

**S&P Dow Jones
Indices**

A Division of **S&P Global**

S&P/ASX Franked Dividend Index *Methodology*

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Introduction

Index Objective

The S&P/ASX Franked Dividend Index measures 30 of the largest companies within the S&P/ASX 200 that have paid out 100% franked dividends in the past two years.

For information on stock eligibility criteria and index management rules of the S&P/ASX 200, please refer to the S&P/ASX Australian Indices Methodology at 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 the 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

The index universe is drawn from the constituents of the S&P/ASX 200.

Liquidity. Companies must have a minimum three-month average daily value traded (ADVT) of AUD 2 million in order to be eligible for index inclusion. At each rebalancing, current constituents are considered for deletion if their three-month ADVT falls below AUD 1.5 million.

Dividend Franking Percentage. As of each rebalancing reference date, companies must have paid out 100% franked regular dividends over the past two years in order to be eligible for index inclusion.

Index Construction

Approaches

The methodology employs a capped market capitalization weighting scheme, using the divisor methodology used in most S&P Dow Jones Indices equity indices.

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

As of the rebalancing reference date:

1. All eligible securities are ranked in descending order based on their float-adjusted market capitalization.
2. All eligible securities ranked within the top 80% of the target stock count (24) are automatically selected for index inclusion.
3. Current index constituents remaining within the top 120% of the target stock count (36) are re-selected for index inclusion, in order by rank, until the target stock count (30) has been reached.
4. If after step 3 the target stock count has still not been reached, then the highest ranked non-constituents remaining are selected, in order by rank, until the target stock count of 30 is reached.

Constituent Weightings

At each rebalancing, index constituents are weighted by float-adjusted market capitalization, subject to a single stock cap of 8%.

Index Calculations

For information on the index calculation methodology, please refer to the Capped 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 close on the last business day of January and July. The rebalancing reference dates are the last business day of December and June, respectively.

Constituent index shares are calculated using closing prices as of seven business days prior to the last business day 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 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 rebalancing, except for spin-offs and replacement constituents as detailed in *Deletions* below.

Deletions. Constituents removed from the S&P/ASX 200 are removed from the index simultaneously. If deletions from the S&P/ASX 200 cause the number of deletions from the index to exceed two, the decision whether to add a replacement to maintain the constituent count is determined by the Index Committee.

A company is also deleted from the index, effective after the close on the trading date prior to the ex-date, if it announces a dividend franking percentage of less than 100%. Weights are redistributed to the remaining stocks in proportion to their index market capitalization as of the close of the trading date prior to the ex-date.

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 an index, not for continued membership. As a result, an index constituent that appears to violate criteria for addition to that index will not be deleted unless ongoing conditions warrant an index change.

Spin-offs. A spun-off company is added to the index at a zero price on the ex-date and is generally removed from the index after at least one day of regular way trading. However, if the spun-off company announces that it will have a fully franked dividend, the spun-off company remains in the index until the subsequent semi-annual rebalancing.

Monthly Dividend Review

S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines an index constituent has eliminated or suspended its dividend or omitted a payment and will no longer qualify for the index at the subsequent rebalancing, it will be removed from the index effective prior to the open of the first business day of the following month.

The determination of qualifying for the index at the subsequent rebalancing is done at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, or omission is based on information publicly announced by the company as of five business days prior to month-end. The index constituents removed as part of the monthly dividend review process are not replaced until the following rebalancing.

Corporate Actions

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.

Currency, Currency Hedged, and Risk Control Indices

The index is calculated in Australian and U.S. dollars.

Daily index closing values are calculated in U.S. dollars using spot exchange rates taken at 4:17 PM Sydney Time as supplied by Reuters.

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.

Base Date and History Availability

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/ASX Franked Dividend Index	02/29/2016	01/31/2002	01/31/2002	1000

Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“SDL”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Index Governance

Index Committee

The index is maintained by the S&P/ASX Equity Indices Committee. S&P Dow Jones Indices' chairs the Index Committee, which is comprised of five voting members representing both S&P Dow Jones Indices and the Australian Securities Exchange.

The Index Committee meets regularly to review market developments and convenes as needed to address major corporate actions. At each meeting, the Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, 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 index constituent additions or deletions, are normally made outside of trading hours.

For more information on S&P Dow Jones Indices' announcements, please refer to the Announcement Policy found on our Web site, www.spdji.com.

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 ASX is officially closed.

A complete holiday schedule for the year is available on S&P Dow Jones Indices' Web site 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.

Unexpected 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.

Real-Time Calculation

Real-time, intra-day, index calculations are executed for certain indices whenever the ASX is officially open and trading. Real-time indices are not restated.

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 (Currency)	Return Type	Bloomberg
S&P/ASX Franked Dividend Index (AUD)	Price Return Total Return	SPAXFDAP SPAXFDAT
S&P/ASX Franked Dividend Index (USD)	Price Return Total Return	SPAXFDUP SPAXFDUT

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 March 1, 2016 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Monthly Dividend Review	07/31/2018	--	<p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines an index constituent has eliminated or suspended its dividend or omitted a payment and will no longer qualify for the index at the subsequent rebalancing, it will be removed from the index effective prior to the open of the first business day of the following month.</p> <p>The determination of qualifying for the index at the subsequent rebalancing is done at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, or omission is based on information publicly announced by the company as of five business days prior to month-end. The index constituents removed as part of the monthly dividend review process are not replaced until the following rebalancing.</p>
Dividend Sustainability	07/31/2017	As of each rebalancing reference date, companies must have non-negative 12-month trailing earnings per share and non-negative three-year dividend per share growth in order to be eligible for index inclusion.	--
Sector Capping	07/31/2017	The weight of each GICS sector is capped at 40%.	--
Single Stock Capping	07/31/2017	The weight of any individual stock is capped at 10%.	The weight of any individual stock is capped at 8%.

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