



FTSE UK Dividend+ Index Methodology  
Version 1.2

## **FTSE UK Dividend+ Methodology**

\* This methodology is to be read in conjunction with the FTSE UK Index Series Ground Rules which are available at [www.ftse.com/indices\\_marketdata/uk\\_series/index\\_home.jsp](http://www.ftse.com/indices_marketdata/uk_series/index_home.jsp)

### **Review Universe**

At review the universe will comprise of constituents from the FTSE 350 Index excluding investment trusts (also see Forecast/estimate one-year dividend yields).

### **Annual Review (data cut-off date)**

The annual review will use data based on the close of trading on the Tuesday after the first Friday of March.

### **Annual Review (implementation date)**

The annual review will be implemented inline with the FTSE UK Index Series – implemented after the close of trading on the third Friday of March.

### **Review Methodology**

The review universe is ranked in descending order by the forecast/estimate one-year dividend yields (see below). The current index constituents are marked. To reduce index turnover buffers are used. Constituents that rank 25th place or above are added to the index, constituents that rank below 75th place are removed from the index.

To maintain a consistent 50 stocks at review, if there are less than 50 constituents after the above process, the next highest-ranking non-constituent is included until the 50 index stocks are selected.

Where a company has more than one line of stock and both are eligible for inclusion into the index, the line with the largest dividend yield will be included. Where both lines have the same dividend yield, the largest by full market capitalisation is included. If more constituents are added than deleted at review, and this leads to an index of greater than 50 constituents, the lowest ranking constituents are removed until the index comprises of 50 constituents.

To prevent a large number of constituent changes a maximum limit of 5 additions and 5 deletions are used at each annual review.

The index is subject to a liquidity test of GBP 50 million. Constituents that prevent the index from trading GBP 50 million within half a trading day are excluded from the index. Where this leads to more than 5 constituent changes, the liquidity rule will take precedence.

### **Forecast/estimate one-year dividend yields**

The dividend yield data is based on 1-year dividends per share forecast/estimates (excluding capital repayments and special dividends) sourced from Markit. For FTSE 350 constituents that do not have this information FTSE's historical dividend yield data is used. To be able to rank the review universe the 1-year dividends per share forecast/estimates are divided by the underlying stock price at the review data cut-off date.

### **Calculation Methodology**

Each of the 50 index constituents are weighted within the index at review by their forecast/estimate one year dividend yields. A factor is applied to the investable market capitalisation of each stock to either increase or reduce the stocks weight within the index. This factor will remain constant until the next annual review (but see mergers below). The index will be calculated in real-time every 15 seconds.

### **Main calculation currency**

The index will be calculated in Sterling on a real-time basis. A Euro index value will also be calculated on an end-of-day basis.

### **Intra-review Changes (additions)**

Additions into the index series will only be applied at the next annual review.

### **Intra-review Changes (deletions)**

In line with the underlying FTSE 350 Index. A constituent will be removed from the FTSE UK Dividend+ Index if it is also removed from the underlying FTSE 350 Index.

### **Corporate Action Changes**

If a constituent is acquired by a non-constituent, the company will be removed from the FTSE UK Dividend+ Index.

Where two index constituents merge, or one index constituent is acquired by another constituent, the factor that is applied to the investable market capitalisation is adjusted so as the new entity remains the same weight within the index as the combined remerger index weights. If an index constituent has a complex reorganisation or demerger, the newly spun-off company will remain eligible for inclusion into the index as long as it remains a constituent in the FTSE 350 Index. The new spun-off company will retain the same factor as its parent company until the next annual review.

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