

S&P DR Indices *Methodology*

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Introduction

Index Objective and Highlights

The S&P DR Indices¹ measure the performance of U.S. exchange-listed Depositary Receipts (DR), New York Shares, Global Registered Shares, LSE-traded GDRs, and ADRs traded over-the-counter (OTC) that represent non-U.S. and non-Canadian equity securities and meet the criteria listed below for each index. Index constituents are weighted either by a float-adjusted market capitalization or capped market capitalization scheme, with the respective index weight caps defined in *Eligibility Criteria and Index Construction*.

Index Family

The index family currently includes the following:

- **S&P ADR Composite Index.** The index measures the float-adjusted market capitalization weighted performance of U.S. exchange-listed American Depositary Receipts (ADRs), New York Shares, and Global Registered Shares.
- **S&P Classic ADR Composite Index.** The index measures the float-adjusted market capitalization weighted performance of U.S. exchange-listed ADRs, New York Shares, Global Registered Shares, and ADRs traded over-the-counter (OTC).
- **S&P DR Composite Index.** The index measures the float-adjusted market capitalization weighted performance of London Stock Exchange (LSE) traded Global Depositary Receipts (GDRs), all U.S. exchange-listed ADRs, New York Shares, and Global Registered Shares.
- **S&P GDR Composite Index (USD).** The index measures the float-adjusted market capitalization performance of LSE-traded GDRs.
- **S&P Classic DR Composite Index.** The index measures the float-adjusted market capitalization weighted performance of LSE-traded GDRs, all U.S. exchange-listed ADRs, New York Shares, Global Registered Shares, and ADRs traded OTC in the U. S.
- **S&P Asia 50 ADR Index.** The index measures the capped market capitalization weighted performance of 50 of the largest and most liquid stocks in the S&P ADR Composite Index domiciled in Asia.
- **S&P BIC Select ADR Index.** The index measures the capped market capitalization weighted performance of the largest and most liquid stocks in the S&P ADR Composite Index domiciled in Brazil, China, and India.
- **S&P China Select ADR Index.** The index measures the capped market capitalization weighted performance of the largest and most liquid stocks in the S&P ADR Composite Index domiciled in China.
- **S&P China Xia Yi Dai ADR Index.** The index measures the capped market capitalization weighted performance of the largest and most liquid stocks in the S&P ADR Composite Index domiciled in China and listed in the U. S.
- **S&P Developed Markets 100 ADR Index.** The index measures the capped market capitalization weighted performance of 100 of the largest and most liquid stocks domiciled in developed markets in the S&P ADR Composite Index.

¹ The indices were originally created and published by The Bank of New York Mellon Corporation ('BNY Mellon') under a different name with S&P Dow Jones Indices serving as calculation agent. Effective April 1, 2019, S&P Dow Jones Indices acquired the ownership rights to the indices and calculates, administrates, and distributes them.

- **S&P Emerging Asia Select Classic ADR Index.** The index measures the capped market capitalization weighted performance of the largest and most liquid stocks in the S&P Classic ADR Composite Index domiciled in emerging market countries in Asia.
- **S&P Emerging 50 ADR Index.** The index measures the capped market capitalization weighted performance of 50 of the largest and most liquid stocks domiciled in emerging markets in the S&P ADR Composite Index.
- **S&P Europe Select ADR Index.** The index measures the capped market capitalization weighted performance of the largest and most liquid stocks in the S&P ADR Composite Index domiciled in Europe.
- **S&P India Select DR Index.** The index measures the capped market capitalization weighted performance of the largest and most liquid stocks in the S&P DR Composite Index domiciled in India.
- **S&P International 100 ADR Index.** The index measures the capped market capitalization weighted performance of 100 of the largest and most liquid stocks in the S&P ADR Composite Index domiciled outside of the U. S.
- **S&P International Telecom Select DR Index.** The index measures the capped market capitalization weighted performance of the largest and most liquid stocks classified as part of the GICS Telecommunications industry group in the S&P DR Composite Index domiciled outside of the U. S.
- **S&P Latin America 35 ADR Index.** The index measures the capped market capitalization weighted performance of 35 of the largest and most liquid stocks in the S&P ADR Composite Index domiciled in Latin America.
- **S&P SmallCap Select ADR Index.** The index measures the capped market capitalization weighted performance of small-cap stocks in the S&P ADR Composite Index.

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
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	GICS 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 and Index Construction

Index Universe

For each index, the index universe is provided below.

Index	Index Universe
S&P ADR Composite Index	A company must have a level II or III ADR program, New York Shares or Global Registered Shares listed with the NYSE or Nasdaq.
S&P Classic ADR Composite Index	A company must have a level II or III ADR program, New York Shares or Global Registered Shares listed with the NYSE or Nasdaq, or a Level 1 ADR program traded OTC.
S&P GDR Composite Index	A company must have an LSE-listed GDR program
S&P DR Composite Index	A company must have a level II or III ADR program, New York Shares or Global Registered Shares listed with the NYSE or Nasdaq, or an LSE-listed GDR program.
S&P Classic DR Composite Index	A company must have a level II or III ADR program, New York Shares or Global Registered Shares listed with the NYSE or Nasdaq, a Level 1 ADR program traded OTC, or an LSE-listed GDR program.
S&P Asia 50 ADR Index	A company must first be a constituent of the S&P ADR Composite Index.
S&P BIC Select ADR Index	
S&P China Select ADR Index	
S&P China Xia Yi Dai ADR Index	
S&P Developed Markets 100 ADR Index	
S&P DR Composite Index	
S&P Emerging 50 ADR Index.	
S&P Europe Select ADR Index	
S&P International 100 ADR Index	
S&P Latin America 35 ADR Index	
S&P SmallCap Select ADR Index	
S&P Emerging ADR Index	
S&P Classic ADR Composite Index (USD)	
S&P Emerging Asia Select Classic ADR Index	
S&P Emerging Classic ADR Index	
S&P India Select DR Index	A company must first be a constituent of the S&P DR Composite Index.
S&P International Telecom Select DR Index	
S&P Emerging DR Index	

All programs eligible to the ADR and GDR programs are eligible to the DR indices. All programs eligible to the Classic ADR and GDR programs are eligible to the Classic DR indices.

For more information, please refer to the Exchange Listing eligibility criteria on the S&P U.S. Indices Methodology.

Multiple Share Classes and Dual Listed Companies

All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A in the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Country Classifications

South Korea is considered emerging by S&P DR Indices.

For more information on country classifications, please refer to S&P Dow Jones Indices' Country Classification Methodology.

Index Calculations

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

For more information on the index calculation methodology, please refer to the Market Capitalization Weighted Indices and Capped Market Capitalization Weighted Indices sections, respectively, of S&P Dow Jones Indices' Index Mathematics Methodology.

S&P ADR Composite Index, S&P Classic ADR Composite Index, S&P DR Composite Index, S&P GDR Composite Index (USD), and S&P Classic DR Composite Index

Eligibility Factors. Stocks must have been continuously trading for at least three months to be eligible for inclusion in the index.

Constituent Selection. All stocks meeting the eligibility criteria are selected for index inclusion. If a company has both a GDR and an OTC-listed ADR, the GDR is selected for inclusion.

Constituent Weightings. Constituents are weighted by float-adjusted market capitalization (FMC).

S&P Emerging ADR Index, S&P Emerging Classic ADR Index, and S&P Emerging DR Index

Eligibility Factors. As of each rebalancing reference date, companies must meet the following criteria to be eligible:

- **Domicile.** Must be domiciled in an Emerging, Frontier, or Standalone market.

Constituent Selection. Select all stocks meeting the eligibility criteria for index inclusion.

Constituent Weightings. At each rebalancing, the index is FMC weighted.

S&P Asia 50 ADR Index

Eligibility Factors:

- **Domicile.** Companies must be domiciled in Asia.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month average daily value traded (ADVT) on the primary exchange of the ADR of at least US\$ 100,000 and a three-month ADVT in the combined global market of at least US\$ 1 million.
- **Security Type.** Passive Foreign Investment Companies (PFICs) are excluded on a best efforts basis.

Constituent Selection. At each rebalancing eligible securities are sorted by FMC. The top 50 securities are chosen, subject to the following buffer rule:

- Current constituents remain in the index provided that the FMC of the smallest current member is no more than 5% lower than that of the largest eligible non-member.
- If the smallest current member is 5% or more lower than the largest eligible non-member the smallest current member is replaced by the largest eligible non-member.
- The process continues with the second smallest current member (compared to the second largest eligible non-member) and proceeds iteratively until the target count is reached.

If there are less than 50 eligible securities, then all eligible securities are included in the index.

Constituent Weightings. At each rebalancing the index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and Investable Weight Factors (IWFs) as of the rebalancing effective date, each company's initial FMC weight is modified as defined below:

1. If any company has a weight greater than 20%, the weight is capped at 20%.
2. All excess weight is proportionally redistributed to all uncapped companies within the index.
3. The process repeats iteratively until no company breaches the 20% weight cap.
4. The sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached is reduced to 4.5%.
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P BIC Select ADR Index

Eligibility Factors.

- **Domicile.** Companies must be domiciled in Brazil, India, or China.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the ADR of at least US\$ 100,000 and a three-month average ADVT in the combined global market of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. All stocks meeting the eligibility criteria are selected for index inclusion.

Constituent Weightings. At each rebalancing the index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and Investable Weight Factors (IWFs) as of the rebalancing effective date, each company's initial FMC weight is modified as defined below:

1. If any company has a weight greater than 20% the weight is capped at 20%.
2. All excess weight is proportionally redistributed to all uncapped companies within the index.
3. The process repeats iteratively until no company breaches the 20% weight cap.
4. The sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached is reduced to 4.5%.
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P China Select ADR Index

Eligibility Factors

- **Domicile.** Companies must be domiciled in China.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the ADR of at least US\$ 100 thousand and a three-month ADVT in the combined global markets of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. All stocks meeting the eligibility criteria are selected for index inclusion.

Constituent Weightings. At each rebalancing, the index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company's initial FMC weight is modified as defined below:

1. If any company has a weight greater than 20% the weight is capped at 20%.
2. All excess weight is proportionally redistributed to all uncapped companies within the relevant index.
3. The process repeats iteratively until no company breaches the 20% weight cap.
4. The sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached has its weight reduced to 4.5%.
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P China Xia Yi Dai ADR Index

Eligibility Factors

- **Domicile.** Companies must be domiciled in China and the primary listing must be on a U.S. exchange.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 100 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT, on the primary exchange of the ADR, of at least US\$ 100,000 and a three-month ADVT in the combined global markets of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. All stocks meeting the eligibility criteria are selected for index inclusion.

Constituent Weightings. At each rebalancing, the index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company's initial FMC weight is modified as defined below:

1. If any company has a weight greater than 10% the weight is capped at 10%.
2. All excess weight is proportionally redistributed to all uncapped companies within the relevant index.
3. The process repeats iteratively until no company breaches the 10% weight cap.
4. The sum of the companies with weights greater than 5% cannot exceed 40% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 40% limit to be breached has its weight reduced to 5%.
6. This excess weight is proportionally redistributed to all companies with weights below 5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P Developed Markets 100 ADR Index

Eligibility Factors

- **Domicile.** Companies must be domiciled in a developed market.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT, on the primary exchange of the ADR, of at least US\$ 100,000 and a three-month ADVT in the combined global markets of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. At each rebalancing eligible securities are sorted by FMC. The top 100 securities are chosen, subject to the following buffer rule:

- Current constituents remain in the index provided that the FMC of the smallest current member is no more than 5% lower than that of the largest eligible non-member.
- If the FMC of the smallest current member is 5% or more lower than the largest eligible non-member smallest current member is replaced by the largest eligible non-member.
- The process continues with the second smallest current member (compared to the second largest eligible non-member) and proceeds iteratively until the target count is reached.

If there are less than 100 eligible securities, then all eligible securities are included in the index.

Constituent Weightings. At each rebalancing the index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and Investable Weight Factors (IWFs) as of the rebalancing effective date, each company's initial FMC weight is modified as defined below:

1. If any company has a weight greater than 20% the weight is capped at 20%.
2. All excess weight is proportionally redistributed to all uncapped companies within the index.
3. The process repeats iteratively until no company breaches the 20% weight cap.
4. The sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached is reduced to 4.5%.
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P Emerging Asia Select Classic ADR Index

Eligibility Factors

- **Domicile.** Companies must be domiciled in an emerging market in Asia.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a total three-month ADVT on the primary exchange of the ADR and the local share of at least US\$ 500 thousand.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. All stocks meeting the eligibility criteria are selected for index inclusion.

Constituent Weightings. At each rebalancing, the index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company's initial FMC weight is determined using an optimization procedure that chooses final weights in such a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock, subject to the following constraints: the maximum weight of each security is 10%, the maximum aggregate weight of all securities with a weight of 5% or greater is 40%, and the maximum weight of any given country, as defined by a stock's country of domicile, is 50%.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P Emerging 50 ADR Index

Eligibility Factors

- **Domicile.** Companies must be domiciled in an emerging market.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the ADR of at least US\$ 100,000 and a three-month ADVT in the combined global markets of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. At each rebalancing eligible securities are sorted by FMC. The top 50 securities are chosen, subject to the following buffer rule:

- Current constituents remain in the index provided that the FMC of the smallest current member is no more than 5% lower than that of the largest eligible non-member.
- If the FMC of the smallest current member is 5% or more lower than the largest eligible non-member, the smallest current member is replaced by the largest eligible non-member.
- The process continues with the second smallest current member (compared to the second largest eligible non-member) and proceeds iteratively until the target count is reached.

If there are less than 50 eligible securities, then all eligible securities are included in the index.

Constituent Weightings. At each rebalancing the index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and Investable Weight Factors (IWFs) as of the rebalancing effective date, each company's initial FMC weight is modified as defined below:

1. If any company has a weight greater than 20% the weight is capped at 20%.
2. All excess weight is proportionally redistributed to all uncapped companies within the index.
3. The process repeats iteratively until no company breaches the 20% weight cap.
4. The sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached is reduced to 4.5%.
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P Europe Select ADR Index

Eligibility Factors

- **Domicile.** Companies must be domiciled in Europe.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the ADR of at least US\$ 100 thousand and a three-month ADVT in the combined global markets of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. All stocks meeting the eligibility criteria are selected for index inclusion.

Constituent Weightings. The index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company's initial FMC weight is modified as defined in the steps below:

1. If any company has a weight greater than 20% the weight is capped at 20%.
2. All excess weight is proportionally redistributed to all uncapped companies within the relevant index.
3. The process repeats iteratively until no company breaches the 20% weight cap.
4. The sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached has its weight reduced to 4.5%.
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P India Select DR Index

Eligibility Factors

- **Domicile.** Companies must be domiciled in India.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 100 million (US\$ 50 million for current constituents).
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the DR of at least US\$ 300,000 (US\$ 150,000 for current constituents) and a three-month ADVT in the combined global market of at least US\$ 1 million (US\$ 500,000 for current constituents).
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. All stocks meeting the eligibility criteria are selected for index inclusion. If there are less than 10 eligible stocks, the DR liquidity eligibility factor is relaxed to US\$ 100,000 for current constituents. If there are still less than 10 eligible stocks, stocks with the highest DR volume are selected until the index reaches a constituent count of 10.

Constituent Weightings. The index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company's initial FMC weight is modified as defined in the steps below:

1. If any company has a weight greater than 15% the weight is capped at 15%.
2. All excess weight is proportionally redistributed to all uncapped companies within the relevant index.
3. The process repeats iteratively until no company breaches the 15% weight cap.
4. If there are less than 25 companies in the index the capping is complete at this point. If there are 25 companies or more than the sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached has its weight reduced to 4.5%
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P International 100 ADR Index

Eligibility Factors

- **Domicile.** Companies must be domiciled in any country other than the United States.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the ADR of at least US\$ 100,000 and a three-month ADVT in the combined global markets of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. At each rebalancing eligible securities are sorted by FMC. The top 100 securities are chosen, subject to the following buffer rule:

- Current constituents remain in the index provided that the FMC of the smallest current member is no more than 5% lower than that of the largest eligible non-member.
- If the FMC of the smallest current member is 5% or more lower than the largest eligible non-member the smallest current member is replaced by the largest eligible non-member.
- The process continues with the second smallest current member (compared to the second largest eligible non-member) and proceeds iteratively until the target count is reached.

If there are less than 100 eligible securities, then all eligible securities are included in the index.

Constituent Weightings. The index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company's initial FMC weight is modified as defined in the steps below:

1. If any company has a weight greater than 20% the weight is capped at 20%.
2. All excess weight is proportionally redistributed to all uncapped companies within the relevant index.
3. The process repeats iteratively until no company breaches the 20% weight cap.
4. The sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached has its weight reduced to 4.5%.
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P International Telecom Select DR Index

Eligibility Factors

- **Sector.** Companies must be classified as part of the GICS Telecommunication Services Industry Group (Code: 5010).
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the DR of at least US\$ 100,000 and a three-month ADVT in the combined global markets of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. All stocks meeting the eligibility criteria are selected for index inclusion.

Constituent Weightings. At each rebalancing, the index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company's initial FMC weight is modified as defined below:

1. If any company has a weight greater than 10% the weight is capped at 10%.
2. All excess weight is proportionally redistributed to all uncapped companies within the relevant index.
3. The process repeats iteratively until no company breaches the 10% weight cap.
4. The sum of the companies with weights greater than 5% cannot exceed 40% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 40% limit to be breached has its weight reduced to 5%.
6. This excess weight is proportionally redistributed to all companies with weights below 5%. This is repeated iteratively until step 5 is satisfied.

If there are fewer than 25 companies eligible for index inclusion, for the capping rules to be adhered to, the 10% rule described in Step1 will be relaxed to 15%, the limit in Step 5 to 45%, and weight to 7.5%.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

S&P Latin America 35 ADR Index

Eligibility Factors

- **Domicile.** Companies must be domiciled in Latin America.
- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million.
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the ADR of at least US\$ 100,000 and a three-month ADVT in the combined global markets of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. At each rebalancing eligible securities are sorted by FMC. The top 35 securities are chosen, subject to the following buffer rule:

- Current constituents remain in the index provided that the FMC of the smallest current member is no more than 5% lower than that of the largest eligible non-member.
- If the FMC of the smallest current member is 5% or more lower than the largest eligible non-member the smallest current member is replaced by the largest eligible non-member.
- The process continues with the second smallest current member (compared to the second largest eligible non-member) and proceeds iteratively until the target count is reached.

If there are less than 35 eligible securities, then all eligible securities are included in the index.

Constituent Weightings. The index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company's initial FMC weight is modified as defined in the steps below:

1. If any company has a weight greater than 20% the weight is capped at 20%.
2. All excess weight is proportionally redistributed to all uncapped companies within the relevant index.
3. The process repeats iteratively until no company breaches the 20% weight cap.
4. The sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached has its weight reduced to 4.5%.
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

S&P SmallCap Select ADR Index

Eligibility Factors

- **Market Capitalization.** As of each rebalancing reference date, companies must have an FMC of at least US\$ 250 million (US\$ 200 million for current constituents) and cannot have a market cap above US \$2 billion (US\$ 3 billion for current constituents).
- **Liquidity.** As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the ADR of at least US\$ 100,000 and a three-month ADVT in the combined global markets of at least US\$ 1 million.
- **Security Type.** PFICs are excluded on a best efforts basis.

Constituent Selection. All stocks meeting the eligibility criteria are selected for index inclusion.

Constituent Weightings. The index is capped market capitalization weighted. With prices reflected on the rebalancing reference date, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company's initial FMC weight is modified as defined in the steps below:

1. If any company has a weight greater than 20% the weight is capped at 20%.
2. All excess weight is proportionally redistributed to all uncapped companies within the relevant index.
3. The process repeats iteratively until no company breaches the 20% weight cap.
4. The sum of the companies with weights greater than 4.5% cannot exceed 45% of the total index weight.
5. If the rule in step 4 is breached, all companies are ranked in descending order by FMC weight. The first company that causes the 45% limit to be breached has its weight reduced to 4.5%.
6. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 5 is satisfied.

For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Index Maintenance

Rebalancing

The indices are rebalanced quarterly, after the close on the third Friday of March, June, September, and December. The reference date for each rebalancing is after the close of trading five weeks prior to the rebalancing effective date.

For indices using a capped market capitalization methodology, constituents' index shares are calculated using closing prices on the Wednesday prior to the second Friday of the rebalancing month as the reference price. Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned in advance, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

Additions. Stocks are generally added to the indices only at quarterly rebalancings except in the following scenarios:

- Mergers - A new eligible security that is acquiring another Index constituent and establishing an ADR program the day after the target ADR stops trading, will ordinarily be included in the Index immediately as a stock replacement.
- Spinoffs - If an existing constituent spins off a part of its business, issues new equity to the existing shareholders, and establishes a new Depositary Receipt program for the new company, then the new company will be eligible for inclusion in the Index.

Deletions. Deletions can occur if the stock is delisted due to acquisitions, mergers, spin-offs, bankruptcies or cancellation of the ADR program. A company may also be deleted from the index due to a long-term suspension of its stock.

For a detailed explanation of the treatment of Stock Suspensions please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Corporate Actions

For information on Corporate Actions, please refer to the Market Capitalization Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Currency of Calculation and Additional Index Return Series

The indices calculate in U.S. dollars, Canadian dollars, and Indian rupees.

WMR foreign exchange rates are taken daily at 4:00 PM London Time and used in the calculation of the indices. These mid-market fixings are calculated by WMR based on LSEG data and appear on LSEG pages.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

For information on the calculation of different types of indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at www.spglobal.com/spdji/.

Base Dates and History Availability

Index history availability, base dates, and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P ADR Composite Index	12/07/2001	12/07/2001	04/12/2013	137.47
S&P Classic ADR Composite Index	02/17/2009	12/31/2001	12/31/2001	937.02
S&P DR Composite Index	10/03/2008	12/31/2001	04/12/2013	1042.88
S&P GDR Composite Index	10/08/2008	12/31/2001	04/12/2013	1223.07
S&P Classic DR Composite Index	07/01/2009	01/01/2002	01/01/2002	1000
S&P Asia 50 ADR Index	12/07/2001	12/07/2001	04/12/2013	1303.60
S&P BIC Select ADR Index	06/06/2006	12/31/2001	04/12/2013	4075.18
S&P China Select ADR Index	11/20/2007	12/31/2001	04/12/2013	3305.16
S&P China Xia Yi Dai ADR Index	10/18/2010	12/31/2005	04/12/2013	1383.14
S&P Developed Markets 100 ADR Index	12/07/2001	12/07/2001	04/12/2013	1036.22
S&P Emerging Asia Select Classic ADR Index	07/25/2014	12/31/2010	04/12/2013	919.36
S&P Emerging 50 ADR Index	12/07/2001	12/07/2001	04/12/2013	2403.81
S&P Europe Select ADR Index	12/07/2001	12/07/2001	04/12/2013	1026.88
S&P India Select DR Index	02/04/2010	12/31/2001	04/12/2013	5084.15
S&P International 100 ADR Index	12/07/2001	12/07/2001	04/12/2013	1061.07
S&P International Telecom Select DR Index	12/07/2001	12/07/2001	04/12/2013	973.86
S&P Latin America 35 ADR Index	12/07/2001	12/07/2001	04/12/2013	4116.14
S&P SmallCap Select ADR Index	02/25/2008	12/31/2001	04/12/2013	3019.45
S&P Emerging ADR Index	12/07/2001	12/07/2001	04/12/2013	278.18
S&P Emerging Classic ADR Index	02/17/2009	12/31/2001	12/31/2001	576.76
S&P Emerging DR Index	10/03/2008	12/31/2001	04/12/2013	1127.37

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

The indices are maintained by an Index Committee. The Index Committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an 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 Methodology.

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 to all clients.

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

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the indices rebalance. The pro-forma file is typically provided in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing.

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

Holiday Schedule

The indices are calculated daily, throughout the calendar year. The only days an index is not calculated or files are not distributed are on days when all exchanges where an index's constituents are listed are officially closed.

A complete holiday schedule for the year is available on S&P Dow Jones Indices' Web site at www.spglobal.com/spdji/.

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 Methodology.

Recalculation Policy

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

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

Contact Information

For 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.spglobal.com/spdji/, 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 versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	Return Type	BBG	RIC
S&P ADR Composite Index (USD)	Price Return	BKADR	.BKADR
	Total Return	--	--
	Net Total Return	BKADRT	.BKADRT
S&P Classic ADR Composite Index (USD)	Price Return	BKCAX	.BKCAX
	Total Return	--	--
	Net Total Return	BKCAXT	.BKCAXT
S&P DR Composite Index (USD)	Price Return	BKDRX	.BKDRX
	Total Return	--	--
	Net Total Return	--	--
S&P GDR Composite Index (USD)	Price Return	BKGDR	.BKGDR
	Total Return	--	--
	Net Total Return	--	--
S&P Classic DR Composite Index (USD)	Price Return	BKCDRI	.BKCDRI
	Total Return	--	--
	Net Total Return	BKCDRIT	.BKCDRIT
S&P Asia 50 ADR Index (USD)	Price Return	BKTAS	.BKTAS
	Total Return	--	--
	Net Total Return	BKTAST	.BKTAST
S&P BIC Select ADR Index (USD)	Price Return	BKBRIC	.BKBRIC
	Total Return	--	--
	Net Total Return	BKBRICT	.BKBRICT
S&P China Select ADR Index (USD)	Price Return	BKTCN	.BKTCN
	Total Return	--	--
	Net Total Return	BKTCNT	.BKTCNT
S&P China Xia Yi Dai ADR Index (USD)	Price Return	BKXYD	.BKXYD
	Total Return	--	--
	Net Total Return	BKXYDTR	.BKXYDTR
S&P Developed Markets 100 ADR Index (USD)	Price Return	BKTDM	.BKTDM
	Total Return	--	--
	Net Total Return	BKTDMT	.BKTDMT
S&P Emerging Asia Select Classic ADR Index (USD)	Price Return	BKCEA	.BKCEA
	Total Return	--	--
	Net Total Return	BKCEAT	.BKCEAT
S&P Emerging 50 ADR Index (USD)	Price Return	BKTEM	.BKTEM
	Total Return	--	--
	Net Total Return	.BKTEMT	BKTEMT

Index	Return Type	BBG	RIC
S&P Europe Select ADR Index (USD)	Price Return	BKTEUR	.BKTEUR
	Total Return	--	--
	Net Total Return	BKTEURT	.BKTEURT
S&P India Select DR Index (USD)	Price Return	BKINX	.BKINX
	Total Return	--	--
	Net Total Return	BKINXTR	.BKINXTR
S&P International 100 ADR Index (USD)	Price Return	BKTADR	.BKTADR
	Total Return	--	--
	Net Total Return	BKTADRT	.BKTADRT
S&P International Telecom Select DR Index (USD)	Price Return	BKTTL	.BKTTL
	Total Return	--	--
	New Total Return	BKTTLT	.BKTTLT
S&P Latin America 35 ADR Index (USD)	Price Return	BKTLA	.BKTLA
	Total Return	--	--
	Net Total Return	BKTLAT	.BKTLAT
S&P SmallCap Select ADR Index (USD)	Price Return	BKSCP	.BKSCP
	Total Return	--	--
	Net Total Return	BKSCPT	.BKSCPT
S&P Emerging ADR Index (USD)	Price Return	BKEM	.BKEM
	Total Return	--	--
	Net Total Return	BKEMT	.BKEMT
S&P Emerging Classic ADR Index (USD)	Price Return	BKCEM	.BKCEM
	Total Return	--	--
	Net Total Return	BKCEMT	.BKCEMT
S&P Emerging DR Index (USD)	Price Return	BKDEM	.BKDEM
	Total Return	--	--
	Net Total Return	BKDEMT	.BKDEMT

Index Data

Daily constituent and index level data are available via subscription.

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

Web site

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

SPICE

S&P Dow Jones Indices delivers daily comprehensive index data via SPICE. SPICE is a Web-based portal that provides daily prices, index returns, historic index levels, fundamental data, constituent level data and other information for these indices, depending on the client's access level.

For more information about SPICE, please refer to the SPICE product page at www.spice-indices.com.

Please contact Client Services directly at index_services@spglobal.com for access to SPICE, data requests or other questions.

Appendix A – Currency Hedge Calculation

S&P Currency and Currency Hedged Indices

A currency-hedged index is designed to represent returns for those global index investment strategies that involve hedging currency risk, but not the underlying constituent risk.²

Investors employing a currency-hedged strategy seek to eliminate the risk of currency fluctuations and are willing to sacrifice potential currency gains. By selling foreign exchange forward contracts, global investors are able to lock in current exchange forward rates and manage their currency risk. Profits (losses) from the forward contracts are offset by losses (profits) in the value of the currency, thereby negating exposure to the currency.

Return Definitions

S&P ADR Composite currency hedged indices are calculated by hedging beginning-of-period balances using rolling one-month forward contracts. The amount hedged is adjusted on a monthly basis.

Returns are defined as follows:

$$\text{Currency Return} = \left(\frac{\text{End Spot Rate}}{\text{Beginning Spot Rate}} \right) - 1$$

$$\text{Unhedged Return} = (1 + \text{Local Total Return}) * (1 + \text{Currency Return}) - 1$$

$$\text{Currency Return on Unhedged Local Total Return} = (\text{Currency Return}) * (1 + \text{Local Total Return})$$

$$\text{Forward Return} = \left(\frac{\text{Beginning one - month Forward Rate}}{\text{Beginning Spot Rate}} \right) - 1$$

$$\text{Hedge Return} = \text{HedgeRatio} * (\text{Forward Return} - \text{Currency Return})$$

$$\text{Hedged Index Return} = \text{Local Total Return} + \text{Currency Return on Unhedged Local Total Return} + \text{Hedge Return}$$

$$\text{Hedged Index Level} = \text{Beginning Hedged Index Level} * (1 + \text{Hedged Index Return})$$

To facilitate index replication, S&P Dow Jones Indices determines the amount of foreign exchange forward contracts sold using an index rebalance date.³ On the index rebalance date, which occurs on the last business day of the month, the rebalance forward amounts and currency weights are determined.

Details of the formulae used in computing S&P ADR Composite currency-hedged indices are below.

² By currency risk, S&P Dow Jones means the risk attributable to the security trading in a currency different from the investor's home currency. This definition does not incorporate risks that exchange rate changes can have on an underlying security's price performance.

³ Prior to March 1, 2015, S&P Dow Jones Indices' Currency-Hedged Indices utilized the month-end for both index reference and rebalancing date.

The Hedge Ratio

The hedge ratio is simply the proportion of the portfolio's currency exposure that is hedged.

- **Standard Currency-Hedged Index.** In a standard currency-hedged index the intent is to eliminate the currency risk of the portfolio, thus the hedge ratio used is 100%.
- **No Hedging.** An investor who expects upside potential for the local currency of the index portfolio versus the home currency or does not wish to eliminate the currency risk of the portfolio, employs an unhedged index. In this case, the hedge ratio is 0, and the index simply becomes the standard index calculated in the investor's home currency. Such indices are available in major currencies as standard indices for many of S&P Dow Jones Indices' indices.

In contrast to a 100% currency-hedged standard index, which seeks to eliminate currency risk and has passive equity exposure, over- or under-hedged portfolios seek to take active currency risks to varying degrees based on the portfolio manager's view of future currency movements.

- **Over Hedging.** An investor who expects significant upside potential for the home currency versus the local currency of the index portfolio can elect to double the currency exposure. In this case, the hedge ratio will be 200%.
- **Under Hedging.** An investor who expects some upside potential for the local currency of the index portfolio versus the home currency, but wishes to eliminate some of the currency risk, can elect to have half the currency exposure hedged, using a 50% hedge ratio.
- **Optimal Hedging.** In order to minimize variability and, therefore, risk in the value of the currency-hedged portfolio, standard variance minimization suggests the following hedge ratio:

$$\text{Hedge Ratio} = \text{COV}(\text{Portfolio Return to Forward Return}) / \text{VAR}(\text{Forward Return})$$

Unless otherwise specified, the hedge ratio is assumed to be 100%.

Index Specific Rules

S&P ADR Composite indices follow specific currency hedge rules, based on index construction:

- With the exception of the S&P BIC index, indices are hedged to the currency of the underlying domicile country rather than the currency of the country of listing. For example, ADRs traded in the U.S., but domiciled in China, would be hedged against movements in CNY and not against USD.
- The S&P BIC index is hedged against movements in USD.
- The currency hedge calculations for the S&P ADR Composite indices are almost identical to the standard S&P Dow Jones indices currency hedge method but for one divergence. The standard S&P Dow Jones indices use a reference date in addition to a rebalancing date to calculate currency hedging. The S&P ADR Composite indices employ only a rebalancing date.

For more information on currency hedging, please refer to *S&P Dow Jones Indices' Index Mathematics Methodology*.

Calculating a Currency-Hedged Index

Using the returns definitions on prior pages, the Hedged Index Return can be expressed as:

$$\text{Hedged Index Return} = \text{Local Total Return} + \text{Currency Return} * (1 + \text{Local Total Return}) + \text{Hedge Return}$$

Rearranging yields:

$$\text{Hedged Index Return} = (1 + \text{Local Return}) * (1 + \text{Currency Return}) - 1 + \text{Hedge Return}$$

Again, using the returns definitions on prior pages with a hedge ratio of 1 (100%), the expression yields:

$$\text{Hedged Index Return} = \text{Unhedged Index Return} + \text{Hedge Return}$$

$$\text{Hedged Index Return} = \text{Unhedged Index Return} + \text{Forward Return} - \text{Currency Return}$$

This equation is more intuitive since when you do a 100% currency hedge of a portfolio, the investor sacrifices the gains (or losses) on currency in return for gains (or losses) in a forward contract.

From the equation above, we can see that the volatility of the hedged index is a function of the volatility of the unhedged index return, the forward return, and the currency return, and their pair-wise correlation.

These variables determine whether the hedged index return series' volatility is greater than, equal to, or less than the volatility of the unhedged index return series.

Currency Hedging Outcomes

The results of a currency-hedged index strategy versus that of an unhedged strategy vary depending upon the movement of the exchange rate between the local currency and home currency of the investor.

S&P ADR Composite Indices standard currency hedging process involves eliminating currency exposure using a hedge ratio of 1 (100%).

1. The currency-hedged index does not necessarily give a return exactly equal to the return of the index available to local market investor. This is because there are two additional returns – currency return on the local total return and hedge return. These two variables usually add to a non-zero value because the monthly rolling of forward contracts does not result in a perfect hedge. Further, the local total return between two readjustment periods remains unhedged. However, hedging does ensure that these two returns remain fairly close.
2. The results of a currency-hedged index strategy versus that of an unhedged strategy varies depending upon the movement of the exchange rate between the local currency and home currency of the investor. For example, a depreciating euro in 1999 resulted in an unhedged S&P 500 return of 40.0% for European investors, while those European investors who hedged their U.S. dollar exposure experienced a return of 17.3%. Conversely, in 2003 an appreciating euro in 2003 resulted in an unhedged S&P 500 return of 5.1% for European investors, while those European investors who hedged their U.S. dollar exposure experienced a return of 27.3%.

Index Computation

Monthly Return Series (For Monthly Currency Hedged Indices)

M = The month in the calculation, represented as 0, 1, 2, etc..

SPI_EH_m = The S&P ADR Composite Indices' Currency-Hedged Index level at the end of month m

SPI_EH_{m-1} = The S&P ADR Composite Indices' Currency-Hedged Index level at the end of the prior month

SPI_E_m = The S&P ADR Composite Indices' Index level, in foreign currency, at the end of month m

SPI_E_{m-1} = The S&P ADR Composite Indices' Index level, in foreign currency, at the end of the prior month

SPI_EL_m = The S&P ADR Composite Indices' Index level, in local currency, at the end of month m

SPI_EL_{m-1} = The S&P ADR Composite Indices' Index level, in local currency, at the end of the prior month, $m-1$

HR_m = The hedge return (%) over month m

S_m = The spot rate in foreign currency per local currency (FC/LC), at the end of month m

F_m = The forward rate in foreign currency per local currency (FC/LC), at the end of month m

For the end of month $m = 1$,

$$SPI_EH_1 = SPI_EH_0 * \left(\frac{SPI_E_1}{SPI_E_0} + HR_1 \right)$$

For the end of month m ,

$$SPI_EH_m = SPI_EH_{m-1} * \left(\frac{SPI_E_m}{SPI_E_{m-1}} + HR_m \right)$$

The hedge return for monthly currency hedged indices is:

$$HR_m = \left(\frac{F_m - 1}{S_m - 1} - \frac{S_m}{S_m - 1} \right)$$

Daily Return Series (For Monthly Currency Hedged Indices and Daily Currency Hedged Indices)

The daily return series are computed by interpolating between the spot price and the forward price.

For each month m , there are $d = 1, 2, 3 \dots D$ calendar days.

md is day d for month m , $m0$ is the last business day of the month $m-1$

F_I_{md} = The interpolated forward rate as of day d of month m

AF_{md} = The adjustment factor for daily hedged indices as of day d of month m

$$F_I_{md} = S_{md} + \left(\frac{D-d}{D} \right) * (F_{md} - S_{md})$$

$$AF_{md} = \frac{SPI_EL_{md-1}}{SPI_EL_{m0}}$$

For the day d of month m ,

$$SPI_EH_{md} = SPI_EH_{m0} * \left(\frac{SPI_E_{md}}{SPI_E_{m0}} + HR_{md} \right)$$

The hedge return for monthly currency hedged indices is:

$$HR_{md} = \left(\frac{F_{m0}}{S_{m0}} - \frac{F_I_{md}}{S_{m0}} \right)$$

Appendix B – Methodology Changes

Methodology changes since January 1, 2015, are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Index Name Changes	08/14/2023	The index names are: 1. S&P BRIC Select ADR Index	The index names are: 1. S&P BIC Select ADR Index
Index Name Changes	03/31/2022	The index names are: 1. S&P/BNY Mellon DR Index 2. S&P/BNY Mellon ADR Index 3. S&P/BNY Mellon Asia 50 ADR Index 4. S&P/BNY Mellon BRIC Select ADR Index 5. S&P/BNY Mellon BRIC Select DR Index 6. S&P/BNY Mellon China Select ADR Index 7. S&P/BNY Mellon China Xia Yi Dai ADR Index 8. S&P/BNY Mellon Classic ADR Index 9. S&P/BNY Mellon Composite Depository Receipt Index 10. S&P/BNY Mellon Developed Markets 100 ADR Index 11. S&P/BNY Mellon Emerging 50 ADR Index 12. S&P/BNY Mellon Emerging Asia Select Classic ADR Index 13. S&P/BNY Mellon Europe Select ADR Index 14. S&P/BNY Mellon GDR Index 15. S&P/BNY Mellon India Select DR Index 16. S&P/BNY Mellon International 100 ADR Index 17. S&P/BNY Mellon International Telecom Select DR Index 18. S&P/BNY Mellon Latin America 35 ADR Index 19. S&P/BNY Mellon SmallCap Select ADR Index	The index names are: 1. S&P DR Composite Index 2. S&P ADR Composite Index 3. S&P Asia 50 ADR Index 4. S&P BRIC Select ADR Index 5. S&P BRIC Select DR Index 6. S&P China Select ADR Index 7. S&P China Xia Yi Dai ADR Index 8. S&P Classic ADR Composite Index 9. S&P Classic DR Composite Index 10. S&P Developed Markets 100 ADR Index 11. S&P Emerging 50 ADR Index 12. S&P Emerging Asia Select Classic ADR Index 13. S&P Europe Select ADR Index 14. S&P GDR Composite Index 15. S&P India Select DR Index 16. S&P International 100 ADR Index 17. S&P International Select DR Telecom Index 18. S&P Latin America 35 ADR Index 19. S&P SmallCap Select ADR Index
Exclusion of Russia	03/08/2022	--	In March 2022, Russia was reclassified to standalone market status from emerging market status as a result of sanctions and market access limitations, with all stocks listed and/or domiciled in Russia (including ADRs/GDRs) removed from standard S&P DJI equity indices at a price of zero.
Liquidity Eligibility Factor: S&P India Select DR Index	08/31/2020	As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the DR of at least US\$ 100,000 and a total three-month ADVT from the US composite market and LSE GDR of at least US\$ 1 million.	As of each rebalancing reference date, companies must have a three-month ADVT on the primary exchange of the DR of at least US\$ 300,000 (US\$ 150,000 for current constituents) and a three-month ADVT in the combined global market of at least US\$ 1 million (US\$ 500,000 for current constituents).

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Market Capitalization Eligibility Factor: S&P India Select DR Index	08/31/2020	As of each rebalancing reference date, companies must have an FMC of at least US\$ 100 million.	As of each rebalancing reference date, companies must have an FMC of at least US\$ 100 million (US\$ 50 million for current constituents).
Constituent Selection: S&P India Select DR Index	08/31/2020	All stocks meeting the eligibility criteria are selected for index inclusion.	All stocks meeting the eligibility criteria are selected for index inclusion. If there are less than 10 eligible stocks, the DR liquidity eligibility factor is relaxed to US\$ 100,000 for current constituents. If there are still less than 10 eligible stocks, stocks with the highest DR volume are selected until the index reaches a constituent count of 10.
Rebalancing Reference Date	02/14/2020	The rebalancing reference dates are the last trading dates of February, May, August and November.	The reference date for each rebalancing is after the close of trading five weeks prior to the rebalancing effective date.

Appendix C – ESG Disclosures

ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY⁴	
1.	Name of the benchmark administrator. S&P Dow Jones Indices LLC.
2.	Underlying asset class of the ESG benchmark.⁵ N/A
3.	Name of the S&P Dow Jones Indices benchmark or family of benchmarks. S&P DJI Equity Indices Benchmark Statement
4.	Do any of the indices maintained by this methodology take into account ESG factors? No
Appendix latest update: January 2021	
Appendix first publication: January 2021	

⁴ The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK [The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019].

⁵ The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

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Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

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will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

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