

**S&P South Africa
Dividend Aristocrats
*Methodology***

September 2020

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Introduction

Index Objective

The S&P South Africa Dividend Aristocrats measures the equal weighted performance of companies within the S&P South Africa Composite (the “Index Universe”) that have followed a policy of increasing or maintaining stable dividends for seven consecutive years.

For more information on the S&P South Africa Composite eligibility criteria, please refer to the S&P South Africa Composite Methodology available at www.spdji.com.

Supporting Documents

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

Supporting Document	URL
S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology	Equity Indices Policies & Practices
S&P Dow Jones Indices’ Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices’ Float Adjustment Methodology	Float Adjustment Methodology

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 Universe

To qualify for membership, a stock must, as of the reconstitution reference date, be a member of the index universe.

Eligibility Factors

Liquidity. Stocks must have an average daily value traded (ADVT) of at least ZAR 5 million for the three months prior to the rebalancing reference date.

Industry. Stocks classified as a property stock as defined by S&P Dow Jones Indices are ineligible for inclusion in the index.

For more information about what constitutes a property stock, please refer to the S&P Property Indices methodology available at www.spdji.com.

Multiple Share Classes. Each company is represented once by the listing with the highest dividend yield subject to meeting the eligibility criteria. In the event multiple lines meet the eligibility criteria and have similar dividend yields, the Designated Listing is selected.

For more information regarding the treatment of multiple share classes, please refer to Approach C within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Spin-offs. For spin-offs occurring after January 1, 2013, the yearly dividend increase history of the parent company is assigned to both the parent and spun-off company on the spin-off effective date. To determine annual dividend payments, the dividends of the parent and spun-off companies are combined until a full annual cycle of dividend payments is available for both post-spin-off companies. Subsequent dividend comparisons are based on the annual dividend amounts of each respective company.

Stability Criteria

Dividend Growth. Stocks must have increased dividends or maintained stable dividends every year for at least seven consecutive years. As a buffer rule, a company is considered to have maintained a stable dividend if the sum of dividends per share for the year have not decreased by more than 3% from the prior year

LTM (Last Twelve Months) and ex-dates are used for the dividend analysis, with the data being reviewed at every rebalancing. In situations where a dividend payment, or payments, deviates from the company's standard dividend payment cycle, S&P Dow Jones Indices will, at its discretion, allocate payments to the appropriate year in order to take a full cycle into account.

A dividend initiation or re-initiation does not count as a dividend increase. The initiation year may include payment of all four quarterly dividends, or only one, two or three quarterly payments. Evaluations are made on a best-effort basis.

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

Index Construction

Constituent Selection

At each annual reconstitution, the following selection process is used to determine the index constituents:

1. Rank all eligible stocks in the index universe; first by the number of years of increased or stable dividends and then by dividend yield.
2. The top 30 highest ranking stocks are selected and added to the index.

In addition to the 30 constituent maximum, the index also has a minimum constituent count of 20. If fewer than 20 stocks are eligible for inclusion at any given reconstitution, the *Eligibility Factors* are relaxed, according to the following process:

- The Dividend Growth rule is relaxed by decreasing the number of years required for increased or stable dividends by one year at a time until there are at least 20 eligible stocks.
- If, after relaxing the Dividend Growth rule more than 20 stocks are now eligible, the newly eligible stocks are ranked in the same manner as Step 1 above. The highest ranking non-constituents are selected and added to the index until the minimum constituent count of 20 is met.

A constituent added under the relaxation rule remains a constituent at the next reconstitution if it has continued its policy of increased or stable dividends and satisfies the other *Eligibility Factors*.

If the number of eligible constituents exceeds 30, then:

- Rank the eligible constituents by the same process as Step 1. The top 30 highest ranking are selected and remain index constituents.

Constituent Weightings

At each quarterly reweighting the index is equal weighted.

Index Calculations

The index is calculated by means of the divisor method used for all S&P Dow Jones equity indices.

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

Index Maintenance

Rebalancing

Annual Reconstitution. The index is fully reconstituted annually, effective after the close of business on the last trading day of July. At this reconstitution an updated index universe is created, and then screened for the *Eligibility Factors*. The reference date is the last business day of June.

Semi-Annual Review. In addition to the annual reconstitution, the index also undergoes a semi-annual review in January, during which constituents are screened to ensure their continuous payment of dividends. Any constituent that has omitted its most recent dividend is removed from the index. If the number of constituents drops below the minimum target of 20, the highest ranked non-constituents are added until the minimum count is met. If the index remains at 20 or more constituents, no replacement is made. Any constituent change made under the semi-annual review is effective on the last trading day of January. The reference date is the last business day of December.

Quarterly Re-weightings. In addition to the annual reconstitution and semi-annual review, the index re-weights every quarter, effective after the close of the last trading day in January, April, July, and October.

Index shares are assigned based on prices two weeks prior to the rebalancing. Thus, the actual weight of each stock at the rebalancing differs from the target weights due to market movements.

Monthly Dividend Review

S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines that an index constituent has eliminated or suspended its dividend, omitted a payment, or reduced its calendar year dividend amount and its new yield is significantly lower than the lowest-yielding constituent and will no longer qualify for the index at the subsequent reconstitution, it will be removed from the index effective prior to the open of the first business day of the following month and not replaced until the following reconstitution or semi-annual review. Any changes are announced five business days prior to month-end. The determination of qualifying for the index at the subsequent reconstitution is at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, omission, or reduction is based on information publicly announced by the company as of seven business days prior to month-end.

Additions and Deletions

Additions. Except for spin-offs, no additions are made to the index between rebalancings.

Spin-offs. In general, both the parent and spun-off companies remain in the index until the next index reconstitution, provided that both the parent and spin-off indicate either the continuation, or initiation, of a consistent dividend paying policy.

For further information, please refer to the Treatment of Spin-offs in S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Deletions. Index constituents are removed from the index between rebalancings if the stock is removed from the S&P South Africa Composite due to corporate events such as mergers, acquisitions, takeovers or delisting.

Corporate Actions

For information on Corporate Actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Currency of Calculation and Additional Index Return Series

The index is calculated in U.S. dollars and South African rand.

WM/Reuters foreign exchange rates are taken daily at 4:00 PM London Time and used in the end-of-day calculation of the index. These mid-market fixings are calculated by The WM Company based on Reuters data and appear on Reuters pages WMRA.

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

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

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

Base Date and History Availability

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

Index	Launch Date	First Value Date	Base Date	Base Value
S&P South Africa Dividend Aristocrats	01/29/2014	09/19/2008	09/19/2008	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 S&P Dow Jones Indices' Europe (EMEA) Indices Index Committee maintains the index. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

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

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

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

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

Index Policy

Announcements

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

All methodology changes are posted to the S&P Dow Jones Indices' Web site and announced via email to all clients. The latest available version is posted on the Web site at www.spdji.com.

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 and 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 differs from these weights due to market movements.

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

Holiday Schedule

The index is calculated on all days that the Johannesburg Stock Exchange is open.

A complete holiday schedule for the year is available at www.spdji.com.

Rebalancing

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

Unexpected Exchange Closures

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

Recalculation Policy

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

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

Contact Information

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

Index Dissemination

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

Tickers

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

Index	Return Type	Bloomberg	RIC
S&P South Africa Dividend Aristocrats (ZAR)	Price Return	SPSADAZP	.SPSADAZP
	Total Return	SPSADAZT	.SPSADAZT
	Net Total Return	SPSADAZN	.SPSADAZN
S&P South Africa Dividend Aristocrats (USD)	Price Return	SPSADUZP	.SPSADUZP
	Total Return	SPSADUZT	.SPSADUZT
	Net Total Return	SPSADUZN	.SPSADUZN

Index Data

Daily constituent and index level data are available via subscription.

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

Web site

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

Appendix

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Monthly Dividend Review	04/19/2019	<p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines an index constituent has eliminated, suspended its dividend or omitted a payment, it will be removed from the Index effective prior to the open of the first business day of the following month.</p> <p>In addition, constituent stocks are reviewed on a monthly basis for dividend cuts. Constituent stocks may, at the discretion of the Index Committee, be removed effective prior to the open of the first business day of the following month if the constituent company lowers but does not eliminate its dividend, its new yield is significantly lower than the lowest yielding constituent, and the index committee can determine based on current information that the company will not qualify for inclusion at the next rebalancing.</p> <p>The determination of qualifying for the index at the subsequent annual reconstitution is done at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, omission, or reduction is based on information publicly announced by the company as of five business days prior to month-end. The index constituents removed as part of the monthly dividend review process are not replaced until the following annual reconstitution.</p>	<p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines that an index constituent has eliminated or suspended its dividend, omitted a payment, or reduced its calendar year dividend amount and its new yield is significantly lower than the lowest yielding constituent and will no longer qualify for the index at the subsequent reconstitution, it will be removed from the index effective prior to the open of the first business day of the following month and not replaced until the following reconstitution. Any changes are announced five business days prior to month-end. The determination of qualifying for the index at the subsequent reconstitution is at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, omission, or reduction is based on information publicly announced by the company as of seven business days prior to month-end.</p>

Change	Effective Date (After Close)	Previous	Methodology Updated
Monthly Dividend Review	07/31/2018	--	<p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines an index constituent has eliminated, suspended its dividend or omitted a payment, it will be removed from the Index effective prior to the open of the first business day of the following month.</p> <p>In addition, constituent stocks are reviewed on a monthly basis for dividend cuts. Constituent stocks may, at the discretion of the Index Committee, be removed effective prior to the open of the first business day of the following month if the constituent company lowers but does not eliminate its dividend, its new yield is significantly lower than the lowest yielding constituent, and the index committee can determine based on current information that the company will not qualify for inclusion at the next rebalancing.</p> <p>The determination of qualifying for the index at the subsequent annual reconstitution is done at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, omission, or reduction is based on information publicly announced by the company as of five business days prior to month-end. The index constituents removed as part of the monthly dividend review process are not replaced until the following annual reconstitution.</p>
Update to Stability/Growth Requirement	07/29/2016	Eligible constituents must have a minimum of five years stability/growth.	Eligible constituents must have a minimum of seven years stability/growth.
Introduction of Membership Cap	07/29/2016	No maximum number of constituents.	The maximum number of constituents is capped at 30.
Treatment of Spin-offs	09/30/2015	<p>Spin-offs are added to the index and there is no weight change to the parent stock. The price of the parent company is adjusted to the Price of the Parent Company minus (the Price of the Spun-off Company/Share Exchange Ratio).</p> <p>However, when the price of the spin-off is not known, the spun-off company is added to the index at a zero price.</p>	The spun-off company is added at a zero price at the market close of the day before the ex-date (with no divisor adjustment). The spun-off company will be removed after at least one day of regular way trading (with a divisor adjustment).

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