

October 2018

INDXX GLOBAL FINTECH THEMATIC INDEX METHODOLOGY

CONTENTS

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

1. INDXX GLOBAL FINTECH THEMATIC INDEX

1.1 INDEX DESCRIPTION

The Indxx Global Fintech Thematic Index is designed to track the performance of companies listed in developed markets that are offering technology-driven financial services which are disrupting existing business models in the financial services and banking sectors.

The index has a base date of June 30, 2015 with an initial value of 1,000.

The index is currently available in the following versions:

- Net Total Return (Bloomberg Ticker: IFINXNT)
- Total Return (Bloomberg Ticker: IFINX)

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 a Developed Market. Developed Market is defined by Indxx in its 'Country Classification and Investability Requirements' document.
- A minimum market capitalization of \$100 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
- GDR

1.2.5 Share Classes

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

- If an ADR of the company exists, it is given preference over all other share classes.
- In all other cases, the most liquid share class is considered for inclusion in the portfolio.

1.3 SECURITY SELECTION PROCESS

Based on extensive research, Indxx has defined disruptive technologies in the financial services and banking sectors as being comprised of the following sub-themes:

2P and Marketplace Lending	Providing online platforms for peer-to-peer and marketplace lending
Mobile payments	Platforms and services that focus on peer-to-peer mobile payments and POS (Point-of-sale) services
Crowd-funding	Online platforms for sourcing funds from individual members
Blockchain and alternative currencies	Utilizing blockchain technology to provide financial services and development of alternative currencies
Personal Finance Software, Automated Wealth Management and Trading	Developing personal finance software, robo-advisor solutions and are technology enabled investment solution providers
Enterprise Solution	Focused on disrupting traditional areas of financial services such as lending, credit scoring and banking

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

Internet Software/Services	Information Technology Services	Data Processing Services
Packaged Software	Investment Banks/Brokers	Financial Publishing/Services
Finance/Rental/Leasing	Investment Managers	Miscellaneous Commercial 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 derive revenue greater than or equal to 50% from the above sub-themes are considered as 'pure-play' fintech companies. These companies are included in the 'Selection List' for the index.
- **Quasi Play:**
Companies with diversified revenue streams that generate at least 10% (but less than 50%) of their revenue from the above sub-themes are considered as 'quasi-play' fintech companies. These companies are also included in the 'Selection List' for the index.
- **Marginal:**
Companies with diversified revenue streams that generate 1-10% of their revenue from the above-mentioned sub-themes and that have a distinct business unit focused on fintech 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 market capitalization) until the total index component count reaches 100. If fewer than 30 pure-play and quasi-play companies qualify to be eligible for inclusion, the index committee shall consider the list of marginal companies (based on market capitalization) for inclusion until the number of constituents in the index reaches 30.

1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their security-level market capitalization.
- A single security cap of 6% and a single security floor of 0.3% is applied.
- The aggregate weight of all the components with a weight greater than 5% is capped at 45%. All remaining securities are capped at 4.75%.

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.

1.6.3 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 capitalization, even if it is not a part of the top 100 constituents.

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 MID TERM REVIEW

- To effectively capture IPOs, the index constituents follows a mid-term review each year. New additions to the portfolio become effective on the close of last trading day of December. 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 mid-term review must meet the market capitalization and liquidity criteria as of the review selection date.
- 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 at its market capitalization weight, 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.