
NSE/Afrinvest High Dividend Yield Index - FAQs

What is the NSE-Afrinvest High Dividend Yield Index (NSE-Afr HDYI)?

The Afrinvest High Dividend Yield (NSE-Afr HDYI) is a factor index which provides fundamental basis for tracking high dividend paying stocks on the Nigerian Stock Exchange (NSE). In other words, the NSE-Afr HDYI provides better opportunities for investors in fundamentally sound quoted companies on the Exchange.

What is Factor investing/What are factor indices?

Factor investing is the use of systematic metrics/strategies to gauge the behavior of securities in relation to a broader industrial/sectorial benchmark or as standalone assets. Factors include value, volatility (measured by beta), quality & momentum/growth. Simply put, factors are measures of the risk/return proportions of securities.

Is the Index tradable/investible?

No. The NSE-Afr HDYI is not a physical basket of securities that can be traded and invested in directly.

The index is however structured such that it can serve as a basis for other investible products such as Exchange Traded Funds (ETFs), Tracker Funds, Mutual Funds, Equity-Index Derivatives, and Index-Based Structured products.

How are index values calculated?

Index values are calculated in real-time using the Exchange's algorithm based index calculation platform.

The Nigerian Stock Exchange also extends use of its calculation platform to local and foreign index providers who wish to create market benchmarks, but do not have access to the infrastructure to do so.

How are constituents selected for the index?

Constituents of the NSE-Afr HDYI are selected using a multi-factor strategy. Only stocks listed on the Nigerian Stock Exchange are eligible for selection. Eligible securities are further subjected to series of filters to ensure a reflection of maximum value to users.

Who can use the index?

The NSE-Afr HDYI was created to cater to investors seeking profitable portfolio investments, to Asset & Fund Managers looking to create differentiated products to meet investment objectives, and to Capital Market Intermediaries seeking benchmark for portfolio valuation.

Index users can leverage on the index's multi-factor strategy as a guide to create profitable portfolios to maximize income investment objectives.

How can I access historical and daily index data?

Information on the index is provided on the NSE's website in real time. Potential index data users can however subscribe for additional information such as daily constituent weights, capping factor and historical index values by contacting the NSE Market Data team at contactcenter@nse.com.ng.

How do I obtain a license to use the index?

In line with the existing practice for the NSE's suite of indices, the Exchange welcomes the creation of ETFs, Index funds, structured products, futures and options based on the NSE-Afr BVI. For enquiries on how to obtain a license, you may contact the Nigerian Stock Exchange Indices Product Manager via productmanagement@nse.com.ng.