

S&P Emerging Asia 40 *Methodology*

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Introduction

Index Objective

The S&P Emerging Asia 40 measures the performance of 40 large companies from the emerging markets of China, India, Indonesia, Malaysia, the Philippines and Thailand.

Highlights

Chinese and Indian companies are represented with listings on the Hong Kong Stock Exchange, the London Stock Exchange, NASDAQ, and/or the NYSE. For the other four markets, local listings are also eligible.

Constituent companies are members of the S&P/IFC Investable Index (S&P/IFCI), which meet minimum market capitalization and liquidity requirements. The index employs a modified market capitalization weighting scheme with index composition divided evenly between two regions: 1) China and India, and 2) Southeast Asia.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Index Eligibility

To be eligible for index inclusion, companies must first be constituents of the S&P/IFCI country indices for China, India, Indonesia, Malaysia, the Philippines or Thailand. Additions and deletions that coincide with the September reconstitution are part of this analysis.

For more information on the S&P/IFCI index, please refer to the S&P Global BMI, S&P/IFCI Methodology.

Eligibility Factors

Market Capitalization. Stocks must have a float-adjusted market capitalization above US\$ 200 million. Current constituents with a float-adjusted market capitalization of at least US\$ 150 million remain eligible for index inclusion.

Liquidity. Stocks must have three-month average daily value traded above US\$ 5 million as of the rebalancing reference date. This may be reduced to US\$ 3 million during periods in which the more stringent liquidity threshold results in an insufficient stock count.

Domicile. Companies must be domiciled in China, India, Indonesia, Malaysia, the Philippines or Thailand.

Listing Venues. The Chinese and Indian stocks must be trading on one of the following developed market exchanges: the Hong Kong Stock Exchange, the London Stock Exchange, NASDAQ or the NYSE. For the Southeast Asian stocks from Indonesia, Malaysia, the Philippines, and Thailand local listings are also eligible.

Multiple Share Classes

Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Index Construction

Approaches

There are two steps in the creation of the index. The first is the selection of the 40 constituents; the second is the weighting of the index constituents.

Constituent Selection

1. As of the rebalancing reference date, the eligible stocks are ranked by total market capitalization.
2. For China and India, the top 10 listed stocks by total market capitalization are selected from each country. Where there are fewer than 10 eligible securities for a respective country, the shortfall is made up by the other country to ensure that 20 stocks come from the group referred to as “China and India”.
3. For Southeast Asia, the top 20 listed stocks by total market capitalization from Indonesia, Malaysia, the Philippines or Thailand are selected for inclusion.

If there are not a minimum of 40 eligible companies at the time of the review one or more of the eligibility requirements may be relaxed to ensure 40 constituents.

S&P Dow Jones Indices believes turnover in index membership should be avoided when possible. At times a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to an index, not for continued membership. As a result, an index constituent that appears to violate criteria for addition to that index will not be deleted unless ongoing conditions warrant an index change.

Constituent Weightings

At each rebalancing, modifications are made to market cap weights, if required, to reflect available float, reduce single stock and country concentration, and enhance index basket liquidity as follows:

- No stock can have a weight of more than 10% in the index
- China and India stocks cannot have a combined weight greater than 50% in the index
- The minimum initial portfolio size that can be turned over in a single day (based on recent trading volumes) cannot be lower than US\$ 200 million

Please refer to S&P Dow Jones Indices’ Index Mathematics Methodology for further details on the modified market cap methodology.

Index Calculations

The index is calculated by means of the divisor methodology used for all S&P Dow Jones Indices equity indices.

For more information on the index calculation methodology, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.

Index Maintenance

Rebalancing

The index is rebalanced semi-annually, effective after the close of the last business day of March and September. The rebalancing reference date for the data used in the review is the last business day of February and August, respectively.

Additions. Except for spin-offs, companies can only be added to the index at the time of the rebalancing.

Deletions. Between rebalancings, a company can be deleted from the index due to corporate events such as mergers, acquisitions, delistings or a significant event that affects company size and liquidity.

Index Actions

Corporate Action	Adjustment Made to Index	Divisor Adjustment?
Spin-off	Please refer to the Treatment of Spin-offs in S&P Dow Jones Indices' Equity Indices Policies & Practices document.	
Rights Offering	The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Offering/Rights Ratio). Index shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock dividend, stock split, reverse stock split	Index shares are multiplied by and price is divided by the split factor.	No
Share Issuance, Share Repurchase, Equity Offering or Warrant Conversion	None.	No
Special Dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Constituent Change	There are no intra-rebalancing additions.	-
	Deletions due to delistings, acquisition or any other corporate event resulting in the deletion of the stock from the index will cause the weights of the rest of the stocks in the index to change. Relative weights will stay the same.	Yes

For more information on corporate actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Please refer to the S&P Dow Jones Indices' Index Mathematic Methodology for more details on the treatment of corporate actions for modified market capitalization weighted indices.

Investable Weight Factor (IWF)

Please refer to S&P Dow Jones Indices' Float Adjustment Methodology for details on IWFs.

Currency, Currency Hedged, and Risk Control Indices

Currency, currency hedged, and risk control versions of the indices may be available. For a list of available currency, currency hedged, and risk control indices, please contact Client Services at index_services@spglobal.com.

For more information on currency, currency hedged, and risk control indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Base Date and History Availability

Index history availability, base date and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P Emerging Asia 40	07/06/2011	03/31/2006	03/31/2006	1000

Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“.SDL”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.

Index Governance

Index Committee

S&P Dow Jones Indices' Global Strategy Index Committee maintains the index. All committee members are full-time professionals at S&P Dow Jones Indices. The Index Committee meets at least monthly. At each meeting, the Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily via ftp to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

All methodology changes are posted to the S&P Dow Jones Indices' Web site and announced via email to all clients. The latest available version is posted on the Web site at www.spdji.com.

For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices seven business days prior to the rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated daily, throughout the year, except on days when all exchanges where the index's constituents are listed are officially closed.

A complete holiday schedule for the year is available at www.spdji.com.

Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Real-time Indices

Real-time, intra-day, index calculations are executed for certain indices. Real-time indices are not restated.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Contact Information

For any questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All currency, currency hedged, risk control, and return type versions of the below indices that may exist are also covered by this document. Please contact index_services@spglobal.com for a complete list of indices covered by this document.

Index (Currency)	Return Type	Bloomberg
S&P Emerging Asia 40 (USD)	Price Return	SPEM40UP
	Total Return	SPEM40UT
	Net Total Return	SPEM40UN
S&P Emerging Asia 40 (EUR)	Price Return	SPEM40EP
	Total Return	SPEM40ET
	Net Total Return	SPEM40EN
S&P Emerging Asia 40 (SEK)	Price Return	SPEM40SP
	Total Return	SPEM40ST
	Net Total Return	SPEM40SN

FTP

Daily constituent and index level data are available via FTP subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

Appendix

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Index Additions	09/30/2015	No companies are added between rebalancings.	Except for spin-offs, companies can only be added to the index at the time of the rebalancing.

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