

S&P/TSX Composite Shareholder Yield Index *Methodology*

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Introduction

Partnership

The S&P/TSX indices are calculated and managed by S&P Dow Jones Indices. The TMX Group Inc. (TMX) is the owner and distributor of all S&P/TSX equity index data.

Highlights

The S&P/TSX Composite Shareholder Yield Index is designed to measure the performance of the top 50 stocks with the highest shareholder yield in the S&P/TSX Composite[®].

Shareholder yield is derived from the payment of dividends to common shareholders, the monetary amount companies spend in their common stock repurchase programs, and debt paydown (change in total debt) over the last four calendar quarters.

Constituents are equally weighted and the index is rebalanced quarterly.

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Index Eligibility

To qualify for membership in the S&P/TSX Composite Shareholder Yield Index, a stock must be a current member of the S&P/TSX Composite.

For information on stock eligibility criteria and index management rules of the S&P/TSX Composite, please refer to the S&P/TSX Canadian Indices Methodology at www.spdji.com.

Timing of Changes

The S&P/TSX Composite Shareholder Yield Index is rebalanced every quarter. The rebalancing reference dates are after the close of the last business day of March, June, September and December of each year. Index rebalancing is effective after market close on the third Friday of the month following the reference date.

Additions. Additions are made to the index only during the quarterly rebalancing.

Deletions. Constituents removed from the S&P/TSX Composite are removed from the S&P/TSX Composite Shareholder Yield Index simultaneously.

Index Construction

Approaches

The methodology employs an equally-weighted scheme, using the divisor methodology used in most S&P Dow Jones equity indices.

There are two steps in the creation of the index. The first is the selection of the index constituents; the second is the weighting of the constituents within the index.

Constituent Selection

The selection of index constituents is done as follows:

Assuming a three-month lagging period for the release of company reports at each reference date, the observation period for the calculation of the shareholder yield is defined as the 12-month (or four-quarter) period ending one quarter before the reference date.

The shareholder yields of the S&P/TSX Composite constituents are calculated as the monetary amount of cash paid for common dividends and common shares repurchased plus debt paydown (change in total debt) during the observation period divided by the total market capitalization of common shares at the beginning of the observation period.

Using data as of each rebalancing reference date, eligible stocks are then ranked in descending order based on their shareholder yield. The 50 members of the S&P/TSX Composite with the highest shareholder yield over the past four calendar quarters with interim reports available form the index.

Constituent Weightings

The selected 50 index constituents are then equally weighted.

Index Calculations

The index is calculated by means of the divisor methodology used in most S&P Dow Jones equity indices. The index value is simply the index market value divided by the index divisor:

$$\text{Index Value} = \text{Index Market Value} / \text{Index Divisor} \quad (1)$$

$$\text{Index Market Value} = \sum_{i=1}^N (\text{Index Shares})_i * (\text{Price})_i \quad (2)$$

For more information on the modified market capitalization index methodology, please refer to S&P Dow Jones Indices' Index Mathematics Methodology at www.spdji.com.

In order to maintain basket series continuity, it is also necessary to adjust the divisor at the rebalancing.

$$(\text{Index Value})_{\text{before rebalancing}} = (\text{Index Value})_{\text{after rebalancing}} \quad (3)$$

Therefore,

$$(\text{Divisor})_{\text{after rebalancing}} = \frac{(\text{Index Market Value})_{\text{after rebalancing}}}{(\text{Index Value})_{\text{before rebalancing}}} \quad (4)$$

Multiple Classes of Stock

For those companies having multiple share class lines in the index, each share class line is assigned a percentage of the target company weight (1/number of companies) that is proportional to its float-adjusted market cap as of the pricing reference date.

Index Maintenance

Rebalancing

The index is rebalanced quarterly, after the close on the third Friday of January, April, July, and October of each year. The rebalancing reference dates are after the close of the last business day of December, March, June and September, respectively.

Constituents' shares are calculated using closing prices on the Thursday prior to the second Friday of the rebalancing month as the reference price. Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on prices prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

Currency of Calculation

The S&P/TSX Composite Shareholder Yield Index is calculated in Canadian and U.S. dollars. Calculation in other currencies and hedged calculations are available from S&P Dow Jones Indices on a custom basis.

Exchange Rate

Real-time spot Forex rates, as supplied by Reuters, are used for ongoing index calculation of real-time indices.

WM/Reuters foreign exchange rates are taken daily at 4:00 PM London Time and used in the end-of-day calculation of the S&P/TSX Composite Shareholder Yield Index. These mid-market fixings are calculated by The WM Company based on Reuters data and appear on Reuters pages WMRA.

Base Dates and History Availability

Index history availability, base dates and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P/TSX Composite Shareholder Yield Index	09/02/2014	01/16/1998	01/16/1998	1000

Index Adjustments

Security Action	Adjustment Made to the Index	Divisor Adjustment?
Deletion from the S&P/TSX Composite	If the constituent being deleted from the S&P/TSX Composite is a member of the S&P/TSX Composite Shareholder Yield Index, then it is removed from the S&P/TSX Composite Shareholder Yield Index as well.	Yes
Share changes between quarterly share adjustments	None.	--
Quarterly share changes	There is no direct adjustment. However, on the same date the index rebalancing takes place, each stock's weight is assigned.	Yes

Corporate Actions

Corporate action treatments follow the S&P/TSX Composite.

For more information, please refer to the S&P/TSX Canadian Indices Methodology.

For general information on corporate actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it can be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

Index Data

Total Return Indices

Total return index series are calculated for the S&P/TSX Canadian Indices as well as the price return series.

The total return calculation includes stock dividends paid in kind, stock dividends paid with the securities of an issuer other than the issuer declaring such dividend, rights distributions, and cash distributions less than 4% of the underlying stock price based on the last traded board lot.

A dollar value is calculated for the distribution to be used in the total return index calculation.

For details on total return calculations, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Index Governance

Index Committee

The S&P/TSX Canadian Indices are maintained by the S&P/TSX Canadian Index Committee. The Index Committee is comprised of four members representing S&P Dow Jones Indices and three members representing the Toronto Stock Exchange (“TSX”). The Index Committee is chaired by a member designated by S&P Dow Jones Indices. Meetings are held monthly, and from time to time, as needed.

The Index Committee is responsible for setting rules and policies for the S&P/TSX Canadian Indices, determining the composition of the Indices and administering the methodology. In fulfilling its responsibilities, the Index Committee has full and complete discretion to amend, apply or exempt the application of the methodology and other index policies as circumstances may require, and add, remove or by-pass any security in determining the composition of any of the indices.

The Index Committee may rely on any information or documentation submitted to or gathered by it that the Index Committee believes to be accurate. Where a public document used by the Index Committee is available in both official languages, the Index Committee may assume that the contents of both versions are identical. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the index based on a new interpretation of that information at its sole and absolute discretion.

Index corrections and changes to index composition are implemented at such time and in such manner, as the Index Committee deems appropriate. The timing of any index change made in response to a correction shall be at the sole and absolute discretion of the Index Committee.

S&P Dow Jones Indices considers information about changes to its Canadian indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Advisory Panel

S&P Dow Jones Indices maintains an Index Advisory Panel to provide advice to the Index Committee, to S&P Dow Jones Indices and to the TSX on index related matters. The Advisory Panel meets at the request of the Index Committee to discuss matters related to the use of equity indices in Canada; typically the Advisory Panel meets annually. The Index Committee designates members of the Advisory Panel to provide representation of major financial market entities including leading institutional investors, investment banks, brokerage firms and others with an interest in the development of the equity markets in Canada. Meetings of the Advisory Panel are not open to the public or the press; however, the proceedings are not confidential and members are free to discuss them publicly.

Index Policy

Announcements

Whenever possible, announcements of additions or deletions of stocks or other index adjustments are made five trading days before the adjustments are implemented. In those cases when it is not possible to trade a stock five days after an announcement, the announcement period may be shortened. However, the implementation of an index adjustment is never earlier than the market close of the day following the announcement.

Announcements of additions and deletions for the S&P/TSX Canadian indices are generally made at 05:15 PM Eastern Time. Press releases are released to major news services.

In addition, TMX Datalinx offers a fee-based subscription to Index Notices. The Index Notices provide the most detailed and comprehensive coverage of index changes. Complete data for index replication (including share counts, tickers and data on index levels and returns) are also available through TMX Datalinx. In order to subscribe, contact TMX Datalinx by phone at +1.416.947.4778 or by email at marketdata@tmx.com.

Holiday Schedule

The S&P/TSX Canadian indices are calculated when the Canadian equity market is open.

A complete holiday schedule for the year is available on the TMX Web site at www.tmx.com.

Unscheduled Market Closures

In situations where the TSX is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, S&P Dow Jones Indices calculates the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each security before the exchange closed. If the exchange fails to open due to unforeseen circumstances, S&P Dow Jones Indices treats this closure as a standard market holiday. The indices will use the prior day's closing prices and shift any corporate actions to the following business day. If all exchanges fail to open or in other extreme circumstances, S&P Dow Jones Indices may determine not to publish the index for that day.

In the event of an unscheduled market closing, S&P Dow Jones Indices issue a statement concerning index calculation and the implementation of any pending index adjustments as soon as reasonably possible in an effort to keep the market fully informed.

Treatment of Corporate Actions in the Event of Unscheduled Market Closures

Full-day closure occurs on the corporate action effective date: All market driven actions (splits, bonuses, rights, cash dividends, spinoffs, etc.) are moved to the next trading date. This involves the reposting of all affected files of each index to which each stock belongs. However, we follow the exchange's lead in such situations. If the exchange moves the corporate action ex-date, S&P Dow Jones Indices does the same. Adds and drops to the index and share/IWF updates remain unchanged, as trading was completed at the close before the effective date.

Partial closure occurs on the corporate action effective date: All market driven actions (splits, bonuses, rights, cash dividends, spin-offs, etc.) take place at the opening of the ex-date. Adds and drops to the index and share/IWF updates remain unchanged, as trading was completed at the close of the day before the effective date.

Full-day or partial closure occurs on the day before the corporate action effective date: Adds and drops to the index, share/IWF updates and quarterly rebalancing would be moved to the close of the next trading date and use the closing prices of that day. All market driven actions scheduled for the opening of the next day are unaffected by an exchange closure on the day before the ex-date.

For further information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Recalculation Policy

S&P Dow Jones Indices reserves the right to recalculate an index under certain limited circumstances. S&P Dow Jones Indices may choose to recalculate and republish an index if it is found to be incorrect or inconsistent within two trading days of the publication of the index level in question for one of the following reasons:

1. Incorrect or revised closing price
2. Missed corporate event
3. Late announcement of a corporate event
4. Incorrect application of corporate action or index methodology

Any other restatement or recalculation of an index is only done under extraordinary circumstances to reduce or avoid possible market impact or disruption as solely determined by the Index Committee.

For more information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Real-Time Calculation

Real-time, intra-day, index calculations are executed for certain indices whenever any of their primary exchanges are open. Real-time indices are not restated.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Index Dissemination

The TMX Group (TMX) serves as the distributor of both real-time and historical index data. In addition, index levels are available on S&P Dow Jones Indices' Web site at www.spdji.com, through major quote vendors (see codes below), through numerous investment oriented web sites and various print and electronic media.

Tickers

Index	Bloomberg	Reuters
S&P/TSX Composite Shareholder Yield Index (CAD)	TXSY	.GSPTXSY
S&P/TSX Composite Shareholder Yield Index TR (CAD)	TXSYAR	.TRGSPTXSY
S&P/TSX Composite Shareholder Yield Index NTR (CAD)	TXSYN	.NTRGSPTXSY
S&P/TSX Composite Shareholder Yield Index (USD)	TXSYU	.GSPTXSYU
S&P/TSX Composite Shareholder Yield Index TR (USD)	TXSYUAR	.TRGSPTXSYU
S&P/TSX Composite Shareholder Yield Index NTR (USD)	TXSYNU	.NRTGSPTXSYU

FTP

Daily stock level and index data is available from the Toronto Stock Exchange on subscription. Please contact Market Data at 416-947-4778 or, by email, at marketdata@tmx.com.

For further information, please refer to the TMX Web site at www.tmx.com.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

Appendix

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Methodology Previous	Methodology Updated
Multiple Share Class Lines	20-Aug-15	Companies that have more than one class of common stock outstanding were represented only once in the index. The stock price was based on one class, and the share count was based on the total shares outstanding of all classes.	Each share class line is assigned a percentage of the target company weight (1/number of companies) that is proportional to its float-adjusted market cap as of the pricing reference date.

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