

## S&P MLP Indices Consultation on Constituent Weighting and Rebalancing Results

**NEW YORK, FEBRUARY 7, 2020:** S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with members of the investment community on potential changes to the S&P MLP Index and S&P MLP 8% Capped Index.

In order to potentially accommodate exchange continuous listing standards, S&P DJI will modify the constituent weighting scheme of the S&P MLP Index. In addition, S&P DJI will amend the rebalancing schedule of the S&P MLP Index and S&P MLP 8% Capped Index so that index composition is reweighted quarterly. The table below summarizes the changes.

<b>Constituent Weighting – S&amp;P MLP Index</b>	
Previous	<p>At each rebalancing, the weight for each index constituent is set in the following manner:</p> <ol style="list-style-type: none"> <li>1. With data reflected on the rebalancing reference date, each company is weighted by float-adjusted market capitalization.</li> <li>2. Any company with a weight greater than 15% is capped at 15%.</li> <li>3. All excess weight is proportionally redistributed to all uncapped stocks within the index.</li> <li>4. After this redistribution, if the weight of any other stock(s) breaches the weight limits established in Step 2 above, the process is repeated iteratively until no stock(s) breaches the respective weight cap.</li> <li>5. The weights of all stocks within the index which have a weight greater than 4.5% are added together. If the total weight of these stocks is less than 45% then the capping process is completed.</li> <li>6. If the total weight is greater than 45%, then the stocks in question are ranked in descending order based on weight, summed cumulatively, and the first stock that brings the total weight of the group above 45% is, then, capped. This stock is capped to a weight equal to the larger of (1) 4.5% or (2) the difference between 45% and the total weight of all the stocks larger than the stock in question.</li> <li>7. All stocks with weights greater than 4.5%, but with lower weights than the stock capped in Step 6, are capped to a weight of 4.5%.</li> <li>8. All excess weight is proportionally redistributed to all stocks within the index with a weight less than 4.5%.</li> <li>9. After this redistribution, if the weight of any stock(s) that was originally less than 4.5% then breaches 4.5%, the process is repeated iteratively until no stocks breach the 4.5% weight cap.</li> </ol>
Updated	<p>At each rebalancing, constituents are weighted by float-adjusted market capitalization, subject to company constraints. This is done by using an optimization procedure that chooses final weights in such a way to minimize the sum of the squared difference of capped weight and uncapped weight, subject to the following constraints:</p> <ol style="list-style-type: none"> <li>1. Any company with a weight greater than 15% is capped at 15%.</li> <li>2. The cumulative weight of the top five stocks cannot exceed 45%.</li> <li>3. The cumulative weight of all stocks within the index which have a weight greater than 4.5% cannot exceed 45%.</li> </ol>

<b>Rebalancing Schedule – S&amp;P MLP Index and S&amp;P MLP 8% Capped Index</b>	
Previous	<p>The indices undergo a major rebalancing once a year in October, coinciding with the annual review of the qualifying universe. The rebalancing effective date is after the close of the third Friday. The reference date is after the close of the third Friday in September.</p> <p>Stocks are assigned index shares using the closing prices as of the second Friday of October as the reference price. Since index shares are assigned based on prices five business days prior to the rebalancing, the actual weight of each stock at the rebalancing differs from the target weights due to market movements.</p>
Updated	<p>The indices are reconstituted annually, effective after the close of the third Friday of October. The reference date is after the close of the second Friday of September.</p> <p>The indices are reweighted quarterly, effective after the close of the third Friday of January, April, July, and October. Stocks are assigned index shares using the closing prices as of the Wednesday prior to the second Friday of the quarterly review month as the reference price. Since index shares are assigned based on prices seven business days prior to the rebalancing, the actual weight of each stock at the rebalancing differs from the target weights due to market movements.</p>

These changes will be implemented in conjunction with the subsequent rebalancing, which will take effect prior to the market open on Monday, April 20, 2020.

Please note that the S&P MLP Indices Methodology on S&P DJI's website is being updated to reflect these changes.

For more information about S&P Dow Jones Indices, please visit [www.spdji.com](http://www.spdji.com).

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