

# UK to get US style dividend index

By Steve Johnson

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An equity income strategy that is tracked by \$7bn of assets in the US will be made available to UK investors in the new year.

The US Mergent Dividend Achievers Index – based on companies that have increased their dividend pay-outs for five years running – is tracked by \$7bn worth of funds managed by BlackRock, Invesco PowerShares and Vanguard.

Mergent is now unveiling a sister index in the UK, which it believed would be available via an exchange traded fund in the next few months.

“We have a sponsor who is looking seriously at it. It will probably [launch] in Q2 next year,” said Jonathan Worrall, chief executive of Mergent, a US business and financial data provider.

Mr Worrall claimed the index exhibited a relatively low correlation with other dividend income or “value” based approaches. A Vanguard fund based on Mergent’s US index has outperformed the S&P 500 over the past five years with lower volatility, although an “international” version based on American depository receipts, operated by PowerShares, has exhibited greater volatility than its index, albeit with higher returns.

Mergent said it was also confident of attracting an ETF provider to replicate a sister index in Australia.

The screenshot shows the FT.com website interface. At the top left is the FT.com logo with 'FINANCIAL TIMES' underneath. To the right is the 'FTFM Exchange Traded Funds' header. Below the header is a navigation menu with categories like 'Front page', 'World', 'Companies', 'Markets', 'Markets Data', 'Funds data', and 'ETFs'. The main content area features the article title 'UK to get US style dividend index' by Steve Johnson, published on November 21, 2010. The article text is identical to the provided content. On the right side, there is an 'EDITOR'S CHOICE' sidebar with several featured articles, including 'China to list cross-border ETFs', 'ETFs price war enters Europe', 'Global X reaches \$1bn asset milestone', 'Inefficient markets make active management "worthwhile"', 'Deutsche Bank and Lyxor in ETF rankings race', and 'ETF investors get ready for US recovery'.