

**S&P Dow Jones
Indices**

A Division of **S&P Global**

**S&P UK / Euro High Yield
Dividend Aristocrats
*Methodology***

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Introduction

Highlights

The S&P UK High Yield Dividend Aristocrats and the S&P Euro High Yield Dividend Aristocrats are indices designed to measure the performance of the highest dividend yielding UK and Eurozone companies within the S&P Europe Broad Market Index (BMI) that have followed a managed-dividends policy of increasing or stable dividends for at least 10 consecutive years.

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 UK High Yield Dividend Aristocrats or S&P Euro High Yield Dividend Aristocrats, a stock must satisfy the following criteria during the index rebalancing:

1. **S&P UK High Yield Dividend Aristocrats.** A company must be a constituent of the S&P UK BMI and trade on the London Stock Exchange in British pounds.

S&P Euro High Yield Dividend Aristocrats. A company must be a member of the S&P Europe BMI, have a Eurozone country classification (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, or Spain), and trade in euros on a Eurozone domiciled exchange.

2. Have increased dividends or maintained stable dividends every year for at least 10 consecutive years. Calendar years and ex-dates are used for the dividend analysis, with the calendar year ending on the last business day in May.
3. A maximum 100% dividend payout ratio for new index constituents and non-negative dividend payout ratio for all index constituents. A dividend payout ratio is considered negative when the annual Earnings Per Share (EPS) is negative.
4. A maximum 10% indicated dividend yield as of the rebalancing reference date.
5. Have a float-adjusted market capitalization of at least US\$ 1 billion (US\$ 800 million for current constituents) as of the rebalancing reference date.
6. Have an average daily value traded (ADVT) of at least US\$ 5 million (US\$ 4 million for current constituents) for the three-months prior to the rebalancing reference date.
7. In case of multiple share classes, the share class with the highest trailing yield is considered. In the event that all classes have the same yield, the most liquid class is considered for eligibility.

New index constituents are added on the third Friday of June based on a review of the dividend payments of all S&P Europe BMI constituents. The dividend payout ratio is calculated as the annual Dividend Per Share divided by the annual Earnings Per Share, using data from each company's most recent fiscal year as of the rebalancing reference date (the last business day of May). All dividend criteria are based on regular cash dividends as determined by S&P Dow Jones Indices.

Index Construction

Constituent Selection

At each annual rebalancing, the 30 highest indicated dividend yielding stocks which pass all the eligibility criteria are selected and form the S&P UK High Yield Dividend Aristocrats. The 40 highest indicated dividend yielding stocks which pass all the eligibility criteria are selected and form the S&P Euro High Yield Dividend Aristocrats.

If the number of eligible constituent stocks is less than the targeted constituent count, then:

- The minimum float-adjusted market capitalization is lowered from US\$ 1 billion to US\$ 500 million. Those S&P Europe BMI constituent stocks that have a float-adjusted market capitalization above US\$ 500 million, also satisfying all other index eligibility criteria, are added in decreasing order of dividend yield until the index constituent count is met.
- If the targeted constituent count is still not met, then the S&P Europe BMI constituent stocks with a history of increased or stable dividends for more than nine consecutive years, also satisfying all other index eligibility criteria, are added in decreasing order of dividend yield until the targeted constituent count is met. The nine consecutive year condition will be reduced year by year to seven consecutive years if required until the targeted constituent count is met.

Constituent Weightings

In order to achieve a relatively high dividend yield, the index constituents are dividend yield weighted. At each index rebalancing, the weight for each index constituent is capped at 5%, and the weight of each GICS Sector is capped at 30%. In addition, for the S&P Euro High Yield Dividend Aristocrats index, the weight of each country is capped at 30%.

Index Calculations

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

At each index rebalancing, each constituent is assigned a weight factor proportional to its indicated dividend yield on the reference date, subject to capping rules, as described in the previous section.

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

Index Maintenance

Rebalancing

The indices are fully rebalanced annually on the third Friday of June by applying all the eligibility criteria.

In addition to the annual rebalancing, the indices are rebalanced on the third Friday of March, September and December, by implementing the following changes:

- The weight for each index constituent is capped at 5%, and the weight of each GICS Sector is capped at 30%. Additionally for the S&P Euro High Yield Dividend Aristocrats index, the weight of each country is capped at 30%.
- Any index constituent which has omitted its most recent dividend is removed and replaced by the eligible stock with the highest dividend yield.

Rebalancing changes take effect after the close of the third Friday of the rebalancing month. The reference date for the price is the business day prior to the second Friday of the rebalancing month. The reference date for indicated yield, float-adjusted market capitalization, and ADVT is the close of the month prior to the rebalancing month.

At each rebalancing, stocks are weighted and assigned index shares using the closing prices of the business day prior to the second Friday of the rebalancing month as the reference price. Since index shares are assigned based on prices prior to the rebalancing, the actual weight of each stock at the rebalancing will differ from the target weights due to market movements.

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.

Corporate Actions

Spin-offs. Spin-offs are added to the index on the ex-date without a divisor adjustment. If the spin-off remains in the underlying index, both the parent and spin-off companies remain in the index until the next index rebalancing, provided that each gives an indication it will continue and/or initiate a consistent dividend paying policy. If the spin-off does not indicate it will continue and/or initiate a consistent dividend paying policy, it is removed from the index after the first day of regular way trading with a divisor adjustment.

For more information on corporate actions, 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 indices are calculated in British pounds and euros.

Exchange Rate

WM/Reuters foreign exchange rates are taken daily at 04:00 PM London Time and used in the calculation of the indices. These mid-market fixings are calculated by The WM Company based on Reuters data and appear on Reuters pages WMRA.

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 UK High Yield Dividend Aristocrats	01/31/2012	06/16/2006	06/16/2006	100
S&P Euro High Yield Dividend Aristocrats	01/31/2012	06/16/2006	06/16/2006	100

Index Data

Total Return Index

Total return index series are calculated for these Indices as well as the price return series. Ordinary cash dividends are applied on the ex-date in calculating the total return series. “Special dividends” are those dividends that are outside of the normal payment pattern established historically by the issuing corporation. These may be described by the corporation as “special,” “extra,” “year-end,” or “return of capital.” Whether a dividend is funded from operating earnings or from other sources of cash does not affect the determination of whether it is ordinary or special. “Special dividends” are treated as corporate actions with offsetting price and divisor adjustments; the total return index series reflect both ordinary and special dividends.

Total return indices reflect the return to an investor where gross dividends are reinvested.

Please refer to S&P Dow Jones Indices’ Index Mathematics Methodology for more information on total return calculations.

Index Governance

Index Committee

The Europe (EMEA) Index Committee maintains the indices. The Index Committee is composed of full-time professional members of S&P Dow Jones Indices. At each meeting, the Index 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.

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

June's annual rebalancing announcements for the S&P UK High Yield Dividend Aristocrats and S&P Euro High Yield Dividend Aristocrats Indices are made after the European markets close. There are no separate corporate action announcements other than the annual rebalancing. For regular corporate action activity on S&P Europe BMI constituents, please refer to S&P Europe BMI announcements.

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 (.SDE), S&P provides constituent pro-forma files for each index each time the indices rebalance. 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 seven business days 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 indices are 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)

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

Unexpected Exchange Closures

For 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

For 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 (Currency)	Return Type	Bloomberg	Reuters
S&P UK High Yield Dividend Aristocrats (GBP)	Price Return	SPUKHDA	.SPUKHDA
	Total Return	SPUKHDAT	.SPUKHDAT
	Net Total Return	SPUKHDAN	.SPUKHDAN
S&P Euro High Yield Dividend Aristocrats (EUR)	Price Return	SPEUHDA	.SPEUHDA
	Total Return	SPEUHDAT	.SPEUHDAT
	Net Total Return	SPEUHDAN	.SPEUHDAN

FTP

Daily stock level and index data is available via FTP on 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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