

# S&P Dow Jones Indices

A Division of **S&P Global**

# TalkingPoints

## S&P 500<sup>®</sup> Dividend Aristocrats<sup>®</sup> Bond Select 30 Index



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The S&P 500 Dividend Aristocrats Bond Select 30 Index is composed of up to 30 bonds issued by unique “Aristocrat” dividend issuers of the S&P 500 Dividend Aristocrats. The S&P 500 Dividend Aristocrats Bond Select 30 Index is designed to be a more liquid and investable subset of the S&P 500 Bond Index, while representing those S&P 500 issuers that have increased their dividend payouts.

### What is the S&P 500 Dividend Aristocrats Bond Select 30 Index?

The S&P 500 has been the flagship index tracking the U.S. equity market for over 50 years. Over the past few years, corporations have issued large amounts of debt, likely taking advantage of the lower interest rate environment. The S&P 500 Bond Index seeks to track debt issued by members of the S&P 500.

The S&P 500 Dividend Aristocrats Bond Select 30 Index is composed of up to 30 bonds issued by unique “Aristocrat” dividend issuers of the S&P 500 Dividend Aristocrats, based on a set of eligibility criteria. The select index universe consists of bonds that are members of the S&P 500 Investment Grade Corporate Bond Index, and each issuer must be a current member of the S&P 500 Dividend Aristocrats. The issuers are ranked in order of market value, and the 30 largest names are selected. The index captures bonds that mature between one and seven years, and it captures only one bond per issuer, with the largest bond of that issuer chosen. The S&P 500 Dividend Aristocrats Bond Select 30 Index is designed to be a more liquid and investable subset of the S&P 500 Bond Index, while representing those S&P 500 issuers that have increased their dividend payouts.

### What are the investment considerations now from the oil drop?

- Diversification: One bond per issuer is chosen from 30 of the most recognizable names in the U.S. corporate bond market. As of July 31, 2018, the index was tracking over USD 45 billion of market value in those 30 bonds.
- Liquidity: To help ensure liquidity, the largest bond by par amount outstanding is used for each issuer.
- Short Duration: Bonds selected are within a 1-7 year maturity range, resulting in a 4.22-year effective duration (as of July 31, 2018).



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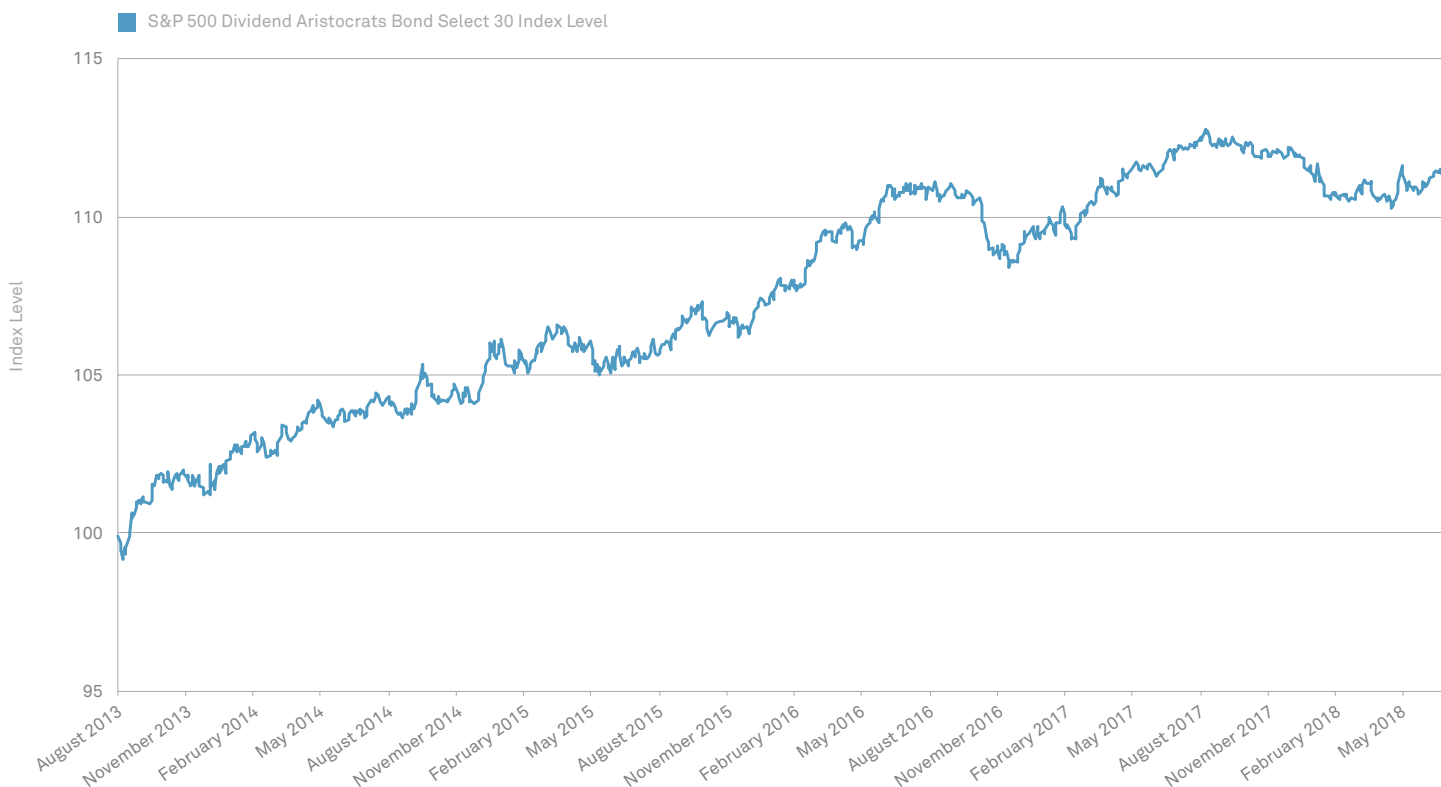
- High Quality: The weighted average rating of the index is A/A2/A (S&P Global Ratings/Moody's/Fitch—as of July 31, 2018).
- Transparency: The index makes opaque bond markets more transparent by focusing on issuers that are already familiar to market participants.

### Exhibit 1: Eligibility Criteria of the S&P 500 Dividend Aristocrats Bond Select 30 Index

Feature	Criteria
Currency	USD
Coupon type	Fixed, Step-Up, Zero, and Fixed to Float can be included
Optionality	Bullets, callable, and puttable
Maturity	1-7 years (Maturity of at least one year, but less than seven years)
Size	Minimum par: USD 250 million
Eligible Issuers	Unique S&P 500 Dividend Aristocrats Index issuers
Rating	Lowest investment grade rating of S&P Global Ratings, Moody's, and Fitch
Weighting	Market value-weighted
Index Calculation	Daily
Index Rebalancing	Monthly, effective after the close of the last calendar day of the month

Source: S&P Dow Jones Indices LLC. Table is provided for illustrative purposes.

### Exhibit 2: S&P 500 Dividend Aristocrats Bond Select 30 Index (TR) Performance



Source: S&P Dow Jones Indices LLC. Data as of July 31, 2018. 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 3: S&P 500 Dividend Aristocrats Bond Select 30 Index Yield-to-Worst**



Source: S&P Dow Jones Indices LLC. Data as of July 31, 2018. 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 4: S&P 500 Dividend Aristocrats Bond Select 30 Index Quick Facts**

Category	Date
Ticker	SP5DABDT
First Value Date	Dec. 31, 2010
Base Date	Dec. 31, 2010
Launch Date	March 10, 2017
Base Value	100

Source: S&P Dow Jones Indices LLC. Table is provided for illustrative purposes.

**Exhibit 5: Index Characteristics**

<b>Metric</b>	<b>Value</b>
Number of Constituents	30
Total Par Value (USD Millions)	45,119.87
Market Value Outstanding (USD Millions)	44,804.38
Par Weighted Coupon	3.10%
Weighted Average Maturity	4.73 Years
Par Weighted Price	98.45
Yield-to-Maturity	3.48%
Yield-to-Worst	3.48%
Option-Adjusted Spread	65
Modified Duration	4.25
Effective Duration	4.22
Convexity	0.19

Source: S&P Dow Jones Indices LLC. Data as of July 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

**Exhibit 6: S&P 500 Dividend Aristocrats Bond Select 30 Index (TR)**

<b>Period</b>	<b>Total Return (%)</b>
1-Year	-0.61
3-Year	1.78
5-Year	2.08

Source: S&P Dow Jones Indices LLC. Data as of July 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

### Performance Disclosure

The S&P 500 Dividend Aristocrats Bond Select 30 Index was launched on March 10, 2017. 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. Complete index methodology details are available at [www.spdji.com](http://www.spdji.com).

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 at a fixed value for calculation purposes. The Launch Date designates the date upon which 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 datafeed 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.

Past performance of the Index is not an indication of future results. Prospective application of the methodology used to construct the Index may not result in performance commensurate with the back-test returns shown. The back-test period does not necessarily correspond to the entire available history of the Index. Please refer to the methodology paper for the Index, available at [www.spdji.com](http://www.spdji.com) 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.

Another limitation of using back-tested information is that the back-tested calculation is generally prepared with the benefit of hindsight. Back-tested information reflects the application of the index methodology and selection of index constituents in hindsight. No hypothetical record can completely account for the impact of financial risk in actual trading. For example, there are numerous factors related to the equities, fixed income, or commodities markets in general which cannot be, and have not been accounted for in the preparation of the index information set forth, all of which can affect actual performance.

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