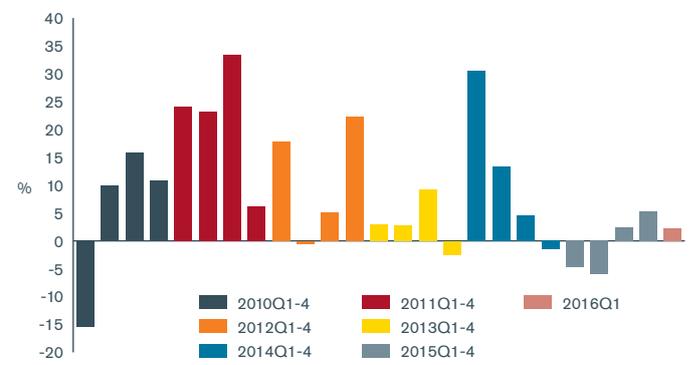
# Global fortunes diverge as 2016 dividends roll in

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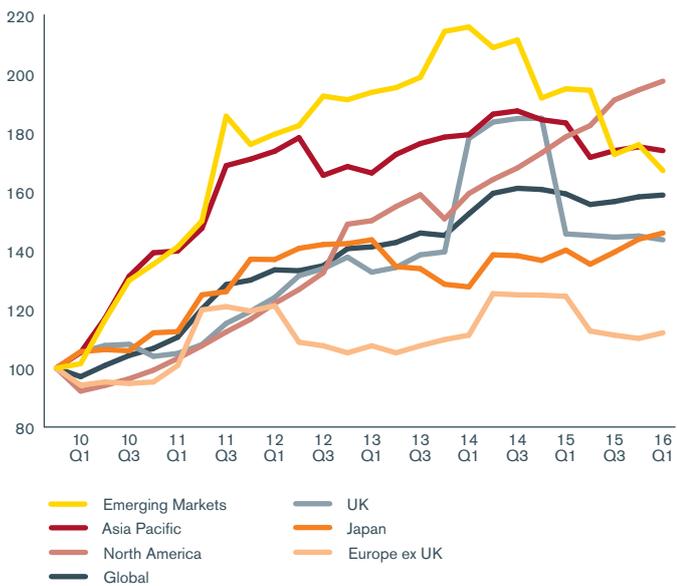
HGDI



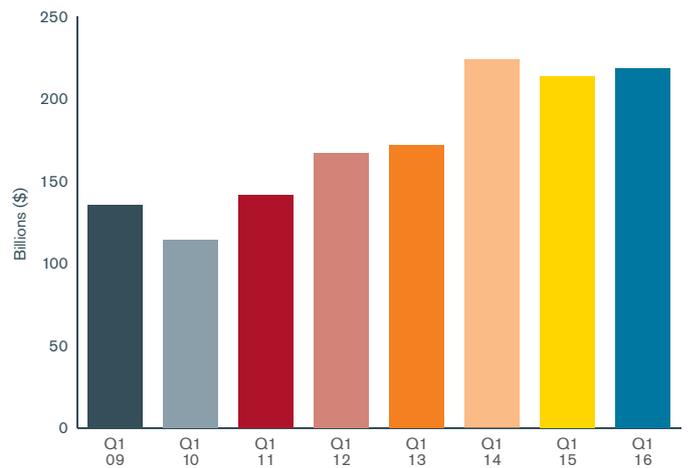
Total dividends, annual growth per quarter



HGDI – by region



Global dividends (US\$)



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# Underlying and headline growth

While many currencies were still lower against the US dollar in Q1 2016 than in the first quarter of 2015, the exchange rate effect was smaller than at any time in the last eighteen months. It amounted to a deduction of just \$3.1bn, only 1.6% of the total dividends paid. This time last year, the impact was four times as large and was greater not just at the global level, but in every region too. Japan stood apart in Q1, with a rising yen producing a small currency gain in US dollar terms.

Every year, the HGDI tracks the dividends of the world's largest 1,200 companies, replacing those that have fallen in value or been taken over with newcomers (see appendices for more detail). The global effect of these changes is small, but it can be large in a particular country or region. In the first quarter, index changes deducted 1.4 percentage points\* from the headline growth rate. The departure of Wynn Macau from the index meant the effect was particularly pronounced in Hong Kong, while the addition of Wartsila boosted Finland's total substantially.

The impact of timing changes, where companies move a payment from one quarter to another, was very small in most parts of the world, with the exception of Europe and Asia. This deducted 1.5 percentage points from global headline growth.

Special dividends almost doubled year on year, providing a boost to the headline growth rate of almost four percentage points, with particularly large payments coming from the US and Hong Kong. We adjust for these in the underlying growth rate because it makes it easier to understand underlying growth trends if we exclude them.

## Q1 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	-16.9%	-8%	-4%	-2%	-4%	-34.4%
Europe ex UK	3.6%	-2%	3%	2%	4%	10.8%
Japan	10.5%	7%	1%	2%	1%	21.1%
North America	6.7%	-1%	4%	-2%	-1%	6.3%
Asia Pacific ex Japan	-4.5%	-2%	24%	-10%	-16%	-8.0%
UK	0.7%	-3%	0%	0%	-3%	-5.0%
Global	3.1%	-2%	4%	-1%	-2%	2.2%

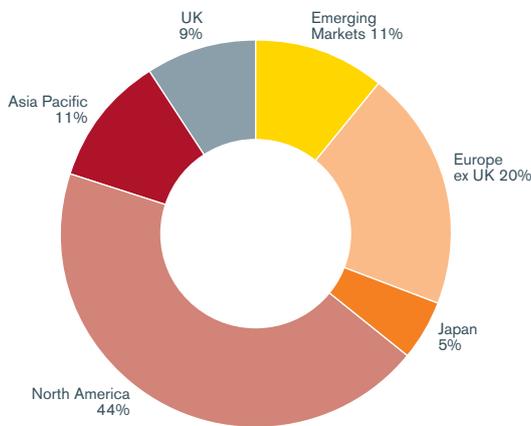
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\* Timing effects are not significant on an annual basis

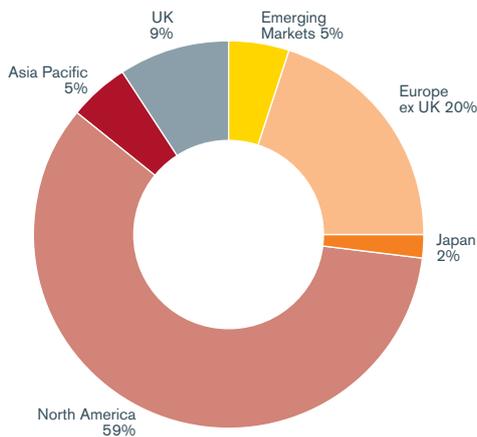


# Regions and countries

### 2015 dividends by region



### 2016 Q1 dividends by region



## North America

Companies in the US and Canada tend to pay dividends four times a year while payments in other parts of the world show much greater seasonality, with the first quarter a relative low point. As a result, North America makes up three fifths of global payments in the first quarter, compared to just over two fifths of the annual total.

North American dividends rose 6.3% year on year on a headline basis, reaching \$115.2bn. The underlying growth rate was 6.7%.

US dividends have been growing very rapidly in recent quarters, but momentum slowed a little in Q1. Dividends rose 8.1% (headline) to \$107.6bn, taking the US HGDI to a new record of 204.5. Large special dividends from Symantec and Equity Residential Properties Trust, each following asset sales, and one from Ford, on the back of the car producer's very strong financial performance, boosted the US total. Underlying growth was a more modest 6.7%. Once again, growth was very broadly based in the US. Dividends rose in every sector except oil & gas and mining where companies are under pressure from lower commodity prices. In the oil sector, ConocoPhillips succumbed to the lower oil price and cut its payout, becoming one of the few global oil majors so far to do so.

In Canada, underlying dividends rose 6.3%, in line with its larger neighbour. Financial and consumer sectors performed well, while oil and mining stocks cut their payouts. However, dividends fell 14.1% year on year on a headline basis to \$7.6bn, the tenth consecutive quarter of declines. A number of Canadian companies left the global top 1,200 list, mainly from the challenged energy sector, and this accounted for much of the headline decline. The weaker Canadian dollar also made a significant impact.

## HGDI – North America





# Regions and countries (continued)

## Europe ex UK

Headline growth of 10.8% to \$38.0bn was the strongest since early 2014. European currencies have now steadied against the dollar, so large exchange rate effects are no longer masking Europe's underlying dividend growth. Adjusting for the flattering effect of higher special dividends, the largest of these from Vivendi in France, and some significant timing effects, underlying growth was 3.6%. Periods of dollar weakness resulted in small foreign exchange gains in Sweden, Denmark, Finland, and the Netherlands, the first such gains since 2014.

Europe's seasonal patterns mean more than one third of first quarter dividends come from Swiss pharmaceutical manufacturers Novartis and Roche. Each raised its payment fractionally, but overall Swiss dividends fell 3.4% (headline) to \$13.9bn owing to a slightly weaker Swiss franc, and because Schindler paid a special dividend in Q1 last year. On an underlying basis, Swiss dividends were almost unchanged, down just 0.1%.

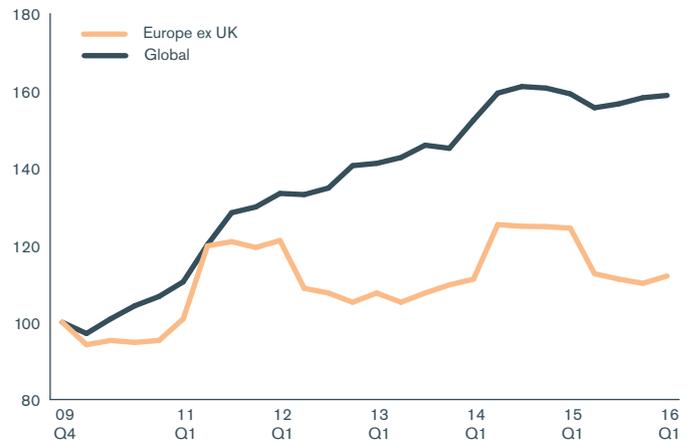
Dividends from Germany, France, Spain, and Sweden all amounted to between \$4bn and \$5bn. German dividends rose 3.0% on a headline basis, equivalent to 7.5% once exchange rate movements were taken into account. Every German company increased its dividend, including the largest payer Siemens, which raised its euro distribution 6.1% year on year.

In France, 51.3% headline growth was exaggerated by Vivendi's \$1.5bn special payout, but 5.3% underlying growth marks an improvement compared to 2015 with every French company holding its euro payment steady or increasing it. Spanish dividend growth of 5.1% translated into the only significant decline in Europe on an underlying basis, at -5.6%, owing to a sharp cut at Banco Santander, the largest payer in Spain.

Elsewhere in Europe, increases at Unilever and Solvay secured growth for the Netherlands and Belgium, while in Denmark, Danske Bank and Novo Nordisk both raised their dividends substantially. Danish companies paid \$930m more than in Q1 2015, an increase of one third.

With most of Europe's companies paying in the second quarter, the promising start to the year bodes well for dividend payments from the region this year.

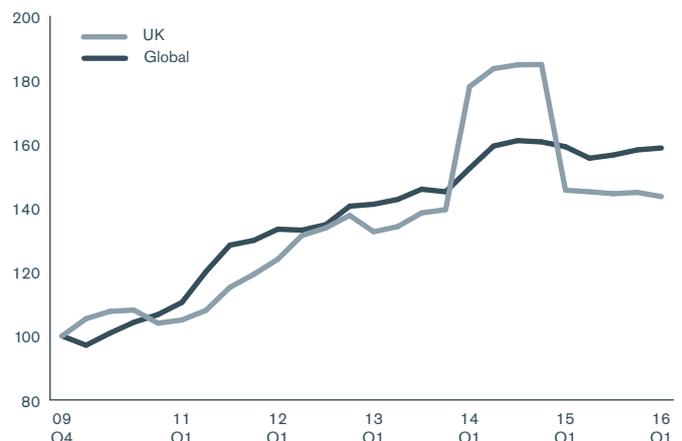
### HGDI – Europe ex UK



## UK

UK dividends<sup>1</sup> fell 5.0% in the first quarter to \$16.4bn. Sterling was weak against the US dollar, and there were some payment timing differences, so underlying growth was 0.7%. This was a good result given the number of large British-listed companies, principally in the commodity and banking sectors that have announced dividend cuts, among them Glencore, BHP Billiton, Anglo American, Standard Chartered and Barclays. These cuts will, however, bite deeper later in the year, leading to a full year decline for UK payouts. On the positive side, Royal Dutch Shell, having absorbed BG Group, promptly paid a dividend 2.5 times larger than BG had done on the equivalent capital. Not only will this go a long way to offsetting dividend cuts from other British-listed stocks, but it will also cement Royal Dutch Shell's position as the largest payer of dividends in the world. This year, it is set to distribute \$15bn, one fifth more than the next largest payer, Exxon.

### HGDI – UK



<sup>1</sup> The HGDI calculates dividends paid in each country before taxation wherever possible, in order to maximise comparability across the globe.

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

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# Regions and countries (continued)

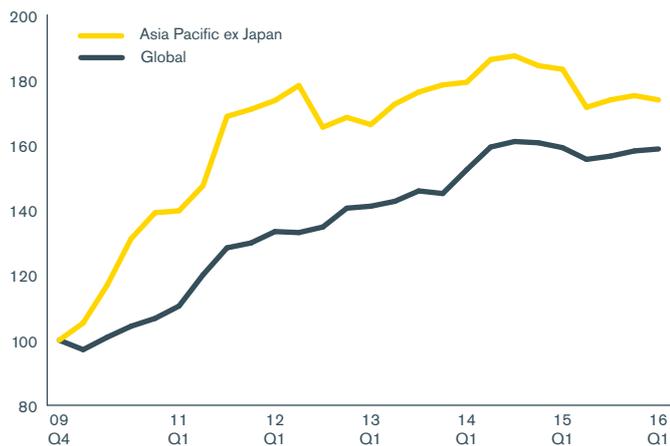
## Asia Pacific ex Japan

Q1 marks the seasonal low for Asian dividends. It was a confusing picture, as large special dividends, the biggest from Cheung Kong Infrastructure Holdings and Hang Seng Bank, boosted headline growth from the region, while timing effects, index changes and weaker currencies detracted from it. On a headline basis, dividends from the region were 8.0% lower. On an underlying basis, they fell 4.5%.

This quarter, the worst performer was Australia. A headline decline of 49.8% to \$2.8bn was exaggerated by Woodside Petroleum, whose dividend will be paid in Q2 this year, and at a lower level than last year. On an underlying basis, dividends were 29.7% lower, mainly owing to the significant \$2bn cut in BHP Billiton's payout. As Australia's third largest dividend payer, its cut, along with Rio Tinto's, will knock around 10% off the country's 2016 total.

Hong Kong performed best, with headline growth of 61.6%, thanks to high special dividends. Underlying growth was strong at 32.7%, owing in particular to Hang Seng's big increase in its regular dividend.

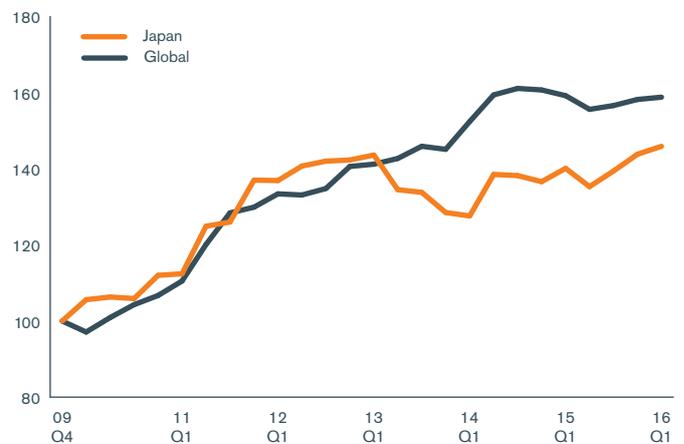
### HGDI – Asia Pacific ex Japan



## Japan

Japanese dividends grew rapidly in 2015, especially in yen terms, and whilst the first quarter is seasonally small for Japanese payouts, the positive dividend environment continued. With the yen now strengthening against the US dollar, underlying growth of 10.5% meant dividends were 21.1% higher in headline terms, once other lesser factors were also taken into account. The biggest payer, Japan Tobacco, raised its distribution 28% in yen terms, and even more in dollars, following the company's optimistic update on its prospects late last year. But growth in Japan is not just from one or two companies: almost three quarters raised their dividends in yen terms.

### HGDI – Japan





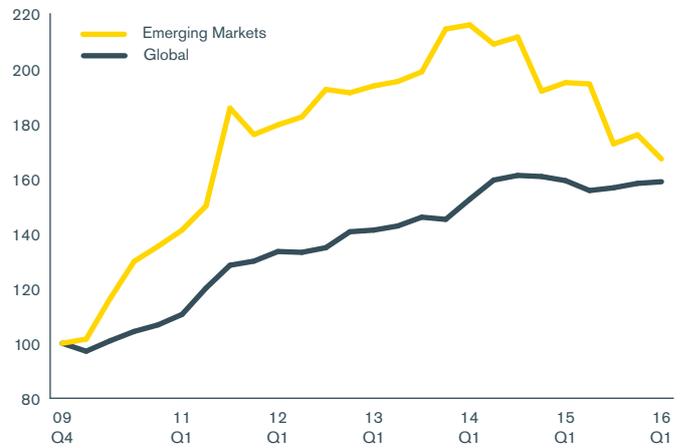
# Regions and countries (continued)

## Emerging Markets

Again, the first quarter is relatively quiet for emerging markets, but their reduction in dividend payments made a significant impact on the global total. Dividends of \$10.2bn were 34.4%, or \$5.4bn lower on a headline basis. Even after adjusting for sharply lower currencies and other factors they fell 16.9%. Most countries produced lower dividends, with India a notable exception. A much higher distribution from Coal India, the largest payer, helped push Indian underlying growth to 38.8%. Moreover, an impending dividend tax of 10% induced a number of Indian companies to bring their payments forward, producing headline growth of 60.7%.

For the full year, we expect dividends from emerging markets to be lower, although we expect the decline to be less than the first quarter suggests. China is the most important contributor, but its dividends are paid later in the year. Chinese companies tend to have a fixed payout ratio, and with banking profits down, dividends are likely to be lower, though not dramatically so. In Russia, the government is mulling a change in the law to raise the dividends paid by state-controlled companies, so we may see the picture there change for the better.

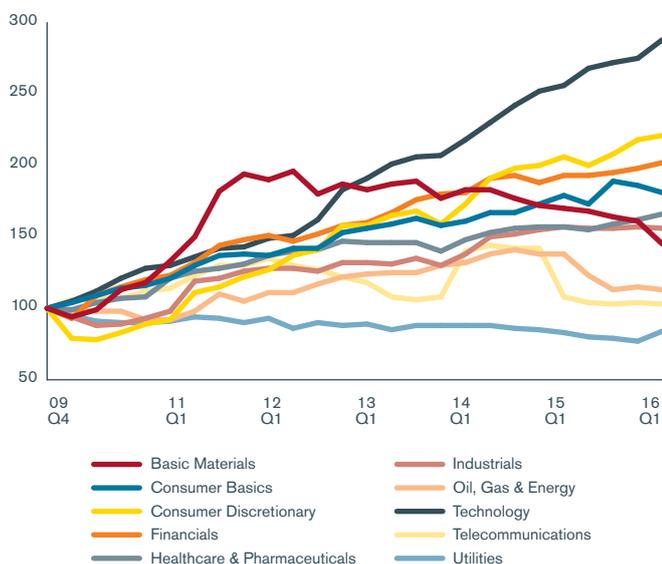
HGDI – Emerging Markets





# Industry and sectors

HGDI – Total dividends by industry



The two largest industries to pay in the first quarter, financials and healthcare, each saw dividends rise year on year. Meanwhile there was a sharp decline from both the basic materials industry, most of which was due to BHP Billiton, and companies in the energy sector. Technology meanwhile was once again the fastest growing industry for

dividends. The tech HGDI reached a new record of 287.6 in the first quarter, meaning that tech dividends have almost tripled since 2009. This year, tech companies will pay almost 8% of global dividends, compared to less than 5% in 2009. By contrast, energy dividends have barely changed, rising just 13% since 2009.



# Top payers

## World's biggest dividend payers

Rank	10Q1	11Q1	12Q1	13Q1	14Q1	15Q1	16Q1
1	Novartis AG	Novartis AG	Novartis AG	Novartis AG	Vodafone Group plc	Novartis AG	Novartis AG
2	Royal Dutch Shell Plc	Roche Holding AG	Vodafone Group plc	Roche Holding AG	Novartis AG	Roche Holding AG	Roche Holding AG
3	BP plc	Siemens AG	Roche Holding AG	Siemens AG	Roche Holding AG	Siemens AG	Royal Dutch Shell Plc
4	AT&T, Inc.	Astrazeneca plc	Siemens AG	Royal Dutch Shell Plc	Siemens AG	Royal Dutch Shell Plc	Siemens AG
5	Astrazeneca plc	Royal Dutch Shell Plc	Telstra Corporation	BHP Billiton Limited	Coal India Limited	Exxon Mobil Corp.	Equity Residential Properties Trust
6	Vodafone Group plc	AT&T, Inc.	Royal Dutch Shell Plc	Vodafone Group plc	Royal Dutch Shell Plc	BHP Billiton Limited	Exxon Mobil Corp.
7	Telstra Corporation	Telstra Corporation	AT&T, Inc.	Telstra Corporation	BHP Billiton Limited	Apple Inc	AT&T, Inc.
8	Siemens AG	Vodafone Group plc	Astrazeneca plc	AT&T, Inc.	Exxon Mobil Corp.	Nordea Bank AB	Nordea Bank AB
9	BHP Billiton Limited	BHP Billiton Limited	BHP Billiton Limited	Exxon Mobil Corp.	Apple Inc	Microsoft Corporation	Apple Inc
10	Exxon Mobil Corp.	Exxon Mobil Corp.	Exxon Mobil Corp.	Apple Inc	Astrazeneca plc	AT&T, Inc.	Microsoft Corporation
<b>Subtotal \$bn</b>	<b>\$25.88</b>	<b>\$31.70</b>	<b>\$36.38</b>	<b>\$33.71</b>	<b>\$59.93</b>	<b>\$35.33</b>	<b>\$37.87</b>
<b>% of total</b>	<b>23%</b>	<b>22%</b>	<b>22%</b>	<b>20%</b>	<b>27%</b>	<b>17%</b>	<b>17%</b>
11	Pfizer Inc.	Pfizer Inc.	General Electric Co.	Astrazeneca plc	AT&T, Inc.	Astrazeneca plc	Symantec Corp.
12	HSBC Holdings plc	Pepsico Inc.	Total S.A.	Banco Santander S.A.	Telstra Corporation	Costco Wholesale Corp	Coal India Limited
13	Pepsico Inc.	General Electric Co.	Pfizer Inc.	General Electric Co.	Banco Santander S.A.	General Electric Co.	Cheung Kong Infrastructure Holdings Ltd.
14	Banco Santander S.A.	Johnson & Johnson	Microsoft Corporation	Microsoft Corporation	Microsoft Corporation	Verizon Communications Inc	Astrazeneca plc
15	Chevron Corp.	Chevron Corp.	HSBC Holdings plc	BP plc	General Electric Co.	First Gulf Bank	General Electric Co.
16	Johnson & Johnson	HSBC Holdings plc	Pepsico Inc.	Total S.A.	Total S.A.	Banco Santander S.A.	Verizon Communications Inc
17	Glaxosmithkline plc	Verizon Communications Inc	Chevron Corp.	Nordea Bank AB	Chevron Corp.	Coal India Limited	Johnson & Johnson
18	Procter & Gamble Co.	Procter & Gamble Co.	Johnson & Johnson	Pfizer Inc.	Johnson & Johnson	Chevron Corp.	Pepsico Inc.
19	Microsoft Corporation	Microsoft Corporation	BP plc	Chevron Corp.	Novo Nordisk	Pepsico Inc.	Chevron Corp.
20	Philip Morris International Inc	Glaxosmithkline plc	Procter & Gamble Co.	Johnson & Johnson	Swedbank AB	Disney Walt Co.	Novo Nordisk
<b>Subtotal \$bn</b>	<b>\$13.24</b>	<b>\$14.37</b>	<b>\$16.31</b>	<b>\$19.04</b>	<b>\$21.01</b>	<b>\$21.55</b>	<b>\$22.87</b>
<b>GRAND TOTAL \$bn</b>	<b>\$39.13</b>	<b>\$46.07</b>	<b>\$52.69</b>	<b>\$52.75</b>	<b>\$80.94</b>	<b>\$56.88</b>	<b>\$60.73</b>
<b>% of TOTAL</b>	<b>34%</b>	<b>33%</b>	<b>32%</b>	<b>31%</b>	<b>36%</b>	<b>27%</b>	<b>28%</b>

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# Conclusion and outlook

For the full year, we remain positive on Japan, North America and Europe, and as before, we expect emerging market and UK dividends to fall. We have become more negative on the prospects of Asia Pacific ex Japan, in particular owing to the effect of dividend cuts from commodity companies listed in Australia.

Since the beginning of the year, big mining groups have cut their dividends somewhat sooner and by more than we expected. Some oil majors, even in developed countries, have also cut their payouts, though the largest and strongest will hold them steady for longer in the expectation of a recovery in the oil price. The indirect

effect of lower energy and commodity prices is also now rippling out to the economies and banking sectors in many emerging markets, slowing growth and increasing banking provisions. This will slowly, but increasingly, impact the potential for dividend growth too.

We do not attempt to forecast exchange rates. The HGDI has repeatedly shown that over the longer term, the effect of exchange rate movements is negligible, although in any one year it can be significant. The US dollar, though stronger against most currencies in Q1 2016 than it was in Q1 2015, nevertheless ended the quarter lower than it started. Based on

current exchange rates, dividends are likely to be boosted slightly in 2016 for most parts of the world by the weaker dollar, in contrast to a large deduction in 2015 when the dollar was exceptionally strong.

The shifting fortunes of different regions of the world highlight the value of taking a globally diversified approach to income investing. We expect global dividends to reach \$1.18trillion this year. This is an increase of 3.3% in underlying terms, unchanged from our preliminary forecast in January. The headline growth rate is slightly faster at 3.9%, thanks to the effects of a slightly weaker dollar.



“ We expect global dividends to reach \$1.18 trillion this year. This is an increase of 3.3% in underlying terms, unchanged from our preliminary forecast in January.”



# 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.

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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%
<b>TOTAL</b>	<b>\$840.</b>	<b>22%</b>	<b>\$909.8</b>	<b>8%</b>	<b>\$939.</b>	<b>3%</b>	<b>\$1,044.6</b>	<b>11%</b>	<b>\$1,023.1</b>	<b>-2%</b>
<b>Outside top 1,200</b>	<b>\$106.6</b>	<b>22%</b>	<b>\$115.4</b>	<b>8%</b>	<b>\$119.1</b>	<b>3%</b>	<b>\$129.5</b>	<b>8%</b>	<b>\$129.8</b>	<b>0%</b>
<b>Grand Total</b>	<b>\$946.6</b>	<b>22%</b>	<b>\$1,025.3</b>	<b>8%</b>	<b>\$1,058.2</b>	<b>3%</b>	<b>\$1,174.1</b>	<b>11%</b>	<b>\$1,153.</b>	<b>-2%</b>

## 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	10Q1	11Q1	12Q1	13Q1	14Q1	15Q1	16Q1
<b>Emerging Markets</b>	Brazil	\$2.25	\$3.91	\$3.25	\$4.01	\$3.73	\$3.66	\$2.06
	Chile	\$0.02	\$0.37	\$0.80	\$0.77	\$0.77	\$0.63	\$0.60
	China	\$-	\$0.02	\$-	\$-	\$-	\$-	\$0.13
	Colombia	\$0.06	\$0.07	\$0.06	\$0.07	\$0.02	\$0.02	\$-
	India	\$1.85	\$1.53	\$3.54	\$3.03	\$4.35	\$2.65	\$4.26
	Indonesia	\$-	\$0.09	\$-	\$-	\$-	\$-	\$-
	Malaysia	\$0.59	\$0.68	\$1.10	\$0.77	\$1.25	\$1.49	\$1.17
	Mexico	\$0.11	\$0.19	\$0.03	\$0.51	\$0.15	\$0.05	\$0.42
	Philippines	\$-	\$-	\$-	\$0.05	\$-	\$0.25	\$0.11
	Russia	\$-	\$0.15	\$0.70	\$2.99	\$1.26	\$2.88	\$0.21
	South Africa	\$0.72	\$1.81	\$1.79	\$0.62	\$2.18	\$1.71	\$-
	Thailand	\$-	\$-	\$-	\$-	\$-	\$0.15	\$0.20
	Turkey	\$0.37	\$0.37	\$-	\$-	\$-	\$-	\$-
	United Arab Emirates	\$-	\$-	\$-	\$-	\$-	\$2.12	\$1.06
<b>Europe ex UK</b>	Belgium	\$0.15	\$0.13	\$0.13	\$0.14	\$0.15	\$0.13	\$0.16
	Denmark	\$0.82	\$1.13	\$1.38	\$1.64	\$2.51	\$2.80	\$3.73
	Finland	\$0.39	\$0.28	\$0.41	\$0.77	\$0.90	\$0.60	\$0.96
	France	\$0.31	\$0.50	\$2.08	\$2.39	\$2.70	\$2.92	\$4.42
	Germany	\$2.27	\$3.84	\$4.04	\$3.69	\$3.79	\$3.94	\$4.05
	Ireland	\$-	\$-	\$-	\$-	\$-	\$0.58	\$-
	Israel	\$0.17	\$0.38	\$0.25	\$0.30	\$0.83	\$0.32	\$0.35
	Italy	\$-	\$-	\$-	\$-	\$0.40	\$-	\$-
	Luxembourg	\$0.12	\$-	\$-	\$-	\$-	\$-	\$-
	Netherlands	\$0.46	\$0.64	\$0.50	\$0.57	\$0.64	\$0.52	\$0.57
	Norway	\$0.22	\$0.39	\$0.38	\$-	\$0.46	\$0.75	\$0.70
	Portugal	\$-	\$-	\$0.25	\$-	\$-	\$-	\$-
	Spain	\$2.45	\$4.11	\$5.23	\$5.46	\$5.75	\$4.64	\$4.88
	Sweden	\$-	\$0.87	\$-	\$4.28	\$1.77	\$2.72	\$4.29
Switzerland	\$6.61	\$12.22	\$13.15	\$12.97	\$15.10	\$14.42	\$13.94	
<b>Japan</b>	Japan	\$2.00	\$2.14	\$2.10	\$2.58	\$2.22	\$3.49	\$4.22
<b>North America</b>	Canada	\$6.50	\$8.81	\$8.90	\$9.88	\$9.24	\$8.83	\$7.58
	United States	\$45.76	\$52.51	\$64.68	\$66.43	\$86.64	\$99.54	\$107.62
<b>Asia Pacific ex Japan</b>	Australia	\$7.89	\$7.94	\$8.35	\$8.27	\$7.57	\$5.61	\$2.82
	Hong Kong	\$0.71	\$1.19	\$2.30	\$1.11	\$2.57	\$3.58	\$5.79
	Singapore	\$0.73	\$0.83	\$1.00	\$1.03	\$0.92	\$0.91	\$1.17
	South Korea	\$0.81	\$0.57	\$0.57	\$0.41	\$0.28	\$0.52	\$-
<b>UK</b>	United Kingdom	\$17.40	\$18.06	\$21.16	\$17.74	\$43.43	\$17.22	\$16.36
<b>TOTAL</b>		\$101.37	\$125.71	\$148.14	\$152.46	\$201.58	\$189.63	\$193.83
<b>Outside top 1,200</b>		\$12.86	\$15.95	\$18.80	\$19.34	\$22.61	\$24.06	\$24.59
<b>Grand Total</b>		\$114.23	\$141.66	\$166.94	\$171.80	\$224.19	\$213.68	\$218.42

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# Appendices (continued)

## Quarterly dividends by industry in USD billions

Industry US\$ bn	10Q1	11Q1	12Q1	13Q1	14Q1	15Q1	16Q1
<b>Basic Materials</b>	\$6.69	\$11.72	\$10.50	\$9.42	\$11.47	\$10.84	\$5.56
<b>Consumer Basics</b>	\$12.09	\$14.86	\$14.19	\$15.84	\$17.46	\$21.59	\$18.65
<b>Consumer Discretionary</b>	\$5.03	\$6.23	\$8.28	\$8.26	\$13.79	\$16.36	\$17.71
<b>Financials</b>	\$16.40	\$19.36	\$23.32	\$26.30	\$28.14	\$34.78	\$39.62
<b>Healthcare &amp; Pharmaceuticals</b>	\$17.12	\$23.62	\$26.51	\$25.67	\$29.45	\$29.19	\$30.99
<b>Industrials</b>	\$9.59	\$12.59	\$13.73	\$13.44	\$17.78	\$19.10	\$18.97
<b>Oil, Gas &amp; Energy</b>	\$14.21	\$13.93	\$19.91	\$21.95	\$24.20	\$24.41	\$22.50
<b>Technology</b>	\$5.87	\$6.61	\$8.64	\$10.95	\$14.37	\$15.61	\$19.49
<b>Telecommunications</b>	\$9.05	\$10.98	\$15.14	\$11.88	\$36.38	\$10.38	\$9.16
<b>Utilities</b>	\$5.31	\$5.82	\$7.92	\$8.75	\$8.54	\$7.36	\$11.19
<b>TOTAL</b>	<b>\$101.37</b>	<b>\$125.71</b>	<b>\$148.14</b>	<b>\$152.46</b>	<b>\$201.58</b>	<b>\$189.63</b>	<b>\$193.83</b>
<b>Outside Top 1,200</b>	\$12.86	\$15.95	\$18.80	\$19.34	\$22.61	\$24.06	\$24.59
<b>GRAND TOTAL</b>	<b>\$114.23</b>	<b>\$141.66</b>	<b>\$166.94</b>	<b>\$171.80</b>	<b>\$224.19</b>	<b>\$213.68</b>	<b>\$218.42</b>

## Quarterly dividends by sector in USD billions

Industry	Sector US\$bn	10Q1	11Q1	12Q1	13Q1	14Q1	15Q1	16Q1
<b>Basic Materials</b>	Building Materials	\$0.03	\$-	\$-	\$0.02	\$-	\$-	\$0.05
	Chemicals	\$1.33	\$1.79	\$2.47	\$2.71	\$4.23	\$3.65	\$3.51
	Metals & Mining	\$5.17	\$9.63	\$7.69	\$6.31	\$6.86	\$6.79	\$1.49
	Paper & Packaging	\$0.17	\$0.29	\$0.34	\$0.37	\$0.37	\$0.40	\$0.51
<b>Consumer Basics</b>	Beverages	\$2.13	\$2.63	\$2.18	\$3.71	\$4.28	\$4.44	\$3.28
	Food	\$1.94	\$2.21	\$2.70	\$2.81	\$3.45	\$3.43	\$2.79
	Food & Drug Retail	\$2.65	\$4.08	\$3.37	\$2.44	\$2.79	\$5.64	\$3.67
	Household & Personal Products	\$1.91	\$2.05	\$2.18	\$2.43	\$2.60	\$2.76	\$3.88
<b>Consumer Discretionary</b>	Tobacco	\$3.45	\$3.89	\$3.76	\$4.44	\$4.35	\$5.33	\$5.02
	Consumer Durables & Clothing	\$0.20	\$0.34	\$0.47	\$0.41	\$1.17	\$1.56	\$1.51
	General Retail	\$1.29	\$1.42	\$1.66	\$2.10	\$2.65	\$3.31	\$3.54
	Leisure	\$1.32	\$1.73	\$2.75	\$3.12	\$4.92	\$5.39	\$4.48
<b>Financials</b>	Media	\$1.82	\$2.08	\$2.52	\$1.53	\$3.11	\$3.77	\$4.50
	Other Consumer Services	\$0.05	\$0.05	\$-	\$-	\$-	\$0.06	\$-
	Vehicles & Parts	\$0.36	\$0.62	\$0.88	\$1.11	\$1.94	\$2.28	\$3.69
	Banks	\$9.10	\$12.15	\$13.38	\$17.08	\$15.76	\$19.18	\$20.58
<b>Healthcare &amp; Pharmaceuticals</b>	General Financials	\$1.35	\$1.52	\$2.43	\$1.95	\$4.23	\$4.44	\$4.19
	Insurance	\$2.89	\$2.42	\$2.85	\$2.64	\$4.13	\$4.87	\$5.26
	Real Estate	\$3.06	\$3.27	\$4.67	\$4.63	\$4.01	\$6.29	\$9.59
<b>Industrials</b>	Health Care Equipment & Services	\$0.89	\$1.09	\$2.24	\$1.24	\$2.11	\$2.49	\$2.59
	Pharmaceuticals & Biotech	\$16.23	\$22.54	\$24.27	\$24.43	\$27.34	\$26.70	\$28.40
<b>Oil, Gas &amp; Energy</b>	Aerospace & Defence	\$1.74	\$1.78	\$2.14	\$2.11	\$2.86	\$3.10	\$3.14
	Construction, Engineering & Materials	\$1.16	\$1.33	\$1.47	\$0.52	\$1.30	\$1.40	\$1.73
	Electrical Equipment	\$0.49	\$0.69	\$0.64	\$0.67	\$0.65	\$0.71	\$0.69
	General Industrials	\$4.40	\$6.27	\$7.11	\$7.44	\$8.81	\$8.85	\$8.95
	Support Services	\$0.73	\$1.00	\$1.00	\$0.99	\$1.11	\$1.12	\$1.18
	Transport	\$1.07	\$1.52	\$1.38	\$1.70	\$3.06	\$3.91	\$3.28
<b>Technology</b>	Energy – non-oil	\$0.06	\$0.56	\$1.28	\$1.17	\$2.92	\$2.08	\$2.60
	Oil & Gas Equipment & Distribution	\$1.12	\$1.24	\$1.54	\$2.14	\$2.48	\$3.12	\$2.67
	Oil & Gas Producers	\$13.03	\$12.13	\$17.08	\$18.64	\$18.79	\$19.21	\$17.23
<b>Telecommunications</b>	IT Hardware & Electronics	\$1.46	\$1.58	\$2.39	\$4.54	\$6.18	\$6.69	\$6.18
	Semiconductors & Equipment	\$1.12	\$1.43	\$1.94	\$2.07	\$2.29	\$2.61	\$3.57
	Software & Services	\$3.29	\$3.60	\$4.31	\$4.34	\$5.89	\$6.31	\$9.74
<b>Utilities</b>	Fixed Line Telecommunications	\$6.30	\$8.26	\$9.04	\$8.90	\$8.56	\$6.97	\$7.41
	Mobile Telecommunications	\$2.75	\$2.71	\$6.10	\$2.98	\$2.78	\$3.42	\$1.75
<b>TOTAL</b>	<b>\$101.37</b>	<b>\$125.71</b>	<b>\$148.14</b>	<b>\$152.46</b>	<b>\$201.58</b>	<b>\$189.63</b>	<b>\$193.83</b>	
<b>Outside Top 1,200</b>		\$12.86	\$15.95	\$18.80	\$19.34	\$22.61	\$24.06	\$24.59
<b>GRAND TOTAL</b>		<b>\$114.23</b>	<b>\$141.66</b>	<b>\$166.94</b>	<b>\$171.80</b>	<b>\$224.19</b>	<b>\$213.68</b>	<b>\$218.42</b>

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## Appendices (continued)

### HGDI – by region

Region	10Q1	11Q1	12Q1	13Q1	14Q1	15Q1	16Q1
Emerging Markets	101.5	141.2	179.5	193.7	215.9	194.9	167.1
Europe ex UK	94.2	100.9	121.2	107.6	111.2	124.4	112.0
Japan	105.6	112.4	136.9	143.6	127.6	140.1	145.9
North America	92.2	103.3	122.0	150.1	159.3	178.6	197.5
Asia-Pacific	105.3	139.8	173.7	166.3	179.3	183.3	173.9
UK	105.4	105.0	124.0	132.6	178.0	145.6	143.6
<b>GLOBAL TOTAL</b>	<b>97.1</b>	<b>110.5</b>	<b>133.4</b>	<b>141.2</b>	<b>152.4</b>	<b>159.2</b>	<b>158.8</b>

### HGDI – by industry

Industry	10Q1	11Q1	12Q1	13Q1	14Q1	15Q1	16Q1
Basic Materials	94.4	133.4	190.4	183.4	183.3	169.8	144.7
Consumer Basics	104.1	120.6	136.8	155.7	160.9	179.0	181.1
Consumer Discretionary	78.7	91.9	126.6	157.8	172.6	205.9	220.8
Financials	93.2	122.7	150.9	160.3	181.1	192.8	201.8
Healthcare & Pharmaceuticals	98.5	121.2	136.5	145.7	148.1	156.7	166.1
Industrials	94.0	98.3	128.2	131.7	137.6	156.8	156.4
Oil, Gas & Energy	99.4	92.1	111.2	123.7	132.1	137.7	113.4
Technology	105.0	130.4	149.4	190.6	217.9	256.5	287.6
Telecommunications	105.6	114.4	135.4	117.8	140.4	107.9	102.9
Utilities	95.2	90.9	93.0	89.1	88.0	83.2	83.5
<b>TOTAL</b>	<b>97.1</b>	<b>110.5</b>	<b>133.4</b>	<b>141.2</b>	<b>152.4</b>	<b>159.2</b>	<b>158.8</b>



# Appendices (continued)

## Q1 Annual Growth Rate – adjustments from underlying to headline

Region	Country	Underlying growth	Currency Effects	Special Dividends	Index Changes	Timing Changes	Headline Dividend Growth
<b>Emerging Markets</b>	Brazil	-4.3%	-18%	-15%	-6%	0%	-43.6%
	Chile	5.7%	-10%	0%	0%	0%	-4.5%
	Colombia	0.0%	0%	0%	-100%	0%	-100.0%
	India	38.8%	-11%	0%	6%	28%	60.7%
	Malaysia	-9.7%	-11%	0%	0%	0%	-21.1%
	Mexico	173.6%	-119%	0%	0%	765%	820.3%
	Philippines	38.5%	-2%	-30%	-61%	0%	-54.3%
	Russia	-92.6%	0%	0%	0%	0%	-92.6%
	South Africa	0.0%	0%	0%	-4%	-96%	-100.0%
	Thailand	46.9%	-12%	0%	0%	0%	34.7%
	United Arab Emirates	-50.0%	0%	0%	0%	0%	-50.0%
<b>Europe ex UK</b>	Belgium	29.8%	-9%	0%	0%	0%	21.2%
	Denmark	30.0%	3%	0%	0%	0%	33.2%
	Finland	9.6%	7%	0%	44%	0%	61.1%
	France	5.3%	-2%	52%	-4%	0%	51.3%
	Germany	7.5%	-4%	0%	0%	0%	3.0%
	Ireland	0.0%	0%	-100%	0%	0%	-100.0%
	Israel	8.7%	0%	0%	0%	0%	8.7%
	Netherlands	6.8%	3%	0%	0%	0%	10.1%
	Norway	5.1%	-12%	0%	0%	0%	-7.3%
	Spain	-5.6%	-6%	0%	9%	7%	5.1%
	Sweden	1.0%	7%	13%	0%	38%	58.1%
	Switzerland	-0.1%	-2%	-1%	0%	0%	-3.4%
	<b>Japan</b>	Japan	10.5%	7%	1%	2%	1%
<b>North America</b>	Canada	6.3%	-8%	0%	-10%	-2%	-14.1%
	United States	6.7%	0%	4%	-1%	-1%	8.1%
<b>Asia Pacific ex Japan</b>	Australia	-29.7%	-2%	3%	0%	-21%	-49.8%
	Hong Kong	32.7%	-1%	60%	-31%	0%	61.6%
	Singapore	1.8%	-8%	25%	10%	0%	28.7%
	South Korea	0.0%	0%	0%	0%	-100%	-100.0%
<b>UK</b>	United Kingdom	0.7%	-3%	0%	0%	-3%	-5.0%

# 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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