

Announcement

Methodology changes of the Indxx US Sharing Economy Index

New York – May 25, 2022 – Effective May 25, 2022, the following are the changes in the methodology of the Indxx US Sharing Economy Index:

- Security Selection Process (Section 1.3)

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

May 2022

INDXX US SHARING ECONOMY INDEX METHODOLOGY

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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 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 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 would remain in the initial universe irrespective of the stock price

1.2.4 Security Type

The following security types are eligible for inclusion:

- Common Stock
- ADR

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 “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
Other Transportation		

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 less than 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. 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 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 new index member list.

1.7 INDEX CALCULATOR

The calculator of this index is Solactive.

1.8 INDEX PUBLISHER

The index is published by Indxx.

1.9 INDEX EDITOR

The index is edited by Indxx.

1.10 RECONSTITUTION AND REBALANCING RULES

- The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of third Friday 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 (six trading days prior) to the Effective Day. Index Shares are frozen using weights as of this day.

1.11 IPO REVIEW

- To effectively capture IPOs, the index constituents will be reviewed on a quarterly basis in March, September, and December each year. New additions to the portfolio become effective on the close of third Friday 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.

1.12 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 July 2020 are as follows:

Section	Previous Value	New Value	Effective Date (close)
1.7		The 'Index Calculator' section has been added to the methodology.	July 10, 2020
1.8		The 'Index Publisher' section has been added to the methodology.	July 10, 2020
1.9		The 'Index Editor' section has been added to the methodology.	July 10, 2020
1.10	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 index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of third Friday of June each year. This day is called the 'Effective Day'.	May 06, 2022
1.11	To effectively capture IPOs, the index constituents will be reviewed on a quarterly basis in March, 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'.	To effectively capture IPOs, the index constituents will be reviewed on a quarterly basis in March, September and December each year. New additions to the portfolio become effective on the close of third Friday of every quarter. This day is called the 'Review Effective Day'.	May 06, 2022
1.3		An industry 'Other Transportation' has been added to the list of FactSet Industries.	May 25, 2022

3. DISCLAIMER

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