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An allocation to companies that have sustainable and growing dividends may provide exposure to high-quality stocks and greater income over time.

A Case for Dividend Growth Strategies

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

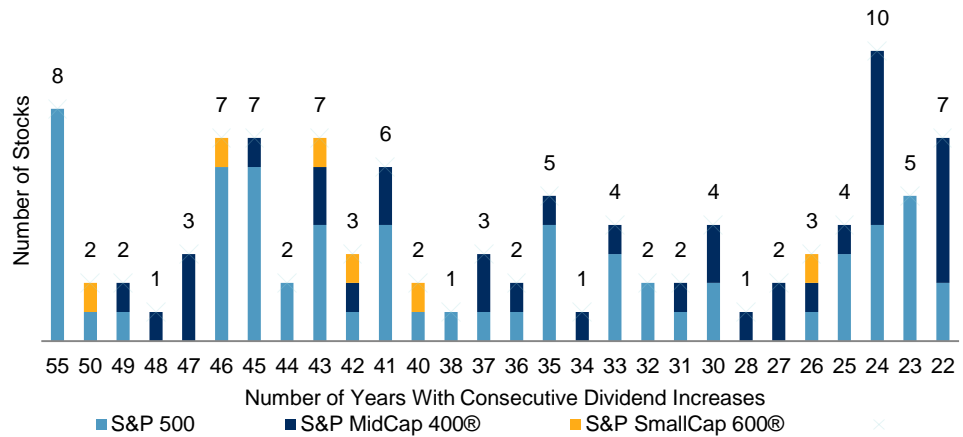
Dividend growth stocks tend to be of higher quality than those of the broader market in terms of earnings quality and leverage. Quite simply, when a company is reliably able to boost its dividend for years or even

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 35.9 years. Additionally, there are eight constituents with over 55 consecutive years of dividend increases (see Exhibit 1).

Exhibit 1: Long History of Dividend Increases

High dividend yield does not necessarily signal financial strength or discipline.

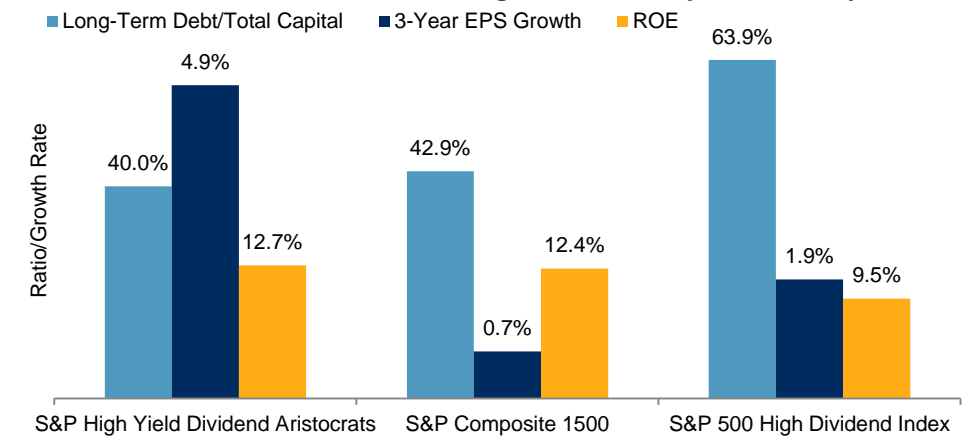


Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Chart is provided for illustrative purposes.

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 long-term debt-to-capital ratio of 40%, versus 43% for the [S&P Composite 1500](#) and 64% for the [S&P 500 High Dividend Index](#) as of Dec. 29, 2017 (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

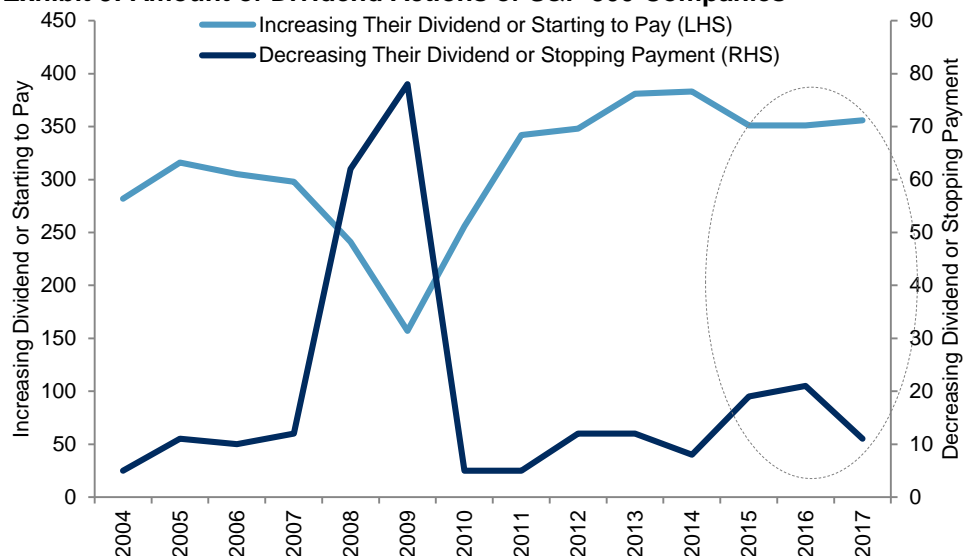


Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Chart is provided for illustrative purposes.

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. A trend toward dividend cuts began in 2015 and saw a slight reversal in 2017 (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.

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

Dividend growers may provide some downside protection during bearish markets.



Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Chart is provided for illustrative purposes.

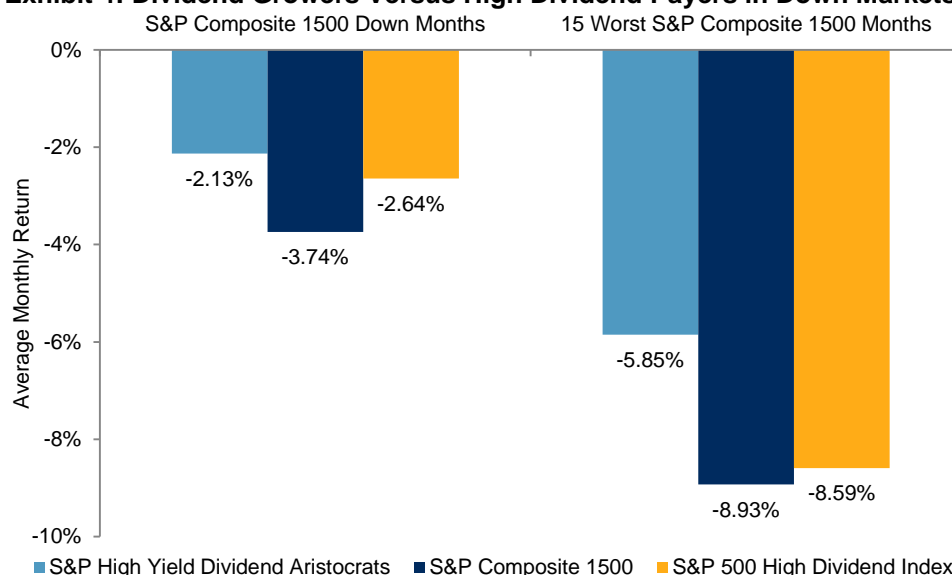
Buffer Against Market Volatility

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

In particular, dividend growers may provide some downside protection during bearish markets. Looking at the period from Dec. 31, 1999, to Dec. 29, 2017, 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 161 bps per month and 51 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 308 bps and 274 bps against the S&P Composite 1500 and the S&P 500 High Dividend Index, respectively (see Exhibit 4).

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



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1999, to Dec. 29, 2017. 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.

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 82 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 S&P COMPOSITE 1500 | VERSUS S&P 500 HIGH DIVIDEND INDEX |
| >40 | 1.95 | 0.82 |
| 20-40 | 1.81 | 0.64 |
| 10-20 | 1.20 | 0.21 |
| 0-10 | 0.49 | -0.34 |
| <0 | -0.31 | -0.15 |

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1999, to Dec. 29, 2017. 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.

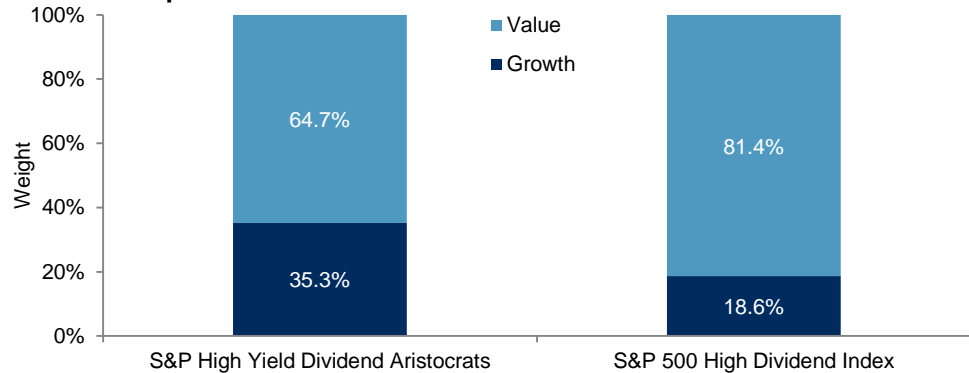
Dividend growers may provide some protection when market volatility rises.

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.

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

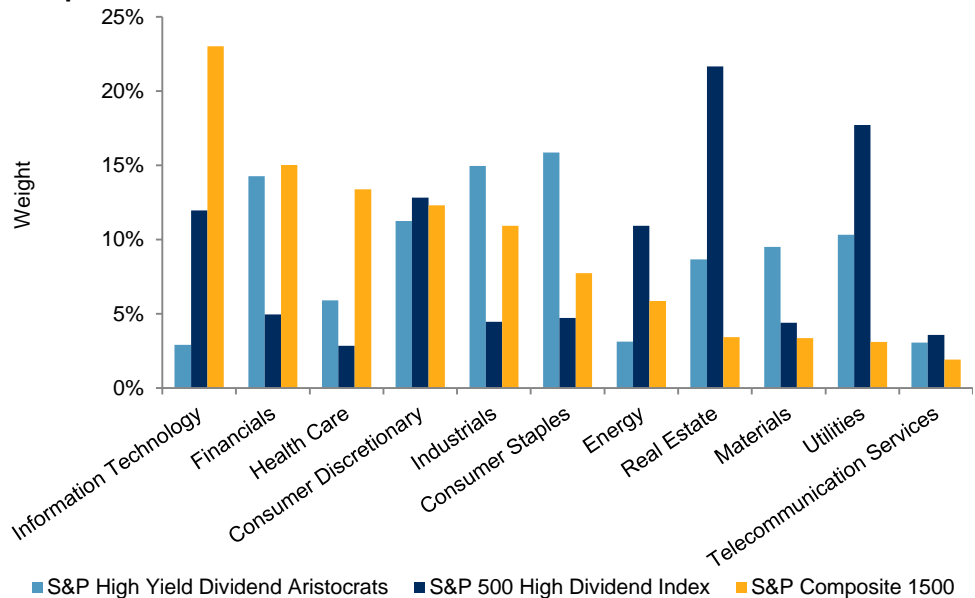


Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Chart is provided for illustrative purposes.

Second, unlike many pure yield strategies, which tend to be concentrated in sectors like utilities, consumer staples, and financials, 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.

Dividend growth strategies tend to be more diversified across sectors.

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



Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Chart is provided for illustrative purposes.

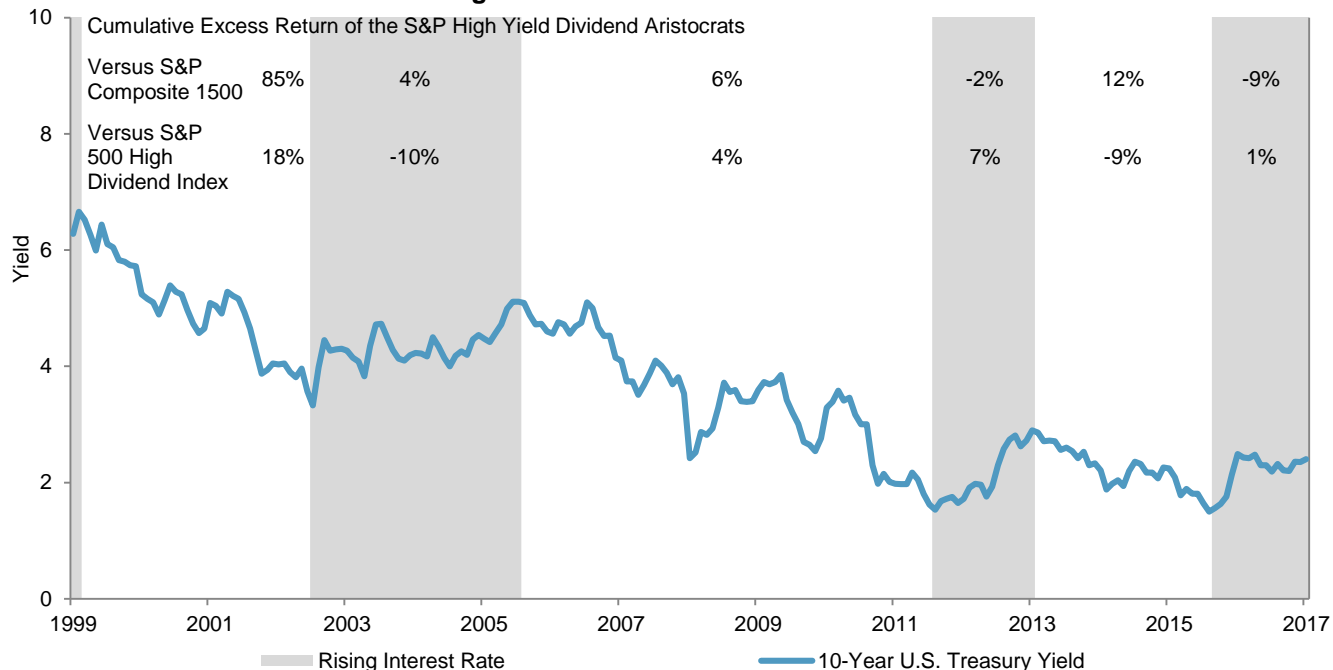
Exhibit 7b: Dividend Growers Versus High Dividend Payers: Historical Sector Composition

| YEAR | CONSUMER DISCRETIONARY | CONSUMER STAPLES | ENERGY | FINANCIALS & REAL ESTATE | HEALTH CARE | INDUSTRIALS | INFORMATION TECHNOLOGY | MATERIALS | TELECOMMUNICATION SERVICES | UTILITIES |
|---|------------------------|------------------|--------|--------------------------|-------------|-------------|------------------------|-----------|----------------------------|-----------|
| Average Sector Weights Difference (S&P High Yield Dividend Aristocrats – S&P 500 High Dividend) | | | | | | | | | | |
| 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 |

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2005 to Dec. 29, 2017. Chart 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 Dec. 29, 2017. 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.

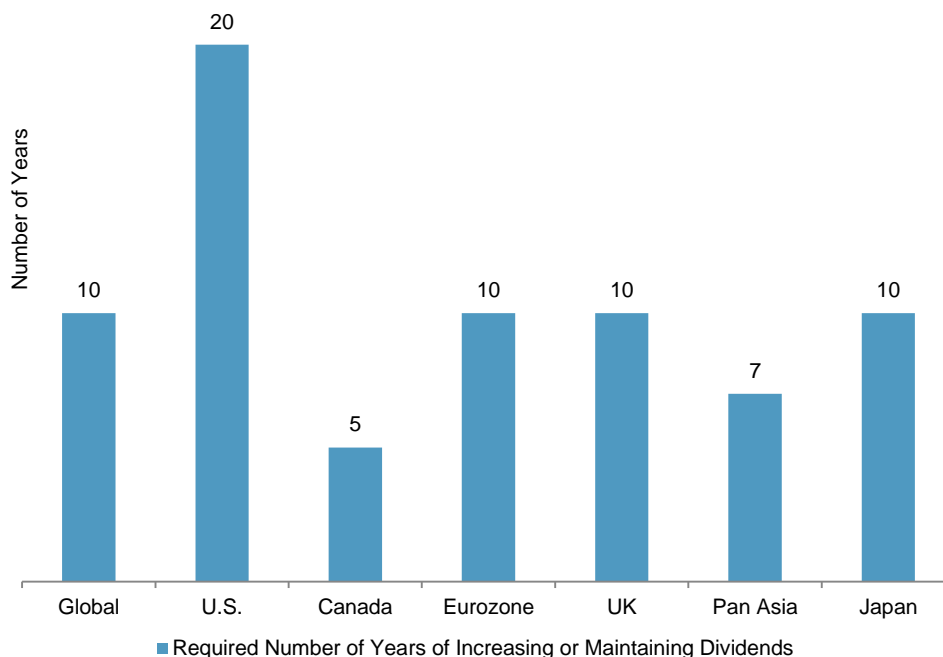
In summary, given the focus on quality balance sheets, dividend growth strategies could be attractive to market participants that are worried about volatility and the potential of rising rates, but still want to remain invested in equities while generating some income. For market participants focusing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

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.

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



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

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. 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. Our research shows that foreign dividend-paying stocks generally offer higher yields, higher dividend growth, and outperformance in the long run.

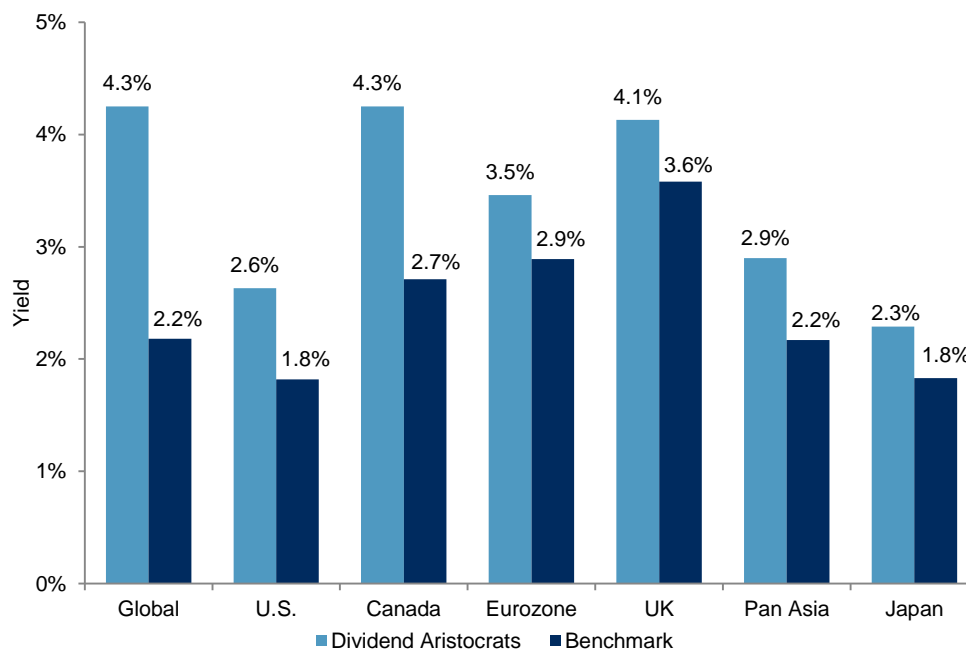
Yield

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 46 bps to 81 bps for the U.S., eurozone, UK, Pan Asia, and Japan. The spreads were higher for global markets and Canada, at 2.1% and 1.5%, 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.

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

The S&P High Yield Dividend Aristocrats had a dividend growth rate of 5.14% and 5.13% per year over the past 7 and 5 years, respectively.



Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. 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 5.14% and 5.13 % per year over the past seven and five years,

respectively. In international markets, the growth rates were much higher, especially in the UK, Pan Asia, and Japan (see Exhibit 11).¹

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 | 5.51 | 6.97 | 0.94 | 4.37 | 0.47 | 4.32 |
| U.S. | 5.14 | 11.91 | 5.13 | 11.48 | 8.68 | 8.88 |
| Canada | 3.49 | 4.04 | 7.49 | 4.08 | 8.68 | 1.19 |
| Eurozone | 5.24 | 3.23 | 4.97 | 1.88 | 10.80 | -1.08 |
| UK | 9.22 | 3.05 | 4.61 | 1.63 | -1.69 | -2.43 |
| Pan Asia | 4.49 | 5.52 | -2.45 | 1.59 | -2.36 | 2.03 |
| Japan | 11.76 | 8.42 | 14.10 | 6.10 | 15.30 | 9.13 |

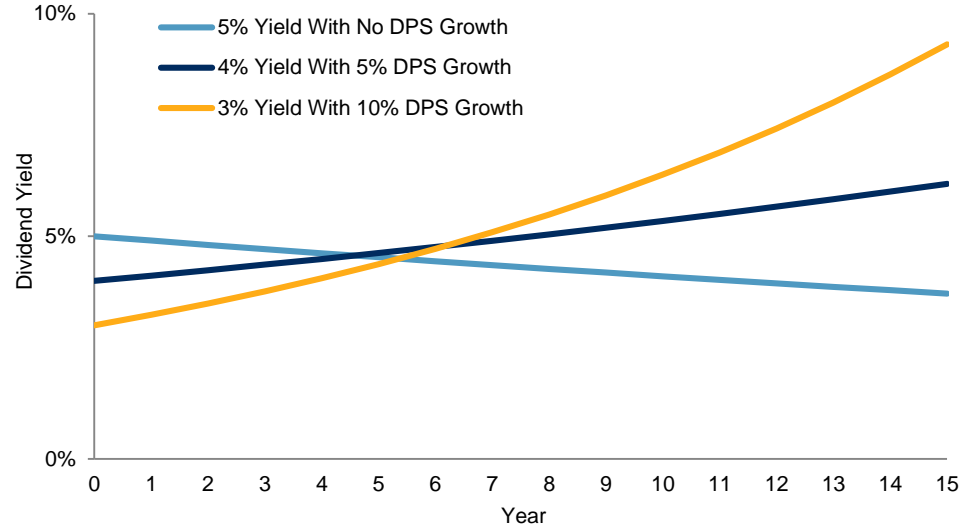
Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested 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.

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

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.

¹ Dividend growth rates are calculated based on dividend points. Dividend points indices 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 dividend-per-share times the number of shares for all stocks, and this is converted into index dividend points by dividing the divisor by the underlying price index.

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



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.

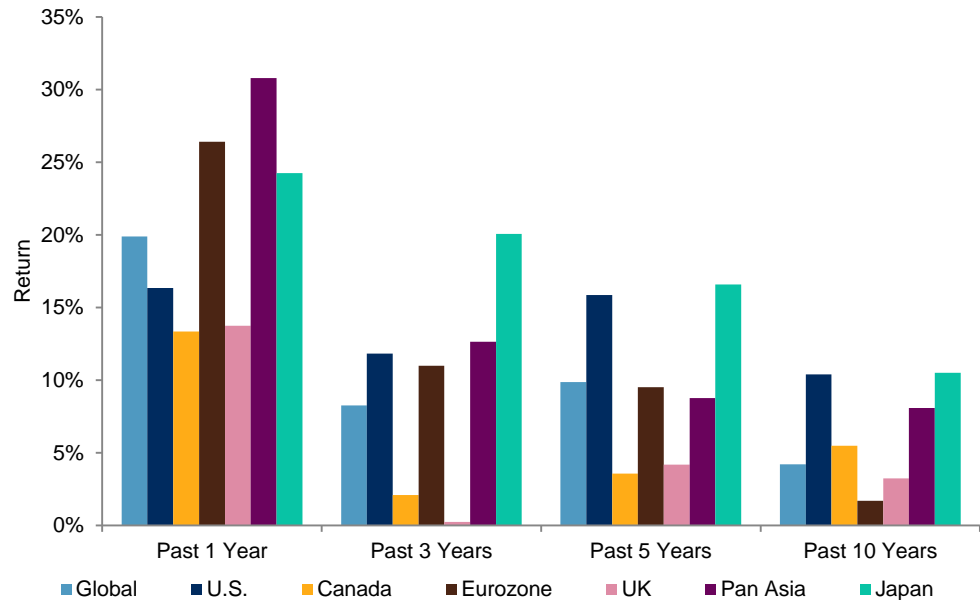
Total Return

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.

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).

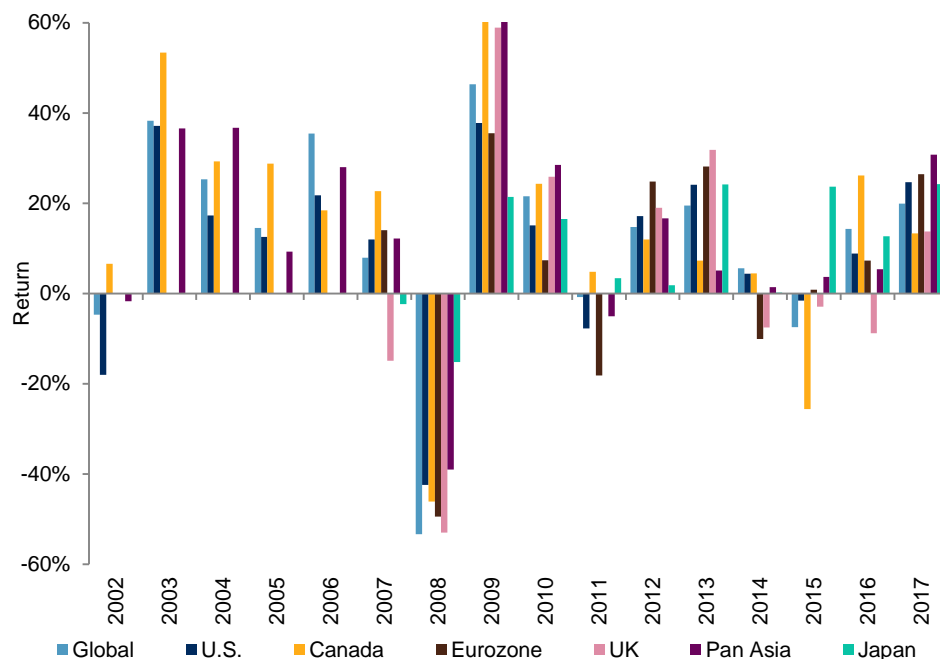
Investing outside the U.S. increases diversification, and it could increase total return as well.

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



Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. 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.

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 Dec. 29, 2017. 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.

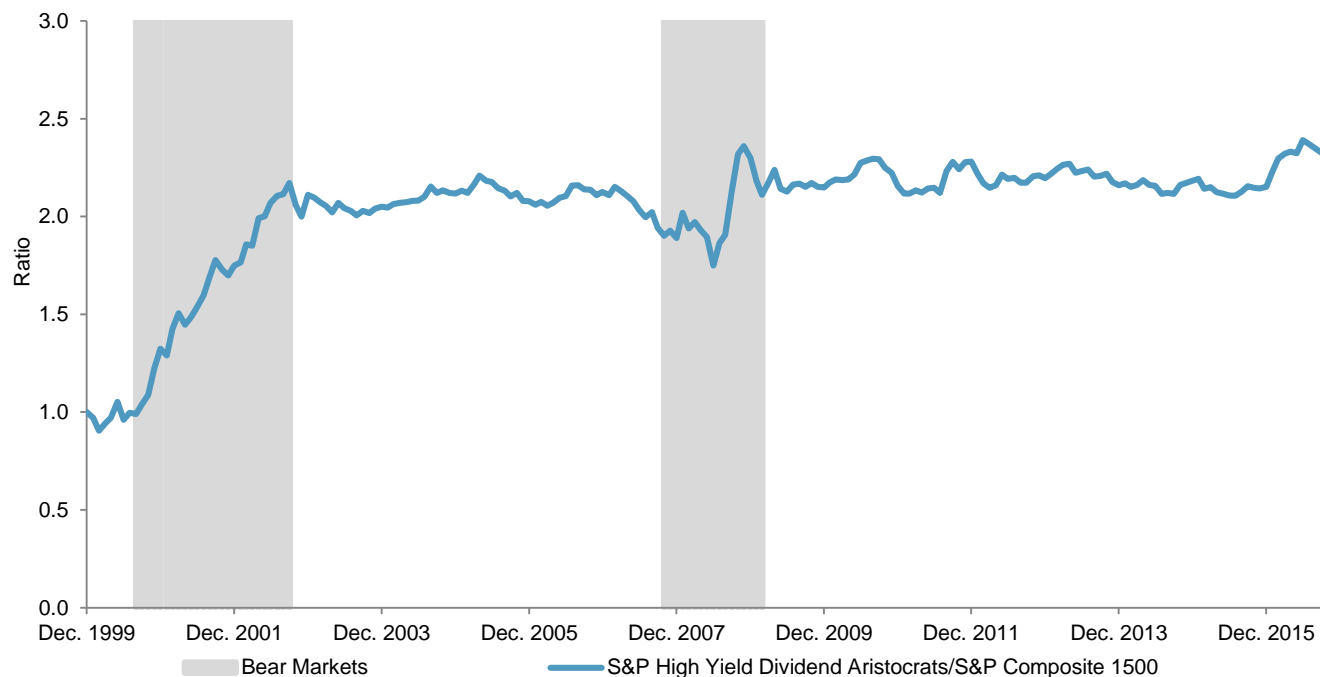
APPENDIX

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, 107 as of Dec. 29, 2017 | 80 |

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. 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 Dec. 29, 2017. 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 |

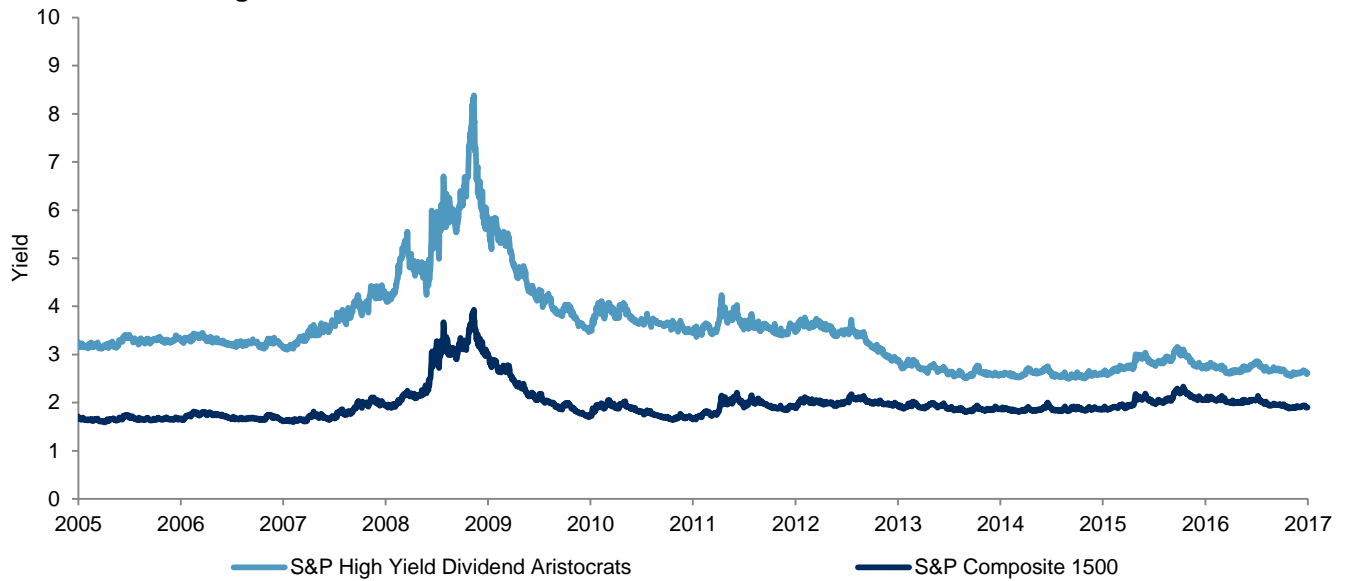
Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1999 to Dec. 29, 2017. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure 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

| CATEGORY | S&P HIGH YIELD DIVIDEND ARISTOCRATS | S&P COMPOSITE 1500 |
|--|--|-------------------------------|
| ANNUAL RETURN (%) | | |
| 1-Year | 16.35 | 21.13 |
| 3-Year | 11.83 | 11.41 |
| 5-Year | 15.85 | 15.74 |
| 10-Year | 10.39 | 8.69 |
| 15-Year | 10.51 | 10.18 |
| ANNUAL VOLATILITY (%) | | |
| 3-Year | 9.52 | 10.06 |
| 5-Year | 9.79 | 9.58 |
| 10-Year | 15.15 | 15.32 |
| 15-Year | 13.28 | 13.49 |
| ANNUAL RETURN/ANNUAL VOLATILITY | | |
| 3-Year | 1.24 | 1.13 |
| 5-Year | 1.62 | 1.64 |
| 10-Year | 0.69 | 0.57 |
| 15-Year | 0.79 | 0.75 |

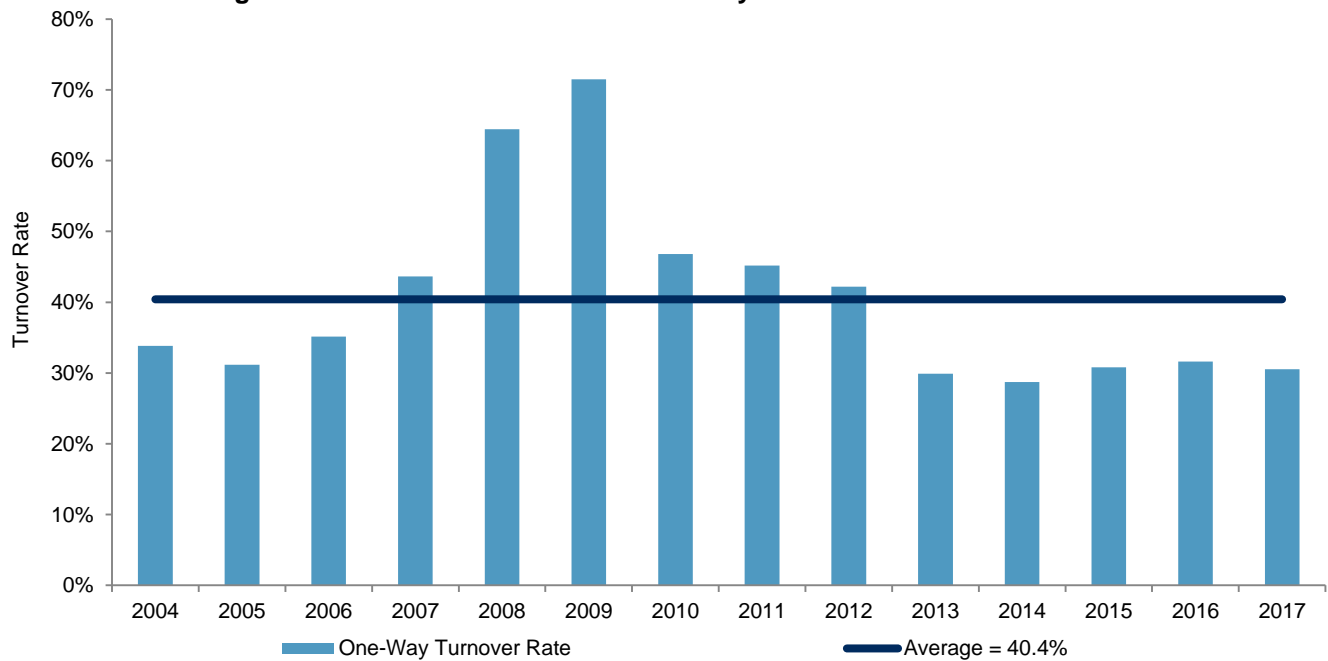
Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 1999, to Dec. 29, 2017. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure 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 Dec. 29, 2017. 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. 29, 2017. 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

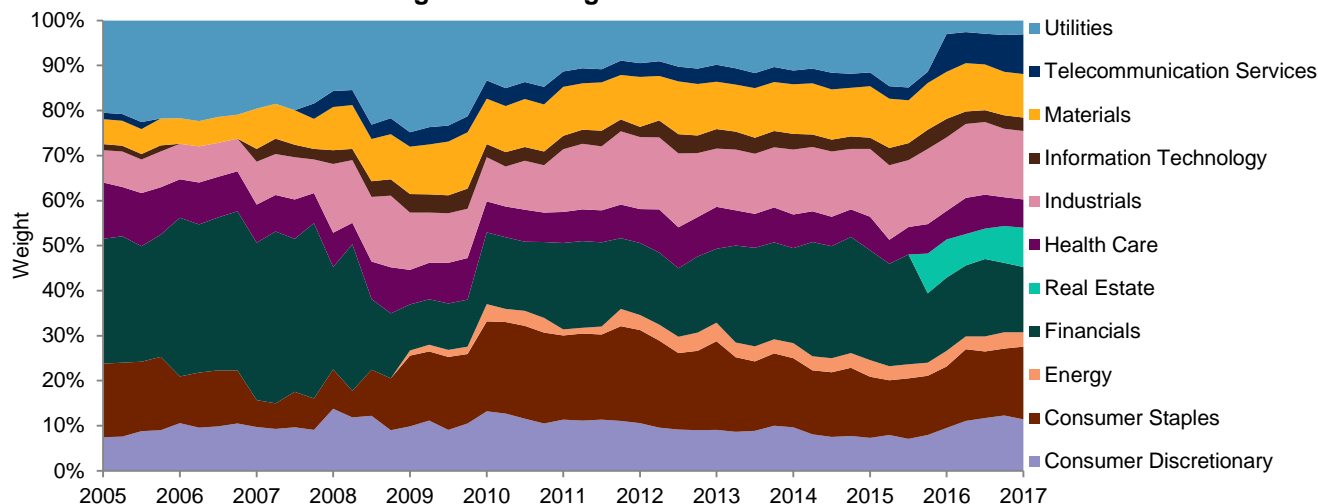


Exhibit 22: Historical Sector Weight of S&P Composite 1500

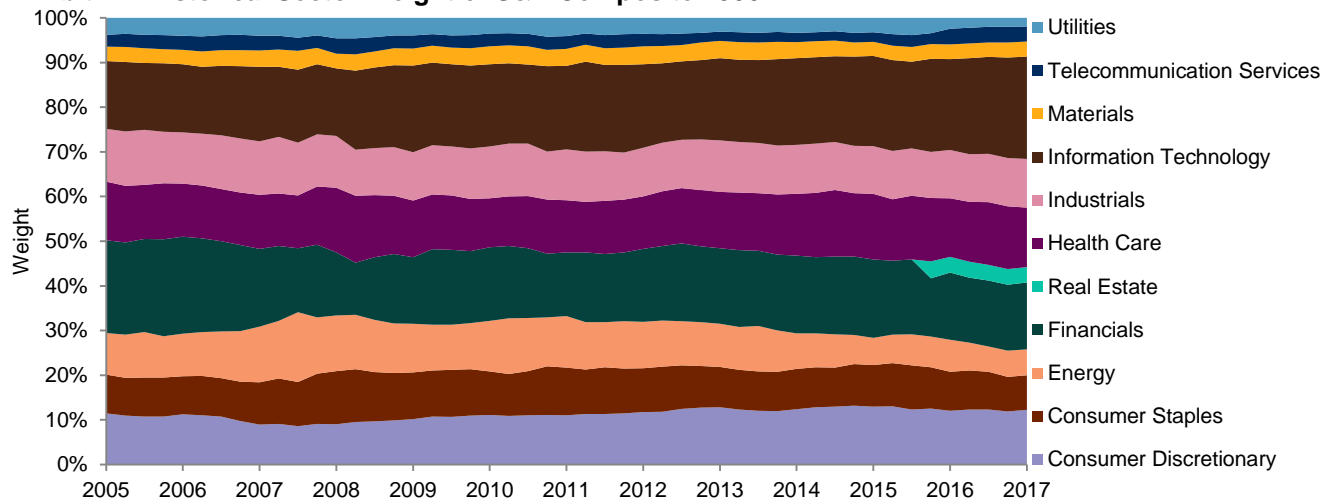


Exhibit 23: Annual Return – S&P Dividend Aristocrats Indices Versus Benchmarks

| LOCAL CURRENCY | PAST 10 YEARS (%) | | PAST 5 YEARS (%) | | PAST 3 YEARS (%) | |
|----------------|----------------------|-----------|----------------------|-----------|----------------------|-----------|
| | DIVIDEND ARISTOCRATS | BENCHMARK | DIVIDEND ARISTOCRATS | BENCHMARK | DIVIDEND ARISTOCRATS | BENCHMARK |
| Global | 4.21 | 5.50 | 9.86 | 11.59 | 8.26 | 10.13 |
| U.S. | 10.39 | 8.69 | 15.85 | 15.74 | 11.83 | 11.41 |
| Canada | 8.01 | 4.65 | 8.44 | 8.63 | 4.79 | 6.59 |
| Eurozone | 3.70 | 2.79 | 11.58 | 11.58 | 11.27 | 9.59 |
| UK | 7.30 | 6.48 | 8.09 | 10.18 | 5.09 | 9.92 |
| Pan Asia | 8.07 | 4.18 | 8.77 | 9.47 | 12.63 | 11.41 |
| Japan | 10.47 | 4.18 | 22.94 | 18.37 | 17.44 | 10.81 |

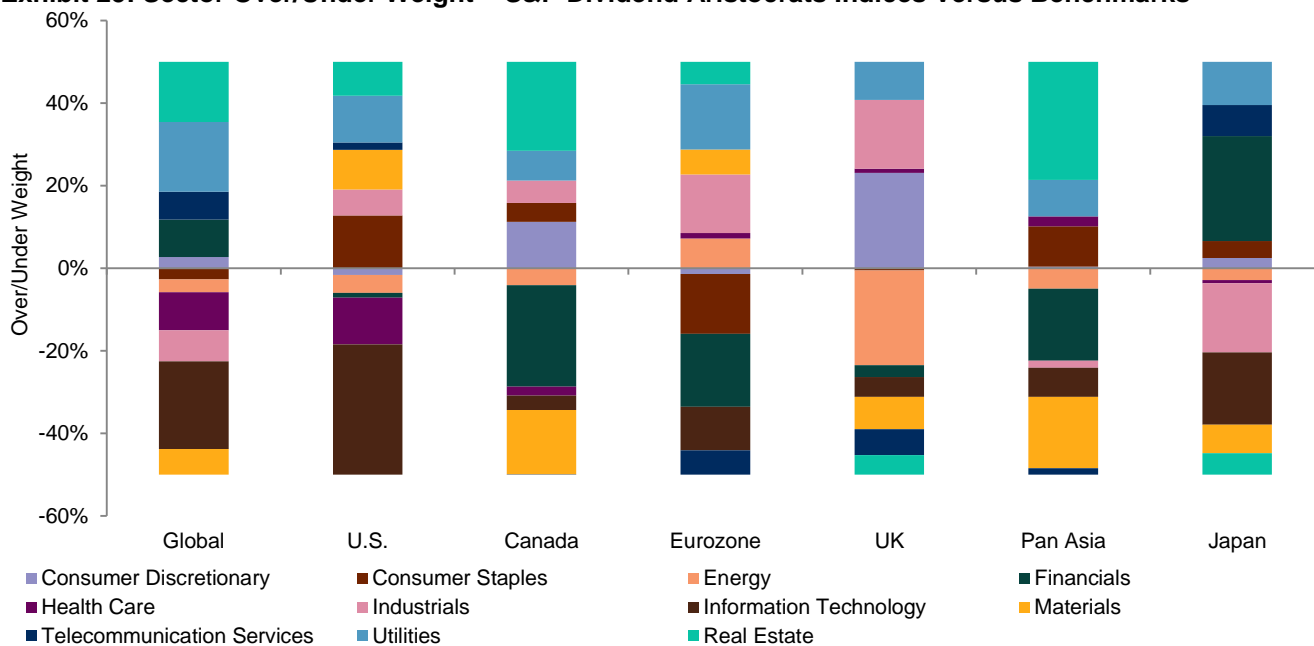
Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Index performance based on total return in local currency. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information 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

| LOCAL CURRENCY | PAST 10 YEARS | | PAST 5 YEARS | | PAST 3 YEARS | |
|----------------|----------------------|-----------|----------------------|-----------|----------------------|-----------|
| | DIVIDEND ARISTOCRATS | BENCHMARK | DIVIDEND ARISTOCRATS | BENCHMARK | DIVIDEND ARISTOCRATS | BENCHMARK |
| Global | 0.22 | 0.32 | 0.91 | 1.17 | 0.75 | 0.97 |
| U.S. | 0.69 | 0.57 | 1.62 | 1.64 | 1.24 | 1.13 |
| Canada | 0.65 | 0.35 | 1.04 | 1.15 | 0.55 | 0.89 |
| Eurozone | 0.21 | 0.16 | 0.98 | 0.87 | 0.90 | 0.65 |
| UK | 0.47 | 0.46 | 0.78 | 1.03 | 0.51 | 1.05 |
| Pan Asia | 0.49 | 0.23 | 0.71 | 0.81 | 0.96 | 0.91 |
| Japan | 0.66 | 0.22 | 1.78 | 1.18 | 1.39 | 0.69 |

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. 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/Under Weight – S&P Dividend Aristocrats Indices Versus Benchmarks



Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2001, to Dec. 29, 2017. Index performance based on monthly total return in USD. Chart is provided for illustrative purposes.

PERFORMANCE DISCLOSURE

The S&P High Yield Dividend Aristocrats was launched on November 9, 2005. The S&P 500 High Dividend Index was launched on September 21, 2015. The S&P Global Dividend Aristocrats was launched on March 26, 2013. The S&P/TSX Canadian Dividend Aristocrats Index was launched on August 1, 2008. The S&P Euro High Yield Dividend Aristocrats was launched on January 31, 2012. The S&P UK High Yield Dividend Aristocrats was launched on January 31, 2012. The S&P Pan Asia Dividend Aristocrats was launched on April 14, 2009. The S&P/JPX Dividend Aristocrats was launched on December 21, 2015. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. Complete index methodology details are available at www.spdji.com.

S&P Dow Jones Indices defines various dates to assist our clients in 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 at a fixed value for calculation purposes. The Launch Date designates the date upon which 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 Dow Jones Indices 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 datafeed 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.

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. 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.

The Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices LLC maintains the Index and calculates the Index levels and performance shown or discussed, but does not manage actual 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).

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