

# S&P Dow Jones Indices

A Division of **S&P Global**

# S&P Dividend Growers Index Series *Methodology*

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# Introduction

## Index Objective and Highlights

The S&P Dividend Growers Index Series measures the performance of companies that have followed a policy of consistently increasing dividends every year for a specified number of years. The indices are subject to an indicated annual dividend yield exclusion, with the top 25% highest yield ranked eligible companies from the index universe excluded from index inclusion. Companies classified as part of the Global Industry Classification Standard (GICS) Real Estate Investment Trust Industry (REITs) are excluded. Constituents are float-adjusted market capitalization (FMC) weighted, subject to a single constituent weight cap of 4%.

## Index Series

The index series includes the following:

- S&P U.S. Dividend Growers Index
- S&P Global Ex-U.S. Dividend Growers Index
- S&P International Developed Dividend Growers Index

## 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	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices' Float Adjustment Methodology	<a href="#">Float Adjustment Methodology</a>
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	<a href="#">GICS Methodology</a>

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

To qualify for index inclusion, a stock must first be a member of the respective index universe.

- **S&P U.S. Dividend Growers:** Stocks must be a member of the S&P United States BMI. A primary listing on one of the following U.S. exchanges is also required:
  - NYSE
  - NYSE Arca
  - NYSE American
  - NASDAQ Global Select Market
  - NASDAQ Select Market
  - NASDAQ Capital Market
  - Cboe BZX
  - Cboe BYX
  - Cboe EDGA
  - Cboe EDGX
- **S&P Global Ex-U.S. Dividend Growers:** Stocks must be a member of the S&P Global Ex-U.S. BMI.
- **S&P International Developed Dividend Growers:** Stocks must be a member of the S&P Developed Ex-U.S. BMI.

*For information on the S&P United States BMI, S&P Global Ex-U.S. BMI, and S&P Developed Ex-U.S. BMI, please refer to the S&P Global BMI, S&P/IFCI Methodology, available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji)/<http://www.spglobal.com/spdji>.*

## Eligibility Factors

**Real Estate Investment Trusts.** Companies classified as part of the GICS Equity REITs Industry Group (Code 6010) or Mortgage REITs Industry (Code 402040) are ineligible.

**Liquidity.** Stocks must satisfy the following three-month median daily value traded (MDVT) thresholds for each individual listing:

- **S&P U.S. Dividend Growers:** US\$ 1 million (US\$ 500,000 for current constituents)
- **S&P Global Ex-U.S. Dividend Growers:** US\$ 500,000 (US\$ 250,000 for current constituents)
- **S&P International Developed Dividend Growers:** US\$ 1 million (US\$ 500,000 for current constituents)

**Dividend Growth.** Companies must have increased dividends every year for the number of years defined below for the index. Dividend growth is measured using the dividend history of the primary share class, regardless of its liquidity or listing venue:

- **S&P U.S. Dividend Growers:** 10 years of dividend growth
- **S&P Global Ex-U.S. Dividend Growers:** 7 years of dividend growth
- **S&P International Developed Dividend Growers:** 10 years of dividend growth

Calendar years and ex-dates are used for the dividend analysis, with the data being reviewed every January. In situations where a dividend payment deviates from the company's standard dividend payment cycle, S&P Dow Jones Indices will, at its discretion, allocate payments to the appropriate year in order to take a full cycle into account.

A dividend initiation or re-initiation does not count as a dividend increase. The initial calendar year may include payment of all four quarterly dividends, or only one, two or three quarterly payments. Evaluations are made on a best-effort basis.

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. Gross cash dividend amounts, before any withholding tax, are used.

For index eligibility, selection, and weighting purposes, S&P DJI only considers the fixed portion of the dividend distribution by U.S. companies with fixed plus variable dividend policies.

For spin-offs occurring after January 1, 2013, the yearly dividend increase history of the parent company is assigned to both the parent and spun-off company on the spin-off effective date. Spin-off events are considered inclusive of split-off and other demerger corporate actions. To determine annual dividend payments, the dividends of the parent and spun-off companies are combined until two full calendar year cycles of dividend payments are available for both post-spin-off companies. For evaluation purposes the combined dividend amount is adjusted by the spin-off ratio. Subsequent dividend comparisons are based on the annual dividend amounts of each respective company. For merger and acquisition events, S&P Dow Jones Indices, at its discretion, may retain dividend history for newly formed entities from their predecessor companies.

If a company that passed the dividend growth requirement, as of the last business day of December, reduces, omits, or eliminates its dividend before the annual reconstitution, it is ineligible for index inclusion. S&P Dow Jones Indices will continue to monitor all stocks in the universe up until the initial announcement of the rebalance results. If a company has announced a change to its dividend policy any time prior to the rebalance results announcement and would no longer qualify for the index then S&P Dow Jones Indices may, at its discretion, exclude the company in conjunction with the rebalance. Any dividend policy change disclosed after the initial announcement of the rebalancing results is reviewed during the next monthly dividend review.

### **Additional Eligibility Factors for the S&P Global Ex-U.S. Dividend Growers**

In addition to the criteria above, stocks must also satisfy the following:

**Stock Class.** All share classes in the index universe are eligible, including common and preferred stocks that do not have a guaranteed fixed return.

**Listing Venues.** All local listings are eligible except China-A shares trading on the Shenzhen Stock Exchange (XHSE) or the Shanghai Stock Exchange (XSHG).

### **Multiple Share Classes and Dual Listings**

All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Policies & Practices Methodology.

# Index Construction

## **Constituent Selection**

At each annual reconstitution, rank all eligible companies by indicated annual dividend yield (IAD). If a company has multiple eligible share classes, use the IAD yield of the primary share class for ranking purposes. Remove the top 25% (15% for existing constituents) highest-ranked companies. Select the remaining eligible companies to form each index.

## **Constituent Weightings**

At each annual reconstitution, constituents are FMC weighted, subject to a single company weight cap of 4% of the total index weight. Any excess weight is proportionally redistributed to the uncapped constituents. This process proceeds iteratively until no constituent violates the 4% cap.

## **Index Calculations**

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

*For more information on the index calculation methodology, please refer to the Capped Market Capitalization Weighted Indices sections of the S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

## Reconstitution

The indices reconstitute annually in March, using a three-day multi-day rebalancing process that begins after the close on the third Friday and ends after the close of the subsequent second business day.<sup>1</sup> The reference date for IAD and three-month MDVT used in the selection is the third Friday in February. The dividend growth review reference date is the last business date of December. Weights are calculated using closing prices as of the Wednesday prior to the first Friday of March. The indices do not undergo additional capping when the constituent's shares and IWF are updated at the Quarterly Updates in June, September, and December. Since index shares are assigned based on prices prior to the rebalancing effective date, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

*For information on the Multi-Day Rebalancing process, please refer S&P Dow Jones Indices' Index Mathematics Methodology.<sup>2</sup>*

## Quarterly Updates

In addition to the annual reconstitution, on a quarterly basis, effective after the close on the third Friday in March, June, September, and December, constituents' shares and investable weight factors (IWFs) are updated. Changes to a constituent's shares and IWF do not use the same three-day multi-day rebalancing process that is used for the annual reconstitution.

## Additions and Deletions

**Additions.** Except for spin-offs, no additions are made to the indices between reconstitutions.

**Spin-Offs.** Spin-offs are added to an index on the ex-date at a zero price. If the spin-off remains in the underlying index, both the parent company and spin-off remain in the index until the next reconstitution provided both the parent and spin-off indicate the intent to continue and/or initiate a consistent dividend paying policy. If the parent or spin-off company do not remain in the underlying index or do not indicate the intent to continue and/or initiate a consistent dividend paying policy, the spin-off is removed after the first day of regular way trading.

**Deletions.** Index constituents removed from the index universe are removed from the index simultaneously.

**GICS Reclassifications.** Constituents' GICS classifications are reviewed annually, and any deletions due to GICS changes are made only at the subsequent annual reconstitution.

## Monthly Dividend Review

Index constituents are reviewed on a monthly basis for ongoing eligibility. For more information regarding the monthly dividend review, please refer to Approach A in the Monthly Review for Ongoing Eligibility in Dividend Focused Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

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<sup>1</sup> If a corporate action is effective on day 2 or 3 of the multi-day rebalancing, and the action results in an index share change, the event is temporarily negated and implemented after the close of the following Friday.

<sup>2</sup> For history prior to 03/19/2021, the multi-day rebalancing process was not applied. Prior to that date the index reconstituted on a single day after the close of the third Friday in March.



## 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 indices calculate in U.S. dollars. The CAD and CAD hedged versions of the index use pricing at 4:00 PM New York time to price FX rates.

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 the [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/](http://www.spglobal.com/spdji/).*

## Base Date 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 U.S Dividend Growers Index	06/01/2021	03/17/2006	03/17/2006	1000
S&P Global Ex-U.S. Dividend Growers Index	06/01/2021	03/17/2006	03/17/2006	1000
S&P International Developed Dividend Growers	08/14/2023	03/17/2006	03/17/2006	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 S&P Dow Jones Indices Index Committee maintains the indices. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The Committee meets regularly. At each meeting, the Index Committee may review 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 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. All methodology changes are posted to the S&P Dow Jones Indices' Web site and announced via email to all clients.

*For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## 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 corresponding weights and index shares effective for the upcoming rebalancing.

*Please visit [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/) for a complete schedule of rebalancing timelines and pro-forma delivery times.*

## Holiday Schedule

The indices are calculated daily, throughout the calendar year. The only days the indices are not calculated or files are not distributed are on days when all exchanges where the indices' constituents are listed are officially closed.

*A complete holiday schedule for the year is available at [www.spglobal.com/spdji/](http://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.

## Contact Information

For questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site, [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).

## 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 the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	Return Type	BBG
S&P U.S. Dividend Growers Index (USD)	Price Return	SPUDIGUP
	Total Return	SPUDIGUT
	Net Total Return	SPUDIGUN
S&P U.S. Dividend Growers Index (CAD)	Price Return	SPUDIGCP
	Total Return	SPUDIGCT
	Net Total Return	SPUDIGCN
S&P U.S. Dividend Growers Index CAD Hedged Index	Price Return	SPUDIHCP
	Total Return	SPUDIHCT
	Net Total Return	SPUDIHCN
S&P Global Ex-U.S. Dividend Growers Index (USD)	Price Return	SPGDIGUP
	Total Return	SPGDIGUT
	Net Total Return	SPGDIGUN
S&P International Developed Dividend Growers Index (USD)	Price Return	SPIDIGUP
	Total Return	SPIDIGUT
	Net Total Return	SPIDIGUN

## 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](http://www.spglobal.com/spdji/en/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).

## Index Alert

Comprehensive index data is available through S&P Dow Jones Indices' fee-based service, SPICE, at [www.spice-indices.com](http://www.spice-indices.com).

# Appendix

## Methodology Changes

Methodology changes since June 1, 2021, are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Snap Time for FX Rate	08/30/2024	The CAD and CAD hedged versions of the index use pricing at 4:00 PM London time to price FX rates.	The CAD and CAD hedged versions of the index use pricing at 4:00 PM New York time to price FX rates.
Rebalancing Data Reference Date	03/15/2024	The reference date for fundamental data points, specifically indicated annual dividend (IAD) and median daily value traded (MDVT), is the last business day of February. Weights are calculated using closing prices as of the Wednesday prior to the second Friday of March.	The reference date for fundamental data points, specifically indicated annual dividend (IAD) and median daily value traded (MDVT), is the third Friday in February. Weights are calculated using closing prices as of the Wednesday prior to the first Friday of March.
Rebalancing Announcement Date	03/15/2024	Five business days prior to the rebalancing effective date.	10 business days prior to the rebalancing effective date.

# 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).

### **Intellectual Property Notices/Disclaimer**

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