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INDXX US INDUSTRIAL REAL ESTATE & LOGISTICS INDEX METHODOLOGY

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1. INDXX US INDUSTRIAL REAL ESTATE & LOGISTICS INDEX

1.1 INDEX DESCRIPTION

The Indxx US Industrial Real Estate and Logistics Thematic Index aims to reflect the performance of US listed Industrial REITs, Self-Storage REITs and Logistics companies providing warehousing and last mile delivery services for e-commerce products.

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

The index will be available in the following versions:

- Net Total Return

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 US.
- 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
- GDR

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 industrial real estate & logistics as being comprised of the following sub-themes:

Industrial REITs	Industrial REITs are real estate investment trusts that are primarily involved in the acquisition, development, ownership, management and leasing of industrial properties such as factories, distribution centres and warehouses.
Self – Storage REITs	Self-storage REITs own and manage storage facilities and collect rent from customers. Self-storage REITs rent space to both individuals and businesses.
Logistics	Companies providing warehousing services and/or covering the last mile of the delivery process for e-commerce products. i.e., from the warehouse/supplier to the final customer.
E-fulfilment Services	Companies that operate in the E-fulfilment space. E-fulfilment covers the set of arrangements including receiving the product, shipping, packaging, labelling and final delivery that are necessary to be carried out for businesses to sell their products/services on the internet.

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

Air Freight/Couriers	Discount Stores	Electronics Distributors
Finance/Rental/Leasing	Internet Retail	Other Transportation
Real Estate Investment Trusts	Trucking	Wholesale Distributors

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:

- All the 'Pure-Play', 'Quasi-Play' and 'Marginal' companies will form the final index.

1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their free-float security-level market capitalization.
- Pure Play companies are assigned an aggregate weight of 70% and the Quasi Play and Marginal companies are jointly assigned an aggregate weight of 30%.
- A single security cap of 8% is applied.

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 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 to the Effective Day. Index Shares are frozen using weights as of this day.

1.8 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

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