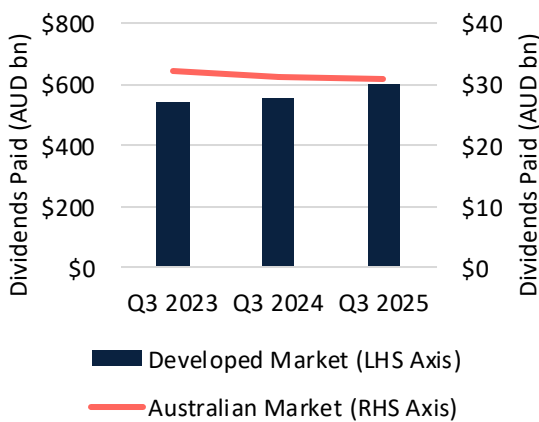


What are the major trends in global income?

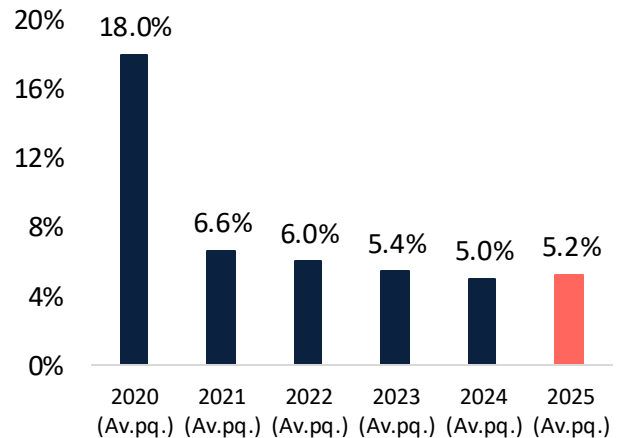
- In Q3 global markets consolidated a previous strong quarter, the MSCI World ex Au rising +6.1% (AUD), again driven by strong performance from growth companies.
- When comparing Q3 2025 to Q3 2024, dividends grew +8.3% in AUD. In local currencies growth was 5%, the remainder being the benefit from a weakening Aussie dollar.
- Global developed market companies paid out A\$600bn of dividends in the quarter.
- The number of companies cutting to zero remained low in Q3 (5.5%). This supports our ongoing house view of continued dividend strength from global equities.
- The Plato Global Shares Income Fund , rated “Recommended” by both Lonsec and Zenith, has distributed 5.8% p.a. yield since inception and outperformed the index by 4.6% in the last 12m, highlighting the benefit of active management for income generation. *1

Total Dividend Income (AUD)



Source: FactSet

Dividends cut to zero



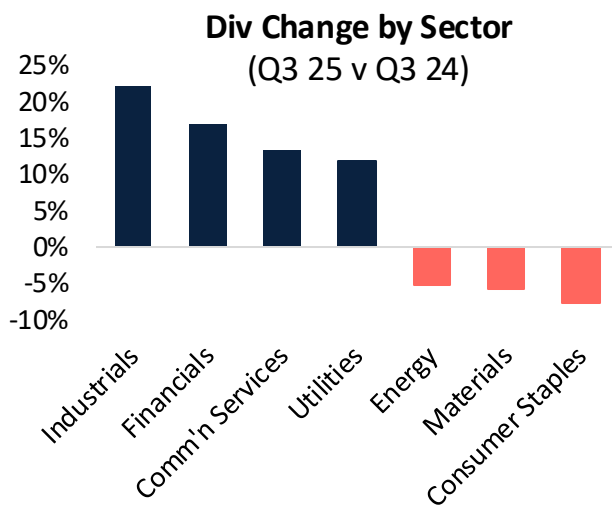
Source: FactSet

- Q3 2025 demonstrates continued dividend growth compared to Q3 in both 2023 & 2024, although sustained market strength has continued to drive percentage yields downward.
- Over 60%, of dividend paying companies increased or initiated dividends when compared to the same quarter last year. The number of companies decreasing payouts fell slightly to 8.3%.
- Q3 saw large many companies increase their payout, examples of significant increases include Microsoft Corp, JPMorgan and Johnson & Johnson.
- All regions increased income, in AUD terms, when comparing Q3 to the previous corresponding period in 2024. (North America +9.3%, Europe +7.9%, Asia +6.7%). North American companies paid out the largest dollar increase in Q3 income.

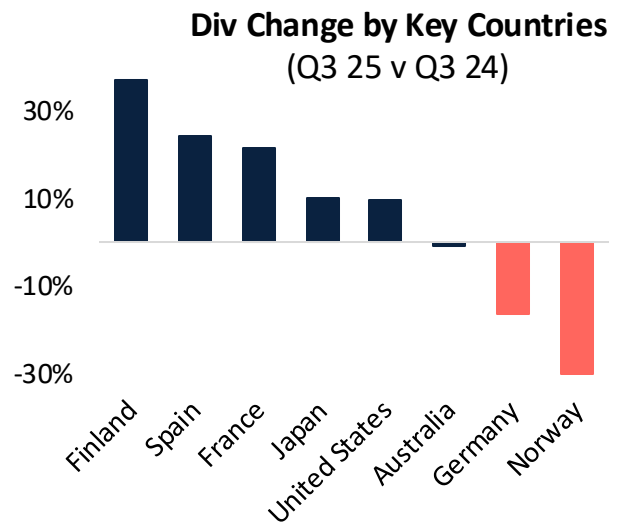
*1 Fund returns are after applicable fees, costs and taxes. Past performance is not a reliable indicator of future performance.

Which countries are leading the charge?

- Country level dividend growth was mixed in Q3. Most countries increased their dividends in the quarter, with European countries featuring at both ends of the spectrum (Sweden 131%, Finland +36%, Spain +24%, France +21% and Norway -30%, Germany -16%). Other large countries enjoying a positive increase in payouts were the US (+9.6%) and Japan (+9.9%).
- Australia posted a small reduction in Q3 dividends (\$30.8bn AUD v \$31.1bn AUD in 2024), mainly due to dividend decreases from resources, including BHP, Fortescue and Rio Tinto. BHP NPAT for FY25 was down -26% vs pcp., driven by lower iron ore prices. This drop was despite some bright dividend announcements elsewhere in reporting season, with specials from Nine, JB Hi-fi and Qantas, and good dividend increases from Seek, REA and QBE insurance.



Source: FactSet



Source: FactSet

What happened in global sectors?

- Previous trends continued, with dividend growth largely reflecting the price performance of sectors, with Industrials, Financials and Communication Services dominating YTD index returns and dividend growth in Q3.
- The Industrial sector significantly increased its dividends (+22.1%) with aerospace and defence companies, including GE Aerospace, continuing to benefit from the significant increase in defence spending globally. Rolls Royce paid two dividends in 2025 after cancelling in 2020 due to weak commercial travel around Covid.
- Robust earnings continue to enable financial companies to increase dividends. A rise in long term interest rates increases the net interest income and has fuelled bumper earnings for banks broadly. Good examples exist across regions, including JPM Chase, NatWest Group and Sumitomo MFG.
- IT and Communication Services had strong increases from consistent payers (Microsoft), recent dividend initiators (Meta Platforms) and tech darlings (Qualcomm & Broadcom Inc).
- Energy/Materials dividends contracted on the back of lower commodity prices. Significant decreases were driven by local miners BHP, Fortescue and Rio. Woolworths group contributed to the pull back in Consumer Staples.

Interesting facts in global income

- When incorporating dividend cuts and initiations, 4.6 companies increased or initiated dividends for every one company that reduced or completely cut dividends versus the previous corresponding period. This is further proof of dividends continuing to strengthen.
- 51% of US companies paid a dividend in Q3. Some of the largest payer ratios were in Asia (Singapore 78%, Japan 67%).

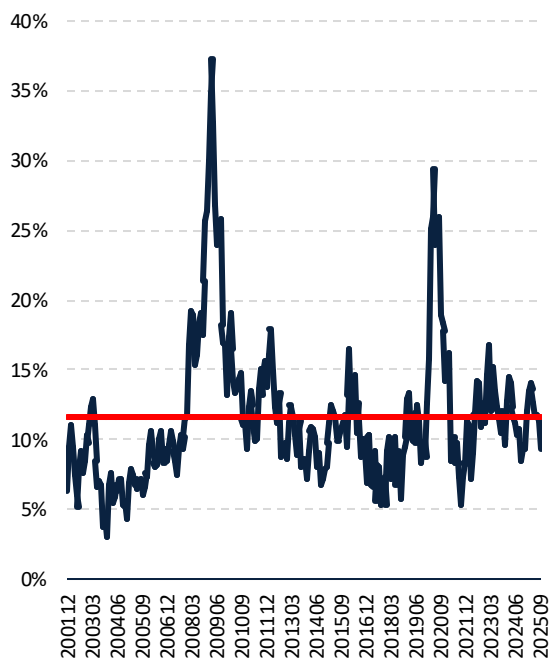
What's the outlook for global income?

Plato's proprietary dividend cut model provides insights into future dividends. It represents Plato's macro view regarding the likelihood that global developed markets will cut their income.

Despite ongoing concerns around central bank policy timing, stretched valuations and political uncertainty, the Plato model indicates a level of risk slightly below the long-term average probability of dividend cuts in global developed markets.

Sector level risks remain controlled, but the model highlights risk in some sub industries. Marine Transportation reflects challenges to ocean shipping demand since US tariffs came into play, followed by challenges in Real Estate Development. Apparel & luxury goods remain challenged in a cost-conscious consumer world. Automobile manufacturers remain above average risk, due to challenges that include electrification, economic uncertainty and the unknown impact of tariffs on sales and supply chains.

Global Dividend Cut Probability Monthly



Source: Plato Investment Management

In conclusion

- The growth in income dollars remains strong, pointing to a continued positive environment for investors using global equity for income. However, we continue to see another strong quarter of market returns with higher prices leading to a slow decrease in global dividend yields.
- The recent outperformance of growth companies (MSCI World Growth +27.9% Q2-Q3 2025), has caused ongoing problems for yield funds with a value bias. This highlights the importance of active management in income investing, and the benefit of focusing on both income generation and total return.
- It's been a strong 12m for income investors in the Plato Global Shares Income Fund (+27.6% total return, +4.6% alpha, +4.9% income) and we remain hopeful for the rest of 2025. ^{*2}

^{*2} Fund returns are after applicable fees, costs and taxes. Past performance is not a reliable indicator of future performance.

Methodology

1. The methodology uses dividends paid, in AUD, however the ex dividend date is used to allocate the dividends in the relevant time period e.g. Q1 2025.
2. Dividend paid (\$) for each stock in each calendar quarter is calculated as the shares outstanding as of quarter end multiplied by the total gross dividend per share (DPS) paid out in the calendar quarter. The DPS paid excludes spin offs but includes capital returns and special dividends. Conversion to AUD is done using the prevailing WM/Reuters London exchange rates at the time of dividend payment.
3. Full year dividend paid (\$) is the summation of dividend paid (\$) from Q1 to Q4 using the methodology (1).
4. DPS movement is based on total DPS paid out (in local currencies) over each calendar quarter. DPS movement from quarter to quarter is then categorised as initiating, increasing, unchanged, decreasing or cut to zero.
5. Secondary issues are removed from the calculations to prevent double counting of income.

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