

S&P/TSX SmallCap Select *Methodology*

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Introduction

Index Objective

The S&P/TSX SmallCap Select measures the float-adjusted market capitalization weighted performance of companies in the S&P/TSX SmallCap Index (the “Index Universe”) that have positive earnings over the prior two years and pass the liquidity and market capitalization screens detailed in *Eligibility Criteria*.

For information on the S&P/TSX SmallCap Index, please refer to the S&P/TSX Canadian Indices Methodology available at www.spdji.com.

Index Series

The index is part of the S&P Global SmallCap Select Index Series.

For information on the other indices in this series, please refer to the S&P Global SmallCap Select Index Series Methodology available at www.spdji.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	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	GICS Methodology

This methodology was created by S&P Dow Jones Indices 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 so that the index continues to achieve its objective.

Eligibility Criteria

Index Universe

To qualify for index membership, a stock must, as of the rebalancing reference date, be a member of the index universe:

Index	Benchmark (Index Universe)
S&P/TSX SmallCap Select	S&P/TSX SmallCap

Liquidity and Float-Adjusted Market Capitalization. At each rebalancing reference date companies are ranked based on liquidity and float-adjusted market capitalization. The two screens below are performed independently of the other, with those companies ranked within the percentiles defined below not eligible for index inclusion:

1. The 20% least liquid securities in the universe (16% for current constituents), by six-month Median Daily Value Traded (MDVT), are excluded. For companies interlisted in the U.S. and Canada, the combined daily volume is used to calculate the company's MDVT. Canadian and U.S. trading volume is determined using the composite volume. Canadian trading volume includes trading on the TSX, Aequitas (Lit and Neo), Alpha, CSE (Pure Trading), Instinet Canada, Liquidnet Canada, Lynx, Nasdaq CXC, Nasdaq CXD, Nasdaq CX2, Omega, and TriAct Match Now. U.S. volume will include trading volume on OTC markets only if the company is dual-listed on a U.S. exchange.
2. The 20% smallest securities in the universe (16% for current constituents), by float-adjusted market capitalization are excluded. The price used in the calculation of float-adjusted market capitalization is based on the volume weighted average price (VWAP) of the security on the Toronto Stock Exchange over the last 10 trading days of the month-end prior to the rebalancing.

Positive Earnings. At each rebalancing reference date a company's prior two years of annual earnings must each be positive. Annual earnings are defined as trailing earnings per share (EPS) for all companies except for Real Estate Investment Trusts (REITs). EPS over the last 12 months is given preference over fiscal year earnings per share data. For REITs, annual earnings are defined as Funds-From-Operations (FFO), if available. If FFO is not available for a REIT, then EPS is used. REITs are determined by their GICS industry code (601010). Current constituents that post two consecutive years of negative earnings become ineligible.

Multiple Share Classes. 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 the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Index Construction

Constituent Selection

At each rebalancing reference date, the index universe is independently screened for liquidity and market capitalization as defined in *Eligibility*. Companies passing the liquidity and market capitalization screens are then screened for positive earnings. All remaining companies in the index universe are selected and form the index.

Constituent Weightings

The index is 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 the Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

The index is rebalanced semi-annually after the close on the third Friday of June and December. The fundamental data reference date is the last business day in May and November, respectively.

Quarterly Updates. In addition to the semi-annual rebalancings, shares outstanding and IWFs are updated quarterly after the close of the third Friday in March and September.

For more information on shares outstanding and IWFs, please refer to S&P Dow Jones Indices' Equity Policies & Practices Methodology.

Additions and Deletions

The majority of additions and deletions occur as part of the semi-annual rebalancings. Since the index does not have a fixed number of constituents, additions and deletions are not linked to one-another.

Spin-Offs. Spin-offs from current index constituents are eligible for index inclusion. Such spin-offs are included in the index on their ex-dates, and remain in the index until the first rebalancing reference date after the spin-off reports annual earnings, when it is evaluated for inclusion. As of this rebalancing reference date, if the company reported positive earnings, it remains in the index; if the company reported negative earnings, it is removed from the index at the rebalancing.

After the first earnings screen, the spin-off is treated according to the regular deletion rules.

Note that the first rebalancing reference date with company reporting earnings does not equate to being the actual next rebalancing reference date after the spin-off ex-date if that rebalancing occurs before the spin-off reports earnings.

For more on the treatment of spin-offs, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Other Deletions. Companies that are removed from the benchmark index are also removed from the S&P/TSX SmallCap Select index. This includes, but is not limited to, companies being assigned to a different cap size.

Currency of Calculation and Additional Index Return Series

The index is calculated in Canadian dollars and U.S. dollars.

WM/Reuters foreign exchange rates are taken daily at 04:00 PM London time, and used in the calculation of the index. These mid-market fixings are calculated by The WM Company based on Reuters data and appear on Reuters 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's All Indices by Methodology Report](#).

For information on the calculation of different types of indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Corporate Actions

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

Base Dates and History Availability

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

Index	Launch Date	First Value Date	Base Date	Base Value
S&P/TSX SmallCap Select	11/18/2019	12/21/2001	12/21/2001	76.6089625614224

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 S&P/TSX Canadian Index Committee. The Index Committee is comprised of four members representing S&P Dow Jones Indices and three members representing the Toronto Stock Exchange (“TSX”). The Index Committee is chaired by a member designated by S&P Dow Jones Indices. Meetings are held regularly.

The Index Committee is responsible for setting rules and policies for the S&P/TSX Canadian Indices, determining the composition of the Indices and administering the methodology. In fulfilling its responsibilities, the Index Committee has full and complete discretion to amend, apply or exempt the application of the methodology and other index policies as circumstances may require, and add, remove or by-pass any security in determining the composition of any of the indices.

The Index Committee may rely on any information or documentation submitted to or gathered by it that the Index Committee believes to be accurate. Where a public document used by the Index Committee is available in both official languages, the Index Committee shall assume that the contents of both versions are identical. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the index based on a new interpretation of that information at its sole and absolute discretion.

Index corrections and changes to index composition are implemented at such time and in such manner, as the Index Committee deems appropriate. The timing of any index change made in response to a correction shall be at the sole and absolute discretion of the Index Committee.

S&P Dow Jones Indices considers information about changes to its Canadian 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.

Advisory Panel

S&P Dow Jones Indices maintains an Index Advisory Panel to provide advice to the Index Committee, to S&P Dow Jones Indices and to the TSX on index related matters. The Advisory Panel meets at the request of the Index Committee to discuss matters related to the use of equity indices in Canada; typically the Advisory Panel meets annually. The Index Committee designates members of the Advisory Panel to provide representation of major financial market entities including leading institutional investors, investment banks, brokerage firms and others with an interest in the development of the equity markets in Canada. Meetings of the Advisory Panel are not open to the public or the press; however, the proceedings are not confidential and members are free to discuss them publicly.

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

Whenever possible, announcements of additions or deletions of stocks or other index adjustments are made five trading days before the adjustments are implemented. In those cases when it is not possible to trade a stock five days after an announcement, the announcement period may be shortened. However, the implementation of an index adjustment is never earlier than the market close of the day following the announcement.

Announcements of additions and deletions for the S&P/TSX Canadian indices are generally made at 05:15 PM Eastern Time. Press releases are released to major news services.

In addition, TMX Datalinx offers a fee-based subscription to Index Notices. The Index Notices provide the most detailed and comprehensive coverage of index changes. Complete data for index replication (including share counts, tickers and data on index levels and returns) are also available through TMX Datalinx. In order to subscribe, contact TMX Datalinx by phone at +1.416.947.4778 or by email at marketdata@tmx.com.

For more information on S&P Dow Jones Indices' announcements, please refer to the Announcement Policy located on our Web site, www.spdji.com.

Holiday Schedule

The S&P/TSX Canadian indices are calculated when the Canadian equity market is open.

A complete holiday schedule for the year is available on the TMX Web site at www.tmx.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 any questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

The TMX Group (TMX) serves as the distributor of both real-time and historical index data. In addition, index levels are available on S&P Dow Jones Indices' Web site at www.spdji.com, through major quote vendors (see codes below), through 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's All Indices by Methodology Report](#) for a complete list of indices covered by this document.

Index	Return Type	Bloomberg	RIC
S&P/TSX SmallCap Select (USD)	Price Return	TXSCU	.SPTSSESU
	Total Return	TXSCUR	.SPTSSESUT
	Net Total Return	TXSCUN	.SPTSSESUN
S&P/TSX SmallCap Select (CAD)	Price Return	TXSC	.GSPTXSC
	Total Return	TXSCR	.SPTSSEST
	Net Total Return	TXSCN	.SPTSSESN

Index Data

Daily stock level and index data are available from the Toronto Stock Exchange on subscription. Please contact Market Data at 416-947-4778 or, by email, at marketdata@tmx.com.

For further information, please refer to the TMX Web site at www.tmx.com.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

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