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## Indxx India Infrastructure Index

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### Index Description

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The India Infrastructure Index is a maximum 30 stock free-float adjusted market capitalization weighted index designed to measure the market performance of companies in the infrastructure industry in India.

### Creation of Master list

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#### Universe

In order to be eligible for inclusion in the universe, the following considerations must be fulfilled:

- The security must have its primary listing in India.
- The security must have a minimum market capitalization of \$100 million and its average daily turnover measured over the last 6 months should be greater than or equal to \$3 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 constituents must have a minimum free float equivalent to 10% of shares outstanding.

#### Foreign Institutional Investor (FII) Limit

Available FII Limit of each security should be at least 5%. Securities which are a part of the Government of India restrictive list for foreign investors would not be considered for inclusion in the universe.

#### 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 Stock, ADR, GDR

### Share Classes

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If multiple share classes exist for a company, the most liquid share class is considered for inclusion in the portfolio.

## Security Selection

All the companies from the universe which belong to the below mentioned Factset Industries are included in the Selection List:

Electrical Products	Trucks/Construction/Farm Machinery	Electric Utilities
Construction Materials	Real Estate Development	Oil & Gas Pipelines
Engineering & Construction	Railroads	Other Transportation
Steel	Wireless Telecommunications	Major Telecommunications
Other Metals/Minerals	Gas Distributors	

All companies which belong to the Factset Industry Trucks/Construction/Farm Machinery, and are exclusively engaged in farm machinery are excluded.

In addition, companies engaged in Plantation or Defense related activities are also excluded from the selection list.

## Final Composition

The Selection List is ranked by market capitalization in descending order, and securities ranked up to 30 are considered for inclusion in the index.

There is a security cap of 3 securities for each industry. If more than three companies qualify for inclusion from one industry, all additional securities (starting from the fourth largest) in that industry are replaced by the next largest securities from the Selection List, that belong to non-capped industries.

## Weighting

The index is free-float market cap weighted at the time reconstitution with a single security weight cap of 4.90%. If the weight of a constituent(s) exceeds 4.90%, the excess weight is proportionately allocated to the remaining constituents.

## 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.

## Reconstitution and Rebalancing Rules

- The index follows an annual reconstitution and rebalancing. The new portfolio becomes effective at the close of business on the second last Friday of September each year. This day is called the 'Effective Day'.
- If there are seven or fewer trading days after the rebalance date up to and including the last trading day of the quarter, the new portfolio becomes effective at the close of business on the third-last Friday of September each year.

- The security selection and portfolio creation process starts on the Friday exactly a month before the 'Effective Day', called the 'Selection Day'. The final portfolio constituents are shortlisted from the Selection List, created using data as of the Selection Day.
- Weights are calculated five trading days prior to the Effective Day. Index Shares are frozen using weights as of this day.

## **Index Review Process**

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- At the end of every calendar quarter, each index constituent will be reviewed for any corporate news or event which has significantly impacted the liquidity or raised concerns on corporate governance.
- The constituents will also be checked for breach of any trading limits.
- If there is any red flag based on the above checks, the index committee shall decide on continued index membership of the constituent.
- Any changes to the index composition resulting from the review process will be communicated to the index users subsequently.

As a result of the review, effected companies would be removed at the close of the last working day of each quarter (March, June, Sep, December) and their weights would be allocated among remaining index constituents in the proportion of their existing weights.

## **Corporate Actions**

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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'

# Disclaimer

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