S&P Dow Jones Indices
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Index Education

An Index to Measure Sustainable Dividend Yield beyond the Australian Market

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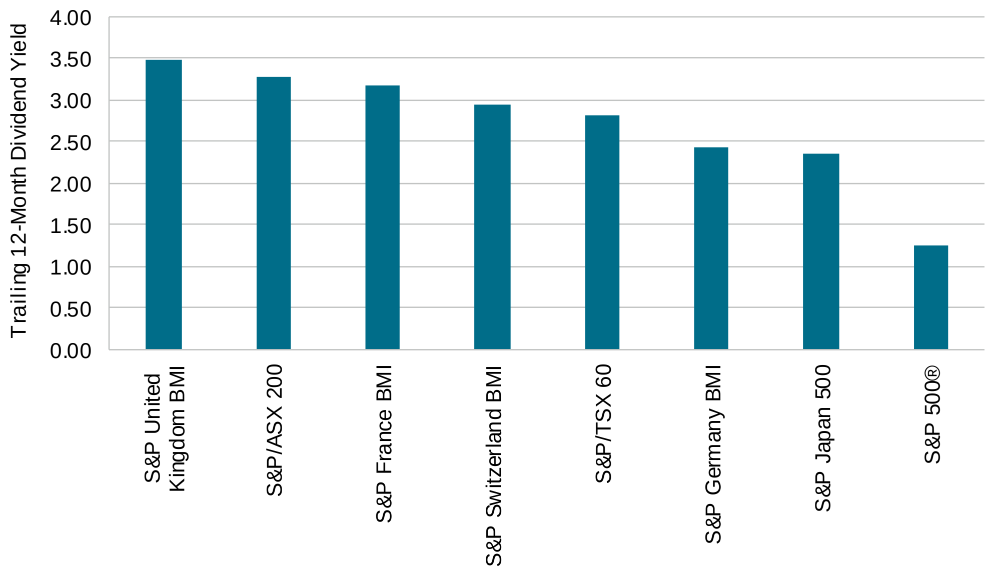
Introduction

Australia has long been one of the highest-dividend-yielding regions among developed markets, with its long-standing strong culture of companies paying dividends and its unique dividend imputation system. Exhibit 1 shows the trailing 12-month dividend yield among major developed market indices as of June 30, 2025. The S&P/ASX 200 posted a 3.28% dividend yield, ranking second, only slightly below the 3.49% dividend yield of the S&P United Kingdom BMI.

Exhibit 1: Trailing 12-Month Dividend Yields of Major Developed Market Indices



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. Chart is provided for illustrative purposes.

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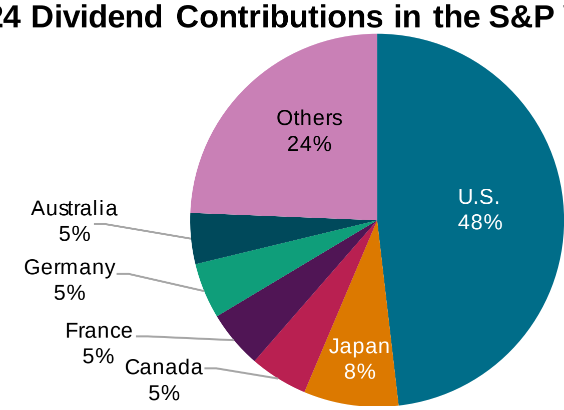
Despite the high dividend yield in the Australian market, there are reasons why market participants may want to also pay attention to companies that pay dividends outside of the Australian market.

First, looking at the total dividend amount in the global equity space, due to the size of the capital markets, Australia contributed about 5% and is ranked in the 6th position (see Exhibit 2). The majority of company dividends in the developed markets come from the U.S., Japan, Canada and a few European countries, with their large market capitalization of publicly listed companies. There are many dividend opportunities beyond the Australian market.

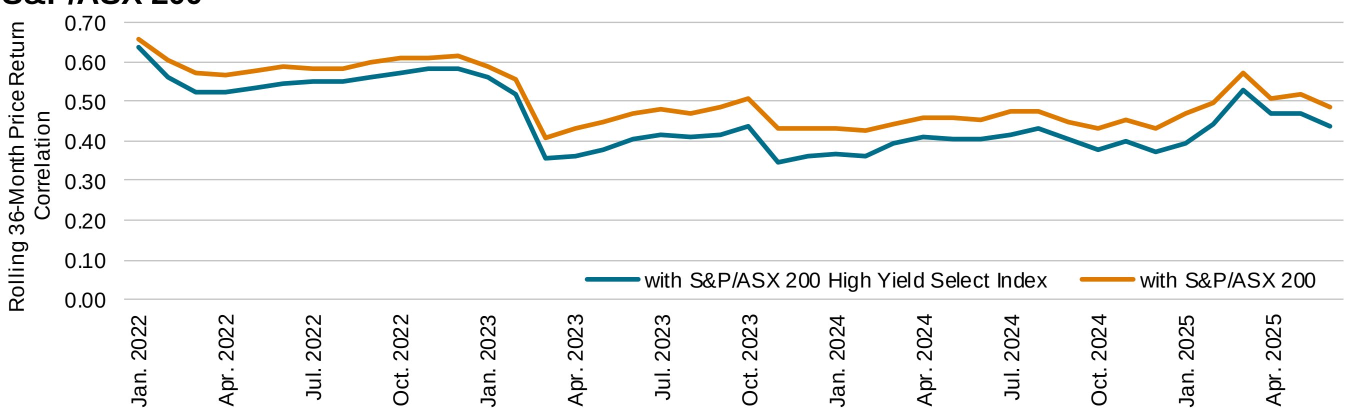
Exhibit 2: Total 2024 Dividend Contributions in the S&P World Index by Country



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. Chart is provided for illustrative purposes.

Second, the correlation between an Australian index and a global dividend index that excludes Australia has been relatively low and sometimes below 0.4 (see Exhibit 3). This low correlation could serve as a tool of diversification that may lower overall risk and enhance the overall risk/return profile.

Exhibit 3: Price Return Correlation of the S&P World Ex-Australia High Yield Dividend Aristocrats® Select Index against the S&P/ASX 200 High Yield Select Index and S&P/ASX 200



Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2019, to June 30, 2025. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. The S&P/ASX 200 High Yield Select Index was launched Oct. 8, 2024. All data prior to such date is back-tested hypothetical data. Index performance based on price return in AUD. 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.

Third, equity market participation; some of the markets, like the U.S., had strong performance over the past decade. In 2025, European markets such as Germany also demonstrated a strong run YTD. Despite the dividend yield level of some developed markets being lower than the dividend yield level in Australia, the strong price return could contribute to the overall total returns. How can an index focus on dividends while also having an eye on markets outside of Australia? The S&P World Ex-Australia High Yield Dividend Aristocrats® Select Index (S&P World Ex-AU HYDA Select) was designed with this in mind.

In this paper, we introduce the S&P World Ex-Australia High Yield Dividend Aristocrats Select Index, a pioneering index that applies the Dividend Aristocrats framework in a regional and sector-balanced approach. This index offers Australian market participants a unique tool for viewing the global dividend market, while emphasizing the quality and sustainability of the dividend yield generated. Through our analysis, we aim to illuminate the historical performance and characteristics of this index.

Index Construction

On May 19, 2025, S&P Dow Jones Indices (S&P DJI) launched the S&P World Ex-AU HYDA Select. This index begins with the S&P Developed BMI, excluding Korea and Australia. After basic size and liquidity screening, a key feature of the Dividend Aristocrats methodology is that a company must grow or maintain its dividend for an extended period. In this case, we require at least 10 years of growing or maintaining dividends. The index only includes companies with a dividend payout ratio between 0 and 100% to ensure that a company is paying dividends, but not paying out all of its earnings. It also excludes companies with more than 10% dividend yield.

Within the eligible universe of stocks, we assigned each stock to one of three regional groups based on the company's country of domicile: North America; Europe, the Middle East and Africa (EMEA); and Asia Pacific (APAC). Each stock was also assigned to one of four sector groups based on GICS® classifications: Group 1 includes Financials and Real Estate; Group 2 includes Consumer Discretionary, Consumer Staples and Health Care; Group 3 includes Information Technology and Communication Services; and Group 4 includes Industrials, Materials, Energy and Utilities. Thus, we formed 12 subgroups using regional and sector classifications, and each stock was assigned to one of these subgroups. Within each subgroup, we sorted stocks based on the product of float market capitalization (FMC) and dividend yield, selecting the top 20% to form the final basket.

The constituents were weighted by the product of FMC and dividend yield, subject to a 6% single-stock cap. We used an optimization approach to rescale the final basket's regional and sector group weights to the same as the index starting universe. For an overview of the index methodology, please refer to Exhibit 4.

Exhibit 4: S&P World Ex-AU HYDA Select Methodology

Criteria	Details
Universe	S&P Developed BMI, excluding Australian- and South Korean-domiciled companies
Eligibility Criteria	• FMC >= USD 1 billion • 3-Month Average Daily Value Traded (ADVT) >= USD 5 million • Increased dividends or maintained stable dividends every year for at least 10 consecutive years • Dividend payout ratio between 0 and 100% • Indicated Dividend Yield <= 10%
Selection Process	1. Assign eligible stocks into three regional groups (APAC, EMEA and North America) and four sector groups (Group 1: Financials and Real Estate; Group 2: Consumer Discretionary, Consumer Staples and Health Care; Group 3: Information Technology and Communication Services; Group 4: Industrial, Materials, Energy and Utilities), yielding a total of 12 subgroups 2. Rank stocks based on FMC * Indicated Annual Dividend Yield (IADY) and select the top 20% from each subgroup 3. If the total number of stocks selected is fewer than 100 or more than 200, adjust the target % by 2.5% each time until the total number of stocks selected is between 100 and 200; the index must have at least one stock selected from each subgroup
Weighting	FMC * IADY weighted
Constituent Capping	6% capping on single constituent Rescale the regional and sector group's weights to the same level as the corresponding regional and sector group's weights in the index universe through optimization
Rebalancing	Annual rebalancing, effective at close on the last business day of January Semiannual reweighting, effective at close on the last business day of July
First Value Date	Jan. 31, 2019
Launch Date	May 19, 2025

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. Table is provided for illustrative purposes.

There are several considerations behind each step of the index construction. The 10 years of growing and maintaining dividends is a key threshold in stock selection. This demonstrates a company's financial resilience—that it is able to grow or maintain dividends for at least a decade despite market fluctuations and macroeconomic turmoil. The two additional screens on dividend payout ratio and dividend yield are to improve the dividend payment sustainability. An abnormally high dividend yield or payout ratio may impede long-term sustainable dividend payment.

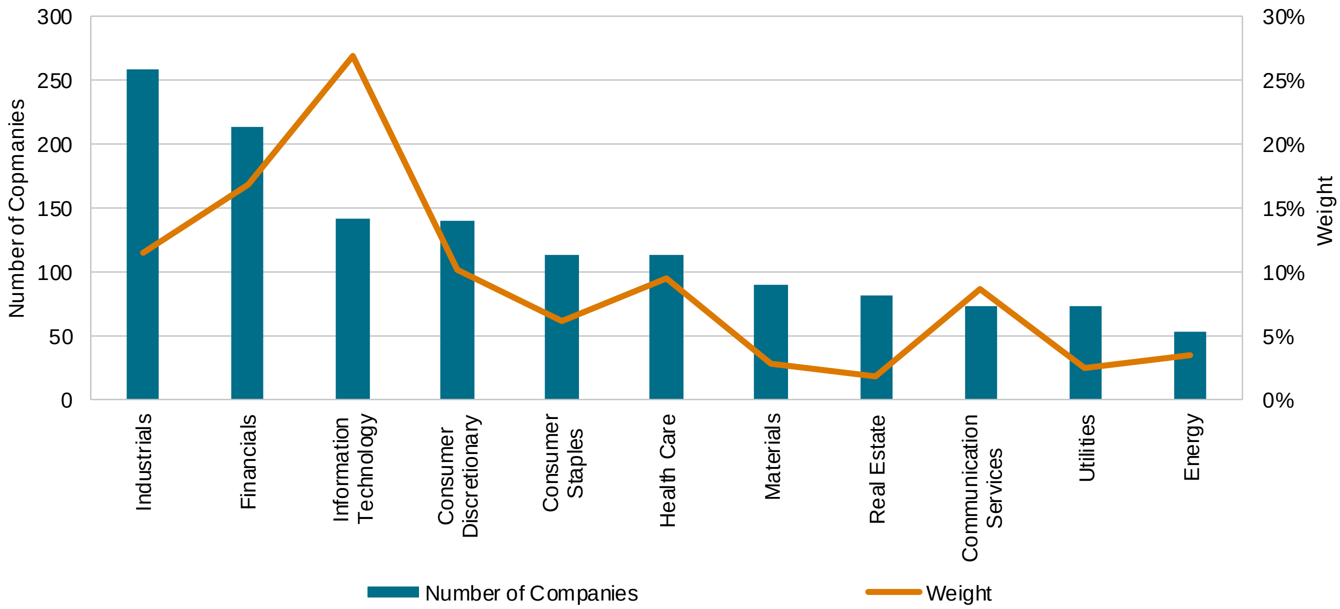
The reason for selecting stocks within the subgroups based on the product of FMC and dividend yield and the rescale of regional and sector weights is meant to ensure that the index has a moderate tracking error against the underlying broad market index. In a typical global dividend index, the stock selection is done by dividend yield, which results in a heavy overweight of lower-valuation markets and an underweight of higher-valuation markets, like the U.S. It results in significant sector active weights as well. Simply rescaling the weight may not be sufficient due to the deviation that begins with stock selection. To design a dividend index that balances sector and country allocations while focusing on sustainable dividend yield, we begin with the stock selection.

However, we can't simply use the countries and sectors because that would result in over 20 countries and 11 sectors, and some countries or sectors may have very few eligible stocks, thus we group them together.

The country-to-region group is intuitive based on the geographical definition. Regarding the sector group, Exhibit 5a shows the number of stocks and sector weights in the S&P World Ex-Australia Index. We can see that the bottom five sectors in terms of the number of stocks are Materials, Real Estate, Communication Services, Utilities and Energy. Real Estate can be easily grouped with Financials because it was split from the Financials sector in 2016. The two consumer sectors could also be combined in Group 2. Communication Services can be grouped with Information Technology in Group 3, because its constituents have some technology bias such as Alphabet, AT&T and Meta Platforms, leaving us with Industrials, Materials, Utilities, Energy and Health Care. Based on the number of stocks and weights, we group Industrials, Materials, Utilities and Energy into Group 4, because these sectors tend to be up- or midstream in the manufacturing supply chain. Lastly, we added Health Care to the two consumer sectors to round out Group 2, leaving us to four groups that balance total stock count and weights. Exhibit 5b shows the number of stocks and weights in each group.

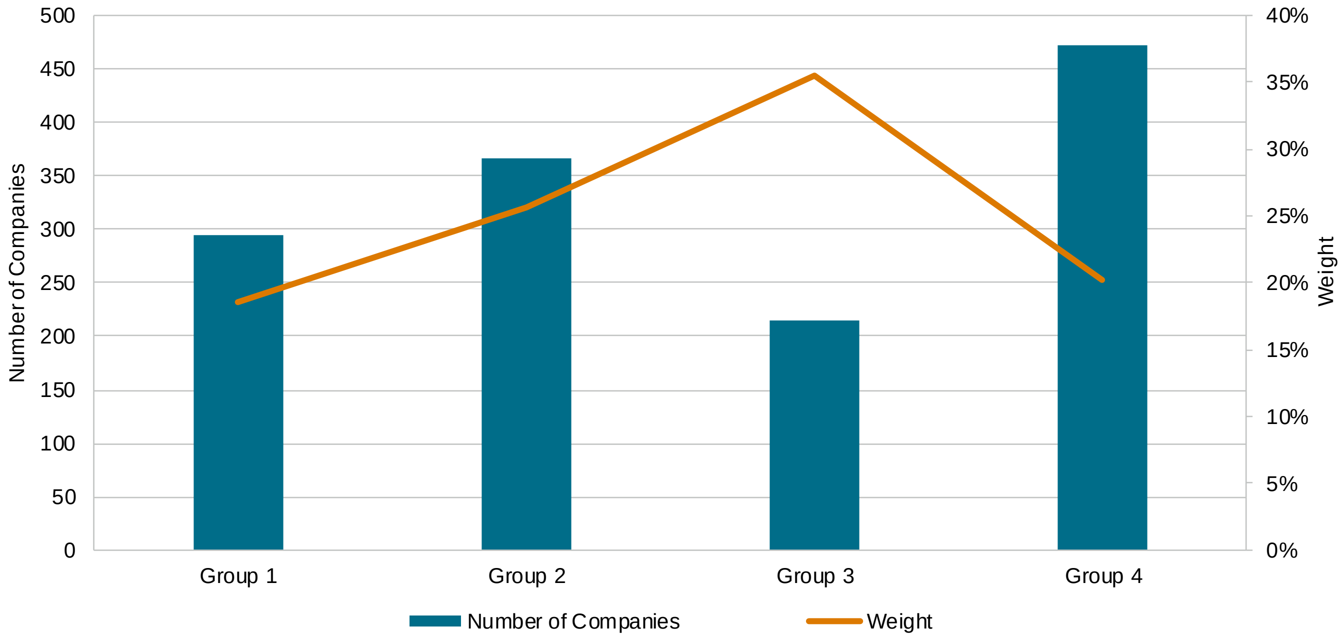
By forming the regional and sector groups, we can then form subgroups to effectively select stocks within the subgroups and rescale the weights to balance dividend yield and deviation from the broad market index.

Exhibit 5a: Sector Breakdown in S&P World Ex-Australia



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. Chart is provided for illustrative purposes.

Exhibit 5b: Sector Group Breakdown in S&P World Ex-Australia



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. Chart is provided for illustrative purposes.

Historical Performance

During the back-tested period spanning Jan. 31, 2019, to June 30, 2025, the S&P World Ex-AU HYDA Select underperformed the S&P World Ex-Australia Index by 2.17% per year, with a lower volatility and a tracking error of 5.48%. Its risk-adjusted return was higher in the one-year and five-year periods. If we break down the total return into price return and return from dividends and reinvestments, more than 27% of the total return in the S&P World Ex-AU HYDA Select came from dividends and reinvestment, which is higher than the benchmark and demonstrates the features of a dividend-focused index.

Why did the index underperform over the back-tested period? The past six years have been part of a strong growth and technology cycle, with the S&P 500 significantly outperforming the S&P 500 Dividend Aristocrats as well. However, as an index focused on dividends, it has other positive characteristics, such as higher dividend yield and defensive performance.

Exhibit 6: Historical Performance

Period	S&P World Ex-Australia Index	S&P World Ex-AU HYDA Select	S&P 500	S&P 500 Dividend Aristocrats
Annualized Compound Return (%)				
Full Period	15.63	13.46	17.63	11.94
1-Year	19.46	18.27	17.36	9.38
3-Year	21.11	16.15	21.65	10.07
5-Year	16.25	14.63	17.80	12.18
Annualized Standard Deviation (%)				
Full Period	11.64	10.36	12.86	12.92
1-Year	10.75	8.97	13.06	12.65
3-Year	11.20	9.54	12.96	13.03
5-Year	11.19	9.86	12.48	12.43
Risk-Adjusted Return				
Full Period	1.34	1.30	1.37	0.92
1-Year	1.81	2.04	1.33	0.74
3-Year	1.89	1.69	1.67	0.77
5-Year	1.45	1.48	1.43	0.98
Annualized Compound Price Return (%)				
Full Period	13.27	9.77	15.73	9.15
Return from Dividends and Reinvestments (%)				
Full Period	2.36	3.69	1.90	2.79
Total Return from Dividends and Reinvestments (%)				
Full Period	15.11	27.45	10.77	23.39
Tracking Error against the Benchmark (%)				
Full Period	-	5.48	-	7.74

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2019, to June 30, 2025. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. The S&P World Ex-Australia Index was launched Sept. 3, 2024. All data prior to such date is back-tested hypothetical data. Index performance based on total return in AUD. 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.

Performance across Market Environments

We split the market performance into up and down months based on the S&P World Ex-Australia Index monthly performance being either positive or negative. The S&P World Ex-AU HYDA Select outperformed the S&P World Ex-Australia Index approximately 26% of the time during up months, while it outperformed 63% of the time during down months.

Throughout all months, the S&P World Ex-AU HYDA Select posted an average excess return of -0.17%. During down months, the index exhibited an outperformance of 0.28% on average.

During this short back-tested period, the S&P World Ex-AU HYDA Select outperformed in both drawdown events. During the 2020 COVID-19 drawdown in January and February 2020, it outperformed the S&P World Ex-Australia Index by 88 bps. Between January 2022 and June 2022, it outperformed by 11.06% (see Exhibit 7). These numbers show that an index designed around sustainable dividend yield could offer some defensive performance characteristics during market downturns.

Exhibit 7: Performance of the S&P World Ex-AU HYDA Select versus S&P World Ex-Australia Index in Different Market Environments

Period	Hit Rate (%)	Monthly Excess Return (%)
All months	38.96	-0.17
Up months	26.00	-0.45
Down months	62.96	0.28
Period	**S&P World Ex-Australia Index Performance (%)**	**S&P World Ex-AU HYDA Select Performance (%)**
Jan. 31, 2020 – March 31, 2020	-12.38	-11.50
Dec. 31, 2021 – June 30, 2022	-16.06	-5.00

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2019, to June30, 2025. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. The S&P World Ex-Australia Index was launched Sept. 3, 2024. All data prior to such date is back-tested hypothetical data. Index performance based on total return in AUD. 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.

Performance Attribution

A closer examination of the underperformance during the back-tested period reveals valuable insights, as shown in Exhibit 8. The index's underperformance during this period stemmed from both allocation and selection effects. Its underweight position in the Information Technology sector and overweight position in the Energy sector contributed over 6% and 8% to the underperformance, respectively, while the selection effect within the Communication Services sector added another 10% to underperformance. Overall, the allocation effect generated more performance drag than the selection effect. We will take a closer look at sector weights later in this paper.

Exhibit 8: Three-Factor Brinson Performance Attribution

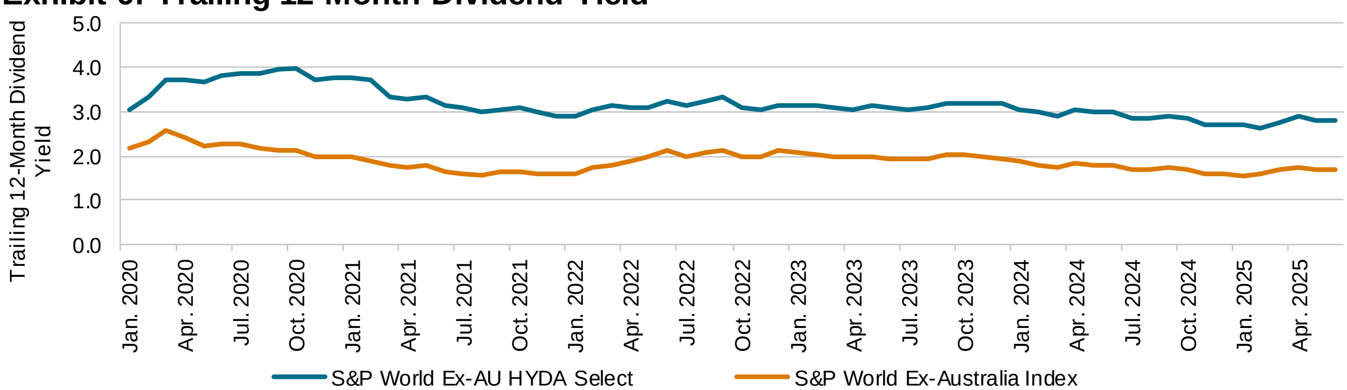
Sector	S&P World Ex-Australia Index		S&P World Ex-AU HYDA Select		Attribution Analysis			
	Average Weight (%)	Total Return (%)	Average Weight (%)	Total Return (%)	Allocation Effect (%)	Selection Effect (%)	Interaction Effect (%)	Total Effect (%)
Communication Services	8.18	184.34	9.41	65.50	-2.57	-10.20	2.33	-10.45
Information Technology	22.49	354.39	18.33	334.57	-6.24	-2.30	0.93	-7.62
Energy	4.26	87.81	6.48	82.37	-8.53	-0.74	2.56	-6.71
Industrials	10.73	159.06	9.42	120.50	0.02	-4.24	1.20	-3.02
Consumer Staples	7.54	94.80	11.60	91.25	-2.43	-0.34	0.11	-2.67
Financials	13.57	181.57	16.27	174.40	0.62	-0.64	-0.07	-0.09
Health Care	12.83	86.85	15.40	90.31	-2.14	0.45	1.62	-0.07
Utilities	2.94	97.93	4.67	93.76	-0.14	-0.16	0.30	0.00
Real Estate	2.56	47.13	1.45	15.48	1.47	-1.37	0.37	0.46
Materials	3.74	109.57	2.72	190.04	0.31	3.75	-1.63	2.43
Consumer Discretionary	11.14	128.09	4.26	155.04	4.19	4.39	-3.29	5.29
Total	**100.00**	**163.18**	**100.00**	**140.77**	**-15.41**	**-11.42**	**4.43**	**-22.41**

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2019, to June 30, 2025. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. The S&P World Ex-Australia Index was launched Sept. 3, 2024. All data prior to such date is back-tested hypothetical data. Index performance based on total return in AUD. 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.

Historical Characteristics

The S&P World Ex-AU HYDA Select generated consistently higher dividend yield than the S&P World Ex-Australia Index through the back-tested period (see Exhibit 9). The average dividend yield was 3.17%, higher than the 1.89% from the S&P World Ex-Australia Index.

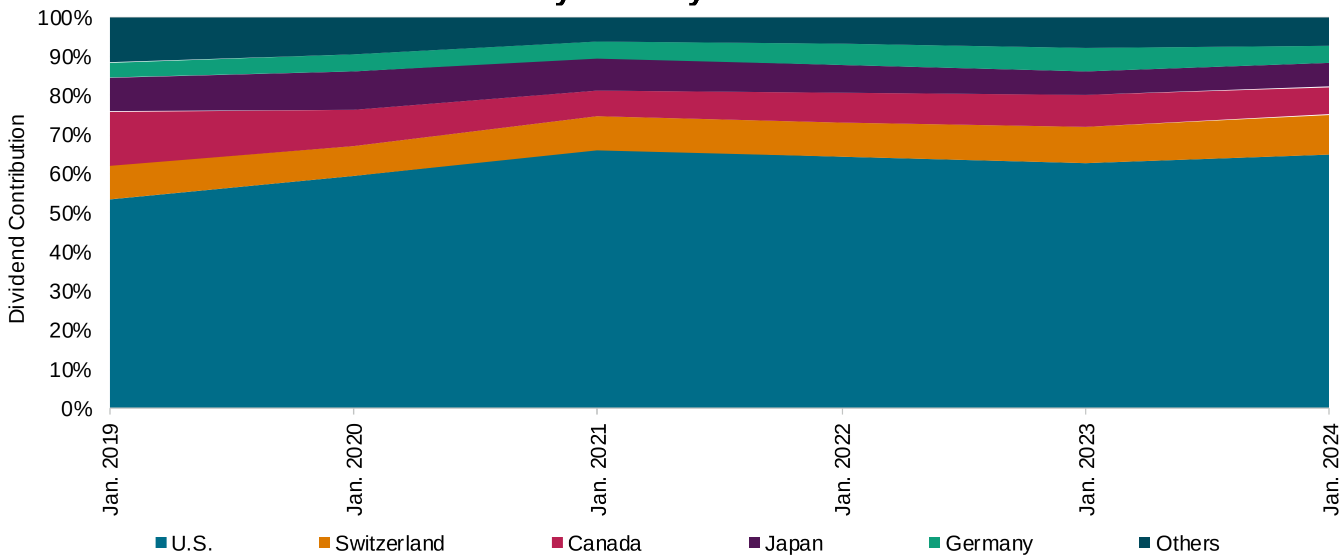
Exhibit 9: Trailing 12-Month Dividend Yield



Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2019, to June 30, 2025. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. The S&P World Ex-Australia Index was launched Sept. 3, 2024. All data prior to such date is back-tested hypothetical data. Index performance based on total return in AUD. 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.

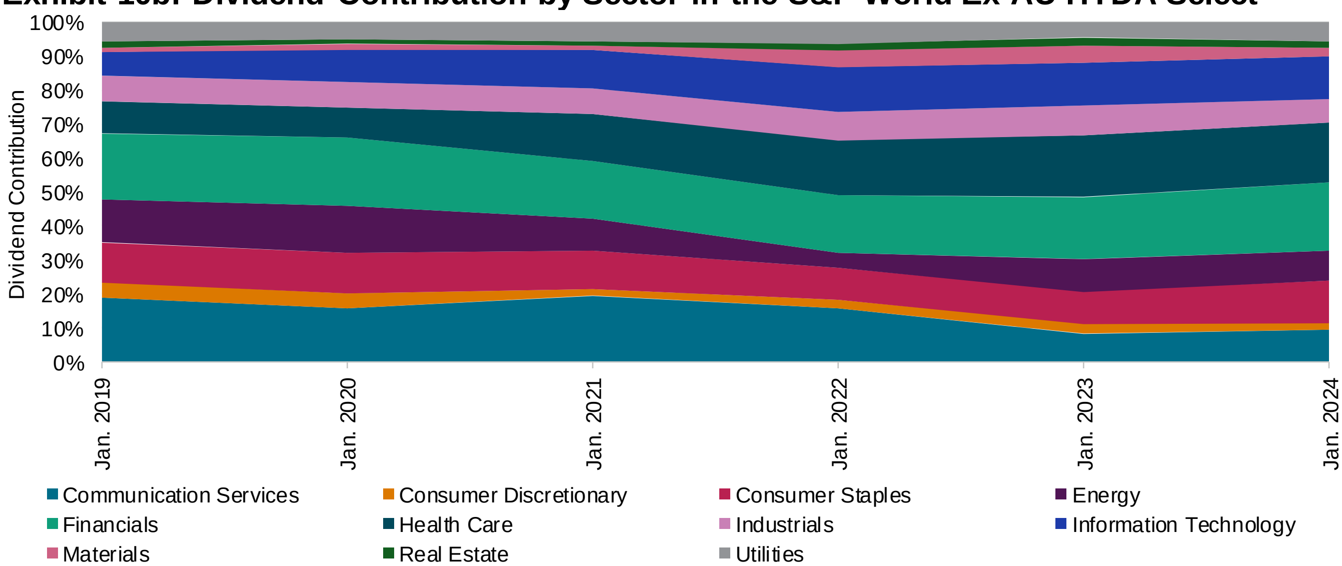
We can break down dividends into country and sector level accordingly. Assuming a USD 1 billion notional size, based on the weight of constituents in the index and the subsequent 12 months of dividend payments, we can approximately calculate the annual dividend amount from each country and each sector. Exhibit 10 shows that more than 50% of the historical dividends comes from companies in the U.S., followed by Switzerland, Canada, Japan and Germany. In terms of sectors, Financials has been the top dividend contributor. Dividends from Health Care and Information Technology have been increasing; as the total dividend is a function of both dividend yield and market cap, the index weight in these two sectors has been high historically.

Exhibit 10a: Dividend Contribution by Country in the S&P World Ex-AU HYDA Select



Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2019, to Jan 31, 2025. Chart is provided for illustrative purposes.

Exhibit 10b: Dividend Contribution by Sector in the S&P World Ex-AU HYDA Select



Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2019, to Jan 31, 2025. Chart is provided for illustrative purposes.

As a dividend index, the S&P World Ex-AU HYDA Select had lower valuation metrics than the benchmark, such as price/earnings, price/book, price/sales and price/cash flow (see Exhibit 11). Like the other valuation metrics, dividend yield shows the stock valuation, so dividend indices in general tend to tilt toward lower valuation stocks. However, unlike many pure high dividend yield indices, the S&P World Ex-AU HYDA Select historically had a higher return on equity than the benchmark. This is a result of its Dividend Aristocrats framework, which not only emphasizes high dividend but also long-term dividend growth and financial resilience, which helps to boost overall constituent profitability. The index is able to select companies that pay quality dividends in developed markets outside of Australia.

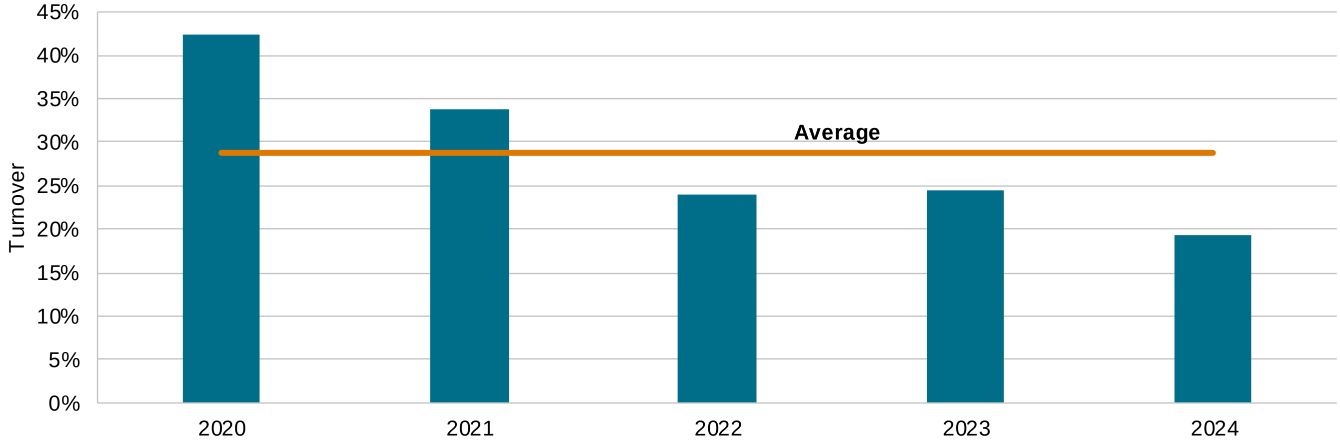
Exhibit 11: Index Characteristics

Metric	S&P World Ex-Australia Index	S&P World Ex-AU HYDA Select
As of June 30, 2025		
Price/Earnings	23.25	20.29
Price/Book	3.44	3.22
Price/Sales	2.42	2.25
Price/Cash Flow	14.35	12.12
Return on Equity	22.01	23.32
Quarterly Average from March 29, 2019 – June 30, 2025		
Price/Earnings	20.06	17.72
Price/Book	2.76	2.51
Price/Sales	2.01	1.94
Price/Cash Flow	12.06	9.92
Return on Equity	20.99	22.57

Source: S&P Dow Jones Indices LLC. Data from March 29, 2019, to June 30, 2025. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. The S&P World Ex-Australia Index was launched Sept. 3, 2024. All data prior to index launch date is back-tested hypothetical data. Index performance based on total return in AUD. 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.

Exhibit 12 illustrates the historical turnover levels of the S&P World Ex-AU HYDA Select. The average one-way turnover was below 30%, and even the highest turnover level was only slightly above 40% in 2020 during the market turmoil. This moderate turnover level is a result of the combination of subgroup-specific stock selection, the weighting scheme and annual reconstitutions.

Exhibit 12: Historical One-Way Turnover of the S&P World Ex-AU HYDA Select



Source: S&P Dow Jones Indices LLC. Data from Jan. 1, 2020, to Dec. 31, 2024. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. All data prior to such date is back-tested hypothetical data. Index performance based on total return in AUD. 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.

Sector and Region Relative Weights

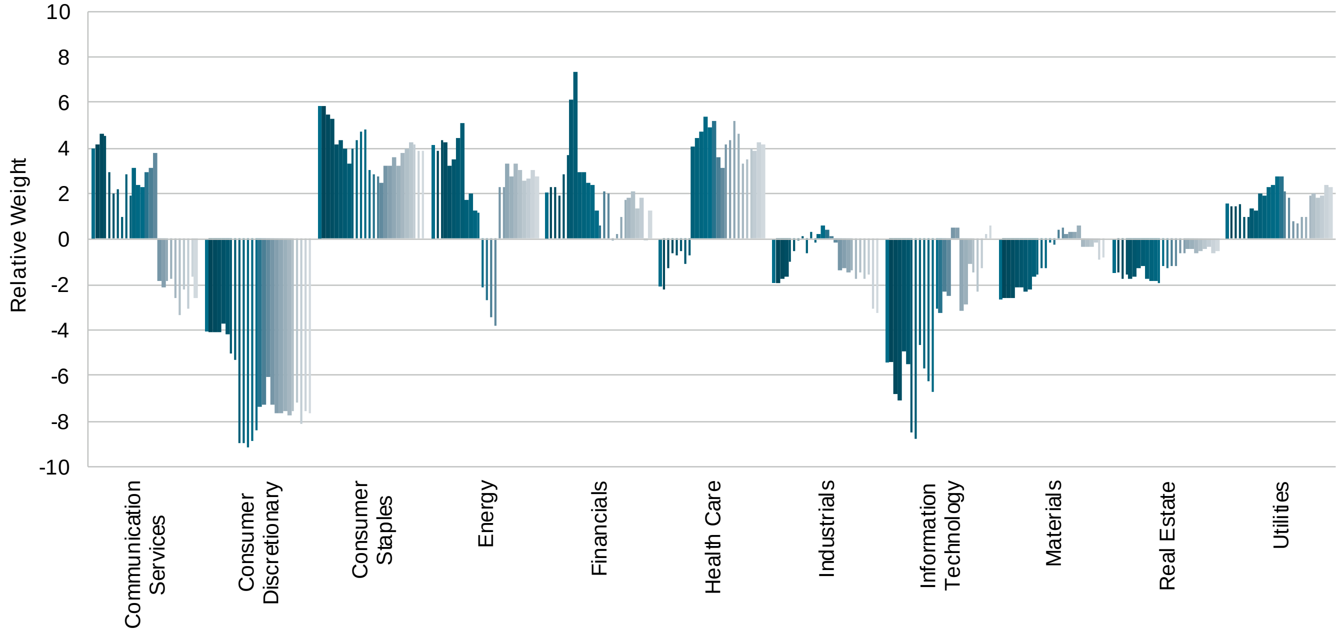
Exhibit 13 provides a detailed analysis of historical sector weights, highlighting the relative overweight and underweight positions of the GICS sectors within the S&P World Ex-AU HYDA Select compared to the S&P World Ex-Australia Index. Within each section, the exhibit presents a time series of the relative weight of each sector in the S&P World Ex-AU HYDA Select against the S&P World Ex-Australia Index.

Since the index construction was done based on the sector groups, it may still have moderate over- or underweighting to specific GICS sectors. However, the weight deviation in general was below 8% for most of the period studied.

Dividend yield is a joint result of both the dividend and the price, and some sectors tend to have higher dividend yields than others. The companies in mature sectors such as Financials, Energy, Utilities and Consumer Staples tend to be well established and committed to return capital back to shareholders, and the dividend yields in these sectors tend to be high. On the other hand, companies in sectors such as Information Technology tend to reinvest their earnings, so the dividend yields in those companies tend to be lower. In addition, the underlying price would also impact the relative level of dividend yield across sectors.

For the S&P World Ex-AU HYDA Select, the historical data indicates a consistent overweight in sectors such as Consumer Staples, Financials and Utilities, while sectors like Consumer Discretionary, Industrials and Information Technology were underweight most of the time. Fluctuations in relative weights have been observed in sectors such as Communication Services, Energy and Health Care. The relative underweight in Materials and Real Estate has been below 2% for most of the period. As the stock selection is based on the product of FMC and dividend yield, the market cap of companies in each sector would also affect the relative weight. For a more comprehensive look at historical GICS sector weights, please refer to Exhibit 16 in the Appendix.

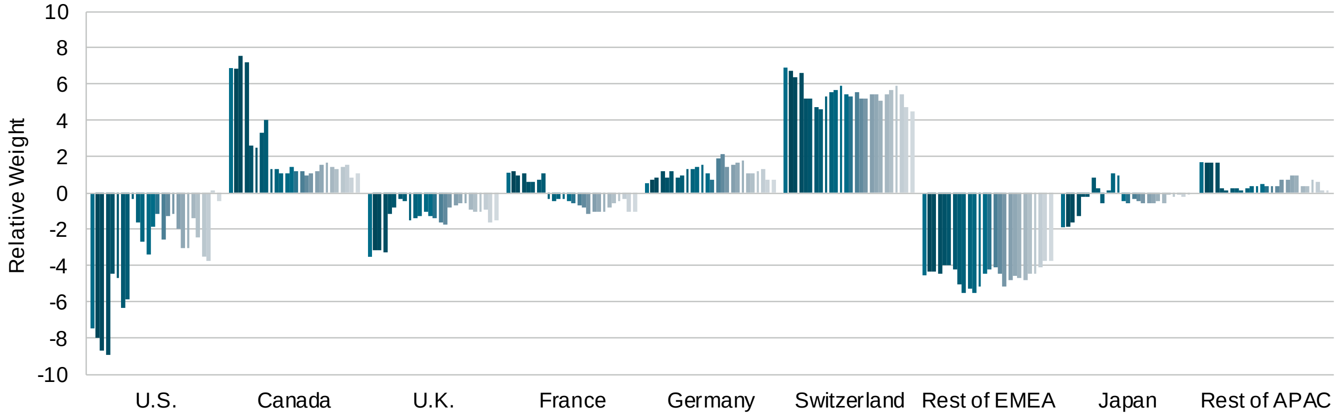
Exhibit 13: Relative GICS Sector Weights of the S&P World Ex-AU HYDA Select against the S&P World Ex-Australia Index



Source: S&P Dow Jones Indices LLC. Data from March 29, 2019, to June 30, 2025. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. The S&P World Ex-Australia Index was launched Sept 3, 2024. All data prior to such date is back-tested hypothetical data. Index performance based on total return in AUD. 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.

Similarly, Exhibit 14 provides a breakdown of historical regional weights. Given the large number of markets covered by the index, we cluster some markets in EMEA and APAC into "Rest of EMEA" and "Rest of APAC." The U.K., France, Germany, Switzerland and Japan are highlighted separately due to their significant weight representation in the region. The data shows that the index has generally underweighted the U.S., the U.K. and the rest of EMEA, while overweighting Canada, Germany, Switzerland and the rest of APAC. The relative weights for France and Japan fluctuated over time. For a more comprehensive historical regional allocation, please see Exhibit 17 in the Appendix.

Exhibit 14: Relative Regional Weights of the S&P World Ex-AU HYDA Select against the S&P World Ex-Australia Index



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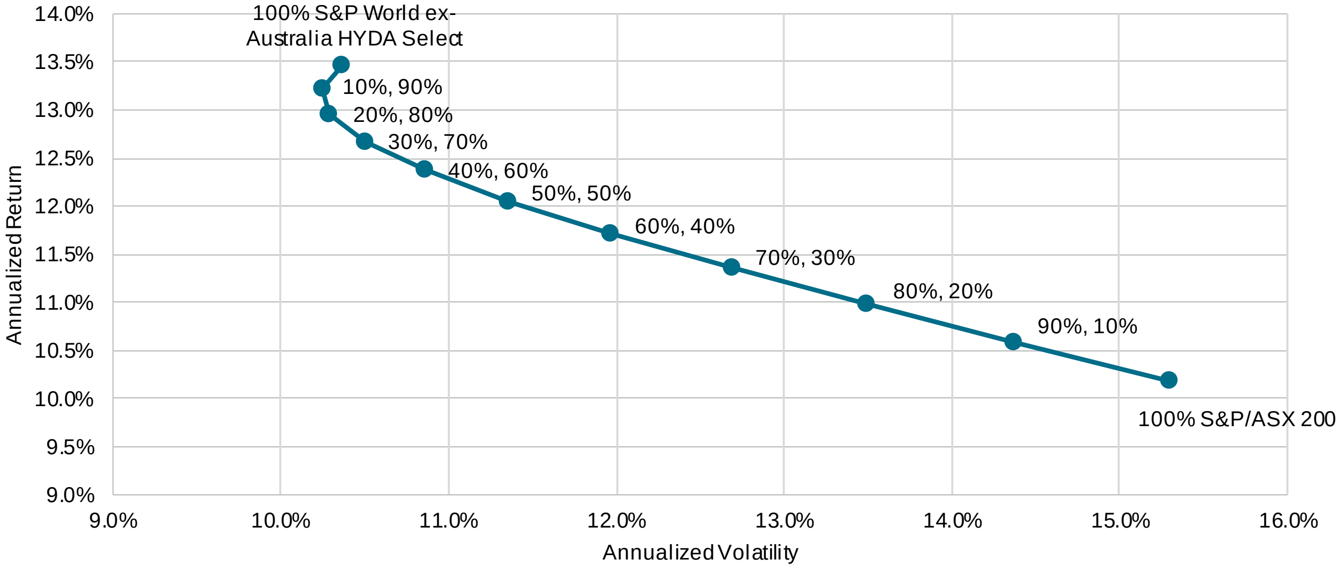
Index Combinations

Incorporating a global dividend strategy into an Australia-based strategy, such as the S&P/ASX 200 Index or the S&P/ASX 200 High Yield Select Index, could potentially improve diversification characteristics, as previously indicated in the introduction. To illustrate this, we examined the hypothetical outcomes of combining the S&P World Ex-AU HYDA Select with the S&P/ASX 200 Index or the S&P/ASX 200 High Yield Select Index. Over the period from February 2019 to June 2025, a hypothetical composition with 100% weight in the S&P/ASX 200 showed an annual total return of 10.18%, with an annualized volatility of 15.3%. A hypothetical basket with 100% weight in the S&P/ASX 200 High Yield Select Index showed an annual total return of 12.13%, with an annualized volatility of 14.91%.

Exhibit 15a presents the enhancement in risk-adjusted returns resulting from the introduction of the S&P World Ex-AU HYDA Select in weight increments of 10% to the S&P/ASX 200. Historical performance data indicates that a 50/50 weight improved the total return by 187 bps per year while simultaneously reducing volatility by 395 bp. Exhibit 15b shows the same exercise but with the S&P/ASX 200 High Yield Select Index. The back-tested performance data indicates that a 90/10 weighting between the S&P World Ex-AU HYDA Select and the S&P/ASX 200 High Yield Select Index improved the total return by 129 bps per year while simultaneously reducing volatility by 474 bps, resulting in the highest risk-adjusted return for this period.

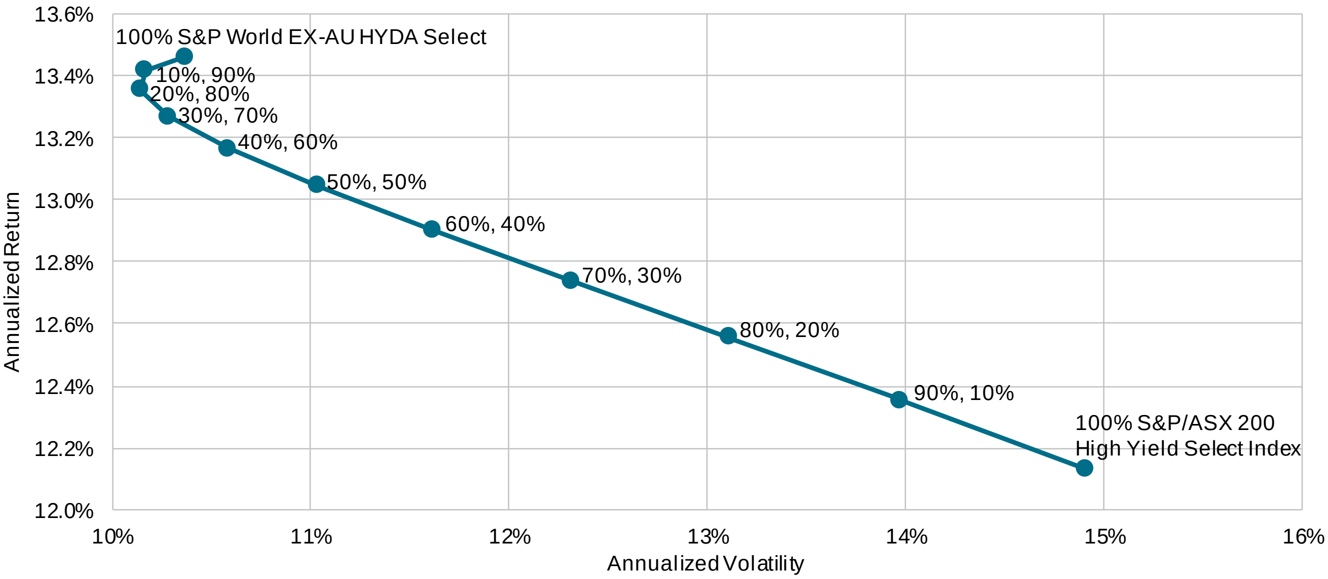
While it is common for market participants to exhibit some home bias, this combination demonstrates the effect on diversification and the potential improvement in historical performance when integrating a global dividend index into a domestically focused dividend index.

Exhibit 15a: Index Combination Risk/Return Profile – S&P/ASX 200



All compositions are hypothetical.
Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2019, to June 30, 2025. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. All data prior to index launch date is back-tested hypothetical data. Index performance based on total return in AUD. 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.

Exhibit 15b: Index Combination Risk/Return Profile – S&P/ASX 200 High Yield Select Index



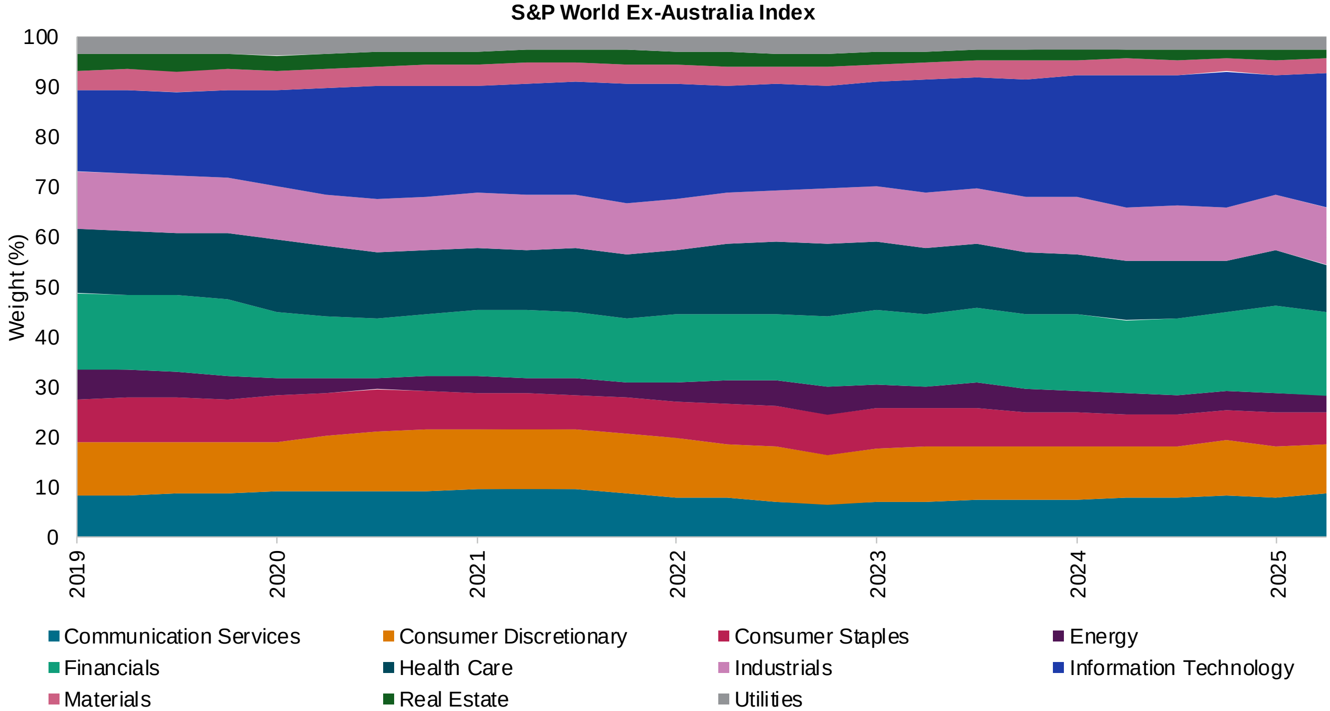
All compositions are hypothetical.
Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2019, to June 30, 2025. The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. The S&P/ASX 200 High Yield Select Index was launched Oct. 8, 2024. All data prior to index launch date is back-tested hypothetical data. Index performance based on total return in AUD. 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.

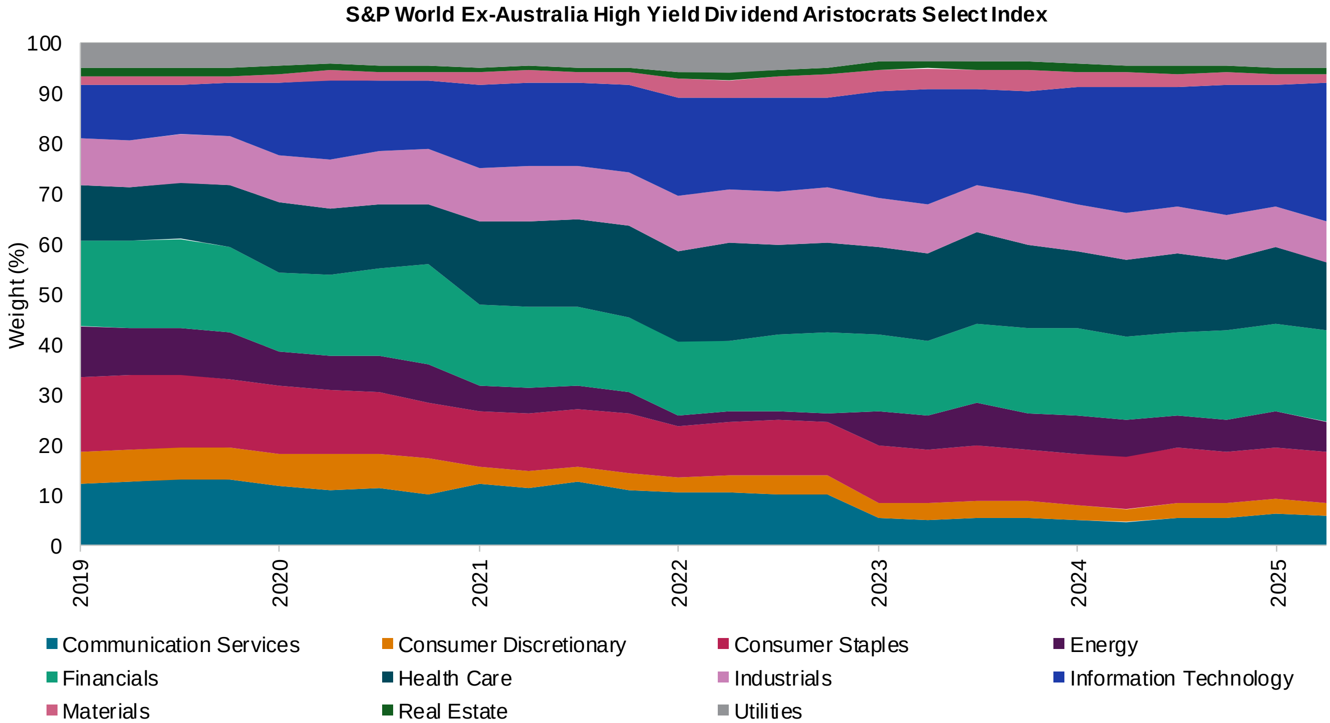
Conclusion

In this paper, we introduced the S&P World Ex-Australia High Yield Dividend Aristocrats Select Index. This index offers Australian market participants a tool to track companies that pay sustainable dividends in developed markets outside of Australia. As part of the S&P Dividend Aristocrats Series, the index has historically generated a higher dividend yield than the benchmark and demonstrated defensive performance characteristics in the historical back-tested period. Certain hypothetical combinations of the S&P World Ex-AU HYDA Select with the S&P/ASX 200 High Yield Select Index and S&P/ASX 200 resulted in an improved risk/return profile historically. This analysis underscores the potential application of a global Dividend Aristocrats strategy for Australian market participants.

Appendix

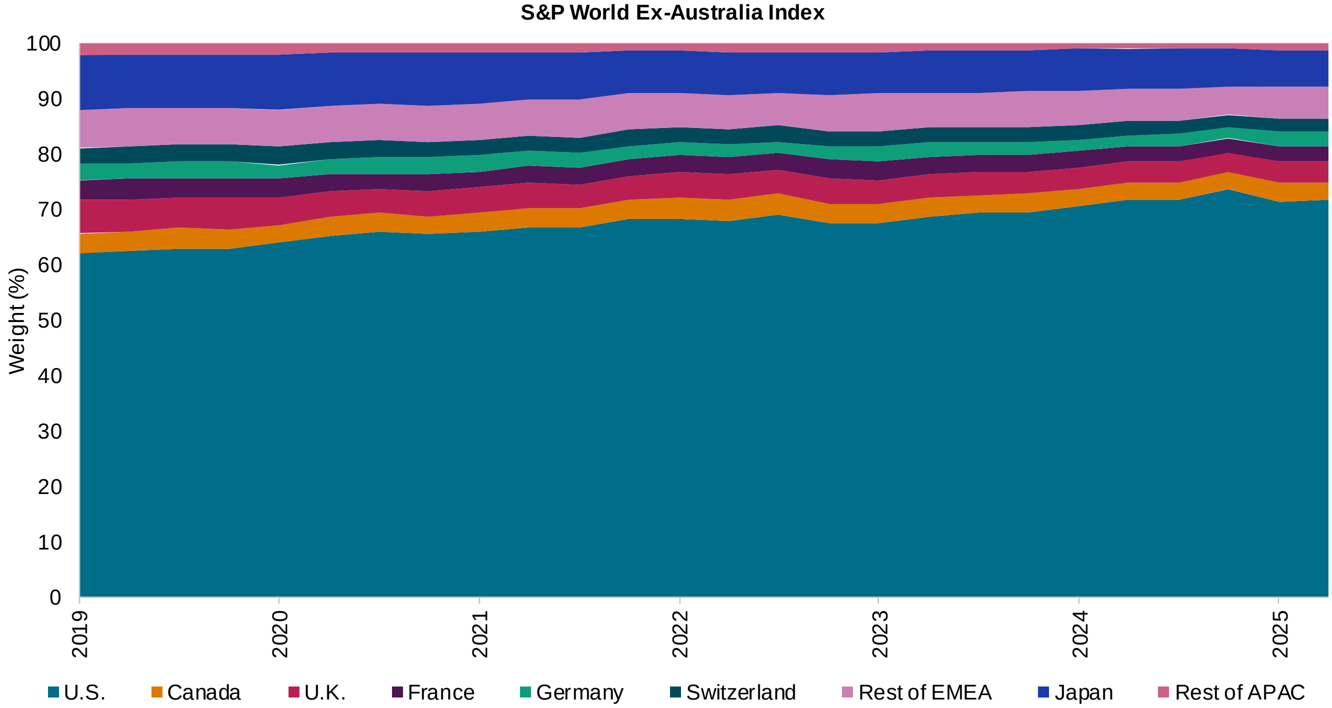
Exhibit 16: GICS Sector Weights

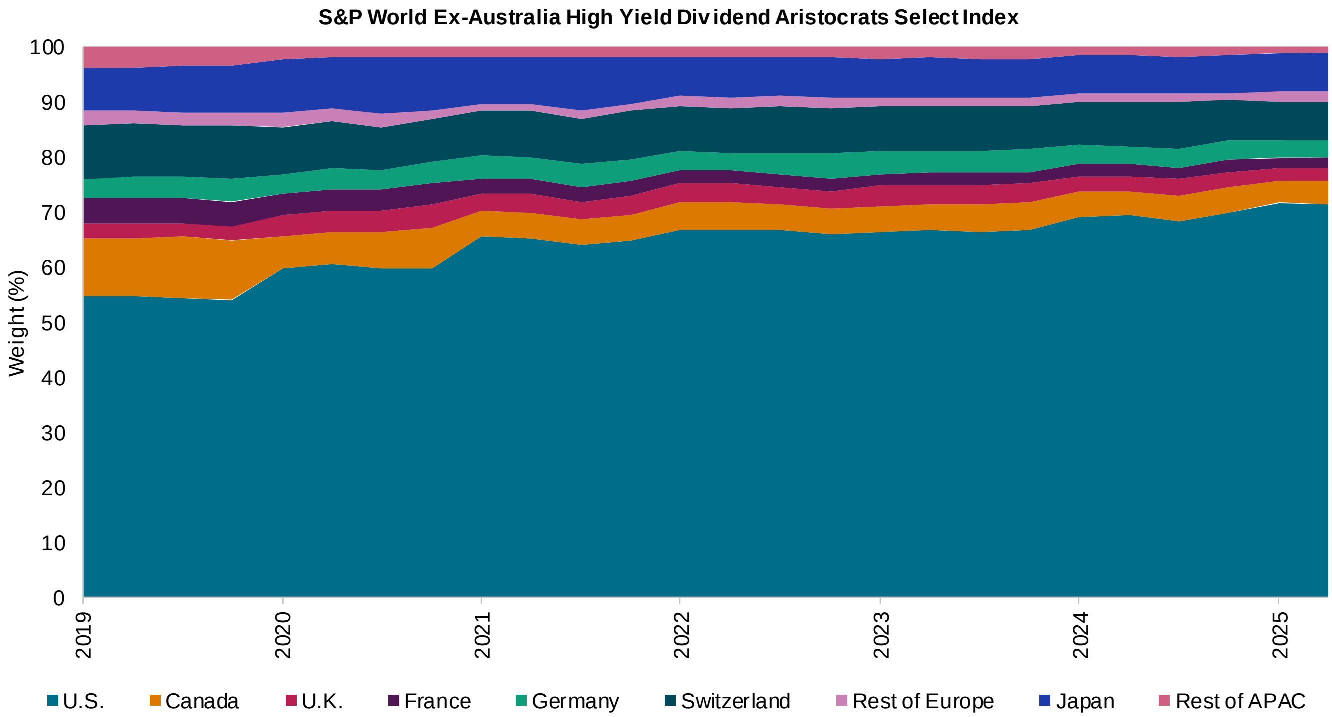




Source: S&P Dow Jones Indices LLC. Data from March 29, 2019, to June 30, 2025. Charts are provided for illustrative purposes.

Exhibit 17: Regional Weights





Source: S&P Dow Jones Indices LLC. Data from March 29, 2019, to June 30, 2025. Charts are provided for illustrative purposes.

Performance Disclosure/Back-Tested Data

The S&P World Ex-Australia High Yield Dividend Aristocrats Select Index was launched May 19, 2025. The S&P World Ex-Australia Index was launched Sept. 3, 2024. The S&P/ASX 200 High Yield Select Index was launched Oct. 8, 2024. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was 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. Complete index methodology details are available at www.spglobal.com/spdji. Past performance of the Index is not an indication of future results. 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.

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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.

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