SOLUTION OVERVIEW

FTSE Global Target Dividend Index Series

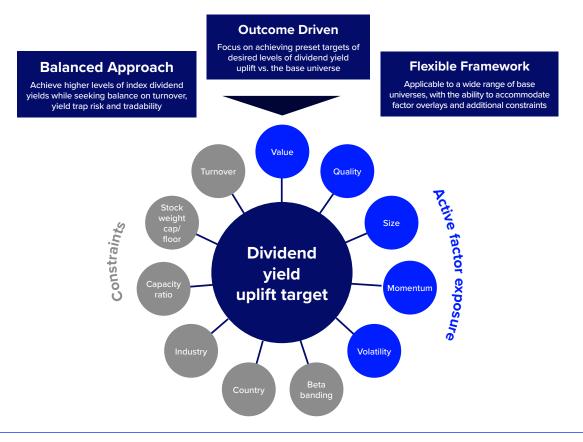
An outcome-driven dividend solution catered to investors' needs

Overview

The FTSE Global Target Dividend Index Series is designed to reflect the performance of stocks representing a specific set of factor characteristics, with a particular focus on implementing dividend yield (a non-factor exposure) uplift targets vs. the respective base universe.

The index series provides investors with the ability to pursue their desired levels of dividend yield, while balancing preferred levels of active factor exposure (including quality, momentum, volatility, value, and size) and addressing their concerns about turnover, the yield trap, concentration, capacity, and diversification. The index constituent weightings are determined using the FTSE Target Exposure methodology under the <u>FTSE Global Factor Index Series</u>.

Features





Periodic Review

The indices under the FTSE Global Target Dividend Index Series are reviewed periodically, in line with the respective underlying universe.

Transparency and Governance

Managed according to a publicly available, transparent rule set and in accordance with FTSE Russell's global best practice standards of index governance.

Construction Process

Specify base universe and targeted parameters Determine base universe, dividend yield uplift target, active factor exposure targets, and other constraints Mitigate risk of yield trap Mechanism to remove non-dividend paying stocks as well as companies experiencing declining performance that leads to extreme dividend yield Iterative process until solution **Determine constituent weightings with FTSE Target** is reached **Exposure methodology** Optimise the set of constituent weights that would allow for the achievement of the dividend yield uplift target and accommodation of active factor exposure targets and other constraints Seek a feasible solution that satisfies pre-set parameters **Iterative process** until solution is reached **FTSE Global Target Dividend Indices**

Available Indices

Base universe	Index name	Dividend yield uplift	Active factor exposure	Constraints
Asia ex-Japan	FTSE Asia Pacific ex Japan Australia and New Zealand Factor Enhanced Target Dividend Index	150%	Quality uplift, no momentum drift	Capacity, turnover, stock weight cap & floor
ASEAN	FTSE ASEAN Target Dividend Index	100%	N/A	Capacity, turnover, stock weight cap & floor
Developed Europe	FTSE Developed Europe Factor Enhanced Target Dividend Index	80%	Quality uplift	Capacity, turnover, stock weight cap & floor
Developed Europe ex UK	FTSE Developed Europe ex UK Factor Enhanced Target Dividend Index	80%	Quality uplift	Capacity, turnover, stock weight cap & floor
Developed market ex US	FTSE Developed ex US Factor Enhanced Target Dividend Index	100%	Quality uplift, no momentum drift	Capacity, turnover, stock weight cap & floor
Emerging market	FTSE Emerging Target Dividend Index	150%	N/A	Capacity, turnover, stock weight cap & floor

* For details on base index and exact parameters, please refer to FTSE Global Target Dividend Index Series ground rules.

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