

What are the global trends in dividend income?

- Global dividends grew 19% to \$A510BN in Q1 2019 compared to Q1 2018, a slight acceleration on the Q4 growth of 17%
- Unlike 2018, Australia (+37%) and the Materials sector (+66%) had very strong dividend growth
- Dividend growth was consistently broad with 56% of dividend paying companies increasing or initiating dividends compared to the same time last year

Which countries are leading the dividend charge?

- Australia (+37%), Germany (+103%) and the Netherlands (+208%) had the strongest percentage increases in dividends in Q1 2019 versus Q1 2018.
- Dividends rose across most developed market countries, with the exception of Denmark (-3%), Finland (-4%) and Israel (-46%).
- In Australia, some companies increased dividends to beat potential tax changes to franking credit refunds, although most of the big dividend gains came from resources stocks which are benefiting from higher commodity prices.

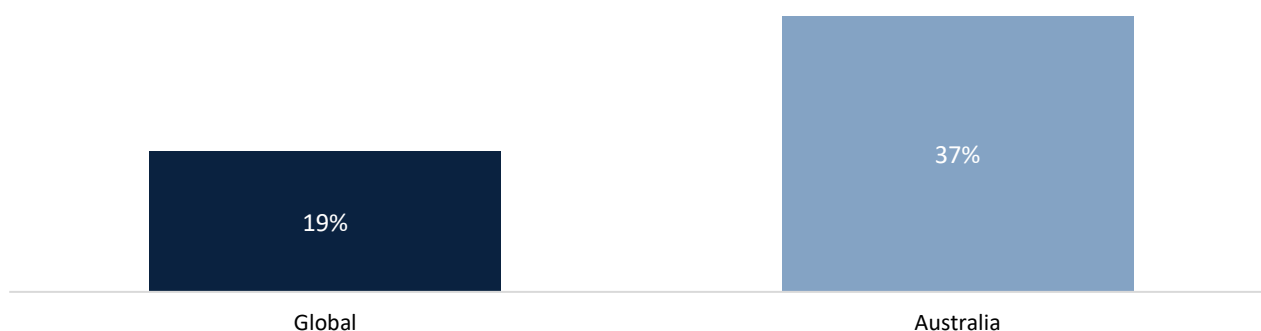
What is happening in global sectors?

- This year Q4 2018 Materials was the only sector to have falling dividends, but this trend was massively reversed in Q1 with Materials stocks lifting dividends paid by 66% on Q1 2018.
- Australian Materials stocks contributed significantly, with huge rises in dividends paid by the likes of Alumina (+65%), BHP (paid an ordinary and a special), RIO (+158%) and Fortescue (+172%). It's not just Australian miners that are doing well, Labrador Iron Ore, a Canadian iron ore miner increased dividends by 200% in Q1.
- Dividends rose across all sectors, with other strong contributions from Information Technology (+31%) and Telecommunications (+33%) despite Telstra bucking this global trend.
- Telstra has now cut its total dividend 48% from its peak 2 years ago, whilst its ordinary dividend has been cut 68%.

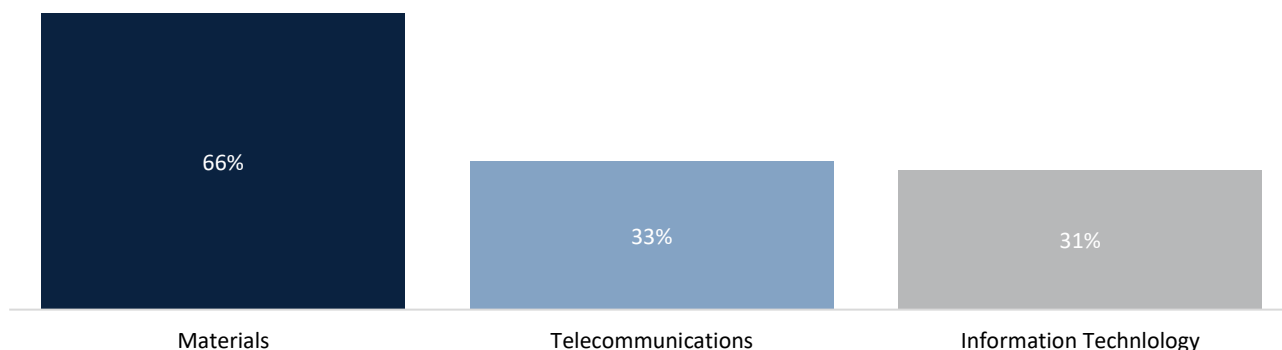
Interesting facts in global income

- When incorporating dividend cuts and initiations, 3.4 companies increased or initiated dividends for every one company that reduced or completely cut dividends.
- However the percentage of companies completely cutting dividends increased sharply on Q4's low 1.8% number, with 6% of companies omitting in Q1 2019.
- The number of companies initiating dividends also dipped slightly from 8% in Q4 2018 to 7% in Q1 2019.
- 65% of US companies that pay dividends, increased or initiated them in Q1, versus only 10% that cut dividends. However, 45% of US companies don't pay regular quarterly dividends. As a comparison, in Australia only 15% of companies in our universe didn't pay dividends in 2018.

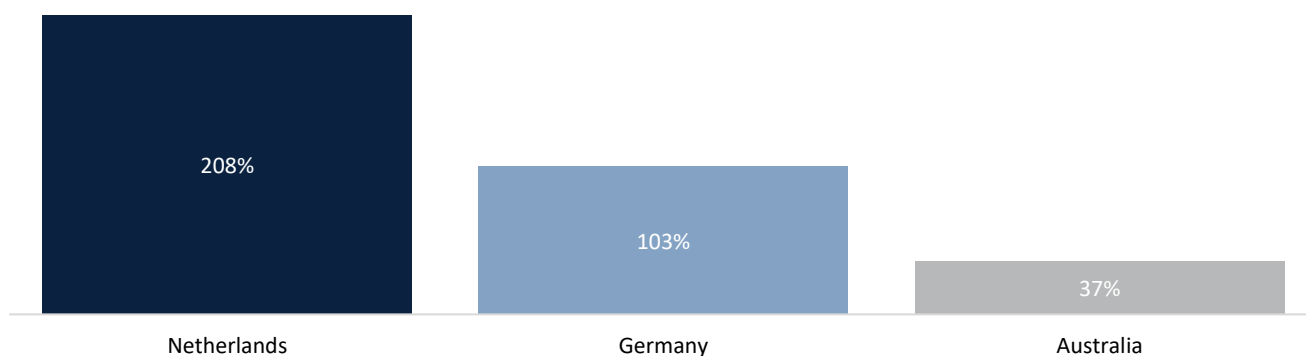
Dividend growth Q1 2019 v Q1 2018



Largest sector changes



Largest country changes



Methodology:

1. Dividends paid (\$) for each stock in each calendar quarter is calculated as the shares outstanding as of quarter end multiplied by the total dividend per share (DPS) paid out in the calendar quarter on a net basis. 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.
2. Full year dividends paid (\$) is the summation of dividend paid (\$) from Q1 to Q4 using the above methodology (1).
3. 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.

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