



# **S&P/TSX Global Mining Index Methodology**

August 2011

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# Introduction

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The S&P/TSX Global Mining Index is designed to provide an investable index of global mining securities. Eligible Securities are classified under five Global Industry Classification Standard (GICS®) Sub-Industries as follows:

- 15104010 – Aluminum – Producers of aluminum and related products including companies that mine or process bauxite and companies that recycle aluminum to produce finished or semi-finished products.
- 15104020 – Diversified Metals & Mining – Companies engaged in diversified production or extraction of metals and minerals, including, but not limited to:
  - Non-ferrous metal mining (except Aluminum)
  - Salt & borate mining
  - Phosphate rock mining
  - Metallurgical (coking) coal mining used for steel production.
- 15104030 – Gold – Producers of gold and related products, including companies that mine or process gold and the South African finance houses which primarily invest in, but do not operate, gold mines.
- 15104040 – Precious Metals & Minerals – Companies mining precious metals & minerals, excluding gold mining companies. Includes companies primarily mining platinum, diamonds and silver.
- 10102050 – Coal & Consumable Fuels – Companies primarily involved in the production and mining of coal, related products and other consumable fuels related to the generation of energy. Excludes companies primarily producing gases classified in the Industrial Gases sub-industry and companies primarily mining for metallurgical (coking) coal used for steel production.

The S&P/TSX Global Base Metals Index and S&P/TSX Global Gold Index are subsets of the S&P/TSX Global Mining Index and are designed respectively to provide an investable index of global securities involved in the production or extraction of base metals and exploration and production of gold. For additional information refer to Appendix I.

*For additional information regarding GICS®, see Appendix III.*

*For a list of defined terms used throughout this document, please refer to Appendix IV.*

## **Partnership**

The S&P/TSX Global Mining, Global Base Metals and Global Gold Indices are calculated and managed by Standard & Poor's. The TMX Group (TMX) is the owner and distributor of related index data.

# Eligibility Criteria

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## **Additions to the S&P/TSX Global Mining Index**

Additions to the S&P/TSX Global Mining Index are generally only made as part of the Quarterly Review. The Index Committee may, nevertheless, choose to review and add securities to the index between quarterly review periods.

## **Eligibility Factors**

**Market Capitalization.** In order to be eligible for inclusion in the index, a security's float-adjusted market capitalization must be at least US\$ 300 million, based on the value-weighted-average price (VWAP) of the security on its Primary Market, over the last three days of the month-end prior to the Quarterly Review.

*For details regarding float methodology, please refer to Float Adjustment in Appendix II.*

*For details regarding a security's Primary Market, please refer to Defined Terms in Appendix IV.*

**Liquidity.** Liquidity is measured by the following three criteria and assessed based on data from a security's Primary Market. A security must meet all three of the criteria to be considered eligible for inclusion in the index, based on available public information.

1. A security's average daily dollar value traded must be at least US\$ 1 million for the two months preceding its consideration as a candidate.
2. A security's liquidity ratio — defined by dollar value traded over the previous 12 months divided by its average market cap over the previous 12 months — must be greater than or equal to 30%.
3. A security must not have more than 25 non-trading days over the past 12 calendar months. A non-trading day is defined as any day where a security does not trade a minimum of one board lot when the Primary Market in question is open.

Each security is assessed based on trading data from its Primary Market or ADR listing, where no other listing exists on the TSX, NYSE (including NYSE ARCA and NYSE AMEX) or NASDAQ.

**Listing.** Securities must be listed on the TSX, NYSE (including NYSE ARCA and NYSE AMEX) or NASDAQ exchange.

**Eligible Securities.** Securities listed on the TSX, NYSE (including NYSE ARCA and NYSE AMEX) or NASDAQ, and classified under GICS Codes 10102050, 15104010, 15104020, 15104030 and 15104040 are considered Eligible Securities. ADR's and income trusts are eligible for inclusion in the index. In addition, a security must be listed on the TSX, NYSE, or NASDAQ for at least 12 full calendar months as of the month-end prior to the applicable Quarterly Review.

**Shares Outstanding.** The shares counted for index calculation are issued and outstanding shares of a security (rounded to the nearest thousand). This count is float-adjusted to reflect only shares available to investors.

*For details regarding float methodology, please refer to Float Adjustment in Appendix II.*

**Buffer Rules.** For Quarterly Review deletions the following buffer rules apply.

1. A security is removed from the index, at the Quarterly Review, if its market capitalization is less than or equal to US\$ 240 million, based on the VWAP of the security on its Primary Market, over the last three days of the month end prior to the Quarterly Review.
2. A security's liquidity ratio — defined by dollar value traded over the previous 12 months divided by average market cap over the previous 12 months — must be greater than or equal to 25%.
3. An Index Security must not have had more than 50 non-trading days over the past 12 calendar months. A non-trading day is defined as any day where a security does not trade a minimum of one board lot on a day when its Primary Market is open for trading.

### **Timing of Changes**

**Additions.** Additions to the S&P/TSX Global Mining Index are generally only made as part of the Quarterly Review.

**Deletions.** A security is removed from the index at the first practical date following the Committee's determination that a corporate action has been successful. The target announcement period is two-to-five business days, but exceptions may apply due to unexpected corporate activity.

# Index Construction

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## **Approaches**

Standard & Poor's indices are designed to be liquid, to support investment products such as index mutual funds, exchange traded funds, index portfolios, index futures and options.

## **Index Calculations**

On any given day, the index value is the quotient of the total float-adjusted market capitalization of index's constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for all changes in the constituents' share capital after the base date. This includes additions and deletions to the index, rights issues, share buyback and issuances, and spin-offs. The divisor's time series is, in effect a chronological summary of all changes affecting the base capital of the index. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change. The S&P/TSX Global Mining Index is calculated based on a modified market capitalization approach.

*For details on the modified market capitalization approach, please refer to Standard & Poor's Index Mathematics Methodology.*

A security's Primary Market will determine which market price is used for purposes of index calculation.

*For details regarding a security's Primary Market, please refer to Defined Terms in Appendix II.*

## **Capping**

The S&P/TSX Global Mining Index is calculated based on a modified market capitalization approach. The modified market capitalization approach is evaluated and applied, as follows, at each Quarterly Review:

1. Any security with a relative weight above 25% is capped at 25%, through a reduction in the stock's Investable Weight Factor (IWF). The weights of all other index constituents are adjusted automatically. This step is repeated iteratively until no securities have a relative weight above 25%. Relative weights are based on float-adjusted Quoted Market Value (QMV).

### **Multiple Classes of Stock**

In the event that a security has more than one class of common shares listed on an exchange the float shares of each class is combined for the purpose of determining index inclusion. For index calculation, Standard & Poor's will use the price of the largest class, as determined by float QMV, and the total number of shares of all listed classes (rounded to the nearest thousand), subject to any float adjustment.

In the case of securities which have constrained shares (foreign ownership constraints on a particular class of shares), the calculation of float shares is based on the total issued and outstanding shares of all classes, not on each class separately.

# Index Maintenance

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## Rebalancing

1. The indices are reviewed quarterly and all Index Securities that, in the opinion of the Committee, do not meet the Buffer Rules are removed. Added securities, if any, are selected using the Eligibility Criteria
2. Securities under consideration for addition to or deletion from the Index are assessed by the Committee on the basis of the 12-month data ending the month prior to the Quarterly Review, with respect to trading on the Primary Market. The Quarterly Review months are March, June, September and December. Publicly available information up to and including the month end preceding the Quarterly Review month are considered in the Quarterly Review. Investable Weight Factor (IWF) updates are only made annually at the September Quarterly Review. All additions, deletions and share changes are effective after the close of trading on the third Friday of the quarterly month.

*For details regarding Investable Weight Factors (IWF), please refer to Float Adjustment in Appendix II.*

3. Securities that the Committee determines meet the Eligibility Criteria are added to the index after the close on the third Friday of the Quarterly Review month.
4. Securities removed from the index, as a result of the Quarterly Review, are not eligible for re-inclusion for a period of 12 full calendar months following removal. The Committee may, nevertheless, add a security at an earlier date if, in the opinion of the Committee, the issuer's business has been substantially restructured.

Index Securities that the Committee determines fail to meet Buffer Rules are removed from the index after the close on the third Friday of the Quarterly Review month. A press release are issued to the market at the same time as the S&P/TSX Composite Quarterly Review results, announcing the additions and deletions as well as the new float shares for index calculation.

**Frequency.** Rebalancings occur on a quarterly basis. Intra-quarter changes are made on an as-needed basis. Changes occur in response to corporate actions and market developments. The target announcement period is two-to-five business days, but exceptions may apply due to unexpected corporate activity.

## Share Updates

**25 Basis Points Rule.** All share or float capitalization changes, or series of share or float capitalization changes, having a Relative Weight impact estimated to be greater than or equal to 0.25% of the index are implemented at the first practical date except during a share freeze period as detailed below. Examples of changes having a significant Relative Weight impact include a large sale from a control block or a large treasury issue. These share capitalization changes are pre-announced at least one business day in advance of their change in the Index. The target announcement period is two-to-five business days, but exceptions may apply due to unexpected corporate activity.

In the event of a share change resulting from a merger or acquisition, whereby the transaction is paid either in shares, or by a combination of shares and cash, the Committee may review the transaction and recommend adjusting the shares immediately, even if the impact is less than 0.25%. The Committee will proceed with such action if it feels this will maintain low turnover in the index.

At the Quarterly Review, there is a complete share update for the index (in March, June, September, and December). This update includes all cumulative changes to shares outstanding during the quarter that have affected the capitalization of Index Securities by less than 0.25%.

IWF updates which impact the index weight less than 0.25% are only made annually at the September Quarterly Review. If a company is added to the S&P/TSX Composite, its IWF and shares outstanding are subject to review at the time of the addition.

S&P/TSX Indices implement a share freeze the week of the rebalancing effective date, the third Friday of the last month of each quarter. During this frozen period, shares are not changed except for certain corporate actions events (merger activity, stock splits, rights offerings and certain share dividend payable events). All S&P/TSX Global Mining constituents that announce traditional secondary public offerings, tender offers and Dutch auctions that are scheduled to be effective during the frozen period are announced immediately and implemented on the first Wednesday immediately after the rebalancing effective date. Outstanding shares are rounded to the closest thousand.

*For details regarding Investable Weight Factors (IWF), please refer to Float Adjustment in Appendix II.*

## Corporate Actions

For information regarding the treatment of corporate actions, please see *S&P's Corporate Actions Policies & Procedures* document located under *Policy Statements* on our Web site, [www.indices.standardandpoors.com](http://www.indices.standardandpoors.com).

## Other Adjustments

1. If Standard & Poor's determines that a control block of at least 10% exists and shares representing the control block are initially removed from the total shares then issued and outstanding for purposes of computing the float-adjusted market

capitalization of the security in the index portfolio, and (1) the holder(s) of such stock subsequently sell stock from their position to reduce the amount of such stock holding(s) below 10%, then the holding(s) is added back to the float at the first practical date subsequent to such sale; (2) if the 10% or more block(s) subsequently falls below 10% as a result of an increase or increases in the total of such share capital issued and outstanding, then such block(s) is not added back to the share weight until such time as the holding(s) falls or is reduced to 9% or less and as soon thereafter as is practical, subject to the 25 Basis Point Rule above. These shares are added back to the share weight if the control block is still below 10% after six months. The Committee reserves the right to reinterpret public information available and to make changes to the index based on a new interpretation of that information at its sole and absolute discretion.

2. If the GICS<sup>®</sup> code of an Index Security changes, it is deleted at the first practical date following the change in the GICS<sup>®</sup> classification. A non-index security whose GICS code changes to 15104010, 15104020, 15104030, 15104040 or 10102050 and which meets all other Eligibility Criteria is eligible for inclusion at the next Quarterly Review.
3. An Index Security that is halted or suspended from trading for five consecutive trading days is subject to review by the Committee.
4. A security is removed from the index at the first practical date following the Committee's determination that such security has been de-listed, become defunct or failed to meet the Eligibility Criteria regarding Listing and Eligible Securities.

### **Currency of Calculation**

The S&P/TSX Global Mining Index is calculated in Canadian Dollars. End of day index and total return values are also available in US dollars.

Calculation in other currencies and hedged calculations are available from Standard & Poor's on a custom basis.

### **Exchange Rate**

Real-time exchange rates are applied to the index intra-day and Reuters WM London Exchange Rates are used to convert closing prices to Canadian dollars for purposes of index calculation.

# Index Data

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## **Total Return**

A total return index series is calculated for the S&P/TSX Global Mining, Global Base Metals and Global Gold Indices, as well as the price return series.

The total return calculation includes stock dividends paid in kind, stock dividends paid with the securities of an issuer other than the issuer declaring such dividend, rights distributions, and cash distributions less than 4% of the underlying stock price based on the last traded board lot.

A dollar value is calculated for the distribution to be used in the total return index calculation.

*For details on total return calculations, please refer to Standard & Poor's Index Mathematics Methodology.*

# Index Governance

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## **Index Committee**

The S&P/TSX Global Mining Index is maintained by the S&P/TSX Canadian Index Committee (the “Committee”). The Committee is comprised of four members representing S&P Indices and three members representing the Toronto Stock Exchange (“TSX”). The Committee is chaired by a member designated by S&P Indices.

The Committee is responsible for setting rules and policies for the S&P/TSX Global Mining Index, determining the composition of the Index and administering the methodology. In fulfilling its responsibilities, the 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 Committee may rely on any information or documentation submitted to or gathered by it that the Committee believes to be accurate. Where a Canadian public document used by the Committee is available in both official languages, the Committee may assume that the contents of both versions are identical. The 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 Committee deems appropriate. The timing of any index change made in response to a correction is at the sole and absolute discretion of the Committee.

S&P 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.

# Index Policy

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## **Announcements**

Announcements of additions and deletions for the S&P/TSX Global Mining Index are generally made at 05:15 p.m. U.S. Eastern Standard Time. Press releases are posted on the Web site - [www.indices.standardandpoors.com](http://www.indices.standardandpoors.com) and 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 at +1.416.947.4452 or [marketdata@tsxdatalinx.com](mailto:marketdata@tsxdatalinx.com).

## **Holiday Schedule**

The S&P/TSX Global Mining index is 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](http://www.tmx.com).*

## **Unscheduled Market Closures**

In situations where an exchange is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, Standard & Poor's will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each security before the exchange closed.

If an exchange fails to open due to unforeseen circumstances, the index will use the prior day's closing prices. If all exchanges fail to open, Standard & Poor's may determine not to publish the index for that day.

# Index Dissemination

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## Index Data

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's Web site at [www.indices.standardandpoors.com](http://www.indices.standardandpoors.com), through major quote vendors, through numerous investment oriented web sites and various print and electronic media.

## Tickers

Index	Bloomberg	Reuters
S&P/TSX Global Mining Index (CA\$)	TXGM	.GSPTXGM
S&P/TSX Global Mining Index (US\$)	TXGMU	
S&P/TSX Global Gold Index (CA\$)	SPTSGD	.SPTTGD
S&P/TSX Global Base Metals Index (CA\$)	TXBM	T.TXBM
S&P/TSX Global Base Metals Index (US\$)	.GSPTXBM	.GSPTXBMU

# Appendix I

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## **S&P/TSX Global Base Metals Index Methodology**

The S&P/TSX Global Base Metals Index is a subset of the S&P/TSX Global Mining Index. The S&P/TSX Global Base Metals Index is designed to provide an investable index of global securities involved in the production or extraction of base metals.

**Eligible Securities.** Eligible securities are classified under two Global Industry Classification Standard (GICS<sup>®</sup>) Sub-Industries as follows:

- 15104020 - Diversified Metals & Mining - Companies engaged in diversified production or extraction of metals and minerals, including, but not limited to:
  - Non-ferrous metal mining (except Aluminum)
  - Salt & borate mining
  - Phosphate rock mining
  - Metallurgical (coking) coal mining used for steel production
- 15104010 - Aluminum – Producers of aluminum and related products including companies that mine or process bauxite and companies that recycle aluminum to produce finished or semi-finished products.

A security's Primary Market will determine which market price is used for purposes of index calculation.

**Additions.** The index follows the same rebalancing schedule as the S&P/TSX Global Mining Index. Additions to the S&P/TSX Global Mining Index are generally only made as part of the Quarterly review.

**Deletions.** A security is removed from the index at the first practical date following the Committee's determination that a corporate action has been successful. The target announcement period is two-to-five business days, but exceptions may apply due to unexpected corporate action activity.

**Capping.** The S&P/TSX Global Base Metals Index is calculated based on a modified market capitalization approach. The modified market capitalization approach is evaluated and applied as follows, at each Quarterly Review:

- Any security with a relative weight above 10% is capped at 10%, through a reduction in the stock's Investable Weight Factor (IWF). The weights of all other index constituents are adjusted automatically. This step is repeated

iteratively until no securities have a relative weight above 10%. Relative weights are based on float-adjusted Quoted Market Value (QMV).

**Share updates.** All share or float capitalization changes, or series of share or float capitalization changes occurring in the S&P/TSX Global Mining Index are also implemented in the S&P/TSX Global Base Metals Index.

### **S&P/TSX Global Gold Index Methodology**

The S&P/TSX Global Gold Index is a subset of the S&P/TSX Global Mining Index. The S&P/TSX Global Gold Index is designed to provide an investable index of global securities involved in the exploration and production of Gold.

**Eligible Securities.** Securities listed on the TSX, NYSE, AMEX or NASDAQ, and classified under GICS Code 15104030 are considered Eligible Securities. ADR's and income trusts are eligible for inclusion in the index.

A security's Primary Market will determine which market price is used for purposes of index calculation.

**Additions.** The index follows the same rebalancing schedule as the S&P/TSX Global Mining Index. Additions to the S&P/TSX Global Mining Index are generally only made as part of the Quarterly review.

**Deletions.** A security is removed from the index at the first practical date following the Committee's determination that a corporate action has been successful. The target announcement period is two-to-five business days, but exceptions may apply due to unexpected corporate action activity.

**Capping.** The S&P/TSX Global Gold Index is calculated based on a modified market capitalization approach. The modified market capitalization approach is evaluated and applied as follows, at each Quarterly Review:

- Any security with a relative weight greater than or equal to 25% is capped at 25%, through a reduction in the stock's Investable Weight Factor (IWF). The weights of all other index constituents are adjusted automatically. This step is repeated iteratively until no securities have a relative weight above 25%. Relative weights are based on float-adjusted Quoted Market Value (QMV).

**Share updates.** All share or float capitalization changes, or series of share or float capitalization changes occurring in the S&P/TSX Global Mining Index are also implemented in the S&P/TSX Global Gold Index.

# Appendix II

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## **Float Adjustment**

**Goals.** Under float adjustment, the share counts used in calculating the indices reflect only those shares that are available to investors, rather than all of a company's outstanding shares. Float adjustment excludes shares closely held by control groups, other publicly traded companies or government agencies.

With a float-adjusted index, the value of the index reflects the value available in the public markets. Further, reducing the relative investment index investors have in stocks with limited float – stocks that typically are less liquid – should lower the cost of index investing.

**Rules.** The goal is to distinguish strategic shareholders (whose holdings depend on concerns such as maintaining control rather than the economic fortunes of the company) from those holders whose investments depend on the stock's price and their evaluation of the company's future prospects. Shareholders concerned with control of a company include board members, founders and owners of large blocks of stock. Likewise, holdings of stock in one corporation by another corporation are normally for control, not investment, purposes. While government holdings are unusual normally government holdings are not investments made because a stock is expected to appreciate or the government entity is managing its excess funds through equity investments.

Share owners acting as investors will consider changes in the stock's price, earnings or the company's operations as possible reasons to buy or sell the stock. They hold the stock because they expect it to appreciate in value and believe the stock offers better risk and return opportunities than other investments. Further, a sharp rise or fall in the stock's price could be a reason to adjust their positions. Mutual funds, pension plans and other institutional investors are usually in this category. The fact that an institutional investor has held a block of shares for several years is not evidence that the block is being held for control, rather than investment, reasons.

Standard & Poor's defines three groups of shareholders whose holdings are presumed to be for control and which are, therefore, subject to float adjustment. Within each group, the holdings are totaled. In cases where holdings in a group exceed 10% of the outstanding shares of a company, the holdings of that group are excluded from the float-adjusted count of shares used in index calculations.

The three groups are:

1. Holdings by other publicly traded corporations, venture capital firms, private equity firms, strategic partners or leveraged buy-out groups.

2. Holdings by government entities, including all levels of government in Canada or foreign countries.
3. Holdings by current or former officers and directors of the company, founders of the company, or family trusts of officers, directors or founders. Second, holdings of trusts, foundations, pension funds, employee stock ownership plans or other investment vehicles associated with and controlled by the company.

It is also useful to identify some holders, which are considered to be investors and not control holders. Mutual funds, investment advisory firms, pension funds or foundations not associated with the company and investment funds in insurance companies are part of the float. These holders are investors, not strategic holders. At times data will show that these investors hold positions for several years with virtually no change. This is not evidence that the holding is not for investment purposes; rather it merely suggests that the portfolio manager continues to see the stock as a good investment. Further, when the stock is held in an index fund, one would not expect to see substantial changes in the holdings.

Additionally statutory limits on foreign ownership are recognized and applied where necessary. Case by case research is needed to assess the impact of large foreign holdings within a foreign ownership restriction. The final Investable Weight Factor or IWF is one minus the larger of the sum of all strategic holdings or the statutory foreign ownership limit.

A company's annual report, proxy or 10-K may include listings of some equity-like securities that are not included in total shares outstanding and need not be considered in calculating available float. These include treasury stock, stock options, restricted shares, equity participation units, warrants, preferred stock, convertible stock and rights.

In a few cases, a company's ultimate shareholders may be beneficiaries of a trust which holds their stock. (Examples usually include cases in which shares were distributed as part of the initial public offering.) If the trust beneficiaries can buy and sell the stock without any difficulty or significant additional expenses beyond typical brokerage fees, the shares in a trust are part of the available float. If the shares in a trust cannot be sold, the shares would not be counted as part of the available float.

**Investable Weight Factors.** For each stock an investable weight factor (IWF) is calculated:

$$IWF = (\text{available float shares})/(\text{total shares outstanding}) \quad (1)$$

where available float shares is defined as total shares outstanding less shares held in one or more of the three groups listed above where the group holdings exceed 10% of the outstanding shares.

The float-adjusted index is calculated:

$$Index = \frac{\sum_j (P_j S_j IWF_j)}{Divisor} \quad (2)$$

Where  $P_j$  is the price of stock  $j$ ,  $S_j$  is the total shares outstanding of stock  $j$  and  $IWF_j$  is the investable weight factor. The divisor is the index divisor.

## Appendix III

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### **GICS®**

The Global Industry Classification Standard is an enhanced industry classification system jointly developed by Standard & Poor's (S&P) and MSCI in 1999. GICS was developed in response to the global financial community's need for one complete, consistent set of global sector and industry definitions.

The GICS structure currently has four levels of detail: 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. The four-level GICS structure accurately reflects equities in today's global investment environment, yet it is flexible enough to capture tomorrow's developments. The eight-digit GICS coding system is designed to adapt easily to the changing investment world. As the global economy changes, sectors, industry groups, industries and sub-industries can be added or divided.

Standard & Poor's and MSCI jointly assign a company to a single GICS sub-industry according to the definition of its principal business activity as determined by the two companies. Revenues are a significant factor in determining principal business activity; however earning analysis and market perception are also important criteria for classification. Companies are reviewed annually at a minimum. Companies are also under constant surveillance for corporate actions. In general, a GICS will change whenever there is a major corporate action that redefines a company's primary line of business. At a minimum, annual reviews are conducted to ensure that a company has not redefined its line of business through a series of smaller events.

*For more information on GICS, please refer to the GICS methodology document.*

# Appendix IV

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## Defined Terms

1. “Eligible Securities” are securities that meet the Eligibility Criteria and are, therefore, eligible for consideration by the Index Committee for inclusion in the S&P/TSX Global Mining Index.
2. “Global Industry Classification Standard (GICS<sup>®</sup>)” is a set of global sector and industry definitions that is jointly owned and managed by Standard & Poor’s and MSCI.
3. “Index Securities” means those securities comprising the Index.
4. “Primary Market”. Where a security is listed in multiple eligible markets (NYSE, NASDAQ, or TSX), the Primary Market is the market, (1) which meets the liquidity thresholds of the index and, in cases where multiple markets meet the liquidity thresholds, (2) where the security is incorporated. If the security is not incorporated in North America, the Primary Market is the more liquid market. Assessment of changes to liquidity is made on an annual basis.
5. “Relative Weight” of an Index Security is that constituent’s percentage of the total index QMV;  $Relative\ Weight = 100 * (Constituent\ QMV / Index\ QMV)$ .
6. “QMV” means quoted market value, being the value determined by multiplying the number of float shares of a security by the price for one such float share.
7. “Quarterly Review” refers to a quarterly rebalancing of the index, which occurs in the months of March, June, September and December. Share updates, additions to and deletions from the index are made at this time. Investable Weight Factor (IWF) updates are only made annually at the September Quarterly Review.

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