S&P Latin America 40

Methodology

January 2021
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Introduction

Index Objective and Highlights

The S&P Latin America 40 measures the performance of stocks from five Latin American emerging markets: Brazil, Chile, Colombia, Mexico and Peru. Index constituents are large companies from each of the 11 sectors of the Global Industry Classification Standard (GICS®). Constituents are analyzed for size and liquidity, and each component region has appropriate sector and country representation. The size of each market corresponds to its relative size in the index universe based on float adjusted market capitalization (FMC). The index is one of seven headline indices that make up the S&P Global 1200.¹

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:

<table>
<thead>
<tr>
<th>Supporting Document</th>
<th>URL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Dow Jones Indices’ Index Mathematics Methodology</td>
<td>Index Mathematics Methodology</td>
<td></td>
</tr>
<tr>
<td>S&amp;P Dow Jones Indices’ Float Adjustment Methodology</td>
<td>Float Adjustment Methodology</td>
<td></td>
</tr>
<tr>
<td>S&amp;P Dow Jones Indices’ Global Industry Classification Standard (GICS) Methodology</td>
<td>GICS Methodology</td>
<td></td>
</tr>
</tbody>
</table>

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of the 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

The index constituents are drawn from the S&P/IFCI country indices of Brazil, Chile, Colombia, Mexico, and Peru.

Eligibility Factors

Index composition is at the discretion of the Index Committee. The following factors are taken into account by the Index Committee when determining the composition of the index:

Market Capitalization. The index is designed to include the largest stocks, based on FMC, from the five markets listed above.

Each country is analyzed by ranking all companies in the country’s eligible universe based on their total company market capitalization, and then the cumulative FMC is calculated for each stock.

- Stocks may be added if they rank within the top 40% of the cumulative FMC of the respective country’s eligible universe.
- Stocks may be dropped if they rank within the top 80% or above of the cumulative FMC of the respective country’s eligible universe.

Liquidity. Stocks are ranked according to liquidity, measured by dollar value traded. Annual value traded, float turnover, and days traded are also analyzed quarterly to ensure adequate liquidity. Given two comparably sized companies, the higher the 12-month value traded, the more likely its inclusion.

Listings. Where applicable, preference is given to developed market listings of an index constituent. This may include U.S.-listings, U.S.-listed ADRs or other developed market listings.

Eligible Securities. All common and preferred shares (which are of an equity and not of a fixed income nature) are eligible for inclusion. Convertible stock, bonds, warrants, rights, and preferred stock that provide a guaranteed fixed return are not eligible.

Country and Sector Balance. The country balance and sector balance of the five markets listed above are also considered in the selection of companies for the index in order to reflect country and sector weights of the broader universe of stocks. Sector balance is measured by a comparison of each GICS sector’s weight in the index with its weight in the broader universe of stocks.

For more information on GICS, please refer to the GICS methodology.
Index Construction

Constituent Selection

Constituent selection is at the discretion of the Index Committee and is based on the eligibility criteria.

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 Weighting

Index constituents are weighted by float-adjusted market capitalization.

Index Calculations

The index is 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 Capitalization Weighted Indices section of S&P Dow Jones Indices’ Index Mathematics Methodology.
Index Maintenance

Rebalancing

Changes to the S&P Latin America 40 are made on an as-needed basis. There is no annual or semi-annual reconstitution.

For more information on rebalancing, please refer to the Share/IWF Freeze section of the S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

Additions. An index addition is generally made only if a vacancy is created by an index deletion at the quarterly rebalancings. The Index Committee Index additions are made according to market size and liquidity, with a view to preserving regional, country, and sector representation in the index. An initial public offering (IPO) is added to the index only when an appropriate vacancy occurs and is subject to proven liquidity for at least six months. An exception may be made for extraordinarily large global offerings where expected trading volume justifies inclusion.

Deletions. Deletions can occur due to corporate actions such as acquisitions, mergers, spin-offs, bankruptcies, suspensions, or significant restructuring such that it no longer meets the eligible criteria. A company that substantially violates one or more of the eligibility criteria may be deleted at the Index Committee’s discretion. The Index Committee will review the index constituents on a quarterly basis and evaluate if the current constituents still represent the Index Objective by reviewing the country and sector representation of the Index constituents.

Corporate Actions

Spin-offs. A spin-off of a constituent will not remain in the index unless the size and anticipated liquidity of the spun-off company are sufficient to replace the parent company. The spun-off company is added at a zero price at the market close of the day before the ex-date (with no divisor adjustment), and if it is determined to be ineligible for continued inclusion in the index, the spun-off company is removed after at least one day of regular way trading (with a divisor adjustment).

For more information on corporate actions, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

Investable Weight Factor (IWF)

All index constituents are assigned a float-adjustment 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. The company’s adjusted market capitalization is used to determine a constituent’s weight in the index.

Please refer to S&P Dow Jones Indices’ Float Adjustment Methodology for a detailed description of float adjustment and Investable Weight Factor (IWF).

Currency of Calculation and Additional Index Return Series

The index is calculated in U.S. dollars, Canadian dollars, and euros. Underlying prices are collected in local currencies and converted to U.S. dollars using Refinitiv’s real-time spot exchange rates. The index’s closing value is calculated at 05:05 PM Eastern Time using the real-time exchange rates at that point in time. In situations where either a stock does not trade or a primary exchange is not open for trading, but the index is being calculated as other constituent primary exchanges are open and trading, the stocks...
from the closed primary exchange will use the last available closing price and convert into U.S. dollars using the real time spot foreign exchange rate of the day. The index’s final closing values convert all stock prices used in the index calculation at the spot foreign exchange rate provided by Refinitiv at the closing time of the index.

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

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 the 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 Date and History Availability**

Index history availability, base date, and base value are shown in the table below.

<table>
<thead>
<tr>
<th>Index</th>
<th>Launch Date</th>
<th>First Value Date</th>
<th>Base Date</th>
<th>Base Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Latin America 40</td>
<td>09/30/1999</td>
<td>12/31/1987</td>
<td>12/31/1997</td>
<td>1000</td>
</tr>
</tbody>
</table>
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

The index is maintained by the Americas Thematic and Strategy Indices Committee. The Index Committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the 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 Methodology.
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 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 always 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 Methodology.

Pro-forma files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files for each index each time the indices rebalance. The pro-forma file is typically provided in advance of the rebalancing date and it contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on reference prices 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 index is calculated on all business days of the year except when all markets are 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 Methodology.

Recalculation Policy

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

Real-Time Calculation

Real-time, intra-day, index calculations are executed for certain indices, whenever any of their primary exchanges are open. Real-time indices are not restated.
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 the S&P DJI Methodology & Regulatory Status Database for a complete list of indices covered by this document.

<table>
<thead>
<tr>
<th>Index</th>
<th>Return Type</th>
<th>Bloomberg</th>
<th>RIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Latin America 40</td>
<td>Price Return</td>
<td>SPLAC</td>
<td>.SPLAC</td>
</tr>
<tr>
<td></td>
<td>Net Return</td>
<td>SPTRL40N</td>
<td>.SPLACNTR</td>
</tr>
</tbody>
</table>

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 I

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

<table>
<thead>
<tr>
<th>Change</th>
<th>Effective Date (After Close)</th>
<th>Previous</th>
<th>Methodology</th>
<th>Updated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index Name</td>
<td>09/29/2017</td>
<td>S&amp;P LAC 40</td>
<td>S&amp;P Latin America 40</td>
<td>S&amp;P Latin America 40</td>
</tr>
</tbody>
</table>


Appendix II

EU Required ESG Disclosures

<table>
<thead>
<tr>
<th>EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL &amp; GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY²</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name of the benchmark administrator.</td>
<td>S&amp;P Dow Jones Indices LLC.</td>
</tr>
<tr>
<td>2. Underlying asset class of the ESG benchmark.³</td>
<td>N/A</td>
</tr>
<tr>
<td>3. Name of the S&amp;P Dow Jones Indices benchmark or family of benchmarks.</td>
<td>S&amp;P DJI Equity Indices Benchmark Statement</td>
</tr>
<tr>
<td>4. Do any of the indices maintained by this methodology take into account ESG factors?</td>
<td>No</td>
</tr>
</tbody>
</table>

Appendix latest update: January 2021
Appendix first publication: January 2021

² 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.

³ 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.
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