

S&P 500[®] Dividend Aristocrats[®] The Importance of Stable Dividend Income

Contributors

Smita Chirputkar
Director
Global Research & Design
smita.chirputkar@spglobal.com

Aye M. Soe, CFA
Managing Director
Global Research & Design
aye.soe@spglobal.com

EXECUTIVE SUMMARY

- Dividends play an important role in generating equity total return. Since 1926, dividends have contributed approximately 32% of total return for the [S&P 500](#), while capital appreciations have contributed 68%. Therefore, sustainable dividend income and capital appreciation potential are important factors for total return expectations.
- Companies use stable and increasing dividends as a signal of confidence in their firm's prospects, while market participants consider such track records as a sign of corporate maturity and balance sheet strength.
- The [S&P 500 Dividend Aristocrats](#) is designed to measure the performance of S&P 500 constituents that have followed a policy of increasing dividends every year for at least 25 consecutive years.
- The S&P 500 Dividend Aristocrats exhibits both capital growth and dividend income characteristics, as opposed to alternative income strategies that may be pure yield or pure capital-appreciation oriented.
- Across all of the time horizons measured, the S&P 500 Dividend Aristocrats exhibited higher returns with lower volatility compared with the S&P 500, resulting in higher Sharpe ratios.
- As of 2021, S&P 500 Dividend Aristocrats constituents included 65 securities, diversified across 11 sectors (see Exhibit 13 in the Appendix).
 - The constituents have both growth and value characteristics.
- The composition of the S&P 500 Dividend Aristocrats contrasts with that of traditional dividend-oriented benchmarks that have a steep value bias and have high exposure to the Financials and Utilities sectors. At each rebalancing, a 30% sector cap is imposed to ensure sector diversification.
- The S&P 500 Dividend Aristocrats follows an equal weight methodology.
 - This treats each company as a distinct entity, regardless of market capitalization.
 - This also eliminates single stock concentration risk.

INTRODUCTION

Dividends have interested market participants and theorists since the origins of modern financial theory.

Dividends have interested market participants and theorists since the origins of modern financial theory. As such, many researchers have investigated the various topics related to dividends and dividend-paying firms. Previous studies by S&P Dow Jones Indices have shown that over a long-term investment horizon, dividend-paying constituents of the S&P 500 have outperformed the non-payers of dividends and the overall broad market on a risk-adjusted basis.¹

Dividend yield is a compensated risk factor and has historically earned excess returns over a market-cap-weighted benchmark.

In recent years, the increasing amount of academic and practitioner research demonstrates that dividend yield is a compensated risk factor and has historically earned excess returns over a market-cap-weighted benchmark. When combined with other factors such as volatility, quality, momentum, value, and size, dividend yield strategies can potentially offer exposure to systematic sources of return.

In this paper, we show that dividend yield is an important component of total return. We also highlight pertinent characteristics of the S&P 500 Dividend Aristocrats, an index that seeks to measure the performance of the S&P 500 constituents that have increased their dividend payouts for 25 consecutive years. We show that the S&P 500 Dividend Aristocrats possesses desirable risk/return characteristics, offering higher risk-adjusted returns and downside protection than the broad-based benchmark. In addition, our analysis shows that the S&P 500 Dividend Aristocrats is sector diversified and displays growth and value characteristics.

IMPORTANCE OF DIVIDENDS

Dividends Contribute to 32% of Long-Term Total Return from Equity

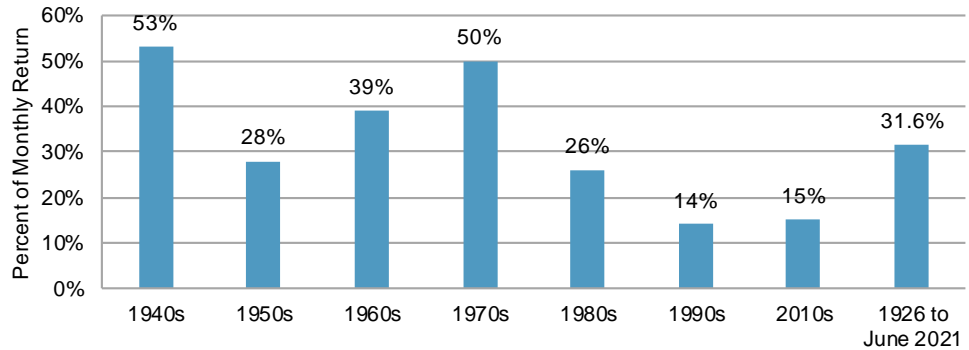
In this paper, we show that dividend yield is an important component of total return.

Historically, dividends have contributed approximately 32% of total return for the S&P 500. Exhibit 1 shows the contribution of dividends to the average monthly total return of the S&P 500 throughout several decades.¹ From 1926 to June 2021, dividend income constituted 32% of the monthly total return of the S&P 500, with the remaining portion coming from capital appreciation. In some decades, such as the 1940s and 1970s, dividend income accounted for more than one-half of total return, whereas during the 1990s, dividends accounted for as little as 14%. Exhibit 1 excludes dividend income during the 2000s, during which it comprised about 68% of total return.

¹ Soe, Aye, "[Dividend Investing and a Look Inside the S&P Dow Jones Dividend Indices](#)," September 2013, S&P Dow Jones Indices.

Exhibit 1: Dividend Income as a Percent of Monthly Total Return of the S&P 500²

In some decades, dividend income accounted for more than one-half of total return.



Source: S&P Dow Jones Indices LLC. Data from April 1926 to June 2021. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

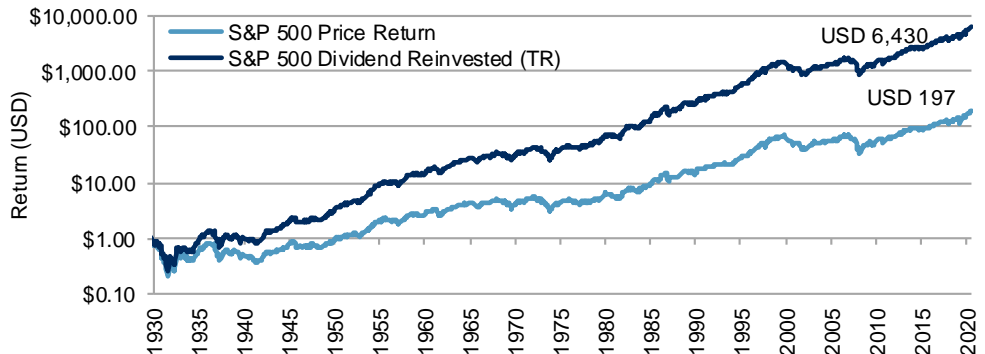
Compounding Effect of Dividend Income

Another important aspect of dividends can be observed through the effect of compounding, as illustrated in Exhibits 2 and 3. Excluding dividends, a USD 1 investment made using the S&P 500 on Jan. 1, 1930, would have grown to USD 197 by the end of June 2021. During the same period, a USD 1 investment with dividends reinvested would have yielded USD 6,430.

Exhibit 3 plots this compounding effect for the S&P 500 over several time horizons. The plotted figures are averages for every continuous horizon, based on monthly data for the 50-year period ending June 30, 2021. It can be observed that the compounding effect increases as the time horizon lengthens, exhibiting a positive relationship between the two. For example, the annualized difference between the price return and the total return of the S&P 500 over every 10-year horizon, on average, amounts to nearly 78%.

A USD 1 investment in 1930 with dividends reinvested would have yielded USD 6,430 by the end of June 2021.

Exhibit 2: S&P 500 Cumulative Growth of USD 1



Source: S&P Dow Jones Indices LLC. Index performance based on price return and total return in USD. Data from January 1930 to June 2021. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

² The S&P 500 did not actually have 500 stocks prior to 1957, and it was known as the S&P Composite Index. However, for simplicity's sake, we use the term "S&P 500" throughout this paper.

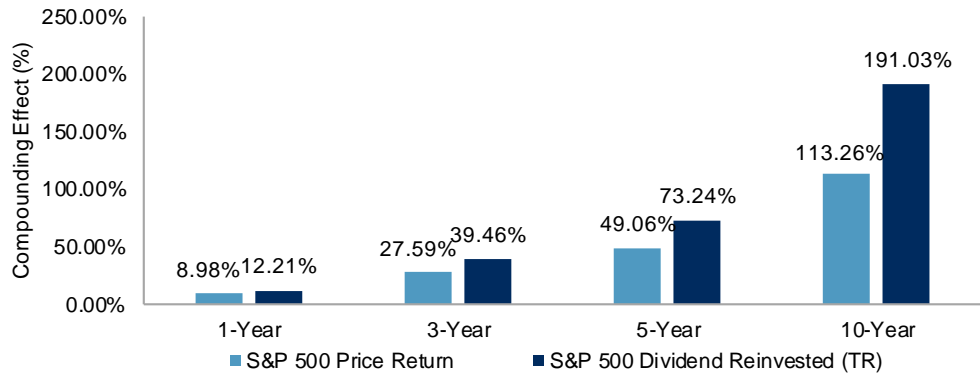
As the time horizon lengthens, the compounding effect increases.

The annualized difference between the price return and the total return of the S&P 500 over every 10-year horizon amounts to nearly 78%.

Dividend growth has been intricately linked to equity valuation since the late 1930s.

Managers use stable and increasing dividends as a signal of their confidence in a firm's prospects.

Exhibit 3: Compounding Effect



Source: S&P Dow Jones Indices LLC. Data from June 1971 to June 2021. Index performance based on price return and total return in USD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

THE S&P 500 DIVIDEND ARISTOCRATS

Dividend growth has been intricately linked to equity valuation since John Burr Williams’ Dividend Discount Model of the late 1930s. As noted, managers use stable and increasing dividends as a signal of their confidence in a firm’s prospects. S&P Dow Jones Indices has been identifying stocks with a long history of consistent dividend increases (which it terms “dividend aristocrats”) since the early 1970s. The S&P 500 Dividend Aristocrats is designed to measure stocks with a long track record of dividend growth. To be eligible, securities must meet the following criteria.

1. Be members of the S&P 500.
2. Have increased dividends for at least 25 consecutive years.

Constituents are equal weighted and re-weighted on a quarterly basis.

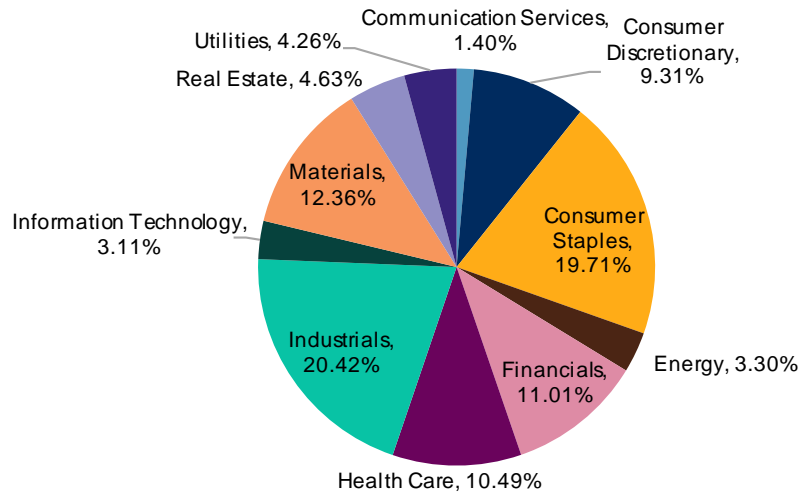
Sector Diversification

As of 2021, the S&P 500 Dividend Aristocrats constituents consisted of 65 securities, diversified across 11 sectors. Unlike many dividend-yield strategies, which tend to be concentrated in the Financials and Utilities sectors to achieve high yield, the S&P 500 Dividend Aristocrats is well diversified without any sector weighing more than 30% at the time of rebalance.³ Exhibit 4 illustrates the sector diversification of the S&P 500 Dividend Aristocrats as of June 30, 2021.

³ For further information about the rebalancing of the S&P Dividend Aristocrats, please see the [S&P 500 Dividend Aristocrats Methodology](#).

Exhibit 4: Sector Diversification of the S&P 500 Dividend Aristocrats

The S&P 500 Dividend Aristocrats is well diversified without any sector weighing more than 30% at the time of rebalance.

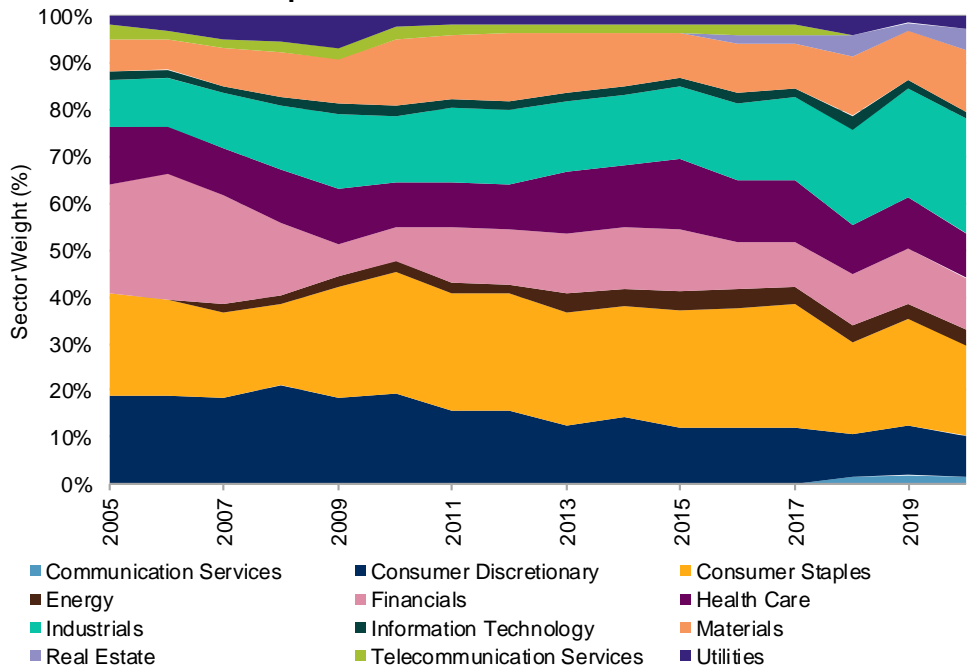


Source: S&P Dow Jones Indices LLC. Data as of June 30, 2021. Chart is provided for illustrative purposes.

As companies across sectors can exhibit a long track record of consistent dividend growth, the S&P 500 Dividend Aristocrats has drawn its constituents from a broad range of sectors throughout its history. Exhibit 5 charts the sector composition of the S&P 500 Dividend Aristocrats from December 2005 to December 2020.

Exhibit 5: Sector Composition of S&P 500 Dividend Aristocrats

The S&P 500 Dividend Aristocrats has drawn its constituents from a broad range of sectors throughout its history.



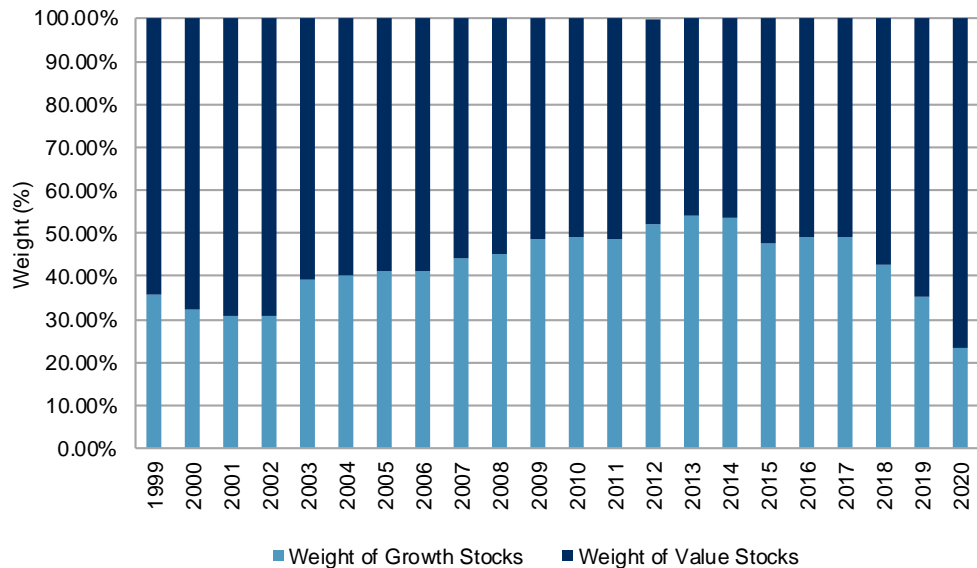
Source: S&P Dow Jones Indices LLC. Data from December 2005 to December 2020. Chart is provided for illustrative purposes.

The S&P 500 Dividend Aristocrats Has Growth and Value Characteristics

Traditionally, income-seeking strategies tend to have heavy value characteristics, as market participants tend to seek securities with high dividend yield and lower price multiples. The S&P 500 Dividend Aristocrats, on the other hand, exhibits both growth and value characteristics without any persistent heavy tilt toward a single style. Exhibit 6 illustrates the style breakdown of the index composition since 1999. On average, the index has 57.55% exposure to value and 42.44% exposure to growth.

Traditionally, income-seeking strategies tend to have heavy value characteristics...

Exhibit 6: The Growth⁴ and Value⁵ Characteristics of the S&P 500 Dividend Aristocrats from 1999 to 2020



...however, on average, the S&P 500 Dividend Aristocrats has 57.55% exposure to value and 42.44% exposure to growth.

Source: S&P Dow Jones Indices LLC. Growth and value characteristics based on the style weights for the S&P Global BMI Americas from year-end 1999 to December 2020. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

⁴ The growth score is computed using the following three factors: 1) The three-year change in earnings per share over price per share; 2) The three-year sales per share growth rate; 3) Momentum (12-month percent of price change). The growth score for each company is computed as the average of the standardized values of the three growth factors.

⁵ The value score is computed using the following three factors: 1) Price/book ratio; 2) Price/earnings ratio; 3) Price/sales ratio. The value score for each company is computed as the average of the standardized values of the three value factors.

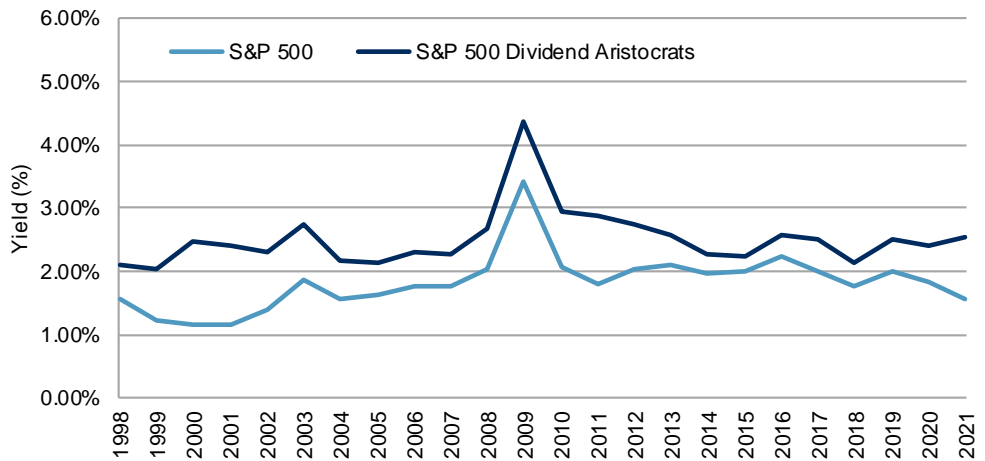
Current and Historical Yield

The ability to increase dividends for 25 consecutive years does not come at the expense of lower yield. The S&P 500 Dividend Aristocrats has consistently delivered higher yields than its benchmark, the S&P 500, with yields in the range of 2.1%-2.9% over the 24-year period, as shown in Exhibit 7. The average yield of the index was 2.5%, while that of the S&P 500 was 1.8%.

The ability to increase dividends for 25 consecutive years does not come at the expense of lower yield.

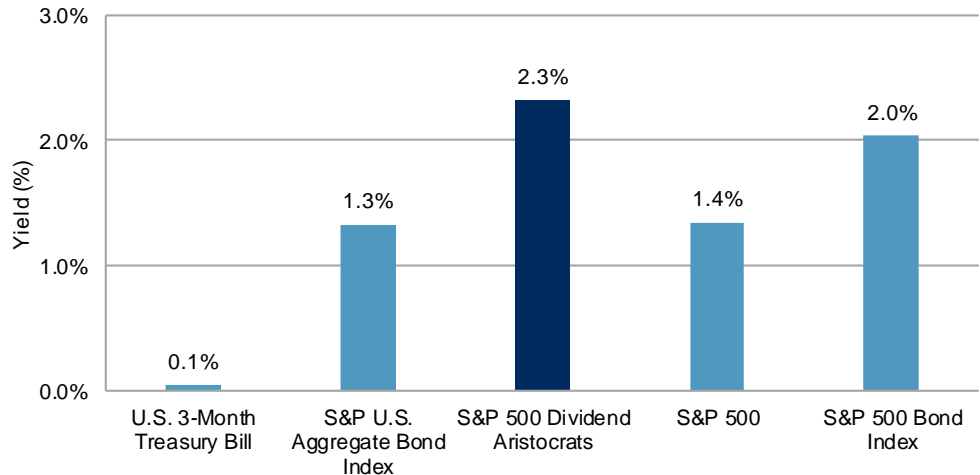
The index has consistently delivered higher yields than its benchmark.

Exhibit 7: Historical Yield of the S&P 500 Dividend Aristocrats versus the S&P 500



Source: S&P Dow Jones Indices LLC. Data from January 1998 to January 2021. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 8: Current Yields



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2021. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The average yield of the S&P 500 Dividend Aristocrats was 2.5%, while that of the S&P 500 was 1.8%.

Risk/Return Profile of the S&P 500 Dividend Aristocrats

Historically, the S&P 500 Dividend Aristocrats has outperformed the S&P 500 with lower volatility, as shown by higher Sharpe ratios, regardless of the time horizon being measured. Exhibit 9 compares the performance characteristics of the S&P 500 Dividend Aristocrats against those of the S&P 500. Exhibit 10 plots the historical annual performance of the S&P 500 Dividend Aristocrats against the S&P 500.

The S&P 500 Dividend Aristocrats has outperformed the S&P 500 69.29% of the time in down months and 43.43% of the time in up months.

The ability of the S&P 500 Dividend Aristocrats to provide downside protection can be seen in the upside and downside capture ratios. The S&P 500 Dividend Aristocrats has outperformed the S&P 500 69.29% of the time in down months and 43.43% of the time in up months. It should also be noted that the S&P 500 Dividend Aristocrats had a lower drawdown level compared with the benchmark index.

Exhibit 9a: Average Outperformance over the S&P 500

AVERAGE MONTHLY OUTPERFORMANCE HISTORY	S&P 500 DIVIDEND ARISTOCRATS
All Months (%)	52.12
Up Months ⁶ (%)	43.43
Down Months ⁷ (%)	69.29

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 1990, to June 30, 2021. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

The S&P 500 Dividend Aristocrats provided an average excess return of 1.05% in down months over the broad-based benchmark.

Further, the S&P 500 Dividend Aristocrats provided an average excess return of 1.05% in down months over the broad-based benchmark. We have observed that the S&P 500 Dividend Aristocrats had a market beta of 0.8 in the analysis period from Jan. 31, 1990, to June 30, 2021.

Exhibit 9b: Average Excess Return over the S&P 500

AVERAGE EXCESS MONTHLY RETURN HISTORY	S&P 500 DIVIDEND ARISTOCRATS
All Months (%)	0.12
Up Months (%)	-0.36
Down Months (%)	1.05

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 1990, to June 30, 2021. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

⁶ The up month is defined as a month when the return of the S&P 500 was positive.

⁷ The down month is defined as a month when the return of the S&P 500 was negative.

We have observed that the S&P 500 Dividend Aristocrats had a market beta of 0.8 in the analysis period.

The S&P 500 Dividend Aristocrats outperformed S&P 500 by an average of 0.74% per year.

The S&P 500 Dividend Aristocrats has delivered higher returns than the benchmark, and it has done so with lower volatility.

Exhibit 9c: Risk/Return Characteristics

ANNUAL RETURN (%)	S&P 500 DIVIDEND ARISTOCRATS	S&P 500
1-Year	38.1	40.8
3-Year	16.3	18.7
5-Year	13.6	17.6
10-Year	14.5	14.8
15-Year	11.7	10.7
20-Year	11.0	8.6
Since Inception	12.3	10.6
ANNUAL VOLATILITY (%)		
3-Year	18.0	18.5
5-Year	14.8	15.0
10-Year	12.8	13.6
15-Year	14.3	15.2
20-Year	13.5	14.8
Since Inception	13.7	14.6
RISK-ADJUSTED RETURN		
3-Year	0.9	1.0
5-Year	0.9	1.2
10-Year	1.1	1.1
15-Year	0.8	0.7
20-Year	0.8	0.6
Since Inception	0.9	0.7

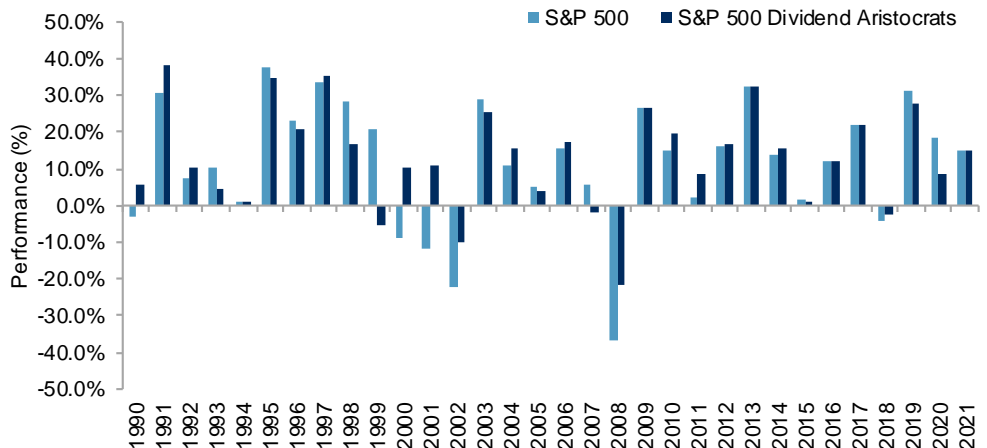
Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 1990, to June 30, 2021. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 9d: Risk/Return Characteristics

RISK STATISTICS SINCE INCEPTION	S&P 500 DIVIDEND ARISTOCRATS	S&P 500
Maximum Drawdown (%)	-44.1	-50.9
Best Monthly Return (%)	14.4	12.8
Worst Monthly Return (%)	-13.7	-16.8
Average Monthly Return (%)	1.0	0.9
Minimum Rolling 12-Month Return (%)	-34.9	-43.3
Maximum Rolling 12-Month Return (%)	62.6	56.4
Beta With Benchmark	0.8	1.0
Correlation With Benchmark	0.9	1.0
Sharpe Ratio	0.7	0.5

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 1990, to June 30, 2021. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 10: Historical Annual Performance



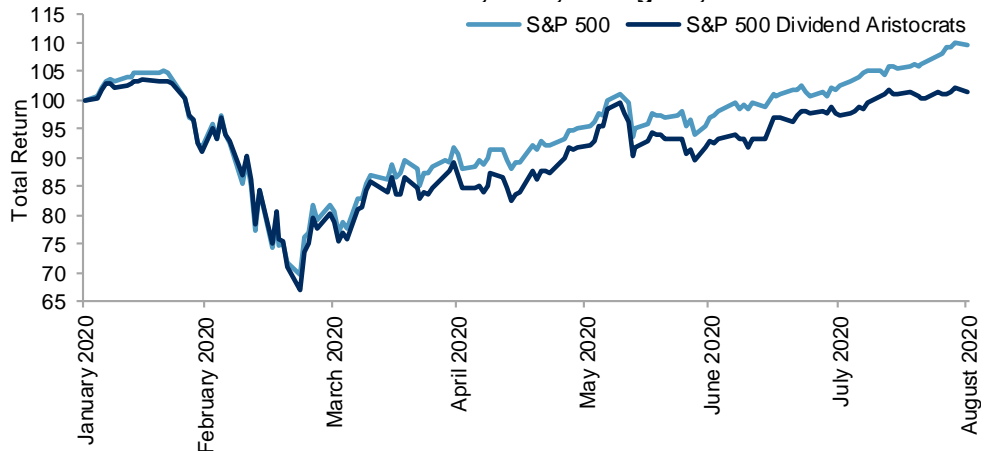
During the COVID-19-induced market crash in March 2020, the S&P 500 Dividend Aristocrats and its benchmark both dropped about 34%...

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 1990, to June 30, 2021. Past performance is no guarantee of future results. Index performance based on total return in USD. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Performance during COVID-19-Induced Market Plunge

The S&P 500 dropped 33.8% from its peak on Feb. 19, 2020, to reach the bottom on March 23, 2020, due to the COVID-19 pandemic. The S&P 500 Dividend Aristocrats dropped 35.2% during the same period. The S&P 500 gained 52.2% from March 23, 2020, to Aug. 12, 2020, to surpass the previous high reached on Feb. 19, 2020, while S&P 500 Dividend Aristocrats also gained 52.0% during the same period.

Exhibit 11: Performance from Jan. 31, 2020, to Aug. 31, 2020



...and when the market recovered the indices both surpassed the previous high, gaining about 52%.

Source: S&P Dow Jones Indices LLC. Data from Jan. 31, 2020, to Aug. 31, 2020. Past performance is no guarantee of future results. Index performance based on total return in USD. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more.

Decomposition of Excess Returns

Performance attribution attempts to explain the sources of a strategy's performance relative to its benchmark over a specified period of time. An attribution analysis typically breaks down the sources of a strategy's returns into three components: the allocation effect, the selection effect, and the interaction effect.⁸

Our analysis shows that the S&P 500 Dividend Aristocrats outperformed its benchmark, the S&P 500, by an average of 0.74% per year.

In order to understand the return drivers behind the excess returns of the S&P 500 Dividend Aristocrats relative to its benchmark, we performed a holdings-based attribution analysis using the 17.5-year period from January 2004 to June 2021.⁹

Our analysis shows that the S&P 500 Dividend Aristocrats outperformed its benchmark, the S&P 500, by an average of 0.74% per year. The majority of the outperformance stems from the security selection plus the interaction effect, at 1.73 %, and the remaining -0.96% comes from the allocation effect. The results confirm that the fundamental characteristics of the constituents have been the major driver behind the outperformance.

The majority of the outperformance stems from the security selection plus the interaction effect, at 1.73%...

...and the remaining -0.96% comes from the allocation effect.

Exhibit 12: Attribution Analysis

YEAR	ALLOCATION (%)	SELECTION + INTERACTION (%)	TOTAL (%)
2004	0.02	4.57	4.58
2005	-1.74	0.55	-1.19
2006	0.67	0.94	1.61
2007	-4.99	-3.07	-8.06
2008	-0.95	16.63	15.67
2009	2.21	-2.22	-0.02
2010	2.60	1.64	4.24
2011	0.99	5.22	6.21
2012	1.15	-0.21	0.94
2013	0.65	-0.84	-0.19
2014	-0.22	2.52	2.30
2015	0.12	-0.55	-0.43
2016	-1.32	1.18	-0.14
2017	-1.99	1.89	-0.10
2018	-3.04	5.05	1.65
2019	-3.54	0.03	-3.51
2020	-6.76	-2.96	-9.72
2021	-1.14	0.69	-0.46
Average	-0.96	1.73	0.74

Source: S&P Dow Jones Indices LLC, FactSet. Data from Jan. 1, 2004, to June 30, 2021. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

⁸ The allocation effect is the portion of a strategy's excess return attributable to the over or underweighting of securities in a particular grouping (country, sector, beta, etc.) relative to the benchmark. The selection effect is the portion of a strategy's excess return attributable to selecting different securities within each group from the benchmark. The interaction effect is the portion of a strategy's excess return attributable to combining the allocation effect with the selection effect.

⁹ We used the Portfolio Analysis tool from FactSet for the attribution analysis. The holdings data in FactSet matched with that of the S&P Dow Jones Indices since 2004.

CONCLUSION

Dividends have been an important contributor to total return, in addition to providing a cushion during down markets.

Dividends have been an important contributor to total return, in addition to providing a cushion during down markets. The S&P 500 Dividend Aristocrats, which is designed to measure the performance of blue-chip, high-quality companies that have increased their dividends for 25 consecutive years, has delivered higher returns than the broad-based, large-cap equity market, and it has done so with lower volatility. The decomposition of the index's excess returns over those of the benchmark also shows that a high percentage of the outperformance comes from security selection, highlighting that the fundamental characteristics of the index are the major return drivers.

APPENDIX

Exhibit 13: S&P 500 Dividend Aristocrats Constituents in 2021			
NUMBER	TICKER	COMPANY	SECTOR
1	MMM	3M Co	Industrials
2	AOS	A.O. Smith Corp	Industrials
3	AFL	AFLAC Inc	Financials
4	T	AT&T Inc	Communications
5	ABBV	AbbVie Inc.	Health Care
6	ABT	Abbott Laboratories	Health Care
7	APD	Air Products & Chemicals Inc	Materials
8	ALB	Albemarle Corp	Materials
9	AMCR	Arcor plc	Materials
10	ADM	Archer-Daniels-Midland Co	Consumer Staples
11	ATO	Atmos Energy Corp	Utilities
12	ADP	Automatic Data Processing	Information Technology
13	BDX	Becton Dickinson & Co	Health Care
14	BF.B	Brown-Forman Corp B	Consumer Staples
15	CAH	Cardinal Health Inc	Health Care
16	CAT	Caterpillar Inc	Industrials
17	CVX	Chevron Corp	Energy
18	CB	Chubb Limited	Financials
19	CINF	Cincinnati Financial Corp	Financials
20	CTAS	Cintas Corp	Industrials
21	CLX	Clorox Co	Consumer Staples
22	KO	Coca-Cola Co	Consumer Staples
23	CL	Colgate-Palmolive Co	Consumer Staples
24	ED	Consolidated Edison Inc	Utilities
25	DOV	Dover Corp	Industrials
26	ECL	Ecolab Inc	Materials
27	EMR	Emerson Electric Co	Industrials
28	ESS	Essex Property Trust	Real Estate
29	EXPD	Expeditors Intl of WA Inc	Industrials
30	XOM	Exxon Mobil Corp	Energy
31	FRT	Federal Realty Invt Trust	Real Estate
32	BEN	Franklin Resources Inc	Financials
33	GD	General Dynamics	Industrials
34	GPC	Genuine Parts Co	Consumer Discretionary
35	HRL	Hormel Foods Corp	Consumer Staples
36	ITW	Illinois Tool Works Inc	Industrials
37	IBM	Intl Business Machines Corp	Information Technology

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2021. Table is provided for illustrative purposes.

Exhibit 13: S&P 500 Dividend Aristocrats Constituents in 2021 (cont.)			
NUMBER	TICKER	COMPANY	SECTOR
38	JNJ	Johnson & Johnson	Health Care
39	KMB	Kimberly-Clark	Consumer Staples
40	LEG	Leggett & Platt	Consumer Discretionary
41	LIN	Linde plc	Materials
42	LOW	Lowe's Cos Inc	Consumer Discretionary
43	MKC	McCormick & Co	Consumer Staples
44	MCD	McDonald's Corp	Consumer Discretionary
45	MDT	Medtronic plc	Health Care
46	NEE	NextEra Energy Inc	Utilities
47	NUE	Nucor Corp	Materials
48	PPG	PPG Industries Inc	Materials
49	PNR	Pentair PLC	Industrials
50	PBCT	People's United Financial Inc	Financials
51	PEP	PepsiCo Inc	Consumer Staples
52	PG	Procter & Gamble	Consumer Staples
53	O	Realty Income Corp	Real Estate
54	ROP	Roper Technologies, Inc	Industrials
55	SPGI	S&P Global Inc	Financials
56	SHW	Sherwin-Williams Co	Materials
57	SWK	Stanley Black & Decker	Industrials
58	SYG	Sysco Corp	Consumer Staples
59	TROW	T Rowe Price Group Inc	Financials
60	TGT	Target Corp	Consumer Discretionary
61	VFC	VF Corp	Consumer Discretionary
62	GWW	W.W. Grainger Inc	Industrials
63	WBA	Walgreens Boots Alliance Inc	Consumer Staples
64	WMT	Walmart Inc.	Consumer Staples
65	WST	West Pharmaceutical Services Inc	Health Care

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2021. Table is provided for illustrative purposes.

PERFORMANCE DISCLOSURE/BACK-TESTED DATA

The S&P 500 Dividend Aristocrats was launched on May 2, 2005. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. Complete index methodology details are available at <http://www.spglobal.com/spdji/>. Past performance of the Index is not an indication of future results. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results. Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the [FAQ](#). The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

GENERAL DISCLAIMER

© 2021 S&P Dow Jones Indices. All rights reserved. S&P, S&P 500, S&P 500 LOW VOLATILITY INDEX, S&P 100, S&P COMPOSITE 1500, S&P 400, S&P MIDCAP 400, S&P 600, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, S&P TARGET DATE INDICES, S&P PRISM, S&P STRIDE, GICS, SPIVA, SPDR and INDEXOLOGY are registered trademarks of S&P Global, Inc. ("S&P Global") or its affiliates. DOW JONES, DJ, DJIA, THE DOW and DOW JONES INDUSTRIAL AVERAGE are registered trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, S&P Global, Dow Jones or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices is not an investment advisor, and S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other investment product or vehicle. S&P Dow Jones Indices LLC is not a tax advisor. A tax advisor should be consulted to evaluate the impact of any tax-exempt securities on portfolios and the tax consequences of making any particular investment decision. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice. Closing prices for S&P Dow Jones Indices' US benchmark indices are calculated by S&P Dow Jones Indices based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P Dow Jones Indices from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.