

Announcement

Methodology change of the Indxx China Internet Index

New York – December 31, 2021 - Effective December 31, 2021 the following are the changes in the methodology of the Indxx China Internet Index:

- Initial Universe (Section 1.2.1)
- Weighting (Section 1.5)

Below is the amended methodology which will be effective from December 31, 2021.

December 2021

INDXX CHINA INTERNET INDEX METHODOLOGY

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1. INDXX CHINA INTERNET INDEX

1.1 INDEX DESCRIPTION

The Indxx China Internet Index is a Net Total return index designed to track the performance of companies that are expected to benefit from the increased adoption of the internet.

The index has a base date of March 31, 2015 with an initial value of 1,000.

The index will be available in the following version:

- Net Total Return (Bloomberg Ticker: ICNET)

1.2 CREATION OF MASTER LIST

1.2.1 Initial Universe

To be eligible for inclusion in the Initial Universe, securities must have:

- Primary listing either in China, Hong Kong, or United States.
- A minimum total market capitalization of \$ 500 million.
- A 6-month average daily turnover greater than or equal to \$1 million.
- Traded on 90% of the eligible trading days in the last 6 months. In case a security does not have a trading history of 6 months (only IPOs), such a security must have started trading at least 3 months before the start of the Reconstitution/Rebalancing Process and should have traded on 90% of the eligible trading days for the past 3 months.

1.2.2 Free Float

All securities must have a minimum free float equivalent to 10% of shares outstanding.

1.2.3 Maximum Price

Securities trading at a price of \$10,000 or above are ineligible for inclusion in the index. This rule is not applicable for existing constituents. Existing constituents shall remain in the initial universe irrespective of their stock price.

1.2.4 Security Type

The following security types are eligible for inclusion:

- Common Stock
- ADR
- GDR

1.2.5 Share Classes

- The existing share class/listing in the portfolio is retained if it satisfies all the eligibility criteria of the index.
- In all other cases, the most liquid share class is considered for inclusion in the portfolio.

1.3 SECURITY SELECTION PROCESS

The masterlist is comprised of companies in the following FactSet Industries:

Advertising/Marketing Services	Electronics Distributors	Movies/Entertainment
Apparel/Footwear Retail	Electronics/Appliance Stores	Multi-Line Insurance
Auto Parts: OEM	Finance/Rental/Leasing	Other Consumer Services
Broadcasting	Financial Publishing/Services	Packaged Software
Cable/Satellite TV	Information Technology Services	Publishing: Books/Magazines
Catalog/Specialty Distribution	Insurance Brokers/Services	Real Estate Investment Trusts
Commercial Printing/Forms	Internet Retail	Recreational Products
Computer Communications	Internet Software/Services	Specialty Telecommunications
Data Processing Services	Investment Banks/Brokers	Telecommunications Equipment
Drugstore Chains	Miscellaneous Commercial Services	Wireless Telecommunications

The industries identified are subject to change at the time of the annual reconstitution.

To qualify for inclusion in the index, a company must satisfy the following criteria:

- The company's growth in revenue from the previous year must be positive.
- The company's total debt to equity ratio must not be greater than or equal to 1.
- The company must generate at least 50% revenue from either China or Hong Kong.

The companies operating in any one of the following sub-themes through internet will form the part of the selection list:

Sub-themes	Description
Internet Retail	Companies that are involved in providing electronic commerce over the internet.
Entertainment Services	Companies that are involved in providing gaming, lottery, movies, TV shows and other streaming services over the internet.
Travel Services	Companies that are involved in providing ticket booking, travel packages and other travel related services over the internet.
Digital Payments	Companies that are involved in providing payment services, loan services, trading etc. digitally over the internet.
Search Engines	Companies that are involved in providing search services for content over the internet.
Mobile Internet	Companies that are involved in providing internet services.
Internet Software & Services	Companies that are involved in providing software, platform, and infrastructure as a service over the internet.

1.4 FINAL COMPOSITION

From the Selection List:

- The top 50 Internet companies ranked by market capitalization will form the final Index.
- If fewer than 50 companies qualify for inclusion in the Index, then all the constituents will be included in the Index.

1.5 WEIGHTING

The Index is weighted as follows:

- Components are weighted based on free float security level market capitalization.
- A single security weight cap of 7% is applied to companies. Excess weights are redistributed proportionately to non-capped companies.

1.6 BUFFER RULES

Buffer Rules are employed to reduce Portfolio Turnover. The following buffer rules apply:

1.6.1 Market Capitalization

A constituent shall continue to be included in the initial universe if its market capitalization is greater than or equal to 80% of the previously defined market capitalization limit. To illustrate, if an existing index member qualifies all other selection criteria but doesn't qualify the market capitalization criteria to the extent of 20% deviation then it will be retained in the new index member list.

1.6.2 Liquidity

A constituent shall continue to be included in the initial universe if its 6-month ADTV is greater than or equal to 70% of the previously defined liquidity limit. To illustrate, if an existing index member qualifies all other selection criteria but doesn't qualify liquidity criteria to the extent of 30% deviation then it will be retained in the new index member list.

1.6.3 Continued Representation in the Portfolio

Additionally, an existing index constituent shall continue to remain in the index if it is a part of top 60 companies by market capitalization, even if it isn't a part of top 50 constituents.

1.7 INDEX CALCULATOR

The calculator of this index is Solactive.

1.8 INDEX PUBLISHER

The index is published by Indxx.

1.9 INDEX EDITOR

The index is edited by Indxx.

1.10 RECONSTITUTION AND REBALANCING RULES

- The index follows an annual reconstitution and a semi-annual rebalancing schedule. The reconstituted portfolio becomes effective on the close of last trading day of March each year. This day is called the 'Reconstitution Effective Day'. The rebalanced portfolio becomes effective at the close of the last trading day of September each year. This day is called the 'Rebalance Effective Day'.

- The security selection and portfolio creation process start on the close of the nearest Friday falling at least one month before the Reconstitution Effective Day, called the 'Selection Day'. The selection list is created based on the data as of the Selection Day.
- Weights are calculated at the close of the seventh trading day prior (six trading days prior) to the Reconstitution Effective Day (or the Rebalance Effective Day). Index Shares are frozen using weights as of this day.

1.11 CORPORATE ACTIONS

The corporate action guidebook is present in the Announcements section of our website, under 'Index Documents'.

2. APPENDIX

2.1 METHODOLOGY CHANGES

Methodology changes since July 2020 are as follows:

Section	Previous Value	New Value	Effective Date (close)
1.7		The 'Index Calculator' section has been added to the methodology.	Jul 10, 2020
1.8		The 'Index Publisher' section has been added to the methodology.	Jul 10, 2020
1.9		The 'Index Editor' section has been added to the methodology.	Jul 10, 2020
1.2.1	<ul style="list-style-type: none"> Primary listing either in China or Hong Kong. 	<ul style="list-style-type: none"> Primary listing either in China, Hong Kong, or United States. 	Dec 31, 2021
1.5	<p>The Index is weighted as follows:</p> <ul style="list-style-type: none"> Components are weighted based on free float security level market capitalization. A single security weight cap of 4.90% is applied to companies. Excess weights are redistributed proportionately to non-capped companies. 	<p>The Index is weighted as follows:</p> <ul style="list-style-type: none"> Components are weighted based on free float security level market capitalization. A single security weight cap of 7% is applied to companies. Excess weights are redistributed proportionately to non-capped companies. 	Dec 31, 2021

3. DISCLAIMER

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