

# S&P Dow Jones Indices

A Division of **S&P Global**

# S&P/NZX New Zealand Indices *Methodology*

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# Introduction

## Index Objective

The S&P/NZX family of indices measures the performance of NZX-listed companies across various sizes, industries, themes, and strategies. Each index is designed to represent a certain segment of the New Zealand equities market.

The S&P/NZX New Zealand Indices are closely aligned with S&P Dow Jones Indices' global suite of indices, and are recognized internationally as New Zealand's principal equity index series.

## Collaboration

In June 2015, pursuant to an agreement between S&P Dow Jones Indices and NZX Limited, the existing suite of NZX Indices was co-branded and S&P Dow Jones Indices assumed responsibility for calculating, maintaining and licensing the indices. NZX continues to distribute and license the real-time and delayed index values via its data feed product.

## Index Family

### *Benchmark and Size-based Indices*

**S&P/NZX 50 Index.** The index measures the performance of the 50 largest index-eligible stocks listed on the NZX Main Board (NZSX) by float-adjusted market capitalization. Representative, liquid and tradable, it is widely considered New Zealand's preeminent benchmark index.

**S&P/NZX 50 Portfolio Index.** The index comprises the same constituents as the S&P/NZX 50 Index, but with a 5% cap on the float-adjusted market capitalization weights of the constituents.

**S&P/NZX 10 Index.** The index measures the performance of 10 of the largest New Zealand listed companies within the S&P/NZX 50 Index.

**S&P/NZX 20 Index.** The index measures the performance of 20 of the largest and most liquid securities on the NZX Main Board (NZSX) and serves as the underlying index for derivatives including NZX Futures and Options. The index is weighted by float-adjusted market capitalization, subject to a single stock cap of 15%.

**S&P/NZX MidCap Index.** The index is designed to measure the performance of New Zealand's core mid-cap equity market. The eligible universe is drawn from the constituents of the S&P/NZX 50 Index, excluding those that are also constituents of the S&P/NZX 10 Index.

**S&P/NZX SmallCap Index.** The index is designed to measure the performance of New Zealand's smaller listed companies that sit outside of the S&P/NZX 50 Index.

**S&P/NZX All Index.** The index is considered the total market indicator for the New Zealand equity market. It comprises all eligible securities quoted on the NZX Main Board (NZSX). Constituents are not screened for market capitalization or liquidity.

**S&P/NZX Emerging Opportunities Index.** The index is designed to measure the performance of New Zealand's smaller companies in the S&P/NZX All Index that sit outside of the S&P/NZX 20 Index, screened by liquidity and total and float market capitalization.

## **Sector Indices**

In June 2015, S&P Dow Jones Indices introduced a new series of sector indices based on the S&P/NZX All Index and the Global Industry Classification Standard (GICS®). The constituent securities for the sector indices are derived from the eligible pool of securities within the S&P/NZX All Index, which are then refined further through the GICS classification criteria.

*For more information on GICS, please refer to S&P Dow Jones Indices' GICS Methodology.*

**S&P/NZX Real Estate Select Index.** The index measures the performance of the largest and most liquid members of the S&P/NZX All Index classified under the GICS Real Estate Sector. The index is weighted by float-adjusted market capitalization, subject to a single stock cap of 17.5%. Should the index be comprised of five or less constituents, the constituent stock weight cap is increased to 25%.

## **Ex-REIT Indices**

**S&P/NZX 50 Ex-REIT Index.** The index comprises the same constituents as the S&P/NZX 50 Index, but excludes companies that are classified as Equity Real Estate Investment Trusts (601010 – GICS Tier 3) or Mortgage Real Estate Investment Trusts (402040 – GICS Tier 3).

**S&P/NZX 50 Portfolio Ex-REIT Index.** The index comprises the same constituents as the S&P/NZX 50 Portfolio Index, but excludes companies that are classified as Equity Real Estate Investment Trusts (601010 – GICS Tier 3) or Mortgage Real Estate Investment Trusts (402040 – GICS Tier 3).

**S&P/NZX All Ex-REIT Index.** The index comprises the same constituents as the S&P/NZX All Index, but excludes companies that are classified as Equity Real Estate Investment Trusts (601010 – GICS Tier 3) or Mortgage Real Estate Investment Trusts (402040 – GICS Tier 3).

*For more information on GICS, please refer to S&P Dow Jones Indices' GICS Methodology.*

## **Thematic Indices**

**S&P/NZX Morrison Index.** The index measures the equal-weighted performance of the 10 largest infrastructure companies from the NZX Main Board (NZSX).

**S&P/NZX Primary Sector Equity Index.** The index includes all New Zealand listed companies that are engaged in the primary industries of agriculture, horticulture, viticulture, aquaculture, or forestry. The index is weighted by float-adjusted market capitalization, subject to a single stock cap of 15%.

**S&P/NZX Primary Sector Equity Investable Index.** The index comprises the same constituents as the S&P/NZX Primary Sector Equity Index, but only those that are investable to the general public (i.e. excludes co-operatives in which shares may only be traded by participants). The index is weighted by float-adjusted market capitalization, subject to a single stock cap of 15%.

*Please refer to S&P Dow Jones Indices' Index Mathematics Methodology for more detailed information on equal weight and capped weight index calculations.*

## 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	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices' Float Adjustment Methodology	<a href="#">Float Adjustment Methodology</a>
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	<a href="#">GICS Methodology</a>

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

## Index Eligibility

Index constituents are drawn from the universe of ordinary equity stocks listed on the NZX Main Board.

## Eligibility Factors

**Listing.** Only stocks listed on the NZX Main Board (NZSX) of the New Zealand Exchange are considered for inclusion in any of the S&P/NZX New Zealand Indices.

Eligibility for certain indices is determined by the class of listing taken up by the issuer:

- **New Zealand Listed Issuer.** The primary listing is the NZX.
- **Foreign Exempt Issuer.** The issuer has a secondary listing on the NZX and a primary listing on another exchange recognized by the NZX.

Where a New Zealand Listed Issuer also has a primary listing on the ASX, it is considered a Dual Listed Issuer for S&P/NZX Index purposes.

The following table details each index's eligible markets and listings.

Index	Eligible Listings
S&P/NZX 10 Index	New Zealand listings only
S&P/NZX 20 Index	Dual and Foreign Exempt listings are eligible
S&P/NZX 50 Index	
S&P/NZX 50 Ex-REIT Index	
S&P/NZX 50 Portfolio Index	
S&P/NZX 50 Portfolio Ex-REIT Index	
S&P/NZX All Index	New Zealand listings only
S&P/NZX All Ex-REIT Index	
S&P/NZX MidCap Index	
S&P/NZX SmallCap Index	
S&P/NZX Emerging Opportunities Index	
S&P/NZX Real Estate Select Index	
S&P/NZX Morrison Index	
S&P/NZX Primary Sector Equity Index	
S&P/NZX Primary Sector Equity Investable Index	Dual and Foreign Exempt listings are eligible

**Eligible Securities.** All common and equity preferred stocks (which are not of a fixed income nature) are eligible for inclusion in the indices.

Hybrid stocks such as convertible stocks, bonds, warrants, and preferred stocks that provide a guaranteed fixed return are not eligible. Closed and open-ended equity funds that invest in a portfolio of securities are not eligible for index inclusion (e.g. ETFs, listed investment companies, etc.). Securities with restrictions on ownership that prevent a broad range of investors from trading the securities (e.g. co-operatives) are also ineligible for the S&P/NZX New Zealand Indices, with the exception of the S&P/NZX Primary Sector Equity Index.

Companies that are currently the target of an acquisition are not eligible for inclusion or promotion within the S&P/NZX index hierarchy.

**Market Capitalization.** Market capitalization is a key criterion for stock selection in the S&P/NZX sized-based indices. Stocks are included if they are large enough to meet the minimum ranking requirements for the representative indices within the New Zealand market.

The market capitalization criterion for stock inclusion in the sized-based indices is based upon the daily average market capitalization of a security over the last six months. The stock's closing price history (last six months), latest available shares on issue and the Investable Weight Factor (IWF) are the relevant variables for the calculation. The IWF is a variable that is primarily used to determine the available float of a security for NZX listed securities.

To be eligible for inclusion in the S&P/NZX Emerging Opportunities Index, a stock must be included as a constituent in the S&P/NZX All Index, but not in the S&P/NZX 20. Stocks are subject to the below market capitalization screens:

Criteria	Eligible Non-Constituents (NZD)	Current Constituents (NZD)
3M Average Float Adjusted Capitalization Cap	1 billion	1.25 billion
3M Average Float Adjusted Capitalization Floor	100 million	75 million
3M Average Total Capitalization Cap	1.5 billion	2 billion

**Quoted Shares Issued.** When considering the index eligibility of securities for inclusion or promotion into the S&P/NZX New Zealand Indices, the number of index securities under consideration is based upon the latest available NZX quoted securities. For New Zealand listed securities this figure is purely based upon the latest available data from the NZX.

For Dual listed issuers, the number of securities used to determine index eligibility is derived by taking the total number of shares quoted and multiplying it by the proportion of the company's revenue that is generated in New Zealand. After initial index inclusion, the weighting basis of revenue generated in New Zealand is adjusted each year after the release of the company's latest annual results.

For Foreign Exempt listed issuers, the number of securities used to determine index eligibility is derived from the number of securities on the New Zealand register. This is determined by taking the most recent three-month average of securities held on the New Zealand register.

**Investable Weight Factor (IWF).** A stock's weight in an index is determined by its float-adjusted market capitalization. This is a function of current shares outstanding, the latest available stock price and the IWF. The IWF represents the float-adjusted portion of a stock's equity capital. Therefore any strategic holdings that are classified as either corporate, private or government holdings reduce the IWF which, in turn, results in a reduction in the float-adjusted market capital.

Shares owned by founders, directors of the company, trusts, venture capitalists and other companies are also excluded. These are also deemed strategic holders, and are considered long-term holders of a stock's equity. Any strategic shareholdings that are greater than 5% of total issued shares are excluded from the relevant float.

*Please refer to S&P Dow Jones Indices' Float Adjustment Methodology for further details.*

*For more information regarding IWF updates, please see S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

**Liquidity.** The S&P/NZX 50 Index (and indices for which it is the index universe) have liquidity requirements to ensure that only stocks that are regularly traded are included.

- **Relative Liquidity.** Stocks must have a Relative Liquidity greater than half of the Market Liquidity over the six months of the review period.
- **Absolute Liquidity.** Stocks must have an Absolute Liquidity of greater than 2.5% over the six months of the review period.



$$\text{Relative Liquidity} = \frac{6 \text{ Month Median Value Traded}}{6 \text{ Month Average Float} - \text{Adjusted Market Capitalization}}$$

$$\text{Absolute Liquidity} = \frac{6 \text{ Month Total Value Traded}}{6 \text{ Month Average Float} - \text{Adjusted Market Capitalization}}$$

where:

*Relative Liquidity* is defined as security's median daily value traded on the NZX Main Board (NZSX) over the last six months, divided by its average daily float-adjusted market capitalization.

*Absolute Liquidity* is defined as a security's total value traded on the NZX Main Board over the last six months, divided by its average daily float-adjusted market capitalization.

*6 Month Average Float-Adjusted Market Capitalization* is the product of a company's float-adjusted shares and its six-month average closing price.

*Market Liquidity* is defined as the median value of the relative liquidities of all securities eligible for the S&P/NZX 50 Index which have a relative liquidity greater than zero.

A stock that has previously been excluded from the S&P/NZX 50 Index due to low liquidity must meet the above requirements for three consecutive quarterly rebalancings before it will be reconsidered for index inclusion. This includes both stocks that were previously in the S&P/NZX 50 Index and removed due to no longer meeting the criteria for inclusion, as well as stocks that have never been in the S&P/NZX 50 Index.

To remain in the index on an ongoing basis, current constituents must have a Relative Liquidity above one-third of the Market Liquidity and an Absolute Liquidity of greater than 2.5%. Any constituent that fails either of these measures for two consecutive quarterly rebalancings is removed from the S&P/NZX 50 Index.

For the S&P/NZX 20 Index, the aforementioned Absolute Liquidity requirements are increased to 3.5%.

For the S&P/NZX Emerging Opportunities Index, the minimum six month Median Daily Value Traded is set at NZD 35,000 for new constituents and at NZD 30,000 for existing constituents.

S&P Dow Jones Indices believes turnover in index membership should be avoided when possible. At times a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to an index, not for continued membership. As a result, an index constituent that appears to violate criteria for addition to that index will not be deleted unless ongoing conditions warrant an index change.

### Timing of Intra-Quarter Constituent Changes

**Announcements to Market.** Changes to index composition are generally made two-to-five business days in advance of index implementation of anticipated corporate events whenever practical, bearing in mind that the timing of such events is occasionally uncertain. Notification will be made outside of trading hours by way of an Index Announcement.

**Intra-Quarter Additions.** With the exception of spin-offs, an index addition between rebalancing dates is generally made only if a vacancy is created by an index deletion. This rule applies to the S&P/NZX 50 Index and all related indices that sit higher within the index hierarchy. Therefore, it is not applicable to the S&P/NZX SmallCap Index, S&P/NZX Emerging Opportunities Index, S&P/NZX Primary Sector Equity Indices, or the S&P/NZX All Index. Index additions are made according to market size and liquidity. An initial public offering (IPO) is added to the index only when an appropriate vacancy occurs and is subject to proven liquidity. An exception may be made for extraordinary large offerings where sizeable trading volumes justify index inclusion.

Intra-quarter additions are also made to the S&P/NZX Morrison Index if a vacancy is created and there is an eligible infrastructure company to replace it. When a company is added intra-quarter, it assumes the weight of the company it replaces.

**Intra-Quarter Deletions.** Deletions can occur between index rebalancing dates due to acquisitions, mergers and spin-offs or due to suspension or bankruptcies. The decision to remove a stock from the index will be made once there is sufficient evidence that the transaction will be completed. Stocks that are removed due to mergers & acquisitions activity are removed from the index at the cash offer price for cash-only offers. Otherwise the best available price in the market is used.

### **Sector Indices Eligibility Criteria**

The constituent securities for the sector indices are derived from the eligible pool of securities within the S&P/NZX All Index, which are then refined further through the GICS classification criteria.

**S&P/NZX Real Estate Select Index.** To qualify for inclusion in the index, a company must be a constituent of the S&P/NZX All Index, must be classified under the GICS Real Estate Sector and must meet the following size and liquidity thresholds:

- A minimum float-adjusted market cap of NZD 300 million.
- Six-month average daily value traded (ADVT) of NZD 200,000.
- Existing constituents are removed if their float-adjusted market cap falls below NZD 200 million or six-month ADVT falls below NZD 100,000 as of the rebalancing reference date.

### **Thematic Indices Eligibility Criteria**

**S&P/NZX Morrison Index.** To qualify for inclusion in the index, a company must have revenue derived from the operation of infrastructure (as opposed to its construction). Infrastructure may include, but is not limited to: Telecommunications (e.g. carriers and network operators), Utilities (e.g. generation of electricity, transmission, and the distribution of electricity, gas, and water), Energy (e.g. oil and gas), Transportation (e.g. airports, sea ports, road and rail freighting), Social (e.g. healthcare and nursing homes), Diversified (e.g. multiple sources of the above such as infrastructure investment vehicles). The liquidity requirements for the S&P/NZX 50 Index are also applied to the S&P/NZX Morrison Index.

**S&P/NZX Primary Sector Equity Indices.** To qualify for inclusion in these indices, companies should source a substantial proportion of their revenue from, or engage a substantial proportion of their business activities in, the primary sector. The primary sector is defined as:

- **Agriculture.** The cultivation of soil, crops, and livestock.
- **Horticulture.** The cultivation of fruits, vegetables, flowers, or ornamental plants.
- **Viticulture.** The cultivation of grapes.
- **Aquaculture.** The cultivation of marine or freshwater fish or shellfish.
- **Forestry.** The cultivation, maintenance, and development of forests.

# Index Construction

## **Approaches**

The S&P/NZX New Zealand Indices are calculated using a base-weighted aggregate methodology. That means the level of an index reflects the total market value of all the component stocks relative to a particular base period. The total market value of a company is determined by multiplying the price of its stock by the number of shares available after float (IWF) adjustment. An indexed number is used to represent the result of this calculation in order to make the value easier to work with and track over time. It is much easier to graph a chart based on indexed values than one based on actual market values.

## **Index Calculations**

The index is calculated by means of the divisor methodology used in all S&P Dow Jones Indices' equity indices.

*Please refer to S&P Dow Jones Indices' Index Mathematics Methodology for details on index level calculations.*

# Index Maintenance

## Rebalancing

Except for the S&P/NZX Real Estate Select Index, the S&P/NZX New Zealand Indices rebalance quarterly in March, June, September, and December, effective after market close of the third Friday of the rebalancing month. The S&P/NZX Real Estate Select Index rebalances semi-annually, effective after the market close of the third Friday in March and September.

Both market capitalization and liquidity are assessed using the previous six months' worth of data to determine index eligibility. For the S&P/NZX Emerging Opportunities Index, both float-adjusted market capitalization and total market capitalization are assessed using three months' worth of data while liquidity is assessed using six months' worth of data. The rebalancing reference date for data used is the second to last Friday of the month prior to the rebalance month. Rebalance announcements are made on the first Friday of March, June, September, and December.

Eligible stocks are considered for index inclusion based on their rank relative to the stated quota of securities for each index within the S&P/NZX hierarchy. Potential index additions and deletions must satisfy buffer requirements in terms of the rank of the stock relative to a given index. The buffers are established to limit the level of index turnover that may take place at each quarterly rebalancing, maximizing the efficiency and limiting the cost associated with holding the index portfolio.

Rank buffers are applied for addition and deletion in the S&P/NZX New Zealand Indices. If a non-constituent ranks higher than the buffer for a specific index at a quarterly review, it is added to the index. Similarly, if an index constituent fails the deletion buffer rule then it is removed from the index.

Index	Rank Buffer for	
	Addition	Deletion
S&P/NZX 10 Index	7 <sup>th</sup> or higher	14 <sup>th</sup> or lower
S&P/NZX 20 Index	16 <sup>th</sup> or higher	24 <sup>th</sup> or lower
S&P/NZX 50 Index	44 <sup>th</sup> or higher	56 <sup>th</sup> or lower
S&P/NZX 50 Portfolio Index	44 <sup>th</sup> or higher	56 <sup>th</sup> or lower
S&P/NZX Morrison Index	7 <sup>th</sup> or higher	12 <sup>th</sup> or lower

An IPO may be considered for inclusion in the S&P/NZX 50 Index once it has at least 20 trading days' of data available at the quarterly review.

**Share Updates.** For all S&P/NZX New Zealand Indices, the share counts for all index constituents are updated quarterly and are rounded to the nearest thousand ('000).

*For more information regarding share updates, please see S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Constituent Capping

Weight caps are applied to the constituents of the following indices at each quarterly rebalancing. The S&P/NZX Real Estate Select Index weight caps are applied at each semi-annual rebalancing.

Index	Constituent Stock Weight Cap
S&P/NZX 20 Index	15%
S&P/NZX 50 Portfolio Index	5%
S&P/NZX Real Estate Select Index	17.5%
S&P/NZX Primary Sector Equity Index	15%
S&P/NZX Primary Sector Equity Investable Index	15%

For the capped indices above, constituents' index shares are calculated using closing prices on the second Wednesday of the rebalancing month 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 seven trading days prior to rebalancing, the actual weight of each stock at the rebalancing may differ from these weights due to market movements.

Should the S&P/NZX Real Estate Select Index be comprised of only five constituents, the constituent stock weight cap is increased to 25%. The weighting structure will be reviewed if there are four or fewer eligible constituents.

## Corporate Actions

Maintaining the S&P/NZX New Zealand Indices includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to restructurings or spin-offs. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the index. Other corporate actions, such as share issuances, change the market value of an index and require an index divisor adjustment to prevent the value of the index from changing.

Adjusting the index divisor for a change in market value leaves the value of the index unaffected by the corporate action. This helps keep the value of the index accurate as a barometer of stock market performance, and ensures that the movement of the index does not reflect the corporate actions of the companies in it. Divisor adjustments are made after the close of trading and after the calculation of the closing value of the index. Any change in the index divisor also affects the corresponding sub-indices and divisors. Each sub-index is maintained in the same manner as the headline index.

Corporate actions such as splits, stock dividends, spin-offs, rights offerings, and share changes are applied on the ex-date.

The following table summarizes the types of index maintenance adjustments and indicates whether a divisor adjustment is required.

Events	Index Treatment	Divisor Adjustment?
Cash dividend	Applied only to gross return indices	No
Special cash dividend	Price adjustment needed	Yes
Stock dividend and/or split	Shares are multiplied by and price is divided by the split factor	No
Stock dividend from class A shares into existing class B shares, both of which are included in the index	Adjustment for price of A; adjustment for shares in B	Yes
Stock dividend of different class, same company and is not included in the index	Price adjustment	Yes
Reverse split	Adjustment for price and shares	No
Rights offering	Adjustment for price and shares	Yes
Rights offering for a new line	Adjustment for price	Yes
New share issuance	Adjustment for shares	Yes
Reduction of capital	Share adjustment	Yes
New addition to index	Share adjustment	Yes
Deletion from index	Share adjustment	Yes
Merger (acquisition by index company for stock)	Share increase	Yes

*The above table applies to float-adjusted market capitalization weighted indices only. For more information on corporate actions and the effect on the divisor for alternatively weighted indices please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

**Spin-offs.** The spun-off company is added to all the indices that the parent company is a constituent of at a zero price on the ex-date. If the spun-off company is deemed ineligible for continued inclusion in a given index on the basis of its float-adjusted market capitalization, then it is removed from the respective index after at least one day of regular way trading.

*For more information, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.*

### **Currency of Calculation and Additional Index Return Series**

The indices calculate in New Zealand dollars.

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 more information on these types of indices, 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](http://www.spdji.com).*

# 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. Specifically for the S&P/NZX Indices, S&P Dow Jones Indices also calculates Gross with Imputation indices that reinvest the regular, as reported dividend on the ex-date, along with any associated Imputation Credits, as declared by the respective company.
- 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

The S&P/NZX Index Committee maintains the indices. The Index Committee is composed of full-time employees of S&P Dow Jones Indices and the NZX. The Index 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 indices to the market, companies that are being considered as candidates for addition to an 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. Market-sensitive announcements, including additions or deletions of stocks, are normally made when markets are closed.

*For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the indices rebalance. 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](http://www.spdji.com) for a complete schedule of rebalancing timelines and pro-forma delivery times.*

## Holiday Schedule

The indices are calculated daily, throughout the calendar year. The only days the indices are not calculated are on days when the NZX is officially closed.

*A complete holiday schedule for the year is available on the NZX Web site at [www.nzx.com](http://www.nzx.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.

## Real-Time Calculation

Real-time, intra-day, index calculations are executed for a number of S&P/NZX price and gross return indices, with index values updated every five seconds as constituent prices change throughout the course of the day. Real-time indices are not restated.

*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 any questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spdji.com](http://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	RIC
S&P/NZX 10 Index	Price Return Gross Return	NZSE10 NZSE10G	.NZ10 .NZ10G
S&P/NZX 20 Index	Price Return	NZX20	.NZ20
S&P/NZX 50 Index	Price Return Gross Return	-- NZSE50FG	.NZ50C .NZ50
S&P/NZX 50 Ex-REIT Index	Price Return Gross Return	SPN5ERNP SPN5ERNT	-- --
S&P/NZX 50 Portfolio Index	Price Return Gross Return	NZSEPOFF NZSEPOFG	.NZC50C .NZC50
S&P/NZX 50 Portfolio Ex-REIT Index	Price Return Gross Return	SPNPERNP SPNPERNT	-- --
S&P/NZX All Index	Price Return Gross Return	NZSE NZSEG	.NZCI .NZGI
S&P/NZX All Ex-REIT Index	Price Return Gross Return	SPNAERNP SPNAERNT	-- --
S&P/NZX MidCap Index	Price Return Gross Return	NZSEMC NZSEMCG	.NZMC .NZMGC
S&P/NZX SmallCap Index	Price Return Gross Return	NZSESC NZSESCG	.NZSC .NZSCG
S&P/NZX Emerging Opportunities Index	Price Return Gross Return	SPNEONP SPNEONT	-- --
S&P/NZX Real Estate Select Index	Price Return Gross Return	SPNRESP SPNREST	-- --
S&P/NZX Morrison Index	Price Return Gross Return	MOR MORGP	.NZMOR --
S&P/NZX Primary Sector Equity Index	Price Return Gross Return	-- --	.NZFWPP .NZFWPPG
S&P/NZX Primary Sector Equity Investable Index	Price Return Gross Return	-- --	.NZFWPI .NZFWPIG

## 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](http://www.spdji.com/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spdji.com](http://www.spdji.com).

# Appendix I

## Methodology Changes

Methodology changes since June 1, 2015 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Rebalancing Reference Date and Announcement Date	12/02/2021	<p>The rebalancing reference date for data used is the last Friday of the month prior to the rebalance month in March, June, and December (second to last Friday of the month prior to the rebalance month in September).</p> <p>Rebalance announcements are made on the second Friday of March, June, and December (first Friday of September).</p>	<p>The rebalancing reference date for data used is the second to last Friday of the month prior to the rebalance month.</p> <p>Rebalance announcements are made on the first Friday of March, June, September, and December.</p>
Reference date	08/24/2018	<p>The reference date used for the six months' worth of trading data is the last Friday of the month prior to the rebalancing</p>	<p>Except for the September rebalancing, the reference date used for the six months' worth of trading data is the last Friday of the month prior to the rebalancing.</p> <p>For the September rebalancing, the reference date used for the six months' worth of trading data is the second to last Friday of the month prior to the rebalancing.</p>
Index name	04/20/2018	<ul style="list-style-type: none"> <li>• S&amp;P/NZX Farmers Weekly Primary Sector Equity Index</li> <li>• S&amp;P/NZX Farmers Weekly Primary Sector Equity Investable Index</li> </ul>	<ul style="list-style-type: none"> <li>• S&amp;P/NZX Primary Sector Equity Index</li> <li>• S&amp;P/NZX Primary Sector Equity Investable Index</li> </ul>
Reference date	09/15/2017	<p>The reference date for data used in the rebalancing was the last trading day of the month prior to the rebalancing month.</p>	<p>The reference date for data used in the rebalancing is the last Friday of the month prior to the rebalancing month.</p>

# Appendix II

## EU Required ESG Disclosures

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

<sup>1</sup> 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.

<sup>2</sup> 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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