

**S&P Dow Jones
Indices**

A Division of **S&P Global**

S&P Colombia Indices *Methodology*

February 2021

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Introduction

Index Objectives and Highlights

S&P Colombia Select Index. The index measures the performance of a minimum of 14 stocks domiciled in Colombia meeting specific eligibility criteria for company size and liquidity. Constituents are float-adjusted market capitalization weighted, subject to the single stock weight, single sector weight, and minimum initial portfolio size that can be turned over in a single day, constraints defined in *Eligibility Criteria and Index Construction*.

S&P Colombia Dividend Index. The index measures the performance of a minimum of 10 constituents of the S&P Colombia Select Index that have paid dividends for at least four years in the prior five-year period. Constituents are weighted by trailing 12-month dividend yield, subject to a 15% individual company cap.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	GICS Methodology

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria and Index Construction

S&P Colombia Select Index

Index Eligibility. The underlying index universe is all stocks in the S&P Colombia BMI that trade on the Colombia Stock Exchange (the Bolsa de Valores de Colombia or BVC) as domestic stocks, as of the rebalancing effective date.

For information on the S&P Colombia BMI, please refer to the S&P Global BMI, S&P/IFCI Methodology available at www.spdji.com.

For more information on domicile policy please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Eligibility Factors:

Market Capitalization. Stocks must have a float-adjusted market capitalization of at least \$600 billion Colombian pesos (COP) as of the rebalancing reference date (COP \$475 billion for current constituents).

Liquidity. Constituents must have three-month, six-month, and 12-month average daily value traded (ADVT) in the local market of at least COP \$375 million as of the rebalancing reference date (COP \$300 million for current constituents).

Multiple Share Classes. Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Initial Public Offerings and Spin-offs. To be considered for index inclusion, an IPO or Spin-off must be included in the index universe and satisfy one of the following criteria:

1. Have a minimum of 12 months of history.
2. Be among the five largest companies within the index universe based on float-adjusted market capitalization.

Eligible IPOs and spin-offs meeting these criteria must also have three-month ADVT in the local market of at least COP \$375 million as of the rebalancing reference date to be included in the index.

Trading History. Stocks with more than 10 cumulative non-trading days during the past three months prior to the rebalancing are ineligible for index inclusion.

Constituent Selection. At each rebalancing, all stocks in the index universe that pass the *Eligibility Criteria* are selected and form the index. If the number of eligible stocks is less than 14, the index universe is expanded so that all stocks trading on the Colombia Stock Exchange are included in the review. In such a scenario, the next most liquid non-component measured by six-month ADVT with a float-adjusted market capitalization of at least COP \$600 million in the expanded universe is added until the target count of 14 is reached.

Constituent Weightings. The index is weighted by float-adjusted market capitalization, subject to the following diversification criteria employed at each rebalancing:

1. The weight of any company cannot exceed 15% in the index.

2. The weight of any one GICS sector cannot exceed 40% of the index.
3. The minimum initial portfolio size that can be turned over in a single day (based on 12-month ADVT) cannot be lower than COP \$60 billion. For companies with multiple share classes, the index share count is based on the combined float-adjusted shares outstanding and the combined 12-month ADVT is utilized to calculate basket liquidity.

If necessary, based on market conditions, the portfolio size used to calculate basket liquidity weight may be adjusted at the discretion of the Index Committee to achieve each of the weighting criteria.

Rebalancing. The index rebalances twice a year in March and September, effective after the close of the third Friday of the respective rebalancing month. The reference dates for the data used in the rebalancings are the third Friday of February and August, respectively.

Constituents' index shares are calculated using closing prices on the Wednesday prior to the second Friday of the rebalancing month as the reference price. Index share amounts are calculated and assigned to each stock to arrive at the weights determined on the reference date.

S&P Colombia Dividend Index

Index Universe. For a security to be eligible for consideration for the index, it must be an existing member of the S&P Colombia Select Index on the rebalancing reference date.

Selection Universe. All stocks in the Index Universe that satisfy the following criteria as of the rebalancing reference date are selected and form the Selection Universe:

Dividend Stability. For a given stock, dividends must have been paid for at least four years in the prior five-year period as of the rebalancing reference date. Companies are excluded if they eliminate their latest scheduled dividend payment or cancel their subsequent scheduled dividend.

Ex-dates are used for the dividend analysis with the data being reviewed every rebalancing reference date. The total dividend amount considered is based on a trailing year basis. In situations where a dividend payment, or payments, deviates from the company's standard dividend payment cycle, S&P Dow Jones Indices will, at its discretion, allocate payments to the appropriate year in order to take a full cycle into account.

Constituent Selection. At each rebalancing, all companies in the index universe that satisfy the *Selection Universe* criteria are selected and form the index.

If fewer than 10 stocks in the universe are eligible, stocks on the S&P Colombia BMI that trade on the Colombia Stock Exchange (the Bolsa de Valores de Colombia or BVC) as domestic stocks are ranked by six-month MDVT. The next most liquid stocks, based on six-month MDVT, that meet the remaining eligibility criteria are chosen until the target minimum count of 10 is reached. If there are still less than 10 stocks following this step, then the index will have less than 10 constituents.

Constituent Weightings. At each rebalancing, each index constituent is weighted by its trailing 12-month dividend yield subject to security and liquidity constraints. The maximum weight of each security is the lower of 15% and three times its liquidity weight. Liquidity is based on the security's six-month MDVT. Dividend yield is calculated as the dividend per share paid over the trailing 12-months divided by the price as of the rebalancing reference date.

Note that the capping algorithm redistributes the excess weight to the other stocks in proportion to their yield weights. Where the capping algorithm fails, the liquidity weight cap will be relaxed by 0.5 in each iteration, until a solution is found.

For more information on the index calculation methodology, please refer to the Non-Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

Dividend Payment Types. S&P Dow Jones Indices only considers cash dividend payments declared as regular by the paying company for index eligibility, selection, and weighting purposes. Cash dividend payments declared as special by the paying company, including recurring special cash dividends, are not considered. For both eligibility and weighting purposes, annualized cash dividend amounts, before withholding tax, are used.

Rebalancing. The index is rebalanced semi-annually after the close on the last business day of April, and October. As part of the rebalancing process, the index composition and constituent stock weights are updated. The reference dates are the last business days of March and September, respectively. In addition, the index is reweighted two times outside of the semi-annual rebalancing, effective after the market close on the last business day of July and January; using trailing 12-month dividend yields as of the reference dates, which are the last business days of June and December, respectively.

Index shares are calculated using closing prices on seven business days prior to the rebalancing effective date as the reference price. Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on prices prior to the

rebalancing effective date, the actual weight of each stock at the rebalancing may differ from these weights due to market movements.

Monthly Dividend Review. In addition to the semi-annual rebalancing, constituent stocks are reviewed on a monthly basis. At the discretion of S&P Dow Jones Indices, if a constituent stock publicly announces a suspension to or cancellation of its dividend program, the stock may be removed 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. The decision to remove an index constituent is based on information publicly announced by the company as of seven business days prior to month-end.

Index Maintenance

Index Calculations

The indices are calculated by means of the divisor method used for all S&P Dow Jones Indices' equity indices.

For more information on the Index calculation methodology, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Additions. Except for spin-offs, companies can only be added to the index at the time of the rebalancings. Please refer to *Corporate Actions* for further details regarding spin-offs.

Deletions. Between rebalancings, deletions can occur due to acquisitions, mergers, takeovers, bankruptcies or delistings. The deletion of a stock from an index causes the weights of the rest of the stocks in that index to change. Relative weights stay the same.

Corporate Actions

Spin-offs. The spun-off company is added to the index at a zero price prior to the market open on the ex-date (with no divisor adjustment). It will remain in the index until the next index rebalancing, at which time it will be evaluated for continued membership.

For more information on Corporate Actions, including the treatment of Spin-Offs, please refer to *S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology*.

Currency of Calculation and Additional Index Return Series

The index is calculated in Colombian pesos and U.S. dollars.

WM/Refinitiv foreign exchange rates are taken daily at 4:00 PM London time and used in the calculation of the indices. These mid-market fixings are calculated by the WM Company based on Refinitiv data and appear on Refinitiv pages WMRA.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

For information on various index calculations, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at www.spdji.com.

Base Date and History Availability

Index history availability, base date, and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P Colombia Select Index	10/24/2013	10/31/2008	09/17/2010	1000
S&P Colombia Dividend Index	07/08/2019	10/29/2010	10/29/2010	1000

Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“.SDL”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Index Governance

Index Committee

An S&P Dow Jones Indices' Index Committee maintains the indices. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The Committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing.

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated daily, throughout the calendar year, provided the exchange is open and trading.

A complete holiday schedule for the year is available on S&P Dow Jones Indices' Web site at www.spdji.com.

Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	Return Type	Bloomberg	
		USD	COP
S&P Colombia Select Index	Price Return	SPCOSL	SPCOSLCP
	Total Return	SPCOSLT	SPCOSLCT
	Net Total Return	SPCOSLN	SPCOSLCN
S&P Colombia Dividend Index	Price Return	SPCODUP	SPCODCP

Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

Appendix I

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Index Universe	03/16/2018	The underlying index universe is all stocks in the S&P Colombia BMI that trade on the Bolsa de Valores de Colombia as domestic stocks.	The underlying index universe is all stocks in the S&P Colombia BMI that trade on the Bolsa de Valores de Colombia as domestic stocks. If the semi-annual rebalancing component count is less than 14 after applying the rules set forth in the eligibility criteria of the methodology, the index universe is expanded so that all stocks trading on the Colombia Stock Exchange are included in the review. In such a scenario, the next most liquid non-component measured by six month average daily value traded (ADVT) with a float-adjusted market capitalization of at least COP \$600 million in the expanded universe is added until the component count reaches 14.
Minimum Component Count	03/16/2018	--	At each semi-annual rebalancing, the index must have a minimum of 14 components.
Rebalancing Reference Date	09/15/2017	The rebalancing reference date is the last business day of the month prior to rebalancing.	The rebalancing reference date is the third Friday of the month prior to rebalancing.
Market Capitalization Eligibility Factor	03/17/2017	Minimum float-adjusted market capitalization of USD \$200 million.	Minimum float-adjusted market capitalization of COP \$600 billion.
Liquidity Eligibility Factor	03/17/2017	Minimum three-month, six-month, and 12-month average daily value traded of USD \$125,000.	Minimum three-month, six-month, and 12-month average daily value traded of COP \$375 million.
Selection Buffers for Current Constituents	03/17/2017	Minimum float-adjusted market capitalization to remain in the index of USD \$150 million. Minimum three-month average daily value traded to remain in the index of USD \$100,000.	Minimum float-adjusted market capitalization to remain in the index of COP \$450 billion. Minimum three-month average daily value traded to remain in the index of COP \$300 million.
Constituent Weighting	03/17/2017	Minimum basket liquidity of USD \$50 million.	Minimum basket liquidity of COP \$60 billion.

Appendix II

EU Required ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY¹	
1.	Name of the benchmark administrator. S&P Dow Jones Indices LLC.
2.	Underlying asset class of the ESG benchmark.² N/A
3.	Name of the S&P Dow Jones Indices benchmark or family of benchmarks. S&P DJI Equity Indices Benchmark Statement
4.	Do any of the indices maintained by this methodology take into account ESG factors? No
Appendix latest update: February 2021	
Appendix first publication: February 2021	

¹ The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology.

² The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

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