

Announcement

Methodology change of the Indxx Global Natural Resources Income Index

New York – May 25, 2022 – Effective May 25, 2022, the following are the changes in the methodology of the Indxx Global Natural Resources Income Index:

- Security Selection Process (Section 1.3)

Below is the amended methodology which will be effective from May 25, 2022.

May 2022

INDXX GLOBAL NATURAL RESOURCES INCOME INDEX METHODOLOGY

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1. INDXX GLOBAL NATURAL RESOURCES INCOME INDEX

1.1 INDEX DESCRIPTION

The Indxx Global Natural Resources Income Index is designed to track the performance of companies involved in the upstream segment of the natural resources sector.

The index has a base date of June 23, 2006 with an initial value of 1,000.

The index is currently available in the following versions:

- Price Return (Bloomberg Ticker: IGNRIP)
- Total Return (Bloomberg Ticker: IGNRI)
- Net Total return (Bloomberg Ticker: IGNRINT)

1.2 CREATION OF MASTER LIST

1.2.1 Initial Universe

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

- Domiciled in any of the below mentioned countries:
Australia, Austria, Bahrain, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kuwait, Luxembourg, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Norway, Oman, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, United States.
- A minimum total company level market capitalization of \$1 billion.
- A 6-month security level average daily turnover greater than or equal to \$1 million.
- A security level average daily turnover for each of the preceding 3 months greater than or equal to \$1 million.
- A security level weekly turnover over the preceding 3 months greater than or equal to \$2.5 million.
- Traded for at least 90% of the total trading days over the last 6 months on their respective stock exchanges.

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
- MLP
- Royalty Trust

1.2.5 Share Classes

If multiple share classes exist for a company, the following preference order is followed:

- The existing share class/listing in the portfolio is retained if it satisfies all the eligibility criteria of the index.
- If an ADR of the company exists, it is given preference over all other share classes.
- In case of companies domiciled in China, their HK listings are considered for inclusion. If a relevant HK listing is not available, the company is ignored.
- In all other cases, the most liquid share class is considered for inclusion in the portfolio.

1.3 SECURITY SELECTION PROCESS

Based on extensive research, Indxx has defined natural resources as being comprised of the following sub-themes:

Energy	Exploration and development of oil or gas reserves, drilling and refining, or integrated power utility companies - including renewable energy and coal.
Materials	Mining and refining of metals, chemical producers and forestry products.
Agriculture	Agrichemicals, breeding, crop production, farm machinery, processing, seed supply as well as marketing and retail sales.
Water	Providing drinking water and wastewater services including sewage treatment
Timber	Production of forest products, timber/lumber, primary forest and wood products and secondary products like wood pulp for the pulp and paper industry.

These sub-themes are comprised of companies in the following FactSet Industries:

Chemicals: Agricultural	Aluminum	Industrial Machinery
Agricultural Commodities/Milling	Precious Metals	Electronic Production Equipment
Food: Meat/Fish/Dairy	Pulp & Paper	Construction Materials
Integrated Oil	Containers/Packaging	Auto Parts: OEM
Oil & Gas Production	Water Utilities	Forest Products
Coal	Industrial Conglomerates	Investment Banks/Brokers
Steel	Wholesale Distributors	Miscellaneous Commercial Services
Other Metals/Minerals	Electric Utilities	Electrical Products
Gas Distributors		

- For securities included under the energy sub-theme, those that generate less than 50% of their revenues from up-stream activities are eliminated.
- For all other securities, those that generate less than 50% of their revenues from their respective subthemes are eliminated.
- Securities that have paid 0 dividends in at least one of the last 3 years, and securities which have witnessed a drop-in dividend paid (compared with the previous year) in at least one of the last 2 years are eliminated.
- Securities that have negative Trailing 12 months (TTM) EPS are eliminated. In case, TTM EPS is not available, the last available EPS is considered.

1.4 FINAL COMPOSITION

From the Selection List:

- The top 50 securities ranked by highest dividend yield from the remaining securities from the selection list will form the final index.
- The number of securities in each sub-theme is capped at 30%.

1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their security-level free float adjusted market capitalization.
- A single security cap of 9.9% is applied.
- The aggregate weight of all the components with a weight greater than 4.5% is capped at 40%. The additional weight is redistributed amongst the non-capped securities.

1.6 RECONSTITUTION AND REBALANCING RULES

- The index follows an annual reconstitution and quarterly rebalancing schedule. The reconstituted portfolio becomes effective at the close of third Friday of June each year. This day is called the 'Reconstitution Effective Day'. The rebalanced portfolio becomes effective at the close of third Friday of September, December and March 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 seven trading days prior to the Reconstitution Effective Day (or the Rebalance Effective Day). Index Shares are frozen using weights as of this day.
- Constituents are publicly announced four trading days prior to the effective day. This day is called the 'Announcement Day.'

1.7 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 October 2020 are as follows:

Section	Previous Value	New Value	Effective Date (close)
1.6	The security selection and portfolio creation process start twelve trading days prior to the Reconstitution Effective Day in the month of June each year, called the 'Selection 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'.	Oct 13, 2020
1.3		An industry 'Gas Distributors' has been added to the list of FactSet Industries.	May 25, 2022

3. DISCLAIMER

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