

S&P UK High Yield Dividend Aristocrats Index Consultation on Constituent Selection Results

AMSTERDAM, MAY 27, 2020: S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with market participants on a potential change to the S&P UK High Yield Dividend Aristocrat Index.

S&P DJI will modify the index’s constituent selection process in order to account for the possibility that the number of eligible constituent stocks falls below the targeted constituent count of 40. The table below summarizes the change.

Methodology	Constituent Selection Process
Previous	<ol style="list-style-type: none"> 1. At each annual rebalancing, the 40 highest indicated dividend yielding stocks in the S&P UK BMI, which pass all the eligibility criteria, are selected and form the index. 2. If there are less than 40 eligible stocks, then the float-adjusted market capitalization (“FMC”) threshold is lowered from US\$ 1 billion to US\$ 500 million, and those stocks with a FMC of at least US\$ 500 million, that satisfy all other eligibility criteria, are added in decreasing order of dividend yield until 40 stocks are selected. 3. If there are still less than 40 eligible stocks, then stocks with a history of increased or stable dividends for more than six consecutive years, that satisfy all other eligibility criteria, are added in decreasing order of dividend yield until 40 stocks are selected. 4. The six consecutive year condition is reduced year by year to four consecutive years, if required, until 40 stocks are selected.
Updated	<ol style="list-style-type: none"> 1. At each annual rebalancing, the 40 highest indicated dividend yielding stocks in the S&P UK BMI, which pass all the eligibility criteria, are selected and form the index. 2. If there are less than 40 eligible stocks, then the float-adjusted market capitalization (“FMC”) threshold is lowered from US\$ 1 billion to US\$ 500 million, and those stocks with a FMC of at least US\$ 500 million, that satisfy all other eligibility criteria, are added in decreasing order of dividend yield until 40 stocks are selected. 3. If there are still less than 40 eligible stocks, then stocks with a history of increased or stable dividends for more than six consecutive years, that satisfy all other eligibility criteria, are added in decreasing order of dividend yield until 40 stocks are selected. 4. The six consecutive year condition is reduced year by year to four consecutive years, if required, until 40 stocks are selected. If there are less than 40, but at least 30 eligible stocks, then the index will consist of those eligible stocks only. 5. If there are less than 30 eligible stocks, then the six consecutive year condition is further reduced to three consecutive years and stocks that satisfy all other eligibility criteria, are added in decreasing order of dividend yield until 30 stocks are selected. <p>Please note that at each annual rebalancing, the index will consist of 30-40 stocks. However, between annual rebalancings stock replacements due to constituents removed as part of the monthly dividend review will only be made when the constituent count returns to 40, or falls below 30.</p>

Please note that no modifications were made to steps 1-3 of the constituent selection process. Those steps remain the same.

This change will be implemented in conjunction with the upcoming annual rebalancing, which takes effect prior to the market open on Monday, June 22, 2020.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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