

Indxx Global Natural Resource Income Index

Index Description

The Indxx Global Natural Resources Income Index is a 50-stock free float adjusted market capitalization weighted index designed to measure the market performance of 50 highest dividend yielding companies involved in the upstream segment of the natural resources sector.

Creation of Master list

Universe

In order to be considered for inclusion in the universe,

- The security should be domiciled in a Developed or Emerging Market country, as defined in our 'Country Classification and Investability Requirements' document (link [here](#)).
- Minimum company level market capitalization is set at \$ 1 billion.
- Minimum security level average daily turnover for the last 6 months is set at \$ 1 million.
- Minimum security level average daily turnover for each of the preceding 3 months is set at \$ 1 million.
- Minimum security level weekly turnover over the preceding 3 months is set at \$ 2.5 million.
- The security must have traded on 90% of the eligible trading days in the last 6 months.

Free Float

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

Security Type

Common Stock, American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), Master Limited Partnership, Royalty Trust.

Share Classes

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

Indxx has identified the following sub-themes to be the most relevant to the natural resources theme:

Sub Theme	Description
Energy	Exploration and development of oil or gas reserves, drilling and refining, or integrated power utility companies - including renewable energy and coal.
Materials	Mining and refining of metals, chemical producers and forestry products.
Agriculture	Agrichemicals, breeding, crop production, farm machinery, processing, seed supply as well as marketing and retail sales.
Water	Providing drinking water and wastewater services including sewage treatment
Timber	Production of forest products, timber/lumber, primary forest and wood products and secondary products like wood pulp for the pulp and paper industry.

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:

Chemicals: Agricultural	Aluminum	Industrial Machinery
Agricultural Commodities/Milling	Precious Metals	Electronic Production Equipment
Food: Meat/Fish/Dairy	Pulp & Paper	Construction Materials
Integrated Oil	Containers/Packaging	Auto Parts: OEM
Oil & Gas Production	Water Utilities	Forest Products
Coal	Industrial Conglomerates	Investment Banks/Brokers
Steel	Wholesale Distributors	Miscellaneous Commercial Services
Other Metals/Minerals	Electric Utilities	Electrical Products

Final Composition

- For securities included under the energy sub-theme, those that generate less than 50% of their revenues from up-stream activities eliminated.
- For all other securities, those that generate less than 50% of their revenues from their respective sub-themes are eliminated.
- Securities that have paid 0 dividends in at least one of the last 3 years, and securities which have witnessed a drop in dividends paid (compared with the previous year) in at least one of the last 2 years are eliminated.
- Securities that have negative Trailing 12 months (TTM) EPS are eliminated. In case, TTM EPS is not available, the last available EPS is considered.
- The top 50 securities ranked by highest dividend yield from the remaining securities from the selection list will form the final portfolio.
- The Number of securities in each sub-theme is capped at 30%

Weighting

The index is a free float adjusted market capitalization weighted total return index with a single security cap of 9.9%, and a total weight cap of 40% on all securities with weights greater than 4.5%.

Reconstitution and Rebalancing Rules

- The index follows an annual reconstitution and quarterly rebalancing schedule. The reconstituted portfolio becomes effective at the close of trading on the third Friday of June each year.
- The rebalanced portfolio becomes effective at the close of business on the third Friday of September, December and March each year. This day is called the 'Effective Day.'
- At the time of reconstitution, the security selection and portfolio creation process start twelve trading days prior to effective day in the month of June each year, called the 'Selection Day.' The selection list is created using data as of the Selection Day.
- At the time of reconstitution and rebalancing, weights are calculated seven trading days prior to effective day. Index Shares are frozen using weights as of this day.
- Constituents are publicly announced four trading days prior to the effective day.

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'

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