



Veidekke (Norway): Extraordinary Cash Dividend

Treatment in FTSE Russell Indexes

13 November 2020

Veidekke (Norway, B1XCHJ7, GEIS Small Cap) have announced an extraordinary cash dividend of NOK 22.50 effective 04 December 2020. The distribution will be subject to 25% Withholding Tax.

FTSE Russell intends to classify NOK 2.50 as an ordinary dividend since it is in lieu of the ordinary dividend which was cancelled earlier in the year, and the remaining NOK 20 will be classified as an extraordinary dividend. Provided the extraordinary dividend represents over 10% of the stock price, and in order to accommodate this event in the net-of-tax indexes, FTSE Russell proposes to make an adjustment in the calculation of the total return indexes at the close of 03 December 2020 to represent the portion of the extraordinary cash dividend being required to pay tax liability.

Clients should note that this treatment will be applied to all total return indexes, and not just the net-of-tax indexes.

Calculation of the total return adjustment:

Tax liability: $\text{NOK } 20 * 25\% = \text{NOK } 5$

A negative dividend of NOK -4.1666666666 will be applied to the FTSE Russell standard Total Return Indexes (i.e. $(\text{NOK } -5 / 75\%) + \text{NOK } 2.5$ ordinary dividend)) in order to reflect this tax adjustment.

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