

S&P/ASX 300 Shareholder Yield Index Consultation

SYDNEY, JULY 22, 2020: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the S&P/ASX 300 Shareholder Yield Index.

In an effort to ensure that the ongoing shareholder yield of index constituents is maintained and limit stock concentration within the index, S&P DJI is proposing to introduce a monthly dividend review, as well as modify the index’s constituent weighting scheme. In addition, S&P DJI is proposing to update the index’s deletions criteria to align with other similar S&P DJI indices. The table below summarizes the changes.

Proposed Change	Methodology	
	Current	Proposed
Monthly Dividend Review	--	<p>S&P DJI reviews index constituents on a monthly basis. If S&P DJI determines an index constituent has eliminated, suspended its dividend or omitted a payment, it will be removed from the index effective prior to the open of the first business day of the following month and not replaced until the following reconstitution. Any changes are announced five business days prior to month-end.</p> <p>The decision to remove an index constituent due to dividend elimination, suspension, or omission is based on information publicly announced by the company as of seven business days prior to month-end.</p>
Constituent Weightings	<p>At each rebalancing reference date, the initial weight, w, for each index constituent, i, is set proportional to its Shareholder Yield Adjusted Float Cap (Shareholder Yield * Float Cap) to the sum of all constituents’ Shareholder Yield Adjusted Float Cap.</p> $w_i = \frac{\text{ShareholderYield} * \text{FloatCap}}{\sum_{i=1}^N \text{ShareholderYield} * \text{FloatCap}}$ <p>If the initial weight of any constituent exceeds 10%, the weight is capped at 10%, with the excess weight proportionally redistributed to all non-capped constituents.</p>	<p>Constituents are weighted by the product of their float-adjusted market capitalization and shareholder yield, subject to single stock cap of 5%. Any excess weight is proportionally redistributed to all non-capped constituents.</p>
Deletions	<p>Constituents removed from the S&P/ASX 300 are removed from the index simultaneously. If deletions from the S&P/ASX 300 cause the number of deletions from the index to exceed three, the decision whether to implement an immediate index rebalancing is determined by the Index Committee.</p>	<p>Constituents removed from the S&P/ASX 300 are removed from the index simultaneously and not replaced until the following rebalancing.</p>

For more information on the S&P/ASX 300 Shareholder Yield Index, please refer to the S&P/ASX 300 Shareholder Yield Index Methodology available [here](#).

IMPACT ANALYSIS

The tables below show the actual index performance as of May 29, 2020, actual one-way turnover for the last three index rebalancings, and the hypothetical results had the proposed constituent weightings change been in effect.

Index Performance (as of May 29, 2020)		
Period	Actual	Hypothetical
1-Year Annualized	-17.07%	-13.77%
3-Year Annualized	-0.13%	0.66%
5-Year Annualized	2.68%	3.59%
April 2015 – May 2020	3.20%	4.08%

One-way Turnover		
Rebalancing	Actual	Hypothetical
April 2019	25.70%	30.07%
October 2019	41.02%	45.95%
April 2020	48.65%	48.69%

IMPLEMENTATION TIMING

S&P DJI is proposing to establish the proposed monthly dividend review, if adopted, as soon as possible. S&P DJI is proposing to implement the constituent weightings and deletions changes, if adopted, in conjunction with the October rebalancing, which takes effect prior to the market open on Monday, October 19, 2020.

QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. Do you agree with the proposal to introduce a monthly dividend review?
2. Do you agree with the proposal to modify the constituent weightings scheme?
3. Do you agree with the proposal to modify the deletions criteria?
4. If any changes are adopted, do you agree with the proposed implementation dates?
5. Do you have any other comments or feedback regarding the proposed changes outlined above?

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Please respond to this survey by **August 5, 2020**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at SPDJI_Index_Governance@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.

CONSULTATION

Thank you for taking the time to complete this survey.

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

ABOUT S&P DOW JONES INDICES

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.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit www.spdji.com.

FOR MORE INFORMATION:

S&P Dow Jones Indices
index_services@spglobal.com