

S&P/NZX 50 High Dividend Index Consultation on the Index Objective, Eligibility Criteria, and Index Construction Results

SYDNEY, DECEMBER 29, 2020: S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with market participants on potential changes to the S&P/NZX 50 High Dividend Index.

In order to better focus the index objective on dividend yield and minimize turnover within the index, S&P DJI will modify the index’s objective, eligibility criteria, and constituent selection process. The tables below summarize the proposed changes:

| Changes | Methodology | |
|--|---|---|
| | Current | Updated |
| Index Objective | The S&P/NZX 50 High Dividend Index measures the performance of the 25 companies with the highest dividend yields and liquidity within the S&P/NZX 50 Index. Constituents are weighted by the products of their dividend yield and float-adjusted market capitalization, subject to a single stock cap of 10%. | The S&P/NZX 50 High Dividend Index measures the performance of the 25 companies with the highest dividend yields within the S&P/NZX 50 Index . Constituents are weighted by the products of their dividend yield and float-adjusted market capitalization, subject to a single stock cap of 10%. |
| Eligibility Criteria | To qualify for membership in the index, a company must satisfy the following criteria: <ol style="list-style-type: none"> 1. Be a current member of the S&P/NZX 50 Index. 2. Have paid dividends in the past 12 months. | To qualify for membership in the index, a company must satisfy the following criteria: <ol style="list-style-type: none"> 1. Be a current member of the S&P/NZX 50 Index. 2. Have paid dividends in the past 12 months and not suspended, cancelled or omitted their most recent dividend payment. |
| Index Construction: Constituent Selection | The six-month average daily value traded (ADVT), as of the rebalancing reference date, is obtained for all dividend paying constituent companies of the S&P/NZX 50 Index. The 30 companies with the highest six-month ADVT are selected. There is a five stock ADVT buffer for current constituents; those that rank among the top 35 companies with the highest six-month ADVT will also progress to the next step of the constituent selection process. | -- |

| Change | Methodology | |
|--|---|--|
| | Current | Updated |
| Index Construction: Constituent Selection | <p>The trailing 12-month gross dividend yield is calculated by dividing the company's trailing 12-month gross dividend (including any attached imputation credits) by its price on the reference date. Only regular cash dividends are included in the computation of dividend yield.</p> <p>The 25 companies with the highest trailing 12-month gross dividend yield form the index.</p> | <p>The trailing 12-month gross dividend yield is calculated by dividing the company's trailing 12-month gross dividend (including any attached imputation credits) by its price on the reference date. Only regular cash dividends are included in the computation of dividend yield.</p> <p>The top 25 companies with the highest trailing 12-month gross dividend yield form the index, subject to a selection buffer, implemented as follows:</p> <ol style="list-style-type: none"> 1) The eligible companies in the index universe are ranked, in descending order, by highest trailing 12-month gross dividend yield. 2) The 20 highest-ranking companies are selected for index inclusion. 3) Current constituents ranked within the top 30 are selected, in descending order, until the constituent count reaches 25. 4) If, after steps 1-2, the constituent count has not been met, the highest ranked company remaining is selected until the target constituent count is achieved. |

In addition to the changes outlined above, S&P DJI is also announcing another change not included in the original consultation. In order to align the Monthly Dividend Review (“MDR”) language with one of the three standardized approaches described in S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology, S&P DJI will change the MDR described in the S&P/NZX 50 High Dividend Index Methodology to Approach B:

| Change | Methodology | |
|-------------------------|--|---|
| | Current | Updated |
| Monthly Dividend Review | <p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines that an index constituent has eliminated or suspended its dividend, omitted a payment, or reduced its calendar year dividend amount and will no longer qualify for the index at the subsequent reconstitution, 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.</p> | <p>At the discretion of S&P DJI, an index constituent may be removed effective prior to the open of the first business day of the following month, if:</p> <p>Approach B:</p> <ul style="list-style-type: none"> • A company announces that it will cease paying dividends for an undetermined period. • A company announces a reduced dividend amount and S&P DJI determines that it will no longer qualify for the index at the subsequent reconstitution as a result. |

Please refer to the [S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology](#) for more information on the standard MDR approaches.

These changes will become effective in conjunction with the January, 2021 rebalancing, which takes effect prior to the market open on Monday, January 18, 2021.

Please note the S&P/NZX 50 High Dividend Index Methodology on the S&P DJI website will be updated to reflect these changes.

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

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