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## Indxis UK Dividend Achievers Index shows investors should look for consistency

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***Dividend payments are on the increase, but investors should beware big payouts that have not been consistently paid in the past, according to Indxis, a leading independent provider of bespoke indexes and investment products.***

Its UK Dividend Achievers Index, composed of UK companies that have increased their annual regular cash dividends over the past five or more consecutive years, has returned 16.49% in the year to August 31, 2011. If an investor had made a GBP10,000 investment over the past year in a fund or ETF based on the index, it would have yielded an absolute return of almost GBP1,600.

These impressive returns are on trend with increasing dividend payouts in the UK in 2011, with 247 companies paying dividends in the second quarter, compared to 221 in the same period last year<sup>1</sup>.

However, investors seeking to protect their income without compromising on returns should look for consistent payments instead of high, sporadic returns, according to Alan Price, Sales Director for Indxis:






“With inflationary pressure and the Bank of England base rate still at historic lows, many investors will increasingly turn to income stocks. However, prudence should be the watchword here, but dividend payments can often mask weak underlying performance.

“Some sectors substantially increased their dividends in the second quarter of this year, but it is vital to focus on companies that have consistently increased their dividend, as this leads to more regular and reliable income streams for low-risk portfolio strategies.”

Young & Co's brewery was the highest yielding stock from the index by far with a dividend yield so of 20.6%. The RSA Group came second at 7.8% followed by RM PLC at 7.7%. Chesnara and Amlin PLC have both paid dividends of 7.4% so far this year. Interserve had the highest total return among all the stocks in the index, returning an impressive 46.19% to investors between January and August. Other top-performing stocks included total returns of 42.52% from Northumbrian Water Group.

The index has been mostly composed of large caps at 80.14%, with a third of funds invested in the Consumer Staples industry at 33.03%. Technology stocks also feature prominently in the index at 14.46%.

Back-tested data shows the UK Dividend Achievers Index would have produced great annualised returns of 5.83% over the past decade.

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