

# **S&P Dow Jones Indices**

A Division of **S&P Global**

## **S&P Quality Indices** *Methodology*

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# Introduction

## Index Objective and Highlights

The S&P Quality Indices measure the performance of stocks selected on three fundamental measures: return on equity, accruals ratio, and financial leverage ratio. Index constituents are weighted by the product of their market capitalization and quality score, subject to the constraints defined in *Constituent Weightings*.

The S&P Quality Indices are constructed from the constituents of the S&P Global BMI or other headline universe indices (see *Index Construction*).

## Index Family

The S&P Quality Indices currently consist of the following:

- S&P Quality Global LargeMidCap Index
- S&P Quality Developed LargeMidCap Index
- S&P Quality Developed Ex-U.S. LargeMidCap Index
- S&P Quality Emerging LargeMidCap Index
- S&P Quality Europe LargeMidCap Index
- S&P Europe 350 Quality
- S&P/ASX 200 Quality Index
- S&P Quality Pan Asia LargeMidCap Index
- S&P Quality Pan Asia Ex-Japan LargeMidCap Index
- S&P Quality Japan LargeMidCap Index
- S&P Quality South Africa Index
- S&P 500 Quality
- S&P 500 Quality BSA Attribution
- S&P 500 Quality Leverage Attribution
- S&P 500 Quality ROE Attribution
- S&P Quality United States LargeMidCap Index
- S&P SmallCap 600 Quality
- S&P MidCap 400 Quality
- S&P China A-Share Quality
- S&P Quality GCC Composite Index
- S&P Quality Saudi Arabia Index
- S&P Quality Saudi Arabia Shariah Index
- S&P Quality Pan Arab Composite LargeMidCap Index

- S&P Quality GCC Composite Shariah Index
- S&P Quality Pan Arab Composite LargeMidCap Shariah Index

## 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

Except for the S&P China A-Share Quality Index, to qualify for index inclusion in the S&P Quality Indices, a stock must, as of the rebalancing reference date, adhere to the following:

1. Be a member of the S&P Global BMI or other respective headline universe (see table below).
2. Not be a China-A Share listing.

For the S&P China A-Share Quality Index, the stock must be a member of the S&P China A Domestic LargeMidCap, as detailed below.

Index	Universe
S&P Quality Global LargeMidCap Index	S&P Global LargeMidCap Index
S&P Quality Developed LargeMidCap Index	S&P Developed LargeMidCap Index
S&P Quality Developed Ex-U.S. LargeMidCap Index	S&P Developed Ex-U.S. LargeMidCap Index
S&P Quality Emerging LargeMidCap Index	S&P Emerging LargeMidCap Index
S&P Quality Europe LargeMidCap Index	S&P Europe LargeMidCap Index
S&P Europe 350 Quality	S&P Europe 350
S&P/ASX 200 Quality Index	S&P/ASX 200
S&P Quality Japan LargeMidCap Index	S&P Japan LargeMidCap Index
S&P Quality South Africa Index	S&P South Africa Composite
S&P 500 Quality	S&P 500
S&P 500 Quality BSA Attribution	S&P 500
S&P 500 Quality Leverage Attribution	S&P 500
S&P 500 Quality ROE Attribution	S&P 500
S&P Quality United States LargeMidCap Index	S&P U.S. LargeMidCap Index
S&P SmallCap 600 Quality	S&P SmallCap 600
S&P MidCap 400 Quality	S&P MidCap 400
S&P China A-Share Quality	S&P China A Domestic LargeMidCap
S&P Quality GCC Composite Index	S&P GCC Composite Index
S&P Quality Saudi Arabia Index	S&P Saudi Arabia Index
S&P Quality Saudi Arabia Shariah Index	S&P Saudi Arabia Shariah Index
S&P Quality Pan Arab Composite LargeMidCap Index	S&P Pan Arab Composite LargeMidCap Index
S&P Quality GCC Composite Shariah Index	S&P GCC Composite Shariah Index
S&P Quality Pan Arab Composite LargeMidCap Shariah Index	S&P Pan Arab Composite LargeMidCap Shariah Index

Subject to S&P Dow Jones Indices' compliance with the applicable law (including, without limitation, sanctions law), the S&P China A-Share Quality is maintained from a China-based investor perspective<sup>1</sup> and may include securities that would not be eligible for inclusion if maintained from a U.S./U.K./EU investor perspective.

<sup>1</sup> The investor perspective is the viewpoint of the investor relative to the index and component securities.

In addition, some S&P Quality Indices require additional criteria, as detailed in the tables below.

Index	Additional Liquidity Criteria (Three-Month Average Daily Value Traded)
S&P Quality Global LargeMidCap Index	US\$ 3 million
S&P Quality Developed LargeMidCap Index	
S&P Quality Developed Ex-U.S. LargeMidCap Index	
S&P Quality Emerging LargeMidCap Index	US\$ 1 million
S&P Quality Europe LargeMidCap Index	US\$ 3 million
S&P Europe 350 Quality	--
S&P/ASX 200 Quality Index	--
S&P Quality Japan LargeMidCap Index	US\$ 3 million
S&P 500 Quality	--
S&P 500 Quality BSA Attribution	
S&P 500 Quality Leverage Attribution	
S&P 500 Quality ROE Attribution	
S&P Quality United States LargeMidCap Index	US\$ 3 million
S&P SmallCap 600 Quality	--
S&P MidCap 400 Quality	--
S&P China A-Share Quality	RMB 20 million (RMB 18 million for current constituents)

Candidates of the S&P China A-Share Quality Index must not be designated as Special Treatment (ST or \*ST) by the Shanghai or Shenzhen Stock Exchanges, and must have a minimum float-adjusted market capitalization of RMB 1 billion (RMB 900 million for current constituents) as of the rebalancing reference date.

For the S&P Quality South Africa Index, the following liquidity criteria are set:

Index	Additional Liquidity Criteria (Three-Month Median Daily Value Traded)
S&P Quality South Africa Index	ZAR 5 million (ZAR 4 million for current constituents)

For the S&P Quality GCC Composite Index, S&P Quality Saudi Arabia Index, S&P Quality Saudi Arabia Shariah Index, S&P Quality Pan Arab Composite LargeMidCap Index, S&P Quality GCC Composite Shariah Index, and S&P Quality Pan Arab Composite LargeMidCap Shariah Index, the following liquidity criteria are set:

Index	Additional Liquidity Criteria (Six-Month Median Daily Value Traded)
S&P Quality GCC Composite Index	US\$ 1 million (US\$ 500,000 for current constituents)
S&P Quality Saudi Arabia Index	
S&P Quality Saudi Arabia Shariah Index	
S&P Quality Pan Arab Composite LargeMidCap Index	
S&P Quality GCC Composite Shariah Index	
S&P Quality Pan Arab Composite LargeMidCap Shariah Index	

### Multiple Share Classes and Dual-Listed Companies

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.

Each company's most liquid share line is used to calculate index levels. Some index constituents use ADRs, GDRs or foreign ordinary shares if the common stock in their local market is illiquid. Pricing for these issues is based on the ADR, GDR or foreign ordinary share in the listing market's currency. In cases of multiple share classes, only the most liquid share lines are used. All Chinese A-shares are excluded from the S&P Quality Global, Emerging, Pan Asia and Pan Asia Ex-Japan LargeMidCap

Indices. However, any non-domestic listed Chinese shares included in the S&P Global BMI index family are eligible for inclusion in the corresponding S&P Quality Indices. Any changes to pricing sources are announced with as much notice as is reasonably possible.



# Index Construction

## Constituent Selection

Depending on the index universe in question, a different number of constituents are selected for inclusion in the index.

Index	Number of Constituents in the Quality Index
S&P Quality Global LargeMidCap Index	Top quintile of eligible securities by quality scores <sup>2</sup>
S&P Quality Developed LargeMidCap Index	
S&P Quality Developed Ex-U.S. LargeMidCap Index	
S&P Quality Emerging LargeMidCap Index	
S&P Quality Europe LargeMidCap Index	
S&P Europe 350 Quality	Top 50 securities by quality score
S&P/ASX 200 Quality Index	Top 40 securities by quality score
S&P Quality Japan LargeMidCap Index	Top quintile of eligible securities by quality scores <sup>1</sup>
S&P Quality South Africa Index	
S&P 500 Quality	Top 100 securities by quality score
S&P 500 Quality BSA Attribution	Top 100 securities by z-score
S&P 500 Quality Leverage Attribution	
S&P 500 Quality ROE Attribution	
S&P Quality United States LargeMidCap Index	Top quintile of eligible securities by quality scores <sup>1</sup>
S&P SmallCap 600 Quality	Top 120 securities by quality score
S&P MidCap 400 Quality	Top 80 securities by quality score
S&P China A-Share Quality	Top 100 securities by quality score

*Please refer to Appendix A for return on equity, accruals ratio, and financial leverage ratio calculation details.*

*Please refer to Appendix B for z-score and quality score calculation details.*

For the S&P Quality Saudi Arabia Index and S&P Quality Saudi Arabia Shariah Index the target stock count is determined as the maximum of the following:

- 30
- 20% of the number of constituents in the universe
- the number of stocks (ranked by quality score) such that the sum of their free-float market capitalization is at least 50% of the free-float market capitalization of the underlying universe

For the S&P Quality GCC Composite Index, the S&P Quality Pan Arab Composite LargeMidCap Index, the S&P Quality GCC Composite Shariah Index, and the S&P Quality Pan Arab Composite LargeMidCap Shariah Index, the target stock count is determined as the maximum of the following:

- 30
- 20% of the number of constituents in the universe
- the sum of the free-float market capitalization of the selected stocks in each country must make up 50% of the free-float market capitalization of the underlying universe within the country

<sup>2</sup> The number of companies selected is rounded up if the targeted constituent set results in a fractional company amount.

If the target stock count results in a fractional company amount, the number of companies selected is rounded to the nearest integer.

If the underlying earnings per share (“EPS”) or book value per share (“BVPS”) for a given stock’s return on equity (“ROE”) is negative, a quality score is calculated but the stock is ineligible for index inclusion and rankings.

Securities in the eligible universe are selected for index inclusion based on quality scores. The quality score of each stock is derived from its return-on-equity, accruals ratio and financial leverage ratio. The quality score of each stock is updated semi-annually at the June and December index rebalancings.

**S&P 500 Quality BSA Attribution (US Dollar).** Securities in the eligible universe are selected for index inclusion based on its accruals ratio z-score determined during the semi-annual rebalancing of the S&P 500 Quality index. The values for all securities are ranked in ascending order.

**S&P 500 Quality Leverage Attribution (US Dollar).** Securities in the eligible universe are selected for index inclusion based on its financial leverage ratio z-score determined during the semi-annual rebalancing of the S&P 500 Quality index. The values for all securities are ranked in ascending order.

**S&P 500 Quality ROE Attribution (US Dollar).** Securities in the eligible universe are selected for index inclusion based on its return-on-equity z-score determined during the semi-annual rebalancing of the S&P 500 Quality index. The values for all securities are ranked in ascending order.

#### **Buffer Rule**

A 20% buffer is applied to stocks already in the index in order to reduce portfolio turnover and is implemented as follows:

- **S&P Quality Indices with a Target Stock Count:**
  1. Stocks are ranked based on quality score and those ranked within the top 80% of the target stock count are automatically chosen for index inclusion.
  2. All stocks which are current constituents that fall within the top 120% of the target stock count are then chosen for index inclusion in order of their quality score.
  3. If at this point the target stock count has still not been met, the remaining stocks are chosen based on their quality score.
  4. Additionally, for the S&P Quality GCC Composite Index, S&P Quality Pan Arab Composite LargeMidCap Index, S&P Quality Saudi Arabia Index, S&P Quality Saudi Arabia Shariah Index, S&P Quality GCC Composite Shariah Index, and the S&P Quality Pan Arab Composite LargeMidCap Shariah Index, if a target of 50% of the free-float market capitalization of the underlying universe has not been reached, the remaining stocks are selected by order of rank until the target has been reached.

#### **All Other Non-Attribution S&P Quality Indices:**

1. Stocks are ranked based on quality score and those ranked within the top 16% of the stock count are automatically chosen for index inclusion.
  2. All stocks which are current constituents that fall within the top 24% of the stock count are then chosen for index inclusion in order of their quality score.
  3. If at this point 20% of stocks in the index universe have not been chosen, the remaining stocks are chosen based on their quality score.
- **S&P 500 Quality BSA, Leverage, and ROE Attribution.** A 20% buffer is applied to stocks as detailed above but is based on the applicable fundamental characteristic's z-score.

## Constituent Weightings

At each rebalancing, the indices are weighted as follows:

### S&P Quality South Africa Index

Weighting Method	Optimization Procedure	Maximum Weight of Security Constraint
Product of the security's market capitalization in the eligible index universe and the quality score, subject to security and sector constraints.	Final weights are chosen in a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock.	10%

### S&P Quality Saudi Arabia Index and S&P Quality Saudi Arabia Shariah Index

Weighting Method	Optimization Procedure	Maximum Weight of Security Constraint	Maximum GICS Sector Weight Constraint	Weight Cap	Floored Stock Weight
Product of the security's market capitalization in the eligible index universe and the quality score, subject to security and sector constraints.	Final weights are chosen in a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock.	8% or the stocks weight in the universe whichever is greater. Maximum weight should not exceed a multiple of four times its liquidity weight.	40%	20 times the market capitalization weight of the security in the underlying index universe.	0.05%

### S&P Quality GCC Composite Index and S&P Quality GCC Composite Shariah Index

Weighting Method	Optimization Procedure	Maximum Security Weight Constraint	Maximum GICS Sector Weight Constraint	Maximum Country Weight Constraint	Weight Cap	Floored Stock Weight
Product of the security's market capitalization in the eligible index universe and the quality score, subject to security and sector constraints.	Final weights are chosen in a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock.	The greater of 5% or the stocks weight in the universe. Maximum weight should not exceed a multiple of four times its liquidity weight.	40%	60%	20 times the market capitalization weight of the security in the underlying index universe.	0.05%

## S&P Quality Pan Arab Composite LargeMidCap Index and S&P Quality Pan Arab Composite LargeMidCap Shariah Index

Weighting Method	Optimization Procedure	Maximum Security Weight Constraint	Maximum GICS Sector Weight Constraint	Maximum Country Weight Constraint	Weight Cap	Floored Stock Weight
Product of the security's market capitalization in the eligible index universe and the quality score, subject to security, sector, and country constraints.	Final weights are chosen in a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock.	The greater of 5% or the stocks weight in the universe. Maximum weight should not exceed a multiple of four times its liquidity weight.	50%	60%	20 times the market capitalization weight of the security in the underlying index universe.	0.05%

### Remaining S&P Quality Indices<sup>3</sup>

Weighting Method	Optimization Procedure	Maximum Security Weight Constraint	Maximum GICS Sector Weight Constraint	Maximum Country Weight Constraint*	Floored Stock Weight
Product of the security's market capitalization in the eligible index universe and the quality score, subject to security and sector constraints.	Final weights are chosen in a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock.	Lower of 5% and 20 times its market capitalization.	40%	40%	0.05%

\*The following indices are not subject to country weight constraints:

- S&P/ASX 200 Quality Index
- S&P Quality Japan LargeMidCap Index
- S&P Quality South Africa Index
- S&P 500 Quality
- S&P 500 Quality BSA Attribution
- S&P 500 Quality Leverage Attribution
- S&P 500 Quality ROE Attribution
- S&P Quality United States LargeMidCap Index
- S&P SmallCap 600 Quality
- S&P MidCap 400 Quality
- S&P China A-Share Quality

For all S&P Quality Indices, except the S&P Quality GCC Composite Index, S&P Quality Pan Arab Composite LargeMidCap Index, S&P Quality GCC Composite Shariah Index, and S&P Quality Pan Arab Composite LargeMidCap Shariah Index, where the optimization procedure fails for a given period, the constraints are then relaxed in the following order: the maximum weight of the security, then the maximum weight of the sector and finally, the maximum weight of the country.

For the S&P Quality GCC Composite Index, S&P Quality Pan Arab Composite LargeMidCap Index, S&P Quality GCC Composite Shariah Index, and S&P Quality Pan Arab Composite LargeMidCap Shariah

<sup>3</sup> For the S&P/ASX 200 Quality Index, from 06/15/2001 through 06/23/2014, the maximum rebalancing security weight constraint was set at 10%.

Index, the above optimization process includes one additional constraint: the maximum weight of each security should not exceed a multiple of four times its liquidity weight (see *Appendix C*). Where the optimization procedure fails for a given period, the constraints are then relaxed in the following order:

1. the maximum weight of the security,
2. the maximum weight of the sector,
3. the maximum weight of the country (if applicable),
4. 20 times its market capitalization weight,
5. four times its liquidity weight.

**S&P 500 Quality BSA, Leverage, and ROE Attribution.** Each stock is weighted by its applicable fundamental characteristic z-score multiplied by its market capitalization. The z-score of each stock is updated semi-annually at the June and December rebalancings.

### **Index Calculations**

The indices are calculated using the divisor methodology used in all S&P Dow Jones Indices' equity indices

*Please refer to the Non-Market Capitalization Weighted section of S&P Dow Jones Indices' Index Mathematics Methodology for further details on index calculation.*

# Index Maintenance

## Rebalancing

Index	Rebalance Schedule
S&P Quality Global LargeMidCap Index	Rebalanced semi-annually after the close on the third Friday of June and December
S&P Quality Developed LargeMidCap Index	
S&P Quality Developed Ex-U.S. LargeMidCap Index	
S&P Quality Emerging LargeMidCap Index	
S&P Quality Europe LargeMidCap Index	
S&P Europe 350 Quality	
S&P/ASX 200 Quality Index	
S&P Quality Japan LargeMidCap Index	
S&P Quality South Africa Index	
S&P 500 Quality	
S&P 500 Quality BSA Attribution	
S&P 500 Quality Leverage Attribution	
S&P 500 Quality ROE Attribution	
S&P Quality United States LargeMidCap Index	
S&P SmallCap 600 Quality	
S&P MidCap 400 Quality	
S&P China A-Share Quality	
S&P Quality GCC Composite Index	Rebalanced semi-annually after the close of the Sunday following the third Friday of June and December
S&P Quality Saudi Arabia Shariah Index	
S&P Quality Saudi Arabia Index	
S&P Quality Pan Arab Composite LargeMidCap Index	
S&P Quality GCC Composite Shariah Index	
S&P Quality Pan Arab Composite LargeMidCap Shariah	

The fundamental data reference date is five weeks prior to the rebalancing date. The rebalancing reference dates are the last business day of May and November, respectively. Weights calculated as a result of the reference date data are implemented in the indices using closing prices as of the Wednesday prior to the second Friday of June and December.

## Additions and Deletions

The majority of additions and deletions occur as part of the semi-annual index rebalancing in June and December. Constituents removed from an underlying headline universe index are also removed from the respective S&P Quality Index simultaneously.

**Initial Public Offerings (IPOs).** IPO additions to the index take place at the semi-annual rebalancings. To be considered eligible for index inclusion, an IPO must first be a constituent of the respective index universe.

## Corporate Actions and Spin-Offs

The spin-off company is added to all the indices of which the parent is a constituent, at a zero price at the market close of the day before the ex-date (with no divisor adjustment). The spin-off company is removed after at least one day of regular way trading (with a divisor adjustment).

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

## Currency of Calculation and Additional Index Return Series

The indices calculate in U.S. dollars and some other currencies, please refer to *Index Dissemination*.

Except for the S&P/ASX 200 Quality Index, WMR 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 WMR based on LSEG data and appear on LSEG pages.

For the S&P/ASX 200 Quality Index, index closing values are calculated using spot exchange rates taken daily at 4:17 PM Sydney Time as supplied by WMR.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to the following: 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 the calculation of different 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.spglobal.com/spdji](http://www.spglobal.com/spdji).

## Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it can be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

## Base Dates and History Availability

Index history availability, base dates, and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P Quality Global LargeMidCap Index	07/08/2014	12/17/1999	12/17/1999	100
S&P Quality Developed LargeMidCap Index	07/08/2014	12/17/1999	12/17/1999	100
S&P Quality Developed Ex-U.S. LargeMidCap Index	07/08/2014	12/17/1999	12/17/1999	100
S&P Quality Emerging LargeMidCap Index	07/08/2014	12/17/1999	12/17/1999	100
S&P Quality Europe LargeMidCap Index	07/08/2014	12/17/1999	12/17/1999	100
S&P Europe 350 Quality	07/08/2014	12/21/2001	12/21/2001	100
S&P/ASX 200 Quality Index	10/16/2015	06/15/2001	06/15/2001	100
S&P Quality Japan LargeMidCap Index	07/08/2014	12/17/1999	12/17/1999	100
S&P Quality South Africa Index	12/10/2014	12/19/2003	12/19/2003	100
S&P 500 Quality	07/08/2014	12/16/1994	12/16/1994	100
S&P 500 Quality BSA Attribution	03/07/2016	12/16/1994	12/16/1994	100
S&P 500 Quality Leverage Attribution	03/07/2016	12/16/1994	12/16/1994	100
S&P 500 Quality ROE Attribution	03/07/2016	12/16/1994	12/16/1994	100
S&P Quality United States LargeMidCap Index	07/08/2014	12/17/1999	12/17/1999	100
S&P SmallCap 600 Quality	03/06/2017	12/16/1994	12/16/1994	100
S&P MidCap 400 Quality	11/13/2017	12/20/1991	12/20/1991	100
S&P China A-Share Quality	07/11/2018	6/16/2006	6/16/2006	1000
S&P Quality GCC Composite Index	01/07/2019	12/21/2008	12/21/2008	100
S&P Quality Saudi Arabia Index	01/07/2019	12/21/2008	12/21/2008	100
S&P Quality Saudi Arabia Shariah Index	01/07/2019	12/21/2008	12/21/2008	100
S&P Quality Pan Arab Composite LargeMidCap Index	06/29/2020	12/21/2008	12/21/2008	1000
S&P Quality GCC Composite Shariah Index	05/26/2021	12/21/2008	12/21/2008	100
S&P Quality Pan Arab Composite LargeMidCap Shariah Index	05/31/2021	12/21/2008	12/21/2008	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

The indices are maintained by an Index Committee. The Committee meets regularly. At each meeting, the Committee reviews 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 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.

*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 index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents as well as their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices prior to the rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

*Please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji) for a complete schedule of rebalancing timelines and pro-forma delivery times.*

## Holiday Schedule

The S&P Quality Indices are calculated on all business days of the year with the exception of the following indices, which are calculated only on days when at least one of the underlying exchanges of the respective index is open.

- S&P Europe 350 Quality
- S&P/ASX 200 Quality Index
- S&P 500 Quality
- S&P 500 Quality BSA Attribution
- S&P MidCap 400 Quality
- S&P 500 Quality Leverage Attribution
- S&P 500 Quality ROE Attribution
- S&P Quality South Africa Index
- S&P SmallCap 600 Quality

*A complete holiday schedule for the year is available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).*

## 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](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji](http://www.spglobal.com/spdji), 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 (Currency)	Return Type	BBG	RIC
S&P Quality Global LargeMidCap Index (USD)	Price Return	SPQGLUP	---
	Total Return	SPQGLUT	---
	Net Total Return	SPQGLUN	---
S&P Quality Developed LargeMidCap Index (USD)	Price Return	SPQDUP	---
	Total Return	SPQDUT	---
	Net Total Return	SPQDUN	---
S&P Quality Developed Ex-U.S. LargeMidCap Index (USD)	Price Return	SPQDXUUP	---
	Total Return	SPQDXUUT	---
	Net Total Return	SPQDXUUN	---
S&P Quality Emerging LargeMidCap Index (USD)	Price Return	SPQEMUP	---
	Total Return	SPQEMUT	---
	Net Total Return	SPQEMUN	---
S&P Quality Europe LargeMidCap Index (EUR)	Price Return	SPQELMEP	---
	Total Return	SPQELMET	---
	Net Total Return	SPQELMEN	---
S&P Quality Europe LargeMidCap Index (USD)	Price Return	SPQEUUP	---
	Total Return	SPQEUUT	---
	Net Total Return	SPQEUUN	---
S&P Europe 350 Quality (EUR)	Price Return	SPEUQEP	---
	Total Return	SPEUQET	---
	Net Total Return	SPEUQEN	---
S&P Europe 350 Quality (USD)	Price Return	SPEUQUP	---
	Total Return	SPEUQUT	---
	Net Total Return	SPEUQUN	---
S&P/ASX 200 Quality Index (AUD)	Price Return	SPASXQP	---
	Total Return	SPASXQT	---
	Net Total Return	SPASXQN	---
S&P/ASX 200 Quality Index (USD)	Price Return	SPASXQUP	---
	Total Return	SPASXQUT	---
	Net Total Return	SPASXQUN	---
S&P Quality Japan LargeMidCap Index (JPY)	Price Return	SPQJLMJP	---
	Total Return	SPQJLMJT	---
	Net Total Return	SPQJLMJN	---
S&P Quality Japan LargeMidCap Index (USD)	Price Return	SPQJPUP	---
	Total Return	SPQJPOT	---
	Net Total Return	SPQJPUN	---
S&P Quality South Africa Index (ZAR)	Price Return	SPSAQZP	---
	Total Return	SPSAQZT	---
	Net Total Return	SPSAQZN	---
S&P Quality South Africa Index (USD)	Price Return	SPSAQUP	---
	Total Return	SPSAQUT	---
	Net Total Return	SPSAQUN	---

Index (Currency)	Return Type	BBG	RIC
S&P 500 Quality (USD)	Price Return	SPXQUP	---
	Total Return	SPXQUT	---
	Net Total Return	SPXQUN	---
S&P Quality United States LargeMidCap Index (USD)	Price Return	SPQULMUP	---
	Total Return	SPQULMUT	---
	Net Total Return	SPQULMUN	---
S&P SmallCap 600 Quality (USD)	Price Return	SP6QUP	.SP6QUP
	Total Return	SP6QUT	.SP6QUT
	Net Total Return	---	---
S&P MidCap 400 Quality (USD)	Price Return	SPMQUP	.SPMQUP
	Total Return	SPMQUT	.SPMQUT
	Net Total Return	---	---
S&P China A-Share Quality (CNY)	Price Return	SPCAQCP	---
	Total Return	SPCAQCT	---
	Net Total Return	SPCAQCN	---
S&P Quality GCC Composite Index (USD)	Price Return	---	---
	Total Return	SPQGCUT	---
	Net Total Return	---	---
S&P Quality Saudi Arabia Index (SAR)	Price Return	---	---
	Total Return	SPQSDST	---
	Net Total Return	---	---
S&P Quality Saudi Arabia Shariah Index (SAR)	Price Return	---	---
	Total Return	SPQSASST	---
	Net Total Return	---	---
S&P Quality Pan Arab Composite LargeMidCap Index (USD)	Price Return	SPQPALUP	---
	Total Return	SPQPALUT	---
	Net Total Return	SPQPALUN	---
S&P Quality GCC Composite Shariah Index (USD)	Price Return	SPQGSUP-	---
	Total Return	SPQGSUT	---
S&P Quality Pan Arab Composite LargeMidCap Shariah Index (USD)	Price Return	SPPSQUP	---
	Total Return	SPPSQUT	---
	Net Total Return	SPPSQUN	---

## Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, [www.spglobal.com/spdji/en/contact-us](http://www.spglobal.com/spdji/en/contact-us).

## Web site

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

# Appendix A

## Fundamental Ratios Calculation

The first step to determine the overall quality score is to calculate, as of the rebalancing reference date, the three fundamental ratios below for each security in the index universe. They are defined as follows:

- **Return on Equity (ROE).** This is calculated as a company's trailing 12-month earnings per share divided by its latest book value per share (BVPS):

$$ROE = \frac{EPS}{BVPS}$$

- **Accruals Ratio.** This is calculated using the change of a company's net operating assets over the last fiscal year divided by its average total assets over the last two fiscal years:

$$\text{Accruals Ratio} = \frac{(NOA_t - NOA_{t-1})}{((Total\ Assets_t + Total\ Assets_{t-1})/2)}$$

- **Financial Leverage Ratio.** This is calculated as a company's latest total debt divided by its book value.

$$\text{Leverage} = \frac{Total\ Debt}{(BVPS \times Common\ Shares\ outstanding)}$$

**Application of Fundamental Ratios:** The Quality score is based on an average of the Z scores of the fundamental ratios. In the average, ROE, for which a higher value is preferred, is represented by a standard Z score but Accruals and Leverage are represented by an inverted Z score (see Appendix B) as lower values are preferred.

**Outlier Handling and Winsorization.** Outlier fundamental ratios are winsorized to ensure that the average values used to calculate the overall quality score are less distorted by extreme values.

- **Return on Equity and Accruals Ratio.** For a given fundamental variable, the values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable. If the underlying EPS or BVPS for a given stock's ROE is negative, its ROE value will be excluded, and the stock will be assigned an ROE Z-score set equal to the lowest ROE Z-score.
- **Financial Leverage Ratio.** The values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable. If the underlying data point for a given stock's BVPS is negative, leading to a negative Leverage, its Leverage value will be excluded, and the stock will be assigned a Leverage Z-score set equal to the lowest Leverage Z-score.

# Appendix B

## Z-score & Quality Score Calculation

**Z-score Calculation.** Calculating a z-score is a widely adopted method of standardizing a variable in order to combine it with other variables that may have a different scale or unit of measurement. After winsorizing all the three fundamental ratios, the z-score for each of the three ratios for each security is calculated using the mean and standard deviation of the relevant variable within each of the index universes.

- **Return on Equity.** The z-score is calculated as follows:

$$z_{\alpha} = \frac{(x_{\alpha} - \mu_{\alpha})}{\sigma_{\alpha}}$$

- **Accruals and Financial Leverage Ratios.** The z-score is calculated as follows:

$$z_{\alpha} = -\frac{(x_{\alpha} - \mu_{\alpha})}{\sigma_{\alpha}}$$

where:

$z_{\alpha}$  = Z-score for a given security

$x_{\alpha}$  = Winsorized variable for a given security

$\mu_{\alpha}$  = Arithmetic mean of the winsorized variable in a given index universe, excluding any missing values

$\sigma_{\alpha}$  = Standard deviation of the winsorized variable in a given index universe

**Average Z-score Calculation.** For each security, the average z-score is calculated by taking a simple average of the three scores. Where there is a missing value, the average z-score is calculated by taking a simple average of the remaining two scores. A security must have at least one z-score for it to be included in the index.

For stocks classified in the Financials (GICS 40) or Real Estate (GICS 60) sectors, the Accrual Ratio calculation will not be applied to the quality score calculation.

**Outlier Handling and Winsorization.** Outlier average z-scores are winsorized to ensure that the overall quality scores are less distorted by extreme values. To do this, for a given average z-score, the values for all securities are first ranked in ascending order. Then, for securities that lie above 4 or below -4, their value is set as equal to 4 or -4, whichever is applicable.

**Quality Score Calculation.** Using the winsorized average z-scores, a quality score is calculated for each of the securities. For a given security, if its winsorized average z-score is above 0, then its quality score will be the addition of 1 and the average z-score. On the other hand, if its winsorized average score is below 0, then its quality score will be the result of the reciprocal of 1 subtracted by its average z-score.

If average  $Z > 0$ , Quality Score =  $1 + Z$

If average  $Z < 0$ , Quality Score =  $(1 / (1 - Z))$

If average  $Z = 0$ , Quality Score = 1

# Appendix C

## Liquidity Weight Calculation

The liquidity weight of a given stock is defined as:

$$lw_i = \frac{l'_i}{\sum_1^N l'_j}$$

where:

$N$  = Number of selected stocks

$l'_i$  = Capped stock liquidity

To maintain optimization stability the liquidity of a given stock is capped as follows:

$$l'_i = \text{MIN} ( l_i , 20 \times \text{MinLB} )$$

where:

$l_i$  = Stock liquidity

$\text{MinLB}$  = Minimum liquidity of selected stocks



# Appendix D

## Methodology Changes

Methodology changes since January 1, 2015, are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Index Universe:  S&P China A-Share Quality Index	06/20/2025	The index universe is S&P China A Domestic BMI.	The index universe is S&P China A Domestic LargeMidCap.
Constituent Selection:	12/16/2022	--	If the underlying earnings per share ("EPS") or book value per share ("BVPS") for a given stock's return on equity ("ROE") is negative, a quality score will be calculated but the stock will be ineligible for index inclusion.
Fundamental Ratios Calculation:	12/16/2022	Accrual Ratio. This is computed using the change of a company's net operating assets over the last year divided by its average net operating assets over the last two years:  $\text{Accruals Ratio} = \frac{(NOA_t - NOA_{t-1})}{((NOA_t + NOA_{t-1}))/2}$	Accrual Ratio. This is computed using the change of a company's net operating assets over the last year divided by its average total assets over the last two years:  $\text{Accruals Ratio} = \frac{(NOA_t - NOA_{t-1})}{((\text{Total Assets}_t + \text{Total Assets}_{t-1}))/2}$
Outlier Handling and Winsorization:	12/16/2022	Return on Equity and Accrual Ratio. For a given fundamental variable, the values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked of the 2.5 percentile ranked security, whichever is applicable. If the underlying data points for a given stock's ROE are both negative, leading to a positive ROE, its ROE value will be excluded, and the stock will be assigned an ROE Z-score set as equal to the lowest ROE Z-score.	Return on Equity and Accrual Ratio. For a given fundamental variable, the values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked of the 2.5 percentile ranked security, whichever is applicable. If the underlying EPS or BVPS for a given stock's ROE is negative, its ROE value is excluded, and the stock will be assigned an ROE Z-score set as equal to the lowest ROE Z-score.
Average Z-score Computation:	12/16/2022	Average Z-score Computation. For each security, the average z-score is computed by taking a simple average of the three scores. Where there is a missing value, the average z-score is computed by taking a simple average of the remaining two scores. A security must have at least one z-score for it to be included in the index.	Average Z-score Computation. For each security, the average z-score is computed by taking a simple average of the three scores. Where there is a missing value, the average z-score is computed by taking a simple average of the remaining two scores. A security must have at least one z-score for it to be included in the index.  For stocks classified in the Financials (GICS 40) or Real Estate (GICS 60) sectors, the Accrual Ratio calculation will not be applied to the quality score computation.
Investor Perspective:  S&P China A-Share Quality	06/18/2021	--	Subject to S&P Dow Jones Indices' compliance with the applicable law (including, without limitation, sanctions law), the index is maintained from a China based

Change	Effective Date (After Close)	Previous	Methodology Updated
			investor perspective <sup>4</sup> and may include securities that would not be eligible for inclusion if maintained from a U.S./U.K./EU investor perspective.
Index Universe: S&P China A-Share Quality	09/18/2020	For the S&P China A-Share Quality Index, the stock must be a member of the S&P China A Domestic BMI or S&P China A Venture Enterprises Index.	For the S&P China A-Share Quality Index, the stock must be a member of the S&P China A Domestic BMI.
Additional Liquidity Criteria: S&P Quality South Africa Index	06/14/2019	Three-Month Average Daily Value Traded of ZAR 5 million.	Three-Month Median Daily Value Traded of ZAR 5 million (ZAR 4 million for current constituents).
Index Name Change: S&P/ASX Quality Index	07/21/2017	S&P/ASX Quality Index	S&P/ASX 200 Quality Index
Index Construction: Multiple Shares Classes	04/01/2017	<b>All Other S&amp;P Quality Indices.</b> Each company is represented once by the most liquid share line, which is generally the company's primary listing.	<b>All Other S&amp;P Quality Indices.</b> 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 document.
Outlier Handling and Winsorization: Return on Equity and Accruals Ratio	04/01/2017	For a given fundamental variable, the values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable. If the underlying data points for a given stock's ROE are both negative, leading to a positive ROE, its value will be set as equal to the value of the 2.5 percentile ranked security.	For a given fundamental variable, the values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable. If the underlying data points for a given stock's ROE are both negative, leading to a positive ROE, its ROE value will be excluded, and the stock will be assigned an ROE Z-score set as equal to the ROE Z-score value of the 2.5 percentile ranked security.
Outlier Handling and Winsorization: Financial Leverage Ratio	04/01/2017	The values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable.	The values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable. If the underlying data point for a given stock's BVPS is negative, leading to a negative Leverage, its Leverage value will be excluded, and the stock will be assigned a Leverage Z-score set as equal to the Leverage Z-score value of the 2.5 percentile ranked security.
Outlier Handling and Winsorization: Return on Equity and Accruals Ratio	06/01/2016	For a given fundamental, the values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable.	For a given fundamental variable, the values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable. If the underlying data points for a given stock's

<sup>4</sup> The investor perspective is the viewpoint of the investor relative to the index and component securities.

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
			ROE are both negative, leading to a positive ROE, its value will be set as equal to the value of the 2.5 percentile ranked security. <sup>5</sup>
Outlier Handling and Winsorization:  Financial Leverage Ratio	06/01/2016	The values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked security and for securities that lie below 0, their value is excluded.	The values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable.
Index Construction:  Dually Listed Companies	05/01/2016	--	Some companies may have more than one listing in the respective headline universe index. In the S&P Quality Indices, each company is represented once by the most liquid listing.
Buffer Rule For Index Constituents' Quality Score	02/29/2016	A 30% buffer is applied to stocks already in the index in order to reduce portfolio turnover. For a constituent to be removed from the index during a rebalancing, it must be outside of the buffer when ranked by its quality score. The buffer size is set at 1.30 times the final stock count of the index.	A 20% buffer is applied to stocks already in the index in order to reduce portfolio turnover and is implemented as follows: <ul style="list-style-type: none"> <li>• <b>S&amp;P Quality Indices with a Target Stock Count:</b> <ol style="list-style-type: none"> <li>1. Stocks are ranked based on quality score and those ranked within the top 80% of the target stock count are automatically chosen for index inclusion.</li> <li>2. All stocks which are current constituents that fall within the top 120% of the target stock count are then chosen for index inclusion in order of their quality score.</li> <li>3. If at this point the target stock count has still not been met, the remaining stocks are chosen based on their quality score.</li> </ol> </li> <li>• <b>All Other Non-Attribution S&amp;P Quality Indices:</b> <ol style="list-style-type: none"> <li>1. Stocks are ranked based on quality score and those ranked within the top 16% of the stock count are automatically chosen for index inclusion.</li> <li>2. All stocks which are current constituents that fall within the top 24% of the stock count are then chosen for index inclusion in order of their quality score.</li> <li>3. If at this point 20% of stocks in the index universe have not been chosen, the remaining stocks are chosen based on their quality score.</li> </ol> </li> </ul>
Corporate Actions:  Spin-offs	09/30/2015	Spin-offs are ineligible for inclusion in the indices. Any price adjustments that occur due to a spin-off are accompanied by a AWF increase on the parent stock in the index to neutralize the event.	The spun-off company is added to all the indices of which the parent is a constituent, at a zero price at the market close of the day before the ex-date (with no divisor adjustment). The spun-off company is removed after at least one day of regular way trading (with a divisor adjustment).  <i>For further information, please refer to the Treatment of Spin-offs in S&amp;P Dow Jones Indices' Equity Indices Policies &amp; Practices document.</i>

<sup>5</sup> For the S&P SmallCap 600 Quality, the updated rule has been applied for the index's entire history.

# Appendix E

## ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY <sup>6</sup>		
1.	Name of the benchmark administrator.	S&P Dow Jones Indices LLC.
2.	Underlying asset class of the ESG benchmark. <sup>7</sup>	N/A
3.	Name of the S&P Dow Jones Indices benchmark or family of benchmarks.	<a href="#">S&amp;P DJI Equity Indices Benchmark Statement</a>
4.	Do any of the indices maintained by this methodology take into account ESG factors?	No
Appendix latest update:		January 2021
Appendix first publication:		January 2021

<sup>6</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 and the retained EU law in the UK [The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019].

<sup>7</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.

# Disclaimer

## Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history

will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

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