

**Methodology change of the Indxx Global CleanTech Index.**

Effective November 30, 2020, the following are the changes in the methodology of the Indxx Global CleanTech Index:

- Initial Universe (Section 1.2.1)

Below is the amended methodology which will be effective from November 30, 2020.

November 2020

# INDXX GLOBAL CLEANTECH INDEX METHODOLOGY

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# 1. INDXX GLOBAL CLEANTECH INDEX

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## 1.1 INDEX DESCRIPTION

The Indxx Global CleanTech Index is designed to track the performance of companies that develop technology or equipment that enables the production of energy from renewable sources, efficient utilization of energy and reduction of negative environmental influences.

The index has a base date of September 18, 2020 with an initial value of 1,000.

The index is currently available in the following versions:

- Total Return (Bloomberg Ticker: ICTECT)
- Price Return (Bloomberg Ticker: ICTECP)
- Net Total Return (Bloomberg Ticker: ICTEC)

## 1.2 CREATION OF MASTER LIST

### 1.2.1 Initial Universe

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

- Their listing either in a Developed or in an Emerging Market, excluding India. Developed and Emerging Markets are defined by Indxx in its 'Country Classification and Investability Requirements' document.
- A minimum total market capitalization of \$500 million.
- A 6-month average daily turnover greater than or equal to \$2 million.
  - In case of a Significant IPO, a security must have an average daily turnover greater than or equal to \$2 million since the IPO launch date.
- 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), to be considered for inclusion, in case of Significant IPOs, the IPO must have been listed at least 10 calendar days prior to the 'Selection Date', and in the case of other IPOs, 3 calendar months prior to the 'Selection Day'.
  - Additionally, unless the security is a Significant IPO, the security must have traded on 90% of the eligible trading days for the 3 months preceding the 'Selection Day' (this requirement shall not apply to Significant IPOs).
  - An IPO is considered to be a "Significant IPO" if its company level total market capitalization is greater than the company level total market capitalization of at least 50% of the on-going index constituents as of previous 'Reconstitution Selection Day'.

### 1.2.2 Free Float

All securities must meet at least one of the following criteria:

- Minimum free float equivalent to 10% of shares outstanding.
- (or)
- Minimum free float market capitalization of \$1 billion.

### 1.2.3 Maximum Price

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

### 1.2.4 Security Type

The following security types are eligible for inclusion:

- Common Stock
- ADR
- GDR
- DR

### 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/listing is considered for inclusion.

## 1.3 SECURITY SELECTION PROCESS

Based on extensive research, Indxx has defined CleanTech as the following:

Companies involved in the development of technology/equipment relating to:

- (i) renewable energy production,
- (ii) residential and commercial energy efficiency,
- (iii) smart grid implementation,
- (iv) lithium-ion batteries and/or fuel cells, and/or
- (v) preventing or ameliorating the negative environmental effects of pollution

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

Alternative Power Generation	Electronic Equipment/Instruments	Industrial Specialties
Auto Parts: OEM	Electronic Production Equipment	Miscellaneous
Chemicals: Major Diversified	Engineering & Construction	Miscellaneous Manufacturing
Chemicals: Specialty	Environmental Services	Motor Vehicles
Electric Utilities	Gas Distributors	Other Metals/Minerals
Electrical Products	Household/Personal Care	Semiconductors
Electronic Components	Industrial Machinery	

The industries identified through this research-based approach are subject to change at the time of each semi-annual reconstitution.

In order to qualify for inclusion in the index, a company must derive greater than or equal to 50% of its revenues from activities mentioned above. Such company is considered a 'Pure-Play' CleanTech company.

The companies that satisfy the above criteria are included in the 'Selection List' for the index.

## 1.4 FINAL COMPOSITION

From the Selection List:

- The top 40 Pure-Play companies ranked by market capitalization are included in the index.
- If there are fewer than 40 Pure-Play companies, all Pure-Play companies are included in the index.

## 1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their security-level market capitalization.
- A single security cap of 6% and a single security floor of 0.3% is applied.
- The aggregate weight of all the components with a weight greater than 5% is capped at 40%. All remaining securities are capped at 4.5%.
- If the weighting scheme becomes infeasible due to a decrease in number of components, the single security cap may be relaxed.

## 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 investible universe.

### 1.6.1 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 investible universe.

## 1.7 RECONSTITUTION AND REBALANCING RULES

- The index follows a semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of the third Friday of March and September each year. This day is called the 'Effective Day.'
- The security selection and portfolio creation process start on the close of the nearest Friday falling at least one month before the 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 Effective Day. Index Shares are frozen using weights as of this day.

## 1.8 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 November 2020 are as follows:

Section	Previous Value	New Value	Effective Date (close)
1.1	Indxx CleanTech Index	Indxx Global CleanTech Index	Nov 30, 2020
1.2.1	<ul style="list-style-type: none"> <li>A 6-month average daily turnover greater than or equal to \$2 million.</li> </ul>	<ul style="list-style-type: none"> <li>A 6-month average daily turnover greater than or equal to \$2 million.               <ul style="list-style-type: none"> <li>In case of a Significant IPO, a security must have an average daily turnover greater than or equal to \$2 million since the IPO launch date.</li> </ul> </li> </ul>	Nov 30, 2020
	<ul style="list-style-type: none"> <li>The security must have traded on 90% of the eligible trading days in the last 6 months.               <ul style="list-style-type: none"> <li>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.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Traded on 90% of the eligible trading days in the last 6 months.               <ul style="list-style-type: none"> <li>In case a security does not have a trading history of 6 months (only IPOs), to be considered for inclusion, in case of Significant IPOs, the IPO must have been listed at least 10 calendar days prior to the 'Selection Date', and in the case of other IPOs, 3 calendar months prior to the 'Selection Day'.</li> <li>Additionally, unless the security is a Significant IPO, the security must have traded on 90% of the eligible trading days for the 3 months preceding the 'Selection Day' (this requirement shall not apply to Significant IPOs). An IPO is considered to be a "Significant IPO" if its company level total market capitalization is greater than the company level total market capitalization of at least 50% of the on-going index constituents as of previous 'Reconstitution Selection Day'.</li> </ul> </li> </ul>	



### 3. DISCLAIMER

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