Harness the Power of Dividend Growers
Many investors today are looking for:

- Equity-like returns with lower volatility
- A growing stream of income
Sources of retirement income

Current income versus growing income

- Term deposits
- Investment grade credit
- High-yield Australian equities
- Dividend growing global equities

This chart is for illustrative purposes only. For financial professionals only. Not for use with the public.
The value of dividends

Dividend income based on an initial A$10,000 investment as of 1 June 2003. Source: FactSet. As at 30 November 2014.

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Go for growing dividends

Source: FactSet. As at 30 December 2014.
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To grow its dividend in a sustainable manner, a company needs to:

- Increase its earnings
- Retain substantial free cash flow; Maintain a strong balance sheet
- Allocate its cash with discipline; Be aligned with shareholder interests

Dividend growth is an important indicator of a quality company.

Why dividend growth matters
Returns are based on the weighted average of total returns in USD (with gross dividend reinvested) of a global universe of companies. The universe consists of the 1000 largest companies in the S&P BMI Global Indices for North America (50% weight), Europe (25%), Japan (10%) and the 500 largest companies for Emerging Markets (10%) and Pacific x Japan (5%) from December 1989 to December 2004 and the 1000 largest companies in the MSCI IMI Indices for North America, Europe and Japan and the 500 largest companies for Emerging Markets and Pacific x Japan thereafter. The universe constituents are rebalanced quarterly. Volatility reflects annualised standard deviation of monthly total returns.

Data from 31 December 1989 through 31 December 2014. Source: Factset, Compustat, Worldscope, MSCI, CG Investment Services

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## The power of dividend growth

Dividend growers have historically delivered lower volatility

<table>
<thead>
<tr>
<th></th>
<th>All dividend payers</th>
<th>All dividend growers</th>
<th>Dividend growers ≥ 5%</th>
<th>Dividend payers with no change</th>
<th>Dividend cutters</th>
<th>Non-dividend payers</th>
<th>Global universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annualised returns (%)</td>
<td>9.5</td>
<td>10.3</td>
<td>10.9</td>
<td>7.7</td>
<td>5.9</td>
<td>4.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Relative returns (%)</td>
<td>100.9</td>
<td>101.7</td>
<td>102.2</td>
<td>99.2</td>
<td>97.6</td>
<td>96.3</td>
<td>--</td>
</tr>
<tr>
<td>Volatility</td>
<td>14.7</td>
<td>14.1</td>
<td>14.2</td>
<td>15.4</td>
<td>17.0</td>
<td>19.8</td>
<td>15.6</td>
</tr>
</tbody>
</table>

### Upside / Downside Capture

<table>
<thead>
<tr>
<th></th>
<th>Upside Capture</th>
<th>Downside Capture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upside Capture</td>
<td>94</td>
<td>90</td>
</tr>
<tr>
<td>Downside Capture</td>
<td>93</td>
<td>85</td>
</tr>
</tbody>
</table>

Note: Returns for global universe are total returns in USD dollars (with gross dividends reinvested) calculated as a weighted average of regional portfolio returns. The regional portfolios are defined as follows: from Dec 1989 to Dec 2004, the 1000 largest companies in the respective S&P Global BMI indexes for each of the North America (50% weight), Europe (25%) and Japan (10%) and the 500 largest companies in the Emerging Market (10%) and Pacific ex Japan (5%). From Dec 2004 onwards, the regional portfolios consist of the 1000 largest companies in the respective MSCI IMI index for North America, Europe and Japan and of the 500 largest companies in the Emerging Markets and Pacific ex Japan indexes. Regional portfolios' constituents are rebalanced on a quarterly basis.

Capture ratios are expressed in percentage terms and reflect returns versus the benchmark for periods in which the benchmark had a positive return (upside capture) or negative return (downside capture).

Data from 31 December 1989 through 31 December 2014. Sources: Factset, Compustat, Worldscope, MSCI, CII Quant

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A distinctive global approach to equity income

**Fund objective**
Seeks to achieve long-term total returns by investing in quality companies worldwide that provide an attractive combination of current yield and dividend growth.

**Range of opportunities**
Invests primarily in equity and equity-related securities.

**Portfolio**
Total return solution and potential source of income
Identifying dividend growth opportunities

8,000+ potential opportunities

537 companies fit the review criteria

264 approved for eligibility

73 in WDG

Global research: Analysts recommend opportunities

Eligibility review and approval: History, forecast, analysis

Portfolio managers select high convictions

Ongoing monitoring

1. Reflects the global universe of dividend-paying companies according to Capital Group methodology as of December 2014.
2. As at 31 December 2014 in the Representative Account.
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We are one of the largest asset managers in the world

A$1.8tn assets under management
54m accounts around the world
200,000+ advisers offering our services to clients
7,000+ employees worldwide
250+ employees in Asia

Capital Group is focused on delivering superior, consistent results for long-term investors using high-conviction portfolios, rigorous research and individual accountability

Founded in 1931
Privately owned
The Capital System


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