

September 2018

INDXX GLOBAL GENERICS & NEW PHARMA INDEX METHODOLOGY

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1. INDXX GLOBAL GENERICS & NEW PHARMA INDEX

1.1 INDEX DESCRIPTION

The Indxx Global Generics & New Pharma Index provides exposure to the 40 largest companies involved in manufacturing Generics, SuperGenerics, Biobetters and Biosimilars, and providing API manufacturing, CMO and CRO services to the pharmaceutical industry.

The index has a base date of March 18, 2005 with an initial value of 1,000.

The index is currently available in the following versions:

- Price Return (Bloomberg Ticker: IGNRXP)
- Total Return (Bloomberg Ticker: IGNRXT)

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 or Emerging Market. Developed Market and Emerging Market are defined by Indxx in its 'Country Classification and Investability Requirements' document.
- A minimum market capitalization of \$1 billion.
- 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 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
- ADR
- GDR

1.2.5 Foreign Institutional Investor (FII) Limit

Available FII Limit of each security with India as its country of primary listing (excluding ADRs) should be at least 5%. Securities which are a part of the Government of India's restrictive list for foreign investors would not be considered for inclusion in the universe.

1.2.6 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

The following approach is undertaken to identify suitable companies:

- The generic drugs industry, as defined by Indxx, includes any company involved in the research, development, production, manufacturing or sale of generics, super generics, biosimilars and bio betters.
- Health care equipment companies having a focus on injectable generics, biosimilars and bio betters are eligible for inclusion in the selection list.
- Companies primarily involved in API manufacturing, and CMO and CRO services are eligible for inclusion in the selection list.
- Companies focused primarily in manufacturing biotech APIs are eligible for inclusion in the selection list.

These sub-themes are comprised of companies which belong to the 'Healthcare' and 'Materials' sectors, as defined by Indxx.

1.4 FINAL COMPOSITION

From the Selection List:

- All companies that derive significant revenues from the generic drugs industry as defined above are shortlisted.
- The top 40 generic drug companies from the shortlisted list based on market capitalization will form the final portfolio. If fewer than 40 companies qualify to be eligible for inclusion, all the shortlisted companies would be part of the final portfolio.

1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their security-level market capitalization.
- A single security cap of 8%. If a component exceeds the maximum weight, the excess weight shall be re-distributed proportionally across all other index constituents. This process is repeated until no stocks have weights exceeding the respective maximum weight.
- The weighting scheme is applied to the largest stocks and the excess weight after each step shall be redistributed across all other (uncapped) stocks in the index on a proportional basis, based on the order below:
 - If the largest two stocks exceed 8.00%, then both will be capped at 8.00%.

- If the 3rd largest stock exceeds 7.00%, then it will be capped at 7.00%.
- If the 4th largest stock exceeds 6.50%, then it will be capped at 6.50%.
- If the 5th largest stock exceeds 6.00%, then it will be capped at 6.00%.
- If the 6th largest stock exceeds 5.50%, then it will be capped at 5.50%.
- If the 7th largest stock exceeds 5.00%, then it will be capped at 5.00%.
- If any other stock exceeds 4.50%, then it will be capped at 4.50%.

1.6 BUFFER RULES

Buffer Rules are employed to reduce Portfolio Turnover. The following buffer rules apply:

1.6.1 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 a semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective on the close of business on the third Friday of March and September each year. This day is called the 'Effective Day.'
- The security selection and portfolio creation process starts on the close of the last Friday of February and August each year, called the 'Selection Day.' The selection list is created using the data as of the Selection Day.
- Constituents are publicly announced five days prior to the Effective Day.'
- Weights are calculated at the close of the sixth 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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