



Index Share Adjustments and Exclusions

Foreign Ownership Limits

Foreign ownership restrictions on securities cause reduced availability or complete unavailability of those securities for investment. VettaFi accounts for these restrictions as follows:

Index Shares :

Index Shares of a security are adjusted to its Foreign Ownership Limit (FOL) where that limit is more restrictive than the security's float shares. These adjustments occur at the time Index Shares are determined. The values applied by VettaFi for Foreign Ownership Limits (FOL) are listed in the FOL appendix.

Index Inclusion:

Securities with limited availability to foreign investors at the time of rebalance or reconstitution due to FOL's will be excluded from membership. Exclusions are based upon received market information and sources listed in the Foreign Ownership Exclusions appendix. VettaFi, based on its assessment of the market and index, may exercise its Expert Judgement to hold constituents that breach the limits defined in the FOL appendix.

If current constituents are highlighted by exchanges as having limited availability because of foreign ownership limits they will be removed at the next rebalance or reconstitution. If the exchanges further indicate that the securities are within 2% of their foreign purchase limit, the securities will be removed, where possible, with 2 business days' notice to current stakeholders. VettaFi may decide to remove these securities earlier if it deems that their limited availability impacts the investability of the index.

Sanctions

Securities will be excluded from indexes to comply with sanctions or other regulatory restrictions. If a current constituent becomes subject to sanction or other regulatory requirements, they will be removed. If possible, two business days' notice will be given.

Foreign Inclusion Factor

China A Shares are partially included within indexes unless specified. The percent inclusion is listed in the Foreign Inclusion Appendix.

APPENDIXES:

Foreign Inclusion Appendix

China A shares - (shares were not included prior to 3/1/2018)

3/1/2018: 5%

6/1/2019: 10%

9/1/2019: 15%

12/1/2019: 20%

FOL appendix

China –

A Shares: 30%

India -

Public Banks: 20%

National & Multi-National Banks (Private) : 74%

Life Insurance : 49%

Liability & Warranty Insurance : 49%

Mortgage Insurance : 49%

Property & Casualty Insurance: 49%

Reinsurance: 49%

Multi-Line Insurance: 49%

Diversified Media: 49%

Other - VettaFi may apply FOL adjustments in other situations where it becomes aware of other limits and is of the opinion that it reduces the investable market.

Foreign Ownership Exclusions Appendix

India exclusion sources –

NSDL (National Securities Depository Limited (NSDL) Red Flag and Breach lists.

China exclusion sources –

Stock Connect Northbound lists of securities available for trading on the Shenzhen Stock Exchange (SZSE) and the Shanghai Stock Exchange (SSE). Securities not on these lists are excluded.

Review:

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Reviewed by	Index Governance and Index Committee
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Changes:

Version	Date	Author/Editor	Summary of Change
1.0.0	Nov 2023	Moshe Greenberg	Policy Creation