

S&P Europe 350 Low Volatility High Dividend Index

Methodology

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Introduction

The S&P Europe 350 Low Volatility High Dividend Index serves as a benchmark for income seeking equity investors. The index is designed to measure 50 high yielding companies within the S&P Europe 350, while meeting diversification, volatility and tradability requirements.

Highlights

The index methodology aims to achieve a balance between dividend yield and volatility. The index equally weights the fifty constituents that meet both the volatility and dividend yield criteria and is reviewed semi-annually.

The S&P Europe 350 Low Volatility High Dividend Index constituent universe is reviewed twice a year in January and July. To ensure diversification across individual stocks and sectors, the number of stocks from each GICS sector and country is capped at 15.

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

To qualify for membership in the S&P Europe 350 Low Volatility High Dividend Index, a stock must satisfy the following criteria:

1. Be a member of the S&P Europe 350.
2. Have been issued and trading for at least one calendar year before becoming an index constituent. However, there is no minimum number of days that each stock must have actually traded.

For information on stock eligibility criteria and index management rules of the S&P Europe 350, please refer to the *S&P European Indices Index Methodology* document at www.spdji.com.

Timing of Changes

The S&P Europe 350 Low Volatility High Dividend Index is rebalanced twice a year, effective after the close of the last business day in January and July. The rebalancing reference date for the data used in the review is the last business date of the prior December and June, respectively. Changes to index membership and constituent weights are typically made available to clients five business days prior to the rebalancing date.

Additions. Additions are made to the index only during the semi-annual rebalancings.

Deletions. Constituents removed from the S&P Europe 350 are removed from the S&P Europe 350 Low Volatility High Dividend Index simultaneously. Other deletions may occur during the semi-annual rebalancing reviews.

Index Construction

Approaches

The methodology employs an equal weighting scheme, using the divisor methodology used in most S&P Dow Jones Indices' equity dividend indices.

There are two steps in the creation of the index. The first is the selection of the index constituents; the second is the weighting of the constituents within the index. S&P Dow Jones Indices believes turnover in index membership should be avoided when possible. At times a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to an index, not for continued membership. As a result, an index constituent that appears to violate criteria for addition to that index is not deleted unless ongoing conditions warrant an index change.

Constituent Selection

The selection of index constituents is done as follows:

1. All stocks in the selected universe are ranked in descending order by their current dividend yield, calculated as their current dividends per share divided by the stock price as of the rebalancing reference date.
2. The top 75 stocks with the highest dividend yield are selected, provided that the number of stocks from each GICS sector and country is capped at 15. If the number of stocks from a sector or country reaches 15, the remaining highest yielding stocks from other sectors or countries are selected until the number of selected stocks reaches 75.
3. Using available price return data for the trailing 252 trading days leading up to each index rebalancing reference date, the realized volatilities of the 75 selected highest yielding stocks are calculated. Realized volatility is defined as the standard deviation of the security's daily price returns over the prior 252 trading days.
4. The 75 selected highest yielding stocks are, then, ranked in ascending order by realized volatility. The top 50 securities with the lowest realized volatility form the index.

In the event that more than one share class of a company is eligible for index inclusion, the most liquid class is included in the index.

Constituent Weightings

The final 50 stocks retained in the selection process are equally weighted within the index.

Index Calculations

The index is calculated by means of the divisor methodology 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

The index is rebalanced semi-annually. Constituent changes as a result of the rebalancings are effective after the close of the last business day of January and July. The rebalancing reference date for each semi-annual rebalancing is the last business day of December and June, respectively.

Corporate Actions

Corporate Action	Adjustment Made to Index	Divisor Adjustment?
Spin-off	Please refer to the Treatment of Spin-offs in Certain Equal Weighted and Modified Market Cap Weighted Indices section of the S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web Site, www.spdji.com .	
Rights Offering	The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Offering/Rights Ratio). Index shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock Dividend, Stock Split, Reverse Stock Split	Index shares are multiplied by and price is divided by the split factor.	No
Share Issuance, Share Repurchase, Equity Offering or Warrant Conversion	None.	No
Special Dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Constituent Change	There are no intra-rebalancing additions.	-
	Deletions due to delistings, acquisition or any other corporate event resulting in the deletion of the stock from the index causes the weights of the rest of the stocks in the index to change. Relative weights stay the same.	Yes

For more information, please refer to *S&P Dow Jones Indices' Equity Indices Policies & Practices* document located on our Web site, www.spdji.com.

Currency of Calculation

The index is calculated in U.S. dollars and euros.

Exchange Rate

WM/Reuters foreign exchange rates are taken daily at 4:00 PM London Time (GMT) 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.

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 Europe 350 Low Volatility High Dividend Index	01/22/2014	01/31/2001	01/31/2001	100

Investable Weight Factor (IWF)

All issues in the S&P Europe 350 Low Volatility High Dividend Index are assigned a float factor, called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company.

Please refer to the S&P Dow Jones Indices' Float Methodology document for details.

Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it 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.

Index Data

Total Return Index

The index has a total return counterpart, which assumes dividends are reinvested in the index after the close on the ex-date.

S&P Dow Jones Indices calculates daily return series using both gross and net cash dividends reinvested. Net return reinvested is reflective of the return to an investor where dividends are reinvested after the deduction of withholding tax. The tax rate applied is the rate to non-resident institutions that do not benefit from double taxation treaties.

For more information on the tax rates used in the calculation of net return indices, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Please refer to the S&P Dow Jones Indices' Index Mathematics Methodology for more detail on total and net return index calculations.

Index Governance

Index Committee

The S&P Europe 350 Low Volatility High Dividend Index is maintained by the Europe (EMEA) Indices Index Committee. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The committee meets quarterly. At each meeting, the Index Committee reviews 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.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

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 five days in advance via the Index Corporate Action report (SPA), delivered daily via ftp 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 our Web site, www.spdji.com.

For more information on S&P Dow Jones Indices' announcements, please refer to the Announcement Policy located on our Web site, www.spdji.com.

Pro-forma files

In addition to the corporate actions file (.SPA), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily five business days in advance of the rebalancing date and it contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices one week 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.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The S&P Europe 350 Low Volatility High Dividend index is calculated on all business days of the year except the following holidays:

- New Year's Day (January 1st)
- Good Friday
- Easter Monday
- Christmas (December 25th and 26th)

The index is calculated according to the Index Committee's decision on whether enough constituents are trading in the relevant markets.

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

Unscheduled Market Closures

In situations where an exchange is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, S&P Dow Jones Indices will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each security before the exchange closed. If an exchange fails to open due to unforeseen circumstances, S&P Dow Jones Indices treats this closure as a standard market holiday. The index will use the prior day's closing prices and shifts any corporate actions to the following business day. If all exchanges fail to open or in other extreme circumstances, S&P Dow Jones Indices may determine not to publish the index for that day.

For further information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Recalculation Policy

S&P Dow Jones Indices reserves the right to recalculate an index under certain limited circumstances. S&P Dow Jones Indices may choose to recalculate and republish an index if it is found to be incorrect or inconsistent within two trading days of the publication of the index level in question for one of the following reasons:

1. Incorrect or revised closing price
2. Missed corporate event
3. Late announcement of a corporate event
4. Incorrect application of corporate action or index methodology

Any other restatement or recalculation of an index is only done under extraordinary circumstances to reduce or avoid possible market impact or disruption as solely determined by the Index Committee.

For more information on the recalculation policy please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.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

Index	Return Type	Bloomberg	Reuters
S&P Europe 350 Low Volatility High Dividend Index (EUR)	Price Return	SPEULVDP	.SPEULVDP
	Total Return	SPEULVDT	.SPEULVDT
	Net Total Return	SPEULVDN	.SPEULVDN
S&P Europe 350 Low Volatility High Dividend Index (USD)	Price Return	SPEULVUP	.SPEULVUP
	Total Return	SPEULVUT	.SPEULVUT
	Net Total Return	SPEULVUN	.SPEULVUN

FTP

Daily stock level and index data is available via FTP 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.

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