

S&P Dow Jones Indices

A Division of **S&P Global**

S&P 500[®] Quality FCF High Dividend Index

Tracking Companies with High Dividend Yields and High Free Cash Flow (FCF)

Index Overview

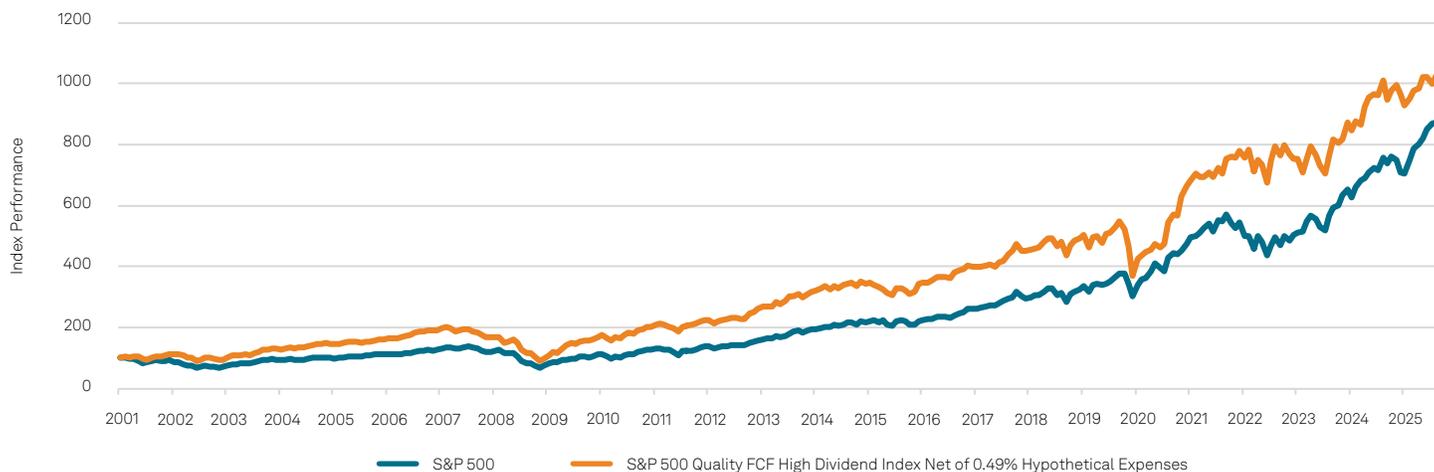
Launched in 2025, the [S&P 500 Quality FCF High Dividend Index](#) tracks high dividend yielding companies that have paid dividends for at least five consecutive years and simultaneously have high FCF margin and high FCF return on invested capital (ROIC).

Screening for FCF quality seeks to enhance the defensive characteristics of the index and mitigate the risk of low-quality “yield traps.”

Key Index Characteristics

- **Long-Term Outperformance:** On a hypothetical back-tested basis, the index has outperformed the S&P 500 in absolute and risk-adjusted terms over the long term, while maintaining lower downside capture.
- **High Dividend Yield:** The index has averaged a 3.44% dividend yield over the hypothetical back-tested period, far surpassing the 1.85% yield of the S&P 500.
- **Robust Dividend Growth and Fundamentals:** In addition to higher dividend yield, the index has exhibited stronger dividend growth as well as higher operating margin and returns on equity than the S&P 500, attributes likely driven by its free cash flow quality screening.

Back-Tested Outperformance versus the S&P 500



Source: S&P Dow Jones Indices LLC Data from April 30, 2001, to Dec. 31, 2025. The S&P 500 Quality FCF High Dividend Index was launched Nov. 17, 2025. Performance is calculated net of fees based on monthly total return in USD. The fee applied to the S&P 500 Quality FCF High Dividend Index is 0.49%. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

S&P Quality FCF High Dividend Index Methodology Snapshot

Metric	Details
Universe	S&P 500 (excluding REITs)
Dividend Eligibility Screen	Companies must have paid dividends for the past five consecutive years
Stock Selection	Step One: Top 50% of companies in each sector with highest FCF score are eligible Step Two: From eligible companies, select 100 companies with highest trailing 12-Month dividend yield
FCF Score	Based on the average of: 1. Five-year average of FCF margin 2. Five-year average of FCF ROIC
Weighting	Dividend-Yield-Weighted
Rebalancing	Semiannually in April and October

Source: S&P Dow Jones Indices LLC. Data as of January 2026. For the full methodology rules, please refer to the [S&P 500 Quality FCF High Dividend Index Methodology](#). Table is provided for illustrative purposes.

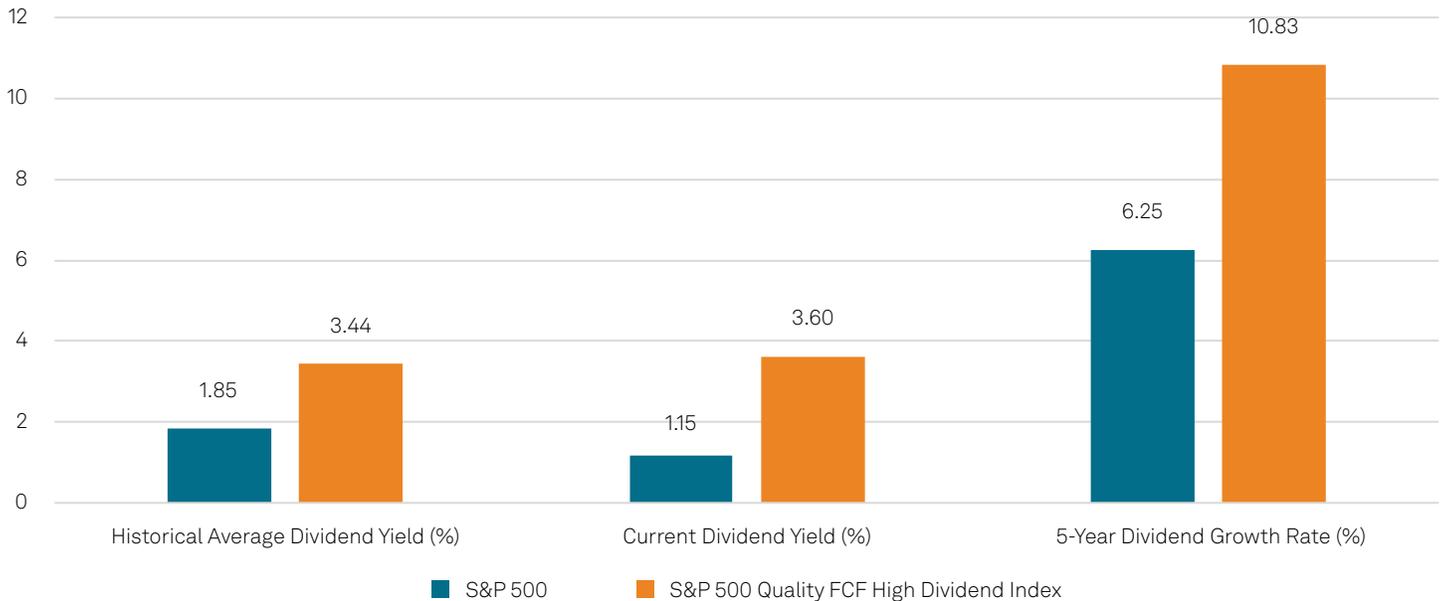
Back-Tested Risk/Performance Statistics

Period	S&P 500	S&P 500 Quality FCF High Dividend Index Net of 0.49% Hypothetical Expenses
Annualized Performance (%)		
Full Period	9.18	9.90
1-Year	17.88	8.55
3-Year	23.01	10.31
5-Year	14.42	12.48
10-Year	14.82	12.35
15-Year	14.06	11.81
20-Year	11.00	9.95
Annualized Volatility (%)		
Full Period	14.90	15.64
Risk-Adjusted Performance		
Full Period	0.62	0.63
Drawdowns (%)		
Full Period	-50.95	-55.88
Capture Ratios (%)		
Upside	-	93.44
Downside	-	87.72

Source: S&P Dow Jones Indices LLC, Data from April 30, 2001, to Dec. 31, 2025. The S&P 500 Quality FCF High Dividend Index was launched Nov. 17, 2025. Performance is calculated net of fees based on monthly total return in USD. The fee applied to the S&P 500 Quality FCF High Dividend Index is 0.49%. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Stronger Dividend Yield and Dividend Growth versus the S&P 500

The index demonstrated a significantly higher dividend yield when compared with the S&P 500, and its focus on FCF quality has also supported significant dividend growth—an important consideration for preserving purchasing power.

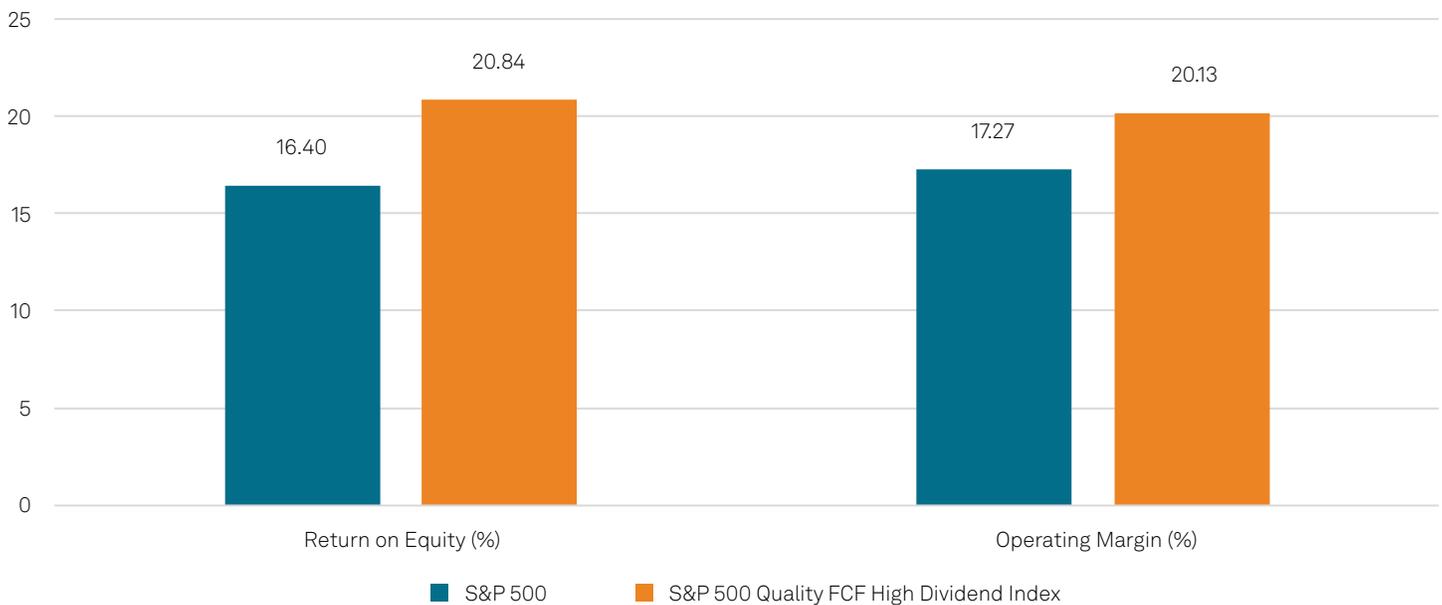


Source: S&P Dow Jones Indices LLC, FactSet. Data from Dec. 31, 2002, to Dec. 31, 2025. The S&P 500 Quality FCF High Dividend Index was launched Nov. 17, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Enhanced Quality Profile

Back-tested fundamental analysis of the S&P 500 Quality FCF High Dividend Index's constituents reveals a strong tilt toward quality relative to the S&P 500.

Back-Tested Comparison of Fundamental Analysis Metrics versus the S&P 500



Source: S&P Dow Jones Indices LLC, FactSet. Data from April 30, 2001, to Dec. 31, 2025. The S&P 500 Quality FCF High Dividend Index was launched Nov. 17, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Back-Tested Sector and Constituent-Level Diversification

The S&P 500 Quality FCF High Dividend Index has historically overweighted higher dividend-paying sectors. However, its emphasis on FCF quality may offer a more balanced sector allocation compared to other high yield dividend strategies.

Sector	S&P 500 Quality FCF High Dividend Index Current Sector Weight (%)	S&P 500 Quality FCF High Dividend Index Long-Term Average Active Sector Weight (%)	Current Active Weight (%)
Communication Services	1.6	-1.5	-9.0
Consumer Discretionary	3.8	1.3	-6.6
Consumer Staples	13.2	3.7	8.5
Energy	10.5	1.1	7.7
Financials	21.7	3.5	8.3
Health Care	11.6	-6.3	2.0
Industrials	13.2	0.9	5.1
Information Technology	5.1	-15.4	-29.3
Materials	7.6	3.8	5.7
Real Estate	0.0	-1.0	-1.8
Utilities	11.7	9.9	9.4

Source: S&P Dow Jones Indices LLC Data from April 30, 2001, to Dec. 31, 2025. Current active sector weights as of Dec. 31, 2025. The S&P 500 Quality FCF High Dividend Index was launched Nov. 17, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. In 2018, the Telecommunications Services sector was expanded and renamed Communication Services. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

As of Dec. 31, 2025, the S&P 500 Quality FCF High Dividend Index has notable overweightings in the Consumer Staples, Energy, Financials and Utilities sectors.

Performance Disclosure/Back-tested Data

The S&P 500 Quality FCF High Dividend Index was launched November 17, 2025. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance, and is based on the index methodology in effect on the index launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Complete index methodology details are available at www.spglobal.com/spdji. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

About S&P Dow Jones Indices

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