

TalkingPoints

Introducing the S&P/IDX Indonesia Shariah High Dividend Index



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To strengthen the Indonesian capital market ecosystem and increase the global competitiveness of Indonesian equity indices, S&P Dow Jones Indices (S&P DJI) and the Indonesia Stock Exchange launched a series of co-branded indices in 2025.¹ As a pioneer in the dividend space, S&P DJI has a track record of creating and maintaining a wide variety of dividend indices for over 30 markets for more than 20 years. Previously, we highlighted the importance of dividends for the Indonesian market and showcased the historical outperformance of a high dividend yield strategy in a non-Shariah universe in the paper [Exploring Dividend Opportunities in Indonesia](#). In this article, we will focus on a high dividend yield strategy that meets Shariah standards, exploring its historical performance and characteristics.

The [S&P/IDX Indonesia Shariah High Dividend Index](#) measures the performance of 30 high-dividend-yielding stocks from the [S&P Indonesia BMI Shariah](#) that comply with Indonesia Sharia Stock requirements. From Jan. 31, 2011, to Dec. 31, 2025, the index had an average trailing 12-month gross dividend yield of 4.79% and an average annual excess return of 1.92% compared with the S&P Indonesia BMI Shariah.

1. How Does the Index Work?

The S&P/IDX Indonesia Shariah High Dividend Index follows a transparent and rules-based methodology that is publicly available on the S&P DJI website.² The index starts from non-REIT stocks from the S&P Indonesia BMI Shariah that have a positive indicated annualized dividend yield (IADY). Meanwhile, eligible stocks must meet size and liquidity requirements and must be members of the Indonesia Sharia Stock Index (ISSI). Out of this eligible universe, the 30 stocks with the highest dividend yield are selected as constituents. In the case that the count of eligible stocks is fewer than 30, all eligible stocks are selected.

The index is weighted by the product of the IADY and float market cap. Single stocks are capped at 15%. The index reconstitutes semiannually in January and July.

¹ "S&P Dow Jones Indices and Indonesia Stock Exchange Collaborate on New Equity Indices." S&P Dow Jones Indices LLC. Nov. 3, 2025.

² For details, please see the [full methodology](#).

Exhibit 1: Index Methodology

Criteria	Details
Universe	S&P Indonesia BMI Shariah
Eligibility Screen	<ul style="list-style-type: none"> – ISSI Compliance: Must be a constituent of the ISSI – Non-REITs: Must not be classified as part of the GICS® Equity Real Estate Investment Trusts (REITs) industry group (Code: 6010) or Mortgage REITs industry (Code: 402040) – Dividend Yield: Must have positive IADY – Liquidity: Must have a 6-month median daily value traded >= IDR 1 billion – Size: Must have a float market cap greater than IDR 1 trillion
Fundamental Selection	<ol style="list-style-type: none"> 1. Rank eligible stocks by IADY 2. Select the highest-ranking 30 stocks; if there were fewer than 30 stocks in the eligible universe, select all
Weighting	IADY forecast dividend yield times float market cap
Constituent Capping	15% capping on single constituent
Rebalancing	Semiannual, effective date the last business day of January and July
First Value Date	Jan. 31, 2011
Launch Date	Oct. 24, 2025

Source: S&P Dow Jones Indices LLC. Data as of January 2026. Table is provided for illustrative purposes.

2. What Are the Key Characteristics of the Index?

Strong Performance

To provide a complete measure of the index's performance, the S&P/IDX Indonesia Shariah High Dividend Index is calculated in both price return (PR) and total return (TR) terms (see Exhibit 2). In terms of total return, the index outperformed the S&P Indonesia BMI Shariah over the back-tested 1-, 3-, 5- and 10-year horizons, as well as across its full history as of Dec. 31, 2025. As for price return, the index underperformed the market benchmark over the three-year period and across its full history by 3.95% and 0.12%, respectively. Despite the underperformance in price return terms, the contribution from dividends helped the index to beat the market benchmark by 2.01% over the three-year period and by 1.92% across the full history in total return terms. This highlights the importance of considering dividends in measuring equity performance and the significance of dividend contributions to equity total returns.

Exhibit 2: Historical Risk/Return Profile

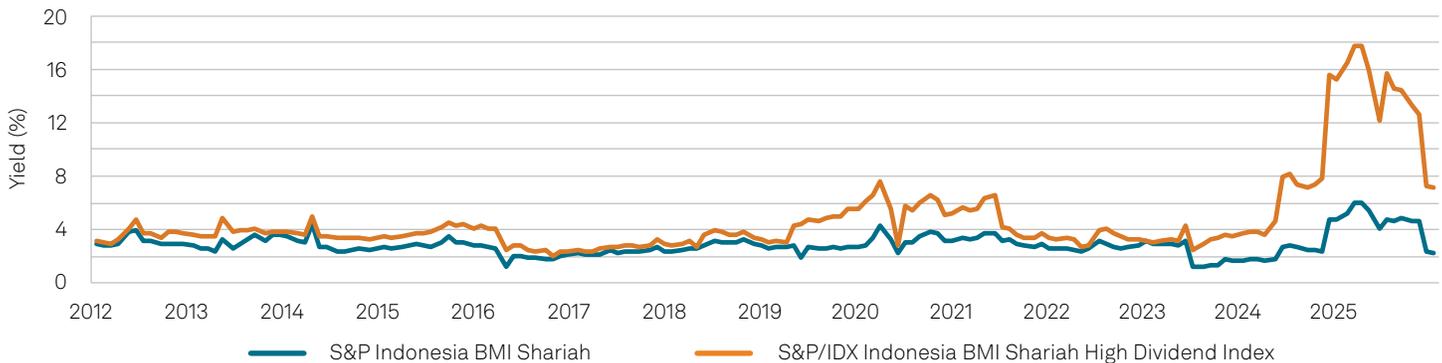
Period	S&P Indonesia BMI Shariah (PR)	S&P/IDX Indonesia Shariah High Dividend Index (PR)	S&P Indonesia BMI Shariah (TR)	S&P/IDX Indonesia Shariah High Dividend Index (TR)
Annualized Return (%)				
1-Year	14.94	18.17	17.97	28.50
3-Year	3.24	-0.70	6.34	8.35
5-Year	-1.67	-1.58	1.12	5.06
10-Year	-1.79	-1.43	0.98	3.93
Since 31 Jan, 2011	-0.57	-0.69	2.22	4.13
Annualized Volatility (%)				
1-Year	20.47	18.35	20.89	18.49
3-Year	14.85	14.82	14.76	13.36
5-Year	14.27	13.68	14.05	12.64
10-Year	14.23	15.34	14.13	14.86
Since 31 Jan, 2011	14.56	15.33	14.44	15.00
Return/Volatility				
1-Year	0.73	0.99	0.86	1.54
3-Year	0.22	-0.05	0.43	0.62
5-Year	-0.12	-0.12	0.08	0.40
10-Year	-0.13	-0.09	0.07	0.26
Since Jan. 31, 2011	-0.04	-0.05	0.15	0.28
Dividend and Dividend Reinvestment				
Since Jan. 31, 2011	-	-	2.78	4.82

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2011, to Dec. 31, 2025. Performance based on monthly total return in IDR. The S&P/IDX Indonesia Shariah High Dividend Index was launched Oct. 24, 2025. 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.

Higher-than-Market Dividend Yields

Over the back-tested period, the index consistently delivered higher dividend yields compared with the S&P Indonesia BMI Shariah (see Exhibit 3). From Jan. 31, 2012, to Dec. 31, 2025, the average dividend yield of the S&P/IDX Indonesia Shariah High Dividend Index was 4.79%, higher than the 2.88% of the S&P Indonesia BMI Shariah.

Exhibit 3: Trailing 12-Month Dividend Yield

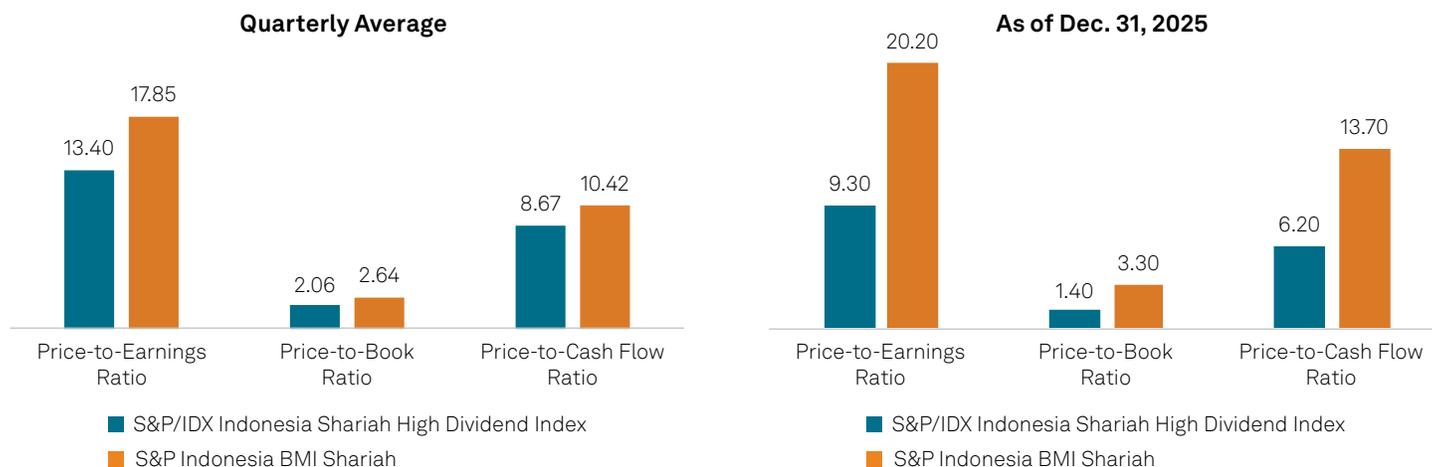


Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2012, to Dec. 31, 2025. Performance based on monthly total return in IDR. S&P/IDX Indonesia Shariah High Dividend Index was launched Oct. 24, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future 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.

Cheaper Valuation

Exhibit 4 shows the historical valuation metrics. As of Dec. 31, 2025, the index had lower price-to-earnings, price-to-book and price-to-cash flow ratios compared with the market benchmark. Over the period from Dec. 31, 2020, to Dec. 31, 2025, the quarterly average comparison was in line with the latest snapshot.

Exhibit 4: Historical Valuation Metrics

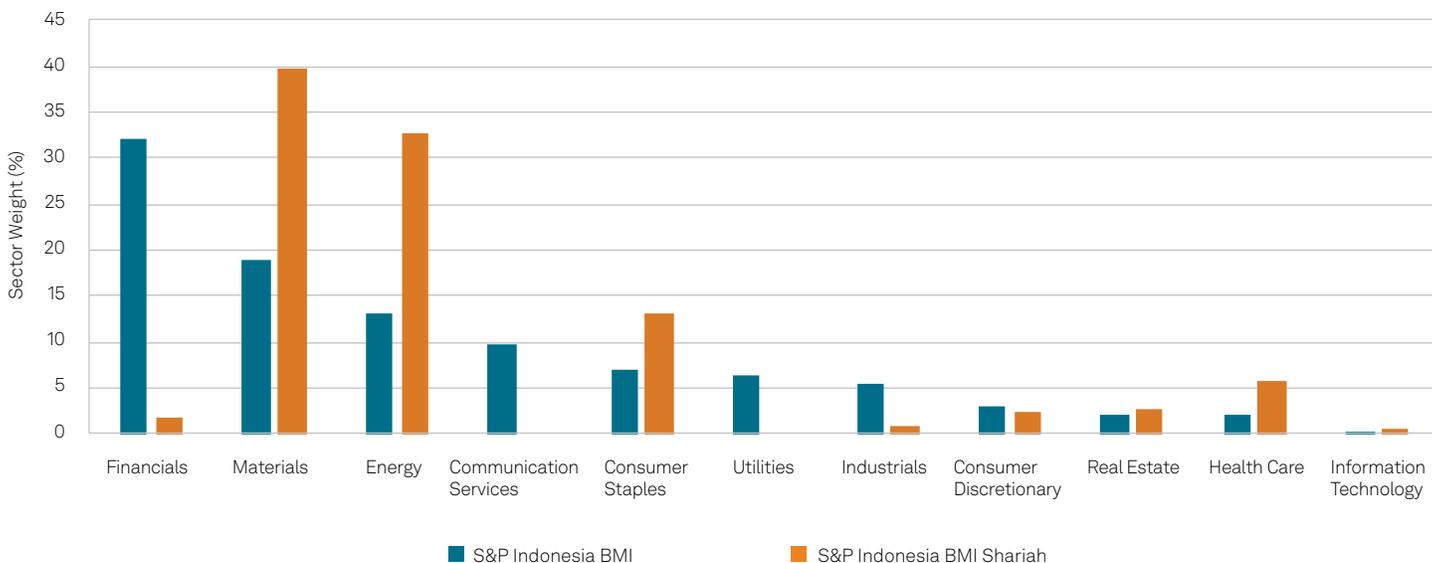


Source: S&P Dow Jones Indices LLC. Data from December 31, 2020, to Dec. 31, 2025. Performance based on monthly total return in IDR. The S&P/IDX Indonesia Shariah High Dividend Index was launched Oct. 24, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee 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.

3. What is the Sector Breakdown?

In compliance with Shariah requirements, the S&P Indonesia BMI Shariah excludes companies involved in certain business activities, such as alcohol, gambling and financial services. As a result, Financials had a weight of only 0.48% in the S&P Indonesia BMI Shariah, even though it was the largest sector in the S&P Indonesia BMI, with a weight of over 40% as of Dec. 31, 2025 (see Exhibit 5).

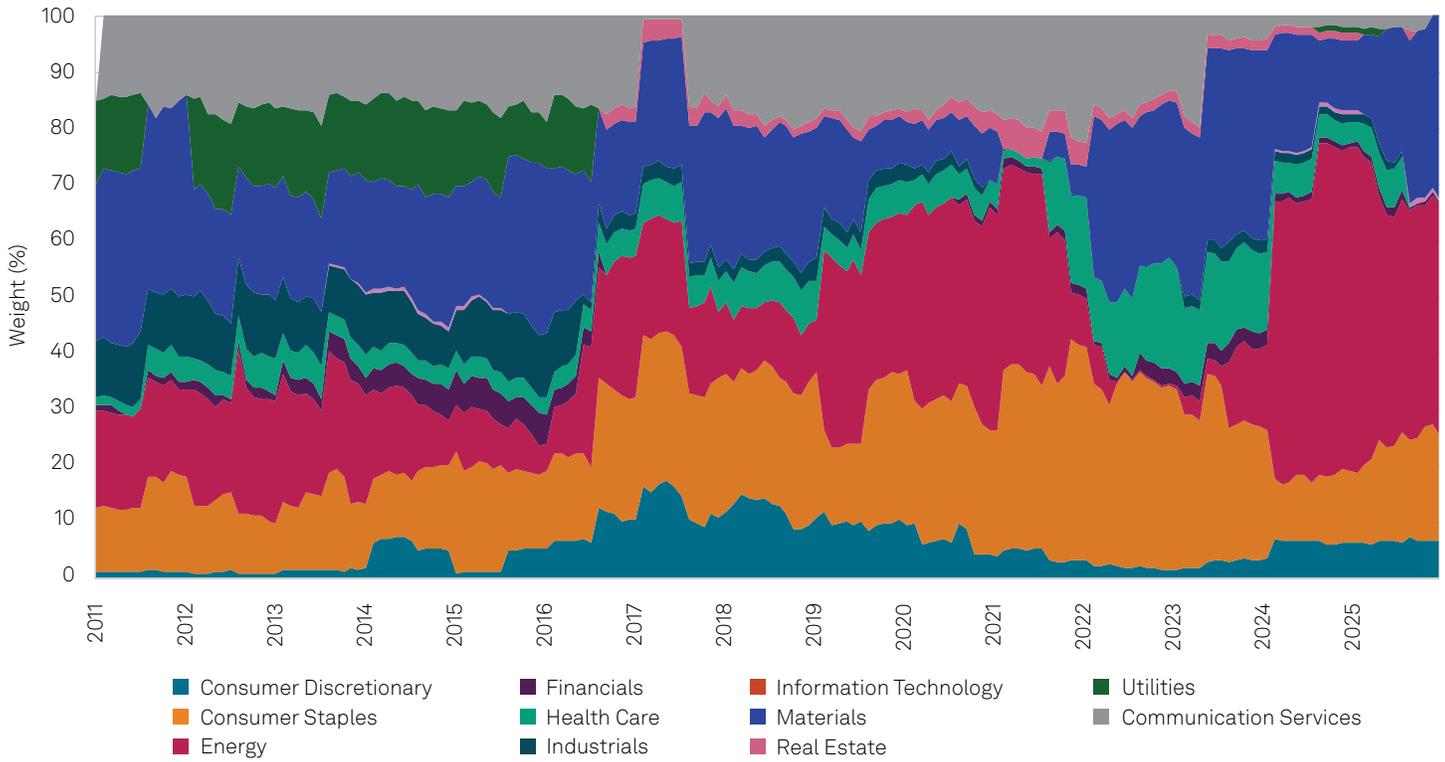
Exhibit 5: Sector Weights of the S&P Indonesia BMI Shariah and the S&P Indonesia BMI



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Chart is provided for illustrative purposes.

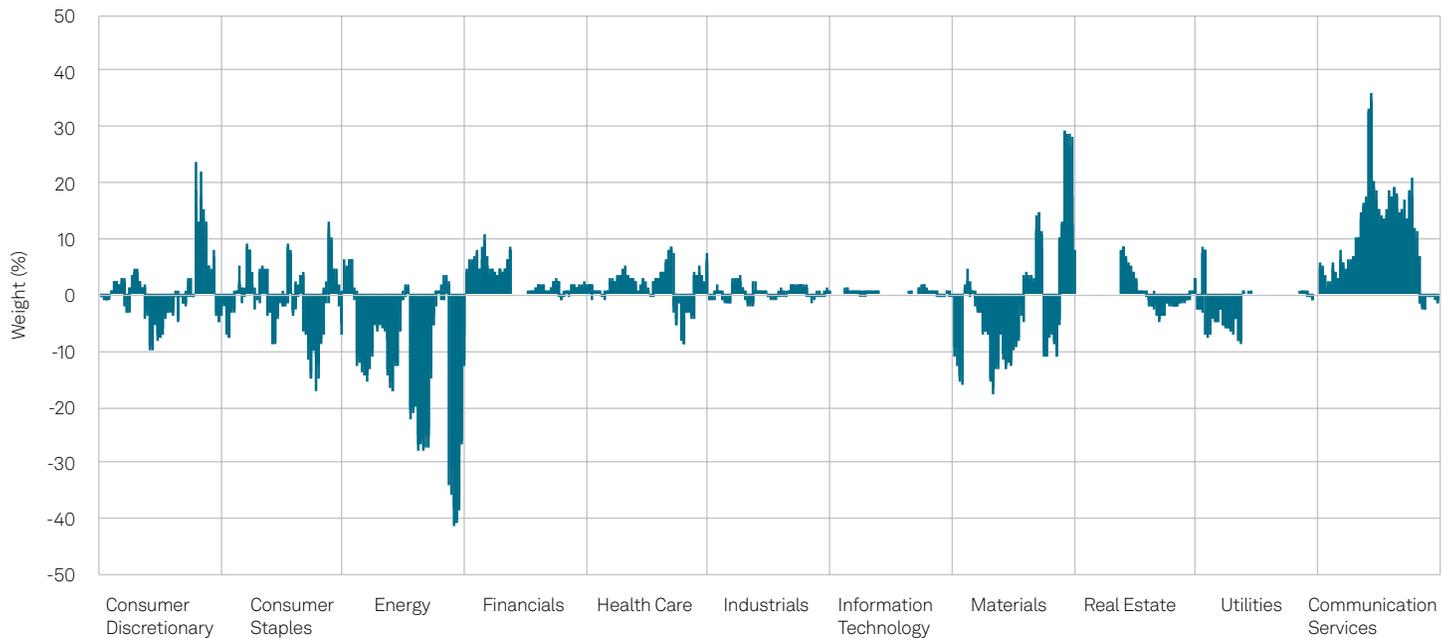
Despite the sectoral tilt due to Shariah compliance, a strategy focusing on stocks with high dividend yield within a Shariah universe has historically proven effective, with strong outperformance (see Exhibit 2). The S&P/IDX Indonesia Shariah High Dividend Index had a small weight in Financials, averaging less than 2% over the past 14 years (see Exhibit 6). Exhibit 7 shows the relative sector weight against the Shariah market benchmark. From Jan. 31, 2011, to Dec. 31, 2025, the index heavily overweighted Communication Services and underweighted Energy.

Exhibit 6: Sector Weights of the S&P/IDX Indonesia Shariah High Dividend Index



Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2011, to Dec. 31, 2025. Chart is provided for illustrative purposes.

Exhibit 7: Relative Sector Weights against the S&P Indonesia BMI Shariah

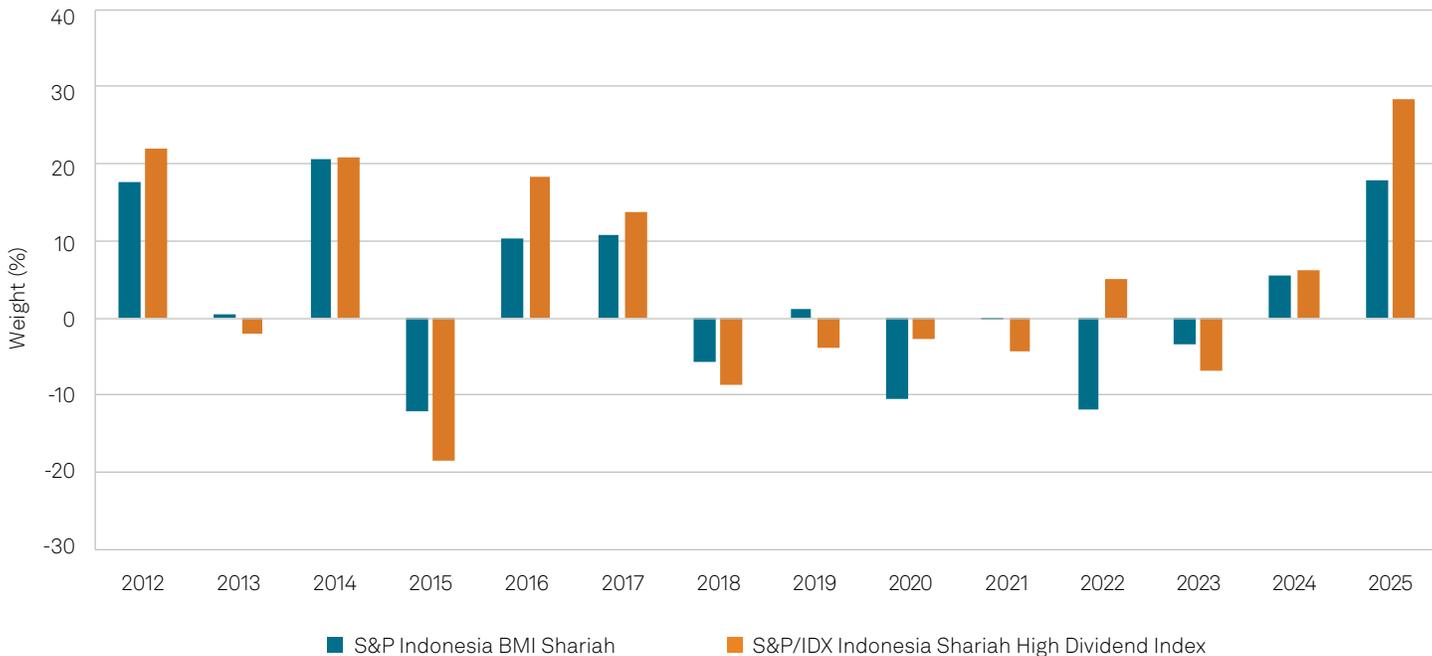


Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2011, to Dec. 31, 2025. Chart is provided for illustrative purposes.

4. What Does the Long-Term Performance Look Like?

Over the past 14 years, the S&P/IDX Indonesia Shariah High Dividend Index outperformed the market benchmark over various time horizons (see Exhibit 2). Looking at the total return in each calendar year (see Exhibit 8), we can see that, while the index significantly outperformed the market benchmark in 2025 by 10.53%, there were some periods of underperformance, such as 2023 and 2021. This cyclical nature of performance has been historically observed in high dividend yield strategies in many markets.

Exhibit 8: Calendar-Year Performance



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2011, to Dec. 31, 2025. Performance based on monthly total return in IDR. The S&P/IDX Indonesia Shariah High Dividend Index was launched Oct. 24, 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.

To mitigate performance cycle risk, expanding the observation period could make a significant difference. Exhibit 9 shows the rolling performance over 3-, 5- and 10-year periods. In the 3-year window, the index outperformed the market benchmark in 84 out of 144 observations, or 58.3% of the time. Outperformance gradually increased as the observation window expanded. In the 10-year window, the index outperformed the benchmark 81.7% of the time with an average excess return of 1.1%.

Exhibit 9: Rolling Period Observations against the S&P Indonesia BMI Shariah

Period	Number of Observations	Number of Outperformance Observations	Outperformance Observations (%)	Average Excess Return (%)
Rolling 3-Year	144	84	58.3	1.5
Rolling 5-Year	120	78	65.0	1.1
Rolling 10-Year	60	49	81.7	1.1

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2011, to Dec. 31, 2025. Performance based on monthly total return in IDR. The S&P/IDX Indonesia Shariah High Dividend Index was launched Oct. 24, 2025. 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.

Performance Disclosure/Back-Tested Data

The S&P/IDX Indonesia Shariah High Dividend Index was launched October 24, 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.

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