

Results of the Alerian Dividend-Weighted Indices Consultation on Changes to the Quarterly Rebalancing Process

AMSTERDAM, JUNE 5, 2020: S&P DJI Netherlands B.V., a wholly owned subsidiary of S&P Dow Jones Indices LLC., (“S&P Dow Jones Indices” or “S&P DJI”) is the benchmark administrator for the Alerian Dividend-Weighted Indices. The Alerian Dividend-Weighted Indices are owned by GKD Index Partners, LLC doing business as Alerian. S&P DJI has conducted a consultation with market participants on potential changes to these indices.

S&P DJI will redefine the Observation Date, implement a quarterly dividend screen in addition to the one performed as part of the annual reconstitution, and modify the constituent weighting scheme to take advantage of more timely data. The tables below and on the following page summarize the changes.

| Change | Methodology | |
|-----------------------------|--|--|
| | Previous | Updated |
| Observation Date Definition | The Observation Date is after the close of the last Index Business Day in September and only applies to the annual reconstitution in October. | The Observation Date is as of the close of the last Index Business Day in September for purposes of the October quarterly rebalancing and annual reconstitution. For purposes of the January, April, and July quarterly rebalancings, it is as of the close of the fourth Index Business Day prior to the Rebalancing Reference Date. |
| Dividend Screening | A dividend screen is performed as part of the annual reconstitution in October. As of the Observation Date, stocks must have declared a cash dividend (excluding special dividends) or distribution for each of the trailing two quarters. | <p>A dividend screen is performed as part of the annual reconstitution in October. As of the Observation Date, stocks must have declared a cash dividend (excluding special dividends) or distribution for each of the trailing two quarters.</p> <p>An additional screen is performed as part of the quarterly rebalancing process. If a company discontinues or cancels its dividend, as of the Observation Date, it will be removed from the indices on the Rebalancing Date.</p> |

| Change | Methodology | |
|-----------------------|--|--|
| | Previous | Updated |
| Constituent Weighting | <p>At the annual reconstitution, the weight for each index constituent is set in the following manner:</p> <ol style="list-style-type: none"> 1. With data reflected on the Observation Date, each company is assigned a weighting as a proportion of aggregate annualized dividends paid. Each stock's proportion is calculated as the shares outstanding * annualized dividend, which is the latest dividend * 4 for quarterly dividend payers or * 12 for monthly dividend payers. The latest dividend is defined as the last dividend to have gone ex before the Observation Date. 2. Stocks are assigned index shares and rebalancing weights using the closing prices as of the Reference Date (the second Friday of October). 3. Any company with a weight greater than 10% is capped at 10%. 4. All excess weight is proportionally redistributed to all uncapped stocks within the respective index. 5. After this redistribution, if the weight of any other stock(s) breaches the 10% weight limit, the process is repeated iteratively until no stock(s) breaches the respective weight cap. <p>If there are fewer than 10 MLP constituents for the Alerian MLP Infrastructure Dividend Index, constituent eligibility is then opened to C Corps from the GICS sub-industry "Oil & Gas Storage & Transportation (Code: 10102040). For each MLP under 10 qualified constituents, one C Corp is added, adding the C Corp with the largest dividend-weighting available first and working down by largest weighting.</p> <p>At each quarterly rebalancing, the weight for each Index constituent is set in the following manner:</p> <ol style="list-style-type: none"> 1. Any company with a weight greater than 10% on the Reference Date is capped at 10%. 2. All excess weight is proportionally redistributed to all uncapped stocks within the respective index. 3. After this redistribution, if the weight of any other stock(s) breaches the 10% weight limit, the process is repeated iteratively until no stock(s) breaches the respective weight cap. 4. If there are fewer than 10 constituents, the index will be equally-weighted among the constituents. | <p>At each quarterly rebalancing, the weight for each index constituent is set in the following manner:</p> <ol style="list-style-type: none"> 1. With data reflected on the Observation Date, each company is assigned a weighting as a proportion of aggregate annualized dividends paid. Each stock's proportion is calculated as the shares outstanding * annualized dividend, which is the latest dividend * 4 for quarterly dividend payers or * 12 for monthly dividend payers. The latest dividend is defined as the last dividend to have gone ex before the Observation Date. 2. Stocks are assigned index shares and rebalancing weights using the closing prices as of the Reference Date. 3. Any company with a weight greater than 10% on the Reference Date is capped at 10%. 4. All excess weight is proportionally redistributed to all uncapped stocks within the respective index. 5. After this redistribution, if the weight of any other stock(s) breaches the 10% weight limit, the process is repeated iteratively until no stock(s) breaches the respective weight cap. 6. If there are fewer than 10 constituents, the index is equally-weighted. <p>If there are fewer than 10 MLP constituents for the Alerian MLP Infrastructure Dividend Index, constituent eligibility is then opened to C Corps from the GICS sub-industry "Oil & Gas Storage & Transportation (Code: 10102040). For each MLP under 10 qualified constituents, one C Corp is added, adding the C Corp with the largest dividend-weighting available first and working down by largest weighting.</p> |

These changes will be implemented in conjunction with the upcoming quarterly rebalancing, which takes effect prior to the market open on Monday, July 20, 2020.

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

ABOUT S&P DOW JONES INDICES

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