

Methodology change of Indxx US Sharing Economy Index (IUSHARE)

Effective July 2019, the following are the changes in the methodology of the Indxx US Sharing Economy Index:

- **IPO Review (Section 1.8)**

Below is the amended methodology which will be effective from July 2019.

July 2019

INDXX US SHARING ECONOMY INDEX METHODOLOGY

CONTENTS

| | |
|--|---|
| 1. INDXX US SHARING ECONOMY INDEX | 4 |
| 1.1 INDEX DESCRIPTION | 4 |
| 1.2 CREATION OF MASTER LIST | 4 |
| 1.2.1 Initial Universe | 4 |
| 1.2.2 Free Float | 4 |
| 1.2.3 Maximum Price | 4 |
| 1.2.4 Security Type | 4 |
| 1.2.5 Share Classes | 5 |
| 1.3 SECURITY SELECTION PROCESS | 5 |
| 1.4 FINAL COMPOSITION | 6 |
| 1.5 WEIGHTING | 6 |
| 1.6 BUFFER RULES | 7 |
| 1.6.1 Market Capitalization | 7 |
| 1.6.2 Liquidity | 7 |
| 1.7 RECONSTITUTION AND REBALANCING RULES | 7 |
| 1.8 IPO REVIEW | 7 |
| 1.9 CORPORATE ACTIONS | 8 |
| 2. DISCLAIMER | 9 |

1. INDXX US SHARING ECONOMY INDEX

1.1 INDEX DESCRIPTION

The Indxx US Sharing Economy Index is designed to track the performance of the companies listed in the United States that are associated with the sharing economy model or are engaged in acquiring, providing or sharing access to goods and services that are facilitated by a community based on-line platform.

The index has a base date of June 30, 2014 with an initial value of 1,000.

The index is currently available in the following versions:

- Net Total Return (Bloomberg Ticker: IUSHARE)

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 in the United States.
- A minimum market capitalization of \$500 million.
- A 6-month average daily turnover greater than or equal to \$2 million.
- Traded for at least 90% of the total trading days over the last 6 months on their respective stock exchanges, and at least 90% of the total trading days over the last 3 months for an Initial Public Offering (“IPO”) security.

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 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

1.2.5 Share Classes

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

- The most liquid share class is considered for inclusion in the portfolio.

1.3 SECURITY SELECTION PROCESS

Based on extensive research, Indxx has defined “Sharing Economy” as being comprised of the following sub-themes:

| Sub-Theme | Description |
|------------------------------|---|
| Peer to Peer Lending | Companies involved in lending money to individuals or businesses through online services that match lenders with borrowers. |
| Reselling and Trading | Companies involved in providing an online platform where individuals can sell/trade their unused/used products to the customers in need. |
| Sharing Spaces | Companies involved in providing an online platform where individuals looking for renting rooms/apartments/house/office spaces can contact the interested tenants. |
| Knowledge and Talent Sharing | Companies involved in providing an online platform for daily errands and sharing knowledge. |
| Crowdfunding | Companies involved in providing an online platform where interested people can source funds/donations for a cause or any project |
| Content Sharing | Companies providing an online platform for sharing content which may be for entertainment or educational purpose. These companies offer their services through various subscription models. |
| Aggregators | Online platforms that connects people with underutilised assets by facilitating restaurant reservations, food delivery, ride sharing, and match making |
| Collaboration Platforms | These companies allow various users to collaborate irrespective of the geographical location. |
| Payment Facilitators | Payment Processing companies that aid the transfer of money between merchants and buyers or support the sharing economy model in some way. |

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

| | | |
|-----------------------------------|-----------------------|----------------------------|
| Hotels/Resorts/Cruiselines | Recreational Products | Internet Software/Services |
| Miscellaneous Commercial Services | Cable/Satellite TV | Other Consumer Services |

| | | |
|----------------------|---------------------------------|--------------------------------|
| Motor Vehicles | Information Technology Services | Finance/Rental/Leasing |
| Packaged Software | Internet Retail | Data Processing Services |
| Multi-Line Insurance | Specialty Stores | Advertising/Marketing Services |

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' 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' companies. These companies are also included in the 'Selection List' for the index.
- **Marginal:**
Companies with diversified revenue streams that generate 0-20% of their revenue from the above-mentioned sub-themes or that are relevant to the above-mentioned sub-themes 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:

- The top 100 "Pure Play" companies by market capitalization will form the final index.
- If fewer than 100 pure-play companies are eligible for inclusion, the index includes quasi-play companies (based on highest market capitalization) till the total index component count reaches a maximum of 100. If the number of index constituents is still below 100 after inclusion of quasi play companies, the index includes marginal companies (based on highest market capitalization) till the total index component reaches 100. If the number of index constituents remains below 100, all pure play, quasi play and marginal companies constitute the index.

1.5 WEIGHTING

The index is weighted as follows:

- If the index constitutes only pure play companies, then all constituents are equally weighted.
- 70% weight is allocated to "Pure Play" classification. All securities within the "Pure Play" classification are equally weighted.

- The remaining weight is equally distributed among the “Quasi Play” and “Marginal” securities.
- In case, the weight assigned to “Quasi Play” and “Marginal” exceeds that of “Pure Play”, each “Quasi Play” and “Marginal” is weighed at 2% each and the remaining weight is equally distributed among the “Pure Play” 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.

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.

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 June 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 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 September, December and March 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

Indxx standard Corporate Actions for market cap weighted indices apply. 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.