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The S-Network Procure Space Net Total Return Index (SPACENT)



Index Rules and Methodology

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The S-Network Procure Space Net Total Return Index (SPACENT) Rule Book

This document provides the rules for calculating and maintaining The S-Network Procure Space Net Total Return Index. Included in these rules are the following: 1) a description of The S-Network Procure Space Net Total Return Index, 2) the design specifications for The S-Network Procure Space Net Total Return Index, and 3) the index calculation and data elements.

I. General Description

The S-Network Procure Space Net Total Return Index tracks a portfolio of companies that derive substantial revenue from space-related business. The companies span multiple economic sectors and are engaged in space-related businesses such as satellite-based telecommunications; transmission of television and radio content via satellite; rocket and satellite manufacturing, deployment, operation, and maintenance; manufacturing of ground equipment that is used with satellite systems; space technology and hardware; and space-based imagery and intelligence services

The S-Network Procure Space Net Total Return Index is a modified capitalization weighted, float and space revenue percentage adjusted equity index designed to serve as an equity benchmark for globally traded stocks that are materially engaged in space-related businesses.

The S-Network Procure Space Net Total Return Index comprises two main business segments (“the Segments”):

Satellite Operators. Companies whose principal business involves services provided by satellites that are owned, operated, or utilized by the companies.

Hardware. Companies whose business involves the sale of space-related hardware, including:

- **Satellite Prime Manufacturers**
- **Launch Vehicle Prime Manufacturers**
- **Spacecraft Components and Ground Equipment**

The S-Network Procure Space Net Total Return Index contains stocks selected from a universe of equity securities traded on recognized stock exchanges in any geographic region, based on a set of objective screening criteria.

The selection criteria include requirements for industry participation and minimum average daily trading volume.

Each stock’s relative weighting in The S-Network Procure Space Net Total Return Index will be based on its market capitalization within a tranche, adjusted for free float and modified by the space revenue percentage subject to certain restrictions, limitations and modifications.

II. Index Values at Inception

The S-Network Procure Space Net Total Return Index will have a value at inception of 1000.

III. The Index Committee

The S-Network Procure Space Net Total Return Index Committee (“The Committee”) will be composed of not less than three members. The Committee Chairman will have extensive experience in and expertise in financial markets and stock market characteristics. Two of the members will have some expertise in at least one of the above-named sectors.

The Committee will be responsible for maintaining a comprehensive list of companies that are principally engaged in one or more of the business segments, and the list will form the S-Network Procure Space Net Total Return Index universe of stocks.

Impartial selection criteria will then be applied to these stocks to determine whether or not they should be included in the index.

The Committee will then review the stocks to be included in the S-Network Procure Space Net Total Return Index and may reject any stock that it believes does not meet its overall standards for risk and sound business practice.

The Committee will meet twice a year, either in person or via teleconference, to discuss index issues and organize the semi-annual or special rebalancing.

The composition of the Committee may from time to time be changed to reflect changes in market conditions.

IV. Eligibility Criteria

The assessment of whether a company is engaged in one or more of the Space Industry Segments listed in Section I is based on mention of space-related business in the company’s annual filings. In addition, a company’s space-related revenue must constitute either (a) a minimum of 20% of the company’s total annual revenue, or (b) more than \$500 million in annual revenue. Further, only companies that meet the following eligibility criteria may be considered for inclusion in The S-Network Procure Space Net Total Return Index:

- i) The company must meet at least one of the following criteria of space-related activities:
 - The company was a “prime manufacturer” (i.e., the contractor responsible for managing subcontractors and delivering the product to the customer) for a satellite in the past five years.
 - The company was a “prime manufacturer” or operator of a launch vehicle in the past five years.
 - The company currently operates or utilizes satellites.
 - The company manufactures space vehicle components (for satellites, launch vehicles, or other spacecraft).
 - The company manufactures ground equipment dependent upon satellite systems.

Although few, if any, public companies exist that pursue the following business activities currently, it is expected that such companies will emerge in the future:

- Space colonization/infrastructure
 - Space resource exploration/extraction
 - Space-based military/defense systems
 - Space tourism, including transportation and hospitality
 - Technologies that enable the space economy
- ii) The company's stock must trade on a recognized national stock exchange. (National Stock Exchange, formerly NASDAQ, stocks must be "reported securities" under 11Aa3-1 of the Securities and Exchange Act, i.e., National Market System stocks, and similar criteria apply to stocks with foreign listings.) Only actual common shares outstanding are eligible for inclusion. For companies with multiple share classes, the eligibility of each share class will be considered based upon overall liquidity (average daily trading volume) as if each represented a separate company.
- iii) The company's stock must have a three-month average daily trading volume (the "turnover") of at least USD 1,000,000 on the snapshot date of the semi-annual reconstitution, except as described in (iv) and (v) below.
- iv) If a company has been trading for fewer than three calendar months ("Recent IPO") but more than 22 trading days, the company's average daily trading volume for its entire trading history shall be used to calculate turnover and determine eligibility. Recent IPOs in non-US jurisdictions will be added only after meeting relevant US regulations with respect to qualifications for US ownership.
- v) Effective December 1, 2019, if a Recent IPO with a float-adjusted market capitalization greater than 100 million USD as of its launch began trading too recently for consideration in the most recent reconstitution, it shall become eligible for immediate inclusion upon reaching 22 consecutive trade dates meeting the criteria in (ii) above.

V. Constituent Weightings

The companies chosen for inclusion in the Index are separated into two tranches:

The first tranche ("Non-diversified Tranche") comprises "non-diversified" companies that derive at least 50% (but typically 100%) of their total annual revenues from space-related business. Companies included in the Non-diversified Tranche are accorded an aggregate weight of 80% of the total index weight (100%).

The second tranche ("Diversified Tranche") comprises companies in which space-related business plays a significant role in the generation of revenues but produces less than 50% of total annual revenues. Companies included in the Diversified Tranche are accorded an aggregate weight of 20% of the total index weight (100%).

Each stock's weight within its respective tranche is determined by its "Modified Market Capitalization," which is a company's full market capitalization that has been mathematically modified by one or more factors for the purpose of weighting in an index. Modified Market Capitalization for companies eligible for inclusion in the Index is determined by multiplying a)

the company's full market capitalization by b) the company's "Float Factor" by c) the percentage of total revenues the company derives from space. A company's Modified Market Capitalization is a percentage of a company's total market capitalization ranging from 0% to 100%.

The Float Factor is the percentage of the company's shares outstanding that are unencumbered from trading freely on the open market. It is determined by deducting shares that are a) restricted from sale to the public, b) held by a governmental entity, c) held by company insiders in size that requires reporting to the SEC or a similar international regulatory body (>5%) and/or d) held by investors in size subject to reporting to the SEC or a similar international regulatory body (>5%) from the company's total shares outstanding. The resulting percentage is the company's Float Factor.

Next, the non-diversified tranche of the Index is given 80% of the weight of the full Index and the diversified tranche is given 20% of the weight. The within-tranche weights for the non-diversified tranche are capped at 6%, with the excess weight redistributed proportionally to the remaining constituents within the same tranche. The within-tranche company weights for the diversified tranche are capped at 12%, with the excess weight redistributed proportionally to the remaining constituents within the same tranche. The final index weight of each component stock will then be the product of its within-tranche weight and the overall weight assigned to that stock's tranche (the tranche weight). Accordingly, the maximum weight of any constituent in the non-diversified tranche will be 4.8% (6% X 80%) and the maximum weight of any constituent in the diversified tranche will be 2.4% (12% X 20%).

Capping is applied separately to each of the tranches. The following steps are taken to weight the constituents in the Index:

Step 1. Multiply each selected company's full market capitalization by its Float Factor.

Step 2. Multiply each selected company's float market capitalization derived in Step 1 by its space-related revenue percentage.

Step 3. The combination of Steps 1 & 2 above results in the company's Modified Market Capitalization, which is used to weight the companies included in the non-diversified and diversified tranches. Each tranche is weighted separately.

Step 4. Capping procedures are then applied to each tranche separately. The capping procedure is implemented by identifying those companies whose uncapped weights are in excess of the desired cap weight. The weights of these companies are then set at the cap weight, and the weight over the cap weight is then redistributed across the remaining stocks in the exact proportion of the original weights of those stocks. Capping is applied separately to each of the tranches.

Step 5. The weights derived in Step 4 are modified by the respective tranche weights (80% for the non-diversified tranche and 20% for the diversified tranche) to determine each stock's final index weight.

If the number of constituents eligible for a tranche is too low to allow its within-tranche weight cap to be met, then constituents within that tranche will be equally weighted rather than weighted according to the above steps.

VI. Rules for Calculation and Dissemination

The S-Network Procure Space Net Total Return Index is calculated by S-Network Global Indexes (“Calculation Agent”). The Calculation Agent is also responsible for index maintenance and price dissemination. The calculation, maintenance and dissemination rules are as follows:

Index Changes. Shares outstanding totals for component stocks are updated during the quarterly review; however, if the number of float-adjusted shares outstanding for an index component changes by more than 5% due to a corporate action, the shares’ total will be adjusted immediately after the close of trading on the date of the event. Whenever possible, changes will be announced at least two business days prior to its implementation. The effective date for changes in shares outstanding due to stock dividends, splits and other corporate actions are adjusted at the discretion of the index committee or its designee.

Index Reconstitutions. The Index is reconstituted semi-annually, during which time the Index Committee submits to the Calculation Agent a candidate list of all identifiable companies worldwide that are principally engaged in the business (as described above) including current Index constituents and recent IPOs. All candidates and current constituents are screened against the S-Network Procure Space Net Total Return Index selection criteria. Once the Committee has approved additions and deletions, the Indexes are rebalanced to reflect all changes.

Additions and Deletions. Additions to the Indexes are made at the close of trading on the semi-annual reconstitution dates (third Fridays of June and December). Additions may be made to the S-Network Procure Space Net Total Return Index between reconstitution dates in the case of certain recent Initial Public Offerings (IPOs) as described in Section IV(v).

Deletions to the Indexes are made 1) at the close of trading on the semi-annual reconstitution dates (third Fridays of June and December) for companies that fail to meet the inclusion criteria and 2) at any time, in the event a company is de-listed, files for bankruptcy, is acquired or merges with another company.

VII. Roles of Parties in the Semi-annual Reconstitutions.

- i) The Committee, or its designee, will submit to the Calculation Agent a list of index constituents for possible inclusion in the S-Network Procure Space Net Total Return Index at the close of US markets on the Monday following the third Friday of the month prior to the rebalancing month.
- ii) The Calculation Agent will use the remaining criteria in IV to statistically screen the list of index constituents to confirm their eligibility for the index based on closing prices and values as of last trading date of the second month of each calendar quarter (the “Snapshot date”).
- iii) On the first Friday of the rebalancing month, the Calculation Agent shall provide the Committee, or its designee, with a list of constituents for the S-Network Procure Space Net Total Return Index.
- iv) The Committee shall approve or reject the changes and notify the calculation agent of its decisions not later than the Wednesday following the first Friday of the rebalancing month.
- v) Not later than the Wednesday following the first Friday of the rebalancing month, the Index Committee or its designee will issue a press release announcing additions and deletions to the S-Network Procure Space Net Total Return Index.

The press release will be posted on the S-Network Procure Space Net Total Return Index web site. (Announcement date.)

- vi) The Calculation Agent will provide final share weights to the Committee or its designee on the second Friday of the rebalancing month. Weights will be based on prices as of the close of trading on the preceding Thursday, or the Thursday prior to the second Friday of the rebalancing month (the "Record date").
- vii) The S-Network Procure Space Net Total Return Index Committee or its designee will approve the final share weights prior to the close of US markets on the second Friday.
- viii) The Calculation Agent will distribute final share weights to all approved parties via email and FTP after the close of US markets on the second Friday.

The effective date of the rebalancing will be the third Friday of the rebalancing month. The Calculation Agent will post all final rebalancing data and information on its FTP server on the second Friday of the rebalancing.

- ix) The S-Network Procure Space Net Total Return Index will post all rebalancing data on its website prior to the open on the next business day following the rebalancing date.

VIII. Calculation of Index Values

- i) The Calculation Agent will calculate index values using price data on each reported trade it receives on each component security.
- ii) The Calculation Agent will distribute index values to vendors at set 15-second intervals, provided the index value has changed from the previously distributed value.
- iii) The index calculations will start at 18:00 (ET - US) for the next trading day (opening price). At that time, the index will begin changing as new prices or exchange rates are processed.
- iv) Index calculation will cease each trading day at 17:00 (ET-US) and official summaries will be disseminated between 17:00 (ET-US) and 19:00 (ET-US) (closing price).
- v) Each week, the indexes will be calculated starting Sunday night at 18:00 through Friday night at 17:00.
- vi) If, during periods when the index is calculated, one or more markets are closed, the index calculation will continue using the last closing price for those stocks that trade on the closed exchange(s).
- vii) Stocks denominated in foreign currencies will be converted to USD with each reported price using exchange rates derived from Reuters. Official closing prices for the indexes will be calculated using the WM Rates (4PM London fixing).
- viii) The indexes will be calculated and disseminated in USD and EUR.

- ix) The indexes will also be calculated and disseminated in USD and EUR using Luxembourg Dividend Tax Rates to calculate net total return.

IX. Dissemination

Index values will be disseminated in US dollars via the NYSE Global Index Feed (GIF) using the following tickers:

Index	Ticker
The S-Network Procure Space Net Total Return Index	SPACE
The S-Network Procure Space Net Total Return Index Net Total Return	SPACENT
The S-Network Procure Space Net Total Return Index Gross Total Return	SPACET

Index values will be disseminated in EUR using the following tickers:

Index	Ticker
The S-Network Procure Space Net Total Return Index EURO	SPACEE
The S-Network Procure Space Net Total Return Index EURO Net Total Return	SPACEENT
The S-Network Procure Space Net Total Return Index EURO Gross Total Return	SPACEET

X. Ongoing Maintenance

- i) In addition to the scheduled quarterly reviews, the S-Network Procure Space Net Total Return Index is reviewed on an ongoing basis. Changes in index composition and related weight adjustments are necessary whenever there are extraordinary events such as delisting, bankruptcy, mergers or takeovers involving index components. In these cases, each event will be taken into account as soon as it is effective. Whenever possible, the changes in the index's components will be announced at least two business days prior to their implementation date.
- ii) Changes of Eligible Securities. In the event that a component no longer meets the eligibility requirements described in Section IV herein, it will be removed from the index.
- iii) Changes of Industry Classification. Companies are eligible for inclusion in the S-Network Procure Space Net Total Return Index based on the revenues received from their space-related business. Mergers, takeovers, spin-offs, or organic growth in a company's space-related business may cause a company to lose its eligibility. In such a circumstance, the company will be deleted from the index. A company's classification may also require an immediate change as the result of a special event such as a merger, takeover or spin-off.
- iv) Splits and Spin-offs. If an index constituent splits or spins off a portion of its business to form one or more new companies, all of the companies involved in the spin-off will be immediately included in the S-Network Procure Space Net Total Return Index, if they would otherwise qualify for membership.
- v) Mergers. If two index constituents merge, their component positions will be replaced by the surviving company immediately. The Calculation Agent will adjust the float-adjusted shares outstanding for the surviving company to reflect the changes in both its total shares and any float blocks, regardless of the percentage changes in the survivor. If an index constituent merges with a non-

component company, its component position will be replaced by the new company, if the new company meets all eligibility criteria described in Section IV herein. In the event of mergers of equals, the combined trading history of the predecessor companies shall be used for evaluation.

- vi) **Takeovers.** If an index component is taken over by another component company, the former will be removed from the index immediately upon completion of the takeover. If an index component is taken over by a non-component company, it will be replaced by the acquiring company immediately, if the acquiring company meets all the eligibility criteria described in Section IV herein.
- vii) **Share Offerings, Tenders and Purchases.** If a component is involved in a secondary share offering, rights offering, or conversion of debt or preferred stock to common shares that results in an increase of more than 5% in float-adjusted shares outstanding, the Calculation Agent will adjust the shares outstanding and float as soon as practicable following completion of the transaction, subject to a two-day notification period. The Calculation Agent also will adjust float-adjusted shares outstanding decreases of 5% or more due to Dutch auctions, share repurchase programs, and block purchases by insiders, subject to a two-day notification period.
- viii) **Removal of Companies Due to Delisting, Bankruptcy or Extreme Financial Distress.** If an index constituent is de-listed by its primary market, or is in bankruptcy proceedings, it will be removed from the index.

* If an index component is de-listed by its primary market due to failure to meet financial or regulatory requirements, it will be removed from the index.

* If an index component enters bankruptcy proceedings, it will be removed from the index and will remain ineligible for re-inclusion until it has emerged from bankruptcy. However, the Committee may, following a review of the bankrupt company and the issues involved in the filing, decide to keep the company in the index.

* The Committee may, at its discretion, remove a company it has determined to be in extreme financial distress from the S-Network Procure Space Net Total Return Index if the Committee deems the removal necessary to protect the integrity of the index and the interests of investors in products linked to that index.

- ix) **Pricing of Stocks in Extreme Financial Distress for Index Maintenance.**

* When a stock is suspended from trading due to financial distress and subsequently de-listed by its primary market prior to resumption of trading, the Calculation Agent will use the best-available alternate pricing source to determine the value at which the company should be removed from the index.

* If the stock's primary market price is no longer available due to its suspension or de-listing, a current price from another exchange, such as a regional or electronic marketplace, may be used. In the absence of those prices in the case of U.S. securities, OTC Bulletin Board, OTC Equity (non-OTCBB stocks), and Pink Sheet traded prices could be applied in that order.

* If neither a traded price nor a bid/asked range is available, the Committee will evaluate the status of the suspended stock. The Committee may consult with

managers of portfolios linked to indexes in which the stock is a constituent in determining the value of the stock. If the Committee concludes that the security has become worthless or is likely to remain too illiquid to be traded, it will be removed from the index at .01 local currency of the stock.

XI. Float Adjustment

The S-Network Procure Space Net Total Return Index is constructed and weighted using free-float market capitalization. Float-adjusted rather than full market capitalization is used to reflect the number of shares actually available to investors.

- i) **Qualifications.** A company's outstanding shares are adjusted by block ownership to reflect only truly tradable and investable shares. The following four types of block ownership are considered during float adjustment:
 - * Cross ownership – shares that are owned by other companies (including banks and life insurance companies)
 - * Government ownership – shares that are owned by governments (central or municipal) or their agencies
 - * Private ownership – shares that are owned by individuals, families or charitable trusts and foundations
 - * Restricted shares – shares that are not allowed to be traded during a certain time period. However, a company's outstanding shares are not adjusted by institutional investors' holdings, which include, but are not limited to, the following categories:
- ii) **Threshold.** A company's outstanding shares are adjusted if, and only if, an entity in any of the four qualified categories listed above owns 5% or more of the company. Its shares will not be adjusted if the block ownership is less than 5%.
- iii) **Foreign Restriction.** The float adjustment rules also apply to foreign companies that have cross ownership of 5% or more. If a government has a foreign ownership restriction of 5% or more, the lesser of free-float shares or the portion that is available for foreign investment will be used for index calculation.

XII. Calculation and Adjustments

- i) **Input Data Sources**
 - * Real-time stock prices are provided by Reuters. The latest trading price is used for index calculation.
 - * The number of shares is determined separately for each class of stock. This information is obtained from regulatory filings and a variety of data vendors. The data also may be sourced from the companies themselves.
 - * Corporate actions are sourced from public news services, regulatory filings and data vendors. The companies themselves may be used as an additional source.
 - * Float data are obtained from a variety of sources including data vendors, exchanges, regulators and the companies themselves.

- ii) **Index Formula.** The index is calculated using a Laspeyres formula. This formula is used for the calculation of the return index and the price index. The only difference is that the divisor D_t is different for the two indexes (return index and price index).

The index is computed as follows:

$$\text{Index}_t = \frac{\sum_{i=1}^n (p_{it} \times q_{it})}{C_t \times \sum_{i=1}^n (p_{i0} \times q_{i0})} \times \text{Base Index Value} = \frac{M_t}{B_t} \times \text{Base Index Value}$$

The above mentioned formula can be simplified as: $\text{Index}_t = \frac{M_t}{D_t}$

Where:

$$D_t = \frac{B_t}{\text{base index value}} = \text{divisor at time (t)}$$

- n = the number of stocks in the index
- p_{i0} = the closing price of stock i at the base date (December 31, 2014)
- q_{i0} = the number of shares of company i at the base date (December 31, 2014)
- p_{it} = the price of stock i at time (t)
- q_{it} = the number of shares of company i at time (t)
- C_t = the adjustment factor for the base date market capitalization
- t = the time the index is computed
- M_t = market capitalization of the index at time (t)
- B_t = adjusted base date market capitalization of the index at time (t)

Dividend payments are not taken into account in the price indexes, whereas dividend payments are reinvested in the index samples of the total return indexes.

- iii) **Divisor Adjustments.** Corporate actions affect the share capital of component stocks and therefore trigger increases or decreases in the index. To avoid distortion, the divisor of the index is adjusted accordingly.

* **Formulae for Divisor Adjustment.** The following formulae will be used for divisor adjustments. (Note: No divisor adjustments are necessary for stock splits, since market capitalization does not change and the share number and share price are adjusted prior to the opening of trading on the split's ex-date.)

$$D_{t+1} = D_t \times \frac{\sum (p_{it} \times q_{it}) \pm \Delta MC_{t+1}}{\sum (p_{it} \times q_{it})}$$

Where:

- D_t = divisor at time (t)
- D_{t+1} = divisor at time $(t+1)$
- p_{it} = stock price of company i at time (t)
- q_{it} = number of shares of company i at time (t)

ΔMC_{t+1} = add new components' market capitalization and adjusted market capitalization (calculated with adjusted closing prices and shares effective at time t+1 and/or minus market capitalization of companies to be deleted (calculated with closing prices and shares at time t)

Note: If the current trading price of an issue is unavailable, the previous trading session's closing price is used. However, if the issue is affected by any corporate action that requires an adjustment, then the adjusted price is used.

* Adjustments for Corporate Actions. An index divisor may decrease (▼) or increase (▲) or keep constant (■) when corporate actions occur for a component stock. Assuming shareholders receive "B" new shares for every "A" share held for the following corporate actions:

▼ A) CASH DIVIDEND (applied for return index only)

adjusted price = closing price - dividend announced by the company

▼ B) SPECIAL CASH DIVIDEND (applied for price and return index)

adjusted price = closing price - dividend announced by the company

■ C) SPLIT AND REVERSE SPLIT

adjusted price = closing price * A / B new number of shares = old number of shares * B / A

■ D) RIGHTS OFFERING

adjusted price = (closing price * A + subscription price * B) / (A + B) new number of shares = old number of shares * (A + B) / A

■ E) STOCK DIVIDEND

adjusted price = closing price * A / (A + B) new number of shares = old number of shares * (A + B) / A

▼ F) STOCK DIVIDEND OF A DIFFERENT COMPANY SECURITY

adjusted price = (closing price * A - price of the different company security * B) / A

▼ G) RETURN OF CAPITAL AND SHARE CONSOLIDATION

adjusted price = (closing price - dividend announced by company) * A / B new number of shares = old number of shares * B / A

▼ H) REPURCHASE SHARES-SELF TENDER

adjusted price = [(price before tender * old number of shares) - (tender price * number of tendered shares)] / (old number of shares - number of tendered shares)

new number of shares = old number of shares - number of tendered shares

▼ I) SPIN-OFF

adjusted price = (closing price * A - price of spun-off shares * B) / A

▲ J) COMBINATION STOCK DISTRIBUTION (DIVIDEND OR SPLIT) AND RIGHTS OFFERING

Shareholders receive B new shares from the distribution and C new shares from the rights offering for every A shares held:

* If rights are applicable after stock distribution (one action applicable to other). $\text{adjusted price} = [\text{closing price} * A + \text{subscription price} * C * (1 + B / A)] / [(A + B) * (1 + C / A)]$ new number of shares = old number of shares * $[(A + B) * (1 + C / A)] / A$

* If stock distribution is applicable after rights (one action applicable to other). $\text{adjusted price} = [\text{closing price} * A + \text{subscription price} * C] / [(A + C) * (1 + B / A)]$ new number of shares = old number of shares * $[(A + C) * (1 + B / A)]$

▲ K) STOCK DISTRIBUTION AND RIGHTS (NEITHER ACTION IS APPLICABLE TO THE OTHER) $\text{adjusted price} = [\text{closing price} * A + \text{subscription price} * C] / [A + B + C]$ new number of shares = old number of shares * $[A + B + C]$

- iv) Computational Precision. Index values are rounded to two decimal places and divisors are rounded to integers. Any values derived by the index calculation engine from a corporate action used for the divisor adjustments and index computations are rounded to seven decimal places.

XIII. Data Correction Policy

To maintain a high standard of data integrity, a series of procedures have been implemented to ensure accuracy, timeliness and consistency. Input prices are monitored using a variety of computerized range-check warning systems for both ticker-plant and real-time index systems. Fault tolerant methods are employed in the collection of market and corporate action data. Various verification and audit tasks are performed to ensure the quality of the real-time data feeds and related market data. While every effort is taken to ensure the accuracy of the information used for the index calculation, an index error may occur due to incorrect or missing data, including trading prices, exchange rates, shares outstanding and corporate actions, due to operational errors or other reasons.

- i) Intraday Corrections. Reasonable efforts are employed to prevent erroneous data from affecting the indexes. Corrections will be made for bad prices and incorrect or missing corporate actions as soon as possible after detection.
- v) Since the indexes are calculated on a real-time basis, an incorrect index value tick will not be fixed retroactively. Incorrect daily high/low index values will be corrected as soon as practicable.
- ii) Index-Related Data and Divisor Corrections. Incorrect pricing and corporate action data for individual issues in the database will be corrected upon detection. In addition, an incorrect divisor of an index, if discovered within five days of its occurrence, will always be fixed on the day it is discovered to prevent an error from being carried forward.
- vi) If a divisor error is discovered more than five days after occurrence, the adjustment will depend upon how significant the error is, how far back the error occurred and the feasibility of performing the adjustment.

XIV. Appendix A: Review Schedule

Share Updates

Frequency: Quarterly
 Effective date: The close of trading on the 3rd Friday of that month
 Advance notice: At least two business days

Reconstitutions
 Frequency: Semi-Annual
 Effective date: The close of trading on the 3rd Friday of that month
 Advance notice: At least two business days

News Notification*
 Frequency: As needed
 Effective date: As announced
 Advance notice: At least two business days whenever possible

* Includes events such as de-listings, mergers, bankruptcies and other extraordinary events.

* Based on available news.

XV. Appendix B: Glossary of Key Terms

Diversification is measured in terms of space revenue percentage, which is the percentage of a company's total annual revenues that are derived from space-related business. Non-diversified companies derive at least 50% (but typically 100%) of their total annual revenues from space-related business. Diversified companies are those in which space-related business plays a significant role in the generation of revenues but produces less than 50% of total annual revenues. In all cases, space-related revenues are determined through review of the company's regulatory filings and investor-focused materials, including quarterly earnings announcements and analyst presentations, as well as other reliable data sources. Space-related revenues are then divided by the company's total revenues to determine its percentage of space-related revenues.

Float factor: The percentage of a given stock's shares outstanding that are freely trading on an exchange, rather than being held by insiders, governments and similarly long-term investors.

Float-adjusted market capitalization: Market capitalization that is calculated using the number of float shares rather than the total number of shares outstanding. Equivalently, this can be calculated as follows: (Shares Outstanding * Float Factor * Stock Price = Float Market Cap)

Index divisor: The denominator in the daily index value calculation (Total Index Market Cap / Index Divisor = Index Value). The Index Divisor is adjusted occasionally to cancel out Index Market Cap changes that result from corporate actions and rebalances.

Index market capitalization: The value of a position in the virtual portfolio used for index calculation. In the context of an individual stock, this term refers to that stock's Index Market Cap, which is calculated as (Index Shares * Stock Price = Index Market Cap). In the context of the overall index portfolio, this term refers to the sum of all the constituent stocks' Index Market Caps, and this sum is used together with the Index Divisor to calculate the Index Value for each day.

Index shares: The number of shares set for a given stock position in a portfolio made for index calculation. These usually include fractional shares rather than integers, because the shares are set according to the target Index Market Capitalization (typically 100 million USD as of each rebalance date).

Index weight: The percentage of the virtual portfolio's value that is allocated to an individual stock. This can be calculated as follows: $(\text{Stock's Index Market Cap} / \text{Total Index Market Cap} = \text{Index Weight})$

Market capitalization: Each stock has a certain number of shares outstanding. Multiplying the number of shares outstanding by the stock's price gives the stock's market capitalization, which is a measure of that stock listing's total value.

Modified market capitalization: Market capitalization that is mathematically modified by one or more factors for the purpose of weighting in an index portfolio. The modification factor is often a percentage multiple, such that when a company's index weight is set according to its modified market cap, the company receives anywhere from full credit to zero credit for its actual (unmodified) market cap. For example, a company with a \$10 billion market cap and a modification factor of 50% will be weighted as if its market cap were only \$5 billion.

Space: Although there is no legal definition of "space," a commonly accepted definition is that the edge of space begins at the Kármán line, which is 100 kilometers (62 miles) above the Earth's surface. This is approximately the point where there is not enough air to provide lift to a winged vehicle. This definition is supported by the Fédération Aéronautique Internationale (an international aeronautics and astronautics standards-setting body), as well as many other organizations.

Space-related business: A company is considered to be in a "space-related business" if its product(s) or service(s) either have as their essential purpose — or are entirely dependent upon — "space-based functions." Space-based functions include any kind of function carried out by hardware, software, or humans physically located in space. In the case of companies that make products that go into space (such as launch vehicles), or companies that operate or maintain systems used in space (such as satellites), the space-related nature of the business is clear. In the case of companies whose products and services are used wholly on Earth, space must play an essential role in the business. For example, a company that manufactures GPS navigation systems as its primary business is wholly dependent upon those products' GPS satellite connectivity and therefore is engaged in a space-related business. By contrast, an automaker that incorporates a GPS navigation system into its automobiles is not considered to be engaged in a space-related business because the GPS system is not essential to the operation of the automobile and accounts for a negligible part of the selling price.

Space-related revenue (also referred to as "space revenue"): The revenue that a company derives from its space-related business.

Tranche weight: The weight within an index that is assigned to a given tranche of that index portfolio.

Within-tranche weight: The weight of a stock position within the tranche that contains that stock, as opposed to the weight of the stock position within the overall index portfolio. This can be thought of as the stock position's value as a percentage of the total value of all the stock positions within that same tranche, excluding all the stock positions that fall into other tranches of the index. The Within-Tranche Weight

can be calculated by (Stock's Index Market Cap / Sum of all Index Market Caps from within the same tranche = Within-Tranche Weight), and it can also be used together with the tranche's weight to calculate a stock's Index Weight as follows: (Within-Tranche Weight * Tranche Weight = Index Weight)