

Announcement

Methodology change of the Indxx Global Space Thematic Index

New York – March 02, 2022 - Effective March 02, 2022 the following are the changes in the methodology of the Indxx Global Space Thematic Index:

- Security Selection Process (Section 1.3)

Below is the amended methodology which will be effective from March 02, 2022.

March 2022

INDXX GLOBAL SPACE THEMATIC INDEX METHODOLOGY

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1. INDXX GLOBAL SPACE THEMATIC INDEX

1.1 INDEX DESCRIPTION

The Indxx Global Space Thematic Index is designed to measure the performance of companies involved in the Space sector, as defined by Indxx.

The index has a base date of March 31, 2014 with an initial value of 1,000.

The index is currently available in the following versions:

- Price Return
- Total Return
- Net Total Return

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 on Developed and Emerging Markets as 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 \$1million for emerging markets and greater than or equal to \$2 million for developed markets.
- The security must have 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
- The most liquid share class/listing is considered for inclusion.

1.3 SECURITY SELECTION PROCESS

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

Earth Observation	Companies in this category provide earth observation satellites for the gathering of information about planet earth's physical, chemical and biological systems via remote sensing technologies.
Satellite Navigation	Companies in this category are contractors for the ground control segment, which provides reliable day-to-day control over satellites in orbit.
Space Equipment Manufacturers	Companies in this category include equipment suppliers for space-related applications.
Spaceflight	Companies in this category provide spaceflight services which can occur with either manned or unmanned spacecraft.
Space Exploration	Companies in this category contribute to the ongoing discovery and exploration of celestial structures in outer space by means of continuously evolving and growing space technology.

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

Telecommunications Equipment	Aerospace & Defense	Miscellaneous Commercial Services	Electronic Production Equipment
Engineering & Construction	Information Technology Services	Electric Utilities	Industrial Machinery
Cable/Satellite TV	Miscellaneous Manufacturing	Textiles	Electronic Components
Major Telecommunications	Containers/Packaging	Broadcasting	Electronic Equipment/Instruments
Industrial Conglomerates	Wireless Telecommunications	Electronics/Appliances	Metal Fabrication
Specialty Telecommunications			

The industries and sub-themes identified through this research-based approach are subject to change at every annual reconstitution.

Companies are classified into one of the following three types based on revenue:

- Pure Play:
Companies from the Master List that cumulatively derive revenue greater than or equal to 50% from the above sub-themes are considered as 'pure-play' Space related companies. These companies are included in the 'Selection List' for the index.

- **Quasi Play:**
Companies with diversified revenue streams that cumulatively generate at least 20% (but less than 50%) of their revenue from the above sub-themes are considered as 'quasi-play' Space related companies. These companies are also included in the 'Selection List' for the index.
- **Marginal:**
Companies with diversified revenue streams that generate less than 20% of their revenue from the above-mentioned sub-themes or that have a distinct business unit focused on Space related companies are considered as 'marginal' companies. These companies are also included in the 'Selection List' for the index.

1.4 FINAL COMPOSITION

From the Selection List:

- All 'pure-play' and 'quasi-play' companies shall be considered for the final portfolio.

1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their free float security-level market capitalization.
- A single security cap of 4.5% and 1% is applied for pure-play and quasi-play respectively.
- The aggregate weight of all the securities classified as quasi-play are capped at 30%.
- The excess weight is redistributed across all other uncapped components in the index on a proportional basis to get the final weights.
- In case, there are not enough pure play securities to reach aggregate 70% weight, then each pure-play security will be weighed at 4.5%. The remaining weight is distributed among the quasi-play at a security cap of 1%. In those cases, when there aren't enough quasi-play securities to aggregate the remaining weight, then the security cap for the quasi-play is increased to 2%.

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.

1.6.2 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 investible universe.

1.7 RECONSTITUTION AND REBALANCING RULES

- The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of last trading day of March each year. This day is called the 'Effective day'.
- The security selection and index creation process start at the close of seventeen trading days before the effective day, called the 'Selection Day.' The selection list is created using the data as of this day.
- Weights are calculated at the close of the sixth trading day prior (five trading days prior) to the Effective Day. Index Shares are frozen using weights as of this day.

1.8 IPO REVIEW

- To effectively capture IPOs, the index constituents will be reviewed on a quarterly basis in June, September and December each year. New additions to the portfolio become effective on the close of last trading day of every quarter. This day is called the 'Review Effective Day'.
- The IPO identification process starts at the close of the nearest Friday falling at least one month before the Review Effective Day. This day is called the 'Review Selection Day'.
- Potential inclusions in the IPO review must meet the market capitalization criteria as of the review selection date.
- The average daily turnover since the IPO launch must be greater than the threshold as defined in section 1.2.1
- The securities must have traded on 90% of the eligible trading days for the past 3 months from the Review Selection Day.
- Any new addition to the portfolio at the time of review will be added as per the weighting scheme mentioned in the methodology, calculated at the close of seventh trading day prior to the Review Effective Day. The new addition's Index Shares will be frozen using weights as of this day.

1.9 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 March 2022 are as follows:

Section	Previous Value	New Value	Effective Date (close)
1.3		New Industry Added- Specialty Telecommunications	March 02, 2022

3. DISCLAIMER

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