

A Case for Dividend Growth Strategies

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Dividend strategies have gained a foothold with market participants seeking potential outperformance and attractive yields, especially in the low-rate environment since the 2008 financial crisis.

While traditional high dividend payers have performed strongly in recent years, they have become quite expensive by most valuation metrics. The previous low-interest-rate environment paved the way for many of these businesses to load up on debt to expand their operations, while continuing to pay high dividends. As a result, many of these companies may come under pressure when rates rise.

Stocks with a history of dividend growth, on the other hand, could present a compelling investment opportunity in an environment of potential volatility and rising rates. An allocation to companies that have sustainable and growing dividends may provide exposure to high-quality stocks and greater income over time, therefore buffering against market volatility and addressing the risk of rising rates to some extent.

This argument goes beyond the traditional realm of domestic large-cap stocks. It also works for small- and mid-cap stocks and can be applied to international markets as well.

The [S&P High Yield Dividend Aristocrats](#)[®] is designed to track a basket of stocks from the [S&P Composite 1500](#)[®] that have consistently increased their dividends every year for at least 20 years. This paper investigates the benefits of a dividend growth strategy by analyzing the characteristics of the S&P High Yield Dividend Aristocrats and comparing it to the [S&P 500](#)[®] [High Dividend Index](#)—a high-dividend strategy built on the [S&P 500](#) (see the Appendix for an overview of the index's methodology). In addition, this paper illustrates a few indices that focus on the strongest dividend growers in global and international markets, including Canada, the eurozone, the UK, Pan Asia, and Japan.

WHY DIVIDEND GROWERS?

Quality

Dividend growth stocks tend to be of higher quality than those of the broader market in terms of earnings quality and leverage. Quite simply, when a company is reliably able to boost its dividend for years or even

decades, this may suggest it has a certain amount of financial strength and discipline.

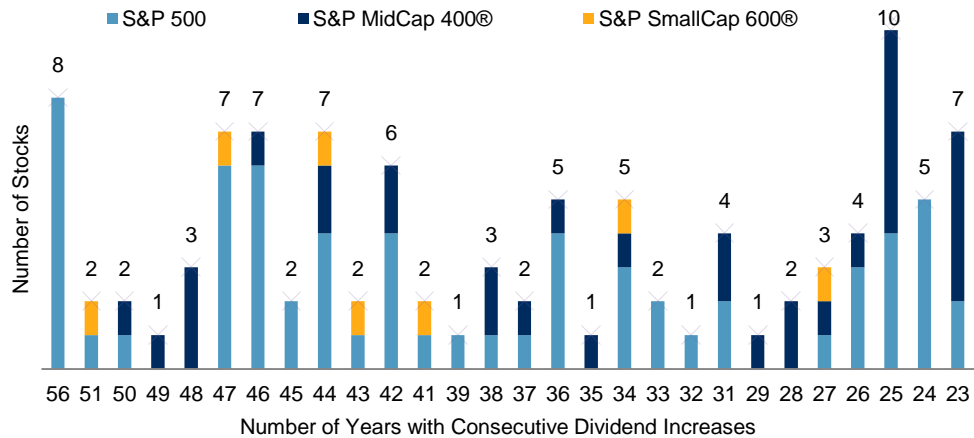
Looking at the S&P High Yield Dividend Aristocrats, while the hurdle for index inclusion is 20 straight years of increasing dividends, the index average is 36.7 years. Additionally, there are eight constituents with over 56 consecutive years of dividend increases (see Exhibit 1).

An allocation to companies that have sustainable and growing dividends...

...may provide exposure to high-quality stocks and greater income over time.

However, high dividend yield does not necessarily signal financial strength or discipline.

Exhibit 1: A Long History of Dividend Increases

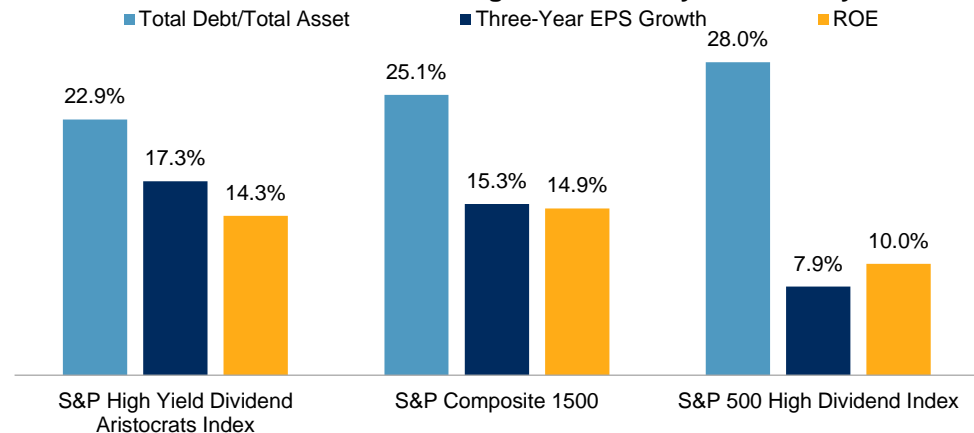


Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Chart is provided for illustrative purposes.

On the other hand, high dividend yield does not necessarily signal financial strength or discipline, as there are cases when new or in-trouble companies attempt to attract market participants by going into debt just to pay shareholders.

For example, the S&P High Yield Dividend Aristocrats had a debt-to-asset ratio of 22.9%, versus 25.1% for the S&P Composite 1500 and 28.0% for the S&P 500 High Dividend Index as of Dec. 31, 2018 (see Exhibit 2). There is also a clear difference in terms of trailing three-year earnings growth and return on equity (ROE).

Exhibit 2: Dividend Growers versus High Dividend Payers – Quality

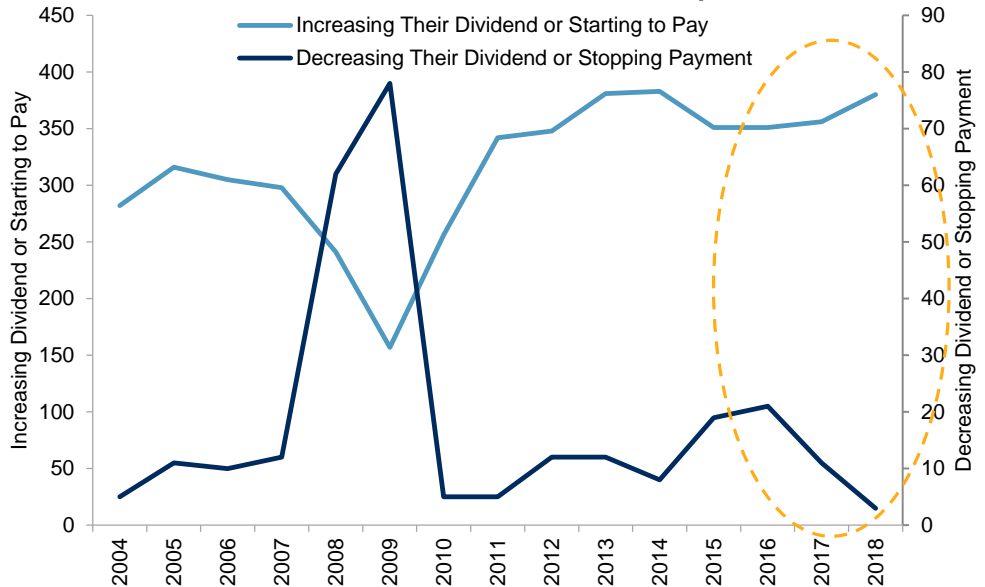


Source: S&P Dow Jones Indices LLC, Bloomberg. Data as of Dec. 31, 2018. Chart is provided for illustrative purposes.

As a result, high dividend payers with more financial leverage, lower profitability, and lower earnings growth may be more likely to cut their dividends in a volatile, low-growth market. Historically, dividend cuts prevailed during the 2008 financial crisis and a rising trend was observed from 2015 to 2016 (see Exhibit 3). These dividend cuts lower the income potential of a high-dividend strategy. This needs to be taken into consideration by market participants.

High dividend payers with more financial leverage, lower profitability, and lower earnings growth...

Exhibit 3: Amount of Dividend Actions of S&P 500 Companies



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2018. Chart is provided for illustrative purposes.

...may be more likely to cut their dividends in a volatile, low-growth market.

Buffer against Market Volatility

Dividend growth stocks could be attractive to market participants looking for disciplined companies that can endure difficult market and economic environments relatively well.

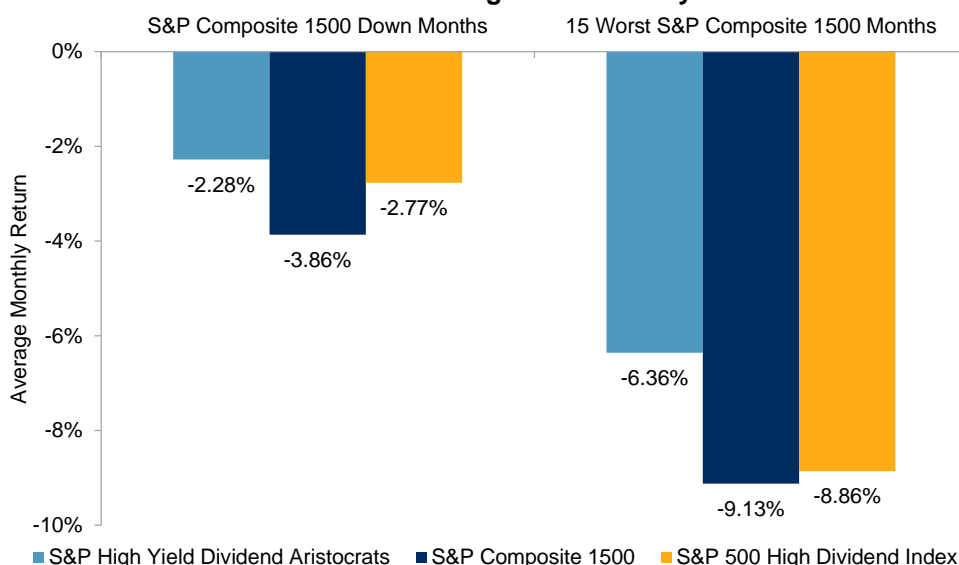
Dividend growers may provide some downside protection during bearish markets.

In particular, dividend growers may provide some downside protection during bearish markets. Looking at the period from Dec. 31, 1999, to May 31, 2019, when the market (as represented by the S&P Composite 1500) was down, the S&P High Yield Dividend Aristocrats outperformed the S&P Composite 1500 and the S&P 500 High Dividend Index by an average of 158 bps per month and 49 bps per month, respectively.

When we focus on the 15 worst-performing months for the S&P Composite 1500 during the same period, the protection provided by the S&P High Yield Dividend Aristocrats appears prominent. Its monthly outperformance was 277 bps and 250 bps against the S&P Composite 1500 and the S&P 500 High Dividend Index, respectively (see Exhibit 4).

Dividend growers may provide some downside protection during bearish markets.

Exhibit 4: Dividend Growers versus High Dividend Payers in Down Markets



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1999, to May 31, 2019. Index performance based on total return in USD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

In down months, the S&P High Yield Dividend Aristocrats outperformed the market.

Dividend growers may provide some protection when market volatility rises. When the CBOE Volatility Index® (VIX®) increased more than 40% at the end of the month from the beginning of the month, the S&P High Yield Dividend Aristocrats outperformed the S&P 500 High Dividend Index by 65 bps a month on average. When VIX decreased or increased less than 10% within a month, there was underperformance on average (see Exhibit 5).

Exhibit 5: Dividend Growers versus High Dividend Payers in Volatile Markets

VIX MONTHLY INCREASE (%)	AVERAGE MONTHLY OUT/UNDERPERFORMANCE (%)	
	VERSUS THE S&P COMPOSITE 1500	VERSUS THE S&P 500 HIGH DIVIDEND INDEX
>40	1.66	0.65
20-40	1.59	0.62
10-20	1.20	0.21
0-10	0.50	-0.33
<0	-0.30	-0.11

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1999, to May 31, 2019. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Dividend growers may provide some protection when market volatility rises.

Address the Potential Risks Associated with Rising Rates

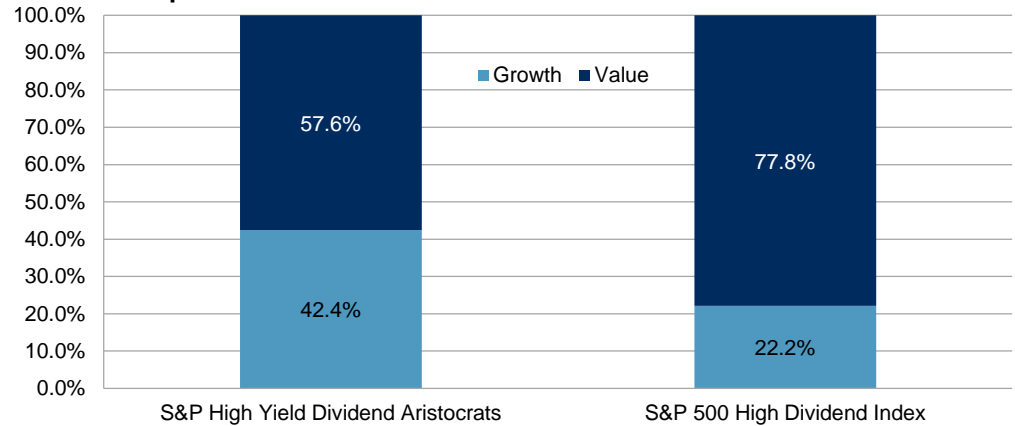
Dividend growth strategies could potentially address the concerns surrounding the performance of high dividend payers in a rising-rate environment in two ways.

Dividend growth strategies could address concerns surrounding the performance of high dividend payers in a rising-rate environment in two ways:

...first, the performance of dividend growers is less driven by the value factor compared with the high dividend payers, and...

First, because of the focus on increasing dividends rather than high yield, the performance of dividend growers is less driven by the value factor compared with the high dividend payers (see Exhibit 6). As markets shift from value to growth, the performance of the dividend growers would suffer less.

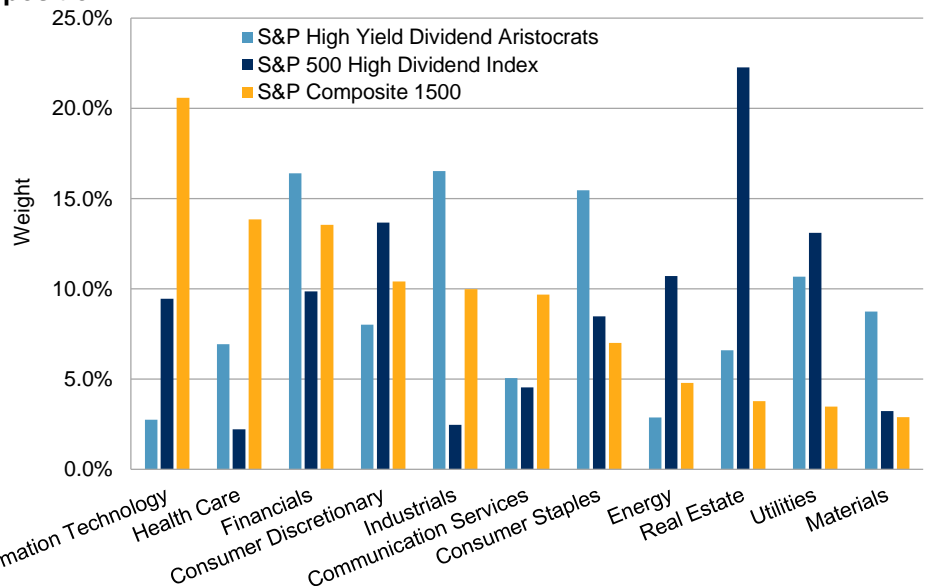
Exhibit 6: Dividend Growers versus High Dividend Payers – Value and Growth Composition



Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Chart is provided for illustrative purposes.

Second, unlike many pure yield strategies, which tend to be concentrated in sectors like Utilities, Financials, and Real Estate, dividend growth strategies tend to be more diversified across sectors (see Exhibit 7), and the sector composition tends to be stable across time (see Exhibit 8). Sector diversification could help if there were large moves in performance in particular sectors as an overall market rotated into a growth regime.

Exhibit 7: Dividend Growers versus High Dividend Payers – Sector Composition



Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Chart is provided for illustrative purposes.

...second, dividend growth strategies tend to be more diversified across sectors.

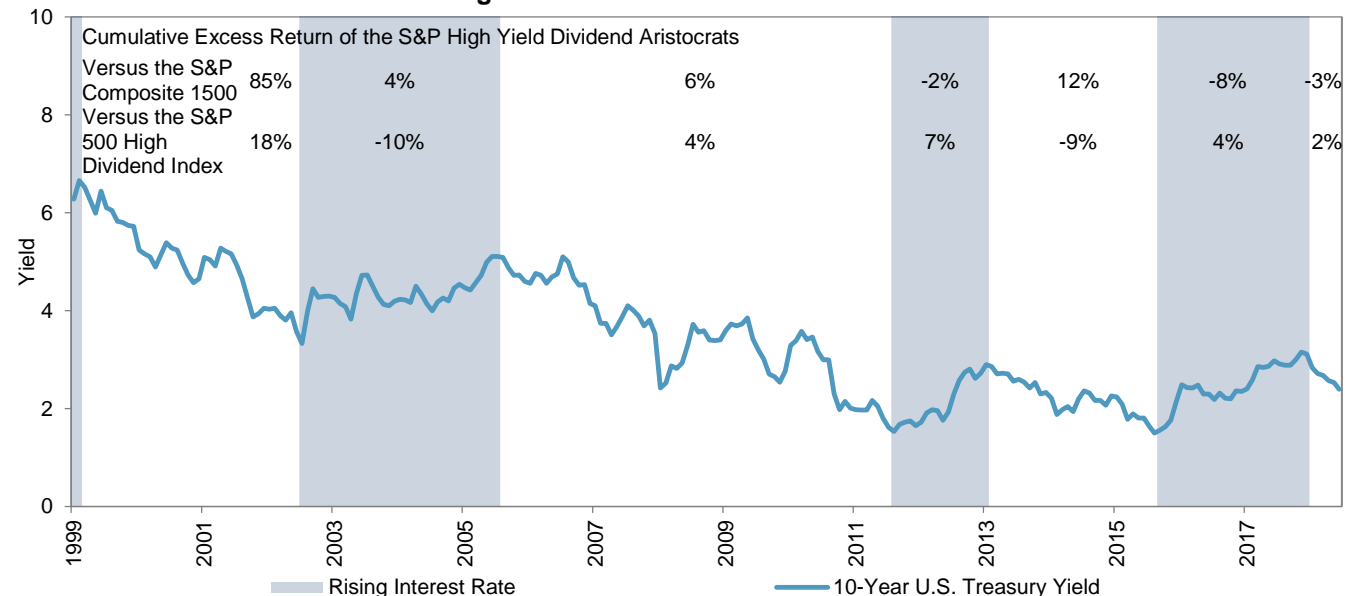
Exhibit 7b: Dividend Growers versus High Dividend Payers – Historical Sector Composition

YEAR	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS & REAL ESTATE	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	COMMUNICATION SERVICES	UTILITIES
AVERAGE SECTOR WEIGHTS DIFFERENCE (S&P HIGH YIELD DIVIDEND ARISTOCRATS – S&P 500 HIGH DIVIDEND INDEX)										
2006	1.82	5.28	-1.24	-6.27	6.67	4.62	0.96	-3.27	-4.63	-3.93
2007	4.94	2.16	-0.69	1.45	3.71	2.97	0.71	-4.99	-6.44	-3.83
2008	-2.19	2.98	0.00	-7.49	3.53	5.19	2.91	1.58	-5.30	-1.20
2009	0.13	7.19	-1.53	-19.08	4.13	7.31	2.19	1.28	-4.83	3.22
2010	4.52	5.02	-5.59	-8.62	3.50	7.09	1.34	7.54	-4.14	-10.66
2011	3.70	6.67	-2.20	0.14	0.20	6.27	0.56	7.56	-2.57	-20.34
2012	1.77	6.31	-1.25	1.90	1.48	7.33	-0.55	6.06	-3.08	-19.96
2013	-1.08	5.73	-1.22	4.53	3.41	8.74	-3.32	5.98	-2.35	-20.43
2014	-0.87	4.95	-4.67	5.09	2.57	8.92	-1.24	9.14	-2.79	-21.10
2015	-3.29	6.56	-9.32	7.73	3.03	9.10	-1.87	7.72	-2.02	-17.63
2016	-7.65	7.28	-10.13	-2.34	0.96	4.14	-3.07	1.28	-2.82	-12.41
2017	-12.97	-4.32	-8.78	-26.89	-3.46	-5.01	-9.92	-5.59	-3.64	-18.43
2018	-2.36	7.50	-5.85	-5.84	3.04	12.04	-4.28	6.61	-0.49	-10.37
2019 YTD	-4.67	6.41	-7.00	-8.09	3.48	14.64	-5.32	5.98	0.19	-5.61

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2005, to May 31, 2019. GICS® underwent a structural change in September 2018. The Telecommunication Services sector was expanded to include select companies from other sectors and renamed Communication Services. For more information, please refer to the [2018 GICS Map](#). Table is provided for illustrative purposes.

Nevertheless, there was no clear evidence that dividend growers outperformed high dividend payers in a rising-rate environment when looking at historical performance of the S&P High Yield Dividend Aristocrats versus the S&P 500 High Dividend Index (see Exhibit 8). However, the period is relatively short and only contains one rate hike event from 2003 to 2005.

Exhibit 8: Performance of the S&P High Yield Dividend Aristocrats When Interest Rates Increase



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1999, to May 31, 2019. Index performance based on total return in USD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

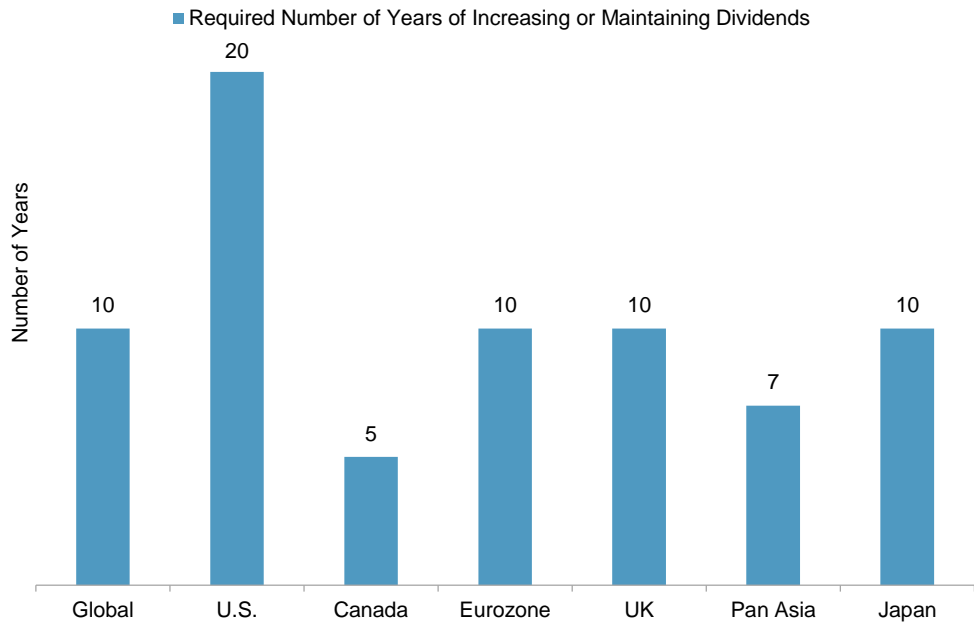
In summary, given the focus on quality balance sheets, dividend growth strategies could be attractive to market participants that are worried about volatility and the potential of rising rates, but still want to remain invested in equities while generating some income. For market participants focusing on U.S. equities, the S&P High Yield Dividend Aristocrats could provide such a dividend growth solution.

S&P DJI offers dividend growth indices not only in the U.S., but also in many international markets.

DIVIDEND GROWTH STRATEGIES IN VARIOUS MARKETS

S&P DJI offers dividend growth indices not only in the U.S., but also in many international markets. Given the shorter history and the less-established corporate dividend policies in some international markets compared to the U.S., the 20-year hurdle (of consecutively increasing or maintaining dividends) for index inclusion is relaxed to 5, 7, or 10 years for some regions (see Exhibit 9).

Exhibit 9: Different Requirements for Index Inclusion in Different Regions



The 20-year hurdle of increasing or maintaining dividends for index inclusion is relaxed to 5, 7, or 10 years for some regions.

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Chart is provided for illustrative purposes. Indices used are S&P Global Dividend Aristocrats, S&P Global BMI, S&P High Yield Dividend Aristocrats, S&P Composite 1500, S&P/TSX Canadian Dividend Aristocrats, S&P/TSX Composite, S&P Euro High Yield Dividend Aristocrats, S&P Euro, S&P UK High Yield Dividend Aristocrats, S&P UK BMI, S&P Pan Asia Dividend Aristocrats, S&P Pan Asia BMI, S&P/JPX Dividend Aristocrats, and S&P Japan BMI.

A dividend growth strategy could potentially work even better overseas than in the U.S.

A dividend growth strategy could potentially work even better overseas than in the U.S. Our research shows that foreign dividend-paying stocks generally offer higher yields, higher dividend growth, and outperformance in the long run.

Yield

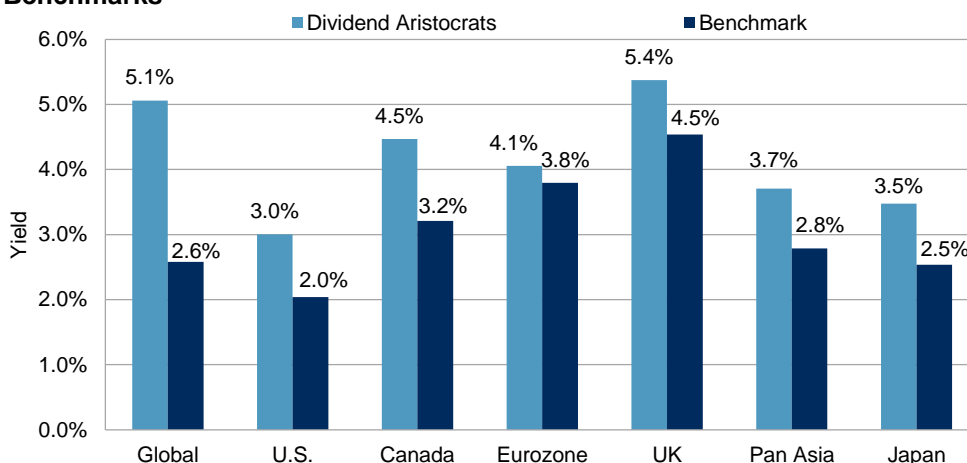
The yields in Pan Asia and Japan were slightly higher than in the U.S...

Market participants that are willing to accept the potential risk associated with investing in international equities could find higher dividend yields outside the U.S. As Exhibit 10 illustrates, the yields in Pan Asia and Japan were slightly higher than in the U.S., while the yields in the UK and eurozone were almost twice as high as in the U.S.

The yield spreads between the dividend aristocrats strategies and the broad market benchmarks ranged from 26 bps to 97 bps for the U.S., eurozone, UK, Pan Asia, and Japan. The spreads were higher for global markets and Canada, at 2.5% and 1.3%, respectively. For the [S&P/TSX Canadian Dividend Aristocrats](#), this may be due to the five-year hurdle, a less stringent requirement than other regions. For the [S&P Global Dividend Aristocrats](#), this is mainly due to a country allocation that is driven by yield and deviates from market cap. The index significantly underweights the U.S. and overweights Canada.

...while the yields in the UK and eurozone were almost twice as high as in the U.S.

Exhibit 10: Dividend Yield – S&P Dividend Aristocrats Indices versus Benchmarks



Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Chart is provided for illustrative purposes. Indices used are S&P Global Dividend Aristocrats, S&P Global BMI, S&P High Yield Dividend Aristocrats, S&P Composite 1500, S&P/TSX Canadian Dividend Aristocrats, S&P/TSX Composite, S&P Euro High Yield Dividend Aristocrats, S&P Euro, S&P UK High Yield Dividend Aristocrats, S&P UK BMI, S&P Pan Asia Dividend Aristocrats, S&P Pan Asia BMI, S&P/JPX Dividend Aristocrats, and S&P Japan BMI.

DPS Growth Rate

The S&P High Yield Dividend Aristocrats had a dividend growth rate of 4.80% and 5.56% per year over the past seven and five years, respectively. In international markets, the growth rates were much higher, especially in the UK and Japan (see Exhibit 11).¹

¹ The dividend growth rate is calculated based on dividend points. Dividend points indices seek to track dividend payments in isolation, reflecting the past one-year cumulative dividends of all index shares on a rolling basis. They do not include any changes in market capitalization. The total dividend paid on a given day is calculated as the sum of the dividends per share times the number of shares for all stocks, which is converted into index dividend points by dividing the divisor by the underlying price index.

Exhibit 11: Dividend Growth Rate – S&P Dividend Aristocrats Indices versus Benchmarks

CAGR OF INDEX DIVIDEND POINTS (%)	PAST 7 YEARS		PAST 5 YEARS		PAST 3 YEARS	
	DIVIDEND ARISTOCRATS	BENCH-MARK	DIVIDEND ARISTOCRATS	BENCH-MARK	DIVIDEND ARISTOCRATS	BENCH-MARK
Global	5.11	6.84	2.40	5.31	-2.07	4.30
U.S.	4.80	11.89	5.56	10.37	8.24	8.08
Canada	3.77	4.29	5.65	3.94	6.87	1.60
Eurozone	6.52	2.52	4.76	4.73	6.73	8.40
UK	7.84	4.52	4.52	2.18	-0.06	-0.99
Pan Asia	3.71	4.83	-1.13	2.51	-1.09	3.50
Japan	12.27	8.29	13.62	6.19	14.67	10.80

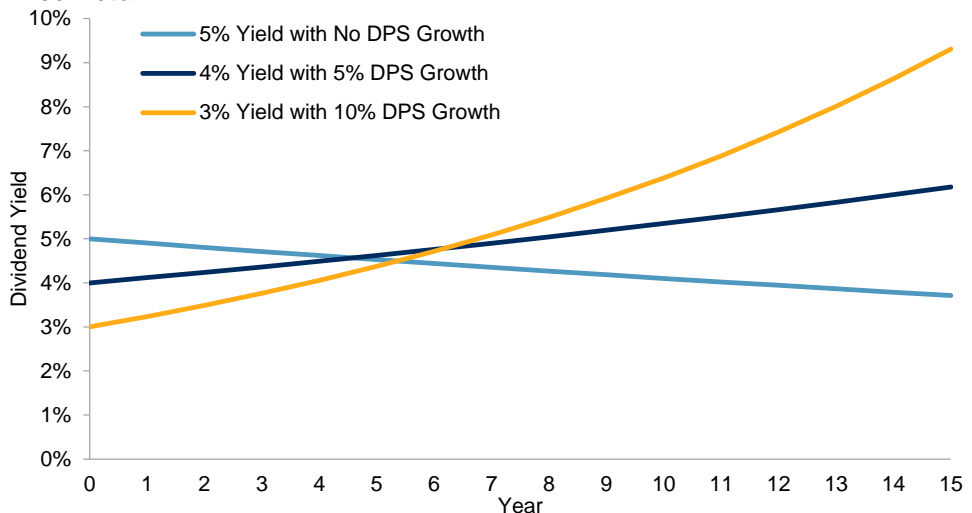
The S&P High Yield Dividend Aristocrats had dividend growth rates of 4.8% over the past seven years...

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance. Indices used are S&P Global Dividend Aristocrats, S&P Global BMI, S&P High Yield Dividend Aristocrats, S&P Composite 1500, S&P/TSX Canadian Dividend Aristocrats, S&P/TSX Composite, S&P Euro High Yield Dividend Aristocrats, S&P Euro, S&P UK High Yield Dividend Aristocrats, S&P UK BMI, S&P Pan Asia Dividend Aristocrats, S&P Pan Asia BMI, S&P/JPX Dividend Aristocrats, and S&P Japan BMI.

...in international markets, the growth rates were much higher.

Based on a hypothetical analysis, dividend growers can typically generate more income over time than stocks with a higher yield but slower dividend growth. While the yield on a dividend grower may be initially lower than a higher-yield stock, a rising dividend and an increasing stock price can result in a stronger long-term total return. Exhibit 12 shows three hypothetical scenarios to demonstrate how dividend growth stocks could slowly but steadily add value to a portfolio.

Exhibit 12: Hypothetical Dividend Growth Scenarios Assuming 2% Annual Price Return



Dividend growers can typically generate more income over time than stocks with a higher yield but slower dividend growth.

Source: S&P Dow Jones Indices LLC. Portfolios shown are based on a hypothetical index using the hypothetical dividend yields and dividend per share growth rates. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Total Return

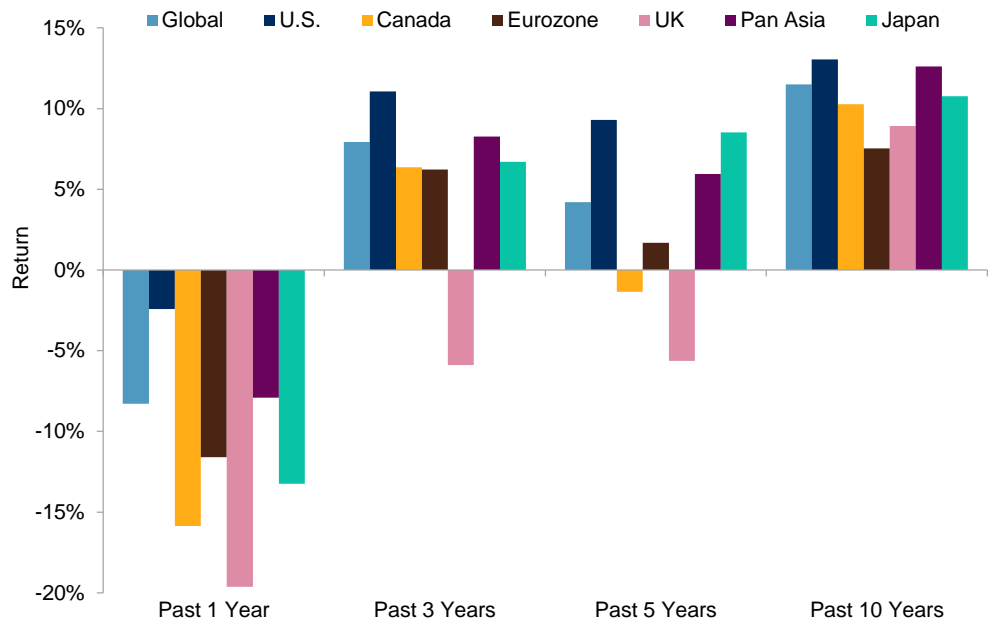
Investing outside the U.S. increases diversification, and it could increase total return as well. This argument applies to the dividend growth strategies as well.

Investing outside the U.S. increases diversification...

Compared to S&P Dividend Aristocrats Indices in international markets, the S&P High Yield Dividend Aristocrats has provided outperformance in terms of total return over the past 1-, 3-, 5-, and 10-year periods (see Exhibit 13). Nevertheless, there have been several long periods when international stocks outperformed U.S. stocks. For example, from 2002 to 2007, Pan Asia, Canada, and global markets outperformed the S&P High Yield Dividend Aristocrats. Pan Asia did well from 2009 to 2012 and in 2017. Japan did well from 2013 to 2015 (see Exhibit 14).

...and it could increase total return as well.

Exhibit 13: Historical Annual Return of S&P Dividend Aristocrats Indices

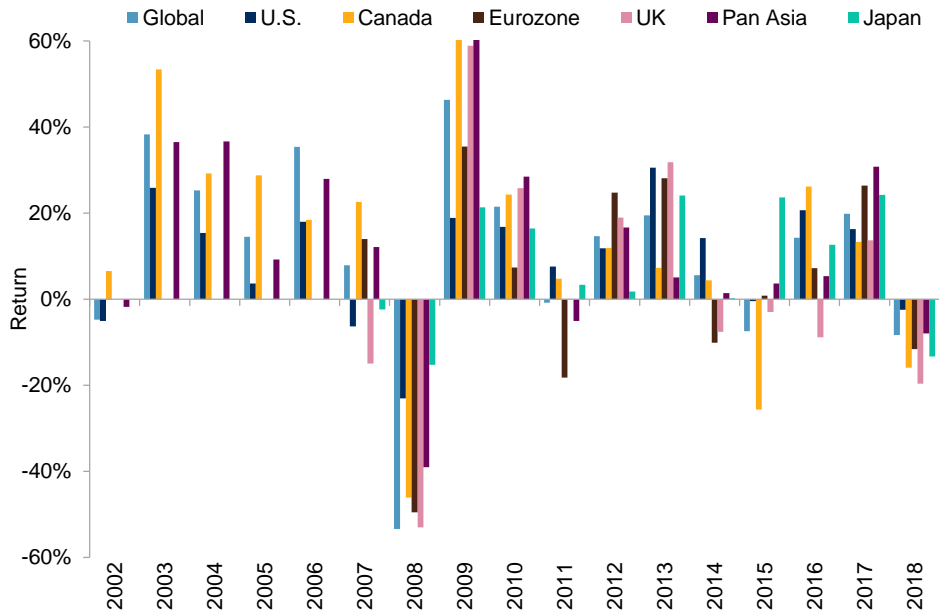


Compared to S&P Dividend Aristocrats Indices in international markets...

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Index performance based on total return in USD. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance. Indices used are S&P Global Dividend Aristocrats, S&P High Yield Dividend Aristocrats, S&P/TSX Canadian Dividend Aristocrats, S&P Euro High Yield Dividend Aristocrats, S&P UK High Yield Dividend Aristocrats, S&P Pan Asia Dividend Aristocrats, and S&P/JPX Dividend Aristocrats.

...the S&P High Yield Dividend Aristocrats has outperformed in terms of total return.

Exhibit 14: Calendar Year Return of S&P Dividend Aristocrats Indices



Dividend growers have generally shown greater resilience in unsteady markets...

...and could address concerns about dividend stocks in a rising-rate environment, to some extent.

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Index performance based on total return in USD. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance. Indices used are S&P Global Dividend Aristocrats, S&P High Yield Dividend Aristocrats, S&P/TSX Canadian Dividend Aristocrats, S&P Euro High Yield Dividend Aristocrats, S&P UK High Yield Dividend Aristocrats, S&P Pan Asia Dividend Aristocrats, and S&P/JPX Dividend Aristocrats.

CONCLUSION

There are clear distinctions that set dividend growers apart from other dividend stocks. Dividend growers, which tend to be quality companies, have generally shown greater resilience in unsteady markets and could address concerns about dividend stocks in a rising-rate environment, to some extent. This argument applies to not only to the U.S. large-cap space, but it also extends to small- and mid-cap segments and international markets.

Therefore, for market participants that are worried about volatility but want to remain invested in equities while generating some income, dividend growers could be a useful instrument. The S&P High Yield Dividend Aristocrats and the various international S&P Dividend Aristocrats Indices could provide efficient, transparent, rules-based tools to access such strategies.

This applies to U.S. large caps and extends to small- and mid-cap segments and international markets.

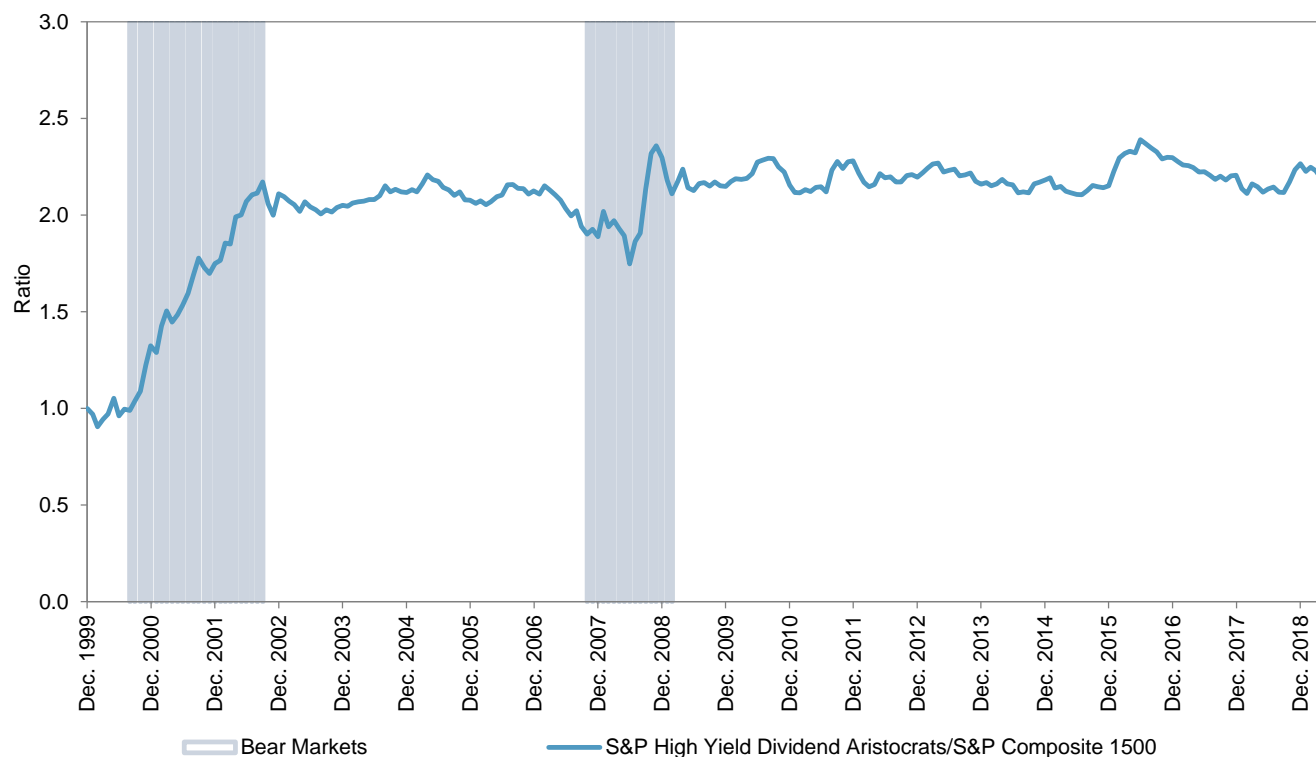
APPENDIX

Exhibit 15: Dividend Growers versus High Dividend Payers – Index Overview

CATEGORY	DIVIDEND GROWERS	HIGH DIVIDEND PAYERS
Index	S&P High Yield Dividend Aristocrats	S&P 500 High Dividend Index
Universe	S&P Composite 1500 with size and liquidity criteria	S&P 500
Selection	Increased dividend every year for at least 20 years	80 highest-yielding companies
Weighting	By indicative dividend yield; individual stocks are capped at 4%	Equal
Number of Constituents	Variable, 112 as of May 31, 2019	80

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Table is provided for illustrative purposes.

Exhibit 16: S&P High Yield Dividend Aristocrats versus S&P Composite 1500



Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Index performance based on total return in USD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

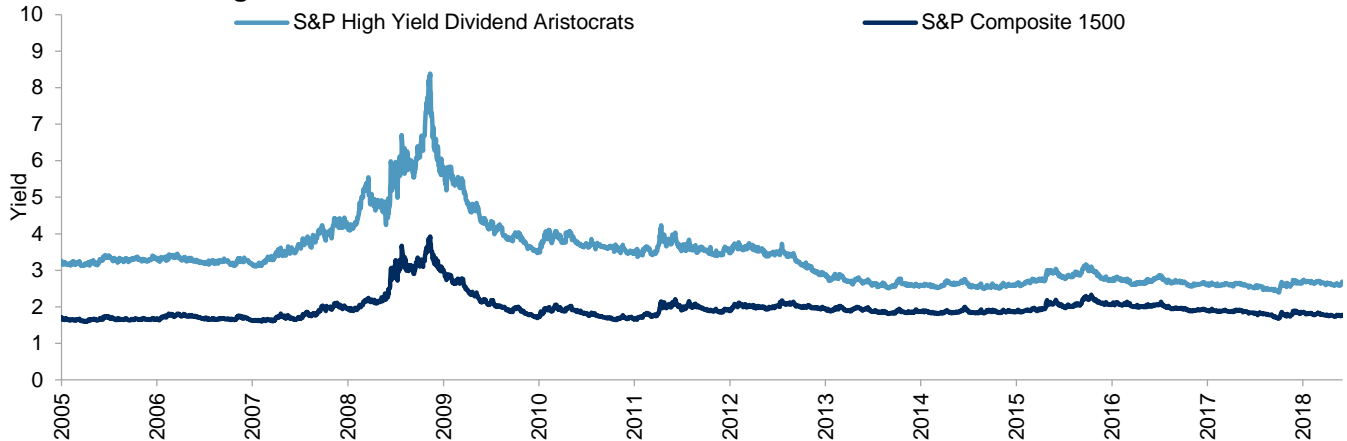
Exhibit 17: S&P High Yield Dividend Aristocrats – Calendar Year Return		
YEAR	S&P HIGH YIELD DIVIDEND ARISTOCRATS	S&P COMPOSITE 1500
2002	-5.05	-21.31
2003	25.89	29.59
2004	15.43	11.78
2005	3.65	5.66
2006	18.00	15.34
2007	-6.26	5.47
2008	-23.01	-36.72
2009	18.94	27.25
2010	16.80	16.38
2011	7.63	1.75
2012	11.88	16.17
2013	30.59	32.80
2014	14.27	13.08
2015	-0.38	1.01
2016	20.68	13.03
2017	16.35	21.13
2018	-2.42	-4.96
2019 YTD	7.87	10.52

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1999, to May 31, 2019. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 18: S&P High Yield Dividend Aristocrats – Risk/Return Profile		
PERIOD	S&P HIGH YIELD DIVIDEND ARISTOCRATS	S&P COMPOSITE 1500
ANNUAL RETURN (%)		
1-Year	7.21	2.70
3-Year	9.63	11.44
5-Year	9.95	9.45
10-Year	14.35	13.98
15-Year	8.97	8.52
ANNUAL VOLATILITY (%)		
3-Year	10.74	11.92
5-Year	10.93	11.85
10-Year	11.46	12.79
15-Year	13.50	13.99
ANNUAL RETURN/ANNUAL VOLATILITY		
3-Year	0.90	0.96
5-Year	0.91	0.80
10-Year	1.25	1.09
15-Year	0.66	0.61

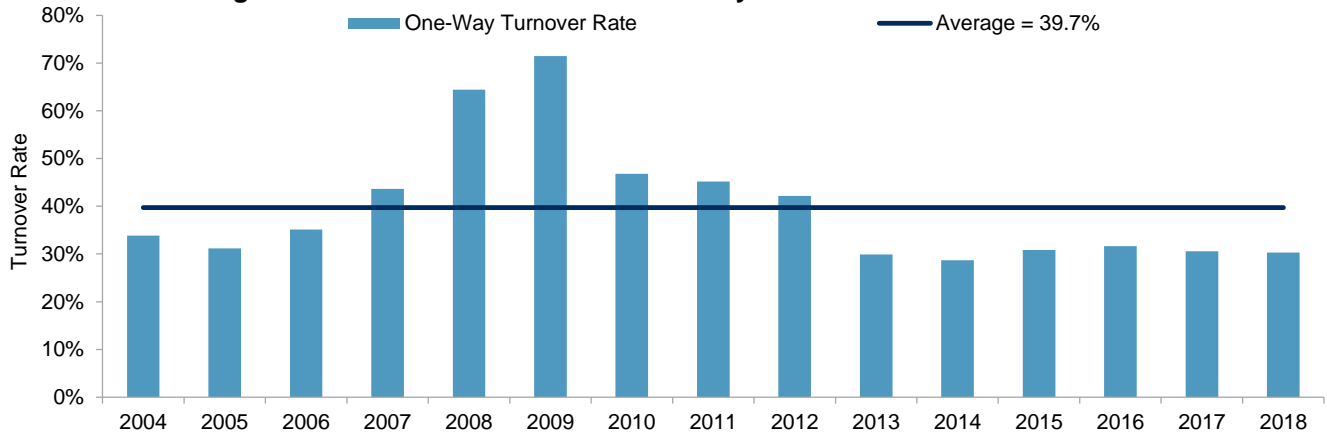
Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1999, to May 31, 2019. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 19: S&P High Yield Dividend Aristocrats – Historical Dividend Yield



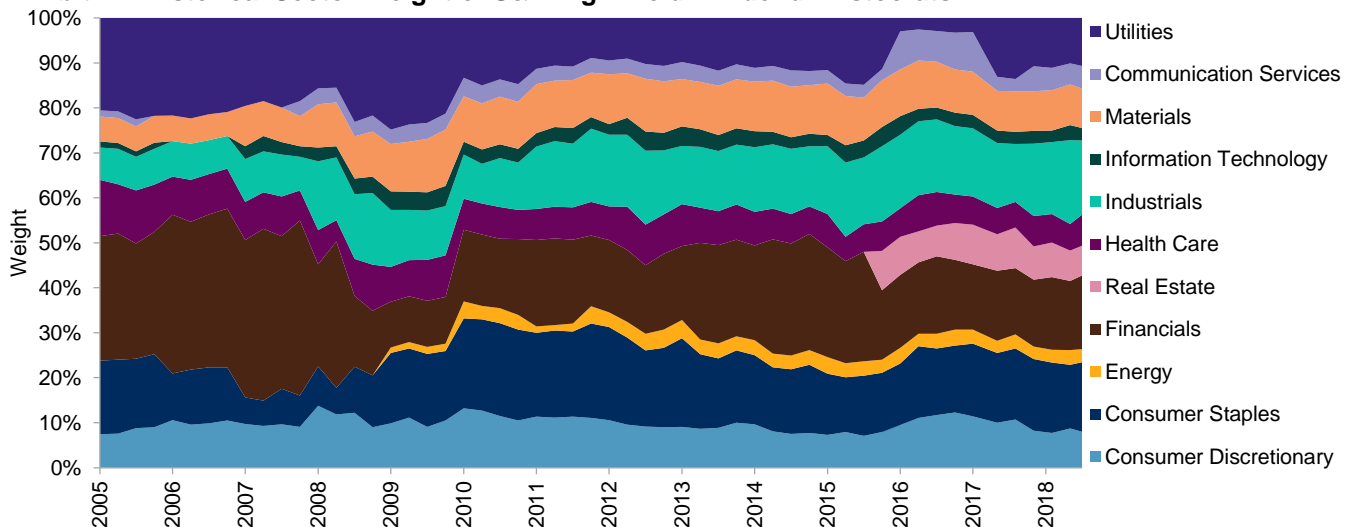
Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 20: S&P High Yield Dividend Aristocrats – One-Way Turnover Rate



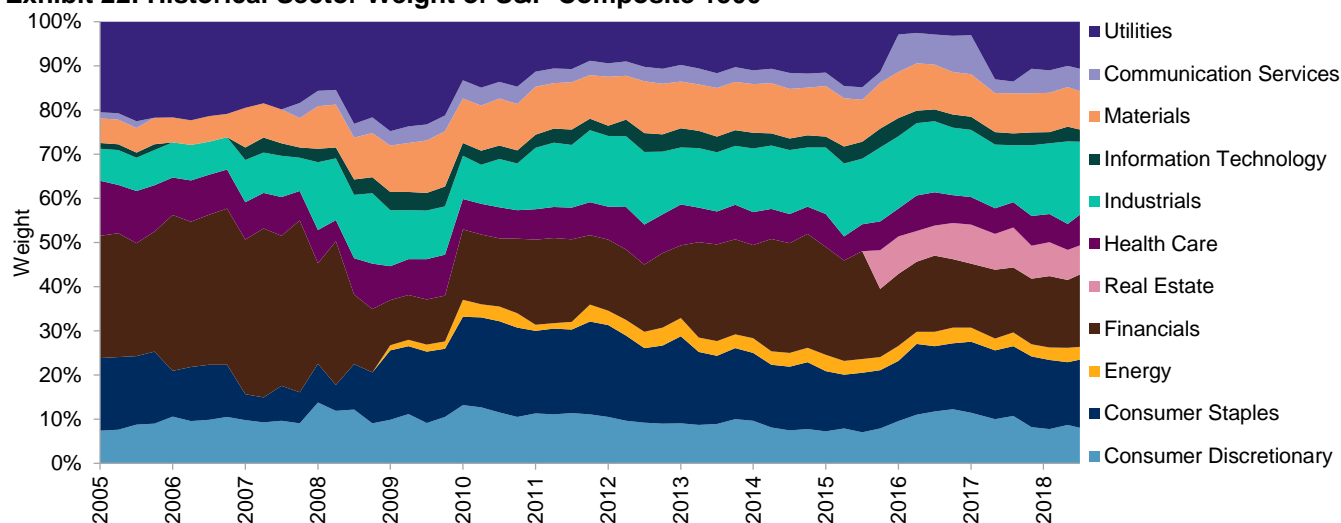
Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2018. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 21: Historical Sector Weight of S&P High Yield Dividend Aristocrats



Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Chart is provided for illustrative purposes.

Exhibit 22: Historical Sector Weight of S&P Composite 1500



Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Chart is provided for illustrative purposes.

Exhibit 23: Annual Return (%) – S&P Dividend Aristocrats Indices versus Benchmarks

REGION	PAST 10 YEARS		PAST 5 YEARS		PAST 3 YEARS	
	DIVIDEND ARISTOCRATS	BENCHMARK	DIVIDEND ARISTOCRATS	BENCHMARK	DIVIDEND ARISTOCRATS	BENCHMARK
Global	10.63	10.14	3.66	5.70	7.05	9.41
U.S.	14.35	13.98	9.95	9.45	9.63	11.44
Canada	10.62	7.56	4.68	4.98	6.48	7.62
Eurozone	9.69	8.14	5.91	4.82	6.70	6.31
UK	10.05	9.71	0.61	5.26	1.03	8.88
Pan Asia	11.09	7.23	6.60	4.37	10.29	8.11
Japan	11.13	7.73	9.34	6.97	5.45	5.51

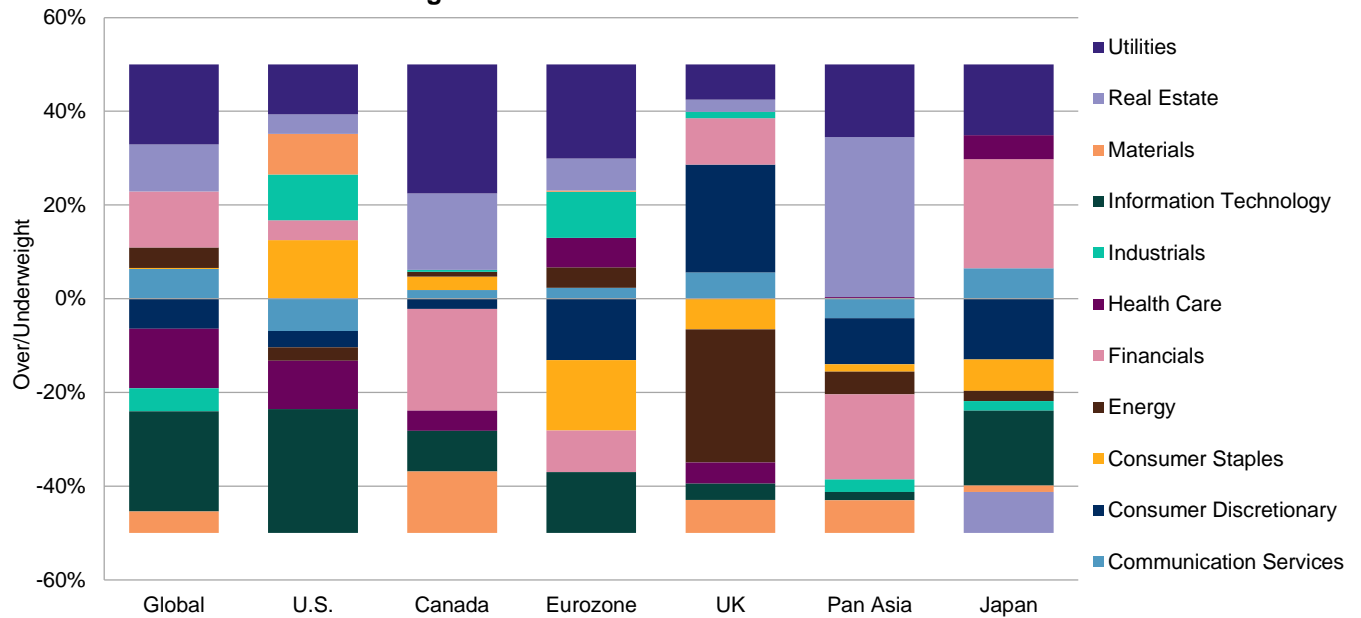
Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Index performance based on total return in local currency. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance. Indices used are S&P Global Dividend Aristocrats, S&P Global BMI, S&P High Yield Dividend Aristocrats, S&P Composite 1500, S&P/TSX Canadian Dividend Aristocrats, S&P/TSX Composite, S&P Euro High Yield Dividend Aristocrats, S&P Euro, S&P UK High Yield Dividend Aristocrats, S&P UK BMI, S&P Pan Asia Dividend Aristocrats, S&P Pan Asia BMI, S&P/JPX Dividend Aristocrats, and S&P Japan BMI.

Exhibit 24: Risk-Adjusted Return – S&P Dividend Aristocrats Indices versus Benchmarks

REGION	PAST 10 YEARS		PAST 5 YEARS		PAST 3 YEARS	
	DIVIDEND ARISTOCRATS	BENCHMARK	DIVIDEND ARISTOCRATS	BENCHMARK	DIVIDEND ARISTOCRATS	BENCHMARK
Global	0.84	0.75	0.33	0.49	0.73	0.86
U.S.	1.25	1.09	0.91	0.80	0.90	0.96
Canada	1.19	0.77	0.51	0.54	0.75	0.84
Eurozone	0.76	0.55	0.50	0.34	0.63	0.50
UK	0.84	0.83	0.05	0.54	0.08	0.90
Pan Asia	0.83	0.53	0.53	0.34	1.01	0.71
Japan	0.81	0.46	0.73	0.46	0.42	0.39

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2019. Index performance based on total return in local currency. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance. Indices used are S&P Global Dividend Aristocrats, S&P Global BMI, S&P High Yield Dividend Aristocrats, S&P Composite 1500, S&P/TSX Canadian Dividend Aristocrats, S&P/TSX Composite, S&P Euro High Yield Dividend Aristocrats, S&P Euro, S&P UK High Yield Dividend Aristocrats, S&P UK BMI, S&P Pan Asia Dividend Aristocrats, S&P Pan Asia BMI, S&P/JPX Dividend Aristocrats, and S&P Japan BMI.

Exhibit 25: Sector Over/Underweight – S&P Dividend Aristocrats Indices versus Benchmarks



Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2001, to May 31, 2019. Chart is provided for illustrative purposes.

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PERFORMANCE DISCLOSURE

The S&P High Yield Dividend Aristocrats was launched November 9, 2005. The S&P 500 High Dividend Index was launched September 21, 2015. The S&P Global Dividend Aristocrats was launched March 26, 2013. The S&P/TSX Canadian Dividend Aristocrats Index was launched August 1, 2008. The S&P Euro High Yield Dividend Aristocrats was launched January 31, 2012. The S&P UK High Yield Dividend Aristocrats was launched January 31, 2012. The S&P Pan Asia Dividend Aristocrats was launched April 14, 2009. The S&P/JPX Dividend Aristocrats was launched December 21, 2015. The back-test calculations are based on the same methodology that was in effect on the index 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. Complete index methodology details are available at www.spdji.com. Past performance of the Index is not an indication of future results. Prospective application of the methodology used to construct the Index may not result in performance commensurate with the back-test returns shown.

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The back-test period does not necessarily correspond to the entire available history of the Index. Please refer to the methodology paper for the Index, available at www.spdji.com 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.

Another limitation of using back-tested information is that the back-tested calculation is generally prepared with the benefit of hindsight. Back-tested information reflects the application of the index methodology and selection of index constituents in hindsight. No hypothetical record can completely account for the impact of financial risk in actual trading. For example, there are numerous factors related to the equities, fixed income, or commodities markets in general which cannot be, and have not been accounted for in the preparation of the index information set forth, all of which can affect actual performance.

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