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INDXX U.S. INFRASTRUCTURE DEVELOPMENT INDEX METHODOLOGY

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1. INDXX U.S. INFRASTRUCTURE DEVELOPMENT INDEX

1.1 INDEX DESCRIPTION

The Indxx U.S. Infrastructure Development Index is designed to track the performance of companies that are expected to benefit from the development of infrastructure in the United States. This includes companies involved in the construction and engineering of infrastructure projects; the production of infrastructure raw materials, composites and products; producers/distributors of heavy construction equipment; and companies engaged in the transportation of infrastructure materials (collectively, “U.S. Infrastructure Development Companies”), as defined by Indxx.

The index has a base date of January 31, 2011 with an initial value of 1,000.

The index is currently available in the following version:

- Total Return (Bloomberg Ticker: IPAVE)

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 United States stock exchanges.
- A minimum market capitalization of \$ 300 million.
- A 6-month average daily turnover greater than or equal to \$1 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

The following security types are excluded:

- MLPs
- REITs
- BDCs

1.2.5 Share Classes

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

- The most liquid share class is considered for inclusion in the portfolio.

1.3 SECURITY SELECTION PROCESS

Based on extensive research, Indxx has defined infrastructure development being comprised of the following sub-themes:

Construction & Engineering Services	Companies that provide engineering, design, maintenance and construction services for large-scale infrastructure projects such as energy generation/distribution, water/wastewater, telecommunications, transportation (roads, bridges, tunnels, rail), airports and seaports.
Raw Materials and Composites	Companies that produce and supply raw and composite materials (steel, copper, nickel, tin, aluminum, concrete, asphalt, cement and specialty chemicals) that are utilized in the construction and development of infrastructure projects.
Products and Equipment	Companies that sell or rent heavy construction equipment, cranes, electric and fiber optic cables, pipes, pumps, smart meters and other products or equipment utilized in large-scale infrastructure projects.
Industrial Transportation	Companies that transport infrastructure raw materials and equipment

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

Aerospace & Defense	Industrial Specialties	Railroads
Aluminum	Information Technology Services	Recreational Products
Auto Parts: OEM	Major Telecommunications	Specialty Stores
Building Products	Metal Fabrication	Specialty Telecommunications
Chemicals: Major Diversified	Miscellaneous Commercial Services	Telecommunications Equipment
Chemicals: Specialty	Miscellaneous Manufacturing	Steel
Construction Materials	Oil & Gas Pipelines	Trucks/Construction/Farm Machinery
Electrical Products	Oilfield Services/Equipment	Wholesale Distributors
Electronic Equipment/Instruments	Packaged Software	Finance/Rental/Leasing
Electronic Production Equipment	Gas Distributors	Forest Products
Electronics/Appliances	Industrial Conglomerates	Environmental Services
Engineering & Construction	Industrial Machinery	

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

Companies are classified into one of the following three types based on revenue:

- Pure Play

Company derives a significant portion of its revenues (>50%) from one or more than one of the four US Infrastructure development themes and include companies that derive significant portion of its revenue (80%) from US.

- Quasi-Play

Company derives a minority of its revenue (<50%) from one or more than one of the four US Infrastructure development themes and include companies that derive significant portion of its revenue (>50%) from US.

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, the index includes quasi-play companies (based on market capitalization) until the total index component count reaches 100.

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.

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.

1.6.4 U.S. Revenue Exposure

An existing index constituent shall continue to remain in the universe if it generates greater than 40% of its revenues from the U.S. as of the Selection Day.

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 January each year. This day is called the 'Effective Day.'
- The security selection and index creation process starts 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. This is called the 'freeze 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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