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# INDXX GLOBAL LONGEVITY THEMATIC INDEX METHODOLOGY

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# 1. INDXX GLOBAL LONGEVITY THEMATIC INDEX

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## 1.1 INDEX DESCRIPTION

The Indxx Global Longevity Thematic Index is designed to track the performance of companies that are expected to directly or indirectly contribute to increasing the life-spans of the senior population of the world. The index provides access to companies involved in biotechnology, medical devices, pharmaceuticals, senior living facilities and specialized health care services, which respond to the needs of this demographic.

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:

- Net Total Return (Bloomberg Ticker: ILNGRNT)
- Total Return (Bloomberg Ticker: ILNGR)

## 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 a Developed Market. Developed Market is defined by Indxx in its 'Country Classification and Investability Requirements' document.
- A minimum market capitalization of \$100 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
- GDR
- 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 longevity as being comprised of the following sub-themes:

Longevity focused Health Care Products	Pharmaceutical and biotech companies which are involved in research, development, production or manufacturing of drugs used to diagnose advanced age-related diseases.
Longevity focused Health Care Services	Companies providing health care services exclusively to old age people, including companies which provide post-acute care for the senior population.
Longevity focused Medical Devices	Suppliers or manufactures of medical devices used by the senior population.
Longevity focused Senior Homes	Companies operating in skilled nursing homes, senior living homes and continuing care retirement communities.

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

Biotechnology	Medical/Nursing Services	Hospital/Nursing Management
Drugstore Chains	Miscellaneous Commercial Services	Managed Health Care
Electrical Products	Pharmaceuticals: Generic	Medical Distributors
Electronic Equipment/Instruments	Pharmaceuticals: Major	Telecommunications Equipment
Electronics/Appliances	Pharmaceuticals: Other	Services to the Health Industry
Food: Specialty/Candy	Real Estate Development	Real Estate Investment Trusts
Medical Specialties		

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

Companies from the Master List that derive revenue greater than or equal to 50% from the above sub-themes are considered as 'pure-play' longevity companies. These companies are 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, then all the pure-play companies will be included in the index.

## 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 non-capped securities.
- An industry cap of 60% is applied.

## 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, an existing index constituent shall continue to remain in the index if it is part of the top 120 companies by market capitalization, even if it is not a part of the top 100 constituents.

## 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 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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