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INDXX USA E-COMMERCE INDEX METHODOLOGY

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1. INDXX USA E-COMMERCE INDEX

1.1 INDEX DESCRIPTION

The Indxx USA E-Commerce Index is designed to track the performance of most actively traded internet commerce stocks in US.

The index has a base date of July 31, 2012 with an initial value of 1,000.

The index is currently available in the following versions:

- Net Total Return (Bloomberg Ticker: MTFECONT)

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 US.
- A minimum market capitalization of \$500 million.
- A 3-month average daily turnover greater than or equal to \$2 million.
- Traded for at least 90% of the total trading days over the last 3 months on their respective stock exchanges.

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

1.2.5 Share Classes

If multiple share classes exist for a company, the most liquid share class is considered for inclusion in the portfolio.

1.3 SECURITY SELECTION PROCESS

Based on extensive research, Indxx has defined e-commerce as being comprised of the following sub-themes:

Fintech	Online Trading and exchanges companies
Social Networking	Social networking service where users post and interact with messages
E-commerce	Online shopping web sites for retail sales direct to consumers
Payment	Making it easy for buyers to order online, irrespective of location, Digital and Mobile Payments Companies.
Online Subscription	Internet subscription service company for movies, live streaming or entertainment
Online Marketplace	Online companies that act as a marketplace for instance online travel companies, game publishers which distribute their content digitally etc
Data & Analytics	Marketing to customers by e-mail or fax; Search engines

“Internet services” companies are not eligible for the index.

These sub-themes are comprised of companies in the following Sectors as defined by Indxx:

Consumer Discretionary	Information Technology	Financials
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The sectors 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 themes are considered as ‘pure-play’ companies. These companies are included in the ‘Selection List’ for the index.

1.4 FINAL COMPOSITION

From the Selection List:

- The top 50 ‘pure-play’ companies by market capitalization will be the part of the final index.

1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their security-level free float market capitalization.
- A single security cap of 8% is applied.
- If a stock exceeds the maximum weight, then, the excess weight shall be redistributed proportionally across all other index constituents. The following step-wise capping process is followed:
 - The largest 2 stocks are capped at 8.00%.

- The 3rd largest stock is capped at 7.00%.
- The 4th largest stock is capped at 6.50%.
- The 5th largest stock is capped at 6.00%.
- The 6th largest stock is capped at 5.50%.
- The 7th largest stock is capped at 5.00%.
- All other stocks are capped at 4.50%.

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 July 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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