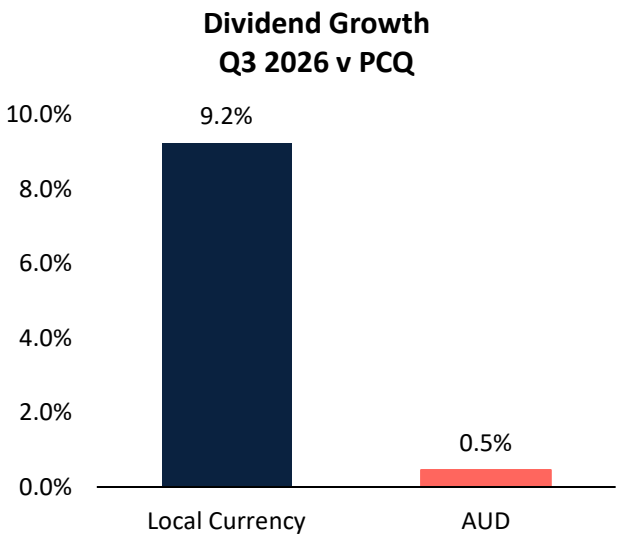
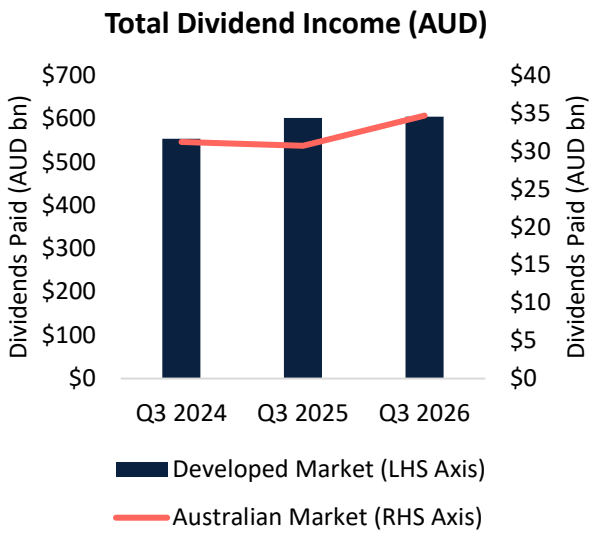
## What are the major trends in global income?

- Global equity markets posted positive returns (MSCI World ex Au in AUD, +1.5%) in Q3 2026. This was driven by very strong Energy (+14.9%) returns, followed by IT (+5.8%).
- When comparing Q3 2026 dividends with Q3 2025, income grew an impressive +9.2% in local currency terms, supporting our house view of continued dividend strength. However, like Q2, a strengthening Aussie dollar flipped this to a 0.5% increase when viewed in AUD terms.
- Global developed markets paid out over A$605bn in dividends over the quarter.
- 5.2% of companies cut dividends to zero over Q3, when compared to Q2 payers.
- The Plato Global Shares Income Fund, rated "Recommended" by both Lonsec and Zenith, has distributed 5.8% in the last 12 months, and outperformed the index in total return space by +5.7%, highlighting the benefit of active management for income generation.[1]




*Source: FactSet*



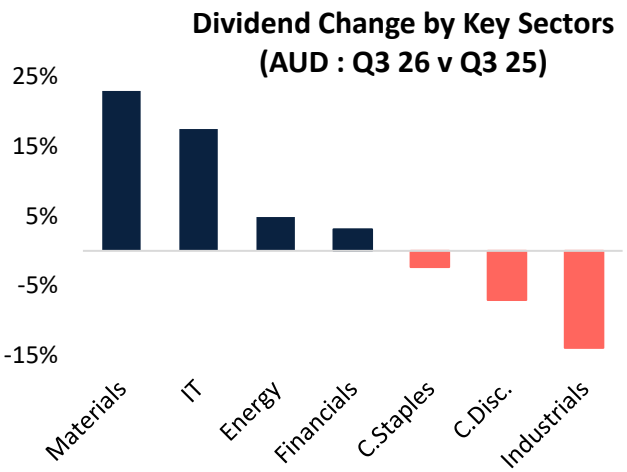

*Source: FactSet*

- Sustained dividend growth, evident in 2025, persisted throughout 2026 but the currency impact reduced the dollars available to domestic investors in each quarter.
- 85.7% of dividend paying companies maintained or increased their dividends paid when compared to the same quarter last year. The proportion of companies decreasing dividends fell to 5.8%, with the remainder cutting to zero or deferring.
- Large cap companies dominated dividends paid, and several increased their dividends per share to boost global payouts. Examples include IT company, NVIDIA, as well as Materials businesses, including BHP Group and Glencore Plc.
- Regional dividend growth was varied when comparing income versus Q3 2025 in AUD terms (North America -3.9%, Europe +8%, Asia +4.8%). This is heavily impacted by currency, local currency growth in the US was +4.2%.

[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?

- 18 of 23 countries grew dividends in local currency, but this fell to 13 when translated to AUD.
- In local currency terms, there was some very strong dividend growth in large dollar paying European countries, including France (+37%), UK (+25%) and Spain (18%). In contrast payouts fell in Switzerland (-69%) and Germany (-32%)
- In local currency terms US dividends grew +4%. The US economy is holding up, with GDP revised moderately up on stronger business investment & consumer spending, despite macro challenges.
- Australia paid out over $34.7bn AUD, delivering a substantial uplift (+13%) compared to Q3 last year. Both BHP (+49%) and Rio (+31%) significantly increased their dividends in the August reporting season, the former's strong NPAT driven by strong copper earnings. Fuel supplier Ampol also increased payouts, benefitting from record refining margins.

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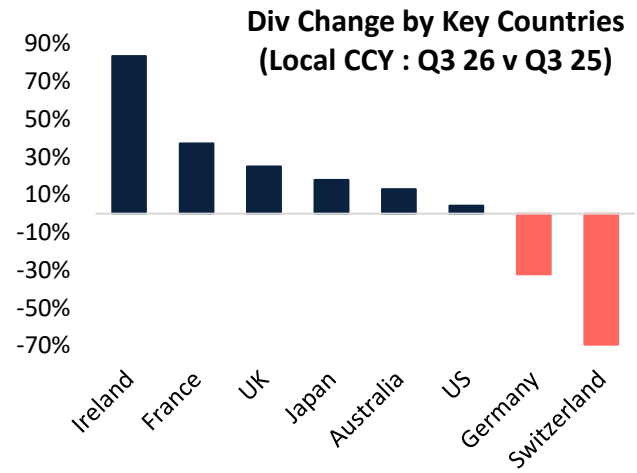



Source: FactSet

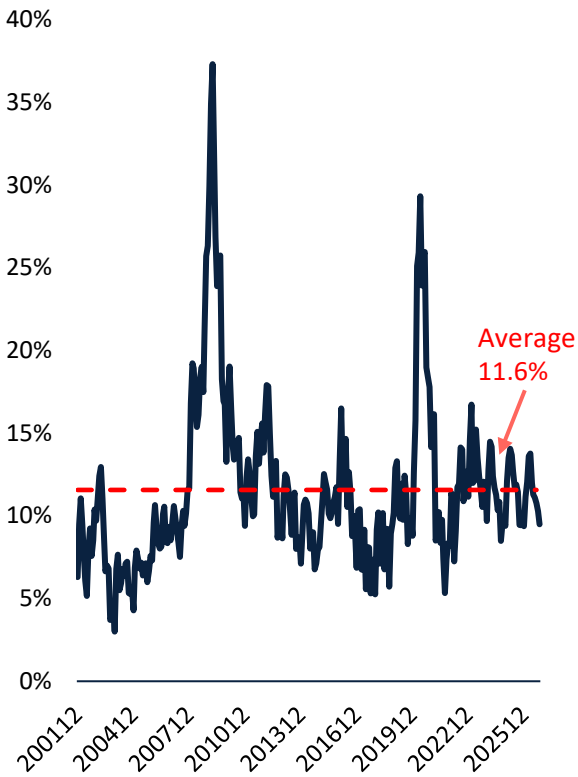
## What happened in global sectors?

- Materials : Dividends increased 23%, driven by a mining recovery on the back of higher commodity prices. Large increases included BHP Group, Glencore Plc and Anglo American.
- IT : Continued strong market growth, and the associated profits, supported an 18% dividend increase for the sector. Stock examples include NVIDIA, Tokyo Electron and Micron Technology.
- Energy : Continuing Middle East tensions, and the associated increases in the oil price, contributed to a 5% increase in Energy company dividends, led by TotalEnergies SE.
- Financials : After all banks passed the US Fed stress tests, large banks increased dividends significantly (BofA +14%, Morgan Stanley 15%, GS +25%, JPM +7%)
- Real Estate : Global increases in Bond Yields have put pressure on real estate companies, contributing to a -7% fall in dividends.
- Consumer Discretionary : The -7% decrease included the cost-of-living pressure challenges for retailers, JB Hifi (no special) and Whirlpool Corp. Auto div's also fell when converted to AUD.
- Industrials: Although the largest percentage fall in income, it was primarily driven by the timing of the regular annual special dividend from Japanese aerospace company, TransDigm Group.

## Interesting facts in global income

- When incorporating dividend cuts and initiations, 6.2 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 a resilient market despite headwinds in some sectors.
- 49.5% of US companies paid a dividend in Q3. Some of the other largest payer ratios were Singapore (+76.7%) and Japan (+69.6%), where ex dates cluster in March and September.

### Global Dividend Cut Probability Monthly (Q3 2026)




*Source: Plato Investment Management*

## 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 geopolitical tensions, the Plato model indicates a level of risk below the long-term average probability of dividend cuts in global developed markets.

While overall risk remains contained at the sector level, positive news for income investors, there are pockets of elevated risk within specific sub-industries. Ongoing inflationary pressures and reduced youth drinking continues to weigh on distiller Diageo, despite a DPS reduction earlier this year. Auto makers, and parts companies, are seeing increased risk from Chinese competition, EVs and tariffs. This includes BMW and Mercedes. Tariffs and ongoing US-Iran tensions maintain pressure on logistics and shipping company AP Moller Maersk. After a strong period of share performance, some European financials are showing elevated risk, for example Swedbank.

## In conclusion

- Global equity markets posted positive returns, helped by the Energy and IT sectors. Income from global corporates continued its strong growth, +9.2% versus the prior corresponding quarter, but the currency impact reduced dividend growth rates again.
- Dividend growth was varied, from Materials (+23%) to Industrials (-14%), reinforcing the benefits of active management when delivering sustainable dividend income whilst targeting total return performance.
- Against this backdrop it has been a fantastic 12 months for income investors in the Plato Global Shares Income Fund, delivering a +15.5% total return, +5.7% alpha and 5.8% income .[2]
- Our dividend cut model causes us to remain optimistic about the dividend outlook for the year ahead.

[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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