

S&P Dow Jones Indices

A Division of **S&P Global**

S&P High Dividend Growth Indices *Methodology*

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Introduction

Index Objective

The S&P High Dividend Growth Indices measure the performance of a subset of companies with the highest forecasted dividend yield growth from an underlying index universe that have followed a managed-dividends policy of consistently increasing and/or maintaining dividends for an index-specific number of years.

Index Family and Highlights

- **S&P 500 High Dividend Growth Index.** The index measures the performance of the 100 companies with the highest forecasted dividend yield growth within the S&P 500 that have followed a managed-dividends policy of consistently increasing or maintaining dividends for at least five consecutive years. Index constituents are forecasted dividend yield weighted, subject to the constraints defined in *Eligibility Criteria and Index Construction*.

Dividend Forecast Data

The indices use S&P Global Market Intelligence as the data source for the dividend forecasting dataset.

For more information, please refer [here](#).

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' 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 and Index Construction

S&P 500 High Dividend Growth Index

Index Universe. The underlying index universe is the S&P 500.

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

Index Eligibility. At each rebalancing reference date, stocks in the index universe must satisfy the following criteria to be eligible for index inclusion:

- **Forecasted Dividend Yield.** Stocks must have a forecasted dividend yield amount greater than zero. The Dividend Forecast Dataset is sourced from S&P Global Market Intelligence.
- **Trailing Dividend Growth.** Stocks must have increased or maintained a total dividend per share amount every year for at least five consecutive calendar years.
- **Forecasted Dividend per Share Growth.** A stock's forecasted dividend per share must be greater than or equal to its most recent trailing calendar year dividend per share.
- **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.

Constituent Selection. At each rebalancing, select the 100 constituents with the highest forecasted dividend yield growth from the eligible stocks in the index universe, subject to a 20% buffer. Calculate the forecasted dividend yield growth by taking the forecasted dividend per share over the next 12 months minus the trailing 12-month dividend per share divided by the stock price as of the rebalancing reference date.

$$\text{Forecasted Dividend Yield Growth} = \frac{\left(\sum_t^{t+1} FDPS^{reg} - \sum_{t-1}^t DPS^{reg} \right)}{Price_t}$$

where:

$\sum_t^{t+1} FDPS^{reg}$ = The sum of forecasted dividend per share payments deemed regular over the next full annual cycle.

$\sum_{t-1}^t DPS^{reg}$ = The sum of the trailing dividend per share payments deemed regular over the previous full annual cycle.

$Price_t$ = The price for the constituent at time t , the rebalancing reference date.

Buffer Rule. At each rebalancing, to reduce turnover by retaining current constituents, implement a 20% buffer as follows:

1. Rank eligible constituents by forecasted dividend yield growth.
2. Select current constituents ranked within the top 120.
3. If the target count is not reached, select stocks from the eligible universe in descending rank order of highest forecasted dividend yield growth until the target count is reached.

Constituent Weightings. At each rebalancing, constituents are weighted by forecasted dividend yield subject to the following constraints:

- Cap single constituent weights at 4%.
- Cap single GICS Sector weights at 30%.

Stock weights are calculated using an optimization procedure that selects final weights in such a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock, subject to the stock and sector constraints.

Dividend Payment Types

Calendar years, rather than company fiscal years, and ex-dates are used for the historical dividend analysis. In situations where a dividend payment, or payments, 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.

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 both eligibility and weighting purposes, annualized cash dividend amounts, before 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.

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.

Dividend Forecast Dataset

The Dividend Forecast Dataset is sourced from S&P Global Market Intelligence. From this dataset, LTM, FTM (Forward Twelve Months), and announcement-dates are used for the constituent selection, with the data reviewed at every rebalancing. In situations where a dividend payment, or payments, deviates from the company's standard dividend payment cycle, S&P Global Market Intelligence will, at its discretion, allocate payments to the appropriate year in order to take a full cycle into account.

Index Maintenance

Index Calculations

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

For more information on index level calculations, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Rebalancing

The indices rebalance semi-annually, effective after the close of the third Friday of April and October. The rebalancing reference dates are the last business days of March and September, respectively. The data reference date for trailing dividend growth is after the close of the last business day of December.

Index shares are assigned based on prices seven business days prior to the rebalancing effective date.

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.

Additions. Except for spin-offs, no additions are made to the index between rebalancings.

Spin-offs. The spin-off is added to the index at a zero price after the market close of the day before the ex-date (with no divisor adjustment), and removed from the index after the close of the first day of regular way trading (with a divisor adjustment).

Deletions. Constituents removed from the underlying index are removed from the respective S&P High Dividend Growth Index simultaneously. Other deletions may occur during the rebalancing reviews.

Corporate Actions

Index	Corporate Action Treatment
S&P 500 High Dividend Growth Index	Please refer to the Non-Market Capitalization Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Monthly Dividend Review

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

Index constituents are reviewed monthly for ongoing eligibility. Constituents dropped via the review will stay ineligible at least until the first rebalance after the end of the current calendar year. For more information regarding the monthly dividend review, please refer to the Monthly Review for Ongoing Eligibility in Dividend Focused 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 various currencies. For more information, refer to *Index Dissemination*.

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 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/.

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 High Dividend Growth Index	10/23/2023	04/16/2010	04/16/2010	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 index. 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 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.

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 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 is calculated daily, throughout the calendar year. The only days the index is not calculated are on days when all exchanges where the index's constituents are listed are officially closed.

A complete holiday schedule for the year is available 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.

Real-Time Calculation

Real-time, intra-day, index calculations are executed for the index, whenever any of its primary exchanges are open. Real-time indices are not restated.

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 the [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 High Dividend Growth Index	Price Return	SPXHDGUP	.SPXHDGUP
	Total Return	SPXHDGUT	.SPXHDGUT
	Net Total Return	SPXHDGUN	.SPXHDGUN

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

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: August 2023	
Appendix first publication: August 2023	

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 and the retained EU law in the UK [The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019].

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.

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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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.

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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.

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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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