

---

## Indxx SuperDividend U.S. Low Volatility Index

---

### Index Description

The Indxx SuperDividend® U.S. Low Volatility Index is a maximum 50-stock equal weighted index designed to measure the market performance of companies in the United States that have a high dividend yield and low beta.

### Creation of Master list

#### Universe

- The security must have its primary listing in the US.
- The security must have a minimum market capitalization of \$500 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 (e.g., 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

Public float or free float should be at least 10% of the total shares outstanding for each member.

#### 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 the stock price.

#### Security Type

Common Stocks, Master Limited Partnership and REITs are considered while BDCs will not be considered for inclusion in the portfolio.

### Security Selection

- All securities with beta (with respect to country benchmark) greater than 0.85 are excluded.
- The 12-month dividend yield for all the securities in the universe is calculated. All securities with dividend yields below 1% or above 20% are excluded.
- The Selection List is ranked according to dividend yield. Each Constituent should have paid dividends consistently for the last two years and the current year dividend should be greater than or equal to 50% of the previous year. Companies which do not display consistent dividends are removed.

### Final Composition

- The selection pool is ranked by dividend yield and top 200 companies are selected.

- Dividend forecast for selected constituents should be stable, i.e. there should be no official announcement as of the selection day, that dividend payments are likely to be cancelled or significantly reduced in the future. Such companies are excluded from the top 200 companies.
- The top 50 ranked components are selected to form the index. (Please see buffer rules section for selection rule applied to existing index components).
- Each sector has a maximum security cap of 12. In addition, MLPs have a maximum security cap of 10.

## **Weighting**

---

All constituents in the portfolios are equally weighted.

## **Buffer Rules**

---

Buffer Rules are employed to reduce Portfolio Turnover. If an existing index constituent fulfils 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.

### **Liquidity**

The constituent shall continue to be included in the universe if its 6-month ADTV is greater than or equal to 70% of the previously defined liquidity limit.

### **Beta**

An existing index constituent shall continue to remain in the universe even if its Beta is above 0.85 but remains less than or equal to 1.

### **Dividend Yield**

An existing index constituent shall continue to remain in the index even if its Dividend Yield Rank (among securities in the Selection List) is beyond the top 50, but falls within the top 200 ranks.

## **Reconstitution and Rebalancing Rules**

---

A 3-day rolling rebalance schedule is employed.

### **Annual Reconstitution**

- The index follows an annual reconstitution. The new portfolio becomes fully effective at the close of business on last trading day of February each year. This day is called the 'Effective Day'.
- The security selection and portfolio creation process starts twelve trading days before the Effective Day. called the 'Selection Day.' The selection list is created using the data as of this day.
- Weights are calculated at the close of seventh trading day prior to the Effective Day. Index Shares are frozen using weights as of this day.

### **Quarterly Review**

- Apart from the reconstitution, at the end of every quarter (ten trading days before the last trading day in May, August and November), the index components are screened for dividend cuts and an overall negative outlook concerning the companies' dividend policy.

- A Company excluded during these quarterly reviews, is replaced by the highest yielding non-component from the top 200 (created during the last annual reconstitution).
- The component cap at the sector level is maintained during the quarterly review.
- The added component will be given the same weight as the company that is deleted, calculated as of the trading day before the rebalancing effective date.
- In case more than one company is deleted, the cumulative weight of the companies is calculated and distributed equally among the replacements.

## **Corporate Actions**

---

Indxx standard Corporate Actions for attribute weighted indices apply. The corporate action guidebook is present in the Announcements section of our website, under 'Index Documents'