

BlueStar Future Utilities Index

Index Methodology Guide 1.0

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Produced by:

BlueStar Global Investors, LLC d/b/a BlueStar Indexes 1350
Avenue of the Americas, Fourth Floor, New York, NY 1009
www.bluestarindexes.com

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Chapter 1: Introduction and Index Description

This document summarizes the methodology and rules used to construct, calculate, and maintain the BlueStar Future Utilities Index (“BFUTL”).

BFUTL is a rules-based index that tracks the performance of a group of globally-listed stocks of companies involved in a range of industries, collectively defined, by BlueStar Indexes, as Future Utilities companies. Index components are reviewed semi-annually for eligibility, and the weights are re-set accordingly. The index provides exposure to companies whose products or services contribute to innovative infrastructure development with a focus on clean or connected utilities including: power generation, water, smart grid, transportation, communications, and buildings.

Companies may not apply and may not be nominated for inclusion in the Index. Companies are added or removed by BlueStar based on the methodology described herein. The BlueStar Index Advisory Committee advises on index methodology and decisions related to the definition of which companies shall be considered Future Utilities companies. Whenever possible, BlueStar will publicly announce changes to the index on its website at least five trading days in advance of the actual change. The Index is calculated and maintained by Standard & Poor’s based on a methodology developed by BlueStar.

BFUTL is calculated on a price, total return and net total return basis in real-time. The net total return index is disseminated in real-time via the CME Group, Inc (CME) and market data vendors every day the exchange of at least one index component is open. Real-time index values for the net total return index are available on Bloomberg by entering “BFUTLNTR INDEX <GO>”, and end-of-day values are freely available on BlueStar’s website, www.bluestarindexes.com, and/or through market data vendors.

Chapter 2: Index Construction

This chapter outlines and defines the key steps in constructing and calculating the index, including: eligibility requirements, formulas, initial component selection, and special adjustments

2.1 Base Date and Value

BFUTL has the following variants, base dates and values:

Name	Index Symbol	Base Date	Base Value
BlueStar Future Utilities Index (Price Index)	BFUTL	Dec. 31, 2016	100
BlueStar Future Utilities Index (Total Return Index)	BFUTLTR	Dec. 31, 2016	100
BlueStar Future Utilities Index Net Total Return	BFUTLNTR	Dec. 31, 2016	100

2.2 Component Eligibility Requirements

All the following requirements must be met for a company's security to be included in BFUTL:

1. BlueStar screens a broad universe of globally listed publicly traded common equity securities, Real Estate Investment Trusts, and Depository Receipts, of companies for those that might be considered Future Utilities companies included in the Global Universe of Future Utilities Companies.
2. Companies whose business activity, products, or services include one of the following and meet the relevant criteria are considered for inclusion in the Index:
 - a Industrial power solutions:
 - i Company must be categorized by FactSet RBICS as Diversified Electrical/Power System Manufacturing and product segments must include, or be described in annual report as, one or more of the following: Building technology, industrial automation, industrial internet of things, smart grid, water technology, wind energy, or power utilities
 - b Industrial internet of things
 - i Company must be categorized by FactSet RBICS as Monitoring and Control Sensor/Instrument Products, Access Systems Manufacturing, Diversified or Other Industrial Electrical Product Manufacturing and product segments must include, or be described in annual report as internet of things
 - c Smart grid and metering solutions
 - i Company must derive 50% or more of annual revenue from products that control the movement of fluids or gases for use in utilities (water, oil/gas etc) digitally and incorporate wireless communication features OR
 - ii Company must derive 50% or more of annual revenue from software systems used to manage or monitor the movement of liquids and gases for use in utilities (water, oil/gas etc)

- d Clean energy and water utilities
 - i Company must be categorized by FactSet RBICs as water utilities, or alternative wholesale power
 - e Infrastructure services and software including engineering and design (energy, water, buildings, electrical, transportation, agriculture, and communications only)
 - i Company must, according to annual filings and investor, and company descriptions on bona-fide sources such as public websites and Bloomberg LP, provide software and services focused on the management or construction of energy/water utilities or agricultural facilities, connected or green residential and commercial buildings, public transportation, or communications infrastructure.
 - f Cell tower REITs
 - i Company must derive at least 50% of revenue from leasing or services related to real estate used in mobile network infrastructure
 - g Semiconductors (processing, analog, and communication only)
 - i Company must be categorized by FactSet as Analog/Mixed Signal Semiconductors or communications semiconductors and list industrial internet of things, smart grid, infrastructure, smart city (or similar terminology) as use cases for one or more product segment
3. Companies included in the Global Universe of Future Utilities companies are then screened to meet Index market capitalization investability. Only those securities included in the global universe of Future Utilities companies denominated in USD, GBP, EUR, JPY, CHF, CAD, AUD or ILS, have a market capitalization of at least \$2 billion USD equivalent, have a free float percentage greater than 10%, and a six-month average daily value traded of at least \$10 million USD equivalent will be selected for inclusion in the index. For securities that do not have six months of average daily value traded data available, three months of data will be used and their eligibility for inclusion will be reviewed by the BlueStar Index Advisory Committee, which will consider factors such as liquidity over the time frame for which data is available, lock-up periods, and market capitalization.

2.3 Initial Component Selection

The following steps are taken to select the initial components for BFUTL at each semi-annual rebalance period:

1. Establish the initial list of inclusion-eligible securities, their float-adjusted market capitalizations and six-month average daily value traded, as defined in Chapter 2.2. This shall be referred to as the "Inclusion List".
2. Determine each security in the Inclusion List's "Initial Weight" according to the following set of equations where:

$$IW_i = \frac{\text{Float Adjusted Market Cap in USD of Component } i}{\sum_{i=1}^N \text{Float Adjusted Market Cap in USD of Component } i}$$

Where:

IW_i = Initial Weight of component;
 N = Number of securities in the Inclusion List

3. Set weight threshold to 5%
4. If any component's IW, as determined in step 2, above, is greater than the weight threshold, set that component's first modified weight, MW' , to 5%
5. Find each components FW by taking the aggregate difference between the IW and MW' of those components whose IW was modified in step 4, above. And distribute evenly among stocks whose IW was not modified in step 4, above.
6. Repeat steps 4 and 5, above until all components' FW is less than or equal to 5%.

2.4 Dividend Treatment

The price index does not take normal dividend payments into account. Dividends are accounted for by reinvesting them daily. BFUTL uses the ex-dividend date to determine the total daily dividends for each day. Special dividends require an index advisor adjustment, as described in Chapter 3, to prevent such distributions from distorting the price index.

2.5 Index Equations

1. The price index is calculated using the following basic equations:

$$I_{(t)} = \frac{\sum_{i=1}^n P_{i(t)} * S_{i(t)}}{D_{(t)}}$$

Where:

$I_{(t)}$ = Index value at time (t)
 $D_{(t)}$ = Divisor at time (t)
 n = Number of stocks in the index
 t = The time that the index is calculated
 $P_{i(t)}$ = Price of stock i at time t in USD terms
 $S_{i(t)}$ = Number of assigned shares of stock i at time t

Where:

$$D_{(t)} = \frac{\sum_{i=1}^n P_{i(t-1)} * S_{i(t-1)}}{I_{(t-1)}}$$

Where:

$I_{(t-1)}$ = Index value at time $t-1$
 $D_{(t)}$ = Divisor at time t
 n = Number of stocks in the index
 $P_{i(t-1)}$ = Closing price of stock i at time $t-1$ in USD terms
 $S_{i(t-1)}$ = Number of assigned shares of stock i at time $t-1$

Where:

$$D_{(0)} = \frac{\sum_{i=1}^n P_{i(0)} * S_{i(0)}}{I_{(0)}}$$

Where:

$I_{(0)}$ = Index value at time 0 100
 $D_{(0)}$ = Divisor at time 0
 n = Number of stocks in the index
 $P_{i(t-1)}$ = Closing price of stock i at time 0 in USD terms
 $S_{i(t-1)}$ = Number of assigned shares of stock i at time 0

2. Assigned shares are the number of shares needed for each component such that the component conforms to the weighting distribution outlined in Chapter 2.3
3. Changes to the index composition require divisor adjustments to retain index continuity before and after specific events, as outlined in Chapter 3. Divisor changes are made according to the following equation:

$$D_{(t+1)} = D_{(t)} * \frac{\sum_{i=1}^n P_{i(t+1)} * S_{i(t+1)}}{\sum_{i=1}^n P_{i(t)} * S_{i(t)}}$$

Where:

$D_{(t+1)}$ = Initial Divisor after changes are made to the index

Chapter 3: Index Maintenance

This chapter describes the circumstances that require index changes, as well as the details on performing those changes

3.1 Divisor Changes

Changes to the index composition due to corporate actions or component eligibility changes will require adjustments to the index divisor, as follows:

*Spinoff**

1. Subtract the following from the price of the parent company:

$$\frac{\text{Spinoff stock price}}{\text{Share exchange ratio}}$$

2. Adjust the component's assigned shares such that its weighting is not changed because of the spinoff

Special Cash Dividend

1. Subtract special dividend from share price

Rights Offering

1. Subtract the following from the price of the parent company:

$$\frac{\text{Price of rights}}{\text{Rights ratio}}$$

2. Adjust the component's assigned shares such that its weighting is not changed because of the rights offering

Divisor changes are usually made on the date the corporate action becomes effective. For example, BFUTL uses the ex-dividend date rather than the payment date to determine when making divisor adjustments.

*If a company being spun-off is only trading on a "when-issued" basis, the "when-issued" price will be used to adjust the parent company's closing price.

3.2 Details of Share Changes

Stock splits and reverse splits do not require index divisor adjustments because the corresponding change to the stock price equally offsets the number of assigned shares, therefore not affecting the component's influence in the index.

3.3 Scheduled Component Changes and Review

BFUTL has a semi-annual review in June and December of each year. Fundamental data, prices and trading volumes are captured on the Tuesday before the second Friday of June and December. The new number of assigned shares for each component is determined based on the component's weight as determined in 2.3 and the closing price of that component on the Tuesday before the second Friday of June and December. Component changes are announced and made available after the close on the second Friday of June and December. Component changes are made after the close on the third Friday of June and December and are effective at the opening on the Monday following the third Friday of June and December.

3.4 Interim Component Changes

1. Component changes may occur between regularly-scheduled review periods if a specific corporate event makes an existing component ineligible. The following events may require a component's removal or replacement:

Merger or Acquisition

If a merger or acquisition results in one component absorbing another, the resulting company will remain a component and the absorbed company will be removed or replaced. If a non-component company absorbs a component company, the original component will be removed, unless the non-component company, after absorbing the assets of the component company, would be considered a Future Utilities company as described in Chapter 2.2. If a component is the target of an acquisition BlueStar may decide to remove or reduce the weight of that component after the "go-shop" period concludes in order to reduce potential volatility or liquidity risk in the index.

Spin-Off

If a company splits or spins off a portion of its business to form one or more new companies, the resulting company with the highest market value will remain a component if it meets the eligibility requirement. The remaining companies will be evaluated for eligibility and possible addition to the index.

Bankruptcy

A component company will be removed and replaced immediately after bankruptcy filing. Exceptions are made on a case-by-case basis. For example, a security may not be removed immediately if bankruptcy filing is not the result of operating or financial difficulties.

Delisting

A component company will be removed or replaced immediately after being delisted from its primary market.

Whenever possible, interim component changes are announced on BlueStar's publicly-available website at least three trading days prior to component changes becoming effective.

Chapter 4: Index Calculation and Dissemination

This chapter summarizes calculation and dissemination practices, quality assurance practices, and the circumstances requiring calculation corrections.

4.1 Price Calculation

Price, total return, and net total return indexes for BFUTL are calculated by Standard & Poor's on both an end-of-day and real-time basis. The BFUTL is calculated using the last traded price for each company in the Index from the relevant exchanges and markets.

Index values are rounded to two decimal places and divisors are rounded to 14 decimal places.

4.2 Calculation Frequency and Dissemination

BFUTL is calculated on a real-time basis beginning when the first traded price of any of the Index components is received by Standard & Poor's. Prices are delivered to CME every 15 seconds and subsequently published at that frequency. Net total return index values are available on a real-time basis through the Bloomberg information system under the index symbol "BFUTLNTR INDEX". End-of-day net total return index values are posted on BlueStar's publicly available website, www.bluestarindexes.com.

If the exchange a stock is listed on is closed or if trading in a stock is suspended prior to the market opening, the stock's adjusted closing price from the previous day will be used in the Index calculation until trading commences. If trading in a stock is suspended while the relevant market is open, the last traded price for that stock will be used for all subsequent Index calculations until trading resumes.

4.3 Input Data

Standard & Poor's uses various quality assurance tools to audit, monitor, and maintain the accuracy of its input data. While every reasonable effort is taken to ensure high standards of data integrity, there is no guarantee against errors. Please refer to the Data Correction section for more detail.

The index closing price is calculated using the closing prices issued by the primary exchange for each component stock in the index. If the primary exchange changes the closing price of a component stock, the new price will be used to calculate the index closing price. A final check of closing prices is done between one hour and one and one-half hours after the close of markets. This timeframe may be expanded at S&P's discretion on days where trading volume is unusually large at the close. For example, futures and options expiration dates, and large index rebalancing dates often result in unusually large volume. Only changes received prior to this final check are used in the closing price calculation.

Real time index prices are calculated using spot prices for foreign exchange rates throughout each trading day.

4.4 Data Corrections

Incorrect index component data, corporate action data, or Index Divisors will be corrected upon detection. If such errors are discovered within five days of occurrence, they will be corrected that same day. If discovered after five days, adjustments will be handled on a case-by-case basis depending on the significance of the error and the feasibility of a correction.

Incorrect intraday index tick data will not be corrected. However, incorrect opening and closing values will be corrected as soon as possible after detection.

Appendices

This section provides additional information related to BFUTL as well as changes to this document.

Appendix A. BlueStar Future Utilities Index Constituents (as of June 11, 2019 selection date)

Name	Ticker	Exchange	Weight
American Tower Corporation	AMT	New York	5.00%
QUALCOMM Incorporated	QCOM	NASDAQ GS	5.00%
Siemens AG	SIE	Xetra	5.00%
Texas Instruments Incorporated	TXN	NASDAQ GS	5.00%
HONEYWELL INTERNATIONAL INC	HON	New York	5.00%
INTEL CORP	INTC	NASDAQ GS	5.00%
Keyence Corporation	6861	Tokyo	4.37%
Enel SpA	ENEL	Brsaltaliana	4.18%
Ecolab Inc.	ECL	New York	3.38%
Crown Castle International Corp	CCI	New York	3.23%
Schneider Electric SE	SU	EN Paris	3.14%
ABB LTD-SPON ADR	ABBN	SIX Swiss Ex	2.63%
Dassault Systemes SA	DSY	EN Paris	2.55%
Analog Devices, Inc.	ADI	NASDAQ GS	2.53%
Emerson Electric Co.	EMR	New York	2.49%
ROPER TECHNOLOGIES INC	ROP	New York	2.32%
JOHNSON CONTROLS INTERNATION	JCI	New York	2.27%
ENGIE SA	ENGI	EN Paris	2.26%
Eaton Corp. Plc	ETN	New York	2.17%
TE CONNECTIVITY LTD	TEL	New York	2.00%
NXP SEMICONDUCTORS NV	NXPI	NASDAQ GS	1.75%
SBA Communications Corp. Class A	SBAC	NASDAQ GS	1.62%
American Water Works Company, Inc.	AWK	New York	1.36%
AMETEK INC	AME	New York	1.35%
Legrand SA	LR	EN Paris	1.29%
STMICROELECTRONICS NV-NY SHS	STM	Brsaltaliana	1.10%
XYLEM INC	XYL	New York	1.03%
Veolia Environnement SA	VIE	EN Paris	0.96%
Skyworks Solutions, Inc.	SWKS	NASDAQ GS	0.94%
IDEX Corporation	IEX	New York	0.92%
Jacobs Engineering Group Inc.	JEC	New York	0.84%
Red Electrica Corp. SA	REE	Soc.Bol SIBE	0.82%
PTC Inc.	PTC	NASDAQ GS	0.77%
Halma plc	HLMA	London	0.74%
SUEZ SA	SEV	EN Paris	0.69%
Aqua America, Inc.	WTR	New York	0.69%
Spirax-Sarco Engineering PLC	SPX	London	0.67%
ON SEMICONDUCTOR CORP	ON	NASDAQ GS	0.66%
Sensata Technologies Holding PLC	ST	New York	0.64%
QORVO INC	QRVO	NASDAQ GS	0.63%
FLIR SYSTEMS INC	FLIR	NASDAQ GS	0.60%
HUBBELL INC	HUBB	New York	0.59%
Flowserve Corporation	FLS	New York	0.58%
United Utilities Group PLC	UU/	London	0.57%
A. O. Smith Corporation	AOS	New York	0.56%
PENTAIR PLC	PNR	New York	0.55%
Severn Trent Plc	SVT	London	0.54%
AECOM	ACM	New York	0.52%
Acciona SA	ANA	Soc.Bol SIBE	0.52%
WSP Global Inc.	WSP	Toronto	0.52%
ACUITY BRANDS INC	AYI	New York	0.50%
Quanta Services, Inc.	PWR	New York	0.50%
ADT INC	ADT	New York	0.45%
SILICON LABORATORIES INC	SLAB	NASDAQ GS	0.44%
nVent Electric plc	NVT	New York	0.43%
TETRA TECH INC	TTEK	NASDAQ GS	0.43%
MasTec, Inc.	MTZ	New York	0.41%
Valmont Industries, Inc.	VMI	New York	0.35%
RESIDEO TECHNOLOGIES INC	REZI	New York	0.34%
ALARM.COM HOLDINGS INC	ALRM	NASDAQ GS	0.34%
ITRON INC	ITRI	NASDAQ GS	0.33%
Horiba, Ltd.	6856	Tokyo	0.31%
INTERDIGITAL INC	IDCC	NASDAQ GS	0.31%
CUBIC CORP	CUB	New York	0.30%

Appendix C. Document Change History

A history of significant changes to this document is shown in the table below

Issue	Date	Change
1.0	July 30, 2019	Initial publication