

Renaissance International IPO Index: Index Ground Rules Summary

The Renaissance International IPO Index is a rolling two-year population of newly public companies whose unseasoned equities are delayed in their inclusion in core equity indices. IPOs that meet liquidity and operational screens, are included in the Index at the end of the fifth day of trading, or upon quarterly reviews, weighted by float capitalization, capped at 10% and removed after two years. The Index is designed by Renaissance Capital and calculated by FTSE Group.

Step 1 - Assessing Eligibility

Operating companies that have gone public in non-United States equity market (developed or advanced emerging markets, specifically) in the last 500 trading days are considered eligible securities. The company must have shares listed on a stock exchange in recognized markets.

Step 2 - Assembling the Constituent Pool

Eligible securities must pass three initial screens to be included in the constituent pool, from which the index is constructed:

- **Size:** IPOs are required to have an initial float capitalization of at least USD 100 million, based on an initial IPO price, total shares in issue and free float.
- **Liquidity:** The index calculator screens for liquidity on a quarterly basis. Existing constituent securities which do not turnover at least 0.04% of their free-float adjusted shares in issue based on their median daily traded shares per month are removed from the index.
- **Free Float:** If a company's IPO terms show that the company's free float is less than 5% of its total shares, the company will be ineligible for the constituent pool. If a company's free float falls below the minimum threshold required during scheduled quarterly reviews, it will be removed from the constituent pool.

Step 3 - Constructing the Index

Index Additions: Companies can be included in the Renaissance International IPO Index in one of two ways:

- **Quarterly Additions:** After ranking the constituent pool by market capitalization, constituents that fall within the top 75% are selected for inclusion in the index at the periodic review.
- **Fast Entry Additions:** New IPOs that satisfy the eligibility requirements to be included in the constituent pool are included in the index on a fast-entry basis (five trading days following the company's initial trade date) provided that the full market capitalization of the company is within the top 40% market capitalization cut-off level of the index, as determined at the most recent quarterly review.

Index Deletions: Companies included in the Renaissance International IPO Index can be removed quarterly under three circumstances:

- **Failure to Satisfy the Initial Screens:** Existing index constituents of the Renaissance International IPO Index have their constituent pool eligibility tested quarterly. Failure to satisfy any of the size, liquidity or free float screens will result in removal from both the index and constituent pool.
- **Expiration:** Index constituents are removed from the constituent pool when they exceed 500 trading days. Once a company has traded for 500 trading days it is removed from both the index and the constituent pool.
- **Capitalization Expulsion:** After ranking the constituent pool by market capitalization, existing index constituents that fall outside of the top 85% are removed from the index at the periodic review, but remain in the constituent pool.

Step 4 - Maintaining the Index

Weighting: Companies included in the Renaissance International IPO Index are weighted by their respective float-capitalization values.

Corporate Actions and Index Events: Most changes arising from a corporate action relating to a company's free float or total shares in issue are implemented during a scheduled quarterly review, with two exceptions:

- **Monthly Actions:** Secondary offerings, the exercise of over-allotment options, and share conversions that increase or decrease a company's free float percentage by greater than or equal to 15% of the company's existing free float percentage.
- **Immediate Actions:** Corporate actions that affect a company's price value (mergers, stock splits, reversals, etc.) are implemented on an immediate basis.

Capping: Constituents in the Renaissance International IPO Index will be capped at 10%. Capping will occur during quarterly reviews.

Review Dates: Scheduled quarterly reviews will take place in March, June, September, and December. Relevant index actions, excluding fast-entry additions and corporate actions that qualify for immediate implementation, will take effect on the third Friday of the scheduled month.