HENDERSON GLOBAL DIVIDEND INDEX

Henderson
GLOBAL INVESTORS
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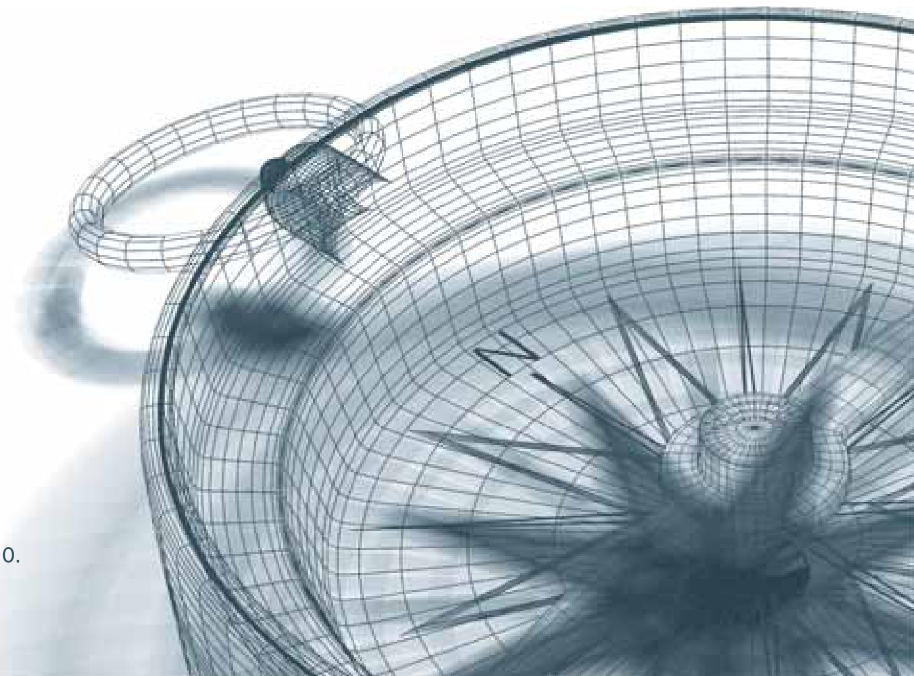
Introduction

Henderson Global Investors is an asset manager that, during the last 80 years, has been investing in global markets on behalf of its clients throughout the world.

Recent volatility* in global stock markets in response to concerns over global growth make the headlines, but daily movements in share prices are a distraction from the ongoing ability of equities to provide an income. In fact, over the long term, dividends and dividend growth provide a significant proportion of an investors' total return, and provide a compelling basis for valuing companies.

The Henderson Global Dividend Index (HGDI) is a long-term study into global dividend trends, and is the first of its kind. It is not an investable index like the S&P 500 or the Hang Seng, 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 100). The index breaks down by region, industry and sector, and enables readers to easily compare the dividend performance of, for example, countries like the US that provide a large proportion of global dividends, alongside smaller dividend payments nations such as the Netherlands. The report aims to help readers better understand the world of income investing.

In this Q3 2014 report we look at the latest trends, and introduce our forecast for global dividends for 2014 and 2015.



Nothing in this document should be construed as advice.

* Please refer to the glossary of services found on page 10.

Executive summary

Overview

- Global dividends reach $288.1bn in Q3, up a headline 3.8% year on year
- Modest headline growth masks continuing strong underlying expansion
- Underlying dividends* up 9.7%, as currency movements and one-offs act as a drag on the headline total
- US, Emerging Markets and Asia Pacific make a strong contribution to underlying growth
- The Henderson Dividend Index value rose to 159.9 in the third quarter up from 144.4 at the end of 2013

Seasonality

- Q3 is the second largest quarter for dividends, with a seasonal peak for Emerging Markets and Asia Pacific
- Seasonal peaks from different parts of the world influence the year-on-year global growth rate in any one quarter, but have no effect on the annual rate
- For example, the seasonal peak of a fast growing region will boost the overall growth rate in that quarter
- A global approach to income investing helps reduce seasonal spikes in dividends from any one region or country

North America

- US is the main engine of global dividend growth
- Underlying dividends* rose 10.8% (headline 11.4%) to $87.4bn
- 29 out of 33 US sectors show dividend growth
- Canada continues to lag the US with modest underlying growth +5.0% (headline -2.8%)

Emerging Markets

- Q3 is the seasonal peak for Emerging Markets (EM), at $58.4bn accounting for almost half the annual total
- Underlying increase was 11.0% as headline dividend growth (+1.4%) was reduced by currency, timing and index change effects
- Nine tenths of Chinese dividends are paid in Q3, dominating EM payouts
- Underlying Chinese dividends grew 14.0% (16.9% headline), with banks performing very well
- Dividend payout rates in Russia see no impact of sanctions with underlying dividend growth of 8.0%, reduced to a headline 0% by a weak rouble
- BRICS** make up two thirds of annual Emerging Market dividends and have grown payouts twice as fast as non-BRICS Emerging Markets since 2009

Asia Pacific

- Q3 is the seasonal peak for Asia Pacific
- Dividends reached $44.0bn, up just 0.96% headline, but one-offs, especially from Australia impacted the total
- Underlying dividends* rose 10.3%, in line with Emerging Markets and US
- Taiwan put in the best performance in the region with headline growth up 22.9% (underlying up 11.3%)

Europe, Japan, UK

- Q3 is a small quarter for European and Japanese dividend payouts
- Underlying growth* from Europe was strong, extending Q2 gains (+14.4%)
- Japan's dividend payments, at $2.1bn, were too small to draw meaningful conclusion
- Q3 is seasonally large for the UK
- UK shows slowest dividend growth of the big countries, with underlying payouts falling 2%, after the effect of a strong pound is removed

Industries & Sectors

- Financials account for over a quarter of Q3 dividends but were only up 2% year on year
- US financials buck the trend with rapid increases across the sector, far ahead of the rest of the world
- The US financial industry has recovered from the crisis far faster than other regions, and is once again paying large dividends
- Technology grew by a headline 19.4%. Despite flattering one-off effects, technology firms have significantly outpaced growth in the wider market in recent years

Outlook

- Henderson expects $1.19 trillion in global dividends in 2014, up 12.6% headline, 9.6% underlying
- Preliminary estimate for 2015 is $1.24 trillion for global dividends up 4.2% headline, 7.2% underlying

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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.

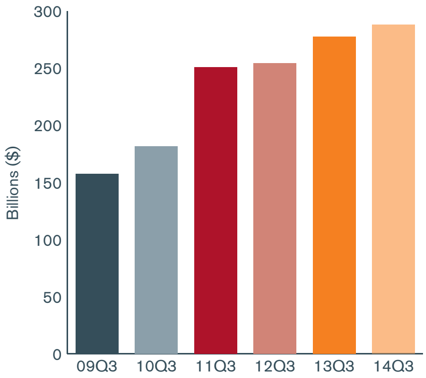
The value of an investment and the income from it can fall as well as rise and you may not get back the amount initially invested.

* Please refer to the glossary of services found on page 10.

** Brazil, Russia, India, China and South Africa.

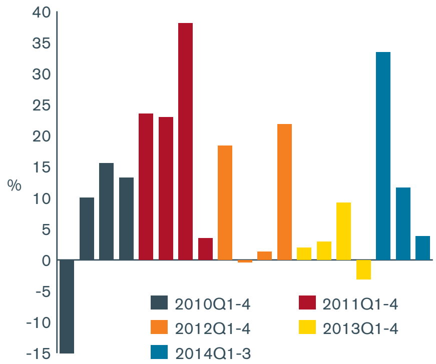
Global dividend growth on track for a strong 2014, despite slower headline figures

Q3 dividends



HGDI

Total dividends, growth per quarter



Global dividends totalled $288.1 billion in the third quarter of 2014, 3.8% more than the same period in 2013 with the US again the principal engine of growth. Headline growth* does not look as impressive as the rapid growth witnessed in the first and second quarters. However, there are four key factors on top of underlying* company dividends that affect growth rates in any one period. These are special dividends*; the timing of big payments; currency movements; and index changes. The factors collectively deducted 5.9 percentage points from the headline growth rate in the third quarter, meaning that underlying growth was actually 9.7%. The first and second quarters of the year saw positive effects from each of these, while in the third quarter, they all acted as a drag. In previous editions of the HGDI, we have defined underlying dividend growth as headline dividends minus special dividends only. To make it easier to explain patterns, the term 'underlying growth'* will now take into account each of the four factors.

Underlying growth in the third quarter was broadly in line with the first and second quarters, signalling continued robust growth in payouts to the world's shareholders. On an underlying basis, North America, Europe, Emerging Markets and Asia Pacific grew fastest, while the UK and Japan lagged behind.

The Henderson Dividend Index value rose to 159.9 in the third quarter (Dec 2009 = 100), up from 144.4 at the end of 2013.

The impact of the adjustments from headline* to underlying dividend growth* rates for Q3 are detailed below:

Special dividends*: these were half the level of Q3 2013, at just $4.3bn, the lowest quarterly total in two years. This factor dragged the headline growth rate down 1.7 percentage points, and was particularly apparent in Europe ex UK.

Timing effects: these can be hard to measure, but with some dividends paid earlier in the year and some paid later than usual, we estimate the drag on the headline growth rate in the Q3 to be 1.9 percentage points. Timing factors are mostly eliminated over a full year.

Currency: in Q3, movements in currencies had the smallest net effect on total dividends in almost two years. Collectively, they deducted just 0.3 percentage points from the quarter's total, equivalent to $765m (this was after currency gains in the Q1 and Q2). A weaker euro brought a small loss, while gains from the pound (at $1.3bn) were significantly smaller than of late, as that currency began to decline against the dollar. In Asia Pacific, the Korean won and Singapore dollar were strong enough to provide a (modest) currency gain from that region for the first time in over a year. Over the long term, currency movements have almost no effect on total dividends, though in any given year or quarter, they can be significant.

Index changes: overall, this deducted 2 percentage points from headline growth in the period mainly because some Asian companies fell out of the index. Index changes make no impact on the global annual total.

Annual and Q3 dividends

Region US$ bn	2009	2010	% change	2011	% change	2012	% change	2013	% change	2014e	% change	Q313	Q314	% change
Emerging Markets	61.9	87.2	41	115.9	33	116.7	1	129.1	11	126.3	-2	57.7	58.5	1
Europe ex UK	186.6	177.8	-5	222.6	25	196.1	-12	204.3	4	230.7	13	20.7	19.7	-5
Japan	36.1	40.4	12	49.5	22	51.3	4	46.4	-10	49.9	8	2.2	2.1	-5
North America	227.0	225.3	-1	264.8	18	337.9	28	342.0	1	389.5	14	88.2	96.9	10
Asia Pacific	62.9	87.6	39	107.6	23	106.0	-1	112.3	6	117.6	5	43.6	44.0	1
UK	74.1	77.1	4	88.4	15	101.9	15	102.9	1	135.3	32	34.0	34.6	2
TOTAL	**648.6**	**695.4**	**7**	**848.7**	**22**	**910.0**	**7**	**936.9**	**3**	**1049.3**	**12**	**246.2**	**255.7**	**4**
Divs outside top 1,200	82.3	88.3	7	107.8	22	115.5	7	119.0	3	133.2	12	31.3	32.5	4
GRAND TOTAL	**731.0**	**783.7**	7	**956.5**	22	**1025.5**	7	**1055.9**	3	1182.5	12	277.5	288.1	4

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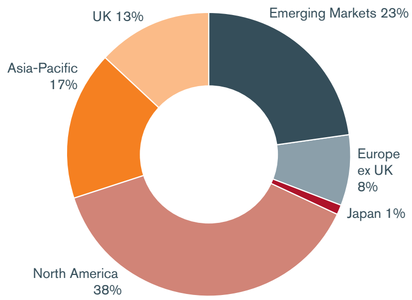
Examples are for illustrative purpose only and do not constitute advice.

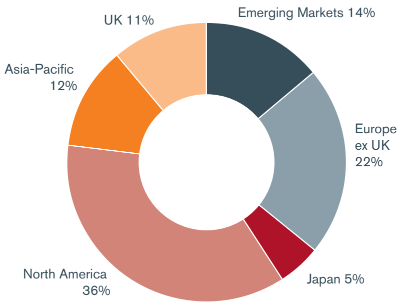
* Please refer to the glossary of services found on page 10.

Seasonality

Regional breakdown in Q314



Regional breakdown in 2013

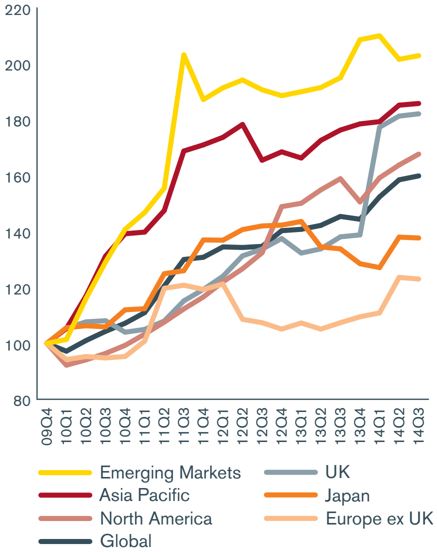


The third quarter is the second most important dividend paying period in the year after the second quarter, and accounts for $1 in every $4 paid. Different regions distribute their payouts in distinctive patterns. European companies tend to pay once a year, and usually in the second quarter, making a very small contribution in the third quarter, while North American payments are broadly spread over the year. The third quarter typically sees the largest seasonal contribution from Emerging Markets and the Asia Pacific region. Typically it is also a big dividend paying quarter for the UK.

Seasonality affects quarterly global dividend growth in two ways. First, the seasonal peak of a fast growing region will disproportionately increase the overall growth rate in any given quarter, but this effect will be mitigated in the annual total. Secondly, index changes, which rebalance the 1,200 stocks that the HGDI follows each year, affect different regions in rather different ways, and will therefore make their mark most in each region's biggest dividend paying quarter. Index changes even out over the course of year, so their net effect is approximately zero.

Regions and countries

HGDI - by region



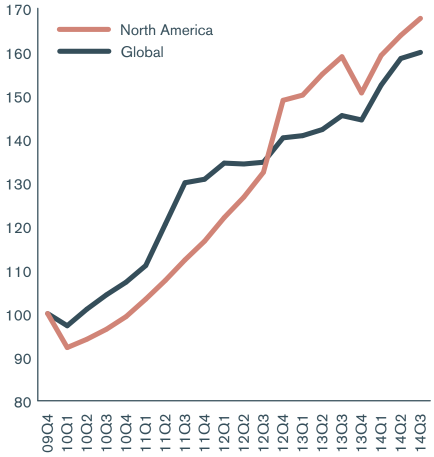
North America

The United States remained the main engine of global dividend growth. US firms paid out 11.4% more year on year at a headline level, a total of $87.4bn. Special dividends were $930m lower than a year ago, which acted as a drag on the headline growth rate, while index changes added around 2 percentage points. Underlying growth* from the US was therefore 10.8%, in line with its strong 13.8% performance in the second quarter.

Every industry grouping in the US except basic materials raised dividends, and at the more granular sector level, 29 out of 33 sectors increased their payouts. Financials, software and telecoms did best. (See Industries on page 8). Verizon generated the telecom growth; it now controls all of Verizon Wireless, and so is a materially larger company. The increase is the counterpart of the decline from Vodafone in the UK, which sold its stake in the joint venture; with a much smaller share count, Vodafone's total cash distribution is now lower.

Canada's dividends continue to grow more slowly than the US, with payouts down 2.8% year on year at the headline* level, the fourth consecutive decline. However, in each quarter, the fall in the Canadian dollar was enough to turn a small positive to a negative. With a number of Canadian firms having left the global top 1,200 in 2013, index changes have also depressed the Canadian total. Underlying dividend growth* from Canada in the third quarter was up 5.0%.

HGDI - North America



Emerging Markets

This is the biggest quarter of the year for Emerging Market dividends. At $58.4bn, they account for almost half the annual total from this group. At a headline level, Emerging Market dividends rose by just 1.4%. A 2.6 percentage points currency loss was the smallest in a year as Emerging Market currencies showed greater stability after the sharp declines that took place in 2012 and 2013. Index changes deducted around 8 percentage points, while timing effects flattered the total by 1 percentage point. Underlying growth* was therefore a creditable 11.0%, the best this group has achieved in recent quarters, mainly due to China's seasonal dominance of Q3.

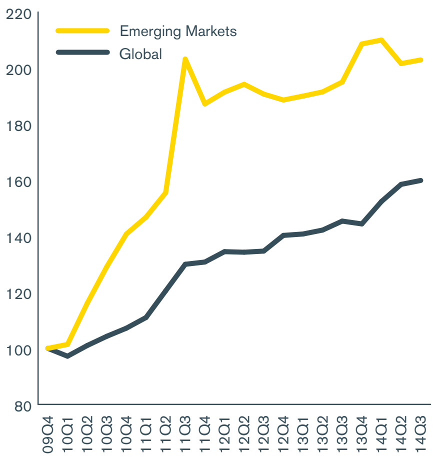
Although their economies do not behave in any real sense as a bloc, Brazil, Russia, India, China and South Africa (BRICS) are by far the largest emerging countries. Their economic weight is mirrored in their dividend payments, accounting for two thirds of the 2013 Emerging Market total, and 88% in the latest quarter. Not only are they the largest payers, but they have grown much faster than their peers too. Collectively, BRICS grew payouts 136% between 2009 and 2013, compared to 71% growth for Non-BRICS Emerging Markets. This shows both how BRICS have pulled away from their peers, but also indicates that companies are beginning to mature, and so are turning increasingly to dividend payment, rather than focusing purely on capital growth.

Q3 is seasonally China's biggest period for dividend payments accounting for around nine tenths of its annual total. At $26.0bn, China made up almost half (45%) of Emerging Market dividends in Q3, with 16.9% headline growth* rate equating to 14.0% underlying growth*. The Chinese banking sector produced strong increases, thanks partly to fixed payout ratios on growing profits at state owned banks, although the privately owned China Minsheng bank bucked the sector trend, cutting its payment. Despite fears of instability in the Chinese banking sector, management seem committed to dividend payments.

The third quarter is also Russia's seasonal peak, accounting for 85% of the country's annual distribution. There was little sign of economic sanctions affecting dividend policies. Dividends were flat year on year in US dollar terms ($16.5bn), with a particularly large cut from Norilsk Nickel offset by increases elsewhere. The performance is particularly good considering that the plunging rouble deducted $1.2bn. Underlying growth* was 8%.

South Africa appeared to do very badly, but a sharp 30% headline drop is mainly explained by timing and index changes, along with a 7% currency loss. Adjusting for all of these, dividends would have been 5% ahead of last year. Kumba Iron Ore cut its payout. India was fractionally ahead on a headline basis (+1.3% at $3.9bn) and +10.5% underlying. Brazil performed worst, with dividends falling a headline 28.8% (-14.8% underlying).

HGDI - Emerging Markets



* Please refer to the glossary of services found on page 10.

Regions and countries (continued)

Asia Pacific ex Japan

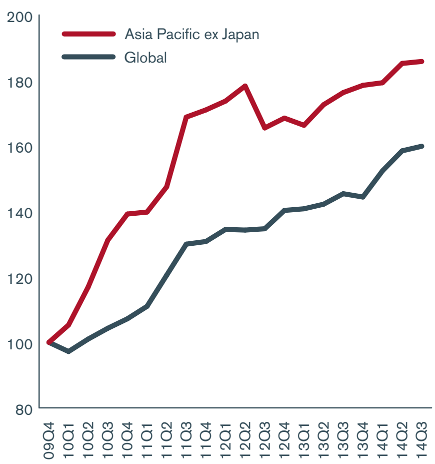
Q3 is the largest seasonal quarter for Asia Pacific, ahead of Q2. Headline dividends grew just 0.9% to $44.0bn, though underlying dividends were up 10.3%, roughly in line with Emerging Markets.

There were a number of technical changes in Australia (the biggest being the restructuring at Westfield) which accounted for the country's headline decline to $17.5bn there. The fact that Westpac did not repeat its special dividend also reduced Australia's headline growth rate. The banks, along with BHP Billiton and Woodside Petroleum made the biggest increases. Underlying dividends in Australia rose 7.3% year on year. We expect some of the one-offs to reverse in the final quarter.

In Hong Kong, investors enjoyed a $383m special dividend from Galaxy Entertainment and a strong increase from MTN. A fixed payout ratio at China Mobile meant its dividend fell in line with lower profits. Headline dividends rose 14%, underlying 7.4%.

Taiwan's headline payouts rose 22.9% to $10.6bn, but underlying growth was half this level, thanks to a timing change. There was strong growth from a range of sectors in Taiwan.

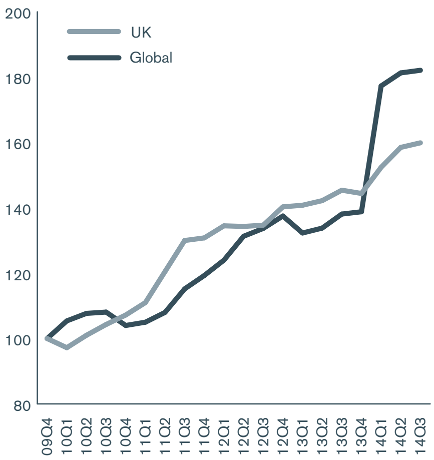
HGDI - Asia-Pacific ex Japan



UK

The third quarter matches the second as the most important period for dividends from the UK. The $34.6bn total was up just 1.8% year on year. Without a $1.3bn gain from the strong pound, the total would have fallen year on year by 2%. The main factor was a reduced final dividend in total cash terms from Vodafone, which is now a smaller company since disposing of Verizon Wireless and returning capital to shareholders. It is historically the UK's largest payer in the third quarter.

HGDI - UK

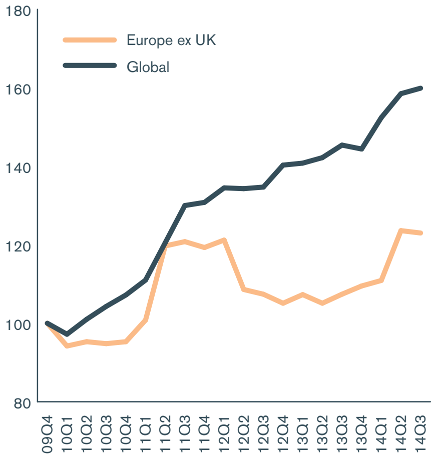


Europe ex UK

This is typically the smallest quarter of the year for dividend payments from Europe, so a few companies can significantly distort the figures. At $19.7bn, total dividends were 4.6% lower year on year on a headline basis. Underlying dividends rose 14.4%, the main difference being due to lower special dividends ($2.6bn lower), whilst EDF and Natixis of France made their payments in Q2 rather than in Q3, which created a timing adjustment. In France, Alstom cancelled its payment, but other French companies made increases. In Finland, Nokia reinstated its dividend after paying nothing a year ago (and included a big special), while Statoil in Norway moved to quarterly payments for the first time. Spanish dividends rose strongly, mainly due to a big payment from Repsol, after it paid a generous special dividend in Q2.

There were no payments from German companies within the top 1,200 global companies during the period.

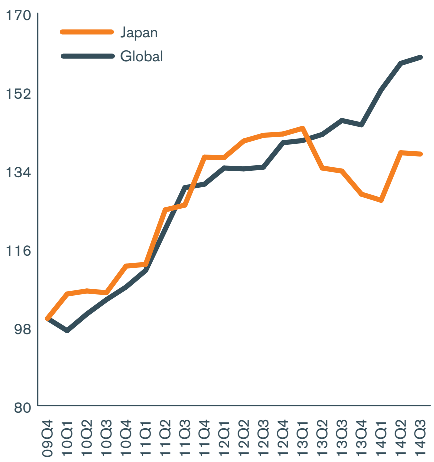
HGDI - Europe ex UK



Japan

The third quarter sees limited payments from Japan, accounting for only 4% of the country's total annual dividend total at $2.1bn. This was slightly lower than a year ago, entirely due to the effect of a weaker yen. Too few Japanese companies pay dividends in the third quarter to draw any meaningful conclusions.

HGDI - Japan



> "At $19.7bn, total dividends were 4.6% lower year on year on a headline basis."

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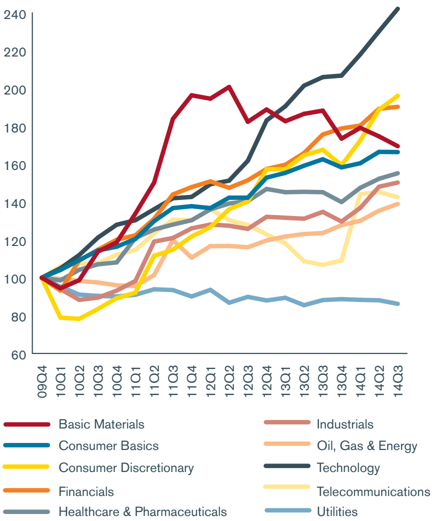
Industries and sectors

HGDI - Total dividends by industry



Financials were by far the largest sector in the quarter, at $70.3bn accounting for over a quarter (27%[1]) of the global total. They only grew 2% year on year, however. US financials are outpacing their peers elsewhere. General financials increased payouts by a headline 25.4% in the US (underlying up 20.7%), with banks up 16.9% (13.8% underlying), while insurance dividends were up 37.3% (24.3% underlying). Excluding the US, dividends from the financial industry in the rest of the world were flat year on year in the third quarter on a headline basis, and up fractionally on an underlying basis. The US financial services industry has recovered far faster from the financial crisis than its global peers and is once again paying out large sums to its investors. For the year to date, US financials have already distributed double what they did in the whole of 2010.

By comparison, in the rest of the world, dividend payments from financials have increased by only 12.1%.

Oil is the next largest sector ($42.8bn) which rose 9.3% year on year. The technology sector took third place ($22.4bn), rising 19.4%, flattered by some one-offs. Over the last few years, technology dividend growth has significantly outpaced the wider market. The HGDI value for technology was 242.1 at the end of Q3, far ahead of the global total of 159.9.

1. 27% of the top 1,200 payout. We can, however, assume dividends from those outside the global top 1,200 global dividends show similar sectoral patterns.

Quarterly dividends by industry in USD billions

Industry US$ bn	09Q3	10Q3	11Q3	12Q3	13Q3	14Q3
Basic Materials	$7.7	$12.7	$23.9	$17.8	$18.4	$16.7
Consumer Basics	$15.2	$18.6	$23.2	$23.2	$25.5	$25.4
Consumer Discretionary	$4.5	$6.7	$8.0	$9.7	$11.0	$14.0
Financials	$27.3	$34.6	$51.1	$56.3	$68.9	$70.3
Healthcare & Pharmaceuticals	$8.2	$9.7	$11.0	$11.7	$11.6	$13.1
Industrials	$10.4	$11.1	$12.2	$11.2	$13.3	$14.6
Oil, Gas & Energy	$22.0	$21.2	$39.5	$38.7	$39.1	$42.8
Technology	$9.6	$12.4	$14.2	$17.4	$18.8	$22.4
Telecommunications	$24.1	$24.1	$29.7	$27.7	$26.2	$24.1
Utilities	$10.6	$10.1	$9.9	$11.8	$13.5	$12.3
TOTAL	**$139.6**	$161.3	**$222.7**	$225.5	**$246.2**	**$255.7**
Outside Top 1,200	$17.5	$20.5	$28.3	$28.6	$31.3	$32.5
GRAND TOTAL	**$157.1**	**$181.7**	**$250.9**	**$254.1**	**$277.5**	**$288.1**

* Please refer to the glossary of services found on page 10.

Top payers

Dividend concentration - top stocks Q3 2014

Rank	09Q3	10Q3	11Q3	12Q3	13Q3	14Q3
1	Vodafone Group plc	China Construction Bank Corp.	China Construction Bank Corp.	China Construction Bank Corp.	China Construction Bank Corp.	China Construction Bank Corp.
2	China Mobile Limited	Vodafone Group plc	Gazprom	Gazprom	Vodafone Group plc	Gazprom
3	Eni Spa	China Mobile Limited	Vodafone Group plc	Vodafone Group plc	Gazprom	China Mobile Limited
4	BP plc	Royal Dutch Shell Plc	China Mobile Limited	China Mobile Limited	China Mobile Limited	Westpac Banking Corp
5	Royal Dutch Shell Plc	Eni Spa	Lukoil Oil Co.	Westpac Banking Corp	Westpac Banking Corp	Rosneft Oil Co.
6	China Construction Bank Corp.	AT&T, Inc.	Westpac Banking Corp	Royal Dutch Shell Plc	Industrial & Commercial Bank of China Ltd.	Vodafone Group plc
7	AT&T, Inc.	Westpac Banking Corp	Royal Dutch Shell Plc	Industrial & Commercial Bank of China Ltd.	Royal Dutch Shell Plc	Industrial & Commercial Bank of China Ltd.
8	Taiwan Semiconductor Manufacturing	Taiwan Semiconductor Manufacturing	Eni Spa	Exxon Mobil Corp.	Australia & New Zealand Bank Group	Royal Dutch Shell Plc
9	Orange.	Exxon Mobil Corp.	Taiwan Semiconductor Manufacturing	Taiwan Semiconductor Manufacturing	Exxon Mobil Corp.	Australia & New Zealand Banking Group Ltd.
10	Telstra Corporation	Telstra Corporation	Telstra Corporation	Telstra Corporation	Apple Inc	Exxon Mobil Corp.
Subtotal $ bn	$29.1	$32.5	$42.4	$43.0	$44.5	$46.0
% of total	**18.5%**	**17.9%**	**16.9%**	**16.9%**	**16.0%**	**15.5%**
11	Exxon Mobil Corp.	BHP Billiton Limited	AT&T, Inc.	BHP Billiton Limited	Rosneft Oil Co.	BHP Billiton Limited
12	BHP Billiton Limited	Orange.	BHP Billiton Limited	AT&T, Inc.	Eni Spa	Apple Inc
13	Westpac Banking Corp	Australia & New Zealand Bank Group	Australia & New Zealand Bank Group	Australia & New Zealand Bank Group	Natixis	Bank of China Ltd.
14	Banco Santander S.A.	HSBC Holdings plc	Singapore Telecommunications Ltd	Eni Spa	BHP Billiton Limited	Eni Spa
15	HSBC Holdings plc	Johnson & Johnson	Industrial & Commercial Bank of China Ltd.	Apple Inc	Taiwan Semiconductor Manufacturing	Taiwan Semiconductor Manufacturing
16	Bank of China Ltd.	Banco Santander S.A.	Exxon Mobil Corp.	Lukoil Oil Co.	AT&T, Inc.	Banco Santander S.A.
17	Ecopetrol SA	Pfizer Inc.	Orange.	National Australia Bank	Bank of China Ltd.	AT&T, Inc.
18	Chevron Corp.	Chevron Corp.	Rosneft Oil Co.	Bank of China Ltd.	Telstra Corporation	Telstra Corporation
19	Cez, A.S.	Procter & Gamble Co.	National Australia Bank	Ecopetrol SA	Mining and Metallurgical Co Norilsk Nickel	Microsoft Corporation
20	Johnson & Johnson	National Australia Bank	Vale S.A.	Orange.	Banco Santander S.A.	General Electric Co.
Subtotal $ bn	$15.7	$16.0	$23.0	$23.0	$24.7	$25.1
GRAND TOTAL $ bn	**$44.9**	**$48.4**	**$65.4**	**$65.9**	**$69.2**	**$69.6**
% of TOTAL	**28.5%**	**26.6%**	**26.1%**	**26.0%**	**24.9%**	**24.2%**

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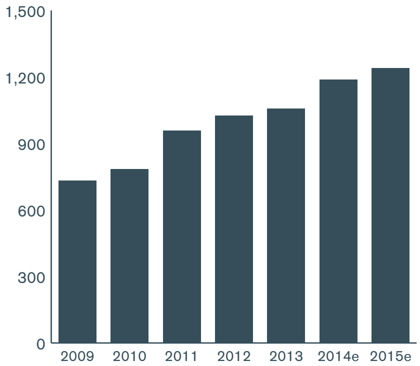
Conclusions and outlook

The sharp movements in world markets in recent weeks are unlikely to have any measurable impact on 2014 dividends. We expect the global total to reach $1.19 trillion this year, 12.6% higher than in 2013 at a headline level and 10.6% at an underlying level. Adjusting for special dividends, which includes Vodafone's record $26bn payout earlier this year on the sale of Verizon Wireless to its US partner, we expect 2014's total to be 9.6% higher than 2013. Investors will be paid approximately $133bn more this year than last. On this basis, 2014 will be the best year of dividend growth since 2011. This year, the effect of a strong dollar means currency movements will deduct around 1% from the global total. There are many uncertainties over the outlook for the world economy in 2015. The rapid growth in European dividends in 2014 is unlikely to be repeated next year, but other regions look more likely to deliver solid increases, particularly the US. We do not attempt to predict the future movement in currencies. But, even if currencies do not move from their current level, they will prove a small drag on the translated US dollar value of global dividends next year. The biggest single factor will be the decline from the UK, as Vodafone does not repeat its 2014 special dividend. We expect total dividends from the UK to be down by more than $20bn next year compared to 2014, although underlying growth should still be positive.

Our preliminary estimate for 2015 is for the world's top 1,200 listed firms to pay dividends of $1.24 trillion to their shareholders, a headline increase of 4.2%, with underlying growth of 7.2%.

Global dividends (US$bn)



> "Investors will be paid a total of $133bn more this year than last. On this basis, 2014 will be the best year since 2011."

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Methodology

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

Glossary of terms

Headline dividends – Total gross dividends

Headline growth – Change in total gross dividends

Percentage points – One percentage point equals 1/100

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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Appendices

Appendix 1

Dividend breakdown by country

Region	Country US$ bn	09Q3	10Q3	11Q3	12Q3	13Q3	14Q3
Emerging Markets	Brazil	$3.0	$3.5	$6.8	$3.4	$4.1	$2.9
	Chile	$-	$0.0	$0.2	$0.0	$0.0	$-
	China	$5.1	$9.1	$14.6	$18.4	$22.3	$26.0
	Colombia	$1.5	$0.7	$1.2	$2.0	$1.0	$0.1
	Czech Republic	$2.3	$1.4	$1.6	$1.2	$1.1	$1.0
	Egypt	$0.3	$0.2	$-	$-	$-	$-
	Hungary	$-	$-	$-	$-	$-	$-
	India	$1.8	$4.8	$4.2	$3.8	$3.8	$3.9
	Indonesia	$0.9	$1.8	$1.6	$0.8	$0.6	$0.2
	Malaysia	$0.6	$0.5	$1.3	$0.8	$0.7	$1.0
	Mexico	$0.6	$0.5	$0.7	$0.6	$0.7	$0.8
	Morocco	$0.2	$0.1	$0.2	$0.2	$-	$-
	Peru	$-	$-	$-	$-	$-	$-
	Philippines	$0.3	$0.3	$0.3	$0.2	$0.4	$0.4
	Poland	$-	$0.8	$2.3	$2.6	$1.5	$1.5
	Russia	$0.9	$0.7	$17.0	$16.5	$16.4	$16.5
	South Africa	$1.6	$2.5	$3.9	$3.1	$3.3	$2.3
	Thailand	$0.7	$1.3	$1.8	$2.0	$1.7	$1.6
	Turkey	$0.2	$-	$-	$-	$-	$-
Europe ex UK	Austria	$-	$0.2	$0.2	$-	$0.3	$-
	Belgium	$0.1	$-	$-	$-	$-	$-
	Denmark	$-	$-	$-	$-	$-	$-
	Finland	$-	$-	$-	$-	$-	$1.9
	France	$4.6	$4.1	$7.6	$5.6	$8.3	$3.8
	Germany	$-	$-	$-	$-	$0.2	$-
	Greece	$0.5	$0.1	$-	$-	$-	$-
	Ireland	$-	$-	$-	$-	$-	$-
	Israel	$0.2	$0.4	$1.3	$0.5	$0.5	$0.4
	Italy	$2.9	$2.6	$2.8	$2.5	$2.7	$2.6
	Luxembourg	$-	$-	$-	$-	$-	$-
	Netherlands	$1.1	$1.7	$1.9	$1.5	$1.6	$1.6
	Norway	$-	$0.5	$0.4	$0.4	$0.6	$1.4
	Portugal	$-	$0.1	$-	$0.1	$0.1	$0.2
	Spain	$6.5	$5.6	$4.2	$5.3	$5.7	$7.1
	Sweden	$-	$-	$-	$-	$-	$-
	Switzerland	$1.2	$1.3	$0.2	$0.3	$0.5	$0.8
Japan	Japan	$1.8	$1.6	$2.0	$2.5	$2.2	$2.1
North America	Canada	$5.7	$6.8	$8.6	$9.5	$9.7	$9.4
	United States	$44.3	$48.6	$57.5	$69.5	$78.5	$87.4
Asia-Pacific	Australia	$10.4	$14.1	$18.3	$18.3	$20.1	$17.5
	Hong Kong	$6.9	$8.0	$9.3	$8.7	$11.2	$12.8
	Singapore	$1.7	$2.0	$5.7	$2.4	$3.3	$3.0
	South Korea	$0.2	$0.9	$0.6	$0.4	$0.4	$0.4
	Taiwan	$7.7	$11.0	$15.5	$11.4	$8.6	$10.6
UK	United Kingdom	$23.4	$23.7	$29.1	$30.8	$34.0	$34.6
TOTAL		$139.6	$161.3	$222.7	$225.5	$246.2	$255.7
Outside top 1,200		$17.7	$20.5	$28.3	$28.6	$31.3	$32.5
Grand Total		**$157.3**	**$181.7**	**$250.9**	**$254.1**	**$277.5**	**$288.1**

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Appendices (continued)

Quarterly dividends by sector in USD billions

Industry	Sector US$bn	09Q3	10Q3	11Q3	12Q3	13Q3	14Q3
Basic Materials	Building Materials	0.8	0.8	0.5	0.6	0.7	0.5
	Chemicals	2.0	3.8	8.2	5.2	4.1	5.0
	Metals & Mining	4.9	8.0	14.8	11.6	13.3	10.8
	Paper & Packaging	0.0	0.1	0.4	0.4	0.4	0.4
Consumer Basics	Beverages	3.3	3.6	4.4	4.7	5.6	6.0
	Food	1.2	2.3	2.8	3.1	4.2	4.0
	Food & Drug Retail	3.1	4.5	6.6	6.3	6.1	5.3
	Household & Personal Products	2.8	3.3	3.6	3.6	3.8	4.0
	Tobacco	4.7	4.9	5.8	5.5	5.8	6.1
Consumer Discretionary	Consumer Durables & Clothing	0.4	0.4	0.6	1.0	1.4	1.8
	General Retail	1.4	1.7	2.3	2.6	2.3	3.2
	Leisure	0.8	1.4	1.5	1.9	2.4	3.4
	Media	1.5	1.9	2.1	2.5	3.0	3.3
	Other Consumer Services	0.1	0.0	0.0	0.0	0.0	0.0
	Vehicles & Parts	0.3	1.3	1.6	1.8	1.8	2.2
Financials	Banks	19.6	24.6	39.5	41.6	52.4	52.0
	General Financials	1.8	2.8	3.6	4.3	5.1	6.6
	Insurance	3.0	4.0	4.2	5.3	4.7	6.0
	Real Estate	2.9	3.2	3.8	5.1	6.7	5.7
Healthcare & Pharmaceuticals	Health Care Equipment & Services	0.7	1.0	1.3	1.5	1.7	2.3
	Pharmaceuticals & Biotech	7.5	8.7	9.7	10.2	9.9	10.8
Industrials	Aerospace & Defence	1.7	1.8	1.9	2.4	2.6	3.0
	Construction, Engineering & Materials	2.3	2.8	1.8	1.8	2.8	2.9
	Electrical Equipment	1.4	1.7	0.7	0.8	0.9	0.7
	General Industrials	2.8	2.5	3.8	3.4	3.7	4.1
	Support Services	0.4	0.4	0.5	0.6	0.7	0.7
	Transport	1.7	1.9	3.4	2.3	2.6	3.2
Oil, Gas & Energy	Energy - non-oil	0.1	0.5	0.1	1.3	1.2	0.5
	Oil & Gas Equipment & Distribution	1.0	1.2	1.4	1.6	2.6	2.9
	Oil & Gas Producers	20.9	19.5	38.0	35.8	35.3	39.4
Technology	IT Hardware & Electronics	2.9	3.2	5.0	7.4	7.9	10.2
	Semiconductors & Equipment	3.9	5.3	4.9	5.0	5.1	5.6
	Software & Services	2.8	3.9	4.2	5.0	5.7	6.7
Telecommunications	Fixed Line Telecommunications	13.4	13.4	15.7	14.5	10.6	11.3
	Mobile Telecommunications	10.7	10.7	14.0	13.2	15.6	12.8
Utilities	Utilities	10.6	10.1	9.9	11.8	13.5	12.3
TOTAL		**139.6**	**161.3**	**222.7**	**225.5**	**246.2**	**255.7**
Outside Top 1,200		17.5	20.5	28.3	28.6	31.3	32.5
GRAND TOTAL		**157.1**	**181.7**	**250.9**	**254.1**	**277.5**	**288.1**

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Appendices (continued)

HGDI - by region

Region	09Q4	10Q1	10Q2	10Q3	10Q4	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3	12Q4	13Q1	13Q2	13Q3	13Q4	14Q1	14Q2	14Q3
Emerging Markets	100	101.4	116.0	129.1	140.8	146.8	155.5	203.2	187.2	191.4	194.2	190.7	188.6	190.0	191.5	195.0	208.6	210.0	201.6	202.9
Europe ex UK	100	94.2	95.3	94.8	95.3	100.8	119.7	120.8	119.3	121.2	108.6	107.4	105.1	107.3	105.1	107.4	109.5	110.9	123.6	123.0
Japan	100	105.6	106.3	105.9	112.0	112.4	124.9	126.0	137.0	136.9	140.7	142.0	142.3	143.6	134.5	133.8	128.5	127.1	138.0	137.7
North America	100	92.2	94.1	96.4	99.3	103.3	107.6	112.3	116.6	122.0	126.7	132.4	148.9	150.1	154.9	158.9	150.6	159.2	163.8	167.7
Asia-Pacific	100	105.3	116.9	131.2	139.2	139.8	147.5	168.8	171.0	173.7	178.3	165.5	168.5	166.3	172.6	176.3	178.5	179.3	185.2	185.8
UK	100	105.4	107.7	108.1	104.0	105.0	108.0	115.2	119.3	124.0	131.3	133.7	137.5	132.3	133.8	138.1	138.8	177.3	181.3	182.1
GLOBAL TOTAL	100	97.2	101.0	104.3	107.2	111.0	120.5	130.0	130.8	134.5	134.3	134.7	140.3	140.8	142.2	145.4	144.4	152.4	158.5	159.9

HGDI - by industry

Industry	09Q4	10Q1	10Q2	10Q3	10Q4	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3	12Q4	13Q1	13Q2	13Q3	13Q4	14Q1	14Q2	14Q3
Basic Materials	100	94.4	98.7	113.8	118.7	133.9	150.3	183.9	196.4	194.6	200.8	182.4	188.9	182.7	186.6	188.3	173.5	179.2	174.7	169.5
Consumer Basics	100	104.1	109.3	114.4	116.4	120.5	129.9	136.8	137.8	136.8	142.3	142.3	152.9	155.4	159.2	162.6	158.3	160.5	166.5	166.4
Consumer Discretionary	100	78.9	78.3	83.5	89.2	92.1	111.6	114.8	121.8	126.7	136.2	140.3	157.3	157.3	164.7	167.6	159.4	172.5	188.8	196.1
Financials	100	93.2	109.1	114.8	120.1	122.4	131.2	144.0	147.9	150.9	147.5	151.5	157.5	159.7	165.9	175.7	178.9	180.4	189.3	190.3
Healthcare & Pharmaceuticals	100	98.6	104.2	107.1	108.1	121.0	125.5	128.1	130.4	136.1	139.2	140.5	146.9	145.2	145.4	145.2	140.0	147.5	152.3	155.2
Industrials	100	94.0	88.3	89.5	93.2	98.3	119.1	121.0	126.1	128.1	127.5	125.8	132.2	131.7	131.2	134.8	129.7	136.9	148.1	150.3
Oil, Gas & Energy	100	99.4	98.3	97.5	96.0	95.6	101.4	119.9	110.6	116.7	116.8	116.1	119.7	121.8	123.1	123.6	127.8	130.1	135.4	139.0
Technology	100	105.0	112.0	121.2	128.0	130.4	136.2	142.0	142.7	149.4	151.3	161.8	183.1	190.6	201.5	206.0	206.8	218.0	230.2	242.1
Telecommunications	100	106.0	107.6	107.7	112.2	114.7	123.5	130.7	130.3	136.2	130.4	127.8	122.9	118.2	108.7	106.8	109.1	144.2	145.3	142.6
Utilities	100	95.3	91.1	90.4	90.1	91.0	93.9	93.5	90.1	93.6	86.8	89.9	88.0	89.4	85.5	88.2	88.7	88.3	88.1	86.2
TOTAL	100	97.2	101.0	104.3	107.2	111.0	120.5	130.0	130.8	134.5	134.3	134.7	140.3	140.8	142.2	145.4	144.4	152.4	158.5	159.9

For further enquiries please contact:

Angela Warburton: angela.warburton@henderson.com
T: +44 (0)207 818 3010

Mark Baker: mbaker@teamspiritpr.com
T: +44 (0)207 360 7877 or +44 (0)7980 635243

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