Dow Jones U.S. Dividend 100 Index Consultation on Constituent Weightings

NEW YORK, MAY 12, 2020: S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with market participants on potential changes to the Dow Jones U.S. Dividend 100 Index.

With the aim of enhancing diversification within the index, S&P DJI is considering changing the index’s constituent weighting scheme by modifying the individual stock weight cap threshold and establishing a daily weight cap check. The table below summarizes the proposed changes.

<table>
<thead>
<tr>
<th>Proposed Change</th>
<th>Current</th>
<th>Methodology</th>
<th>Proposed</th>
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</thead>
<tbody>
<tr>
<td>Constituent Weightings</td>
<td>Stocks in the index are weighted quarterly, based on a capped market capitalization weighted approach. No single stock can represent more than 4.5% of the index and no single industry, as defined by the proprietary classification system, can represent more than 25% of the index, as measured at the time of index construction, annual rebalancing, and quarterly updates.</td>
<td>Stocks in the index are weighted quarterly, based on a capped market capitalization weighted approach. No single stock can represent more than 4.0% of the index and no single Global Industry Classification Standard (GICS®) sector can represent more than 25% of the index, as measured at the time of index construction, annual rebalancing, and quarterly updates.</td>
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<tr>
<td>Daily Weight Cap Check</td>
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<td>The index is subject to a daily weight cap check. If the sum of stocks with weights greater than 4.7% exceeds 22%, the index is re-weighted using the quarterly weighting method described above. Any changes from daily capping take effect two days after the breaching occurred. A freeze period on daily capping is implemented during each quarterly rebalancing. The freeze period begins after the market close on the Wednesday prior to the second Friday of each rebalancing month (i.e. March, June, September, and December) and ends after the market close on the Monday following third Friday of the rebalancing month.</td>
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For more information on the Dow Jones U.S. Dividend 100 Index, please refer to the Dow Jones Dividend Indices Methodology available [here](#).

**IMPACT ANALYSIS**

The analysis, providing a five-year back-test comparing capping implications on dividend yield and performance, and showing how often the daily cap would have been breached, can be found [here](#).
IMPLEMENTATION TIMING

S&P DJI is proposing to implement the proposed methodology change, if adopted, in conjunction with the subsequent rebalancing, which takes effect prior to the market open on Monday, June 22, 2020.

QUESTIONS

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

1. Do you agree with the proposed changes to the constituent weighting scheme and the establishment of a daily weight cap check?
2. Based on the back-test, the change from the proprietary classification system to GICS is not material. Do you agree with the proposed change?
3. If the proposed changes are adopted, do you agree with the proposed implementation timing?
4. 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. Please respond to this survey by May 25, 2020. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee’s final review, S&P DJI may request clarifications from respondents as part of that review.

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 SPDJI_Index_Governance@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.

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.

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CONSULTATION