

S&P Dow Jones Indices

A Division of **S&P Global**

S&P/ASX 300 Shareholder Yield Index *Methodology*

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Introduction

Index Objective and Highlights

The S&P/ASX 300 Shareholder Yield Index measures the performance of 40 companies in the S&P/ASX 300 with the highest shareholder yields which also meet certain liquidity and quality criteria defined in *Eligibility Criteria*. Constituents are weighted by the product of their shareholder yield and float-adjusted market capitalization.

For information on stock eligibility criteria and index management rules of the S&P/ASX 300, please refer to the S&P/ASX Australian Indices Methodology at www.spdji.com.

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

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 universe is drawn from the S&P/ASX 300.

Liquidity. Companies must have a minimum three-month Average Daily Value Traded (ADVT) of AUD 1 million as of the rebalancing reference date in order to be eligible for index inclusion. At each rebalancing, current constituents are considered for deletion if their three-month ADVT falls below AUD 750,000.

Free Cash Flow to Equity (FCFE). Over the observation period, companies must have FCFE of at least the total cash paid for common dividends and common share repurchases.

Dividend Per Share (DPS) Growth Rate. Over the observation period, companies must have a positive dividend payout and a non-negative one-year DPS growth rate to be eligible for index inclusion. The dividend amount used in the DPS growth rate is grossed up to include the value of franking credits. Current constituents are considered for deletion if their decline in DPS growth is 5% or greater.

Companies are reviewed for any decrease in dividend going ex between the end of the observation period and the rebalancing reference date. Companies with a significant decrease in their dividend may be considered ineligible for inclusion by the Index Committee.

Dividend Payment Types. S&P Dow Jones Indices only considers cash dividend payments declared as regular by the paying company for index eligibility, selection and weighting purposes. Cash dividend payments declared as special by the paying company, including recurring special cash dividends, are not considered. For eligibility and weighting purposes, regular cash dividend amounts before withholding tax are used.

Index Construction

Approaches

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 as of each rebalancing reference date:

1. The three-month ADVT as of the rebalancing reference date is obtained for all constituents of the S&P/ASX 300. Any company with three-month ADVT less than AUD 1 million is excluded from index eligibility. For current index constituents, the minimum three-month ADVT for continued index eligibility is AUD 750,000.
2. Assuming a three-month lagging period for the release of company reports at each reference date, the observation period for the calculation of company fundamentals such as FCFE, common dividends and buybacks is defined as the 12-month period ending one quarter prior to the rebalancing reference date. Thus, for the rebalancing effective after the market close on the third Friday of October, the reference date is after the market close of the last business day of September and the observation period is the 12-month period ending on June 30th. FCFE, common dividends and common share buybacks over the observation period are obtained for all remaining companies. Any company with FCFE less than the total cash paid for common dividends and common share buybacks is excluded from index eligibility.
3. The DPS growth rate over the same observation period is calculated for all remaining companies. Any company without a dividend payout or with a negative one-year DPS growth rate is excluded from index eligibility. For current constituents, a small decline in DPS growth is allowed as long as the decline is less than 5%.
4. The shareholder yields for all remaining companies are calculated as the monetary amount of cash paid for common dividends and common shares repurchased (Total Shareholder Distribution) during the observation period divided by the total market capitalization of common shares at the beginning of the observation period. The 40 companies with the highest shareholder yields form the index, subject to a five stock buffer for current constituents. Current constituents that rank among the top 45 companies by shareholder yield remain in the index.

Constituent Weightings

Constituents are weighted by the product of their float-adjusted market capitalization and shareholder yield, subject to single stock cap of 5%. Any excess weight is proportionally redistributed to all non-capped constituents.

Index Calculations

The index is calculated 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 is rebalanced semi-annually, after the close on the third Friday of April and October. The rebalancing reference dates are the last business day of March and September, respectively.

The index shares of each constituent are calculated 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.

Additions. Additions are made to the index only during the semi-annual rebalancing, except for spin-offs as detailed in *Corporate Actions* and replacement constituents as detailed in *Deletions* below.

Deletions. Constituents removed from the S&P/ASX 300 are removed from the index simultaneously and not replaced until the following rebalancing.

Monthly Dividend Review

S&P DJI reviews index constituents on a monthly basis. If S&P DJI determines an index constituent has eliminated, suspended its dividend or omitted a payment, it will be removed from the index effective prior to the open of the first business day of the following month and not replaced until the following reconstitution. Any changes are announced five business days prior to month end.

The decision to remove an index constituent due to dividend elimination, suspension, or omission is based on information publicly announced by the company as of seven business days prior to month-end.

Corporate Actions

Spin-offs. A spun-off company 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 corporate actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

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.

Currency of Calculation and Additional Index Return Series

The index is calculated in Australian dollars.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: 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.spdji.com.

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/ASX 300 Shareholder Yield Index	12/19/2014	04/16/2004	04/16/2004	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

The S&P/ASX 300 Shareholder Yield Index is maintained by the S&P/ASX Index Committee. S&P Dow Jones Indices' chairs the S&P/ASX Index Committee, which is comprised of five voting members representing both S&P Dow Jones Indices and the Australian Securities Exchange.

The Index Committee meets regularly to review market developments and convenes as needed to address major corporate actions. At each meeting, the 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.

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 the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the 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. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

Market-sensitive announcements, including index constituent additions or deletions, are normally made outside of trading hours.

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. 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.

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 the ASX is 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 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.spdji.com, 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	Bloomberg
S&P/ASX 300 Shareholder Yield Index	Price Return	SPA3SYAP
	Total Return	SPA3SYAT
	Net Total Return	SPA3SYAN

Index Data

Daily constituent and index level data are available via 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.

Appendix I

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Constituent Weightings	10/16/2020	<p>At each rebalancing reference date, the initial weight, w_i, for each index constituent, i, is set proportional to its Shareholder Yield Adjusted Float Cap (Shareholder Yield * Float Cap) to the sum of all constituents' Shareholder Yield Adjusted Float Cap.</p> $w_i = \frac{\text{ShareholderYield} * \text{FloatCap}}{\sum_{i=1}^N \text{ShareholderYield} * \text{FloatCap}}$ <p>If the initial weight of any constituent exceeds 10%, the weight is capped at 10%, with the excess weight proportionally redistributed to all non-capped constituents.</p>	<p>Constituents are weighted by the product of their float-adjusted market capitalization and shareholder yield, subject to single stock cap of 5%. Any excess weight is proportionally redistributed to all non-capped constituents.</p>
Deletions	10/16/2020	<p>Constituents removed from the S&P/ASX 300 are removed from the index simultaneously. If deletions from the S&P/ASX 300 cause the number of deletions from the index to exceed three, the decision whether to implement an immediate index rebalancing is determined by the Index Committee.</p>	<p>Constituents removed from the S&P/ASX 300 are removed from the index simultaneously and not replaced until the following rebalancing.</p>
Monthly Dividend Review	08/14/2020	--	<p>S&P DJI reviews index constituents on a monthly basis. If S&P DJI determines an index constituent has eliminated, suspended its dividend or omitted a payment, it will be removed from the index effective prior to the open of the first business day of the following month and not replaced until the following reconstitution. Any changes are announced five business days prior to month-end.</p> <p>The decision to remove an index constituent due to dividend elimination, suspension, or omission is based on information publicly announced by the company as of seven business days prior to month-end.</p>
Addition of DPS Check	03/31/2017	--	<p>Companies are reviewed for any decrease in dividend going ex between the end of the observation period and the rebalancing reference date. Companies with a significant decrease in their dividend may be considered</p>

Change	Effective Date (After Close)	Previous	Methodology	Updated
				ineligible for inclusion by the S&P/ASX Index Committee.
Addition of DPS Growth Buffer Rule	10/21/2016	--		For current constituents, a small decline in dividend per share (DPS) growth is allowed, as long as the decline is less than 5%.
Addition of Shareholder Yield Rank Buffer Rule	10/21/2016	--		Current constituents that rank among the top 45 companies by shareholder yield remain in the index.
Addition of Liquidity Buffer Rule	02/01/2016	--		For current index constituents, the minimum three-month average daily value traded (ADVT) for continued index eligibility is AUD 750,000.

Appendix II

EU Required ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY¹	
1.	Name of the benchmark administrator. S&P Dow Jones Indices LLC.
2.	Underlying asset class of the ESG benchmark.² N/A
3.	Name of the S&P Dow Jones Indices benchmark or family of benchmarks. S&P DJI Equity Indices Benchmark Statement
4.	Do any of the indices maintained by this methodology take into account ESG factors? No
Appendix latest update: January 2021	
Appendix first publication: January 2021	

¹ The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology.

² The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

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