

Indxx Global YieldCo Index

Methodology

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Table of Contents

Index Description 3

Creation of Master list..... 3

Security Selection 4

Weighting 4

Multiple Share Classes 5

Reconstitution and Rebalancing Rules 5

Intra-Day Rebalance 5

Corporate Actions 6

Total Return Indices..... 7

Index Policy..... 7

Disclaimer8

Indxx Global YieldCo Index

Index Description

The Indxx Global YieldCo Index is a market cap weighted index designed to provide access to globally listed securities which are categorized as YieldCos.

Creation of Master list

Universe

- The security should be incorporated in Developed and Emerging markets as defined by Indxx. For those securities where the company is incorporated in other countries to avail benefits (such as tax or legal benefits etc.), the country of primary listing will be considered. The final decision of assigning a country will be taken by Index Review Committee.

For more information, please refer to the document 'Country Classification and Investability Requirements', by visiting the 'Index Documents' section on <http://www.indxx.com/>.

- Companies must have a minimum market capitalization of \$500 Million.; the minimum Average Dollar Traded (ADT) in the past 3 months is set at \$1 million
 - If there are fewer than 20 securities which satisfy this criterion, the market capitalization criteria is reduced to \$100 million, and the 3 month ADT criteria is reduced to \$100,000, until there are 20 securities in the portfolio.
 - If there are fewer than 20 securities even after reducing the market capitalization and liquidity criteria to include YieldCos, the following, in order of priority, would be considered for inclusion in the index, until there are 20 companies within the index.
 - Parent companies of proposed Yieldcos (based on the anticipated listing date of the yieldcos if available, otherwise, this would be based on the date on which these parent companies file the prospectus for spinning off their yieldcos).
 - Preferred stock listings of the existing yieldcos in the current portfolio. (based on MCap of the preferred stock listing).
- The parent companies and Preferred stock listings of the existing yieldcos must meet the following criteria: Market Capitalization greater than or equal to \$500 million, and past 3 month ADT greater than or equal to \$1 million.
- Parent companies of proposed yieldcos and preferred stock listing of existing yieldcos will be removed once the proposed yieldcos/ a new yieldco gets listed.

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 Index irrespective of the stock price.

Security Type

- Common Stock, Preferred Stocks

- Yieldcos- Yieldcos are publicly traded companies that are formed to own operating assets that produce defined cash flows. A yieldco is a dividend growth-oriented public company, created by a parent company, which bundles renewable and/or conventional long-term contracted operating assets in order to generate systematic cash flows.

Limitation

If an index constituent whose holding causes the company holding said constituent to fail to qualify as a Regulated Investment Company, the Index Sponsor reserves the provision to remove such a constituent from the eligible universe.

Security Selection

- All companies forming a part of the investable universe are considered for evaluation.
- If there are fewer than 20 constituents in the index after this stage, the Market Cap and Liquidity criteria will be reduced as described earlier, to include more yieldcos until there are 20 index constituents.
- If there are fewer than 20 securities even after reducing the market capitalization and liquidity criteria to include YieldCos, the following, in order of priority, would be considered for inclusion in the index, until there are 20 companies within the index:
 1. Parent companies of proposed Yieldcos (based on the anticipated listing date of the yieldcos if available, otherwise, this would be based on the date on which these parent companies file the prospectus for spinning off their yieldcos)
 2. Preferred stock listings of the existing yieldcos in the current portfolio. (based on MCap of the preferred stock listing).

The parent companies and Preferred stock listings of the existing yieldcos must meet the following criteria: Market Capitalization greater than or equal to \$500 million, and past 3 month ADT greater than or equal to \$1 million.

- If a parent company is a part of the index, and its corresponding yieldco gets listed, the listed yieldco will replace the parent entity in the subsequent reconstitution period.
- As long as there are fewer than 20 yieldcos with a market capitalization greater than \$500 million, and an ADT greater than \$1 million, the index rebalances quarterly. Once there are more than 20 yieldcos satisfying this criterion, the index switches to a semi-annual rebalance schedule.

Weighting

- The top 5 listed yieldcos based on Market Capitalization receive step wise decreasing weights from 11% till 7% (for a total of 45%)
- The weights of all the remaining companies are capped at 4.75%. Non Yieldcos will be strictly capped at 4.75%
- The aggregate weight of Partnerships is capped at 25%. Any excess weight is distributed proportionately among the remaining constituents

Multiple Share Classes

In the event of existence of multiple share classes, the most liquid share class will be considered for inclusion in the index. Security weights would be assigned on the basis of company level market capitalization.

Review Frequency

If there are fewer than 20 yieldcos with a market capitalization greater than \$500 million, and an ADTV greater than \$1 million, the index rebalances quarterly. Once there are at least 20 yieldcos with Market Capitalization greater than \$500 million and 3 month ADT greater than US\$ 1 million included in the index, subsequent rebalances will take place semiannually, on the third Friday of each of March and September every year.

Reconstitution and Rebalancing Rules

- The index follows a quarterly reconstitution. The new portfolio becomes effective on the close of business on the third Friday of March, June, September, and December every year. This day is called the 'Effective Day'.
- The security selection and portfolio creation process starts at the close of nearest Friday falling at least one month before the effective day called the 'Selection Date'. The final portfolio constituents are eligible securities selected on the Selection Date.
- Weights are calculated at the close of seventh working day prior to the Effective Day. Index Shares are frozen using weights as of this day.

Intra-Day Rebalance

- In case the number of components in the index portfolio falls below 20 in between two quarterly reconstitution dates, the index follows an intra-day rebalance.
- During this review, the next best security from the selection list of the previous quarterly reconstitution, that is not a part of the portfolio is included to make the number of components 20.
- The portfolio will be re-weighted by following the weighing rule as described in the weighting section above. Weights are calculated at the close of the day prior to the effective date of mid period review. Index Shares are frozen using weights as of this day.

Corporate Actions

The following corporate actions (such as stock splits, special dividends, spin-offs and rights offerings) are applied to Price Return indices on the ex-date or earlier as decided by the Index Committee.

Corporate Action	Description	Treatment	Adjustment
Company addition and deletion	In case a constituent is added, removed or replaced with another constituent in the Index.	Replacement: The new company will be added to the index using the weight of the company being removed.	Index Adjustment
		Addition/ Deletion only	Index Adjustment
Stock Split	A stock split is a decision by the company's board of directors to increase the number of shares that are outstanding by issuing more shares to current shareholders. After a split, the stock price will be reduced since the number of shares outstanding has increased.	Stock splits will be adjusted for on the ex- date. The number of shares will increase times the adjustment factor for the split.	No Index adjustment is required since the share count and price changes are offsetting.
Rights Issue	Rights Issue gives existing shareholders the right to purchase a proportional number of new shares at a discount to the market price on a stated future date. The rights issued to a shareholder have a value, thus compensating current shareholders for the future dilution of their existing shares' value.	The company remains in the Index at the same weight. The following price adjustment is made: Price of the Parent Company - (the Price of Rights Offering/Rights Ratio). The Index committee will decide whether to participate in the rights issue or not. If the subscription price is greater than or equal to the stock closing price, Indxx would not participate in the rights issue.	No Index Adjustment
Spin-Off	Spin off is the creation of an independent company through the sale or distribution of new shares of an existing business/division of a parent company.	The company remains in the Index at the same weight. The following price adjustment is made: Price of the Parent Company minus (the Price of Spin-off company/Share Exchange Ratio).	No Index Adjustment
Delisting	Delisting refers to the practice of removing the stock of a company from a stock exchange so that investors can no longer trade shares of the stock on that exchange.	The security would be removed from the index, and the invested amount in the delisted security will be reinvested into the index.	Index Adjustment
Acquisition	A corporate action in which a company buys most, if not all, of the target company's ownership stakes in order to assume control of the target firm.	The Target company would be removed from the index, and the invested amount in the acquired security will be reinvested into the index	Index Adjustment

Corporate Action	Description	Treatment	Adjustment
Merger	Merger is the combination of two or more companies, generally by offering the stockholders of one company securities in the acquiring company in exchange for the surrender of their stock.	The Target company is removed from the Index.	Index Adjustment
		The Target company is replaced with the Surviving company.	Index Adjustment
Bankruptcy	Bankruptcy is a legal proceeding involving a person or business that is unable to repay outstanding debts.	The security would be removed from the index, and the invested amount in the acquired security will be reinvested into the index.	Index Adjustment
Temporary Delisting / Prolonged Trading Suspension	A temporary delisting/trading suspension occurs when a security stops trading on the stock exchange for a certain time period. This usually occurs when a publicly-traded company is going to release significant news about itself.	The security would be removed from the index based on the Index Committee's decision and the invested amount in the acquired security will be reinvested into the index.	Index Adjustment
Special Dividends	When a company pays a special dividend, the share price of the company declines by the amount of the dividend.	The respective stock is adjusted to reflect a fall in the price of the company paying the special dividend.	No Index adjustment is required since the share count and price changes are offsetting.
Bonus Issue of Shares	A bonus share is a free share of stock given to current/existing shareholders in a company, based upon the number of shares owned by them.	The issue of bonus shares increases the total number of shares issued and owned, it does not increase the value of the company. The ratio of number of shares held by each shareholder remains constant.	No Index adjustment is required since the share count and price changes are offsetting.

Total Return Indices

Total Return Index

In addition to all the above mentioned corporate actions, ordinary cash dividends will be applied on the ex-date for calculating TR Indices.

Adjustment in the Index

All dividend payments will be reinvested in the stock, by adjusting the shares in the total return index on the ex-dividend date.

Index Policy

Index Committee Policy

The Index Committee is responsible for setting policy, determining index composition, and administering the indices in accordance with the Indxx index methodology. The Index Committee reserves the right to use qualitative judgment to include, exclude, adjust, or postpone the inclusion of a stock. Continued index membership of a constituent is not necessarily subject to the guidelines provided in each of the Indxx index methodology. A stock may be considered for exclusion by the Index Committee on the basis of corporate governance, accounting policies, lack of transparency and lack of representation, despite meeting all the criteria provided in each of the Indxx index methodology.

Announcements

Announcements of additions and deletions of constituents, due to various corporate actions mentioned above, in the middle of the year will be decided by the Index Committee. This will be communicated to the client well ahead of time. Also, important news items as well as corporate actions with respect to all the constituents of the index will be informed to the client on a weekly basis.

Holiday Schedule

The index is calculated every day except Saturdays and Sundays. In situations where an exchange is forced to close early due to unforeseen events, the index will be calculated based on the closing prices published by the exchange, or if no closing price is available, the last regular trade reported for each stock before the exchange closed.

Disclaimer

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