

Dow Jones Asia Select Dividend 30 Index and Dow Jones Asia/Pacific Select Dividend 30 Index Consultation Results

BEIJING, MARCH 5, 2019: S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with members of the investment community on potential changes to the Dow Jones Asia Select Dividend 30 Index and Dow Jones Asia/Pacific Select Dividend 30 Index.

In order to enhance index diversification while maintaining a high dividend yield, S&P DJI will modify the index construction and constituent weightings rules. The table below summarizes the changes.

Methodology		
Changes	Previous	Updated
Index Construction	<p>The top 30 stocks by indicated dividend yield are selected for inclusion in the index, subject to buffers designed to limit turnover by favoring current index constituents:</p> <ol style="list-style-type: none"> 1. Stocks in the index universe are ranked in descending order by indicated annual dividend yield, defined as a stock’s indicated annual dividend (not including any special dividends) divided by its price. 2. All current constituent stocks that are among the top 60 stocks are included in the index. 3. Non-constituent stocks are added to the index based on their rankings until the constituent count reaches 30. 4. No more than 15 companies from each eligible country can be included in the index at any time. 	<p>The top 30 stocks by indicated dividend yield are selected for inclusion in the index, subject to buffers designed to limit turnover by favoring current index constituents:</p> <ol style="list-style-type: none"> 1. Stocks in the index universe are ranked in descending order by indicated annual dividend yield, defined as a stock’s indicated annual dividend (not including any special dividends) divided by its price. 2. All non-constituent stocks that are ranked among the top 15 are included in the index. 3. Current index constituents that are ranked within the top 60 are added to the index in rank order until the target count of 30 has been reached. 4. If, following Step 3, the target count has not been reached, non-constituent stocks not already selected in Step 2 are added to the index based on their rankings until the target constituent count is reached. 5. No more than 15 companies from each eligible country can be include in the index at any time.

		Methodology	
Changes	Previous	Updated	
Constituent Weightings	Constituent weightings are assigned annually based on indicated annual dividend yield. The dividend yield values used to calculate constituent weights are capped at 20%. The weight of any individual company within the index is restricted to 15%. Such restrictions, when required, are implemented quarterly.	<p>Constituent weightings are assigned annually based on indicated annual dividend yield. The dividend yield values used to calculate constituent weights are capped at 20%. The annual capping process is performed as follows:</p> <ol style="list-style-type: none"> 1. With data reflected on the rebalancing reference date, each stock is weighted by indicated annual dividend yield. 2. If any stock's weight exceeds 10%, that stock's weight is capped at 10%. 3. All excess weight is proportionally redistributed to all uncapped stocks within the index. 4. After this redistribution, if the weight of any other stock(s) then breaches 10%, the process is repeated iteratively until no stocks breach the 10% weight cap. 5. The aggregate weight of stocks with weights greater than 4.5% cannot exceed 22.5% of the index's total weight. 6. If the rule in Step 5 is breached, all stocks are ranked in descending order based on their weights and the stock with the lowest weight that causes the 22.5% limit breach is identified. The weight of this stock is then reduced to 4.5%. 7. The excess weight is then proportionally redistributed to all stocks with weights of less than 4.5%. Any stock that receives excess weight cannot breach the 4.5% cap. This process is repeated iteratively until Step 5 is satisfied or until the weights of all stocks are greater than or equal to 4.5%. 8. If the weights of all stocks are greater than or equal to 4.5% and the rule in Step 5 is still not satisfied, then the stock with the lowest weight that causes the 22.5% limit breach is identified. The weight of this stock is then reduced to 4.5%. 9. This excess weight is then proportionally redistributed to all stocks with weights greater than 4.5%. Any stock that receives excess weight cannot breach the 10% stock cap. 	

Methodology		
Changes	Previous	Updated
Daily Dynamic Capping	--	<p>The index is also reviewed daily based on each stock's index weight. Daily capping is performed when the aggregate weight of stocks in the index with a weight greater than 4.8% exceeds 24%. If the threshold is breached, the stocks are recapped to the annual rebalancing weighting criteria (see Constituent Weightings above).</p> <p>Indicated yields and yield weights are not recalculated if the capping thresholds are breached throughout the year.</p> <p>When daily capping is necessary, the changes are announced after the close of the business day on which the daily weight caps are exceeded, with the reference date after the close of that same business day, and the effective date of the changes two business days later.</p>

These changes will become effective prior to the market open on Monday, March 18, 2019, in conjunction with the next index rebalancing.

Please note the index methodology on S&P DJI's website is being updated to reflect this change.

For more information about S&P DJI, please visit www.spdji.com.

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S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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