

## Dow Jones Asia/Pacific Select Dividend 50 Index Consultation on Constituent Weighting Capping

**NEW YORK, JANUARY 8, 2025:** S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on a potential change to the Dow Jones Asia/Pacific Select Dividend 50 Index.

To apply the weighting capping at the issuer level, S&P DJI is considering a change to the index’s constituent weighting capping. The table below summarizes the proposed change.

Proposed Changes	Methodology	
	Current	Proposed
<p>Constituent Weightings</p>	<p>Assign constituent weightings annually based on tilted IAD yield. Calculate the tilted IAD yields by multiplying each constituent’s IAD yield by the square root of its FMC. Cap the dividend yield values used to calculate the tilted IAD yield weights at 20%. The annual capping is subject to the below constraints according to the following process:</p> <ol style="list-style-type: none"> <li>1. Cap individual securities at 10%.</li> <li>2. Cap individual GICS Sector weights at 30%.</li> <li>3. The aggregate weight stocks with weights greater than 4.5% cannot exceed 22.5% of the index’s total weight.</li> </ol> <p>The index is also reviewed daily based on each stock’s index weight. Daily capping is performed when the aggregate weight of stocks in the index with a weight greater than 4.8% exceeds 24%. If the threshold is breached, the current stock weights are recapped to comply to the constituent weighting constraints 1 and 3 as stated above. A freeze period on daily capping is implemented during annual rebalancing. The freeze period begins after the market close on the Wednesday prior to the second Friday of March and ends after the market close on the Monday following the third Friday of March.</p> <p>Indicated yields and tilted yield weights are not recalculated if the capping thresholds are breached throughout the year.</p> <p>When daily capping is necessary, the changes are announced after the close of the business day on which the daily weight caps are exceeded, with the reference date after the close of that same business day, and the effective date of the changes two business days later.</p>	<p>Assign constituent weightings annually based on tilted IAD yield. Calculate the tilted IAD yields by multiplying each constituent’s IAD yield by the square root of its FMC. Cap the dividend yield values used to calculate the tilted IAD yield weights at 20%. The annual capping is subject to the below constraints according to the following process:</p> <ol style="list-style-type: none"> <li>1. Cap <b>ultimate issuers</b> at 10%.</li> <li>2. Cap individual GICS Sector weights at 30%.</li> <li>3. The <b>aggregate weight of ultimate issuers</b> with weights greater than 4.5% cannot exceed 22.5% of the index’s total weight.</li> </ol> <p>The index is also reviewed daily based on each <b>ultimate issuer’s</b> index weight. Daily capping is performed when the aggregate weight of <b>ultimate issuers</b> in the index with a weight greater than 4.8% exceeds 24%. If the threshold is breached, the current <b>ultimate issuer</b> weights are recapped to comply to the constituent weighting constraints 1 and 3 as stated above. A freeze period on daily capping is implemented during annual rebalancing. The freeze period begins after the market close on the Wednesday prior to the second Friday of March and ends after the market close on the Monday following the third Friday of March.</p> <p>Indicated yields and tilted yield weights are not recalculated if the capping thresholds are breached throughout the year.</p> <p>When daily capping is necessary, the changes are announced after the close of the business day on which the daily weight caps are exceeded, with the reference date after the close of that same business day, and the effective date of the changes two business days later.</p>

Ultimate Issuer is defined as any parent and controlled subsidiary where more than 20% of all voting shares in the subsidiary are controlled by the same issuer control group.

Please refer to the [Dow Jones Dividend Indices Methodology](#) for more information on the indices.

## IMPACT ANALYSIS

Using data from the March 2024 rebalancing, an analysis of the hypothetical impact that would have occurred had the previously described proposed changes been applied at that rebalancing can be found below.

March 2024 Rebalance	Current	Proposed
Number of Stocks	50	50
Number of Issuers	Not assessed	47
Max Issuer Weight	4.78%	4.50%
Number of Stocks/Issuers Capped	1 stock	1 stock and 2 issuers
Sum of Stock Weights > 4.5%	18.75%	N/A
Sum of Issuer Weights > 4.5%	28.23%	18.75%
Turnover	53.4674%	53.4661%
Index Yield	6.1155%	6.1153%

You may find additional data and analysis in our Client Resource Center [www.spglobal.com/spdji/en/client-services/](http://www.spglobal.com/spdji/en/client-services/) which may be updated from time to time throughout the consultation. Additional data and analysis may also be made available upon request.

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology change, if adopted, in conjunction with the upcoming rebalancing, which is effective after the close on **Friday, March 21, 2025**. If adopted, the change will first be visible to clients in pro-forma files beginning on **Friday, March 7, 2025**.

## QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

- 1. Do you agree with the proposed change to the constituent's weighting capping rule?**
- 2. If the proposed change is adopted, do you agree with the proposed implementation date?**
- 3. Do you have any other comments or feedback regarding the proposed change outlined above?**

Participation in this consultation is important as S&P DJI gathers information from various market participants to properly evaluate the market participants' views and preferences. Please respond to this survey by **January 31, 2025**, as S&P DJI does not accept survey responses post the survey closure date. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

*Please be advised that S&P DJI reviews and considers all feedback before a final decision is made. However, S&P DJI makes no guarantees and is under no obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, the change(s) will be announced to clients and posted on the S&P DJI website with prior notice ahead of the effective date.*

## CONSULTATION

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

## ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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### **FOR MORE INFORMATION:**

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## CONSULTATION