

# FTSE All-World High Dividend Yield Index

v2.6



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## Section 1

# Introduction

## 1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE All-World High Dividend Yield Index.
- 1.2 The FTSE All-World High Dividend Yield Index is designed to represent the performance of companies in the FTSE All-World Index after the implementation a forecast dividend yield ranking process.
- 1.3 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/](http://www.lseg.com/en/ftse-russell/).
- 1.4 The FTSE All-World High Dividend Yield Index will consist of constituents from the FTSE All-World Index (Large Cap and Mid Cap) which have the highest forecast dividend yield.
- 1.5 The FTSE All-World High Dividend Yield Index will weight its constituents by its investable market capitalisation, i.e. after taking account of free float and foreign ownership restrictions.
- 1.6 Price, Total Return and Net Total Return Indexes are available. Total Return and Net Total Return Indexes are published at the end of each working day.
- 1.7 The base currency of the benchmark is US Dollars. Index values may also be published in other currencies.
- 1.8 The FTSE All-World High Dividend Yield Index Series does not take account of ESG factors in its index design.

### 1.9 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. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.

- 1.10 FTSE Russell hereby notifies users of the index series 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 series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.11 Index users who choose to follow this index series or to buy products that claim to follow this index series 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.<sup>1</sup>

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

- maintain records of the index weightings of all constituents and reserve companies;
- 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 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 indexes.

2.1.3 FTSE is also responsible for monitoring the performance of the FTSE All-World High Dividend Yield Index throughout the day and will determine whether the status of the index should be 'firm', 'indicative' or 'held' (See Appendix B).

### 2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) 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 Indexes, 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.

<sup>1</sup> 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 Indexes (the Statement of Principles)

Indexes 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 Advisory Board 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 Queries and Complaints

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

[Benchmark\\_Determination\\_Complaints\\_Handling\\_Policy.pdf](#)

### 3.3 Index Policy for Trading Halts and Market Closures

3.3.1 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](#)

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

3.4.1 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](#)

### 3.5 Recalculation Policy and Guidelines

3.5.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE All-World High Dividend Yield Index will be notified through appropriate media.

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

[Index\\_Recalculation\\_Policy\\_and\\_Guidelines\\_Equity\\_Indexes.pdf](#)

### **3.6 Policy for Benchmark Methodology Changes**

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

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

### **3.7 FTSE Russell Governance Framework**

3.7.1 To oversee its indexes, 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 Benchmarks<sup>2</sup>, the European benchmark regulation<sup>3</sup> and the UK benchmark regulation<sup>4</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

### **3.8 Real Time Status Definitions**

3.8.1 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](#)

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

<sup>3</sup> 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.

<sup>4</sup> 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 the constituents of the FTSE All-World Index (large cap and mid cap) to determine the eligible universe.

### 4.2 Semi-Annual Review (data cut-off date)

4.2.1 The FTSE All-World High Dividend Yield Index will be reviewed semi-annually in March and September using data at the close of business on the Wednesday before the first Friday of March and September taking into account any additions and deletions that may take place during the underlying index rebalance or review.

### 4.3 Semi-Annual Review (implementation date)

4.3.1 The semi-annual review will be implemented in-line with the FTSE Global Equity Index Series after the close of business on the third Friday of March and September (i.e. effective from the open on Monday).

### 4.4 Review Methodology

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

1. Removing all real estate investment trusts (ICB Real Estate Investment Trusts 351020 and Mortgage Real Estate Investment Trusts 302030).
2. Removing all companies which have not paid a dividend in a 12 month period prior to the cut off or are forecasted to pay a zero dividend over the next 12 months or do not have an available forecasted dividend for the next 12 months. Distributions deemed as 'Special' are excluded when evaluating dividend distributions for the 12 month period prior to the cut-off date.
3. The remaining stocks are ranked from highest to lowest by 12-month forward dividend yield.
4. The investable market capitalisation of each stock is then used to calculate percentiles.
5. An existing index constituent will remain a member of the index until its yield rank falls beyond the 55th percentile. A stock that is not in the index will become a constituent in the index if its yield rank is within the 45th percentile.

Where FTSE Russell becomes aware via an official announcement, by the index review cut-off date, that a market has changed its dividend distribution cycle, resulting in index constituents from that market failing to pass ground rule 4.4.2, then those index constituents will not be assessed for that screen until the subsequent index review and retained in the index subject to them passing all the other index eligibility screens.

### 4.5 12 Month Forward Dividend Yield

4.5.1 The dividend yield data used in the review calculation is based on forecast dividends per share from I/B/E/S. For the review universe constituents that do not have this information, an additional independent source will be used.

4.5.2 To determine the forecast dividend yield, 12 month forward dividend per share forecast is calculated using the most recent I/B/E/S forecast DPS values prior to the review data cut-off date, divided by the underlying

FTSE stock price at the review data cut-off date. I/B/E/S data will be taken from the close of business on the on the Wednesday before the first Friday of March and September.

4.5.3 DPS estimates are converted to the currency of the security price as of the review data cut-off date using WM/Refinitiv exchange rates.

Definition:

12 month Forward Dividend Yield expressed as a percentage:

$$\frac{[n * DPS_{FY1} + (12 - n) * DPS_{FY2}]}{P} * \frac{100}{12}$$

Where:

$n$  is the number of months to company's current fiscal year end (FY1).

$P$  is the security price

$DPS_{FY1}$  is the I/B/E/S Mean FY1 DPS converted to the currency of the security price

$DPS_{FY2}$  is the I/B/E/S Mean FY2 DPS converted to the currency of the security price



## Section 5

# Constituent changes outside of a review

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## 5. Constituent changes outside of a review

### 5.1 Intra-review changes (additions)

5.1.1 There will be no intra-review additions to this index. New issues will be assessed for index eligibility at the next semi-annual review.

### 5.2 Intra-review changes (deletions)

5.2.1 If a constituent is removed from the FTSE All-World Index, then it will be removed from the FTSE All-World High Dividend Yield Index. The removal will be concurrent with the removal of the stock from the underlying index. Intra-review deletions will not be replaced.

5.2.2 If a constituent converts to a REIT and its ICB classification changes to REIT (ICB sector Real Estate Investment Trusts 351020 and Mortgage Real Estate Investment Trusts 302030) intra-review it will remain in the FTSE All-World High Dividend Yield Index until the next quarterly review.

## 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 Suspension of dealing

6.3.1 Suspension of dealing rules can be found within the Corporate Actions and Events Guide.

### 6.4 Mergers, restructuring and complex takeovers

6.4.1 The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide.

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

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

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

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

## Section 7

# Algorithm and calculation method

## 7. Algorithm and calculation method

### 7.1 Prices

7.1.1 The FTSE All-World High Dividend Yield Index will use actual last trade prices, where available, for securities.

7.1.2 Refintiiiv real-time exchange rates are used in the real-time index calculations.

### 7.2 Index calculation

7.2.1 The FTSE All-World High Dividend Yield Index calculation formula is as follows:

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

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.

## Appendix A

# Indexes opening and closing hours

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Index	Open	Close
FTSE All-World High Dividend Yield Index	00:30	21:10

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### Notes:

Closing values will be disseminated at 21:30.

Timings are UK hours.

## Appendix B

# Status of indices

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The FTSE All-World High Dividend Yield Index are calculated in real-time.

For further details of real time definitions please refer to the following guide:

[Real Time Status Definitions.pdf](#)

The official opening and closing hours of the FTSE All-World High Dividend Yield Index are set out in Appendix A. Variations to the official hours of the indexes will be published by FTSE Russell.

## Appendix C

# Further information

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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 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](mailto:info@ftserussell.com).

Website: [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)

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