

# Global X U.S. Electrification Index

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2024.11.29

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## 1. Index Overview

### 1.1. Index Description

The Global X U.S. Electrification Index seeks to track the performance of U.S. listed companies involved in electrification. This includes companies involved in conventional electricity generation and distribution; alternative electricity generation and/or technology; and the modernization, development, manufacturing, and/or implementation of grid infrastructure and smart grid technologies.

### 1.2. Index Calculation

The Index will be calculated by the Index Administrator on every **Index Business Day** starting with the **Index Commencement Date** and will be published on the next **Index Business Day** onto the vendor platforms and to the Index Owner simultaneously. On any day when the underlying prices are not available from the sources, the last available closing price and last available FX rates will be used for Index Valuation for that **Index Business Day**. Subject to provisions set out under Market Disruption Events or **Force Majeure Events**, **Index Levels** may not be calculated on an **Index Business Day** and such a day will be termed as a **Disrupted Day**. The initial Index Level along with the other Index details are as below -

Table 1

| Index                                   | Currency | Base Date  | Base Level | Commencement Date | Administration Start Date |
|-----------------------------------------|----------|------------|------------|-------------------|---------------------------|
| Global X U.S. Electrification Index PR  | USD      | 2021-04-30 | 1000       | 2024-11-29        | 2024-11-29                |
| Global X U.S. Electrification Index NTR | USD      | 2021-04-30 | 1000       | 2024-11-29        | 2024-11-29                |
| Global X U.S. Electrification Index GTR | USD      | 2021-04-30 | 1000       | 2024-11-29        | 2024-11-29                |

## 2. Index Selection Rules

### 2.1. Initial Universe

An extensive analysis is undertaken to identify the FactSet industry and business segments that are most directly related and relevant to the electrification theme. The sector and business segments identified as relevant to the theme are reviewed annually as part of the April Rebalance. If a company is identified as meeting all the index selection criteria but is not categorized in one of the industry or business segments identified, the company can still be added, and the relevant industry or business segment will be reviewed for inclusion in the initial universe going forward.

### 2.2. Eligibility Filter

The following factors are considered for each security when reviewing for inclusion in the initial universe :

- The Country of Listing should be the United States.
- The Country of Domicile should be Developed Markets. The Mirae Asset Country Classification document defines the classification of Developed Markets.

- **Security Level Market Capitalization** must be a minimum of USD 200 Million for companies that are not current index components. For existing components as of **Selection Day**, a minimum of USD 160 Million is required.
- Average Daily Traded Value ("ADTV") over a period of 6 months must be at least USD 2 Million for companies that are not current index components. For existing components as of **Selection Day**, a minimum of USD 1.4 Million is required.
- Must be traded on 90% of the eligible **Scheduled Trading Days** for the 6 calendar months preceding the **Selection Day**. For Initial Public Offerings ("IPOs"), the following relaxed criteria apply:
  - To be considered for inclusion, IPOs with less than 6 months of trading history must have been listed for at least 3 calendar months prior to the **Selection Day**.
  - Additionally, the security must have traded on 90% of the eligible **Scheduled Trading Days** for the 3 calendar months preceding the **Selection Day**. In case of significant IPOs with less than 6 calendar months of trading history as of the **Selection Day**, the security must have been listed at least 10 Calendar Days prior to the **Selection Day**.
  - An IPO is considered to be a significant IPO, if its **Company Level Market Capitalization** is greater than the Company Level Total Market Capitalization of at least 50% of the existing index constituents as of the previous **Selection Day**.
- Free Float should be a minimum of 10% of the outstanding shares.
- The Security Types considered for inclusion are:
  - Common Stock
  - American Depositary Receipts
- The most liquid Share Class/Listing of the security is considered for inclusion in the Index where:
  - Liquidity of Share Class/Listing is based on 6-month ADTV.
  - The existing Share Class/Listing in the portfolio is to be retained if it satisfies all the eligibility factors of the index.
- Limited Partnerships will be excluded.
- Any company earning less than 50% revenue from United States will be excluded.

### 2.3. Selection Criteria

The following sub-themes have been identified for the Electrification Index:

| Sub-Theme                       | Description                                                                                                                                                                                                                                                                             |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Conventional Electricity</b> | Companies primarily engaged in the generation, transmission, and distribution of electricity using traditional energy sources such as fossil fuels (e.g., coal, natural gas, and oil) and nuclear power, that deliver electricity to residential, commercial, and industrial customers. |

|                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Alternative Electricity</b>                         | Companies primarily engaged in generating electricity from non-traditional, cleaner energy sources (e.g., wind, solar, low-carbon hydrogen, and biomass-fired power), as well as other technology solutions (e.g., small modular nuclear reactors).                                                                                                                                                                                                                                                                                                             |
| <b>Grid Infrastructure and Smart Grid Technologies</b> | Companies primarily engaged in the expansion and modernization of power grid infrastructure (e.g., high-voltage direct current (HVDC) transmission infrastructure), as well as the development, manufacturing, and implementation of the infrastructure, technologies, and systems that transport electricity and enhance the electrical grid, such as electrical components, energy storage devices (e.g., batteries, compressed air, flywheel, gravity-based, and other energy storage technologies), electric vehicle charging equipment, smart meters, etc. |

For the avoidance of doubt, the following types of companies and/or business activities are NOT considered as contributing to electrification revenue:

- **Non-electric energy companies:** excluding companies primarily focused on oil and gas exploration, production, and distribution.

The companies that are identified as deriving a proportion of their revenue from the above sub-themes or which state that their primary business is providing the above-mentioned products and/or services are evaluated for inclusion. A company can earn the majority of its revenue through one or a combination of the mentioned sub-themes is eligible for inclusion based on the below revenue requirements:

- **Significant-Play** companies refer to companies earning greater than or equal to 75% of revenue attributable to one or more of the core businesses of the sub-themes in aggregate.
- **Pure-Play** companies refer to companies earning greater than or equal to 50% of revenue attributable to one or more of the core businesses of the sub-themes in aggregate.
- **Diversified-Play** companies refer to companies earning between 25% and 50% of revenue attributable to one or more of the core businesses of only that applicable sub-theme.

The allocation of the corresponding revenue requirement with each sub-theme is mentioned below:

| Sub-Theme                                       | New Components                 | Existing Components            |
|-------------------------------------------------|--------------------------------|--------------------------------|
| Conventional Electricity                        | Significant-Play               | Pure-Play                      |
| Alternative Electricity                         | Pure-Play                      | Pure-Play                      |
| Grid Infrastructure and Smart Grid Technologies | Pure-Play and Diversified-Play | Pure-Play and Diversified-Play |

## 2.4. Final Selection

From the Selection Universe:

- The index will include all companies that satisfy the filter criteria mentioned above.

## 2.5. Weighting

The index constituents are weighted according to a modified capitalization methodology that accounts for liquidity in determining final weights.

- The weight of a selected Index Constituent will be determined based on the **Free-Float Market Capitalization**. **Free-Float Market Capitalization** is not adjusted for foreign ownership restriction.
- A single security cap of 4% is applied and the additional weight derived will be distributed proportionately among uncapped securities.
- The aggregate weight of the **Diversified-Play** companies would be capped at 10%. The additional weight derived will be distributed proportionately among uncapped securities.

### 3. Index Calculation

#### 3.1 Index Calculation Methodology

The Global X U.S. Electrification Index will be calculated as per the standard Equity Calculation Methodology of the Index Administrator which can be referenced in the Index Documents section of the Index Administrator's webpage. All Dividend Forecasts and Corporate Actions are subject to modification. For more information about Corporate Actions, kindly follow the Corporate Action Treatment Methodology available on the Index Administrator's website.

### 4. Index Reconstitution

#### 4.1 Reconstitution and Rebalance

The index follows a Semi-Annual Reconstitution and Rebalance schedule as of the close of the last **Index Business Day** of April and October each year which is called the '**Rebalance Day**'. If the said last **Index Business Day** is a U.S. stock exchange holiday and/or partial trading day, then the rebalance is preponed by two **US Trading Days**. The index will become effective from open of the next **Index Business Day** which is called '**Effective Day**'.

The selection list creation and weight calculation are done based on the data as of the **Selection Day** which is the second Friday of April and October each year.

The shares will be frozen as of the third Friday of April and October each year using the above calculated weights.

### 5. Risk Disclaimer

**Index Administrator** does not provide any investment advice pertaining to the index. The **Index Administrator** will thereby be exempt from any fiduciary obligation to any person(s) or entity(s) investing into this index by virtue of a product based on this index as an underlying.

### 6. Market Disruption Events and Force Majeure

The index is a rules-based index and does not have scope for any discretionary adjustment to the day-to-day functioning of the index except under extraordinary circumstances where the **Index Administrator** is unable to calculate the index for a reason external to the **Index Methodology**, some of which may include:

- Disruption of data provider
- **Force Majeure Events**, like calamities

- Any significant changes to the market condition forcing the re-evaluation of the Index Rationale
- Any government regulation change
- Discontinuation in data points like FX rates

In such scenarios the **Index Administrator** reserves the right to invoke a Market Disruption Event. This determination is immediately escalated to the Index Oversight Committee, which will decide the future course of the index. Any decision related to the index will be posted on the **Index Administrator's** website before action is taken. For an expected Disruption event, the **Index Administrator**, after consulting with the Index Oversight Committee, will post a consultation to this effect up to 30 days in advance, or a period rationally feasible in light of the timelines of the disruption.

## 7. Definitions Used

- **“Base Date”** is defined as the date which has been set for the initial value of the Index as defined in Table 1 of the Methodology document.
- **“Base Level”** is defined as the initial level of the Index selected for the Index Base Date as defined in Table 1 above.
- **“Commencement Date”** is defined as the date when the Index goes live. Before this date the **Index Levels** generated are backtested levels.
- **“Company Level Market Capitalization”** is defined as the market capitalization of a security based on the overall company level. This calculation considers the price and shares of the most liquid security.
- **“Disrupted Day”** is defined as a day(s) identified by the **Index Administrator** for the Index or one of its components having a Market Disruption Event as defined in the section above.
- **“Diversified-Play”** is defined as a company which is deriving of its revenue ( $\geq 25\%$  and  $< 50\%$ ) from the applicable sub-theme that has been defined in the Index Methodology.
- **“Effective Day”** is the day, as defined in the section on Rebalancing and Reconstitution, when the latest portfolio goes live.
- **“Exchanges”** is defined as the list of Exchanges where the current or future composition of the Index constituents are trading.
- **“Force Majeure Events”** is defined in the Section on Market Disruption Event, as an event which is beyond human control and can have an impact on the trading characteristics of one or more Index Constituents or one or more Exchanges on one or more **Index Business Days**.
- **“Free-Float Market Capitalization”** is defined as the market capitalization of a security adjusted for the free float. It represents the portion of the market capitalization that is available for public trading.
- **“Index”** when used in conjunction with any other word is defined as the Global X U.S. Electrification Index as defined in this Methodology document.
- **“Index Administrator”** is defined as Mirae Asset Global Index Private Limited.
- **“Index Business Day”** is defined as any weekday other than a Saturday and Sunday.
- **“Index Level”** is defined as the levels of the Index calculated basis the Index Calculation defined in the **Index Manual** above for any **Index Business Day**.
- **“Index Manual”** or **“Index Methodology”** is defined as this document.
- **“Index Owner”** is defined as Global X ETFs.
- **“Pure-Play”** is defined as a company which is deriving majority of its revenue ( $\geq 50\%$ ) from the sub-themes that have been defined in the Index Methodology.
- **“Scheduled Trading Days”** is defined as a day when the exchange for the security is open for trading. In case any company goes for voluntary trading suspension/halt because of corporate actions, **Scheduled Trading Days** will be adjusted accordingly for that security.
- **“Selection Day”** is defined as the day when the Universe is selected for creation of the latest portfolio. All the selection rules are applied on this universe as of this date.
- **“Security Level Market Capitalization”** is defined as the market capitalization of the security only for the share class of that security in consideration.
- **“Significant-Play”** is defined as a company which is deriving majority of its revenue ( $\geq 75\%$ ) from the sub-themes that have been defined in the Index Methodology.
- **“US Trading Day”** is defined as a day when it is not a holiday or partial trading day for the U.S. stock exchanges.

## Disclaimer

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## Contact

Mirae Asset Global Index Private Limited,  
2A, 3rd Floor,  
Building 9B, DLF Cyber City,  
Gurgaon, Haryana, India – 122002  
Tel: +91-124-5095500  
Email: [contact@miraeassetindices.com](mailto:contact@miraeassetindices.com)  
Website: <https://indices.miraeasset.com/>