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INDXX US SHARING ECONOMY INDEX METHODOLOGY

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1. INDXX US SHARING ECONOMY INDEX

1.1 INDEX DESCRIPTION

The Indxx US Sharing Economy Index is designed to track the performance of the companies listed in the United States that are associated with the sharing economy model or are engaged in acquiring, providing or sharing access to goods and services that are facilitated by a community based on-line platform.

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

The index is currently 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 United States.
- 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

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 “Sharing Economy” as being comprised of the following sub-themes:

Sub-Theme	Description
Peer to Peer Lending	Companies involved in lending money to individuals or businesses through online services that match lenders with borrowers.
Reselling and Trading	Companies involved in providing an online platform where individuals can sell/trade their unused/used products to the customers in need.
Sharing Spaces	Companies involved in providing an online platform where individuals looking for renting rooms/apartments/house/office spaces can contact the interested tenants.
Knowledge and Talent Sharing	Companies involved in providing an online platform for daily errands and sharing knowledge.
Crowdfunding	Companies involved in providing an online platform where interested people can source funds/donations for a cause or any project
Content Sharing	Companies providing an online platform for sharing content which may be for entertainment or educational purpose. These companies offer their services through various subscription models.
Aggregators	Online platforms that connects people with underutilised assets by facilitating restaurant reservations, food delivery, ride sharing, and match making
Collaboration Platforms	These companies allows various users to collaborate irrespective of the geographical location.
Payment Facilitators	Payment Processing companies that aid the transfer of money between merchants and buyers or support the sharing economy model in some way.

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

Hotels/Resorts/Cruiselines	Recreational Products	Internet Software/Services
Miscellaneous Commercial Services	Cable/Satellite TV	Other Consumer Services

Motor Vehicles	Information Technology Services	Finance/Rental/Leasing
Packaged Software	Internet Retail	Data Processing Services
Multi-Line Insurance	Specialty Stores	Advertising/Marketing Services

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:

- The top 100 "Pure Play" companies by market capitalization will form the final index.
- If fewer than 100 pure-play companies are eligible for inclusion, the index includes quasi-play companies (based on highest market capitalization) till the total index component count reaches a maximum of 100. If the number of index constituents is still below 100 after inclusion of quasi play companies, the index includes marginal companies (based on highest market capitalization) till the total index component reaches 100. If the number of index constituents remains below 100, all pure play, quasi play and marginal companies constitute the index.

1.5 WEIGHTING

The index is weighted as follows:

- If the index constitutes only pure play companies, then all constituents are equally weighted.
- 70% weight is allocated to "Pure Play" classification. All securities within the "Pure Play" classification are equally weighted.
- The remaining weight is equally distributed among the "Quasi Play" and "Marginal" securities.

- In case, the weight assigned to “Quasi Play” and “Marginal” exceeds that of “Pure Play”, each “Quasi Play” and “Marginal” is weighed at 2% each and the remaining weight is equally distributed among the “Pure Play” companies.

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 June 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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