

Methodology change of the Indxx Millennials Thematic Index.

Effective November 1, 2019, the following are the changes in the methodology of the Indxx Millennials Thematic Index:

- **Semi Annual Review (Section 1.8)**

Below is the amended methodology which will be effective from November 1, 2019.

October 2019

INDXX MILLENNIALS THEMATIC INDEX METHODOLOGY

CONTENTS

1.	INDXX MILLENNIALS THEMATIC INDEX	3
1.1	INDEX DESCRIPTION	3
1.2	CREATION OF MASTER LIST	3
1.2.1	Initial Universe	3
1.2.2	Free Float	3
1.2.3	Maximum Price	3
1.2.4	Security Type	3
1.2.5	Share Classes	4
1.3	SECURITY SELECTION PROCESS.....	4
1.4	FINAL COMPOSITION	5
1.5	WEIGHTING	5
1.6	BUFFER RULES	5
1.6.1	Market Capitalization.....	5
1.6.2	Liquidity	6
1.6.3	Continued Representation in the Portfolio	6
1.7	RECONSTITUTION AND REBALANCING RULES	6
1.8	SEMI ANNUAL REVIEW	6
1.9	ANNUAL REVIEW	7
1.10	THREE YEAR REVIEW	7
1.11	CORPORATE ACTIONS	7
2.	DISCLAIMER.....	8

1. INDXX MILLENNIALS THEMATIC INDEX

1.1 INDEX DESCRIPTION

The Indxx Millennials Thematic Index measures the performance of U.S. listed companies that provide exposure to the Millennial generation, (“Millennial Companies”). The Millennial generation refers to the demographic cohort in the US with birth years ranging from 1980 to 2000.

The index has a base date of April 16, 2010 with an initial value of 1,000.

The index will be available in the following version:

- Total Return (Bloomberg Ticker: IMILN)

1.2 CREATION OF MASTER LIST

1.2.1 Initial Universe

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

- Their primary listing in the United States.
- A minimum total market capitalization of \$500 million.
- A 6-month average daily turnover greater than or equal to \$2 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 constituents 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
- REITs

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.
- In case an ADR for a security is available, it will be considered for inclusion over other security type.
- In all other cases, the most liquid share class/ listing is considered for inclusion in the portfolio.

1.3 SECURITY SELECTION PROCESS

The security selection process is based on research performed by Indxx and entails the following steps:

- 1) Identification of key demographic and consumer behavior trends that are characteristic of the millennial population cohort, based on fundamental research. This fundamental research covers topics that include but are not limited to: consumer behavior, technology, demographics and macroeconomics. The following components of the company selection process are derived from this initial research:
 - Key millennial spending categories with a primary focus on consumption and human/financial capital development (“Spending Categories”).
 - Criteria that are used to evaluate companies and identify Millennial Companies (“Evaluation Criteria”).

As of March 11, 2016, Indxx has identified the following eight millennial Spending Categories:

Consumption

- Clothing and Apparel
- Food/Restaurants and Consumer Staples
- Social and Entertainment
- Travel and Mobility

Human and Financial Capital Development

- Education and Employment
- Financial Services and Investments
- Housing and Home Goods
- Health and Fitness

- 2) A universe of U.S listed companies is created using sectors that are expected to provide the most exposure to the Spending Categories identified in Step 1. As of March 11, 2016, these sectors included: Consumer Discretionary, Consumer Staples, Financials, Information Technology, Industrials, Real Estate and Telecommunication Services. These sectors are derived from the Spending Categories identified in Step 1, and as a result are subject to change. Each company belonging to this universe will then be scored based on its exposure to one or more Spending Categories using the following scoring system:

- Little/ No Exposure: 0
- Moderate Exposure: 1
- Significant Exposure: 2

- 3) Once all the companies in the eligible universe are assessed and scored based on their exposure to the identified Spending Categories, only companies receiving a score of “2” will be further assessed using a composite analysis, to identify those companies that are expected to provide the most exposure to millennials within each Spending Category.
- 4) The established Evaluation Criteria includes both quantitative and qualitative measures. Each company will be evaluated based on the Evaluation Criteria for its specific Spending Category and will be ranked on the basis of the score obtained, with a high score indicating higher millennials focus and a low score indicating a lower millennials focus.
- 5) A final composite score shall be arrived at, by combining the ranking each company receives based on the quantitative and qualitative Evaluation Criteria.

1.4 FINAL COMPOSITION

From the Selection List:

- Companies must achieve a score above a minimum threshold in order to be eligible for inclusion in the final portfolio. This score may vary by Spending Category.
- Each Spending Category must have a minimum of 5 companies and a maximum of 15 companies that shall form the final portfolio.
- If there are more than 15 companies that qualify for inclusion in a particular Spending Category, the companies that have the highest composite score shall be considered for inclusion. (There will be an exception to the maximum 15 companies rule at the time of the semi-annual review to accommodate IPOs.)

1.5 WEIGHTING

- The Index is modified market cap-weighted at the time of reconstitution. A single security weight cap of 3% and minimum weight floor of 0.3% is applied.
- Any security which has a weight of 3% or more is allocated 3%, and any security which has a weight of 0.3% or less is allocated 0.3%.
- The balance weight is proportionately distributed among the remaining securities while retaining the 3% and 0.3% weight limits.
- Security-level market capitalization is considered for calculating weights.

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 index 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 index 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

Assuming similar composite scores, existing constituents will be given preference to new constituents at the time of annual reconstitution.

1.7 RECONSTITUTION AND REBALANCING RULES

- The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of trading on the third Friday of April 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 SEMI ANNUAL REVIEW

To effectively capture IPOs and changes in the structure of a company's business due to corporate actions, the index composition will be reviewed on a Semi-Annual basis.

- Any new addition or deletion to the index becomes effective on the close of trading on the third Friday of October. This day is called the 'Review Effective Day.'
- The selection date shall be the nearest Friday falling at least one month before the Review Effective Day. This day is called the 'Review Selection Day.'
- The weights calculation shall take place at the close of the seventh trading day prior to the Review Effective Day. This day is called the 'Review Weight Freeze Day.'

On the 'Review Selection Day', the following evaluations are partaken:

- IPO Review - To be considered for inclusion, the IPO must have been listed at least 3 calendar months prior to the 'Review Selection Day.' Additionally, the security must have traded on 90% of the eligible trading days for the 3 months preceding the 'Review Selection Day.' If an IPO meets aforesaid criteria, all other standard criteria outlined in section 1.2 and the below criteria, then it will be eligible for inclusion in the index.
 - The IPO will be included in the index if it receives a composite score that is higher than the lowest scoring company in its respective Spending Category.
 - Inclusion of an IPO shall be the only instance where there are more than 15 names within a particular Spending Category.
- Corporate Action Review – At the time of review, all existing index constituents are checked for corporate actions that have become effective in the last 6 calendar months and that have significantly altered the company's business operations. These corporate actions include Spin-offs,

Mergers or Acquisitions, divestiture, etc., that may significantly change the fundamentals of a company's business operations. Only companies that still comply to the index objectives will be retained in the index.

Any change (addition/ deletion) in the index composition due to the IPO review and/or Corporate Action Review will be determined as of 'Review Selection Day', where new weights shall be calculated as below.

- Addition/Deletion – Additions/deletions shall be weighted as per the methodology outlined in section 1.5. The difference in the weights (from additions/deletions) shall be proportionately adjusted (added/removed) among the remaining constituents based on the security level market capitalization.

1.9 ANNUAL REVIEW

To aptly capture changing preferences among millennials, the Evaluation Criteria will be reviewed and can be modified at the time of annual reconstitution.

1.10 THREE YEAR REVIEW

The Spending Categories will be reviewed every three years. At least 6 and at most 8 spending categories shall be identified during each review.

1.11 CORPORATE ACTIONS

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

2. DISCLAIMER

This methodology document and all information contained herein including, without limitation, all text, data, graphs, charts, visuals and theory (collectively, the “information”), were created by and is the sole property of Indxx, LLC. Redistribution, reproduction and/or photocopying of this document in whole or part is prohibited without written permission from Indxx. All information in this document provided by Indxx is impersonal and not tailored to the needs of any person, entity or group. None of the information constitutes an attempt at an offer to sell (or an attempt of an offer to buy), or a promotion or recommendation of, any security, product, investment vehicle or any trading strategy, and Indxx does not endorse, approve or otherwise express any opinion regarding any issuer, security, financial product, instrument, or trading strategy. None of the information, Indxx indices, models, other products or services contained herein is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and should not be relied on as such. A decision to invest in any investment fund or other vehicle should not be made based solely on information or statements contained in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks, fees and expenses associated with investing, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Historical data, analysis and performance of Indxx indices should not be taken as an indication or guarantee of any future performance. Indxx does not guarantee the accuracy and/or completeness of any Indxx index, any data included herein, or any data from which it is based, and Indxx shall have no liability for any errors, omissions, or interruptions therein. All information in these materials is provided “as is” and the content may change without notice.

For more information on the index, please email info@indxx.com.
Learn more at www.indxx.com.