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INDXX MILLENNIALS THEMATIC INDEX METHODOLOGY

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1. INDXX MILLENNIALS THEMATIC INDEX

1.1 INDEX DESCRIPTION

The Indxx Millennials Thematic Index is designed to track the performance of companies that provide exposure to the Millennial generation, ("Millennial Companies"). The Millennial generation refers to the demographic cohort in the US with birth years ranging from 1980 to 2000.

The index has a base date of April 16, 2010 with an initial value of 1,000.

The index is currently available in the following versions:

- Total Return (Bloomberg Ticker: IMILN)

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 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
- REIT

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 millennials as being comprised of the following spending categories:

Clothing and Apparel	Includes clothing and apparel producers as well as retailers.
Food / Restaurants and Consumer Staples	Includes food producers and retailers, consumer staples producers and retailers, ecommerce platforms as well as fast-casual restaurants.
Social and Environment	Companies that are involved in providing digital media services such as video, music, gaming, streaming, etc., live entertainment services, smart devices and children's entertainment products like toys and games.
Travel and Mobility	Providing travel and transportation-focused ecommerce services including cars, rides or apartment sharing.
Education and Employment	Companies that are involved in providing online student lending platforms, online education platforms and service providers as well as professional online networks.
Financial Services and Investments	Companies that are involved in providing P2P and market lending platform, online / digital banking services, financial planning software services, low-cost / automated investing and online lending platforms.
Housing and Home Goods	Developing ecommerce platforms focused on housing and home goods / services and real estate services as well as multi-family / home rental / college housing REITs services.
Health and Fitness	Providing wearable fitness technology, gyms and fitness facilities, self-directed health and nutrition services with a focus on health and fitness.

These spending categories are comprised of companies in the following FactSet Industries:

Real Estate Investment Trusts	Household/Personal Care	Apparel/Footwear
Specialty Stores	Airlines	Department Stores
Miscellaneous Commercial Services	Air Freight/Couriers	Catalog/Specialty Distribution
Homebuilding	Telecommunications Equipment	Restaurants
Home Improvement Chains	Trucking	Beverages: Alcoholic
Internet Retail	Real Estate Development	Beverages: Non-Alcoholic
Financial Conglomerates	Railroads	Advertising/Marketing Services
Investment Managers	Recreational Products	Food Retail
Internet Software/Services	Major Telecommunications	Food Distributors
Finance/Rental/Leasing	Electronics/Appliance Stores	Savings Banks
Investment Banks/Brokers	Broadcasting	Property/Casualty Insurance
Regional Banks	Casinos/Gaming	Other Consumer Specialties
Data Processing Services	Electronics/Appliances	Other Transportation
Other Consumer Services	Movies/Entertainment	Aerospace & Defense
Packaged Software	Cable/Satellite TV	Media Conglomerates
Specialty Insurance	Hotels/Resorts/Cruise lines	Drugstore Chains
Financial Publishing/Services	Wireless Telecommunications	Agricultural Commodities/Milling
Information Technology Services	Apparel/Footwear Retail	

The industries and spending categories identified through this research-based approach are subject to change at every annual reconstitution.

- Each company belonging to this universe will then be scored based on its exposure to one or more Spending Categories using the following scoring system:
 - 1) Little/ No Exposure: 0

- 2) Moderate Exposure: 1
- 3) Significant Exposure: 2
- Once all the companies in the eligible universe are assessed and scored based on their exposure to the identified Spending Categories, only companies receiving a score of “2” will be further assessed using a composite analysis, to identify those companies that are expected to provide the most exposure to millennials within each Spending Category.
- The established Evaluation Criteria includes both quantitative and qualitative measures. Each company will be evaluated based on the Evaluation Criteria for its specific Spending Category, and will be ranked based on the score obtained, with a high score indicating higher millennials focus and a low score indicating a lower millennial focus.
- A final composite score shall be arrived at, by combining the ranking each company receives based on the quantitative and qualitative Evaluation Criteria. Companies must achieve a score above a minimum threshold to be eligible for inclusion in the index. This score may vary by Spending Category.

1.4 FINAL COMPOSITION

From the Selection List:

- Each Spending Category must have a minimum of 5 companies and a maximum of 15 companies that will form the final index.
- If there are more than 15 companies that qualify for inclusion in a particular Spending Category, the companies that have the highest composite score shall be considered for inclusion. (There will be an exception to the maximum 15 companies rule at the time of the semi-annual review to accommodate IPOs.)

1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their security-level market capitalization.
- A single security cap of 3% and a single security floor of 0.3% is applied.
- The balance weight is proportionately distributed among the remaining securities while retaining the 3% and 0.3% weight limits.

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, assuming similar composite scores, an existing index constituent will be given preference to new constituents at the time of annual reconstitution.

1.7 RECONSTITUTION AND REBALANCING RULES

- The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of third Friday 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 MID TERM REVIEW

- To effectively capture IPOs, the index follows a mid-term review each year. New additions to the portfolio become effective on the close of third Friday of October. 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.
- The new addition will be included in the index if it receives a composite score that is higher than the lowest scoring company in its respective Spending Category.
- Inclusion of an IPO shall be the only instance where there are more than 15 names within a particular Spending Category.

1.9 ANNUAL REVIEW

To aptly capture changing preferences among millennials, the Evaluation Criteria will be reviewed and can be modified at the time of annual reconstitution.

1.10 THREE YEAR REVIEW

The Spending Categories will be reviewed every three years. At least 6 and at most 8 spending categories shall be identified during each review.

1.11 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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