

**S&P Dow Jones
Indices**

A Division of **S&P Global**

S&P/BMV Mexico Target Risk Index Series *Methodology*

January 2021

Table of Contents

| | |
|---|-----------|
| Introduction | 2 |
| Index Objective and Highlights | 2 |
| Collaboration | 2 |
| Supporting Documents | 2 |
| Eligibility Criteria | 4 |
| Index Eligibility | 4 |
| Timing of Changes | 4 |
| Index Construction | 5 |
| Allocations | 5 |
| Index Maintenance | 6 |
| Rebalancing | 6 |
| Currency of Calculation and Additional Index Return Series | 6 |
| Base Dates and History Availability | 6 |
| Index Governance | 7 |
| Index Committee | 7 |
| Index Policy | 8 |
| Holiday Schedule | 8 |
| Rebalancing | 8 |
| Unexpected Exchange Closures | 8 |
| Recalculation Policy | 8 |
| Contact Information | 8 |
| Index Dissemination | 9 |
| Tickers | 9 |
| Index Data | 9 |
| Web site | 9 |
| Appendix | 10 |
| EU Required ESG Disclosures | 10 |
| Disclaimer | 11 |

Introduction

Index Objective and Highlights

Each of the four S&P/BMV Mexico Target Risk Index Series tracks a group of indices selected so that the group achieves a target risk level.

The S&P/BMV Mexico Target Risk Index Series is comprised of four multi-asset class indices, each corresponding to a particular risk level. These indices are intended to represent stock-bond allocations across a risk spectrum from conservative to aggressive, while considering the constraints of local pension funds dictated by CONSAR, the pension system regulator in Mexico.

- **S&P/BMV Mexico Target Risk Conservative Index.** The index seeks to emphasize exposure to domestic short-term fixed income in order to avoid excessive volatility of returns.
- **S&P/BMV Mexico Target Risk Moderate Index.** The index offers significant exposure to short- to mid-term fixed income, while also increasing opportunities for higher portfolio returns by increasing exposure to equities.
- **S&P/BMV Mexico Target Risk Growth Index.** The index increases the exposure to equities and also provides fixed income mid- to long-term exposure to diversify risk.
- **S&P/BMV Mexico Target Risk Aggressive Index.** The index emphasizes the exposure to equities within regulator limits, maximizing opportunities for long-term capital accumulation. It provides exposure to fixed income, with allocations placed in longer-term maturity bonds.

Please refer to Index Construction for details on each index's allocation to equity and fixed income.

Collaboration

Pursuant to an Index Operation and License Agreement dated May 2015 (the "Agreement") between S&P Dow Jones Indices LLC ("S&P DJI") and Bolsa Mexicana de Valores, S.A.B. DE C.V. ("BMV"), as amended, S&P DJI and BMV have agreed to jointly publish and co-brand a family of indices (the "Indices"). The Indices will be co-branded with the S&P/BMV naming convention on June 5, 2017 in conjunction with S&P Dow Jones Indices' assumption of index calculation and maintenance. Prior to June 5, 2017, the Indices were calculated and maintained by BMV.

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 |

This methodology was created by S&P Dow Jones Indices in agreement with the Bolsa Mexicana de Valores (BMV) 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 and the BMV so that the index continues to achieve its objective.

Eligibility Criteria

Index Eligibility

The universe of eligible asset classes and the indices used to represent them are detailed below.

| Asset Class | Sub-Asset Class | Component Index (Total Return) |
|--------------|------------------|---|
| Equity | Domestic | S&P/BMV IPC ¹ |
| | International | S&P Global 1200 (MXN) ² |
| Fixed Income | Cash | S&P/BMV Government CETES Bond Index ³ |
| | Nominal | S&P/BMV Government MBONOS 1-5 Year Bond Index ³ |
| | | S&P/BMV Government MBONOS 5-10 Year Bond Index ³ |
| | | S&P/BMV Sovereign MBONOS 10-20 Year Bond Index ³ |
| | | S&P/BMV Sovereign MBONOS 20+ Year Bond Index ³ |
| | Inflation-Linked | S&P/BMV Sovereign UDIBONOS 1-3 Year Bond Index ³ |
| | | S&P/BMV Sovereign UDIBONOS 3-5 Year Bond Index ³ |
| | | S&P/BMV Sovereign UDIBONOS 5-10 Year Bond Index ³ |
| | | S&P/BMV Sovereign UDIBONOS 10-20 Year Bond Index ³ |
| | Corporate | S&P/BMV CORPOTRAC Index ⁴ |

Timing of Changes

Index constituents are not expected to change between rebalancing periods. If, for any reason beyond S&P Dow Jones Indices' control, a constituent is discontinued, the Index Committee may elect to discontinue representation of the affected asset class within the index or designate a successor index.

¹ The total return version of the S&P/BMV IPC is also known as the S&P/BMV IRT. For further information on the index, please refer to the S&P/BMV Indices Methodology available at www.spdji.com.

² For further information on the index, please refer to the S&P Global 1200 Methodology available at www.spdji.com.

³ For further information on the index, please refer to the S&P/BMV Fixed Income Indices Methodology available at www.spdji.com.

⁴ For further information on the index, please refer to the S&P/BMV CORPOTRAC Index Methodology available at www.spdji.com.

Index Construction

Allocations

- The Index Committee determines the weights of each component asset class in a given index, considering the applicable regulatory investment limits published by CONSAR for the Siefre Básicas (Specialized Investment Groups for Retirement Funds) in determining those weights.
- At each rebalancing, each index's component asset class allocations are reset to the weights set forth in the tables below. Although the index asset class allocation limits currently fall within the guidelines published by CONSAR, the index limits do differ from the maximum allocations published by CONSAR. The CONSAR's published limits can be found at http://www.consar.gob.mx/gobmx/Aplicativo/Limites_Inversion/?lang=en.
- If the CONSAR revises its published investment limits prior to the rebalancing of the index series, the Index Committee will consider such revisions. However, the index weights at the rebalancing will be determined in accordance with this published index methodology unless otherwise announced by S&P Dow Jones Indices.

At each rebalancing, the weights of the various asset and sub-asset classes within each index are determined as follows:

1. The equity, fixed income, and cash weights for each index are indicated in the table below.

| Index | Allocation | | | |
|---|-----------------|----------------------|--------------|------|
| | Domestic Equity | International Equity | Fixed Income | Cash |
| S&P/BMV Mexico Target Risk Conservative Index | 1% | 3% | 86% | 10% |
| S&P/BMV Mexico Target Risk Moderate Index | 8% | 12% | 77% | 3% |
| S&P/BMV Mexico Target Risk Growth Index | 10% | 15% | 72% | 3% |
| S&P/BMV Mexico Target Risk Aggressive Index | 20% | 15% | 62% | 3% |

2. The weights of the underlying indices within each asset class for each index are indicated in the table below.

| Asset Class | Sub-Asset Class | Component Index (Total Return) | Allocation | | | |
|--------------|------------------|--|--------------|----------|--------|------------|
| | | | Conservative | Moderate | Growth | Aggressive |
| Equity | Domestic | S&P/BMV IPC | 1.0% | 8.0% | 10.0% | 20.0% |
| | International | S&P Global 1200 (MXN) | 3.0% | 12.0% | 15.0% | 15.0% |
| Fixed Income | Cash | S&P/BMV Government CETES Bond Index | 10.0% | 3.0% | 3.0% | 3.0% |
| | Nominal | S&P/BMV Government MBONOS 1-5 Year Bond Index | 9.6% | 7.6% | 6.8% | - |
| | | S&P/BMV Government MBONOS 5-10 Year Bond Index | 6.4% | 22.8% | 6.8% | 6.0% |
| | | S&P/BMV Sovereign MBONOS 10-20 Year Bond Index | - | 7.6% | 20.4% | 6.0% |
| | | S&P/BMV Sovereign MBONOS 20+ Year Bond Index | - | - | - | 18.0% |
| | Inflation-Linked | S&P/BMV Sovereign UDIBONOS 1-3 Year Bond Index | 55.0% | 13.25% | - | - |
| | | S&P/BMV Sovereign UDIBONOS 5-10 Year Bond Index | - | 13.25% | 10.20% | 4.4% |
| | | S&P/BMV Sovereign UDIBONOS 10-20 Year Bond Index | - | - | 15.3% | 4.4% |
| | | S&P/BMV Sovereign UDIBONOS 20+ Year Bond Index | - | - | - | 13.2% |
| | Corporate | S&P/BMV CORPOTRAC Index | 15% | 12.5% | 12.5% | 10% |

The Index Committee reserves the right to modify the weights of a constituent index in the event that constituent index becomes unavailable for any reason.

Index Maintenance

Rebalancing

Each index is rebalanced semi-annually, effective after the market close on the last business day of June and December. As part of the rebalancing process, the index allocation weights reset based on the process described in *Index Construction*.

Currency of Calculation and Additional Index Return Series

The indices are calculated in Mexican pesos.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to [S&P DJI Methodology & Regulatory Status Database](#).

For information on various index calculations, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at www.spdji.com.

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/BMV Mexico Target Risk Conservative Index | 11/01/2016 | 12/31/2008 | 12/31/2008 | 1000 |
| S&P/BMV Mexico Target Risk Moderate Index | 11/01/2016 | 12/31/2008 | 12/31/2008 | 1000 |
| S&P/BMV Mexico Target Risk Growth Index | 11/01/2016 | 12/31/2008 | 12/31/2008 | 1000 |
| S&P/BMV Mexico Target Risk Aggressive Index | 11/01/2016 | 12/31/2008 | 12/31/2008 | 1000 |

Index Governance

Index Committee

The S&P/BMV Index Committee maintains the S&P/BMV Mexico Target Risk Index Series. The Index Committee is composed of full-time employees of S&P Dow Jones Indices and the Bolsa Mexicana de Valores. The Index Committee meets regularly. At each meeting, the Index Committee reviews matters that may affect index constituents, statistics comparing the composition of the indices to the market, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting constituents, 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 its daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews this 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 Methodology.

Index Policy

Holiday Schedule

The S&P/BMV Mexico Target Risk Index Series is calculated on all Mexican equity market business days.

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 Methodology.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

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 versions of the below indices that may exist are also covered by this document. Please refer to [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

| Index (Price Return) | Bloomberg |
|---|-----------|
| S&P/BMV Mexico Target Risk Conservative Index | SPBMTRC |
| S&P/BMV Mexico Target Risk Moderate Index | SPBMTRM |
| S&P/BMV Mexico Target Risk Growth Index | SPBMTRG |
| S&P/BMV Mexico Target Risk Aggressive Index | SPBMTRA |

Index Data

Daily constituent and index level data are available via 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

EU Required ESG Disclosures

| EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY⁵ | |
|---|---|
| 1. | Name of the benchmark administrator. S&P Dow Jones Indices LLC. |
| 2. | Underlying asset class of the ESG benchmark.⁶ N/A |
| 3. | Name of the S&P Dow Jones Indices benchmark or family of benchmarks. S&P DJI Multi-Asset Indices Benchmark Statement |
| 4. | Do any of the indices maintained by this methodology take into account ESG factors? No |
| Appendix latest update: January 2021 | |
| Appendix first publication: January 2021 | |

⁵ The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology.

⁶ The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

Disclaimer

Copyright © 2021 S&P Dow Jones Indices LLC. All rights reserved. STANDARD & POOR'S, S&P, S&P 500, S&P 500 LOW VOLATILITY INDEX, S&P 100, S&P COMPOSITE 1500, S&P MIDCAP 400, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, S&P TARGET DATE INDICES, GICS, SPIVA, SPDR and INDEXOLOGY are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"). DOW JONES, DJ, DJIA and DOW JONES INDUSTRIAL AVERAGE are registered trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, S&P, S&P Trucost Limited, SAM (a part of S&P Global), Dow Jones or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor, and S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other investment product or vehicle. S&P Dow Jones Indices LLC is not a tax advisor. A tax advisor should be consulted to evaluate the impact of any tax-exempt securities on portfolios and the tax consequences of making any particular investment decision. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

BMV is a trademark of Bolsa Mexicana de Valores, S.A.B. de C.V. and has been licensed for use by S&P Dow Jones Indices.