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# **Bloomberg**

## **Global Equity Indices Methodology**

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## INTRODUCTION

Bloomberg has combined decades of expertise in fixed income and commodity indexing, equity capital markets, portfolio analytics, and data to bring an innovative perspective to the world of equity indices. The Bloomberg Global Equity Indices consist of listed securities that provide investors the building blocks for investing in a range of markets and size segments across the globe in a consistent, rules-based manner while maintaining a balance between broad market coverage and liquidity.

The Bloomberg Global Equity Indices offer various size and regional segmentations and an array of services in investable index products and custom index development designed to offer access to systematic strategies (beta, “smart” beta, and alpha). Bloomberg’s index administration and calculation agent services serve our broad client base of asset managers, index administrators, advisors and investors.

Leveraging expertise in cross-asset indexing and factor research, advanced governance, operations, and technology platforms Bloomberg Global Equity indices intend to provide a comprehensive set of indices based on a transparent methodology with clearly defined objectives of representativeness and investability. The methodology for size segmentation and country classification are designed to provide investable opportunity sets at country and regional levels with appropriate market coverage and security market capitalization.

Bloomberg Indices are broadly distributed and are available on **IN <GO>** page on the Bloomberg Terminal.

## 1. INDEX CALCULATIONS

### 1.1. Price Return Index Calculation

The price return (PR) Index Value is calculated on each Calculation Day using the following formula:

$$PR\ Index_t = \frac{\sum_{i=1}^n P_{i,t} \times N_{i,t} \times TF_{i,t} \times CA_{i,t} \times FX_{i,t}}{Divisor_t}$$

Where:

$PR\ Index_t$  The price return Index Value on Calculation Day  $t$

$Divisor_t$  The divisor of the index on Calculation Day  $t$

$P_{i,t}$  The price of Index Member  $i$  in local currency on Calculation Day  $t$

$N_{i,t}$  The Index Shares for Index Member  $i$  on Calculation Day  $t$

$TF_{i,t}$  The Tilt Factor for Index Member  $i$  on Calculation Day  $t$

note:  $TF_{i,t}$  is equal to 1 for market capitalization weighted indices

$CA_{i,t}$  The Corporate Action Coefficient for Index Member  $i$  on Calculation Day  $t$

NOTE:  $CA_{i,t}$  is equal to 1 for market capitalization weighted indices

$FX_{i,t}$  The FX Fixing Rate with respect to Index Member  $i$  on Calculation Day  $t$

$n$  denotes the total number of Index Members

NOTE: if the index has no Index Members,  $n = 0$ , then  $PR\ Index_t = PR\ Index_{t-1}$

### 1.2. Gross Total Return Index Calculation

The gross total return (TR) Index Value reflects the reinvestment of gross dividends. It is calculated on each Calculation Day using the following formula:

$$TR\ Index_t = TR\ Index_{t-1} \times TR_t$$

$$TR_t = \frac{PR\ Index_t}{PR\ Index_{t-1} - D_t}$$

$$D_t = \frac{\sum_{i=1}^n rd_{i,t} \times N_{i,t} \times TF_{i,t} \times CA_{i,t} \times FX_{i,t-1}}{Divisor_t}$$

Where:

$TR\ Index_t$  The gross total return Index Value on Calculation Day  $t$

$Divisor_t$  The divisor of the index on Calculation Day  $t$

$D_t$  The gross dividend index points

$rd_{i,t}$  The regular dividend per share of Index Member  $i$  in local currency on Calculation Day  $t$

$N_{i,t}$  The Index Shares for Index Member  $i$  on Calculation Day  $t$

$TF_{i,t}$  The Tilt Factor for Index Member  $i$  on Calculation Day  $t$

|              |   |
|--------------|---|
|              | note: $TF_{i,t}$ is equal to 1 for market capitalization weighted indices   |
| $CA_{i,t}$   | The Corporate Action Coefficient for Index Member $i$ on Calculation Day $t$<br>note: $CA_{i,t}$ is equal to 1 for market capitalization weighted indices |
| $FX_{i,t-1}$ | The FX Fixing Rate with respect to Index Member $i$ on Calculation Day $t - 1$  |
| $n$          | denotes the total number of Index Members   |

### 1.3. Net Total Return Index Calculation

The net total return (NTR) Index Value reflects the reinvestment of net of tax dividends. It is calculated on each Calculation Day using the following formula:

$$NTR\ Index_t = NTR\ Index_{t-1} \times NTR_t$$

$$NTR_t = \frac{PR\ Index_t}{PR\ Index_{t-1} - ND_t}$$

$$ND_t = \frac{\sum_{i=1}^n nd_{i,t} \times N_{i,t} \times TF_{i,t} \times CA_{i,t} \times FX_{i,t-1}}{Divisor_t}$$

$$nd_{i,t} = rd_{i,t} \times (1 - T_{i,t}) - sd_{i,t} \times T_{i,t}$$

Where:

|                |   |
|----------------|---|
| $NTR\ Index_t$ | The net total return Index Value on Calculation Day $t$   |
| $Divisor_t$    | The divisor of the index on Calculation Day $t$   |
| $ND_t$         | The net dividend index points   |
| $N_{i,t}$      | The Index Shares for Index Member $i$ on Calculation Day $t$  |
| $TF_{i,t}$     | The Tilt Factor for Index Member $i$ on Calculation Day $t$<br>note: $TF_{i,t}$ is equal to 1 for market capitalization weighted indices                  |
| $CA_{i,t}$     | The Corporate Action Coefficient for Index Member $i$ on Calculation Day $t$<br>note: $CA_{i,t}$ is equal to 1 for market capitalization weighted indices |
| $FX_{i,t-1}$   | The FX Fixing Rate with respect to Index Member $i$ on Calculation Day $t - 1$  |
| $rd_{i,t}$     | The regular dividend per share of Index Member $i$ in local currency on Calculation Day $t$   |
| $sd_{i,t}$     | The special dividend per share of Index Member $i$ in local currency on Calculation Day $t$   |
| $T_{i,t}$      | The withholding tax rate for Index Member $i$ on Calculation Day $t$ with respect to the tax table in <i>Appendix V: Index Tax Framework</i>              |
| $n$            | denotes the total number of Index Members   |

Performance of the Bloomberg Equity Indices can be tracked on the terminal using the function **IN <GO>**

## 2. INDEX CONSTRUCTION

The Bloomberg Global Equity Indices are constructed as individual country indices. To define each country's Index members, securities are screened for eligible security types and are then classified in the appropriate country and market universe. Each company and its eligible securities will be classified into a single country.

### 2.1. Defining Eligible Equity Universe

#### 2.1.1. Eligible Security Types and Exchange Listings

All listed equities and equity-like securities, including Real Estate Investment Trusts (REITs) are considered for inclusion in the country indices. The following security types are excluded: Business Development Companies, Closed-End Investment Companies, ETFs and ETNs, LLCs, Partnerships, Royalty Trusts, Special Purpose Acquisition Companies, and Special Purpose Vehicles.

Securities trading on when-issued basis are not eligible for the Bloomberg Global Equity Indices.

Please refer to *Appendix III: Country Exchanges & Eligible Security Types* for the list of eligible security types and eligible exchange listings for each country.

### 2.2. Index Membership Screening

At each semi-annual Index Reconstitution review, Bloomberg applies the following screens at company or security level to define the eligible universe for each country.

#### 2.2.1. Minimum Trading Volume

To ensure replicability, each security needs to have sufficient volume to be eligible.

Minimum Trading Volume is defined as:  $\frac{3 \text{ month avg trading volume}}{\text{Index shares}} > 0.001$

Note that new securities with a first trading day following the Selection Date are not subject to this Minimum Trading Volume requirement.

Securities failing the Minimum Trading Volume requirement can still qualify for inclusion to the index if their free float market capitalization is greater than the Developed Market 95<sup>th</sup> percentile of cumulative float market capitalization based on the Selection Date of the last semi-annual Reconstitution.

#### 2.2.2. Seasoning of Securities

To ensure a security has sufficient trading history, newly listed securities must have traded for at least 3 months before the Selection Date to be considered for inclusion.

However, large companies with a first trading day following the Selection Date, that do not meet the requirements for fast track addition, are considered eligible for addition at the next index Reconstitution even if they have less than 3 months of trading history. To qualify for this exception, a newly trading security must have a full market capitalization greater than its country's 70<sup>th</sup> percentile of cumulative float market capitalization (i.e. corresponding to the Country Large cap segment) based on the Selection Date of the last semi-annual Reconstitution.

#### 2.2.3. Consecutive Trading Days Requirement

Securities that did not trade for a period of 10 or more consecutive trading days since the last Rebalance effective date are excluded from the Bloomberg Indices at the next Reconstitution. Note that suspensions, as reported by the relevant stock exchange, are excluded.

#### 2.2.4. Market Price Cap

Securities with a closing market price equal to or greater than US\$20,000 on a Selection Date are not eligible for inclusion in the Bloomberg Indices.

Note that existing Index Members are not removed, if their closing market price is equal or greater than US\$20,000 on a Selection Date.

### 2.2.5.Sanctions

Securities flagged as sanctioned by OFAC, UN, EU, or UK are not eligible for inclusion in the Bloomberg Indices.

For more details, refer to Minimum Free Float Shares Screening  
Securities with a free float percentage below 10% are not eligible to become Index Members.  
In certain rare cases, Bloomberg may use discretion to waive the minimum free float requirement to ensure that very large companies are not excluded from a specific country investment opportunity set.

The security's free float percentage is not rounded and can be found on **<ticker> HDS <GO>** page on the Bloomberg Terminal.

For more information, refer to the *Appendix VIII: Handling of Sanctions*.

### 2.2.6.Minimum Foreign Room

The proportion of shares still available to foreign investors relative to the maximum allowed must be at least 15%.

### 2.2.7.Minimum Float Market Capitalization

To qualify for inclusion, securities must have a free float adjusted market capitalization of at least half of the 99<sup>th</sup> percentile of cumulative float market capitalization at country level.

A security's free float adjusted market capitalization can be found on **<ticker> DES <GO>** page on the Bloomberg Terminal.

Minimum float market cap cut-offs are reviewed semi-annually during the March and September Reconstitutions.

## 2.3. Market Classification

Each company and its securities are classified to a single country. The following outlines the steps taken to determine the country membership:

At Reconstitution, only active securities are considered for inclusion unless they are existing Index Members or newly listed securities with a first trading day post-last Selection Date.

### 2.3.1. General rule

The Country of Classification, as determined by Bloomberg for its indices, corresponds to a company's Primary Listing when it is the same as its Country of Incorporation.

For more information on the eligible stock exchanges, refer to the *Appendix III: Country Exchanges & Eligible Security Types*.

### 2.3.2.Situations where the general rule is not applicable

#### 1. Primary listing is a foreign listing:

Due to a lack of a suitable capital markets environment, certain securities have their Primary Listing at a foreign stock exchange. In such cases, the Country of Classification is primarily driven by its Country of Risk. The Country of Risk is a Bloomberg proprietary value, primarily driven by four factors: Country of Domicile, Country of Listing, Country of Largest Revenue and Reporting Currency. Foreign listings are not eligible for all countries. See below, a list of countries where foreign listings are deemed eligible:

- Developed Markets: Hong Kong, Israel and the Netherlands
- Emerging Markets: China, Peru and Russia

#### 2. Country of Incorporation is a tax haven:

Companies incorporated in a tax haven country, such as Bahamas or Cayman Islands, are assigned to the country of Primary Listing.

For an exhaustive list of tax haven countries recognized by Bloomberg, refer to the *Appendix VII: Market Classification*.

3. Country specific cases:

Countries under current international sanctions are ineligible. Refer to the *Appendix VI: Market Classification* for the exhaustive list.

3.1. Companies meeting the following criteria are assigned to China:

- Country of Primary Listing = Hong Kong  
Country of Incorporation = China, Hong Kong or any Tax Haven country  
Share Type = H Shares
- Country of Primary Listing = Hong Kong  
Country of Incorporation = China, Hong Kong or any Tax Haven country  
Share Type = Red Chip  
Country of Largest Revenue ≠ Hong Kong or Macau
- Country of Primary Listing = Hong Kong  
Country of Incorporation = China, Hong Kong or any Tax Haven country  
Share Type ≠ Red Chip  
Share Type ≠ H Shares  
Country of Largest Revenue = China  
Country of Domicile = China
- Primary Listing = Northbound Shanghai or Northbound Shenzhen Stock Connect program  
Share Type = China A Common shares
- Country of Primary Listing ≠ China or Hong Kong (e.g. USA)  
Country of Incorporation = China, Hong Kong or any Tax Haven country  
Country of Risk = China

3.2. Companies meeting the following criteria are assigned to Hong Kong:

- Country of Primary Listing = Hong Kong  
Country of Incorporation = Hong Kong or any Tax Haven country  
Country of Risk ≠ China  
Country of Domicile ≠ China  
Share Type ≠ H Shares or Red Chip
- Country of Primary Listing = Hong Kong  
Country of Incorporation = Hong Kong or any Tax Haven country  
Country of Risk = China  
Country of Domicile ≠ China  
Country of Largest Revenue = Hong Kong, Macau  
Share Type ≠ H Shares or Red Chip
- Country of Primary Listing = Hong Kong  
Country of Incorporation = Hong Kong or any Tax Haven country  
Share Type = Red Chip  
Country of Largest Revenue = Hong Kong or Macau  
Country of Domicile ≠ China  
Share Type ≠ H Shares

4. Other Cases:

Discretion may be applied to assign securities that do not meet the above criteria to a country based on, but not limited to, the Country of Largest Revenue, the distribution of its operations, and/or institutional investors' perspective on country classification.

A company's Primary Listing and Country of Incorporation can be found on the **<ticker> DES <GO>** page on the Bloomberg Terminal.

## 2.4. Defining Size Segmentation

Size-segments are designed to maintain, to the extent possible, a similar percentile distribution of market capitalization within each country universe (i.e. coverage), and more importantly maintain the market capitalization homogeneity among countries from the same market classification (i.e. size). Maintaining the size homogeneity receives a higher priority. Total market capitalization is used to classify securities into the size segments. This ensures all securities of a company are classified in the same size segment.

The following steps are followed to create and maintain the Bloomberg Global Equity Indices.

### 2.4.1. Step 1: Determine the Target Developed Market Size Cut-offs

The size cut-offs for Developed Markets (DM) are derived by sorting the entire DM eligible securities universe by total market capitalization from high to low. Starting from the largest security, the size segment cut-offs are determined as follows:

- Developed Markets Large Cap cut-off: Company's total market capitalization corresponding to a cumulative free float market capitalization of 70%.
- Developed Markets Mid Cap cut-off: Company's total market capitalization corresponding to a cumulative free float market capitalization of 85%.
- Developed Markets Small Cap cut-off: Company's total market capitalization corresponding to a cumulative free float market capitalization of 99%.

See example below for illustration purposes only:

| Rank | Company Name | Company Full Market Cap (MM\$) | Security Free Float Adj. Market cap (MM\$) | Sum of Free Float Adj. Market Cap (MM\$) | Cumulative Percentile |
|------|--------------|--------------------------------|--|--|-----------------------|
| 1    | A            | 1,500,000                      | 1,500,000                                  | 1,500,000                                | 2.865%                |
| 2    | B            | 1,000,000                      | 1,000,000                                  | 2,500,000                                | 4.774%                |
| 3    | C            | 850,000                        | 820,000                                    | 3,320,000                                | 6.340%                |
| 4    | D            | 500,000                        | 450,000                                    | 3,770,000                                | 7.199%                |
| ...  | ...          | ...                            | ...  | ...                                      | ...                   |
| 749  | AACX         | 16,850                         | 11,350                                     | 36,653,871                               | 69.997%               |
| 750  | AACY         | 10,000                         | 9,500                                      | 36,663,371                               | 70.015%               |
| ...  | ...          | ...                            | ...  | ...                                      | ...                   |
| 1650 | DFGT         | 825                            | 550  | 44,509,656                               | 84.999%               |
| 1651 | DFGU         | 820                            | 800  | 44,510,456                               | 85.001%               |
| ...  | ...          | ...                            | ...  | ...                                      | ...                   |
| 5619 | RYTC         | 155                            | 145  | 51,841,269                               | 98.999%               |
| 5620 | RYTD         | 153                            | 65   | 51,841,269                               | 99.000%               |
| ...  | ...          | ...                            | ...  | ...                                      | ...                   |
| 8419 | ZMEC         | 55                             | 35   | 52,364,893                               | 99.999%               |
| 8420 | ZMED         | 50                             | 25   | 52,364,918                               | 100.000%              |

Size segment cut-offs are reviewed semi-annually during the March and September Reconstitutions.

**Example:** The security's full market capitalization corresponding to 70<sup>th</sup> percentile of the cumulative float market capitalization from a descending order is \$10 billion. This corresponds to the Developed Market Large cap cut-off.

### 2.4.2. Step 2: Determine Coverage Level Buffer Zones

To enable homogeneity among all the Developed Markets, Bloomberg defines a buffer zone around each size segment's targeted market capitalization. The lower and upper bands are set at 75% and 125% of each size segment.

**Example:** If the Developed Markets Large Cap cut-off is \$10 billion, the size buffer zone is set between \$7.5 billion (i.e. lower band) and \$12.5 billion (i.e. upper band).

### 2.4.3. Step 3: Country Level

Step 1 above is then repeated for each country eligible universe. The total market capitalization is sorted from high to low and the cumulative float market capitalization percent is calculated at each security in a descending order.

Note that all securities are classified in the same size segment. In addition each company and its securities are classified into a single market. Refer to *Appendix VII: Market Classification* for more information.

### 2.4.4. Step 4: Determine Size Segment Cut-offs at Country Level

The full market capitalization of the security at the 70<sup>th</sup>, 85<sup>th</sup> and 99<sup>th</sup> percentile of the cumulative float market capitalization is determined for each country.

In order to accommodate for countries' size differences within the DM region, the target coverage used at country level can fluctuate within the below ranges:

- Large Cap Cumulative Coverage: 65% to 75%
- Mid Cap Cumulative Coverage: 80% to 90%
- Small Cap Cumulative Coverage: 98% to 99.5%

Consequently, if the full market capitalization of the security at 70% of the cumulative float market capitalization for a DM country is either:

- 1) Less than the DM lower band set at 0.75 x Large Cap size cut-off, then the cumulative coverage can be reduced up to the 65<sup>th</sup> percentile.
- 2) Greater than the DM higher band set at 1.25 x Large Cap size cut-off, then the cumulative coverage can be expanded up to the 75<sup>th</sup> percentile.

Example: New Zealand corresponding full market cap at 70<sup>th</sup> percentile = \$6 billion. As it is below the DM lower band cut-off of \$7.5 billion, the coverage is reduced until \$7.5 billion is reached (for example to the 63<sup>th</sup> percentile).

Note: As the Size homogeneity is considered as more important than the Coverage, it is allowed to breach the 65<sup>th</sup> percentile range in the example above to determine the Large Cap segment in New Zealand.

### 2.4.5. Step 7: Combine all Country Size Segments

Securities qualifying for each country's Large, Mid and Small Cap segments are combined to create the Developed Market Large, Mid and Small Cap Indices.

### 2.4.6. Step 8: Determine the Emerging Market Size Cut-offs

The same process applies to determine the Index Members of the Emerging Market (EM) country and Region Indices, with the exception of Step 1 where the EM's size segments are set at half the DM's cut-offs.

Example: If the DM Large cap cut-off is \$10 billion, the EM Large Cap cut-off will be \$5 billion.

Size segment cut-offs are reviewed semi-annually during the March and September Reconstitutions.

## 2.5. Defining Buffer Zones to Manage the Index Turnover

In order to minimize index turnover, buffer zones are used to manage the migrations of securities between different size segments. At each semi-annual Reconstitution, the upper and lower buffer zones are set at 125% and 75% of the market capitalization cut-off.

A current Index Member is allowed to remain in its current size segment until the market capitalization of the security is higher or lower than the market capitalization associated with the upper or the lower buffer zones of the market capitalization of the size segment on the day of index Reconstitution.

Example: If a Country Mid Cap cut-off is \$5 billion and the a Company A, current Mid Cap has a market capitalization of \$4.2 billion, it will be maintained in the Mid Cap segment of that Country Index as it is greater than \$3.75 billion (i.e. \$5 billion x 0.75).

## **2.6. Exercise of Discretion**

Bloomberg reserves the right to include or exclude securities in/from any of its indices at any time with reasonable advance notice. In most instances, discretion is applied to maintain logical Index membership and may be applied to (but not limited to) areas of index construction such as country assignment, float factors, foreign ownership limits, or corporate action applications.

Discretion is used to ensure the index accurately represents a particular market as best as possible. Instances of discretion are subject to review by the Bloomberg Product and Risk & Operations Committee (PROC).

### 3. INDEX MAINTENANCE

An index must be rebalanced periodically and maintained on a daily basis for corporate actions to accurately reflect the aggregate performance of its members.

#### 3.1. Quarterly Index Review

Index Shares are reviewed on a quarterly basis in the months of March, June, September and December (the Share Update). Changes are announced with 10 full business day advance notification.

Updates in Index Shares are determined using publicly available information such as float shares outstanding and foreign investment limits.

#### 3.2. Semi-Annual Index Review

Index Members are reviewed on a semi-annual basis in the months of March and September. The changes are announced with 10 full business day advance notification. The Reconstitution follows the steps as described in *Section 2: Index Construction*.

Note that the selection, the announcement and the implementation of the semi-annual Index Reviews coincide with the quarterly Index Review dates.

Each Rebalance follows the exchange calendar for NYSE trading days. Should a Rebalance fall on a NYSE exchange holiday, it will be postponed to the next business day.

| Action         | Mar | Jun | Sep | Dec |
|----------------|-----|-----|-----|-----|
| Reconstitution | X   |     | X   |     |
| Share Update   | X   | X   | X   | X   |

#### 3.3. Float Calculations

Security's weights in the Bloomberg Global Equity Indices are determined by their free float adjusted market capitalizations.

Bloomberg calculates the Index Shares (or the free float figure), by subtracting shares held by insiders and those deemed to be stagnant shareholders from the total shares outstanding.

Refer to the *Appendix III: Float Calculations* for more details.

The security's free float percentage can be found on <ticker> HDS <GO> page on the Bloomberg Terminal.

#### 3.4. Divisor Adjustments

Certain corporate actions such as Mergers and Acquisitions, Spin-offs and Rights Issues lead to an adjustment of the index divisor. New index divisor following such corporate actions is calculated as follows:

$$Divisor_t = Divisor_{t-1} \times \frac{Market\ Value_{t-1,adj}}{Market\ Value_{t-1,unadj}}$$

$$Market\ Value_{t-1,adj} = \sum_{i=1}^n P_{i,t-1,post} \times N_{i,t-1,post} \times TF_{i,t-1} \times CA_{i,t-1,post} \times FX_{i,t-1}$$

$$Market\ Value_{t-1,unadj} = \sum_{i=1}^n P_{i,t-1,pre} \times N_{i,t-1,pre} \times TF_{i,t-1} \times CA_{i,t-1,pre} \times FX_{i,t-1}$$

Where:

$Divisor_t$  The divisor after adjustments for corporate actions

|                   |   |
|-------------------|---|
| $Divisor_{t-1}$   | The divisor prior to adjustments for corporate actions  |
| $P_{i,t-1,pre}$   | The price of Index Member $i$ in local currency on Calculation Day $t - 1$  |
| $P_{i,t-1,post}$  | The price of Index Member $i$ in local currency on Calculation Day $t - 1$ after adjustment for corporate actions       |
| $N_{i,t-1,pre}$   | The Index Shares for Index Member $i$ on Calculation Day $t - 1$  |
| $N_{i,t-1,post}$  | The Index Shares for Index Member $i$ on Calculation Day $t - 1$ after adjustment for corporate actions                 |
| $TF_{i,t-1}$      | The Tilt Factor for Index Member $i$ on Calculation Day $t$   |
| $CA_{i,t-1,pre}$  | The Corporate Action Coefficient for Index Member $i$ on Calculation Day $t - 1$  |
| $CA_{i,t-1,post}$ | The Corporate Action Coefficient for Index Member $i$ on Calculation Day $t - 1$ after adjustment for corporate actions |
| $FX_{i,t-1}$      | The FX Fixing Rate with respect to Index Member $i$ on Calculation Day $t - 1$  |
| $n$               | Denotes the total number of Index Members   |

For more information about corporate action treatment and implementation, refer to the Bloomberg Corporate Actions methodology book.

Past and upcoming corporate actions at security level can be found using **<ticker> CACS <GO>** and **<ticker> DVD <GO>** functions on the Bloomberg Terminal.

## APPENDICIES

### Appendix I: Restatement Policy

Bloomberg strives to provide accurate calculation of its indices. However, to the extent a material error in Index Values is uncovered following publication and dissemination, a public notification will be made alerting of such error and what course of action will be undertaken and when. In such situations, it can be decided to either

- 1) Do not correct until the next index review;
- 2) Apply a correction going forward with advance notification; or
- 3) Restate the historical indices

Bloomberg reviews discrepancies and restates indices if the impact is in excess of 3 bps<sup>1</sup> and occurred in the last 2 business days.

In some cases, Bloomberg may apply discretion and determine that a restatement is required. The decision will take into consideration the following factors (not in order of importance):

- The relative importance of the data field impacted by the error
- Whether the indices were replicable
- When the error occurred and when it was discovered
- The number of indices and sub-indices affected
- Whether the impacted indices are linked to tradable products
- The magnitude of the error
- The burden of restatement on client re-processing relative to the impact of the error
- The impact of the restatement on analytical tools

A decision to restate any Index results in the restatement of all impacted Indices. Real-time indices are not considered for restatement, all real-time dissemination is considered indicative. Discrepancies discovered after 12 months will not be corrected.

Bloomberg will follow, but will not commit to, actions in accordance to the following guidelines.

#### Index correction guidelines

| Action                      | Error                                | Event types  | Correction at Next Review | Going Forward Correction   | Historical Restatement                          |
|-----------------------------|--------------------------------------|--|---------------------------|--|---|
| <b>Corporate Actions</b>    |                                      |  |                           |  |   |
| Addition/<br>Deletion       | Incorrect addition                   | Spinoff, IPO   | Yes, if still warranted   | No   | No  |
|                             | Incorrect deletion                   | M&A, delisting, bankruptcy                                     | Yes, if still warranted   | No   | No  |
|                             | Incorrect weight                     | IPO, spinoff   | No                        | Correction with 2 day notice if it doesn't qualify for restatement   | Yes, if qualifies for restatement               |
| Price Adjustment on ex-date | Incorrect terms applied              | Split, stock dividend, spinoff, special dividend, rights issue | No                        | Next day correction if it doesn't qualify for restatement            | Yes, if qualifies for restatement               |
|                             | Cancelled/missed/postponed           |  | No                        | Next day correction if it doesn't qualify for restatement            | Yes, if qualifies for restatement               |
| Cash distribution           | Incorrect amount, currency, tax rate | Regular cash dividend  | No                        | Next day delta reinvestment if it doesn't qualify for restatement    | Delta reinvestment if qualifies for restatement |
|                             | Cancelled/postponed                  |  | No                        | Next day negative reinvestment if it doesn't qualify for restatement | Negative reinvestment if                        |

<sup>1</sup> of the respective country Large-Mid-Small Total Return Index

|                       |   |  |     |   |  |
|-----------------------|---|--|-----|---|--|
|                       |   |  |     |   | qualifies for restatement                          |
|                       | Missed event  |  | No  | Next day reinvestment if it doesn't qualify for restatement | Reinvestment if qualifies for restatement          |
| <b>Data Points</b>    |   |  |     |   |  |
| Identifier            | Missed identifier change  |  | No  | Next day change   | No   |
| FOL                   | Missed country FOL restrictions change                            | Overstated FOL   | No  | Change with 2 day notice                                    | No   |
|                       |   | Understated FOL  | Yes | No  | No   |
| Withholding tax rate  | Missed country change in tax rate applicable to foreign investors | Incorrect tax rate applied to already reinvested dividends | No  | Negative reinvestment if it doesn't qualify for restatement | Negative reinvestment if qualifies for restatement |
| Closing Market Price  | Official closing market price change                              | Incorrect closing market price used in index calculations  | No  | Next day correction if it doesn't qualify for restatement   | Yes, if qualifies for restatement                  |
| Intraday Market Price | Revised intraday market price                                     | Incorrect intraday market price                            | No  | No  | No   |
| FX rates              | Official FX rate  | Incorrect FX rate used in index calculations               | No  | Next day correction if it doesn't qualify for restatement   | Yes, if qualifies for restatement                  |

## Appendix II: Market Disruptions

Should a market disruption occurring during trading hours and the relevant stock exchange does not resume normal activity prior to market close, for one or more listed securities, Bloomberg will use the last available price.

In cases where the market prices for Index Members are revised by the stock exchange following a disruption, the impact of the discrepancy is assessed, and actions are determined as per the rules stated in *Appendix I: Restatement Policy*.

In cases where a market disruption occurs on the implementation of a corporate action, or a Rebalance, decisions to maintain or postponed the planned changes will be made on a case-by-case basis and will be communicated accordingly.

## Appendix III: Country Exchanges & Eligible Security Types

Table 1: Developed Markets:

| Country        | Country Code | Exchanges  | Exchange Code                  | Security Types                      | Foreign Listing          |
|----------------|--------------|--|--------------------------------|-------------------------------------|--------------------------|
| Australia      | AU           | Australian Securities Exchange   | AT                             | Common Stock, CDIs, REITs, Staple   |                          |
| Austria        | AT           | Vienna Stock Exchange  | AV                             | Common Stock                        |                          |
| Belgium        | BE           | Euronext Brussels  | BB                             | Common Stock, REITs                 |                          |
| Canada         | CA           | TSX Toronto Exchange   | CT                             | Common Stock, REITs, Unit           |                          |
| Denmark        | DK           | NASDAQ OMX Copenhagen  | DC                             | Common Stock                        |                          |
| Finland        | FI           | NASDAQ OMX Helsinki  | FH                             | Common Stock                        |                          |
| France         | FR           | Euronext Paris   | FP                             | Common Stock, REITs                 |                          |
| Germany        | DE           | XETRA, Frankfurt Stock Exchange  | GE, GQ, GY, GF                 | Common Stock, Preference, REITs     |                          |
| Hong Kong      | HK           | Hong Kong Stock Exchange   | HK                             | Common Stock, REITs, Stapled        | Common Stock, ADRs, GDRs |
| Ireland        | IE           | Euronext Dublin  | ID                             | Common Stock, Units, REITs          |                          |
| Israel         | IL           | Tel Aviv Stock Exchange  | IT                             | Common Stock, REITS                 | Common Stock, ADRs, GDRs |
| Italy          | IT           | Borsa Italiana   | IM                             | Common Stock, REITs, Saving Shares  |                          |
| Japan          | JP           | Tokyo Stock Exchange   | JT                             | Common Stock ,REITs                 |                          |
| Netherlands    | NL           | Euronext Amsterdam   | NA                             | Common Stock, REITs, Certificates   | Common Stock, ADRs, GDRs |
| New Zealand    | NZ           | New Zealand Exchange   | NZ                             | Common Stock, REITs                 |                          |
| Norway         | NO           | Oslo Bors  | NO                             | Common Stock                        |                          |
| Portugal       | PT           | Euronext Lisbon  | PL                             | Common Stock                        |                          |
| Singapore      | SG           | Singapore Exchange   | SP                             | Common Stock, REITs, Stapled, Units |                          |
| Spain          | ES           | Sociedad de Bolsas (SIBE)  | SQ                             | Common Stock, REITs                 |                          |
| Switzerland    | CH           | SIX Swiss Exchange   | SE, XW                         | Common Stock                        |                          |
| Sweden         | SE           | NASDAQ OMX Stockholm, First North Stockholm                                    | SS, SF                         | Common Stock, SDRs                  |                          |
| United Kingdom | GB           | London Stock Exchange (domestic & international)                               | LN, LI                         | Common Stock, REITS, Unit           |                          |
| United States  | US           | NYSE, NYSE American, NYSE ARCA, IEX, NASDAQ CM, NASDAQ GS, NASDAQ GM, CBOE BZX | UN, UA, UP, VF, UR, UW, UQ, UF | Common Stock, REITS, Tracker Stocks |                          |

Table 2: Emerging Markets:

| Country      | Country Code | Exchanges  | Exchange Code      | Security Type                         | Foreign Listing          |
|--------------|--------------|--|--------------------|---------------------------------------|--------------------------|
| Brazil       | BR           | Bovespa (sao Paulo)  | BS                 | Common Stock, Preferred shares, Units |                          |
| Chile        | CL           | Bolsa de Comercio de Santiago de Chile   | CC                 | Common Stock, Preferred shares        |                          |
| China        | CN           | Shanghai Stock Exchange, Shenzhen Stock Exchange, SH-HK Connect, SZ-HK Connect, Hong Kong Stock Exchange | CG, CS, C1, C2, HK | China A, China B, H Shares            | Common Stock, ADRs, GDRs |
| Colombia     | CO           | Bolsa de Valores de Colombia   | CX                 | Common Stock, Preferred shares        |                          |
| Czech        | CZ           | Prague Stock Exchange  | CK                 | Common Stock                          |                          |
| Egypt        | EG           | Egyptian Exchange  | EC                 | Common Stock                          |                          |
| Greece       | GR           | Athens Stock Exchange  | GA                 | Common Stock                          |                          |
| Hungary      | HU           | Budapest Stock Exchange  | HB                 | Common Stock                          |                          |
| India        | IN           | BSE India, National Stock Exchange of India  | IB, IS             | Common Stock                          |                          |
| Indonesia    | ID           | Indonesia Stock Exchange   | IJ                 | Common Stock                          |                          |
| Kuwait       | KW           | Boursa Kuwait  | KK                 | Common Stock                          |                          |
| Malaysia     | MY           | Bursa Malaysia   | MK                 | Common Stock, REITs                   |                          |
| Mexico       | MX           | Mexico Stock Exchange  | MF, MM             | Common Stock, REITs, Units            |                          |
| Pakistan     | PK           | Pakistan Stock Exchange  | PK                 | Common Stock                          |                          |
| Peru         | PE           | Lima Stock Exchange  | PE                 | Common Stock, CDIs                    | Common Stock, ADRs, GDRs |
| Philippines  | PH           | Philippine Stock Exchange  | PM                 | Common Stock                          |                          |
| Poland       | PL           | Warsaw Stock Exchange  | PW                 | Common Stock                          |                          |
| Qatar        | QA           | Qatar Exchange   | QD                 | Common Stock                          |                          |
| Russia       | RU           | Moscow Exchange - MICEX  | RX, RP, RN         | Common Stock, CDIs, Preference shares | Common Stock, ADRs, GDRs |
| Saudi Arabia | SA           | Saudi Arabian Stock Exchange   | AB                 | Common Stock                          |                          |
| South Africa | ZA           | Johannesburg Stock Exchange  | SJ                 | Common Stock, REITs                   |                          |
| South Korea  | KR           | KOSPI Stock Market, KOSDAQ   | KP, KQ             | Common Stock, Preferred shares        |                          |
| Taiwan       | TW           | Taipei Exchange  | TT                 | Common Stock                          |                          |
| Thailand     | TH           | The Stock Exchange of Thailand   | TB                 | Common Stock, Preferred shares        |                          |
| Turkey       | TR           | Borsa Istanbul   | TI                 | Common Stock                          |                          |
| UAE          | AE           | Abu Dhabi Securities Exchange, Dubai Financial Market, NASDAQ Dubai                                      | DH, DB, DU         | Common Stock                          |                          |

## Appendix IV: Float Calculations

The float is the total number of shares available for trading. Bloomberg calculates a security's free float as follows:

$$\text{Float shares} = \text{Total Shares outstanding} - \text{Stagnant Shares}$$

Float data is sourced directly from Bloomberg proprietary data.

### Stagnant shareholders:

- Central Bank
- Government
- Corporation: Legal entities owned by shareholders that do not actively manage money. If corporations own stock in another public company, it is usually the result of a corporate partnership, which results in long term relationships.
- Holding companies: An entity that acts as a parent company to many subsidiaries. Holding companies typically do not produce any goods or services themselves.
- Foundation: Private, non-profit and tax-free organizations that collect and distribute money for charitable purposes.
- Employee Stock Ownership Plan (ESOP)
- Individuals: Any individual filer (person) is considered a stagnant shareholder.
- Insiders: Names Executives or Board members of the issuer are stagnant holders since their incentives are aligned with the company and its performance.
- Trust/Family Trust: A fiduciary arrangement that allows a third party or trustee to hold assets on behalf of a beneficiary or beneficiaries.

On the contrary, the below shareholder types are considered as free float.

- Bank
- Hedge Fund
- Endowment
- Sovereign Wealth Fund
- Insurance company
- Investment advisor
- Pension fund
- 13F Filers (US SEC)
- UK Share Registry (REG)

Note that a shareholder, regardless of its type, is considered Stagnant if it owns more than 25% of the shares outstanding.

The security's free float percentage can be found on **<ticker> HDS <GO>** page on the Bloomberg Terminal.

## Appendix V: Index Tax Framework

All withholding rates are researched and supplied by Bloomberg Tax & Accounting (BTAX). Withholding rates are applied to each Index Member based on its country of incorporation.

Bloomberg does not take into account specialized or individualized tax situations of investors or companies when applying withholding tax to the net dividend index calculation. In some instances, special tax exemptions are offered to companies who might generate profit from promoting tourism, or reducing carbon emissions, or structuring capital repayments. In other instances, some investors may benefit from certain tax statuses, treaties, or reinvestment strategies.

Because Bloomberg cannot know the individual circumstances of each company or investor, and many exemptions must be re-applied for each fiscal year, Bloomberg chooses to apply a withholding rate that has the widest general applicability. We recommend consulting with a tax specialist to advise on specific tax treatments.

Withholding rates are as follows. Changes to withholding rates are monitored and supplied by BTAX. Should a rate change, Bloomberg will supply a communication to subscribed clients regarding the change and ensuing implementation date for the updated rate.

### Bloomberg Tax Withholding Rates

| Country                | Country ISO | Country ISO (3) | Rate (%) | REIT Rate (%) |
|------------------------|-------------|-----------------|----------|---------------|
| Afghanistan            | AF          | AFG             | 20       |               |
| Albania                | AL          | ALB             | 8        |               |
| Algeria                | DZ          | DZA             | 15       |               |
| American Samoa         | AS          | ASM             | 30       |               |
| Andorra                | AD          | AND             | 0        |               |
| Angola                 | AO          | AGO             | 10       |               |
| Anguilla               | AI          | AIA             | 0        |               |
| Antigua & Barbuda      | AG          | ATG             | 25       |               |
| Argentina              | AR          | ARG             | 7        |               |
| Armenia                | AM          | ARM             | 10       |               |
| Aruba                  | AW          | ABW             | 10       |               |
| Australia              | AU          | AUS             | 30       |               |
| Austria                | AT          | AUT             | 27.5     |               |
| Bahamas                | BS          | BHS             | 0        |               |
| Azerbaijan             | AZ          | AZE             | 10       |               |
| Bahrain                | BH          | BHR             | 0        |               |
| Bangladesh             | BD          | BGD             | 20       |               |
| Barbados               | BB          | BRB             | 25       |               |
| Belarus                | BY          | BLR             | 12       |               |
| Belgium                | BE          | BEL             | 30       |               |
| Belize                 | BZ          | BLZ             | 15       |               |
| Benin                  | BJ          | BEN             | 15       |               |
| Bermuda                | BM          | BMU             | 0        |               |
| Bhutan                 | BT          | BTN             | 10       |               |
| Bolivia                | BO          | BOL             | 12.5     |               |
| Bonaire                | BQ          | BES             | 15       |               |
| Bosnia Herzegovina     | BA          | BIH             | 10       |               |
| Botswana               | BW          | BWA             | 7.5      |               |
| Brazil                 | BR          | BRA             | 0        |               |
| British Virgin Islands | VG          | VGB             | 0        |               |

|                              |    |     |      |  |
|------------------------------|----|-----|------|--|
| Brunei                       | BN | BRN | 0    |  |
| Bulgaria                     | BG | BGR | 5    |  |
| Burkina Faso                 | BF | BFA | 12.5 |  |
| Burundi                      | BI | BDI | 15   |  |
| Cabo Verde                   | CV | CPV | 10   |  |
| Cambodia                     | KH | KHM | 14   |  |
| Cameroon                     | CM | CMR | 16.5 |  |
| Canada                       | CA | CAN | 25   |  |
| Cayman Islands               | KY | CYM | 0    |  |
| Central African Republic     | CF | CAF | 15   |  |
| Chad                         | TD | TCD | 20   |  |
| Chile                        | CL | CHL | 35   |  |
| China                        | CN | CHN | 10   |  |
| Colombia                     | CO | COL | 10   |  |
| Comoros                      | KM | COM | 10   |  |
| Cook Islands                 | CK | COK | 15   |  |
| Costa Rica                   | CR | CRI | 5    |  |
| Côte D'Ivoire                | CI | CIV | 15   |  |
| Croatia                      | HR | HRV | 12   |  |
| Cuba                         | CU | CUB | 0    |  |
| Curacao                      | CW | CUW | 0    |  |
| Cyprus                       | CY | CYP | 0    |  |
| Czech Republic               | CZ | CZE | 35   |  |
| Democratic Republic of Congo | CD | COD | 20   |  |
| Denmark                      | DK | DNK | 27   |  |
| Djibouti                     | DJ | DJI | 0    |  |
| Dominica                     | DM | DMA | 15   |  |
| Dominican Republic           | DO | DOM | 10   |  |
| Ecuador                      | EC | ECU | 0    |  |
| Egypt                        | EG | EGY | 10   |  |
| El Salvador                  | SV | SLV | 5    |  |
| Equatorial Guinea            | GQ | GNQ | 25   |  |
| Eritrea                      | ER | ERI | 0    |  |
| Estonia                      | EE | EST | 0    |  |
| Eswatini                     | SZ | SWZ | 15   |  |
| Ethiopia                     | ET | ETH | 10   |  |
| Falkland Islands             | FK | FLK | 26   |  |
| Faroe Islands                | FO | FRO | 0    |  |
| Fiji                         | FJ | FJI | 0    |  |
| Finland                      | FI | FIN | 30   |  |
| France                       | FR | FRA | 28   |  |
| French Polynesia             | PF | PYF | 10   |  |
| Gabon                        | GA | GAB | 20   |  |
| Gambia                       | GM | GMB | 15   |  |

|                                  |    |     |        |   |
|----------------------------------|----|-----|--------|---|
| Georgia                          | GE | GEO | 5      |   |
| Germany                          | DE | DEU | 25     |   |
| Ghana                            | GH | GHA | 8      |   |
| Gibraltar                        | GI | GIB | 0      |   |
| Greece                           | GR | GRC | 5      |   |
| Greenland                        | GL | GRL | 36     |   |
| Grenada                          | GD | GRD | 15     |   |
| Guam                             | GU | GUM | 30     |   |
| Guatemala                        | GT | GTM | 5      |   |
| Guernsey                         | GG | GGY | 0      |   |
| Guinea                           | GN | GIN | 15     |   |
| Guinea-Bissau                    | GW | GNB | 30     |   |
| Guyana                           | GY | GUY | 20     |   |
| Haiti                            | HT | HTI | 20     |   |
| Honduras                         | HN | HND | 10     |   |
| Hong Kong                        | HK | HKG | 0      |   |
| Hungary                          | HU | HUN | 0      |   |
| Iceland                          | IS | ISL | 20     | 0 |
| India                            | IN | IND | 20     |   |
| Indonesia                        | ID | IDN | 20     |   |
| Iran                             | IR | IRN | 0      |   |
| Iraq                             | IQ | IRQ | 0      |   |
| Ireland                          | IE | IRL | 25     |   |
| Isle of Man                      | IM | IMN | 0      |   |
| Israel                           | IL | ISR | 25     |   |
| Italy                            | IT | ITA | 26     |   |
| Jamaica                          | JM | JAM | 33.33  |   |
| Japan                            | JP | JPN | 15.315 |   |
| Jersey                           | JE | JEY | 0      |   |
| Jordan                           | JO | JOR | 0      |   |
| Kazakhstan                       | KZ | KAZ | 15     |   |
| Kenya                            | KE | KEN | 15     |   |
| Kiribati                         | KI | KIR | 0      |   |
| Kosovo                           | XK |     | 0      |   |
| Kuwait                           | KW | KWT | 0      |   |
| Kyrgyzstan                       | KG | KGZ | 10     |   |
| Lao People's Democratic Republic | LA | LAO | 10     |   |
| Latvia                           | LV | LVA | 0      |   |
| Lebanon                          | LB | LBN | 10     |   |
| Lesotho                          | LS | LSO | 0      |   |
| Liberia                          | LR | LBR | 15     |   |
| Libya                            | LY | LBY | 0      |   |
| Lichtenstein                     | LI | LIE | 0      |   |
| Lithuania                        | LT | LTU | 15     |   |

|                          |    |     |    |    |
|--------------------------|----|-----|----|----|
| Luxembourg               | LU | LUX | 15 |    |
| Macao                    | MO | MAC | 0  |    |
| Madagascar               | MG | MDG | 10 |    |
| Malawi                   | MW | MWI | 0  |    |
| Malaysia                 | MY | MYS | 0  | 10 |
| Maldives                 | MV | MDV | 10 |    |
| Mali                     | ML | MLI | 10 |    |
| Malta                    | MT | MLT | 0  |    |
| Marshall Islands         | MH | MHL | 0  |    |
| Mauritania               | MR | MRT | 10 |    |
| Mauritius                | MU | MUS | 0  |    |
| Mexico                   | MX | MEX | 10 | 30 |
| Micronesia               | FM | FSM | 0  |    |
| Moldova                  | MD | MDA | 6  |    |
| Monaco                   | MC | MCO | 0  |    |
| Mongolia                 | MN | MNG | 20 |    |
| Montenegro               | ME | MNE | 9  |    |
| Montserrat               | MS | MSR | 0  |    |
| Morocco                  | MA | MAR | 15 |    |
| Mozambique               | MZ | MOZ | 20 |    |
| Myanmar                  | MM | MMR | 0  |    |
| Namibia                  | NA | NAM | 20 |    |
| Nauru                    | NR | NRU | 0  |    |
| Nepal                    | NP | NPL | 0  |    |
| Netherlands              | NL | NLD | 15 |    |
| New Caledonia            | NC | NCL | 18 |    |
| New Zealand              | NZ | NZL | 15 |    |
| Nicaragua                | NI | NIC | 15 |    |
| Niger                    | NE | NER | 0  |    |
| Nigeria                  | NG | NGA | 10 |    |
| Niue                     | NU | NIU | 0  |    |
| North Korea              | KP | PRK | 0  |    |
| North Macedonia          | MK | MKD | 10 |    |
| Northern Mariana Islands | MP | MNP | 30 |    |
| Norway                   | NO | NOR | 25 |    |
| Oman                     | OM | OMN | 0  |    |
| Pakistan                 | PK | PAK | 15 |    |
| Palau                    | PW | PLW | 4  |    |
| Palestine                | PS | PSE | 0  |    |
| Panama                   | PA | PAN | 10 |    |
| Papau New Guinea         | PG | PNG | 15 |    |
| Paraguay                 | PY | PRY | 15 |    |
| Peru                     | PE | PER | 5  |    |
| Philippines              | PH | PHL | 30 |    |

|                               |    |     |    |    |
|-------------------------------|----|-----|----|----|
| Poland                        | PL | POL | 19 |    |
| Portugal                      | PT | PRT | 25 |    |
| Puerto Rico                   | PR | PRI | 10 |    |
| Qatar                         | QA | QAT | 0  |    |
| Republic of the Congo         | CG | COG | 15 |    |
| Romania                       | RO | ROU | 5  |    |
| Russia                        | RU | RUS | 15 |    |
| Rwanda                        | RW | RWA | 20 |    |
| Saint Kitts and Nevis         | KN | KNA | 15 |    |
| Saint Lucia                   | LC | LCA | 0  |    |
| Saint Martin                  | MF | MAF | 0  |    |
| Samoa                         | WS | WSM | 0  |    |
| San Marino                    | SM | SMR | 0  |    |
| Sao Tome and Principe         | ST | STP | 20 |    |
| Saudi Arabia                  | SA | SAU | 5  |    |
| Senegal                       | SN | SEN | 10 |    |
| Serbia                        | RS | SRB | 20 |    |
| Seychelles                    | SC | SYC | 15 |    |
| Sierra Leone                  | SL | SLE | 10 |    |
| Singapore                     | SG | SGP | 0  | 10 |
| Saint Maarten                 | SX | SXM | 0  |    |
| Slovakia                      | SK | SVK | 0  |    |
| Slovenia                      | SI | SVN | 15 |    |
| Solomon Islands               | SB | SLB | 30 |    |
| Somalia                       | SO | SOM | 0  |    |
| South Africa                  | ZA | ZAF | 20 |    |
| South Korea                   | KR | KOR | 22 |    |
| South Sudan                   | SS | SSD | 0  |    |
| Spain                         | ES | ESP | 19 |    |
| Sri Lanka                     | LK | LKA | 14 |    |
| St Vincent and the Grenadines | VC | VCT | 0  |    |
| Sudan                         | SD | SDN | 0  |    |
| Suriname                      | SR | SUR | 25 |    |
| Sweden                        | SE | SWE | 30 |    |
| Switzerland                   | CH | CHE | 35 |    |
| Syria                         | SY | SYR | 0  |    |
| Taiwan                        | TW | TWN | 21 | 15 |
| Tajikistan                    | TJ | TJK | 0  |    |
| Tanzania                      | TZ | TZA | 10 |    |
| Thailand                      | TH | THA | 10 |    |
| Timor-Leste                   | TL | TLS | 0  |    |
| Togo                          | TG | TGO | 0  |    |
| Tonga                         | TO | TON | 15 |    |
| Trinidad and Tobago           | TT | TTO | 10 |    |

|                          |    |     |    |    |
|--------------------------|----|-----|----|----|
| Tunisia                  | TN | TUN | 10 |    |
| Turkey                   | TR | TUR | 15 |    |
| Turkmenistan             | TM | TKM | 0  |    |
| Turks and Caicos Islands | TC | TCA | 0  |    |
| Tuvalu                   | TV | TUV | 0  |    |
| US Virgin Islands        | VI | VIR | 11 |    |
| Uganda                   | UG | UGA | 15 |    |
| Ukraine                  | UA | UKR | 15 |    |
| United Arab Emirates     | AE | ARE | 0  |    |
| United Kingdom           | GB | GBR | 0  | 20 |
| United States            | US | USA | 30 |    |
| Uruguay                  | UY | URY | 7  |    |
| Uzbekistan               | UZ | UZB | 10 |    |
| Vanuatu                  | VU | VUT | 0  |    |
| Venezuela                | VE | VEN | 0  |    |
| Vietnam                  | VN | VNM | 0  |    |
| Wallis and Futuna        | WF | WLF | 0  |    |
| Yemen                    | YE | YEM | 0  |    |
| Zambia                   | ZM | ZMB | 20 |    |
| Zimbabwe                 | ZW | ZWE | 15 |    |

## Appendix VI: Target Currency Calculation Methodology

### FX Rates and Target Currency Conversions

Bloomberg receives price information for all securities in the local currency of the country exchange where the security is primarily listed and trading. Regional indices and some country indices may consist of individual securities denominated in a range of currencies, therefore necessitating a conversion of prices to a common singular currency in order to calculate country, regional and global indices.

The currency exchange rates are provided by BFIX which include spot, forward, and non-deliverable forward rate currency fixings published by Bloomberg. More information regarding BFIX methodology and publishing rates can be found at: <https://www.bloomberg.com/markets/currencies/fx-fixings>

The FX Fixing Rate shall mean the mid-rates at the FX Fixing Time which can be found using the **BFIX<GO>** function on the Bloomberg Terminal and at: <https://www.bloomberg.com/markets/currencies/fx-fixings>

The FX Fixing Time shall mean London 4:00 PM. The FX Fixing Rate is used for all currency conversions globally.

The primary exchange in this document shall mean the primary quotation system on which an eligible index constituent is traded as determined by the Index Administrator. A list of stock exchanges and coordinating countries can be found in *Appendix III: Country Exchanges & Eligible Security Types*.

### FX Calendar

For index calculations purposes, the currency conversion of cash distributions uses the FX Fixing of the day prior to the ex-date. Note that Bloomberg only uses FX Fixing on days where the underlying security's primary exchange is open.

### Pricing Precision

Three decimal places and four decimal places with corporate actions.

### Calendars and Price Logic by Country

| Country     | Market Segment | Exchange Code | Bloomberg Calendar | Bloomberg Close Price Logic Name | BCP Time (EST) | Exchange Price Name          |
|-------------|----------------|---------------|--------------------|----------------------------------|----------------|------------------------------|
| Australia   | DM             | AT            | AX                 | LAST                             | 2:16:05 AM     | Official Close               |
| Austria     | DM             | AV            | WV                 | CLOSE-LAST                       | 11:45:01 AM    | Auction Close                |
| Belgium     | DM             | BB            | BU                 | LAST                             | 11:37:05 AM    | Auction Close                |
| Canada      | DM             | CT            | T4                 | CLOSE-LAST                       | 4:00:00 PM     | MOC / Last Price             |
| Denmark     | DM             | DC            | CP                 | CLOSE                            | 11:10:00 AM    | Auction Close                |
| Finland     | DM             | FH            | HE                 | CLOSE                            | 11:29:32 AM    | Auction Close                |
| France      | DM             | FP            | PA                 | LAST                             | 11:37:35 AM    | Auction Close                |
| Germany     | DM             | GY            | IB                 | CLOSE-LAST                       | 11:35:06 AM    | Auction Close                |
|             | DM             | GF            | FA                 | CLOSE                            |                | N/A                          |
| Hong-Kong   | DM             | HK            | HS                 | CLOSE-LAST                       | 4:08:20 AM     | Auction Close / Median Price |
| Ireland     | DM             | ID            | IE                 | LAST                             | 12:30:04 PM    | Auction Close                |
| Israel      | DM             | IT            | TL                 | CLOSE                            | 10:24:30 AM    | Auction Close                |
| Italy       | DM             | IM            | MI                 | SETTLE-CLOSE-LAST                | 11:37:11 AM    | Auction Close                |
| Japan       | DM             | JT            | TK                 | CLOSE-LAST                       | 2:10:03 AM     | Auction Close                |
|             | DM             | JN            | N8                 | CLOSE-LAST                       |                |                              |
| Netherlands | DM             | NA            | AM                 | LAST                             | 11:37:26 AM    | Auction Price                |
| New Zealand | DM             | NZ            | ND & N&            | LAST                             | 1:35:04 AM     | Last Traded Price            |
| Norway      | DM             | NO            | OS                 | CLOSE-LAST                       | 10:30:04 AM    | Auction Close                |
| Poland      | EM             | PW            | WR                 | LAST                             | 11:15:04 AM    | Auction Close                |
| Portugal    | DM             | PL            | P2                 | LAST                             | 11:40:07 AM    | Auction Close                |
| Singapore   | DM             | SP            | S3, SX, SG         | CLOSE-LAST                       | 5:17:04 AM     | Auction Close                |

|                |    |    |        |                       |             |                             |
|----------------|----|----|--------|-----------------------|-------------|-----------------------------|
| Spain          | DM | SQ | MS     | CLOSE                 | 11:38:00 AM | Auction price               |
| Switzerland    | DM | SE | V1     | CLOSE-LAST            | 11:31:25 AM | Auction price               |
| Sweden         | DM | SS | ST     | CLOSE                 | 11:29:33 AM | Auction price               |
| United Kingdom | DM | LN | LS     | CLOSE-LAST            | 11:35:20 AM | Auction price               |
| United States  | DM | UN | US     | CLOSE                 | 6:40:07 PM  | -                           |
|                | DM | UA | US     | CLOSE                 | 6:40:07 PM  | -                           |
|                | DM | UW | US     | CLOSE                 | 5:20:00 PM  | -                           |
|                | DM | UR | US     | CLOSE                 | 5:20:00 PM  | -                           |
| Brazil         | EM | BS | B2     | LAST                  | 5:30:16 PM  | Auction Close               |
| Chile          | EM | CC | S4     | CLOSE                 | 4:02:02 PM  | VWAP                        |
| China          | EM | CG | SH     | CLOSE                 | 3:00:07 AM  | Auction Close               |
|                | EM | HK | HS     | CLOSE-LAST            | 4:08:20 AM  | N/A                         |
| Colombia       | EM | CX | C7     | LAST                  | 4:05:03 PM  | Last Traded Price           |
| Czech Republic | EM | CK | P1     | CLOSE                 | 11:00:08 AM | Official Close              |
| Egypt          | EM | EC | E8     | CLOSE                 | 7:30:00 AM  | VWAP                        |
| Greece         | EM | GA | AT     | CLOSE-LAST            | 10:20:03 AM | Auction Close               |
| Hungary        | EM | HB | B8     | SETTLE-<br>CLOSE-LAST | 11:25:09 AM | Last Traded Price           |
| India          | EM | IS | #H     | CLOSE-LAST            | 7:08:31 AM  | VWAP                        |
| Indonesia      | EM | IJ | JA     | LAST                  | 5:15:04 AM  | Auction Close               |
| Kuwait         | EM | KK | KW     | CLOSE                 | 5:40:00 AM  | Auction Close               |
| Malaysia       | EM | MK | KL, KO | LAST                  | 5:05:04 AM  | Last Traded Price           |
| Mexico         | EM | MF | ME     | CLOSE-LAST            | 4:12:06 PM  | Weighted Average<br>Price   |
| Pakistan       | EM | PK | KA     | CLOSE-LAST            | 6:09:26 AM  | Official Close              |
| Philippines    | EM | PM | MN     | CLOSE-LAST            | 12:50:00 AM | Closing Price               |
| Qatar          | EM | QD | QD     | CLOSE                 | 6:15:01 AM  | Auction Close               |
| Russia         | EM | RX | #Z     | CLOSE                 | 11:50:00 AM | Auction Close               |
| Saudi Arabia   | EM | AB | TD     | CLOSE                 | 7:00:00 AM  | Auction Close               |
| South Africa   | EM | SJ | JH     | CLOSE-LAST            | 11:00:48 AM | Last Traded Price<br>/ VWAP |
| South Korea    | EM | KP | SE     | CLOSE                 | 2:37:01 AM  | N/A                         |
| Taiwan         | EM | TT | TW     | LAST                  | 1:35:08 AM  | Auction Price               |
| Thailand       | EM | TB | TS     | LAST                  | 6:00:09 AM  | Auction Price               |
| Turkey         | EM | TI | I1     | CLOSE-LAST            | 11:10:00 AM | Auction Price               |
| UAE            | EM | DH | DH     | CLOSE                 | 6:00:02 AM  | Auction Price               |
|                | EM | DB | DB     | CLOSE-LAST            | 6:00:22 AM  | Closing Price               |
|                | EM | DU | UQ     | CLOSE                 | 6:00:20 AM  | Closing Price               |

## Appendix VII: Market Classification

### Bloomberg market classification of equity markets as of October 2020.

To maintain relevancy, the criteria for market classifications are reviewed annually in conjunction with the September index. This process ensures the Bloomberg Global Equity Indices country classifications reflect the most accurate global economic information with respect to stability, growth, regulation, and trading practices.

To allow transparency into Bloomberg's process of market classification, Bloomberg publishes a monitor list of markets under consideration for a possible change in status.

| Developed Markets |                |             | Emerging Markets |                |             |
|-------------------|----------------|-------------|------------------|----------------|-------------|
| Americas          | EMEA           | APAC        | Americas         | EMEA           | APAC        |
| Canada            | Austria        | Australia   | Brazil           | Czech Republic | China       |
| United States     | Belgium        | Hong Kong   | Chile            | Egypt          | India       |
|                   | Denmark        | Japan       | Colombia         | Greece         | Indonesia   |
|                   | Finland        | New Zealand | Mexico           | Hungary        | Korea       |
|                   | France         | Singapore   | Peru             | Kuwait         | Malaysia    |
|                   | Germany        |             |                  | Poland         | Pakistan    |
|                   | Ireland        |             |                  | Qatar          | Philippines |
|                   | Israel         |             |                  | Russia         | Taiwan      |
|                   | Italy          |             |                  | Saudi Arabia   | Thailand    |
|                   | Netherlands    |             |                  | South Africa   |             |
|                   | Norway         |             |                  | Turkey         |             |
|                   | Portugal       |             |                  | UAE            |             |
|                   | Spain          |             |                  |                |             |
|                   | Sweden         |             |                  |                |             |
|                   | Switzerland    |             |                  |                |             |
|                   | United Kingdom |             |                  |                |             |

#### Criteria

Market classifications for global indices have existed since the late 1990s. The criteria for classification has evolved but a focus on the quality of markets, materiality, trading and foreign access, market stability, and cost limitations still remain the key focus points when determining the market classification of a country for index inclusion.

Bloomberg uses a combination of the following criteria in order to determine market classification:

#### IMF Rating

The International Monetary Fund publishes a World Economic Outlook (WEO) on an annual basis classifying 189 countries into the following categories: advanced, emerging, developing and low income developing economies.

The main criteria used to classify these markets are per capita income levels, export diversification, and integration into the global financial system.

Countries with a low income rating are not eligible for inclusion in the Bloomberg Global Equity Indices.

#### World Bank Rating

Economies are divided into four income groups by the World Bank: high, upper-middle, lower-middle, and low measured by gross national income per capita.

Bloomberg will not consider securities listed in countries classified as "low" economic status by the World Bank.

| Criteria          | Developed | Emerging                   |
|-------------------|-----------|----------------------------|
| IMF Rating        | Advanced  | Advanced, Emerging         |
| World Bank Rating | High      | Upper Middle, Lower Middle |

### Other Elimination Factors

Bloomberg Global Equity Indices may eliminate certain additional countries and jurisdictions from inclusion in the indices for the following reasons:

#### Territories

Territories are areas of land that are under the jurisdiction of a ruler or state. They do not have an independent sovereign government and are therefore subject to the rules, regulations, and more often than not, economic practices of the ruling country. Such examples include the Faroe Islands, Virgin Islands, New Caledonia, etc.

#### Inaccessible markets

Inaccessible markets are those where either no current equity stock exchange exists or the market is not open to non-resident investors. Such examples include Afghanistan, Gambia, Tonga, Liechtenstein, etc.

#### Economic Sanctions

Bloomberg Global Equity Indices will not include securities from any country with globally recognized economic sanctions placed against them. These currently include any company listed in Cuba, North Korea, Iran, or Sudan.

Bloomberg will consider securities from countries that have security-specific economic sanctions such as Venezuela and Russia, however, any securities that have been specifically targeted for sanctions will not be eligible for inclusion in any of the Bloomberg Global Equity Indices.

#### Tax Havens

Countries or jurisdictions that are considered tax havens by Bloomberg Global Equity Indices are not eligible for consideration. Please see our full description and list of tax haven countries below.

| Country                | ISO Country Code |
|------------------------|------------------|
| Antilles               | AN               |
| Bahamas                | BS               |
| Bermuda                | BM               |
| BES Islands            | BQ               |
| British Virgin Islands | VG               |
| Cayman Islands         | KY               |
| Curacao                | CW               |
| Cyprus                 | CY               |
| Guernsey               | GS               |

| Country          | ISO Country Code |
|------------------|------------------|
| Isle of Man      | IM               |
| Jersey           | JE               |
| Luxembourg       | LU               |
| Marshall Islands | MR               |
| Panama           | PA               |
| Papua New Guinea | PG               |
| Puerto Rico      | PR               |
| Saint Marten     | SX               |

#### Discretion

Subsequent to applying elimination factors, World Bank and IMF economic criteria, the Country Classification Committee considers, among others, the below metrics in combination with consultation to make the final country classification designation:

- Market capitalization
- Free-float market capitalization
- Number of securities eligible for inclusion
- Settlement periods
- Openness of foreign currency markets
- Custody challenges
- Capital controls
- Omnibus accounts availability
- Market sentiment

## Appendix VIII: Handling of Sanctions

While circumstances can vary with respect to the nature and application of various sanctions regimes, the following principles outline the general approach Bloomberg Global Equity Indices intend to follow:

1. Bloomberg Global Equity Indices exclude from their global universe the securities of issuers incorporated in and/or classified (per its Market Classification rules) as from countries which have economic sanctions applied. Currently: Cuba, Democratic Republic of the Congo, Libya, North Korea, Iran, Iraq, Somalia, Sudan and Syria.
2. In addition, Bloomberg Global Equity Indices will screen issuers using the entity sanction lists issued by any of the US Office of Financial Assets Control (OFAC), the European Union (EU), the United Nations (UN) or the United Kingdom (UK).
3. OFAC, EU, UN or UK sanctioned securities that are already Index Members when the sanctions are issued will be immediately ineligible for index inclusion and will be dropped from the relevant index as soon as practically feasible at market value (if trading) or otherwise at zero.
4. At the semi-annual Reconstitution in March and September, new equity securities issued by such entities will not be considered index eligible.
5. Equity securities issued by entities appearing on the Specially Designated Nationals and Blocked Persons Lists (SDN List) or the Foreign Sanctions Evaders List (FSE List) published by OFAC, or that may be organized or based in an OFAC-sanctioned country or may be owned by an OFAC-sanctioned entity will be immediately ineligible for index inclusion and will be dropped from the index as soon as practically possible. As above, they will be removed at market value (if trading) or otherwise at zero. Similarly, such securities will also not be considered index eligible at the semi-annual rebalancing in March and September.
6. If sanctions are lifted, Bloomberg will review the impacted equity securities to determine if they have become eligible to re-enter the index, provided (i) they still meet all other index eligibility and liquidity criteria and (ii) at least six months have passed since removal or they are IPOs that are fast-tracked.

## Appendix IX: Governance and Disclosure

### Stakeholder Engagement

Bloomberg Index Services Limited (“BISL”) and its Affiliates (collectively with BISL, “Bloomberg”) is in constant and ongoing engagement with its users through various channels, including via help desks, sales personnel and direct communication with product personnel. To help ensure that the Bloomberg US Index remains an accurate representation of US equities defined in the methodology, it endeavors to meaningfully incorporate these engagements into improvements in processes and service. Prior to any material change that might meaningfully impact users, Bloomberg consults more broadly with stakeholders, where appropriate, before a recommendation is presented to the PROC for approval. This concept of shared ownership enables BISL to produce the most relevant Indices and helps ensure responsiveness to user needs.

### Risks

The following is a summary of certain risks associated with the Bloomberg US Index but is not meant to be an exhaustive list of all risks associated with the Index. Although the Indices are designed to be representative of the markets they are measuring, they may not be representative of every use case. There is also inherent, though transparent, judgment in their construction, as outlined in this methodology. The Index is designed for general applicability and not to address the individual circumstances and needs of users. BISL does not advise about the usefulness of the Bloomberg US Equity Index to a particular circumstance; users are therefore encouraged to seek their own counsel for such matters. This methodology is subject to change, which may impact its usefulness to users. Although efforts will be made to alert users of any change, every individual user may not be aware of them. Such changes may also significantly impact the usefulness of the Bloomberg US Equity Index. BISL may also decide to cease publication of an Index. BISL maintains internal policies regarding user transitions but no guarantee is given that an adequate alternative is available generally or for a particular use case. Markets for stocks, as with all markets, can be volatile. As the Bloomberg US Equity Index is designed to measure this market, its Indices could be materially impacted by market movements, thus significantly affecting the use or usefulness of the Index for some or all users. Also, certain equity markets are less liquid than others - even the most liquid markets may suffer periods of illiquidity. Illiquidity can have an impact on the quality or amount of data available to BISL for calculation and may cause the Bloomberg US Equity Index to produce unpredictable results.

### Limitations of the Index

Although each Index is designed to be representative of the market it measures or otherwise align with its stated objective, it may not be representative in every case or achieve its stated objective in all instances. The Index is designed and calculated strictly to follow the rules of this methodology, and any Index Values or other output is limited in its usefulness to such design and calculation.

Markets can be volatile, including those market interests that the Index measures or upon which the Index is dependent to achieve its stated objective. For example, illiquidity can have an impact on the quality or amount of data available to the administrator for calculation and may cause the Index to produce unpredictable or unanticipated results.

In addition, market trends and changes to market structure may render the objective of the Index unachievable or to become impractical to replicate by investors.

In particular, the indices measure US equity markets. As with all equity investing, the indices are exposed to market risk. The value of equities fluctuate with the changes in economic forecasts, interest rate policies established by central banks and perceived geo-political risk. The indices do not take into account the cost of replication and as a result a tracking portfolio's returns will underperform the Index with all else equal. As the indices are designed to measure those markets, they could be materially impacted by market movements, thus significantly impacting the use or usefulness of the fixings for some or all users.

In addition, certain Sub-Indices may be designed to measure smaller subsets of the indices (e.g. such as specific styles, size, and sector). Some of these Sub-Indices have very few qualifying Index Member and may have none for a period of time. During such a period, the Sub-Index will continue to be published at its last value, effectively reporting a 0% return, until new securities qualify. If no securities are expected to qualify (due to changes in market structure and other factors), the Sub-Index may be discontinued. In such an event, this discontinuation will be announced to Index users.

### Benchmark and Governance

BISL uses two primary committees to provide overall governance and effective oversight of its benchmark administration activities:

- The Product, Risk & Operations Committee (“PROC”) provides direct governance and is responsible for the first line of controls over the creation, design, production and dissemination of benchmark Indices, strategy Indices and fixings administered by BISL, including the Index. The PROC is composed of Bloomberg personnel with significant experience or relevant expertise in relation to financial benchmarks. Meetings are attended by Bloomberg Legal & Compliance personnel. Nominations and removals are subject to review by the BOC, discussed below.
- The oversight function is provided by Bloomberg’s Benchmark Oversight Committee (“BOC”). The BOC is independent of the PROC and is responsible for reviewing and challenging the activities carried out by the PROC. In carrying out its oversight duties, the BOC receives reports of management information both from the PROC as well as Bloomberg Legal & Compliance members engaged in second level controls.

The PROC reports quarterly to the BOC on governance matters, including but not limited to client complaints, the launch of new benchmarks, operational incidents (including errors & restatements), major announcements and material changes concerning the benchmarks, the results of any reviews of the benchmarks (internal or external) and material stakeholder engagements.

### **Internal and External Reviews**

BISL’s Index administration is also subject to Bloomberg’s Compliance function, which periodically reviews various aspects of its businesses to determine whether it is adhering to applicable policies and procedures, and to assess whether applicable controls are functioning properly. In addition, Bloomberg may from time to time appoint an independent external auditor with appropriate experience and capability to review adherence to benchmark regulation. The frequency of such external reviews will depend on the size and complexity of the operations and the breadth and depth of Index use by stakeholders.

### **Index and Data Reviews**

The Index Administrator will periodically review the Indices (both the rules of construction and data inputs) periodically, not less frequently than annually, to determine whether they continue to reasonably measure the intended underlying market interest, the economic reality or otherwise align with their stated objective. More frequent reviews may be done in response to extreme market events and/or material changes to the applicable underlying market interests.

Criteria for data inputs include reliable delivery and active underlying markets. Whether an applicable market is active depends on whether there are sufficient numbers of transactions (or other indications of price, such as indicative quotes) in the applicable constituents (or similar underlying constituent elements) that a price (or other value, as applicable) may be supplied for such constituent(s).

Other than as set forth in this Methodology, there are no minimum liquidity requirements for Index Members and/or minimum requirements or standards for the quantity or quality of the input data.

The review will be conducted by product managers of the Indices in connection with the periodic rebalancing of the Indices or as otherwise appropriate.

Any resulting change to the Methodology deemed to be material (discussed below) will be subject to the review of the PROC under the oversight of the BOC; each of which committee shall be provided all relevant information and materials it requests relating to the change. Details regarding the PROC and BOC are described above. Material changes will be reflected and tracked in updated versions of this Methodology.

BISL’s Index administration is also subject to Bloomberg’s Compliance function, which periodically reviews various aspects of its businesses to determine whether it is adhering to applicable policies and procedures, and assess whether applicable controls are functioning properly.

Material changes related to the Indices will be made available in advance to affected stakeholders whose input will be solicited. The stakeholder engagement will set forth the rationale for any proposed changes as well as the timeframe and process for responses. The Index Administrator will endeavor to provide at least two weeks for review prior to any material change going into effect. In the event of exigent market circumstances, this period may be shorter. Subject to requests for confidentiality, stakeholder feedback and the Index Administrator’s responses will be made accessible upon request.

In determining whether a change to an Index is material, the following factors shall be taken into account:

- The economic and financial impact of the change;
- Whether the change affects the original purpose of the Index; and/or
- Whether the change is consistent with the overall objective of the Index and the underlying market interest it seeks to measure.

### **Expert Judgment**

The Indices are rules-based and their construction is designed to consistently produce values without the exercise of expert judgment or discretion. Nevertheless, BISL may use expert judgment or discretion with regards to the following:

1. Index restatements
2. Extraordinary circumstances during a market emergency
3. Data interruptions, issues and closures
4. Significant acquisitions involving a non-Index company

When expert judgment or discretion is required, BISL undertakes to be consistent in its application, with recourse to written procedures outlined in the methodology of the Indices and internal procedures manuals. In certain circumstances exercises of expert judgment or discretion are reviewed by senior members of BISL management and Bloomberg Compliance teams, and are reported to the Product, Risk & Operations Committee (PROC), BISL's governance committee, which operates under the supervision of BISL's oversight function, the Benchmark Oversight Committee (BOC). BISL also maintains and enforces a code of ethics to prevent conflicts of interest from inappropriately influencing index construction, production, and distribution, including the use of expert judgment or discretion.

### **Data Providers and Data Extrapolation**

The Indices are rules-based, and their construction is designed to consistently produce Index Values without the exercise of discretion. The Indices are produced without the interpolation or extrapolation of input data.

In addition, the Index Administrator seeks to avoid contributions of input data that may be subject to the discretion of the source of such data and instead seeks to use input data that is readily available and/or distributed for a number of non-index or benchmark creation purposes. Accordingly, the Indices require no 'contributors' to produce and no codes of conduct with any such sources are required.

### **Conflicts of Interest**

The Index confers on BISL discretion in making certain determinations, calculations and corrections from time to time. In making those determinations, calculations and corrections, the Index Administrator has no obligation to take the needs of any Product Investor or any other party into consideration. BISL is committed to avoiding and, where necessary, managing actual or potential conflicts of interest in the BISL decision-making process and has established a Conflicts of Interest Policy to minimize or resolve actual or potential conflicts of interest. BISL does not create, trade or market products.

## GLOSSARY OF TERMS

| Term                         | Definition   |
|------------------------------|--|
| Calculation Day              | <p>Monday to Friday. Bloomberg does not perform Weekend calculations and reflects corporate actions only between Mondays to Fridays.</p> <p>For securities trading in countries open from Sunday to Thursday, the last traded price from Thursday is carried forward to Friday. Monday's performance is calculated between Monday's close price and Friday's carried forward price.</p>  |
| Country of Domicile          | Returns the ISO (International Organization for Standardization) code of the country where the company's senior management is located. For covered warrants the country of the issuer is returned. For uncovered warrants, the country of the underlying security is returned.   |
| Corporate Action Coefficient | Adjustment factor applied to a security's closing market price to neutralize an anticipated price movement related to a specific corporate action effective at the open of the next business day.  |
| Country of Classification    | Country assigned to a security by Bloomberg for Index purposes.  |
| Country of Incorporation     | Specifies the ISO (International Organization for Standardization) country code of where a company is incorporated. Supranational (SNAT) will be returned for entities formed by multiple governments and without a single country of incorporation. Multinational (MULT) will be returned for companies incorporated in multiple jurisdictions (countries). Multinational companies that are physically incorporated in a single country will return the ISO country code of that country. Multi-issuers will return "MULT" when the individual entities that make up the Multi-issuer are incorporated in different countries. For covered warrants, the country of the issuer is returned. For uncovered warrants, the country of the underlying security is returned.  |
| Country of Largest Revenue   | Name of the country from which the company produced the largest portion of its revenue based on the latest annual report.  |
| Country of Risk              | <p>Returns the International Organization for Standardization (ISO) country code of the issuer's Country of Risk (CoR). The CoR for public companies can take on three different methodologies: Red Chip, Holding Company, or 10 Points. Methodologies will be applied to companies, if applicable, in the order below.</p> <p><b>Holding Companies</b><br/>Holding Companies with no direct material assets or operations should take on the CoR of the country which holds the largest portion of company operations, defined by the largest amount of subsidiaries containing matching country-level criteria. When this information cannot be sourced, the country which the company generates the highest amount of revenue from should be used.</p> <p><b>10-Points:</b><br/>Methodology consists of four factors. Management location is defined by the Country of Domicile, which is the location of key company players as Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), and/or General Counsel.</p> <p>Breakdown of four factors with relevant API fields:<br/>           4 points: Location of Management / Country of Domicile<br/>           3 points: Country of Listing / Primary Security Composite Exchange Code ( )<br/>           2 points: Sales / Revenue / Country of Largest Revenue<br/>           1 point: Reporting Currency / Currency Override</p> <p>The country with the highest points is defined as the Country of Risk. Any scoring ties will go to the Country of Domicile.</p> <p>The Country of Risk methodology used for private companies will be chosen based on debt issuance. If the private company has issued debt, the CoR should take on the CoR of the debt obligor (DY372). If the private company has no issued debt, the</p> |

|                                |  |
|--------------------------------|--|
|                                | <p>CoR should take on the CoR value of its parent company. In the case where there is no parent company and no debt issued, the 10-Point methodology will be used.</p> <p>Note: Country of Risk does not identify political, geographic, and/or economical risk alone. The methodology was originally established in 1999 and enhanced in 2008 in which the importance of reporting currency shifted from most important factor to least. The change was implemented on ongoing bases.</p> |
| Float shares/free float shares | Number of shares that are available to the public. This figure is calculated by subtracting the shares held by insiders and those deemed to be stagnant shareholders from the shares outstanding. Stagnant holders include ESOP's, ESOT's, QUEST's, employee benefit trusts, corporations not actively managing money, venture capital companies and shares held by governments.   |
| H Shares                       | Companies incorporated in mainland China that are traded on the Hong Kong Stock Exchange.  |
| Index Value                    | The value of the Index calculated in accordance with the methodology.  |
| Index Member                   | A security that is a constituent of an Index.  |
| Index Review                   | The quarterly or semi-annual review process to determine the Index Shares and Index Members for each Index.  |
| Index Shares                   | Shares of an Index Member within an Index. The number of Index Shares are updated at each quarterly Rebalance and adjusted intra-quarter for corporate actions.  |
| Primary Listing                | Name of the main exchange on which the security is listed  |
| Rebalance                      | The process of applying a selection and re-weighting of securities to an Index.  |
| Rebalance Date                 | The date upon which a Rebalance is made effective. For the avoidance of doubt the Rebalance becomes effective on the close of the Rebalance Date.  |
| Red Chip                       | Mainland China companies incorporated outside mainland China and listed in Hong Kong   |
| Reconstitution                 | The process of determining the Index Members for an Index.   |
| Selection Date                 | Date at which the relevant data points are taken for each security for the Reconstitution or Share Update.   |
| Share Update                   | The process of determining the number of Index Shares for each Index Member in an Index.   |
| Tax Haven                      | A country or jurisdiction that is considered a tax haven by Bloomberg Global Equity Indices. See <i>Appendix VII: Market Classification</i> for further information  |
| Tilt Factor                    | Factor applied to a security's float adjusted market capitalization to reflect its exposure to a specific investment objective.  |
| Total Market Capitalization    | Combined market value of all of a company's outstanding equity capital across share classes  |

## ACCESSING INDEX DATA

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|  |   |
|--|---|
| Bloomberg Terminal®  | <p>Bloomberg indices are the benchmarks of choice for capital markets investors.</p> <ul style="list-style-type: none"><li>• IN &lt;GO&gt; - The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg's global, multi-asset class Index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices.</li><li>• INP &lt;GO&gt; - The Bloomberg Index Insights and Publications provides access to publications related to Bloomberg's multi-asset class index families, including the Bloomberg Barclays Indices. Available publications include index announcements, fact sheets, guides, and methodology documents.</li><li>• PORT &lt;GO&gt; - Bloomberg's Portfolio &amp; Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. PORT includes tools to analyze performance of a portfolio versus a benchmark as well as models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization.</li></ul> |
| Bloomberg Indices Website<br><a href="https://www.bloomberg.com/professional/products/indices/">bloomberg.com/professional/products/indices/</a> | <p>The index website makes available limited Index information including:</p> <ul style="list-style-type: none"><li>• Index methodology and factsheets</li><li>• Current performance numbers for select indices</li></ul>   |
| Index Licensing  | <p>Bloomberg requires an index data license for services and products linked to the indices. Examples include:</p> <ul style="list-style-type: none"><li>• Index or Constituent-Level Redistribution</li><li>• Custom Index Solutions</li><li>• Exchange Traded Notes (ETNs)</li><li>• Exchange Traded Funds</li><li>• OTC Derivative Products</li><li>• Mutual Funds</li><li>• Index-Linked Insurance Products</li><li>• Benchmarking</li></ul>  |

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