

## Indxx U.S. Infrastructure Development Index

### Index Description

The Indxx U.S. Infrastructure Development Index is designed to measure the performance of companies that provide exposure to infrastructure development in the United States. This includes companies involved in the construction and engineering of infrastructure projects; the production of infrastructure raw materials, composites and products; producers/distributors of heavy construction equipment; and companies engaged in the transportation of infrastructure materials (collectively, “U.S. Infrastructure Development Companies”), as defined by Indxx.

### Creation of Master list

#### Universe

To be eligible for inclusion in the universe,

- The security must be listed in United States.
- The security must have a minimum market capitalization of \$300 million and a 6-month average daily turnover of at least \$1 million
- 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.

#### Free Float

- All securities must have a minimum free float equivalent to 10% of shares outstanding.

#### 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 would remain in the universe irrespective of their stock price.

#### Security Type

Common Stock are considered for inclusion. MLPs, REITs and BDCs are excluded.

### Share Classes

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

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

### Security Selection

- Companies which generate at least 50% of their revenues from the U.S. are considered in the Selection List.

- Extensive research is performed to identify industries and sub-themes associated with infrastructure development engaged in infrastructure development. The following infrastructure related sub-themes have been identified based on this research:

Construction & Engineering Services	Companies that provide engineering, design, maintenance and construction services for large-scale infrastructure projects such as energy generation/distribution, water/wastewater, telecommunications, transportation (roads, bridges, tunnels, rail), airports and seaports.
Raw Materials and Composites	Companies that produce and supply raw and composite materials (steel, copper, nickel, tin, aluminum, concrete, asphalt, cement and specialty chemicals) that are utilized in the construction and development of infrastructure projects.
Products and Equipment	Companies that sell or rent heavy construction equipment, cranes, electric and fiber optic cables, pipes, pumps, smart meters and other products or equipment utilized in large-scale infrastructure projects.
Industrial Transportation	Companies that transport infrastructure raw materials and equipment.

- To identify companies related to the above sub-themes, companies belonging to the below list of Factset Industries are included in the Selection List:

Aerospace & Defense	Industrial Specialties	Railroads
Aluminum	Information Technology Services	Recreational Products
Auto Parts: OEM	Major Telecommunications	Specialty Stores
Building Products	Metal Fabrication	Specialty Telecommunications
Chemicals: Major Diversified	Miscellaneous Commercial Services	Telecommunications Equipment
Chemicals: Specialty	Miscellaneous Manufacturing	Steel
Construction Materials	Oil & Gas Pipelines	Trucks/Construction/Farm Machinery
Electrical Products	Oilfield Services/Equipment	Wholesale Distributors
Electronic Equipment/Instruments	Packaged Software	Finance/Rental/Leasing
Electronic Production Equipment	Gas Distributors	Forest Products
Electronics/Appliances	Industrial Conglomerates	Environmental Services
Engineering & Construction	Industrial Machinery	

## Final Composition

- Companies that derive revenue greater than 50% from the above identified infrastructure sub-themes are considered as 'pure play'. These are eligible for inclusion in the index.
- The top 100 pure-play companies by market capitalization will form the final index. If fewer than 100 companies qualify inclusion in the index, all the qualifying companies will be included in the index.

## Weighting

- Security-level market capitalization is considered for calculating weights.
- The Index applies a modified market cap-weighting approach 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 non-capped securities while retaining the 3% and 0.3% weight limits.

## Buffer Rules

---

Buffer Rules are employed to reduce Portfolio Turnover. If an existing index constituent fulfills all the other criteria for universe creation, except market capitalization or liquidity, the following buffer rules apply:

### Market Capitalization

The constituent shall continue to be included in the universe, if its market capitalization is greater than or equal to 80% of the previously defined market capitalization limit.

### U.S. Revenue Exposure

An existing index constituent shall continue to remain in the universe if it generates greater than 40% of its revenues from the U.S. as of the Selection Day.

### Liquidity

An existing index constituent shall continue to remain in the index even if its Liquidity is greater than or equal to 70% of the previously defined liquidity limit.

### Continued Representation in the Portfolio

Additionally, an existing index constituent shall continue to remain in the index if it is part of the top 120 companies by market cap, even if it is not a part of the top 100 constituents.

## 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 January each year. This day is called the 'Effective Day.'
- The security selection and index creation process starts 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. This is called the 'freeze day'.

## 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'