

EMQQ

The Emerging Markets Internet & Ecommerce Index

Index Methodology

March 1, 2021

Overview

EMQQ The Emerging Markets Internet & Ecommerce Index™ (“EMQQ Index” or “the Index”) measures and monitors the performance of an investable universe of publicly traded companies deriving a majority of their assets or revenues from Internet & Ecommerce in Emerging Markets. The Index was created and is owned by Big Tree Capital LLC. The index is maintained by Solactive AG (the “Index Administrator”). The Index was inceptioned on June 1, 2009.

Index Construction

The **EMQQ The Emerging Markets Internet & Ecommerce Index™** is comprised of the public securities of issuers that meet the specific and objective criteria listed below.

1. EMQQ Eligibility Criteria

To be considered for inclusion in the Index, the following criteria must be met:

- A. **Emerging Markets Internet Exposure.** The primary criteria for selecting a company for inclusion in the index is that the company derives a majority of its assets or revenue from Internet & Ecommerce activities in Emerging Markets countries as defined in Exhibit A of this methodology.
 - Constituents are from but not limited to sectors including Internet Services, Internet Retail, Internet Broadcasting, Internet Media, Online Advertising, Online Travel, Online Gaming, Search Engines, Social Networks, etc.
- B. **Equity Securities.** Only publicly issued common equity securities are eligible inclusion in the index. Debt or quasi-debt securities, such as convertible securities, are not eligible for inclusion.
- C. **ADRs.** Exchange-traded American Depositary Receipts (ADR’s), American Depositary Shares (ADSs), Global Depositary Receipts (GDR’s), and International Depositary Receipts (IDR’s) are eligible for inclusion in the index.
- D. **Market Capitalization.** The Index will include equity securities of companies of all capitalizations. Constituents must have a free-float adjusted market capitalization of USD \$300 Million or greater for initial inclusion in the index. A free-float adjusted USD \$200 Million minimum is required for ongoing index inclusion.
- E. **Liquidity.** To ensure adequate liquidity, constituents must have three (3) month average daily turnover of at least USD \$1 million USD. Recent IPOs

that do not have three (3) months of trading shall be included in the index if they have average daily turnover of at least \$5 million during the period for which trading value data is available and meet all other inclusion requirements.

- F. **Foreign Ownership Restrictions.** Companies traded in markets with restrictions on foreign ownership may be excluded from the index.

2. Target Weights

The Index uses a modified float-adjusted market capitalization weighting methodology to weight individual positions.

- A. **Security Weight – Maximum.** The target weight of any one position is limited to 8.0% of the Index. Semi-annually, all individual securities with an index weighting greater than 8.0% will be rebalanced back to 8.0%. Excess exceeding 8.0% will be applied proportionally to all remaining index constituents. Then, all positions whose float adjusted market capitalization weights are over 5% are added together. If the total is less than 50%, no further modifications are made. If the total is equal to or greater than 50% then the highest weighted position is capped at 8%. The excess weight is then applied on a pro-rata basis to all the remaining index constituents and the process is then repeated, if necessary, with the next largest stock being capped at a weight 0.5% less than the previous constituent (examples: 7.5%, 7.0%, 6.5%, 6.0%, 5.5%, 5.0%, 4.5%) until 50% is reached. The 4.5% maximum target weight is then applied to all the remaining stocks.

Once set, either initially or at a semi-annual rebalance, target weights are free to float due to market actions. Weights are reviewed and the index rebalanced according to the rules under Index Maintenance below.

Index Maintenance

Index Maintenance is the responsibility of the Index Administrator, Solactive AG. Index maintenance includes monitoring and implementing any adjustments, additions and deletions to the index as per this index methodology and any adjustments, additions and deletions due to corporate actions.

Additions

Additions to the index will be made at a semi-annual rebalance on the third Friday of June or December. Any addition will be funded on a pro-rata basis from the remainder of the Index, net of any deletions.

Fast Entry Additions

New IPOs that have a market capitalization greater than \$10 Billion USD and satisfy all eligibility requirements other than 1 E will be included in the index on a fast-entry basis three (3) trading days following the company's initial trade date.

Deletions

A constituent will be deleted from the index immediately due to bankruptcy, acquisition, delisting or merger of the company by or into another company, spin-offs, tender offers or other similar corporate actions. At each quarter end, any security which has been continuously suspended or halted since the prior quarter will be deleted from the index at zero value. In the case of such deletions, including any relisting of suspended constituents, no replacements will be made until the annual rebalance. Any proceeds resulting from the deletions will be applied on a pro-rata basis over the remainder of the Index, net of any additions.

Index Reconstitution and Semi-Annual Rebalance

Index Reconstitution is the responsibility of the Index Administrator and is performed semi-annually in June and December based on data as of the last business day in May and November respectively. Index Reconstitution includes:

- 1. Additions to the Index.** New constituents will be added to the index if they meet the eligibility requirements as defined above under Eligibility Criteria. Any additions will be funded on a pro-rata basis from the remainder of the Index, net of deletions.
- 2. Deletions from the Index.** Constituents will be deleted from the index if they no longer meet the eligibility requirements as defined above under Eligibility Criteria with one exception. Constituents that fall below the initial capitalization minimum of USD \$300 Million will be retained unless their capitalization falls below the minimum of USD \$200 Million. Constituents falling below the minimum of USD \$200 Million will be deleted. Any proceeds resulting from the deletions will be applied on a pro-rata basis over the remainder of the Index, net of additions.
- 3. Rebalancing.** The Index will be rebalanced to accommodate any additions or deletions to the index as described above and to enforce the target weights as described above under Index Construction.

Index Administration

Solactive AG serves as the Index Administrator. These responsibilities include monitoring and implementing adjustments, additions and deletions to the indices due to eligibility rules described above and corporate actions.

Index Calculation

Solactive AG serves as the Calculation Agent for the indices. The Calculation Agent is responsible for compiling, calculating, maintaining, and disseminating the value of the indices.

Index Reconstitution

Solactive AG will review and adjust the Index on a semi-annual basis (“Index Reconstitution”) on the third Friday of June and December. Changes to an index resulting from the Index Reconstitution are implemented before the market open on the first trading day following the reconstitution.

EMQQ Index Committee

The **EMQQ Index Committee** solely maintains **EMQQ The Emerging Markets Internet & Ecommerce Index™** Methodology and is not involved in any way in the day to day maintenance or administration of the index.

The Index Committee will meet semi-annually to review the methodology. The Index Committee, at its sole discretion, may choose to add or delete index constituents when it believes such actions are in the best interest of shareholders of products that track the Index. Any changes to the methodology will be publicly disclosed at www.emqqindex.com prior to implementation. At minimum ten (10) days prior notice will be given prior to the implementation of any such change by the Index Administrator.

Contact

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Appendix A. List of Current Eligible Emerging Markets Countries

| | | | |
|----|----------------|----|----------------------|
| 1 | Argentina | 24 | Mexico |
| 2 | Bahrain | 25 | Morocco |
| 3 | Bangladesh | 26 | Nigeria |
| 4 | Brazil | 27 | Oman |
| 5 | Chile | 28 | Pakistan |
| 6 | China | 29 | Peru |
| 7 | Colombia | 30 | Philippines |
| 8 | Croatia | 31 | Poland |
| 9 | Czech Republic | 32 | Qatar |
| 10 | Egypt | 33 | Romania |
| 11 | Estonia | 34 | Russia |
| 12 | Greece | 35 | Saudi Arabia |
| 13 | Hungary | 36 | Serbia |
| 14 | India | 37 | Slovenia |
| 15 | Indonesia | 38 | South Africa |
| 16 | Jordan | 39 | South Korea |
| 17 | Kazakhstan | 40 | Sri Lanka |
| 18 | Kenya | 41 | Thailand |
| 19 | Kuwait | 42 | Tunisia |
| 20 | Lebanon | 43 | Turkey |
| 21 | Lithuania | 44 | Taiwan |
| 22 | Malaysia | 45 | United Arab Emirates |
| 23 | Mauritius | 46 | Vietnam |