

S&P/NZX 50 High Dividend Index *Methodology*

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Table of Contents

Introduction	3
Index Objective and Highlights	3
Supporting Documents	3
Eligibility Criteria	4
Index Eligibility	4
Index Construction	5
Approaches	5
Constituent Selection	5
Constituent Weightings	5
Index Calculations	5
Index Maintenance	6
Rebalancing	6
Currency, Currency Hedged, and Risk Control Indices	6
Corporate Actions	6
Other Adjustments	7
Base Date and History Availability	7
Index Data	8
Gross Return Indices	8
Index Governance	9
Index Committee	9
Index Policy	10
Announcements	10
Pro-forma Files	10
Holiday Schedule	10
Rebalancing	10
Unscheduled Exchange Closures	10
Recalculation Policy	10
Contact Information	11
Index Dissemination	12
Tickers	12
FTP	12
Web site	12

Appendix		13
	Methodology Changes	13
Disclaimer		14

Introduction

Index Objective and Highlights

The S&P/NZX 50 High Dividend Index is designed to measure the performance of the 25 companies with the highest dividend yields and liquidity within the S&P/NZX 50 Index.

For information on the S&P/NZX 50 Index methodology, please refer to the S&P/NZX New Zealand Indices Methodology document available on our Web site, 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

To qualify for membership in the index, a company must satisfy the following criteria:

1. Be a current member of the S&P/NZX 50 Index.
2. Have paid dividends in the past 12 months.

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:

1. The six-month average daily value traded (ADVT), as of the rebalancing reference date, is obtained for all dividend paying constituent companies of the S&P/NZX 50 Index. The 30 companies with the highest six-month ADVT are selected. There is a five stock ADVT buffer for current constituents; those that rank among the top 35 companies with the highest six-month ADVT will also progress to the next step of the constituent selection process.
2. The trailing 12-month gross dividend yield is calculated by dividing the company's trailing 12 month gross dividend (including any attached imputation credits) by its price on the reference date. Only regular cash dividends are included in the computation of dividend yield.
3. The 25 companies with the highest trailing 12-month gross dividend yield form the index.
4. If multiple issues of a single company qualify, the issue with the highest yield is selected.

Constituent Weightings

The index employs a modified market capitalization weighted scheme.

At each rebalancing, the initial weight, w , for each index constituent, i , is set proportional to its gross dividend yield.

$$w_i = \frac{\text{DividendYield} * \text{FloatMarketCap}}{\sum_{i=1}^N \text{DividendYield} * \text{FloatMarketCap}}$$

If the initial weight of any constituent exceeds 10%, the weight is capped at 10% and the excess weight is redistributed to all non-capped constituents on a pro-rata basis. If necessary, this process is repeated until no constituent has a weight in the index greater than 10%.

Index Calculations

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

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

Index Maintenance

Rebalancing

The index is rebalanced semi-annually, effective after the market close on the third Friday of January and July of each year. The rebalancing reference dates are after the close of the last business day of December and June, respectively.

Constituents' index shares 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 stock to arrive at the weights determined on the reference date. Since index shares are assigned based on prices seven business days prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

Additions. Additions are made to the index only during the semi-annual rebalancings, except for spin-offs as detailed in *Corporate Actions*. To be eligible for addition to the index, a company must meet the criteria detailed in *Index Eligibility*.

Deletions. Constituents removed from the S&P/NZX 50 Index remain in the S&P/NZX 50 High Dividend Index until the subsequent semi-annual rebalancing.

Constituent stocks are reviewed on a monthly basis. At the discretion of S&P Dow Jones Indices, if a constituent stock publicly announces a suspension to or cancellation of its dividend program, the stock may be removed effective prior to the open of the first business day of the following month and not replaced.

Such removals are subject to the constituent stock's announcement being made a minimum of five business days prior to month-end.

S&P Dow Jones Indices believes turnover in index membership should be avoided when possible. At times a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to the index, not for continued membership. As a result, an index constituent that appears to violate criteria for addition to the index may not be deleted unless ongoing conditions warrant an index change.

Currency, Currency Hedged, and Risk Control Indices

The index is calculated in New Zealand dollars.

Additional currency, currency hedged, and risk control versions of the indices may be available. For a list of available currency, currency hedged, and risk control indices, please contact Client Services at index_services@spglobal.com.

For more information on currency, currency hedged, and risk control indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Corporate Actions

Spin-offs. A spun-off company is added to the index at a zero price on the ex-date. If it is clear that the spin-off will pay a dividend it will remain in the index, otherwise it will be removed 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 document.

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.

Base Date and History Availability

The 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/NZX 50 High Dividend Index	03/26/2015	01/15/2010	03/27/2015	1000

Index Data

Gross Return Indices

The index has a gross return counterpart, which assumes dividends are reinvested in the index after the close on the ex-date (dividend imputation credits are not included in the gross return calculations).

In addition to the gross return series, S&P Dow Jones Indices calculates a gross with imputation (GWI) return series. The GWI return series follows the same methodology as the gross return calculation, but reinvests any imputation credits attached to a regular dividend.

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

Index Governance

Index Committee

The S&P/NZX Index Committee maintains the index. The Index Committee is composed of full-time employees of S&P Dow Jones Indices and the NZX. The Index Committee meets semi-annually to review the S&P/NZX 50 High Dividend Index. At each meeting, the Index Committee reviews 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 document.

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 via ftp 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 additions or deletions of stocks, are normally made when markets are closed.

For more information on S&P Dow Jones Indices' announcements, please refer to the Announcement Policy.

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 NZX is officially closed.

A complete holiday schedule for the year is available 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.

Unscheduled Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

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 currency, currency hedged, risk control, and return type versions of the below indices that may exist are also covered by this document. Please contact index_services@spglobal.com for a complete list of indices covered by this document.

Index	Return Type	Bloomberg
S&P/NZX 50 High Dividend Index	Price Return Gross Return Gross with Imputation Return	SPN5HDP SPN5HDT SPN5HDGI

FTP

Daily constituent and index level data are available via FTP 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

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Treatment of Dividend Omissions.	02/28/2018	Companies that suspend or cancel their dividend programs are reviewed by the Index Committee. Such companies may be deleted from the index at the subsequent semi-annual rebalancing at the discretion of the Index Committee.	<p>Constituent stocks are reviewed on a monthly basis. At the discretion of S&P Dow Jones Indices, if a constituent stock publicly announces a suspension to or cancellation of its dividend program, the stock may be removed effective prior to the open of the first business day of the following month and not replaced.</p> <p>Such removals are subject to the constituent stock's announcement being made a minimum of five business days prior to month-end.</p>
Addition of Liquidity Buffer Rule for current constituents.	04/01/2016	--	During the constituent selection process, current constituents that rank among the top 35 companies with the highest six-month ADVT will progress to the next step of the constituent selection process.

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