

S&P Dow Jones Indices

A Division of **S&P Global**

S&P 500 Shareholder Yield Indices *Methodology*

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Introduction

Index Objective and Highlights

The S&P 500 Shareholder Yield Indices measure the stock performance of 100 high shareholder yielding U.S. companies from the S&P 500 (the underlying index), selected for fundamental strength relative to peers, based on financial ratios. The index weights constituents by the product of float-adjusted market capitalization (FMC) and shareholder yield, subject to the constraints defined in *Index Construction*.

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

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	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	GICS Methodology

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 Universe

At each rebalancing, the index universe consists of all constituents of the underlying index described below:

Index Name	Underlying Index
S&P 500 Resilient Shareholder Yield Index	S&P 500

Index Eligibility

As of each rebalancing reference date, a stock must satisfy the following criteria to be eligible for index inclusion:

- **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.
- **GICS Classification:** not be classified in the following GICS categories:
 - Real Estate Sector (60)
 - Banks (4010)
 - Insurance (4030)
 - Mortgage Real Estate Investment Trusts (REITs) (402040)
 - Specialized Finance (40201040)
 - Asset Management & Custody Banks (40203010)
 - Investment Banking & Brokerage (40203020)
- **Shareholder Yield:** have a positive shareholder yield less than or equal to 25%.
For information on Shareholder Yield, please refer to Index Construction.
- **Composite Score:** have a composite score z-score
For information on Composite Score, please refer to Index Construction.

Index Construction

Constituent Selection

At each rebalancing, the index selects constituents according to the following process:

1. Rank eligible securities in the index universe in descending order by shareholder yield and select the highest ranking 50%.
2. Rank the remaining eligible securities by the composite score and select the highest ranking 100 to form the index, subject to a 20% selection buffer for current constituents.

Composite Score

Composite score is calculated based on z-scores¹ of four metrics: free cash flow to debt, return on equity, shareholder yield, and five-year shareholder capital return growth. If one of the metrics is missing the composite score is not calculated.

Free Cash Flow (FCF) to Debt. Calculate the last-12-months free cash flow from operating activities divided by most recently reported total debt. Companies with zero total debt and positive FCF are assigned the highest FCF to Debt z-score.

$$FCF\ to\ Debt = \frac{Free\ Cash\ Flow}{Total\ Debt}$$

where:

$$Free\ Cash\ Flow = Net\ Cash\ Flow\ from\ Operating\ Activities - Capital\ Expenditures$$

Return on Equity (ROE). Calculate the last-12-months net income divided by total shareholders' equity.

$$Return\ on\ Equity = \frac{Net\ Income}{Total\ Shareholders'\ Equity}$$

Shareholder Yield. Calculates as:

$$Shareholder\ Yield_t = \frac{CR_t}{Daily\ Avg\ 1\ year\ FMC_t}$$

Five-year Shareholder Capital Return Growth:

$$5y\ Shareholder\ Capital\ Return\ Growth = \frac{CR_t - Average\ (CR)}{Absolute\ Average(CR)}$$

where:

$$CR_t = Sum(Common\ Cash\ Dividends_t, Common\ Share\ Repurchases_t, -Common\ Share\ Issuances_t, -\Delta\ Total\ Debt_t)$$

$$Average\ CR = Average(CR_{t-1}, CR_{t-2}, CR_{t-3}, CR_{t-4}, CR_{t-5})$$

Dividends, Share Repurchases, Share Issuances, and change in Total Debt are all LTM. If there is a missing year, the five-year Shareholder Capital Return Growth does not calculate.

¹ For more information on z-score calculation, please see *Appendix I*.

Outlier Handling and Winsorization. Outlier fundamental ratios are winsorized to ensure that the average values used to calculate the overall component score are less distorted by extreme values. For a given fundamental variable, the values for all securities are first ranked in ascending order. Then, for securities that lie above the 97.5 percentile rank or below the 2.5 percentile rank, their value is set as equal to the value of the 97.5 percentile ranked or the 2.5 percentile ranked security, whichever is applicable.

Constituent Weightings

At each rebalancing, the index weights constituents by the product of FMC and shareholder yield, subject to a following constraints:

- a single stock cap of 4.5%
- a single stock floor of 0.05%
- a single GICS Sector cap of 40%.

Any excess weight is proportionally redistributed to uncapped constituents of the relevant constraint.

Index Calculations

The index calculates by means of the divisor methodology used in all S&P Dow Jones Indices' equity indices.

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

Index Maintenance

Rebalancing

The index rebalances semi-annually after the close on the third Friday of June and December. The rebalancing reference dates are the last business day of May and November, respectively. The fundamental data reference date is five weeks prior to the rebalancing date.

Constituent shares calculate using closing prices on the Wednesday prior to the second Friday of the rebalancing month as the reference price. Index shares are calculated and assigned to each company to arrive at the target weights determined on the reference date. Since index shares are assigned based on prices prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

Additions and Deletions

Additions. Except for spin-offs, there are no intra-rebalancing additions.

Spin-offs. A spin-off is added to the index at a zero price on the ex-date and is removed from the index after at least one day of regular way trading.

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

Deletions. Constituents removed from the underlying index are removed from the index simultaneously and not replaced until the following rebalancing.

Investable Weight Factor (IWF)

All issues in the 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 S&P Dow Jones Indices' Float Adjustment Methodology for details.

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.

Corporate Actions

For information on corporate actions, please refer to the Market Capitalization Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Currency of Calculation and Additional Index Return Series

The index calculates in U.S. dollars (USD).

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to the following: currency, currency hedged, decrement, fair value,

inverse, leveraged, and risk control versions. For a list of available indices, please refer to [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.

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 Resilient Shareholder Yield Index	12/02/2024	06/16/2000	06/16/2000	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. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The committee meets monthly. 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.

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 its daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews this 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 on S&P Dow Jones Indices' announcements, please refer to the Announcement Policy found on our Web site, www.spglobal.com/spdji.

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 as well as their corresponding weights and index shares effective for the upcoming rebalancing.

Please visit www.spglobal.com/spdji for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index calculates on all days when at least one of the underlying exchanges is open.

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

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.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at 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 [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	Return Type	BBG	RIC
S&P 500 Resilient Shareholder Yield Index (USD)	Price Return	SPXSHYUP	.SPXSHYUP
	Total Return	SPXSHYUT	.SPXSHYUT
	Net Total Return	SPXSHYUN	.SPXSHYUN

Index Data

Daily constituent 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.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spglobal.com/spdji.

Appendix I

Z-score and Shareholder Return Composite Score

Z-score Calculation. Calculating a z-score is a widely adopted method of standardizing a variable in order to combine it with other variables that may have a different scale or unit of measurement. After winsorizing all the four metrics, the z-score for each of the four metrics for each security is calculated using the mean and standard deviation of the relevant variable within the index universe.

FCF to Debt, Return on Equity, Shareholder Yield, and Five Year Shareholder Capital Return Growth. The z-score calculates as follows:

$$z_{\alpha} = \frac{x_{\alpha} - \mu_{\alpha}}{\sigma_{\alpha}}$$

where:

z_{α} = Z-score for a given security

x_{α} = Winsorized variable for a given security

μ_{α} = Arithmetic mean of the winsorized variable in the universe

σ_{α} = Standard deviation of the winsorized variable in the universe

Average Z-score Calculation. For each security, calculate a composite score by taking a simple the average of the FCF to Debt z-score, the Return on Equity z-score, the Shareholder Yield z-score, and the Five Year Shareholder Capital Return Growth z-score. Where there is a missing value, the composite score does not calculate.

Outlier Handling and Winsorization. Outlier average z-scores are winsorized to ensure that the overall Shareholder Return Composite Scores are less distorted by extreme values. To do this, for a given average z-score, the values for all securities are first ranked in ascending order. Then, for securities that lie above 4 or below -4, the value is set as equal to 4 or -4, whichever is applicable.

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 manner in which 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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In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions, and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate, or otherwise address.

Some indices use the Global Industry Classification Standard (GICS[®]), which was developed by, and is the exclusive property and a trademark of, S&P Global and MSCI. Neither MSCI, S&P DJI nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability, or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P DJI, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct,

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ESG Indices Disclaimer

S&P DJI provides indices that seek to select, exclude, and/or weight index constituents based on, but not limited to, certain environmental, social or governance (ESG) indicators, or a combination of those indicators, including the following: environmental indicators (including the efficient use of natural resources, the production of waste, greenhouse gas emissions, or impact on biodiversity); social indicators (such as, inequality and investment in human capital); governance indicators (such as sound management structures, employee relations, remuneration of staff, tax compliance, respect for human rights, anti-corruption and anti-bribery matters), specific sustainability or values-related company involvement indicators (for example, production/distribution of controversial weapons, tobacco products, or thermal coal), or controversies monitoring (including research of media outlets to identify companies involved in ESG-related incidents).

S&P DJI ESG indices use ESG metrics and scores in the selection and/or weighting of index constituents. ESG scores or ratings seek to measure or evaluate a company's, or an asset's, performance with respect to environmental, social and corporate governance issues.

The ESG scores, ratings, and other data used in S&P DJI ESG indices is supplied directly or indirectly by third parties (note these parties can be independent affiliates of S&P Global or unaffiliated entities) so an S&P DJI ESG index's ability to reflect ESG factors depends on these third parties' data accuracy and availability.

ESG scores, ratings, and other data may be reported (meaning that the data is provided as disclosed by companies, or an asset, or as made publicly available), modelled (meaning that the data is derived using a proprietary modelling process with only proxies used in the creation of the data), or reported and modelled (meaning that the data is either a mix of reported and modelled data or is derived from the vendor using reported data /information in a proprietary scoring or determination process).

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