

S&P UK / Euro High Yield Dividend Aristocrats Consultation on Constituent Weighting and Liquidity Screening Results

AMSTERDAM, SEPTEMBER 4, 2020: S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with market participants on potential changes to the S&P UK High Yield Dividend Aristocrats and S&P Euro High Yield Dividend Aristocrats Indices.

Liquidity Screen

In order to apply a more rigorous liquidity screen and diminish the effect of random spikes and outliers on the liquidity measure, as well as align the methodology with other S&P DJI indices, S&P DJI will change the liquidity screen so that it utilizes three-month median daily value traded (“MDVT”) instead of three-month average daily value traded (“ADVT”) for constituent selection in both indices. The table below summarizes the change.

		Methodology	
Changes	Previous		Updated
Liquidity Screen	To qualify for index inclusion, a stock must have an ADVT of at least US\$ 5 million (US\$ 4 million for current constituents) for the three-months prior to the rebalancing reference date.		To qualify for index inclusion, a stock must have a MDVT of at least US\$ 5 million (US\$ 4 million for current constituents) for the three-months prior to the rebalancing reference date.

Constituent Weighting

In an effort to reduce constituent concentration, ease liquidity limitations, and improve index replication, S&P DJI will modify the constituent weighting scheme of the **S&P Euro High Yield Dividend Aristocrats** by introducing liquidity weight multiple capping. Under the updated methodology, a constituent’s weight will be restricted to the lower of 5% or **five times** its liquidity weight. Liquidity is based on the security’s six-month **MDVT**. The table below summarizes the change.

		Methodology	
Change	Previous		Updated
Constituent Weighting: S&P Euro High Yield Dividend Aristocrats	<p>At the annual reconstitution in June, constituent weights are determined as follows:</p> <ul style="list-style-type: none"> Index constituents are dividend yield weighted. The weights of individual securities are capped at 5%. The aggregate weight of constituents within each GICS sector is capped at 30%. The weight of each country of domicile is capped at 30%. <p>Outside of the annual reconstitution, the indices are re-weighted quarterly by applying the individual securities, GICS sector, and country of domicile capping at the March, September, and December quarterly rebalancings.</p>		<p>At the annual reconstitution in June, constituent weights are determined as follows:</p> <ul style="list-style-type: none"> Index constituents are dividend yield weighted. The weights of individual securities are capped at the lower of 5% or five times the constituent’s liquidity weight. The aggregate weight of constituents within each GICS sector is capped at 30%. The weight of each country of domicile is capped at 30%. <p>Outside of the annual reconstitution, the indices are re-weighted quarterly by applying the individual securities, GICS sector, and country of domicile capping at the March, September, and December quarterly rebalancings.</p>

No changes to the constituent weighting scheme of the **S&P UK High Yield Dividend Aristocrats** will be made at this time. However, the Index Committee will continue to monitor the index's liquidity metrics and may consider changes if conditions warrant.

These changes will be implemented in conjunction with the upcoming rebalancing, which takes effect prior to the market open on Monday, September 21, 2020.

Please note the S&P UK / Euro High Yield Dividend Aristocrats 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.

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