

S&P 500 Capex Efficiency Index *Methodology*

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Introduction

Highlights

The S&P 500 Capex Efficiency Index is designed to measure the performance of the top 100 companies in the S&P 500[®] that have exhibited strong capital discipline in the form of efficient capital expenditures. Efficiency of capital expenditures is measured through capital expenditures that resulted in increased sales.

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 index draws its universe from the S&P 500. A company must have reported capital expenditures for each of the past four years to be eligible for index inclusion.

Using data as of each rebalancing reference date, the 100 companies in the S&P 500 with the lowest ratio of current year capital expenditures divided by sales to three-year average capital expenditures divided by sales are selected as constituents for the index.

Multiple Share Classes. Some companies may have more than one share class line in the S&P 500. In the S&P 500 Capex Efficiency Index, each company is represented once by the primary listing, which is generally the most liquid share line.

For eligibility information on the S&P 500, please refer to the S&P U.S. Indices Methodology document available at www.spdji.com.

Index Construction

Approaches

The methodology employs an equal weighting 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 index constituents; the second is the weighting of the constituents within the index.

Constituent Selection

The selection of index constituents is done as follows:

1. For all companies in the selection universe, the trailing three-year average of capital expenditures divided by sales is computed.
2. For all companies in the selection universe, the current year capital expenditures divided by sales is computed.
3. Companies are then ranked in ascending order based on the ratio of current year to three-year average of capital expenditures divided by sales.
4. The 100 companies with the lowest ratio form the index.

In order to reduce turnover, a 20% buffer based on the ascending ranked order of the ratio of current year to three-year average of capital expenditures divided by sales is applied to the constituent selection process at each rebalancing.

To perform the selection, all companies ranked within the top 80% of the target company count are automatically selected for index inclusion. Next, any current index constituents remaining within the top 120% of the target company count are re-selected for index inclusion, in order by rank, until the target company count of 100 has been reached.

If the target company count has still not been reached, any non-current constituents remaining and ranked from 80% to 100% of the target company count are selected for inclusion.

Constituent Weightings

The selected 100 companies with the lowest current year to three-year average capital expenditures to sales ratio in the S&P 500 are then equally weighted.

Index Calculations

The index is calculated following S&P Dow Jones Indices' equal weighted, divisor-based index methodology. Corporate actions and index changes are implemented in the same manner as for other equal weighted indices.

Please refer to the section on Index Maintenance for information on the treatment of corporate actions.

For more information on the calculation of equal weighted, divisor-based indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology available on our Web site, www.spdji.com.

Index Maintenance

Rebalancing

The index rebalances quarterly after the close on the third Friday of January, April, July, and October. 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 five business days prior to the third 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. Except for major corporate actions, such as mergers and spin-offs, companies can only be added to the index at the quarterly rebalancings.

Deletions. Constituents removed from the S&P 500 are removed from the index simultaneously. Replacement stocks are not added to the index between quarterly rebalancings. Therefore, between quarterly rebalancings, the index constituent count may fall below 100.

Currency of Calculation

The index is calculated in U.S. dollars.

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 500 Capex Efficiency Index	04/23/2015	04/16/1993	04/16/1993	1000

Corporate Actions

Corporate Action	Adjustment Made to the Index	Divisor Adjustment?
Spin-off	See below.	
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 Split	Index shares are multiplied by and the price is divided by the split factor.	No
Share Issuance or Share Repurchase	None. Actual shares outstanding of the company play no role in the daily index calculation.	No
Special Dividends	The 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
Delisting, acquisition or any other corporate action resulting in the deletion of the stock from the S&P 500.	The stock is dropped from the index. This will cause the weights of the rest of the stocks in the index to change proportionately. Additions are made to the index only at the time of the quarterly rebalancing.	Yes

Spin-offs. The spun-off company is added to the index at a zero price after the market close of the day before the ex-date (with no divisor adjustment). The spun-off company is then removed after at least one day of regular way trading. The weight of the dropped company will be added to the parent company via an index share increase on the deletion effective date, resulting in no divisor change to the index.

For further information on Spin-offs, please refer to the Treatment of Spin-offs in S&P Dow Jones Indices' Equity Indices Policies & Practices document.

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.

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.

Index Data

Total Return Indices

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' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Please refer to S&P Dow Jones Indices' Index Mathematics Methodology for further information on the calculation of total return indices.

Index Governance

Index Committee

The index is maintained by the Americas Thematic and Strategy Indices Index Committee. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The Committee meets monthly. At each meeting, the 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 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 in advance via the Index Corporate Events report (.SDE), 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.

Index methodology is constantly under review for best practices, and any changes are announced well ahead of time via the Web site and email to all clients.

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

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. 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.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated daily, throughout the calendar year. The only days the index is not calculated are on days when all exchanges where the S&P 500 Capex Efficiency Index constituents are listed are officially closed.

A complete holiday schedule for the year is available on S&P Dow Jones Indices' Web site at www.spdji.com.

Rebalancing

The index committee may change the date of a given rebalancing for reasons including market holidays occurring on the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Unscheduled 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	Return Type	Bloomberg
S&P 500 Capex Efficiency Index	Price Return	SPXCAPUP
	Total Return	SPXCAPUT
	Net Total Return	SPXCAPUN

FTP

Daily stock level and index data are 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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