

**S&P Dow Jones  
Indices**

A Division of **S&P Global**

# **S&P MILA Indices** *Methodology*

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# Introduction

## Index Objective and Family

The index family currently consists of the S&P MILA Andean Indices<sup>1</sup> and the S&P MILA Pacific Alliance Indices.

**S&P MILA Andean Indices.** The S&P MILA Andean Indices consist of the following indices:

- **S&P MILA Andean 40.** The index measures the performance of 40 stocks from the S&P Global BMI trading on the MILA platform that represent the Andean region (including Chile, Colombia, and Peru) and meet specific eligibility criteria for size and liquidity. The index is float-adjusted market capitalization (FMC) weighted, subject to a single constituent weight cap of 8% and a single country weight cap of 50%.
- **S&P MILA Andean Sector Indices.** These indices include the **S&P MILA Andean Financials** and **S&P MILA Andean Resources**. Index composition is derived from stocks in GICS® sub-industries within the Global Industry Classification Standard (GICS) Financials sector (for S&P MILA Andean Financials) and GICS Energy, Materials, Consumer Staples, and Real Estate sectors (for S&P MILA Andean Resources). Constituents must be members of the S&P Global BMI, trade on the MILA platform, and meet eligibility criteria for size and liquidity. The indices are FMC weighted, subject to a single constituent weight cap of 20% and a single country weight cap of 50%. Additionally, the minimum initial portfolio size that can be turned over in a single day must be equal to or greater than US\$ 20 million.

**S&P MILA Pacific Alliance Indices.** The S&P MILA Pacific Alliance Indices consist of the following indices:

- **S&P MILA Pacific Alliance Composite.** The index measures the performance of all stocks from the S&P Global BMI listed on MILA representing Chile, Colombia, Mexico, and Peru. Sector and size indices are also available. The index is FMC weighted.
  - **S&P MILA Pacific Alliance Select.** The index is a sub-index of the S&P MILA Pacific Alliance Composite and measures the performance of stocks trading on MILA that meet specific eligibility criteria for size and liquidity. The indices are FMC weighted, subject to a single constituent weight cap of 8%, single country weight cap of 50%, and that the aggregate weight of constituents weighing 5% or more cannot be greater than 40%. Additionally, the minimum initial portfolio size that can be turned over in a single day must be equal to or greater than US\$ 75 million.
  - **S&P MILA Pacific Alliance Completion.** The index is a sub-index of the S&P MILA Pacific Alliance Composite that measures the performance of stocks that are not members of the S&P MILA Pacific Alliance Select. The index is FMC weighted.

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<sup>1</sup> The S&P MILA 40, S&P MILA Financial, and S&P MILA Resources were renamed effective July 14, 2014 to include the word "Andean" in the index name to more specifically describe the region they represent.

## About MILA

The Mercado Integrado Latino Americano (MILA) platform is an integrated trading venture formed by the Colombia, Lima, Mexico, and Santiago Stock Exchanges. It is part of the economic and commercial integration effort among the Pacific Alliance member countries of Chile, Colombia, Peru, and Mexico.

Additionally, for complete platform integration, and for ensuring smooth cross-border clearing and settlement, there is participation from the securities depositories – DCV from Chile, DECEVAL from Colombia, INDEVAL from Mexico, and CAVALI from Peru. MILA was launched on May 30, 2011 with secondary equity trading through an intermediate routing mechanism and has plans to expand. For more information, visit <http://mercadomila.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            | <a href="#">Equity Indices Policies &amp; Practices</a> |
| S&P Dow Jones Indices' Index Mathematics Methodology                              | <a href="#">Index Mathematics Methodology</a>           |
| S&P Dow Jones Indices' Float Adjustment Methodology                               | <a href="#">Float Adjustment Methodology</a>            |
| S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology | <a href="#">GICS Methodology</a>                        |

This methodology was created by S&P Dow Jones Indices in agreement with MILA 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 MILA so that the indices continue to achieve their objectives.

# Eligibility Criteria

## Index Universe

The index universe for the S&P MILA Indices is all stocks in the S&P Global BMI that trade on MILA as domestic stocks as of the rebalancing effective date. Non-domestic stocks of companies with at least 50% of assets or revenues in the MILA region are also eligible.

For the S&P MILA Sector Indices, stocks must also meet specific GICS sub-industry classifications.

For more information on the S&P Global BMI, please refer to the S&P Global BMI, S&P/IFCI Methodology, available at [www.spdji.com](http://www.spdji.com).

## Eligibility Factors

As of the rebalancing reference date, stocks in the index universe must satisfy certain eligibility factors:

**Listing.** Stocks must be listed using the local listing and/or the MILA listing for each constituent.

For the S&P MILA Andean 40 and the S&P MILA Andean Sector Indices, all constituents of the S&P Global BMI trading on MILA as domestic stocks representing the Andean region (i.e. Chile, Colombia, and Peru) are eligible.

**Market Capitalization.** Stocks must meet the float-adjusted market capitalization (FMC) thresholds as detailed in each index's specific *Index Construction* page.

**Liquidity.** A stock's value traded is measured by combining local and North American median daily value traded (MDVT) liquidity, if available. North American exchanges refer specifically to the New York Stock Exchange, Nasdaq, and Toronto Stock Exchange. Constituents must meet the liquidity thresholds as detailed in each index's specific *Index Construction* page.

**Eligible Securities.** All common, investable, and preferred shares (which are of an equity and not of a fixed income nature) are eligible for inclusion.

## Multiple Share Classes

Multiple share classes are treated differently according to the specific index, as follows:

- **S&P MILA Andean 40, S&P MILA Andean Sector Indices, and S&P MILA Pacific Alliance Select.** Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.
- **S&P MILA Pacific Alliance Composite, Completion, Sector, and Size Indices.** All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

# Index Construction

## S&P MILA Andean 40

**Eligibility Factors.** As of each rebalancing reference date, stocks in the index universe must satisfy the criteria defined in *Eligibility Criteria*, as well as the following index-specific criteria.

**Market Capitalization.** Stocks must have an FMC of at least US\$ 100 million.

**Liquidity.** Stocks must have a three-month MDVT of at least US\$ 250,000 (US\$ 150,000 for current constituents).

**Constituent Selection.** At each rebalancing, eligible stocks are ranked by FMC, with the largest 40 stocks selected and added to the index, subject to the following selection buffer:

1. Current index constituents ranked within the top 60 are selected.
2. If at this point still less than 40 stocks are selected, the highest ranked non-constituent is selected until the target constituent count of 40 is reached, subject to a minimum of five stocks per country.

If, in the ranking of the eligible universe, any country has fewer than five eligible companies ranked within the top 60 stocks, the five largest companies for that market are chosen from the eligible universe. Therefore, some or all of the top five companies for this country may fall outside the top 60 ranked stocks. This is the only time stock selection may exceed the 50% buffer rule described above.

**Constituent Weightings.** At each rebalancing, constituents are FMC weighted, subject to the following constraints:

- No single constituent's weight can exceed 8% of the total index weight
- No single country's weight can exceed 50% of the index.

Any excess weight is proportionally redistributed to uncapped constituents.

**Rebalancing.** The index rebalances semi-annually, effective after the market close of the last trading day of March and September. The rebalancing reference date is the last trading day of February and August, respectively. Constituents' index shares are calculated using closing prices seven business days prior to the rebalancing effective date as the reference price. Index share amounts are calculated and assigned to each stock to arrive at the weights determined on the reference date.

## S&P MILA Andean Sector Indices

**Eligibility Factors.** As of each rebalancing reference date, stocks in the index universe must satisfy the criteria defined in *Eligibility Criteria*, as well as the following index-specific criteria.

**Market Capitalization.** Stocks must have an FMC of at least US\$ 100 million.

**Liquidity.** Stocks must have a three-month MDVT of at least US\$ 250,000 (US\$ 150,000 for current constituents).

**GICS Classification.** For each index, stocks must be classified as part of the eligible GICS classifications in the following tables.

| S&P MILA Andean Financials |                                      |           |                               |
|----------------------------|--------------------------------------|-----------|-------------------------------|
| 40101010                   | Diversified Banks                    | 40203030  | Diversified Capital Markets   |
| 40101015                   | Regional Banks                       | 402030540 | Financial Exchanges & Data    |
| 40102010                   | Thrifths & Mortgage Finance          | 40204010  | Mortgage REITs                |
| 40201020                   | Other Diversified Financial Services | 40301010  | Insurance Brokers             |
| 40201030                   | Multi-Sector Holdings                | 40301020  | Life & Health Insurance       |
| 40201040                   | Specialized Finance                  | 40301030  | Multi-line Insurance          |
| 40202010                   | Consumer Finance                     | 40301040  | Property & Casualty Insurance |
| 40203010                   | Asset Management & Custody Banks     | 40301050  | Reinsurance                   |
| 40203020                   | Investment Banking & Brokerage       |           |                               |

| S&P MILA Andean Resources |                                      |          |  |
|---------------------------|--------------------------------------|----------|--|
| 10101010                  | Oil & Gas Drilling                   | 15103010 | Metal & Glass Containers                                   |
| 10101020                  | Oil & Gas Equipment & Services       | 15103020 | Paper Packaging  |
| 10102010                  | Integrated Oil & Gas                 | 15104010 | Aluminum   |
| 10102020                  | Oil & Gas Exploration & Production   | 15104020 | Diversified Metals & Mining                                |
| 10102030                  | Oil & Gas Refining & Marketing       | 15104025 | Copper   |
| 10102040                  | Oil & Gas Storage & Transportation   | 15104030 | Gold   |
| 10102050                  | Coal & Consumable Fuels              | 15104040 | Precious Metals & Minerals                                 |
| 15101010                  | Commodity Chemicals                  | 15104045 | Silver   |
| 15101020                  | Diversified Chemicals                | 15104050 | Steel  |
| 15101030                  | Fertilizers & Agricultural Chemicals | 15105010 | Forest Products  |
| 15101040                  | Industrial Gases                     | 15105020 | Paper Products   |
| 15101050                  | Specialty Chemicals                  | 30202010 | Agricultural Products                                      |
| 15102010                  | Construction Materials               | 60101080 | Specialized REITs ( <u>only</u> Timber REITs are eligible) |

**Constituent Selection.** At each rebalancing, the eligible stocks from each cluster in the index universe are selected and form each index, with the goal of selecting at least two stocks per eligible country.

If the after the constituent selection process an index contains fewer than two stocks from each of the eligible countries, the MDVT criteria is relaxed for stocks from the affected market to ensure there is sufficient country representation.

**Constituent Weightings.** At each rebalancing, constituents are FMC weighted, subject to the following constraints:

1. No single constituent's weight can exceed 20%.
2. No single country's weight can exceed 50%.
3. The minimum initial portfolio size that can be turned over in a single day (based on 3-month MDVT) must be at least US\$ 20 million. For the purpose of applying this criterion, trading volumes include all shares traded on the MILA platform and on the North American exchanges,



irrespective of the nature of the stock listing. Adjustments are made to the constituents' market capitalization weights to achieve these goals.

If no solution is found using the process mentioned above, the minimum initial portfolio size measure is disregarded prior to the weighting process.

**Rebalancing.** The index rebalances twice a year, effective after the market close of the last trading day of March and September. The rebalancing reference date is the last trading day of February and August, respectively. Constituents' index shares are calculated using closing prices seven business days prior to the rebalancing effective date as the reference price. Index share amounts are calculated and assigned to each stock to arrive at the weights determined on the reference date.

## **S&P MILA Pacific Alliance Composite**

**Eligibility Factors.** As of each rebalancing reference date, stocks in the index universe must satisfy the criteria defined in *Eligibility Criteria*.

**Constituent Selection.** At each rebalancing, the eligible companies are selected and form the index.

**Constituent Weightings.** At each rebalancing, constituents are FMC weighted.

**Rebalancing.** The index rebalances quarterly, effective after the market close of the third Friday of March, June, September, and December. The rebalancing reference date is five weeks prior to the effective rebalancing date, respectively.

## **S&P MILA Pacific Alliance Select**

**Eligibility Factors.** As of each rebalancing reference date, stocks in the index universe must satisfy the criteria defined in *Eligibility Criteria*, as well as the following index-specific criteria.

**Market Capitalization.** Stocks must have an FMC of at least US\$ 1 billion (US\$ 750 million for current constituents).

**Liquidity.** Stocks must have a combined domestic and North American six-month MDVT of at least US\$ 1 million (US\$ 750,000 for current constituents).

**Constituent Selection.** At each rebalancing, the eligible stocks are selected and form the index, subject to the constraint that there must be a minimum of five stocks per country.

If any country has fewer than five companies, the five largest companies for that market are chosen from the eligible universe before applying the market capitalization and liquidity criteria. Therefore, some or all the top five companies for this country may fall outside the required criteria.

**Constituent Weightings.** At each rebalancing, constituents are FMC weighted, subject to the following constraints:

1. No single constituent's weight can exceed 8%.
2. No single country's weight can exceed 50%.
3. The sum of stocks with a weight of 5% or greater is limited to an aggregate 40% weight.
4. The minimum initial portfolio size that can be turned over in a single day (based on the combined domestic and North American six-month MDVT) must be at least US\$ 75 million.

If necessary, based on market conditions, the portfolio size used to calculate basket liquidity weight may be adjusted to achieve each of the weighting criteria.

**Rebalancing.** The index rebalances semi-annually, effective after the market close of the third Friday of March and September. The rebalancing reference date is the third Friday of February and August, respectively. Constituents' index shares are calculated using closing prices on the Wednesday prior to the second Friday of the rebalancing month as the reference price. Index share amounts are calculated and assigned to each stock to arrive at the weights determined on the reference date.

## **S&P MILA Pacific Alliance Completion**

**Constituent Selection.** All constituents of the S&P MILA Pacific Alliance Composite that are not members of the S&P MILA Pacific Alliance Select form the index.

**Constituent Weightings.** At each rebalancing, constituents are FMC weighted.

**Rebalancing.** The index rebalances quarterly, effective after the market close of the third Friday of March, June, September, and December. The rebalancing reference date is five weeks prior to the effective rebalancing date, respectively.

## **S&P MILA Pacific Alliance Sector Indices**

**Constituent Selection.** At each rebalancing, constituents of the S&P MILA Pacific Alliance Composite that are categorized according to the following GICS sectors form each respective S&P MILA Pacific Alliance Sector Index.

- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Information Technology
- Materials
- Communication Services
- Utilities
- Real Estate

**Constituent Weightings.** At each rebalancing, each index is FMC weighted.

**Rebalancing.** The index rebalances quarterly, effective after the market close of the third Friday of March, June, September, and December. The rebalancing reference date is five weeks prior to the effective rebalancing date, respectively.

## **S&P MILA Pacific Alliance Size Indices**

**Constituent Selection.** The S&P MILA Pacific Alliance Size Indices are subsets of the S&P MILA Pacific Alliance Composite and consist of the following indices:

- S&P MILA Pacific Alliance MidCap
- S&P MILA Pacific Alliance SmallCap
- S&P MILA Pacific Alliance MidSmallCap

Company size classification is determined using the S&P Global BMI's size methodology.

*For information on the S&P Global BMI, please refer to the S&P Global BMI, S&P/IFCI Methodology available at [www.spdji.com](http://www.spdji.com).*

**Constituent Weightings.** At each rebalancing, each index is FMC weighted.

**Rebalancing.** The index rebalances quarterly, effective after the market close of the third Friday of March, June, September, and December. The rebalancing reference date is five weeks prior to the effective rebalancing date, respectively.

# Index Maintenance

## 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 index calculations, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

**Additions.** Except for spin-offs, companies can only be added to an index at the time of the rebalancing. A spin-off is added to all indices of which the parent is a constituent at a zero price at the market close of the day before the ex-date. There is no divisor change. All key attributes of the spin-off are the same as the parent at the time of addition. The spin-off remains in the index and is evaluated for continued inclusion at the subsequent reconstitution.

**Deletions.** Between rebalancings, deletions can occur due to acquisitions, mergers, takeovers, bankruptcies, or delistings.

For the S&P MILA Andean Sector Indices if an index constituent's GICS classification changes out of the eligible sub-industry classification, the company is removed at the next rebalancing.

For the S&P MILA Pacific Alliance Sector Indices, sector index constituent may move from one GICS sub-index to another when a GICS reclassification is made. For any sector index, the company is deleted from the relevant GICS index and added to the other at the time this reclassification occurs for the underlying index.

## Currency of Calculation and Additional Index Return Series

The S&P MILA Andean Indices are calculated in U.S. dollars, Chilean pesos, Colombian pesos, and Peruvian new soles. With the exception of the S&P MILA Pacific Alliance Sector and Size Indices, the S&P MILA Pacific Alliance Indices are calculated in U.S. dollars, Chilean pesos, Colombian pesos, Mexican pesos and Peruvian new soles. The S&P MILA Pacific Alliance Sector and Size Indices are only calculated in U.S. dollars.

Real-time spot Forex rates, as supplied by Refinitiv, are used for ongoing index calculation of real-time indices.

WM/Refinitiv foreign exchange rates are taken daily at 4:00 PM New York Time and used in the end-of-day calculation of the indices. 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 [S&P DJI Methodology & Regulatory Status Database](#).

*For information on the calculation of different types of indices, 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](http://www.spdji.com).*

## Corporate Actions

### **S&P MILA Andean 40, S&P MILA Andean Sector Indices, and S&P MILA Pacific Alliance Select.**

For information on Corporate Actions, please refer to the Non-Market Capitalization Weighted Indices section in S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

**S&P MILA Pacific Alliance Composite, Completion, Sector, and Size Indices.** For information on Corporate Actions, please refer to the Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## 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 a detailed description of float adjustment and IWF.*

## Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it can be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

## 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 MILA Andean 40   | 08/29/2011  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Andean Financials                                 | 08/29/2011  | 03/30/2007       | 03/30/2007 | 100        |
| S&P MILA Andean Resources                                  | 08/29/2011  | 03/30/2007       | 03/30/2007 | 100        |
| S&P MILA Pacific Alliance Composite                        | 07/08/2014  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance Completion                       | 07/08/2014  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance Select                           | 07/08/2014  | 03/30/2001       | 03/30/2001 | 1000       |
| S&P MILA Pacific Alliance Composite Consumer Discretionary | 07/17/2014  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance Composite Consumer Staples       | 07/17/2014  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance Composite Energy                 | 07/17/2014  | 01/02/2006       | 01/02/2006 | 100        |
| S&P MILA Pacific Alliance Composite Financials             | 07/17/2014  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance Composite Health Care            | 07/17/2014  | 11/01/2006       | 11/01/2006 | 100        |
| S&P MILA Pacific Alliance Composite Industrials            | 07/17/2014  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance Composite Information Technology | 07/17/2014  | 11/01/2007       | 11/01/2007 | 100        |
| S&P MILA Pacific Alliance Composite Materials              | 07/17/2014  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance Composite Real Estate            | 09/16/2016  | 09/16/2016       | 09/16/2016 | 100        |
| S&P MILA Pacific Alliance Composite Communication Services | 07/17/2014  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance Composite Utilities              | 07/17/2014  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance MidCap                           | 10/03/2016  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance SmallCap                         | 10/03/2016  | 03/30/2001       | 03/30/2001 | 100        |
| S&P MILA Pacific Alliance MidSmallCap                      | 10/03/2016  | 03/30/2001       | 03/30/2001 | 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**

The indices are maintained by the S&P MILA Index Committee. The Index Committee meets regularly. All committee members are full-time professional members of S&P Dow Jones Indices' staff and one member from each of the markets representing MILA. 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 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

## 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.

*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 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.

*Please visit [www.spdji.com](http://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, provided at least one MILA stock exchange is open and trading.

*A complete holiday schedule for the year is available at [www.spdji.com](http://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. 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](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spdji.com](http://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                                 | Currency | Price Return | Total Return | Net Total Return |
|---------------------------------------|----------|--------------|--------------|------------------|
| S&P MILA Andean 40                    | USD      | SPMILA       | SPMILAT      | SPMILAN          |
|                                       | CLP      | SPMILAC      | SPMILACT     | SPMILACN         |
|                                       | COP      | SPMILAO      | SPMILAOT     | SPMILAON         |
|                                       | PEN      | SPMILAP      | SPMILAPT     | SPMILAPN         |
| S&P MILA Andean Financials            | USD      | SPMLAF       | SPMLAFT      | SPMLAFN          |
|                                       | CLP      | SPMLAFC      | SPMLAFCT     | SPMLAFCN         |
|                                       | COP      | SPMLAFO      | SPMLAFOT     | SPMLAFON         |
|                                       | PEN      | SPMLAFP      | SPMLAFPT     | SPMLAFPN         |
| S&P MILA Andean Resources             | USD      | SPMLAR       | SPMLART      | SPMLARN          |
|                                       | CLP      | SPMLARC      | SPMLARCT     | SPMLARCN         |
|                                       | COP      | SPMLARO      | SPMLAROT     | SPMLARON         |
|                                       | PEN      | SPMLARP      | SPMLARPT     | SPMLARPN         |
| S&P MILA Pacific Alliance Composite   | USD      | SPMPUP       | SPMPUT       | SPMPUN           |
|                                       | CLP      | SPMPCP       | SPMPCT       | SPMPCN           |
|                                       | COP      | SPMPOP       | SPMPOT       | SPMPON           |
|                                       | MXN      | SPMPMP       | SPMPMT       | SPMPMN           |
|                                       | PEN      | SPMPPP       | SPMPPT       | SPMPPN           |
| S&P MILA Pacific Alliance Completion  | USD      | SPMPCUP      | SPMPCUT      | SPMPCUN          |
|                                       | CLP      | SPMPCCP      | SPMPCCCT     | SPMPCCN          |
|                                       | COP      | SPMPCOP      | SPMPCOT      | SPMPCON          |
|                                       | MXN      | SPMPCMP      | SPMPCMT      | SPMPCMN          |
|                                       | PEN      | SPMPCPP      | SPMPCPT      | SPMPCPN          |
| S&P MILA Pacific Alliance Select      | USD      | SPMPSUP      | SPMPSUT      | SPMPSUN          |
|                                       | CLP      | SPMPSCP      | SPMPSCCT     | SPMPSCN          |
|                                       | COP      | SPMPSOP      | SPMPSOT      | SPMPSON          |
|                                       | MXN      | SPMPSMP      | SPMPSMT      | SPMPSMN          |
|                                       | PEN      | SPMPSPP      | SPMPSPT      | SPMPSPN          |
| S&P MILA Pacific Alliance Sectors:    |          |              |              |                  |
| Consumer Discretionary                | USD      | SPMPCDUP     | SPMPCDUT     | SPMPCDUN         |
| Consumer Staples                      | USD      | SPMPCSUP     | SPMPCSUT     | SPMPCSUN         |
| Energy                                | USD      | SPMPENUP     | SPMPENUT     | SPMPENUN         |
| Financials                            | USD      | SPMPFIUP     | SPMPFIUT     | SPMPFIUN         |
| Health Care                           | USD      | SPMPHLUP     | SPMPHCUT     | SPMPHCUN         |
| Industrials                           | USD      | SPMPINUP     | SPMPINUT     | SPMPINUN         |
| Information Technology                | USD      | SPMPITUP     | SPMPITUT     | SPMPITUN         |
| Materials                             | USD      | SPMPMAUP     | SPMPMAUT     | SPMPMAUN         |
| Real Estate                           | USD      | SPMPREUP     | SPMPREUT     | SPMPREUN         |
| Communication Services                | USD      | SPMPTLUN     | SPMPTLUT     | SPMPTLUP         |
| Utilities                             | USD      | SPMPUTUP     | SPMPUTUT     | SPMPUTUN         |
| S&P MILA Pacific Alliance Sizes:      |          |              |              |                  |
| S&P MILA Pacific Alliance MidCap      | USD      | SPMPMCUP     | SPMPMCUT     | SPMPMCUN         |
| S&P MILA Pacific Alliance SmallCap    | USD      | SPMPSCUP     | SPMPSCUT     | SPMPSCUN         |
| S&P MILA Pacific Alliance MidSmallCap | USD      | SPMPMSUP     | SPMPMSUT     | SPMPMSUN         |

**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](http://www.spdji.com/contact-us).*

**Web site**

*For further information, please refer to S&P Dow Jones Indices' Web site at [www.spdji.com](http://www.spdji.com).*

# Appendix I

## Methodology Changes

Methodology changes since January 1, 2015 are as follows:

| Change  | Effective Date<br>(After Close) | Methodology  |  |
|---|---------------------------------|--|--|
|   |                                 | Previous   | Updated  |
| S&P MILA Pacific Alliance Communication Services Index:<br><br>Eligibility          | 09/21/2018                      | The index is comprised of all constituents of the S&P MILA Pacific Alliance Composite classified as part of the Telecommunication Services Sector (GICS Code: 50).   | The index is comprised of all constituents of the S&P MILA Pacific Alliance Composite classified as part of the Communication Services Sector (GICS Code: 50).   |
| Foreign Exchange Rate used for End-of-Day Calculations                              | 08/17/2018                      | WM/Refinitiv foreign exchange rates are taken daily at 4:00 PM London Time and used in the end-of-day calculation of the indices.  | WM/Refinitiv foreign exchange rates are taken daily at 4:00 PM New York Time and used in the end-of-day calculation of the indices.  |
| S&P MILA Pacific Alliance Select:<br><br>Rebalancing Reference Date                 | 09/15/2017                      | Last trading day of February and August.   | Third Friday of February and August.   |
| S&P MILA Andean 40 and S&P MILA Andean Sector Indices:<br><br>Constituent Selection | 09/30/2016                      | All stocks with a float-adjusted market capitalization of less than US\$ 100 million and/or average three-month daily value traded of less than US\$ 250,000 are removed. In order to reduce turnover, S&P Dow Jones Indices maintains a buffer rule on constituent liquidity. At each rebalancing, if a stock is an existing constituent of the index, it will only be removed if its average three-month daily value traded is less than US\$ 150,000. | All stocks with a float-adjusted market capitalization of less than US\$ 100 million and/or median three-month daily value traded of less than US\$ 250,000 are removed. In order to reduce turnover, S&P Dow Jones Indices maintains a buffer rule on constituent liquidity. At each rebalancing, if a stock is an existing constituent of the index, it will only be removed if its median three-month daily value traded is less than US\$ 150,000. |
| S&P MILA Pacific Alliance Select:<br><br>Constituent Weightings                     | 09/16/2016                      | At each rebalancing, no single stock's weight can exceed 8% in the index and no country can represent more than 50% of the index. In addition, the combined weight of stocks weighing 5% or more cannot be greater than 40%.   | At each rebalancing, no single stock's weight can exceed 8% in the index and no country can represent more than 50% of the index. In addition, the combined weight of stocks weighing 5% or more cannot be greater than 40%. The minimum initial portfolio size that can be turned over in a single day (based on the combined domestic and North American median six-month daily value traded) cannot be lower than US\$ 75 million.                  |
| S&P MILA Pacific Alliance Select:<br><br>Constituent Weightings                     | 12/18/2015                      | At each rebalancing, no single stock's weight can exceed 8% in the index and no country can represent more than 50% of the index. Adjustments are made to constituents to achieve both of these goals.   | At each rebalancing, no single stock's weight can exceed 8% in the index and no country can represent more than 50% of the index. In addition, the combined weight of stocks weighing 5% or more cannot be greater than 40%. Adjustments are made to constituents to achieve these goals.  |
| Additions   | 09/30/2015                      | No companies are added to the indices between rebalancings. Index additions are only made during scheduled rebalancings.   | Except for spin-offs, companies can only be added to an index at the time of the rebalancing.  |

# Appendix II

## EU Required ESG Disclosures

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

<sup>2</sup> 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.

<sup>3</sup> 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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