

**S&P/TSX Composite
Buyback Index
*Methodology***

February 2020

Table of Contents

Introduction	3
Index Objective and Highlights	3
Partnership	3
Supporting Documents	3
Eligibility Criteria	4
Index Eligibility	4
Index Construction	5
Approaches	5
Constituent Selection	5
Constituent Weightings	5
Multiple Classes of Stock	5
Index Calculations	5
Index Maintenance	6
Rebalancing	6
Index Adjustments	6
Corporate Actions	6
Other Adjustments	6
Currency of Calculation and Additional Index Return Series	7
Base Dates and History Availability	7
Index Data	8
Calculation Return Types	8
Index Governance	9
Index Committee	9
Index Policy	10
Announcements	10
Holiday Schedule	10
Unexpected Exchange Closures	10
Recalculation Policy	10
Real-Time Calculation	10
Contact Information	10

Index Dissemination	11
Tickers	11
Index Data	11
Web site	11
Appendix	12
Methodology Changes	12
Disclaimer	13

Introduction

Index Objective and Highlights

The S&P/TSX Composite Buyback Index is designed to measure the performance of the top 50 stocks with the highest buyback ratio in the S&P/TSX Composite® in the last 12 months. At each rebalancing reference date, the buyback ratio is defined as the monetary amount of cash paid for common shares buyback in the last four calendar quarters with interim reports available divided by the total market capitalization of common shares at the beginning of the buyback period. Constituents are equally weighted.

For more information on the S&P/TSX Composite index methodology, please refer to the S&P/TSX Canadian Indices Methodology at www.spdji.com.

Partnership

The S&P/TSX indices are calculated and managed by S&P Dow Jones Indices. The TMX Group Inc. (TMX) is the owner and distributor of all S&P/TSX equity index data.

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 Eligibility

The S&P/TSX Composite Buyback Index draws its universe from the S&P/TSX Composite.

The rebalancing reference dates are after the close of the last business days of March, June, September and December of each year. Using data as of each rebalancing reference date, the 50 members of the S&P/TSX Composite that had the highest buyback ratio in the past four calendar quarters with interim reports available are chosen as constituents for the S&P/TSX Composite Buyback Index.

Index Construction

Approaches

The methodology employs an equally weighted scheme, using the divisor methodology used in most S&P Dow Jones equity indices.

There are two steps in the creation of the index. The first is the selection of the companies; the second is the weighting of the index constituents.

Constituent Selection

The selection of index constituents is done as follows:

Assuming a three-month lagging period for the release of company reports at each reference date, the observation period for the calculation of the buyback ratio is defined as the 12-month (or four-quarter) period ending one quarter before the reference date. The buyback ratios of the S&P/TSX Composite constituents are calculated as the monetary amount of cash paid for common shares repurchased during the observation period divided by the total market capitalization of common shares at the beginning of the observation period. Constituents then are ranked in descending order based on the buyback ratio. The top 50 securities form the index.

Constituent Weightings

The selected 50 securities with the highest buyback ratio in the S&P/TSX Composite are then equally weighted.

Multiple Classes of Stock

All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

For those companies having multiple share class lines in the index, each share class line is assigned a percentage of the target company weight ($1/\text{number of companies}$) that is proportional to its float-adjusted market cap as of the pricing reference date.

Index Calculations

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

For more information on the non-market capitalization index methodology, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

Frequency. Index rebalancings occur after the close on the third Friday of January, April, July, and October of each year. The rebalancing reference dates are after the close of the last business day of December, March, June, and September, respectively.

The constituents' shares are calculated using closing prices on the Thursday prior to the second Friday 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 prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

Additions. Additions are made to the index only during the quarterly rebalancings.

Deletions. Constituents removed from the S&P/TSX Composite are removed from the S&P/TSX Composite Buyback Index simultaneously.

Index Adjustments

Security Action	Adjustment Made to the Index	Divisor Adjustment?
Deletion from the S&P/TSX Composite	If the constituent being deleted from the S&P/TSX Composite is a member of the S&P/TSX Composite Buyback Index, then it is removed from the S&P/TSX Composite Buyback Index as well.	Yes
Share changes between quarterly share adjustments	None.	--
Quarterly share changes	There is no direct adjustment. However, on the same date the index rebalancing takes place, each stock's weight is assigned.	Yes

Corporate Actions

Corporate action treatments follow the S&P/TSX Composite.

For more information, please refer to the S&P/TSX Canadian Indices Methodology.

For general information on corporate actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

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.

Currency of Calculation and Additional Index Return Series

The S&P/TSX Composite Buyback Index is calculated in Canadian and U.S. dollars.

Real-time spot Forex rates, as supplied by Reuters, are used for ongoing index calculation of real-time indices.

WM/Reuters foreign exchange rates are taken daily at 4:00 PM London Time and used in the end-of-day calculation of the S&P/TSX Composite Buyback 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 calculation of different types of indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Base Dates and History Availability

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

Index	Launch Date	First Value Date	Base Date	Base Value
S&P/TSX Composite Buyback Index	09/02/2014	01/16/1998	01/16/1998	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/TSX Canadian Indices are maintained by the S&P/TSX Canadian Index Committee. The Index Committee is comprised of four members representing S&P Dow Jones Indices and three members representing the Toronto Stock Exchange (“TSX”). The Index Committee is chaired by a member designated by S&P Dow Jones Indices. Meetings are held monthly, and from time to time, as needed.

The Index Committee is responsible for setting rules and policies for the S&P/TSX Canadian Indices, determining the composition of the Indices and administering the methodology. In fulfilling its responsibilities, the Index Committee has full and complete discretion to amend, apply or exempt the application of the methodology and other index policies as circumstances may require, and add, remove or by-pass any security in determining the composition of any of the indices.

The Index Committee may rely on any information or documentation submitted to or gathered by it that the Index Committee believes to be accurate. Where a public document used by the Index Committee is available in both official languages, the Index Committee may assume that the contents of both versions are identical. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the index based on a new interpretation of that information at its sole and absolute discretion.

Index corrections and changes to index composition are implemented at such time and in such manner, as the Index Committee deems appropriate. The timing of any index change made in response to a correction shall be at the sole and absolute discretion of the Index Committee.

S&P Dow Jones Indices considers information about changes to its Canadian 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

Whenever possible, announcements of additions or deletions of stocks or other index adjustments are made five trading days before the adjustments are implemented. In those cases when it is not possible to trade a stock five days after an announcement, the announcement period may be shortened. However, the implementation of an index adjustment is never earlier than the market close of the day following the announcement.

Announcements of additions and deletions for the S&P/TSX Canadian indices are generally made after market close. Press releases are released to major news services.

In addition, TMX Datalinx offers a fee-based subscription to Index Notices. The Index Notices provide the most detailed and comprehensive coverage of index changes. Complete data for index replication (including share counts, tickers and data on index levels and returns) are also available through TMX Datalinx. In order to subscribe, contact TMX Datalinx by phone at +1.416.947.4778 or by email at marketdata@tmx.com.

Holiday Schedule

The S&P/TSX Canadian indices are calculated when the Canadian equity market is open.

A complete holiday schedule for the year is available on the TMX Web site at www.tmx.com.

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 certain indices whenever any of their primary exchanges are open. 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 questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

The TMX Group (TMX) serves as the distributor of both real-time and historical index data. In addition, index levels are available on S&P Dow Jones Indices' Web site at www.spdji.com, through major quote vendors (see codes below), through 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	Bloomberg	Reuters
S&P/TSX Composite Buyback Index (CAD)	TXBB	.GSPTXBB
S&P/TSX Composite Buyback Index TR (CAD)	TXBBAR	.TRGSPTXBB
S&P/TSX Composite Buyback Index NTR (CAD)	TXBBN	.NTRGSPTXBB
S&P/TSX Composite Buyback Index (USD)	TXBBU	.GSPTXBBU
S&P/TSX Composite Buyback Index TR (USD)	TXBBUAR	.TRGSPTXBBU
S&P/TSX Composite Buyback Index NTR (USD)	TXBBNU	.NTRGSPTXBBU

Index Data

Daily constituent and index level data are available from the Toronto Stock Exchange on subscription. Please contact Market Data at 416-947-4778 or, by email, at marketdata@tmx.com.

For further information, please refer to the TMX Web site at www.tmx.com.

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
Multiple Share Class Lines	20-Aug-15	Companies that have more than one class of common stock outstanding were represented only once in the index. The stock price was based on one class, and the share count was based on the total shares outstanding of all classes.	Multiple share class lines are eligible for inclusion in the index provided they are constituents of the S&P/TSX Composite Index. Each share class line is assigned a percentage of the target company weight (1/number of companies) that is proportional to its float-adjusted market cap as of the pricing reference date.

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