

CES SCHK High Yield Low Volatility Index

Description	The index aims to track the performance of high yield and low volatility stocks, using forecast dividend yield as an indicator.
Index Universe	<ul style="list-style-type: none"> • Stocks listed on the Main Board of SEHK and eligible for Southbound Trading under Stock Connect • Listing history more than 3 months • Average stock price per share in the past 12 months above \$1
Selection Criteria	<ul style="list-style-type: none"> • Liquidity Screen. Any stocks with average daily turnover (ADT) less than HK\$10M in the past 12 months will be excluded. • DPS Screen. Any stocks with zero dividends per share (DPS) in the past 3 years will be excluded. • EPS Screen. Any stocks with negative Earnings per share (EPS) in the latest fiscal year will be excluded. • Inflation Screen. Any stocks with 12-months dividend yield forecast < Latest average of the last 12-month Hong Kong Composite CPI YoY % change will be excluded. <i>Note: If remaining stocks are extremely insufficient for index construction, appropriate adjustments might be made to the principles.</i> • Analyst Screen. Exclude stocks without 3 or more analysts' forecast on dividends per share • Low Volatility Screen. Following above screens, remaining stocks will be ranked in ascending order in terms of historical volatility (i.e. 1-year annualized standard deviation of daily returns). Top 40 securities are chosen for inclusion in the index.
No. of stocks	40
Buffer zone	±20%
Calculation Methodology	<ul style="list-style-type: none"> • Dividend yield weighted • Each constituent's weight is capped at 10%
Review Frequency	Half-yearly
End of Day Index (Currency)	HKD
Base Value	2,000
Base Date	30 December 2011
Dissemination	Once a day, after the close of trading

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