

**S&P Access Hong Kong  
Dividend Free Cash Flow Index  
*Methodology***

November 2025

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# Introduction

## Index Objective and Highlights

The S&P Access Hong Kong Dividend Free Cash Flow Index measures the performance of 50 stocks exhibiting high composite scores based on dividend yield for companies classified as part of the Global Industry Classification Standard (GICS) Financials (Code: 40) and Real Estate Sectors (Code: 60), and high dividend yield and free cash flow (FCF) yield for companies classified in all remaining GICS Sectors in the S&P Access Hong Kong Index (the “underlying index”). Index constituents are dividend-yield-weighted, subject to the diversification constraints defined in *Index Construction*.

For information on the underlying index, please refer to S&P Dow Jones Indices’ S&P China Indices Methodology, available at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).

For information on GICS, please refer to S&P Dow Jones Indices’ Global Industry Classification Standard (GICS) Methodology.

## Investor Perspective

The index is maintained from a China-based investor perspective.<sup>1</sup>

For more information on investor perspective, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

## 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 indices continue to achieve their objectives.

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

# Eligibility Criteria

## Index Universe

At each rebalancing, the index universe is all constituents of the underlying index.

## Index Eligibility

As of each rebalancing reference date, stocks in the index universe must satisfy the following to be eligible for index inclusion:

- **Liquidity:** have a minimum three-month median daily value traded (MDVT) of HKD 20 million.
- **Dividend Payment:** have a trailing 12-month dividend per share (DPS) greater than zero.
- **Payout Ratio:** have a non-negative dividend payout ratio up to a maximum of 100%.<sup>2</sup>
- **Momentum:** must not be ranked in the bottom 10% by trailing 12-month price change. If 12-month price history is not available, use the trailing nine-month price change. If nine-month price history is not available, designate the momentum for that stock as “N/A” and exclude the stock.
- **Profitability:** must not be ranked either in the bottom 40% by trailing 12-month return on equity (ROE)<sup>3</sup>, or in the top 40% by the past three years’ trailing 12-month ROE Volatility<sup>4</sup>, in a group formed of all companies classified as part of the Financials and Real Estate Sectors.
- **Multiple Share Classes:** each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

## Dividend Payment Types

S&P Dow Jones Indices only considers cash dividend payments declared regular by the paying company for index eligibility, selection, and weighting purposes. Cash dividend payments declared as special by the paying company, including recurring special cash dividends, are not considered. For both eligibility and weighting purposes, annualized cash dividend amounts, before withholding tax, are used. The last 12 months (LTM) and ex-dates are used for the dividend analysis, with the data 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 to take a full cycle into account.

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<sup>2</sup> A dividend payout ratio is considered negative when the annual Earnings Per Share (EPS) is negative.

<sup>3</sup> ROE is calculated as a company’s trailing 12-month basic earnings per share (EPS) divided by the company’s latest book value per share (BVPS). If both the underlying earnings per share (EPS) and book value per share (BVPS) for a given stock’s ROE are negative, designate the ROE for that stock as “N/A.” Additionally, at least three historical ROE data points are required to calculate the ROE volatility.

<sup>4</sup> ROE volatility is calculated using the last 12-month ROE figures at six-month intervals over the past three years.

# Index Construction

## Constituent Selection

At each rebalancing, the index selects 50 constituents from the eligible stocks in the index universe according to the following process, with the steps applicable only to eligible stocks.

1. Calculate a trailing 12-month dividend yield z-score for each stock.
2. Calculate a trailing 12-month free cash flow (FCF) yield z-score for all stocks not classified as part of the Financials and Real Estates Sectors.
3. Assign a final z-score for each stock as follows based on classification:
  - a. **Financials and Real Estate Sectors Stocks:** each stock's individual is the trailing 12-month dividend yield z-score.
  - b. **Non-Financials and non-Real Estate Sector Stocks:** the final z-score is the average of both trailing 12-month dividend yield and FCF yield z-scores.
4. Rank stocks in descending order based on final z-score, selecting the highest-ranking 50 stocks, subject to the following:
  - a. cap the number of stocks from each single GICS Industry Group at 10.
  - b. cap the total number of new constituents per rebalancing at 15. If there are more than 15 new eligible constituents, the index retains the highest-ranking current constituents until the target count of 50 is reached.
5. If at this point the target constituent count is not satisfied, select the remaining stocks based on final z-score ranking until the target count of 50 is reached, subject to the constraint capping the number of stocks from each single GICS industry group at 10.

*For more details on yields, winsorization, and z-score calculations, please see Appendix A.*

## Constituent Weightings

At each rebalancing, constituents are dividend-yield-weighted, subject to the following constraints:

- cap single constituent weights at 5% of the total index weight.
- cap single GICS industry group weights at 20%.

The index uses an optimization procedure that selects final weights in such a way to minimize the sum of the squared difference of capped weight and uncapped weight, divided by the uncapped weight for each stock.

## Index Calculations

The index calculates by means of the divisor methodology used for all S&P Dow Jones equity indices and calculates using the Non-Market Capitalization Weighted process.

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

# Index Maintenance

## Rebalancing

The index rebalances semiannually, effective after the close of the last business days of January and July using rebalancing reference dates as of the last business days of December and June, respectively.

Constituents' shares calculate using closing prices seven business days prior to the rebalancing date as the reference price. Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on reference prices prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

## Additions and Deletions

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

**Spin-offs.** A spin-off company is added to the index 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.

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

**Deletions.** Constituents removed from the underlying index between rebalancings are removed from the index simultaneously.

## Corporate Actions

For information on general corporate actions, please refer to the Non-Market Capitalization Indices section of 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, the stock may 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

LSEG spot exchange rates are taken daily at 4:17 PM Sydney Time and are used in the end-of-day calculations.

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

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

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).

### Base Date and History Availability

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

Index	Launch Date	First Value Date	Base Date	Base Value
S&P Access Hong Kong Dividend Free Cash Flow Index	05/12/2025	01/27/2017	01/27/2017	1000

# Index Data

## Calculation Return Types

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

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

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

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

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

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

# Index Governance

## **Index Committee**

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

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

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

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

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

# Index Policy

## Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients.

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

## Pro-forma files

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

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

## Holiday Schedule

The index calculates daily throughout the calendar year except on days when the Hong Kong Stock Exchange is officially closed.

*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.

## 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](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
S&P Access Hong Kong Dividend Free Cash Flow Index (HKD)	Price Return	SPAHDCHP
	Total Return	SPAHDCHT
	Net Total Return	SPAHDCHN
S&P Access Hong Kong Dividend Free Cash Flow Index (CNY)	Price Return	SPAHDCCP
	Total Return	SPAHDCCCT
	Net Total Return	SPAHDCCN

## Index Data

Daily constituent level 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

## Z-Score Calculation

Dividend yield and free cash flow yield z-scores calculate as follows:

### 1. Outlier Handling and Winsorization:

- For a given fundamental variable (both dividend yield and free cash flow yield), first, rank the values of all relevant securities<sup>5</sup> in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, set their value equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable.

### 2. Fundamental Variable Z-score:

- The z-score for each of the fundamental variables for each security calculates using the mean and standard deviation of the relevant variable within each of the eligible universes.

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

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 for all relevant securities, excluding any missing values

$\sigma_{\alpha}$  = Standard deviation of the winsorized variable for all relevant securities

## Dividend Yield Calculation

- Trailing Dividend Yield = Last 12-month Dividend Per Share (DPS) / Stock Price*

## FCF Calculation

Sector Ex Financials and Real Estate:

- FCF = Cash Flow from Operating Activities – Capital Expenditures*

Data used in the free cash flow calculation is based on the last 12 months of available data as of the respective reference date.

## FCF Yield Calculation

$$FCF \text{ Yield} = FCF / \text{Enterprise Value}$$

where:

*Enterprise Value* = The value of a company's common stock, preferred stock, total debt, and minority interest, minus all cash

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<sup>5</sup> In the calculation of the dividend yield z-score, relevant securities represent all the eligible stocks. For the FCF yield z-score calculation, relevant securities represent all eligible stocks within the non-Financial and non-Real Estate Sectors.

# 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 way 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.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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