

S&P Dow Jones Indices

A Division of S&P Global

S&P BRIC Indices *Methodology*

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Introduction

Index Objectives, Highlights and Index Family

The S&P BRIC Indices consist of the following:

S&P BRIC 40. The index is designed to measure the performance of 40 companies from the emerging markets of Brazil, Russia, India and China (the “BRIC markets”) through liquid stocks trading on developed market exchanges – specifically the Hong Kong Stock Exchange, the London Stock Exchange, NASDAQ and the NYSE Euronext.

S&P BRICT. The index is designed to measure the performance of 40 companies from the BRIC markets plus large-cap stocks listed in Turkey. The index is a combination of the S&P BRIC 40 and S&P/IFCI Turkey LargeCap indices.

S&P BRIC High Yield. The index is designed to measure 40 high dividend yielding companies from the BRIC markets.

For more information of the S&P/IFCI indices, please refer to the S&P Global BMI, S&P/IFCI Methodology available at www.spdji.com.

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

S&P BRIC 40 and S&P BRIC High Yield. To be eligible for index inclusion, companies must first be constituents of the S&P/IFCI country indices for Brazil, Russia, India and China.

S&P BRIC T. To be eligible for index inclusion, Brazilian, Russian, Indian and Chinese companies must be constituents of the S&P BRIC 40. Turkish companies must be constituents of the S&P/IFCI Turkey LargeCap Index.

Eligibility Factors

Market Capitalization. As of each rebalancing reference date, companies being added to an index must have a float-adjusted market capitalization of at least US\$ 1 billion (US\$ 750 million for current index constituents).

Liquidity. As of each rebalancing reference date, companies being added to an index must have a three-month average daily value traded (ADVT) of at least US\$ 5 million (US\$ 4 million for current index constituents).

Domicile. For all indices, Brazilian, Russian, Indian and Chinese companies that are listed on the Hong Kong Stock Exchange, the London Stock Exchange, NASDAQ and/or the NYSE. In addition, for the S&P BRIC T, Turkish companies must be listed on the Istanbul Stock Exchange.

S&P BRIC High Yield. In addition to the above eligibility factors, companies must meet the following for index consideration:

- **Payout Ratio.** Stocks must have a maximum dividend payout ratio of 100%.
- **Profitability.** Stocks must be profitable, as measured by positive earnings-per-share (EPS) before extraordinary items, over the latest 12-month period as of the rebalancing reference date. The figure is calculated by adding the latest year of earnings reported for common shares and dividing by the 12-month average shares outstanding.
- **Dividend Yield.** Eligible stocks' indicated dividend yield must not be greater than 15% as of the rebalancing reference dates (third Fridays of May and November). Existing index constituents whose indicated dividend yield exceeds 15% for two consecutive rebalancing reference dates are removed from the index. This criterion aims to exclude companies whose dividends may not be sustainable over time, as well as companies whose stock prices have deteriorated rapidly.

Index Construction

Constituent Selection

S&P BRIC 40 and S&P BRIC High Yield. The constituent selection process is as follows:

1. All constituents of the S&P/IFCI country indices for Brazil, Russia, India and China comprise the initial selection universe.
2. All companies that do not have a developed market listing, as detailed in the prior section, are removed from the list.
3. All stocks with a float-adjusted market capitalization of less than US\$ 1 billion (US\$ 750 million for current constituents) are removed.
4. All stocks with a three-month ADVT of less than US\$ 5 million (US\$ 4 million for current constituents) are removed.
5. If a company has multiple share classes, the share classes with lower liquidity are removed.
6. For the **S&P BRIC High Yield**, all stocks that do not meet the additional eligibility factors (Payout Ratio, Profitability and Dividend Yield), as detailed in Eligibility Criteria, are removed from the list.
7. For the **S&P BRIC 40**, the remaining stocks after **Step 5** are sorted in decreasing order of their float-adjusted market capitalization. The top 40 become index members. For the **S&P BRIC High Yield**, the remaining stocks after **Step 6** are sorted in decreasing order of their annual dividend yield. The 40 stocks with the highest dividend yield, subject to a maximum number of 20 stocks per country, become index members. If a current index constituent is among the top 45 in the ranking, it remains in the index. If not, the stock is deleted and the next largest yielding stock that is not an index constituent is added.

S&P BRICT. All constituents of the S&P BRIC 40 and S&P/IFCI Turkey LargeCap comprise the index. Components of the S&P/IFCI Turkey Large Cap are not subject to size or liquidity criteria for inclusion to the S&P BRICT Index.

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

S&P BRIC 40 and S&P BRICT. The indices employ a modified market capitalization weighting scheme. Modifications are made to market cap weights, if required, to reflect available float, reduce single stock concentration and enhance index basket liquidity. At each rebalancing, no stock can have a weight of more than 10% in an index and the minimum initial portfolio size that can be turned over in a single day (based on recent trading volumes) cannot be lower than US\$ 600 million. Additionally for the S&P BRICT, the minimum and maximum weights allowed for each country in the index are 10% and 25%, respectively.

S&P BRIC High Yield. The index employs a yield driven weighting scheme. At each rebalancing, stocks are weighted based on their indicated annual dividend yield. No stock can have a weight of more than 10% in the index and the minimum initial portfolio size that can be turned over in a single day (based on recent trading volumes) cannot be lower than US\$ 300 million.

Index Calculations

The indices are 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 S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

The indices are rebalanced annually, effective after the close of the third Friday of December. The rebalancing reference date for data used in the review is the third Friday of November. New constituents and index shares are made available to clients five business days prior the rebalancing date.

In addition to the annual rebalancing, there is a mid-year review for the indices.

- **S&P BRIC 40.** A mid-year rebalancing occurs only if three of the 30 largest stocks from the eligible universe are not in the index at the mid-year review. There is no mid-year rebalancing in years when this condition is not satisfied.
- **S&P BRICT.** The mid-year review process is initiated only if a review of the S&P BRIC 40 is required.
- **S&P BRIC High Yield.** The mid-year review process is initiated only if there is a constituent that omits its most recent dividend or whose annual dividend yield exceeds 15% for two consecutive rebalancing reference dates (third Fridays of May and November). Any such constituent is removed and replaced by the eligible stock with the highest dividend yield.

The rebalancing reference date for data used in the mid-year review is the third Friday of May, with a mid-year rebalancing effective, if necessary, after the close on the third Friday of June. If a mid-year rebalancing is required, new constituents and index shares are made available to clients five business days prior the rebalancing date.

If these constraints are not met during the mid-year review, no rebalancing or reweighting takes place at mid-year, unless otherwise determined by the Index Committee.

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

Deletions. Between rebalancings, a company can be deleted from the indices due to corporate events such as mergers, acquisitions, takeovers or delistings.

If a constituent of the S&P/IFCI Turkey LargeCap index undergoes a size change during its annual reconstitution in September, to either MidCap or SmallCap, the company is not removed from the S&P BRICT until the regularly scheduled December rebalancing.

Investable Weight Factor (IWF)

All issues in the indices are assigned a float factor, called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company.

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

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

For more information, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Currency, Currency Hedged, and Risk Control Indices

The indices are calculated in U.S. dollars and euros.

WM/Reuters foreign exchange rates are taken daily at 4:00 PM London Time and used in the end-of-day calculation of the indices. These mid-market fixings are calculated by The WM Company based on Reuters data and appear on Reuters pages WMRA.

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 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 BRIC 40	06/20/2006	02/02/2001	02/02/2004	874.48
S&P BRIC T	11/01/2010	01/31/2003	01/31/2003	1000
S&P BRIC High Yield	04/17/2012	11/16/2007	11/16/2007	100

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 & Thematic Index Committee maintains the indices. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The Committee meets at least monthly. 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 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 located on our Web site, www.spdji.com.

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 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 indices are calculated daily, throughout the calendar year. The only days an index is not calculated are on days when all exchanges where the index's constituents are listed (NYSE Euronext, NASDAQ, HKSE, LSE and Istanbul) 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.

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 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	Reuters
S&P BRIC 40 (USD)	Price Return	SBR	.SPBRIC
	Total Return	SPTRBRIC	.SPBRICNTR
	Net Total Return	--	--
S&P BRIC 40 (EUR)	Price Return	SBE	.SPBRICE
	Total Return	SPTRBRIE	.SPBRICENTR
	Net Total Return	--	--
S&P BRIC T (USD)	Price Return	SPBRCTUP	--
	Total Return	SPBRCTUT	--
	Net Total Return	--	--
S&P BRIC T (EUR)	Price Return	SPBRCTEP	--
	Total Return	SPBRCTET	--
	Net Total Return	--	--
S&P BRIC High Yield (USD)	Price Return	SPBRHYUP	--
	Total Return	SPBRHYUT	--
	Net Total Return	SPBRHYUN	--
S&P BRIC High Yield (EUR)	Price Return	SPBRHYEP	--
	Total Return	SPBRHYET	--
	Net Total Return	SPBRHYEN	--

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)	Previous	Methodology Updated
Market Capitalization	04/15/2016	As of each rebalancing reference date, companies must have a float-adjusted market capitalization of at least US\$ 1 billion.	As of each rebalancing reference date, companies being added to the index must have a float-adjusted market capitalization of at least US\$ 1 billion (US\$ 750 million for current index constituents).
Liquidity	04/15/2016	As of each rebalancing reference date, companies must have a three-month average daily value traded (ADVT) of at least US\$ 5 million.	As of each rebalancing reference date, companies being added to the index must have a three-month average daily value traded (ADVT) of at least US\$ 5 million (US\$ 4 million for current index constituents).

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