

# Select Dividend index derivatives

Whether you are looking to gain exposure to high dividend yielding segments or hedge your equity portfolio, we are the only exchange that offers listed futures and options on dividend weighted benchmarks.

According to Bloomberg Intelligence, since 2003, dividend-weighted funds accounted for roughly 60 percent of all U.S.-domiciled Smart Beta ETF flows. Of the USD 400 billion Smart Beta ETF assets, more than half are allocated to dividend-oriented funds. In Europe the trend is even more pronounced, with two thirds of Smart Beta assets allocated to dividend yield funds. STOXX®-based ETFs are leading this development and have attracted almost half of the assets in all European dividend yield funds (over EUR 4 billion in assets). Our products deliver convenient and cost-effective access to dividends.

## Key benefits

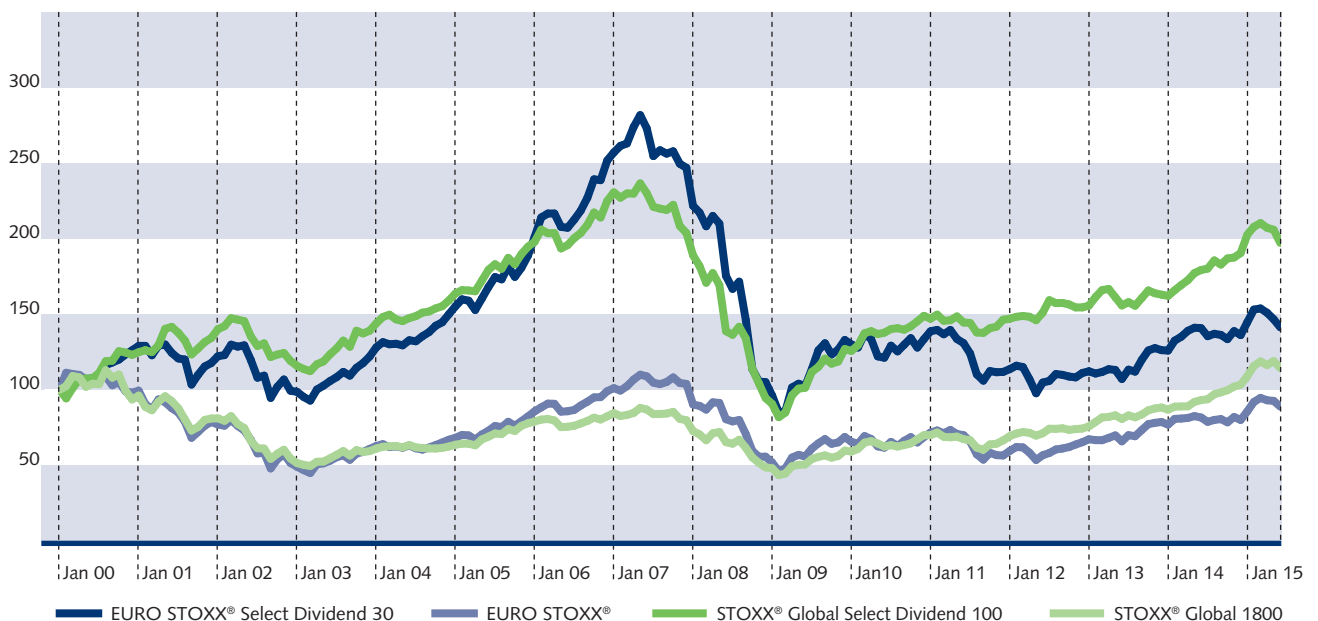
- Targeted exposure to high dividend yield stocks
- Access to a long-term consistently profitable investment strategy, robust across market cycles
- No added volatility versus benchmark
- Order book trading with Market Maker support

- Off-book trading facilitated by brokers
- Extended trading hours covering all European and U.S. market hours, as well as part of Asian trading hours
- All contracts can be transparently monitored via Bloomberg, Reuters and other data vendors.

## Product features

- Select Dividend indexes are systematic rules-based indexes that overweight stocks with above average dividend yields. They have a record of sustainable, persistent dividend payments, while retaining the benefits of the broad-based parent indexes – broad market exposure, diversification, liquidity and transparency.
- The high correlation coefficients of 0.92 and 0.98 against the STOXX® Global and the EURO STOXX® Indexes, respectively, indicate a proven track record without introducing dramatically different periodic return volatility.

STOXX® Select Dividend Indexes performance versus their respective broad-based benchmarks (in thousands)



## Methodology of STOXX® Select Dividend

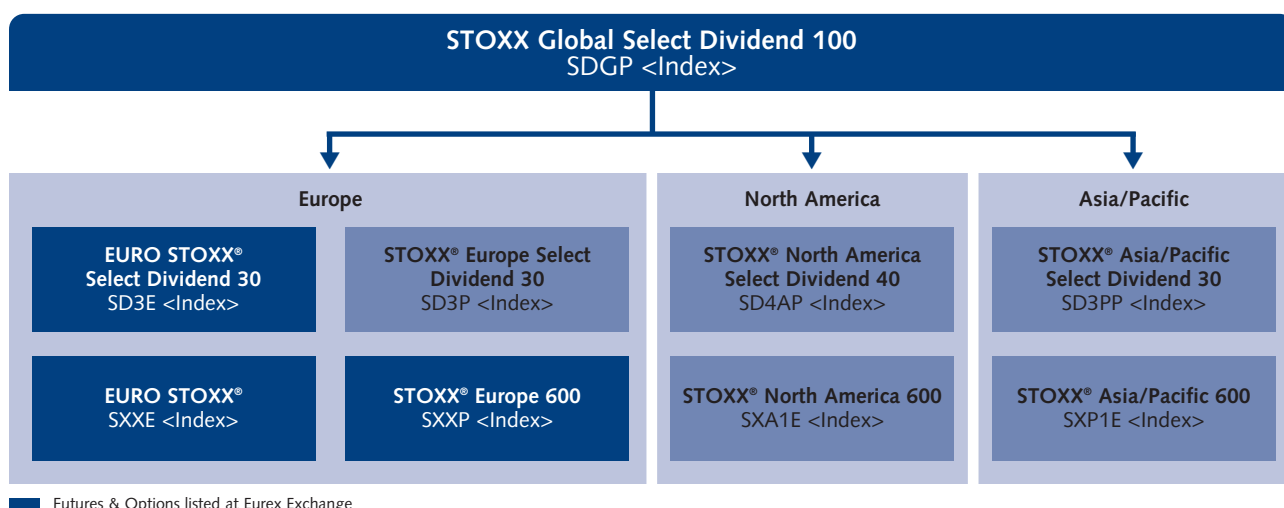
The regional STOXX® Select Dividend indexes are derived from regional benchmark indexes and cover a fixed number of stocks which represent the highest-yielding stocks relative to their home markets. Components are weighted by their indicated annual net dividend yield, i.e. the largest dividend-yielding companies have the highest weight in the index. Fixed component numbers and cap factors guarantee index diversification while liquidity screening ensures the index is suitable as an underlying for financial products.

The STOXX® Global Select Dividend 100 Index is the combination of the three regional STOXX® Select Dividend Indexes for North America, Europe and Asia/Pacific.

## Careful selection process

The high dividend yield subsets, as selected by the STOXX® methodology are generally “cheaper” than the broader market, as indicated by the selected metrics, namely EBIT/TEV and P/E ratios.

The quality of the Select Dividend subsets (another important aspect of equity valuation), as measured by return on equity and return on assets, with no exception, show better metrics than the broader market. Among the three regions, valuations in Europe are particularly attractive. The European Central Bank’s 60-billion-euro-a-month quantitative easing program and the euro’s depreciation against the dollar, among other things, had a positive effect on the equity markets across Europe resulting in these attractive valuations.



## Valuation metrics: outperforming the broad-based indexes

STOXX®	EBIT/TEV <sup>1</sup>		P/E <sup>2</sup>		ROE <sup>3</sup>		ROA <sup>3</sup>	
	Select	Broad	Select	Broad	Select	Broad	Select	Broad
Global	0.065	0.058	13.25	21.00	11.66	11.32	4.03	1.70
Asia/Pacific	0.048	0.057	12.87	18.10	11.24	9.49	5.11	1.58
Europe	0.081	0.060	12.22	22.53	10.96	9.67	2.49	1.08
North America	0.069	0.057	14.64	21.00	13.64	13.37	4.15	2.47

<sup>1</sup> Earnings before interest and taxes to total enterprise value (higher is cheaper, lower is more expensive)

<sup>2</sup> Price to earnings (higher is more expensive, lower is cheaper)

<sup>3</sup> Return on equity/assets (higher is more profitable/higher quality)

## Underlying indexes – overview

	EURO STOXX® Select Dividend 30	STOXX® Global Select Dividend 100
Underlying ISIN	CH0020751589	US26063V1180
Bloomberg ticker	SD3E Index	SDGP Index
Methodology	Measure the performance of the highest dividend-paying stocks relative to their home markets	
Cap factor	15%	10%
No. of components	30	100
Average market cap	EUR 32 billion	EUR 27 billion
Dividend yield (%)	4.88%	4.71%
Top country	France (28%)	USA (23%)
Top sector	Insurance (17%)	Utilities (15%)

## Contract specifications

	Select Dividend index futures	Select Dividend index options
Product IDs	FEDV (for EURO STOXX® Select Dividend 30 index futures) FGDV (for STOXX® Global Select Dividend 100 index futures)	OEDV (for EURO STOXX® Select Dividend 30 index options) OGDV (for STOXX® Global Select Dividend 100 index options)
Contract value	EUR 10 per index point	
Contract terms	Up to 9 months (3 quarterly months)	Up to 60 months (12 expiration months)
Minimum price change	0.5 index points	0.1 index points
Tick value	EUR 5	EUR 1
Settlement	Cash settlement (European-style exercise)	
Final settlement price	Based on the average of the EURO STOXX® Select Dividend 30 Index values calculated between 11:50 and 12:00 CET (FEDV & OEDV) and the STOXX® Global Select Dividend 100 Index closing price on the last trading day (FGDV & OGDV) respectively.*	
Final settlement day	Last trading day (FEDV & OEDV) and the exchange day following the last trading day respectively (FGDV & OGDV – as the final settlement price is calculated outside of Eurex Exchange trading hours).	
Last trading day	Third Friday of the maturity/expiration month	
Continuous trading	08:00–22:00 CET	09:00–17:30 CET
Eurex Trade Entry services	08:00–22:00 CET	09:00–19:00 CET
Flexible Contracts	Available with size 100	
Trading calendar	Select Dividend index derivatives are tradable on each Eurex Exchange trading day.	

\* In deviation from the approach for European STOXX® Indexes where Eurex Exchange calculates the FSP at noon, for the STOXX® Global, similar to MSCI Global Indexes, Eurex Exchange takes the closing index level of the third Friday of the maturity/expiration month to cover U.S. closing prices.

### Eurex Trade Entry Services

With the aim of complementing the over-the-counter (OTC) equity index market, derivatives on the Select Dividend indexes listed at Eurex Exchange can also be traded outside the order book and subsequently booked to Eurex Clearing via the Eurex Trade Entry services. The following services are available:

- Block Trade Entry
- Flexible Contracts
- Volatility Trades
- Exchange for Physicals Index Futures Trades (EFPI)
- Exchange for Swaps (EFS)

In addition, trades at index close (TAC) can be facilitated via the Block Trade Entry Service immediately the next morning.

### Mitigating risks through CCP clearing

Eurex Clearing, one of the leading CCPs globally, assures the safety and integrity of markets while providing innovation in risk management, clearing technology and client asset protection.

Eurex Clearing covers the broadest scope of products under a single framework in Europe – both listed products and OTC – and offers the world's widest spectrum of eligible collateral. Eurex Clearing serves more than 180 Clearing Members in 17 countries, managing a collateral pool of around EUR 67 billion and processing gross risks valued at almost EUR 18 trillion every month. In 2015, about 1.7 billion derivatives contracts were cleared – nearly half of which were traded off-book.

## Liquidity providers for Select Dividend derivatives on Eurex Exchange

Market Makers and brokers are supporting the new dividend index products by providing onscreen liquidity and facilitating Block Trades or other off-book trades.

Member	Contact person	Telephone	EURO STOXX® Select Dividend 30		STOXX® Global Select Dividend 100		Order-book	Off-book
			Futures	Options	Futures	Options		
Banca IMI	Carmine Calamello	+39-02-72 61-2194	✓	✓	✓	✓		✓
DRW Investments UK	Chad Miller	+44-20-70 31-13 69	✓	✓			✓	
HPC / OTCex	Andrew Lawrie	+44-20-79 59-03 56	✓	✓	✓	✓		✓
Kepler Capital Markets	Nicolas Lizardo	+33-1-70 39-74 91	✓	✓	✓	✓		✓
Société Générale	Chiara Cudoni	+33-1-42 13-85 79	✓	✓	✓	✓	✓	✓
Société Générale	Raphael Atlan	+33-1-42 13-72 44	✓	✓	✓	✓	✓	✓
Sunrise Brokers	Hai Dang Vu	+44-20-70 34-98 06	✓	✓	✓	✓		✓
Susquehanna Int	Shane Cryan	+35-31-802-8023	✓	✓			✓	

For further information please visit [www.eurexchange.com](http://www.eurexchange.com) > equity index derivatives > STOXX indexes or contact

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Order Number: E1E-121-0116

ARBN Number: Eurex Frankfurt AG ARBN 100 999 764

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