



FTSE All-World High Dividend Yield Index

v1.6



Contents

1.0	Introduction.....	3
2.0	Management Responsibilities.....	5
3.0	FTSE Russell Index Policies	7
4.0	Eligible Securities	9
5.0	Periodic Review of Constituents	10
6.0	Changes to Constituent Companies	11
7.0	Corporate Actions and Events.....	12
8.0	Indexes Algorithm and Calculation Methodology.....	13
	Appendix A: Indexes Opening and Closing Hours	14
	Appendix B: Status of Indexes	15
	Appendix C: Further Information	16



Section 1

Introduction

1.0 Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE All-World High Dividend Yield Index. Copies of these Ground Rules are available from FTSE on the website www.ftserussell.com.
- 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.ftserussell.com.
- 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 FTSE Russell is a trading name of FTSE International Limited (FTSE), Frank Russell Company (Russell), FTSE TMX Global Debt Capital Markets Inc. and FTSE TMX Global Debt Capital Markets Limited (together, "FTSE TMX") and MTSNext Limited. FTSE, Russell and FTSE TMX are each benchmark administrators of indexes. References to FTSE Russell should be interpreted as a reference to the relevant benchmark administrator for the relevant index.
- 1.9 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.
- 1.10 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 errors or 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 errors or inaccuracies in the compilation of the Index or any constituent data.



Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index.

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 Status of these Ground Rules

2.2.1 These Ground Rules set out the methodology and provide information about the publication of the FTSE All-World High Dividend Yield Index.

2.3 Amendments to these Ground Rules

2.3.1 These Ground Rules shall be subject to regular review by FTSE Russell to ensure that they continue to meet the current and future requirements of investors and other index users. 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 Governance Board before approval is granted.

2.3.2 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.



Section 3

FTSE Russell Index Policies

3.0 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 Queries and Complaints

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

[Queries_and_Complaints_Policy.pdf](#)

3.2 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 FTSE Russell's Governance Board.

The Statement of Principles can be accessed using the following link:

[Statement_of_Principles.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:

[FTSE_Russell_Index_Policy_for_Trading_Halts_and_Market_Closures.pdf](#)

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

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

[FTSE_Russell_Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market.pdf](#)

3.5 Recalculation Policy and Guidelines

3.5.1 The FTSE All-World High Dividend Yield Index is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE All-World High Dividend Yield Index are 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.

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

3.6 **FTSE Russell 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:

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



Section 4

Eligible Securities

4.0 Eligible Securities

4.1 The constituents of the FTSE All-World High Dividend Yield Index are selected from the FTSE All-World Index excluding all real estate investment trusts REITs (ICB Sector 8670) and ranked by forecast dividend yield.

4.2 All stocks that are forecast to pay a zero dividend over the next 12 months or do not have available forecast dividend information will be excluded from the FTSE All-World High Dividend Yield Index. ("Dividends" excludes any non-regular or "special" distributions.)

4.3 12 Month Forward Dividend Yield

4.3.1 The dividend yield data used in the review calculation is based on forecast dividends per share from I/B/E/S.

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 third Thursday of February and August.

DPS estimates are converted to the currency of the security price as of the review data cut-off date using WM/Reuters 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

Periodic Review of Constituents

5.0 Periodic Review of Constituents

- 5.1 The FTSE All-World High Dividend Yield Index will be reviewed in accordance with the FTSE Global Equity Index Series Ground Rules.
- 5.2 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 last day of February and August taking into account any additions and deletions that may take place during the underlying index rebalance or review. The review will be implemented after the close of business on the third Friday (i.e. effective Monday) of March and September.
- 5.3 The FTSE All-World High Dividend Yield Index aims to contain the highest yielding stocks accounting for 50% of the investable market capitalisation of the Eligible Securities as defined in Section 4.
- 5.4 The FTSE All-World High Dividend Yield Index will incorporate rebalance buffers. At subsequent rebalancings of the index, a security that is not in the index will become a constituent in the index if its yield rank is above the 45th percentile based on investable market capitalisation. An index constituent will remain in the index until its yield rank falls below the 55th percentile based on investable market capitalisation.
- 5.5 A constant number of constituents will not be maintained for the FTSE All-World High Dividend Yield Index.



Section 6

Changes to Constituent Companies

6.0 Changes to Constituent Companies

6.1 Additions

6.1.1 New issues will be eligible for inclusion in the FTSE All-World High Dividend Yield Index at the next semi-annual review.

6.2 Removal

6.2.1 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.

6.2.2 If a constituent converts to a REIT and its ICB classification changes to REIT (ICB sector 8670) intra-review it will be removed from the FTSE All-World High Dividend Yield Index on the effective date of the ICB classification change.

Section 7

Corporate Actions and Events

7.0 Corporate Actions and Events

7.1 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.

7.2 Shares in Issue

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

7.3 Mergers, Restructuring and Complex Takeovers

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

7.4 Suspension of Dealing

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



Section 8

Indexes Algorithm and Calculation Methodology

8.0 Indexes Algorithm and Calculation Methodology

8.1 Prices

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

8.1.2 Reuters real-time exchange rates are used in the real-time index calculations.

8.2 Index Calculation

8.2.1 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

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

Notes:

Closing values will be disseminated at 21:30.

Timings are UK hours.



Appendix B: Status of Indexes

The FTSE All-World High Dividend Yield Index are calculated in real-time and may exist in the following states:

A. **Firm**

The index is being calculated using trade prices from the relevant local stock exchanges for all constituents during the hours of the Official Index Period.

The Official Closing Index for the real time indexes is the last index value calculated at the end of the firm period.

B. **Closed**

When the index has ceased all calculations for the day, the message 'CLOSED' is displayed against the index value.

C. **Held**

During the firm period, the index has exceeded pre-set operating parameters and calculation has been suspended pending resolution of the problem. The message 'HELD' is displayed against the last index value calculated.

D. **Indicative**

If there is a system problem or a situation in the market that is judged to be affecting the quality of the constituent prices at any time when the index is being calculated, the index will be declared indicative. The message 'IND' will be displayed against the index value.

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

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.

Website: www.ftserussell.com

© 2017 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE TMX Global Debt Capital Markets Inc. and FTSE TMX Global Debt Capital Markets Limited (together, "FTSE TMX") and (4) MTSNext Limited ("MTSNext"). All rights reserved.

The FTSE All-World High Dividend Index is calculated by FTSE or its agent. All rights in the Index Series vest in FTSE.

FTSE Russell[®] is a trading name of FTSE, Russell, FTSE TMX and MTS Next Limited. "FTSE[®]", "Russell[®]", "FTSE Russell[®]", "MTS[®]", "FTSE TMX[®]", "FTSE4Good[®]" and "ICB[®]" and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, or FTSE TMX.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this publication or any of the information or data contained herein.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE All-World High Dividend Index or the fitness or suitability of the Index for any particular purpose to which it might be put.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group index data and the use of their data to create financial products require a licence with FTSE, Russell, FTSE TMX, MTSNext and/or their respective licensors.