

Dow Jones Asia Select Dividend 30 Index and Dow Jones Asia/Pacific Select Dividend 30 Index Consultation - Updated

BEIJING, JANUARY 25, 2019: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on potential changes to the Dow Jones Asia Select Dividend 30 Index and Dow Jones Asia/Pacific Select Dividend 30 Index.

In order to enhance index diversification while maintaining a high dividend yield, S&P DJI is seeking market feedback on the following proposed changes:

		Methodology	
Changes	Current	Proposed	
Index Construction	<p>The top 30 stocks by indicated dividend yield are selected for inclusion in the index, subject to buffers designed to limit turnover by favoring current index constituents:</p> <ol style="list-style-type: none"> 1. Stocks in the index universe are ranked in descending order by indicated annual dividend yield, defined as a stock’s indicated annual dividend (not including any special dividends) divided by its price. 2. All current constituent stocks that are among the top 60 stocks are included in the index. 3. Non-constituent stocks are added to the index based on their rankings until the constituent count reaches 30. 4. No more than 15 companies from each eligible country can be included in the index at any time. 	<p>The top 30 stocks by indicated dividend yield are selected for inclusion in the index, subject to buffers designed to limit turnover by favoring current index constituents:</p> <ol style="list-style-type: none"> 1. Stocks in the index universe are ranked in descending order by indicated annual dividend yield, defined as a stock’s indicated annual dividend (not including any special dividends) divided by its price. 2. All non-constituent stocks that are among the top 15 are included in the index, subject there being no more than 15 companies from each eligible country in the index at any given time. 3. Current index constituents not already selected in Step 2 that are within the top 60 are added to the index in rank order until the target count has been reached. 4. If, following Step 3, the target count has not reached, non-constituent stocks not already selected in Step 2 are added to the index based on their rankings until the constituent count reaches 30. 	

Changes	Methodology	
	Current	Proposed
Constituent Weightings	Constituent weightings are assigned annually based on indicated annual dividend yield. The dividend yield values used to calculate constituent weights are capped at 20%. The weight of any individual company within the index is restricted 15%. Such restrictions, when required, are implemented quarterly.	Constituent weightings are assigned annually based on indicated annual dividend yield. The dividend yield values used to calculate constituent weights are capped at 20%. The following weight constraints are applied to the index at the annual composition review: <ol style="list-style-type: none"> 1. The weight of any individual company is capped at 10%. 2. If any company's weight exceeds 10%, that company's weight is capped at 10% and all excess weight is proportionally redistributed to all uncapped companies within the index. If after this redistribution, any company breaches the 10% weight cap, the process is repeated iteratively until no company breaches the 10% weight cap. 3. Then, the aggregate weight of companies in the index with a weight greater than 4.5% is capped at 22.5%.
Daily Dynamic Capping	--	The index is also reviewed daily based on each company's index weight. Daily capping is performed when the aggregate weight of companies in the index with a weight greater than 5% exceeds 25%. The current Index weights serve as the starting point for the daily capping. Indicated yields and yield weights are not recalculated if the capping thresholds are breached throughout the year.

For more information on the indices, please refer to the Dow Jones Dividend Indices Methodology available [here](#).

IMPACT ANALYSIS

Index Construction. The table below shows each index's actual one-way turnover and index dividend yield over the past three years, as well as the hypothetical one-way turnover and index dividend yield that would have resulted had the proposed index construction changes been applied.

Index	Review Date	Actual		Hypothetical	
		Index Yield	Turnover	Index Yield	Turnover
Dow Jones Asia Select Dividend 30 Index	Mar-16	7.97%	39.15%	7.97%	39.15%
	Mar-17	7.66%	39.05%	7.66%	39.05%
	Mar-18	6.46%	30.71%	6.49%	32.92%
Dow Jones Asia/Pacific Select Dividend 30 Index	Mar-16	6.45%	23.54%	6.66%	31.46%
	Mar-17	5.53%	25.34%	5.57%	28.02%
	Mar-18	5.75%	17.17%	5.84%	20.05%

CONSULTATION

Constituent Weightings. The table below shows each index’s actual one-way turnover over the past three years, as well as the hypothetical one-way turnover that would have resulted had the proposed constituent weightings changes been applied.

Index	Review Date	One-Way Turnover	
		Actual	Hypothetical
Dow Jones Asia Select Dividend 30 Index	Mar-16	39.15%	39.15%
	Mar-17	39.05%	39.05%
	Mar-18	30.71%	30.71%
Dow Jones Asia/Pacific Select Dividend 30 Index	Mar-16	23.54%	23.52%
	Mar-17	25.34%	25.34%
	Mar-18	17.17%	17.17%

A sample capping scenario for the Dow Jones Asia/Pacific Select Dividend 30 Index is available [here](#).

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, prior to the market open on Monday, March 18, 2019, in conjunction with the annual composition review.

QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers.

1. Do you agree with the proposed index construction changes?
2. Do you agree with the proposed constituent weightings changes?
3. Do you agree with the proposal to institute a daily dynamic capping procedure?
4. Should the proposals be adopted, do you agree with the proposed implementation date?
5. Do you have any other comments or feedback regarding the proposed changes outlined above?

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. S&P DJI will make responses to consultations freely available upon request.¹ If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **February 25, 2019**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee’s final review, S&P DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at index_services@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.

¹ Individual and company names as well as contact details will be redacted.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit www.spdji.com.

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