

FTSE All-World ex US High Dividend Yield Index

v2.0



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Contents

Section 1 Introduction	3
Section 2 Management responsibilities	4
Section 3 FTSE Russell index policies	5
Section 4 Periodic review of constituents	7
Section 5 Constituent changes outside of a review	8
Section 6 Corporate actions and events	9
Section 7 Algorithm and calculation method.....	10
Further information.....	11

Section 1

Introduction

1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE All-World ex US High Dividend Yield Index calculated by FTSE International Limited (FTSE).
- 1.2 These Ground Rules should be read in conjunction with the FTSE Global Equity Index Series Ground Rules. These rules are available on www.lseg.com/en/ftse-russell/.
- 1.3 The FTSE All-World ex US High Dividend Yield Index is available on a real time basis in USD.
- 1.4 Price and Net Total Return indices are available on an end of day basis.
- 1.5 An index using Fair Value pricing is also available.
- 1.6 The base currency of the benchmark is US Dollars. Index values may also be published in other currencies.
- 1.7 The FTSE All-World ex US High Dividend Yield Index does not take account of ESG factors in its index design.
- 1.8 **FTSE Russell**

FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc., FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited.
- 1.9 FTSE Russell hereby notifies users of the index that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.
- 1.10 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:
 - any reliance on these Ground Rules, and/or
 - any inaccuracies in these Ground Rules, and/or
 - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
 - any inaccuracies in the compilation of the index or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE All-World ex US High Dividend Yield Index and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the FTSE All-World ex US High Dividend Yield Index and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the index.

2.2 Amendments to These Ground Rules

2.2.1 These Ground Rules shall be subject to regular review by FTSE Russell to ensure that they continue to best reflect the aims of the index. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

¹ The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.1 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Group for discussion before approval by the FTSE Russell Index Governance Board. The Statement of Principles can be accessed using the following link:

[Statement of Principles.pdf](#)

3.2 Corporate Actions and Events Guide

3.2.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

3.3 Queries and Complaints

3.3.1 FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

3.4 Index Policy for Trading Halts and Market Closures

3.4.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

3.5 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.5.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market or a Security.pdf](#)

3.6 Recalculation Policy and Guidelines

- 3.6.1 The FTSE All-World ex US High Dividend Yield Index is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE All-World ex US High Dividend Yield Index are notified through appropriate media.

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

[Index Recalculation Policy and Guidelines Equity Indices.pdf](#)

3.7 Policy for Benchmark Methodology Changes

- 3.7.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

3.8 FTSE Russell Governance Framework

- 3.8.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

3.9 Real Time Status Definitions

- 3.9.1 Please refer to the following guide for details of real time status definitions for indices that are calculated in real time.

[Real Time Status Definitions.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Periodic review of constituents

4. Periodic review of constituents

4.1 At review the universe will be composed of constituents from the FTSE All-World ex US Index (Large Cap and Mid Cap) to determine the eligible universe.

4.2 Annual review

The FTSE All-World ex US High Dividend Yield Index will be reviewed annually.

4.3 Review methodology

The constituents of the index will be selected from the underlying universe by:

1. Removing all real estate investment trusts (REITS - ICB 351020.⁵)
2. Removing all stocks that are not currently paying a dividend and/or removing all stocks that are not forecast to pay dividends over the next 12 months.
 - For existing index constituents that have not distributed a dividend during the 12 month period prior to the cut-off date due to an irregular payment schedule, an additional screen will be conducted to check if there was a dividend payment in a 13 month period prior to the cut-off date and is a future dividend payment scheduled post the data cut-off date.
3. Additional proprietary screens are also applied.

4.4 12 Month forward dividend yield

The dividend yield data used in the review calculation is based on one-year dividends per share forecasts/estimates divided by the underlying share price.

⁵ FTSE indices migrated to the new ICB classification system in March 2021.

Section 5

Constituent changes outside of a review

5. Constituent changes outside of a review

5.1 Intra-review additions

5.1.1 There will be no intra-review additions to this index.

5.2 Intra-review deletions

5.2.1 A constituent will be removed from the FTSE All-World ex US High Dividend Yield Index if it is also removed from the FTSE All-World ex US Index.

Section 6

Corporate actions and events

6. Corporate actions and events

- 6.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

A Corporate 'Action' is an action on shareholders with a prescribed ex-date. The share price will be subject to an adjustment on the ex-date. These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division)/Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE Russell will provide notice advising of the timing of the change.

6.2 Shares in Issue

Changes to the number of shares in issue for constituent securities are covered in the Corporate Actions and Events Guide.

6.3 Mergers, Restructuring and Complex Takeovers

If two existing constituents merge the newly formed constituent will remain in the FTSE All-World ex US High Dividend Yield Index in line with the FTSE All-World ex US Index.

If an existing index constituent is acquired by a non-constituent, the company will be removed from the FTSE All-World ex US High Dividend Yield Index.

If an existing index constituent acquires a non-constituent, it will remain in the FTSE All-World ex US High Dividend Yield Index if the newly merged company remains a constituent in the FTSE All-World ex US Index.

If an index constituent has a complex reorganisation or de-merger, the newly spun-off company will remain in the FTSE All-World ex US High Dividend Yield Index as long as it remains a constituent in the FTSE All-World ex US Index.

Section 7

Algorithm and calculation method

7. Algorithm

The FTSE All-World ex US High Dividend Yield Index is calculated using the algorithm described below.

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i)}{d}$$

Where,

- $i = 1, 2, \dots, N$
- N is the number of securities in the index.
- p_i is the latest trade price of the component security (or the price at the close of the Index on the previous day).
- e_i is the exchange rate required to convert the security's currency into the index's base currency.
- s_i is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules.
- f_i is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index.
- d is the divisor, a figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the index.

Further information

A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

Further information on the FTSE All-World ex US High Dividend Yield Index is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

Website: www.lseg.com/en/ftse-russell/

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