

## Indxx Global Health & Wellness Thematic Index

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### Index Description

The Indxx Global Health & Wellness Thematic Index is designed to track the performance of companies listed in developed markets that provide products and services aimed at promoting physical wellness through active and healthy lifestyles, including but not limited to fitness equipment and technology, athletic apparel, nutritional supplements, and organic/ natural food offerings.

### Creation of Master list

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#### Investable Universe

- The security should have its primary listing in developed markets as defined by as defined in our 'Country Classification and Investability Requirements' document (link [here](#)).
- The security must have a minimum market capitalization of \$500 million and a 6-month average daily turnover of at least \$2 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 Process, and should have traded on 90% of the eligible trading days for the past 3 months.

#### Free Float

All securities must have a minimum free float equivalent to 10% of shares outstanding.

#### 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 universe irrespective of their stock price.

#### Security Type

Common Stock, ADR, GDR, REIT

### Share Classes

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If multiple share classes exist for a company, the following preference order is followed:

1. If an ADR of the company exists, it is given preference over all other share classes.
2. In all other cases, the most liquid share class is considered for inclusion in the portfolio.

### Security Selection

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Extensive research is undertaken to identify the key industries that promote physical wellness through active and healthy lifestyles. As of March 2018, Indxx has identified the following industries and business segments to be the most relevant to the health and wellness theme:

Sub-theme	Description
Healthy Food, Nutrition and Weight loss	Production, manufacturing or distribution of natural/organic foods, provision of weight loss and dietary services and operation of healthy food and nutrition stores.
Fitness and Apparel	Fitness Club and manufacturing or sale of sports/ fitness equipment, fitness wearable technology, fitness/ athletic apparel.
Nutritional Supplements and Preventive Health care	development of nutritional supplements or traditional medicines and suppliers or manufacturers of fitness trackers and preventive health monitoring devices.
Other Categories	production and/or sale of anti-aging products, workplace wellness companies, spa and wellness centers, and wellness hotels.

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

In order to identify companies related to the above sub-themes, companies belonging to the below list of Factset Industries are included in the Selection List:

Agricultural Commodities/Milling	Electronic Production Equipment	Internet Software/Services
Apparel/Footwear	Electronics/Appliances	Wholesale Distributors
Aerospace & Defense	Financial Conglomerates	Telecommunications Equipment
Apparel/Footwear Retail	Food Distributors	Investment Managers
Beverages: Non-Alcoholic	Food Retail	Life/Health Insurance
Biotechnology	Food: Major Diversified	Medical Specialties
Catalog/Specialty Distribution	Food: Meat/Fish/Dairy	Medical/Nursing Services
Chemicals: Specialty	Food: Specialty/Candy	Miscellaneous Manufacturing
Computer Communications	Hospital/Nursing Management	Movies/Entertainment
Computer Peripherals	Hotels/Resorts/Cruiselines	Multi-Line Insurance
Computer Processing Hardware	Household/Personal Care	Other Consumer Services
Consumer Sundries	Industrial Conglomerates	Other Consumer Specialties
Discount Stores	Information Technology Services	Pharmaceuticals: Generic
Drugstore Chains	Insurance Brokers/Services	Pharmaceuticals: Major
Electronic Equipment/Instruments	Internet Retail	Pharmaceuticals: Other
Services to the Health Industry	Recreational Products	Real Estate Development
Specialty Stores		

## Final Composition

- Companies that derive revenue greater than 50% from the above industries/segments are eligible for inclusion in the index. These are considered as 'pure-play' Health and Wellness companies.
- The top 100 pure-play health and wellness companies by market capitalization will form the final portfolio. If fewer than 100 pure-play health and wellness companies qualify to be eligible for inclusion, all the pure-play companies would be a part of the final portfolio.

## Weighting

- Security-level market capitalization is considered for calculating weights.

- Initially, weights are assigned to each component based on their market capitalization.
- A single security weight cap of 3% and minimum weight 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.
- An industry cap of 60% is applied.

## **Buffer Rules**

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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.

### **Continued Representation in the Portfolio**

Additionally, an existing index constituent shall continue to remain in the index if it is part of top 120 companies by market cap, even if it isn't a part of the top 100 constituents.

## **Reconstitution and Rebalancing Rules**

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- The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of trading on the third Friday of April each year. This day is called the 'Effective Day.'
- The security selection and portfolio creation process starts at the close of the nearest Friday falling at least one month before the effective day, called the 'Selection Day.' The selection list is created using 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.

## **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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