



## Dividends keep growing for 2017

### **UK companies paid out a record amount in dividends in the second quarter of this year.**

At a time when there is much heated debate about whether the Bank of England should double its base rate to 0.5%, it can be easy to forget the much higher income yield available from UK shares. While most interest rates remain at sub-inflation levels, the UK stock market has an average dividend yield of about 3.6% and, as new data recently released show, those dividends are growing strongly.

Research undertaken by Capita, the share registrars, revealed that in the second quarter of 2017:

- UK companies paid a record £33.3bn in dividends, up 14.5% on the second quarter of 2016.
- If special (one-off) dividends are excluded, the total falls to £28.6bn, still a record and a year-on-year increase of 12.6%.

Capita attributes the rise in overall pay-outs to “very healthy underlying growth, topped up with a substantial boost from the weak pound, plus a large haul of special dividends”. For the next two quarters, the impact of sterling’s weakness will not be as great because the pre-Brexit numbers will disappear from 12-month comparisons. Nevertheless, Capita expects 2017 to see a dividend increase of 7.0%, comfortably ahead of inflation.

These dividend numbers are a reminder that it is still possible to invest in a way that gives scope for growing income and does not rely on the whims of a central bank. For more information on the wide choice of UK equity income funds, please talk to us.

*The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. Investing in shares should be regarded as a long-term investment and should fit in with your overall attitude to risk and financial circumstances.*

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