

FTSE Global Dividend Growth Index Series

v1.0



Contents

Section 1 Introduction	3
Section 2 Management responsibilities	5
Section 3 FTSE Russell index policies	6
Section 4 Data	8
Section 5 Periodic review of constituents	9
Section 6 Changes to constituent companies.....	10
Section 7 Corporate actions and events.....	11
Section 8 Treatment of dividends	12
Section 9 Index calculation	13
Appendix A Further information	14

Section 1

Introduction

1. Introduction

1.1 This document sets out the Ground Rules for the construction and management of the FTSE Global Dividend Growth Index Series.

1.2 The FTSE Global Dividend Growth Index Series has been designed to reflect the performance of securities exhibiting consistent dividend and dividend growth through history.

These Ground Rules should be read in conjunction with the FTSE Global Equity Index Series Ground Rules and the Corporate Actions and Events Guide for Market Capitalisation Weighted Indices, which are available at <https://www.lseg.com/en/ftse-russell>. Unless stated in these Ground Rules, the FTSE Global Dividend Growth Index Series will follow the same process as the FTSE Global Equity Index Series.

1.3 Indices are calculated at the following levels:

- geographic (global, regional, country);
- country classification (developed, advanced emerging, secondary emerging);

All indices are calculated in US Dollars and local currency. The index values are also published in Euros, UK Pounds Sterling and Japanese Yen.

1.4 The FTSE Global Dividend Growth Index Series does not take account of ESG factors in its index design and does not pursue any ESG objectives.

1.5 Price, Total Return and Net of Tax Indices will be calculated on an end of day basis. The Total Return Indices include income based on ex dividend adjustments. All dividends are applied as declared.

A series of net of tax Total Return Indices are also calculated based on withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company.

The underlying tax rate information is available from FTSE Russell.

1.6 The base currency of the benchmark is US Dollars. Index values may also be published in other currencies.

1.7 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.

1.8 Index objective and intended use

1.9 The index series and index statistics are intended to reflect the investment markets included in the index definitions and to facilitate the detailed analysis of such markets.

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 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 series 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 series¹.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index series, 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 periodic index reviews of the index series 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; and
- disseminate the indices.

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 series. 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 FTSE Global Equity Index Guide to Calculation Methods

3.2 The aim of the guide is to describe how the indices are calculated, to help users replicate the indices in order to support their investment and trading activities and to assist users in understanding the factors which influence the performance of the indices.

[FTSE Global Equity Index Series Guide to Calc.pdf](#)

3.3 Corporate Actions and Events Guide

3.4 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Market Cap Weighted Indices using the following link:

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

3.5 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 Advisory Board for discussion before approval by FTSE Russell's Index Governance Board.

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

[Statement of Principles.pdf](#)

3.6 Queries and Complaints

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

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

3.7 Index Policy for Trading Halts and Market Closures

3.7.1 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](#)

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

3.8.1 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](#)

3.9 Recalculation Policy and Guidelines

- 3.9.1 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 Global Dividend Growth Index Series will be 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.

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

3.10 Policy for Benchmark Methodology Changes

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

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

3.11 FTSE Russell Governance Framework

- 3.11.1 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](#)

3.12 Real Time Status Definitions

- 3.12.1 For indices that are calculated in real time, please refer to the following guide for details of real-time status definitions:

[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

Data

4. Data

4.1 The data cut-off date for the calculation is the close of business on the last business day of the month prior to the review month.

4.2 Dividend per share (DPS)

Dividend per share for each security used is in its native currency (country of domicile) based on the announcement date. Dividends are regular cash distributions. Special dividends are excluded.

4.3 Annual dividend per share (ADPS)

Annual dividend per share is calculated as the total dividend per share in each fiscal year.

4.4 Annual dividend per share change

Annual dividend per share change is calculated as:

$$\frac{ADPS_c}{ADPS_p} - 1$$

where

$ADPS_c$ = Annual dividend per share for current fiscal year

$ADPS_p$ = Annual dividend per share for previous fiscal year

Section 5

Periodic review of constituents

5. Periodic review of constituents

5.1 Review and price dates

The FTSE Global Dividend Growth Index Series is reviewed annually in September, based on the stock prices available at the close of Wednesday before first Friday of September (price cut-off date), incorporating eligible underlying index constituents of the FTSE All-World Index effective from the next business day following the third Friday of September. The review is implemented after the close of business on the third Friday in September.

5.2 Review methodology

5.2.1 Securities with zero annual dividend per share (rule 4.3) through the last six fiscal years prior to the review cut-off date are excluded from the index.⁵

5.2.2 Annual dividend per share change (rule 4.4) for each security are calculated for each of the five fiscal years prior to the review cut-off date.⁶

5.2.3 Securities that do not have data to calculate five years of annual dividend per share change are excluded from the index.

5.2.4 Securities with no decrease in all of the five annual dividend per share changes are included in the index.

5.2.5 The eligible securities are weighted by their investable market capitalisation as the final index weights.

5.3 Quarterly review

In addition to the September annual review.

5.3.1 Spin-offs will be removed from the index and the weight will be distributed pro-rata amongst the remaining constituents in the relevant FTSE Global Dividend Growth Index at the next quarterly review.

5.3.2 Maximum company weights of 5% are applied to the FTSE All-World Dividend Growth Index. The company level capping is applied quarterly using prices as of the close of business on the second Friday in March, June, September, and December.

⁵ Historical membership before launch used data as of the year prior to the review year rather than as of the cut-off date.

⁶ Historical membership before launch was determined using the annual dividend for the five years prior to the review year rather than as of the cut-off date.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Intra-review additions

6.1.1 Additions to the underlying index are considered for inclusion at the next annual review. The FTSE Global Dividend Growth Index Series do not accept intra-review additions.

6.2 Intra-review deletions

6.2.1 If a constituent is removed from the FTSE All-World Index Series it is also removed from the FTSE Global Dividend Growth index. The deletion is concurrent with its deletion from the underlying index and its weight will be distributed pro-rata amongst the remaining constituents in the relevant FTSE Global Dividend Growth Index.

Section 7

Corporate actions and events

7. Corporate actions and events

7.1 For all market capitalisation weighted FTSE Global Dividend Growth Indices, full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Market Cap Weighted Indices 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. The index will be adjusted in line with the ex-date.

These include the following:

- capital repayments;
- rights issues/entitlement offers;
- stock conversion;
- splits (sub-division)/reverse splits (consolidation); and
- 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 Suspension of dealing

Suspension of Dealing rules can be found within the respective Corporate Actions and Events Guide for Market Cap Weighted Indices.

7.3 Takeovers, mergers and demergers

The treatment of takeovers, mergers and demergers can be found within the respective Corporate Actions and Events Guide for Market Cap Weighted Indices.

7.4 Mergers/takeovers between an index constituent and a non-constituent

If an existing constituent is acquired by a non-constituent for cash or stock, the existing constituent is deleted from the index and the acquiring non-constituent will not be added to the index; B. If an existing constituent acquires a non-constituent for stock, the existing constituent will remain in the index.

Spin-off

Spin-offs will be removed from the index and the weight will be distributed pro-rata amongst the remaining constituents in the relevant FTSE Global Dividend Growth Index at the next quarterly review.

Section 8

Treatment of dividends

8. Indices algorithm and calculation method

- 8.1 Declared dividends are used to calculate the Standard Total Return Indices in the FTSE Global Dividend Growth Index Series. All dividends are applied as at the ex-div date.
- 8.2 A series of net of tax Total Return Indices are also calculated based on the tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company.

Withholding tax rates used in the net-of-tax indices can be accessed using the following link:
[Withholding Tax Service](#)

Please also refer to the FTSE Russell Withholding Tax Guide which can be accessed using the following link:

[FTSE_Russell_Withholding_Tax_Guide.pdf](#)

Section 9

Index calculation

9. Index calculation

9.1 Calculation frequency

9.1.1 The FTSE Global Dividend Growth Index Series uses actual closing mid-market or last trade prices, where available, for securities with local bourse quotations.

9.2 Index calculation

9.2.1 The FTSE Global Dividend Growth Index Series will be displayed to eight decimal points.

9.2.2 The FTSE Global Dividend Growth Index Series is calculated using the following formula:

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

Where,

$$i=1,2,\dots,N$$

- N is the number of securities in the FTSE Global Dividend Growth 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

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 Global Dividend Growth Index Series 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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