TILT

Tilt Indices LLC

General Index Methodology & Calculation Manual

Version 1.4.3 | October 2, 2026

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1.0 Introduction

Tilt Indices LLC (d.b.a. Tilt) ("Tilt") is an index provider that designs, calculates, and maintains a family of equity market indexes. This document, the General Index Methodology & Calculation Manual (the "General Methodology"), establishes the rules, procedures, and calculations that govern all Tilt indexes. Additional methodology documents — such as thematic or strategy-specific supplements — may extend or override specific provisions of this General Methodology for particular index families, but this document remains the central reference for index construction, maintenance, and calculation.

Purpose and Scope

The General Methodology defines a rules-based, transparent framework for constructing equity indexes that are investable, replicable, and representative of their target markets. It covers the full lifecycle of an index: universe definition, security eligibility, size segmentation, weighting, calculation, Rebalancing, and corporate action treatment.

Tilt indexes are designed to serve as benchmarks for investment analysis, as the basis for index-linked financial products, and as tools for portfolio construction and performance measurement. The General Methodology applies uniformly across all Tilt indexes unless a supplemental methodology document specifies otherwise.

Design Principles

The following principles guide all methodological decisions:

- **Transparency.** All index rules, including eligibility criteria, weighting schemes, and Rebalancing procedures, are fully documented and publicly available. Any change to the General Methodology is announced in advance.
- **Replicability.** Index construction incorporates investability screens — including minimum size, liquidity, free-float, and stock price requirements — so that market participants can practically replicate index portfolios.
- **Consistency.** The same rules apply uniformly across all securities and markets covered by the General Methodology. Where local market conventions require adaptation, exceptions are documented explicitly.
- **Objectivity.** Index composition and maintenance follow predetermined, rules-based procedures. Discretionary decisions are limited to extraordinary circumstances and are subject to review by the appropriate **Index Committee** (see below).
- **Stability.** The General Methodology balances timely reflection of market changes against unnecessary turnover. Buffer rules and transition mechanisms reduce the frequency of changes driven by marginal movements in eligibility or size.

Geographic Coverage

The General Methodology is designed to support global equity market coverage. Tilt is initially launching indexes covering the United States and Canada. Coverage of additional countries and regions will be added over time, and this document will be updated accordingly as geographic scope expands.

Governance

Three committees oversee the management and governance of Tilt indexes:

- The **Index Oversight Committee** provides independent oversight of the index production process, consistent with the IOSCO Principles for Financial Benchmarks. The Index Oversight Committee reviews adherence to the General Methodology, monitors conflicts of interest, and oversees complaint and challenge procedures.
- The **Index Operations Committee** manages the day-to-day operation of the indexes, including data sourcing, calculation, corporate action implementation, and Rebalancing execution.
- The **Index Methodology Committee** is responsible for methodological decisions, including changes to eligibility criteria, weighting rules, and Rebalancing procedures. Material changes to the General Methodology are reviewed and approved by the Index Methodology Committee before implementation.

The composition, responsibilities, and procedures of each committee are described in the Tilt Index Governance Policy.

Regulatory Standards

The General Methodology and its governance framework are designed to be consistent with the Principles for Financial Benchmarks published by the International Organization of Securities Commissions (IOSCO).

Details of Tilt's Statement of Compliance with respect to the IOSCO Principles for Financial Benchmarks (July 2013) can be accessed at https://tilt.io/governance.

The IOSCO Statement of Compliance sets out Tilt's response to each of the 19 IOSCO Principles, describes Tilt's governance framework and the independent oversight review conducted by the Tilt Index Oversight Committee, and is reviewed at least annually.

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Outline of This Document

The remainder of this document is organized as follows:

- **Section 2 — Index Architecture** defines the eligible universe of equity securities, including Eligible Security types, eligible exchanges, country classification, treatment of multiple listings and share classes, investability screens, and market capitalization Size Segments.
- **Section 3 — Index Calculation** specifies the formulas and conventions used to calculate index levels, including return types, weighting, currency treatment, Trading Day definitions, and halted security handling.
- **Section 4 — Index Maintenance** describes the periodic review process for updating the eligible universe and Size Segments, the scheduled Reconstitution and Rebalancing process, the treatment of ongoing event-driven changes between scheduled reviews, and announcement timelines.
- **Section 5 — Corporate Actions Adjustments** details the treatment of corporate events that affect index constituents, including dividends, Stock Splits, Rights Issues, Mergers and Acquisitions, Spin-Offs, Delistings, Bankruptcies, and Sanctions.
- **Appendix A — Glossary** provides definitions for all capitalized terms used in the General Methodology.
- **Appendix B — Formula Symbols** lists all mathematical notation used in the General Methodology.
- **Appendix C — Version History** records material changes to the General Methodology by version and effective date.

2.0 Index Architecture

This section defines the construction of Tilt indexes, including Eligible Security types, eligible exchanges, country classification, the treatment of multiple listings and share classes, investability screens, and market capitalization Size Segments.

2.1 Eligible Equity Securities

Tilt indexes include listed equity securities that represent direct ownership in an operating company. The following security types are eligible for inclusion:

- Common shares (including all classes of common stock)
- Real estate investment trusts (REITs) and equivalent structures
- American depositary receipts (ADRs)
- Canadian income trusts that directly conduct or manage business operations. Income trusts that function primarily as passive royalty, licensing, or income-streaming vehicles are not eligible.

The following security and organization types are not eligible for inclusion:

- Limited partnerships (LPs), master limited partnerships (MLPs), and limited liability companies (LLCs)
- Royalty trusts
- Special purpose acquisition companies (SPACs)
- Business development companies (BDCs)
- Preferred stock and convertible preferred stock
- Tracking stock
- Stapled securities
- Pooled investment vehicles, including exchange-traded funds (ETFs), exchange-traded notes (ETNs), and unit trusts
- Derivatives, including warrants, rights, convertible bonds, and options
- Investment trusts and closed-end funds

In general, the FactSet Revere Business Industry Classification System (RBICS) may be considered in determining the eligibility of investment trusts, income trusts, and similar structures in the equity universe.

The Index Methodology Committee may determine the eligibility of security types not explicitly addressed above, or that exhibit characteristics of more than one category.

2.2 Eligible Exchanges

Securities must be listed on an eligible exchange to be considered for index inclusion. The following exchanges are eligible:

United States:

- New York Stock Exchange (NYSE)

- NYSE American
- NYSE Arca
- Nasdaq Global Select Market
- Nasdaq Global Market
- Nasdaq Capital Market
- Cboe BZX US Equities Exchange (BATS)
- Texas Stock Exchange (TXSE)

Canada:

- Toronto Stock Exchange (TSX)

Securities listed solely on over-the-counter markets, Pink Sheets, or other unlisted venues are not eligible for inclusion.

The eligible exchange list will be expanded as Tilt's geographic coverage grows (see Section 1.0, Geographic Coverage).

2.3 Country Classification

Each company is classified to one and only one country. This classification determines the company's eligibility for country-specific indexes. Tilt indexes may be constructed on either a domicile basis or a listing basis. Domicile-based indexes include companies classified to a given country regardless of where their securities trade. Listing-based indexes include all Eligible Securities trading on the exchanges of a given country, regardless of the company's Country of Domicile.

2.3.1 Company Domicile

A company's **Country of Domicile** reflects the country with which the company is most closely associated. Domicile is determined by evaluating five indicators: country of primary listing exchange, country of headquarters, country of incorporation, country of risk, and primary country of geographic revenue. Where all five indicators agree, the common country is assigned as the domicile. This resolves the classification for the majority of companies.

Where the indicators do not unanimously agree, the Index Methodology Committee determines the domicile through individual review, considering factors such as operating headquarters location, the company's country of origin prior to any re-domiciliation, and how market participants identify the company.

Domicile classification is evaluated annually as of the last Trading Day of January. Companies entering the eligible universe between annual evaluations are classified upon entry. A company's Country of Domicile remains in effect until the next annual evaluation.

2.3.2 Country of Listing

A security's Country of Listing is the country of the exchange on which the security's Primary Listing trades. Country of Listing classification is used for listing-based indexes — such as sector, thematic, or other indexes — where full exposure to all Eligible Securities trading on a particular exchange or in a particular market is more relevant than the company's country of domicile.

2.4 Multiple Listings Treatment

A company may have securities listed on more than one eligible exchange. Each company is represented by one listing per index to avoid double-counting.

A company's **Primary Listing** is the listing on an eligible exchange in the company's Country of Domicile. If the company has multiple eligible listings in its Country of Domicile, the listing with the highest trailing twelve-month trading volume is used. If no eligible listing exists in the Country of Domicile, the eligible listing with the highest trailing twelve-month trading volume is used, subject to the liquidity requirements in Section 2.6.2.

For domicile-based indexes, the Primary Listing is used. For listing-based indexes, each eligible listing on the relevant exchange is considered independently.

Where a company has both an underlying share and a depositary receipt listed on eligible exchanges, the underlying share is preferred. The depositary receipt is used only if the underlying share does not meet the liquidity requirements in Section 2.6.2.

2.5 Multiple Share Class Treatment

When a company has multiple classes of common stock, each class is evaluated independently for index inclusion. Company-level eligibility criteria — such as security type, exchange listing, and country classification — are assessed once at the company level and apply to all classes. Liquidity and turnover criteria (see Section 2.6.2) are evaluated independently for each share class; a class that does not meet these thresholds is excluded even if other classes of the same company qualify.

Total company market capitalization is calculated across all outstanding share classes, including unlisted classes, for the purpose of size segmentation (see Section 2.7).

For weighting, if all of a company's share classes are eligible for inclusion, each class is weighted by its own market capitalization. If one or more classes are not eligible, the full company market capitalization is allocated pro rata among the eligible classes based on each class's relative market capitalization.

For Fixed-Constituent Indexes (Section 2.8), a company with multiple eligible share classes counts as a single constituent for purposes of the Target Count. Each eligible class is included as a separate security line and weighted per the rules in this section.

2.6 Identifying Eligible Listing

A security that meets the criteria in Sections 2.1 through 2.5 must also pass the investability screens defined in this section before it is eligible for index inclusion. Some screens are applied at the company level and some at the individual security level. The inclusion or exclusion of one security does not imply the automatic inclusion or exclusion of other securities of the same company.

2.6.1 General Eligibility

To be considered for index inclusion, a security must satisfy all of the following:

- The security is an eligible type as defined in Section 2.1.

- The security is listed on an eligible exchange as defined in Section 2.2.
- The company is classified to a covered country as defined in Section 2.3.

Securities that do not meet all three conditions are excluded from further consideration.

2.6.2 Investability Screens

Securities that pass general eligibility are subject to the following investability screens. Each screen specifies whether it is evaluated at the company level or the security level.

2.6.2.1 Minimum Size Requirement

This screen is applied at the company level. A company's total market capitalization must meet a minimum size threshold to be eligible for inclusion. The minimum size threshold is the Small Cap Inclusion Level (C_{99}), as derived in Section 2.7.2.

2.6.2.2 Minimum Liquidity Ratio

This screen is applied at the security level. A security's Liquidity Ratio, defined as its trailing twelve-month dollar trading volume divided by its free-float-adjusted market capitalization, must be greater than 10%.

2.6.2.3 Zero-Volume Days Cap

This screen is applied at the security level. A security must not have more than 10 zero-volume Trading Days in the preceding three months. Scheduled exchange holidays and unscheduled market closures do not count as zero-volume days.

2.6.2.4 Minimum Trading History

This screen is applied at the security level. A security must have at least 10 Trading Days of history on an eligible exchange to be considered for index inclusion. Existing index constituents added through corporate actions (such as Spin-Offs or conversions) are exempt from this requirement.

2.6.2.5 Minimum Free Float

This screen is applied at the security level. A security's **Free Float** — the proportion of shares outstanding that is available for trading in public equity markets — must be greater than 10%.

2.6.2.6 Eligibility and Compliance Exclusion

This screen is applied at the company level. A company is not eligible for index inclusion if any of the following conditions apply:

- The company is in Bankruptcy or insolvency proceedings.
- The company or its securities are subject to government-imposed economic Sanctions that would restrict trading by the index's intended investor base.
- The security's listing has been suspended by its exchange and remains suspended as of the eligibility evaluation date.

2.6.2.7 Maximum Stock Price

This screen is applied at the security level. A security whose closing price exceeds USD 10,000 per share as of the evaluation date is not eligible for index inclusion. This screen addresses liquidity concerns associated with very high per-share prices. Existing index constituents are exempt from this screen; a constituent whose price rises above USD 10,000 after inclusion is not removed solely on that basis.

2.7 Market Capitalization Size Segments

The eligible universe is divided into Size Segments based on each company's total market capitalization. Three **Size Segments** are defined: **Large Cap**, **Mid Cap**, and **Small Cap**. Together these segments cover approximately 99% of the cumulative market capitalization of the eligible universe. Companies that fall beyond the 99% coverage threshold do not meet the minimum size requirement defined in Section 2.6.2.1 and are excluded from all Tilt indexes.

Size segmentation is evaluated at the company level using total market capitalization across all outstanding share classes, including unlisted classes (see Section 2.5). Because segmentation operates at the company level, every security issued by a given company belongs to a single Size Segment.

2.7.1 Market Capitalization Coverage Ranges

Each Size Segment corresponds to a range of cumulative market capitalization coverage:

- **Large Cap**: 0% to 70%
- **Mid Cap**: greater than 70% to 85%
- **Small Cap**: greater than 85% to 99%

To determine segment assignment, companies in the eligible universe are ranked from largest to smallest by total market capitalization. Each company's **Cumulative Coverage Score** is calculated as:

$$q_i = \frac{\sum_{k=1}^{i-1}(p_k \cdot s_k) + 0.5 \cdot p_i \cdot s_i}{\sum_{k=1}^{n}(p_k \cdot s_k)}$$

Where:

- q_i = cumulative coverage score of company i
- p_k = price per share of company k
- s_k = shares outstanding of company k
- n = number of companies in the eligible universe

By incorporating half of each company's own capitalization into the running total, the midpoint method places each company in the segment that contains the larger share of its market capitalization.

2.7.2 Defining Size Segment Cutoffs

At each quarterly Reconstitution, three **Size Segment Cutoff Values** are calculated and stored for use in classifying companies that enter the eligible universe between Reconstitutions.

After computing cumulative coverage scores as described in Section 2.7.1, the **Boundary Company** for each breakpoint is identified as the first company whose score exceeds the breakpoint (70%, 85%, or 99%). Each

cutoff value equals the total market capitalization of the company ranked immediately above the corresponding boundary company:

- **Large Cap Inclusion Level** (C_{70}): total market capitalization of the last Large Cap company.
- **Mid Cap Inclusion Level** (C_{85}): total market capitalization of the last Mid Cap company.
- **Small Cap Inclusion Level** (C_{99}): total market capitalization of the last Small Cap company.

Cutoff values are fixed at the quarterly Reconstitution date and remain in effect until the next quarterly Reconstitution.

2.7.3 Assigning Companies to Size Segments

Base Date

On the **Base Date** — the date from which an index begins calculation, irrespective of its launch date — all companies are assigned to Size Segments using the coverage ranges and midpoint method described in Section 2.7.1, without Buffer Bands.

Quarterly Reconstitution

At each quarterly Reconstitution, the full ranking and cumulative coverage score calculation is repeated. To reduce turnover, **Buffer Bands** widen the retention range for existing segment members so that a company must move meaningfully through a breakpoint before migrating. Companies that listed since the prior Reconstitution are treated as new entrants and are assigned strictly against the base breakpoints; Buffer Bands do not apply to them.

Segment	Existing members remain if	Migration from above	Migration from below / unranked	New companies assigned if
Large Cap	$q_i \leq 75\%$	n/a	any lower-segment or unranked company with $q_i <$ 65%	$q_i \leq 70\%$
Mid Cap	$65\% \leq q_i \leq 90\%$	any higher-segment company with $q_i > 75\%$	any lower-segment or unranked company with $q_i <$ 80%	$70\% < q_i \leq 85\%$
Small Cap	$80\% \leq q_i \leq 99.5\%$	any higher-segment company with $q_i > 90\%$	any unranked company with $q_i <$ 98.5%	$85\% < q_i \leq 99\%$

Between Reconstitutions

Companies that enter the eligible universe between quarterly Reconstitutions — through IPOs, Spin-Offs, de-SPAC transactions, or other corporate actions — are assigned to a Size Segment using the cutoff values defined in Section 2.7.2. Classification is performed after the company has completed at least 10 Trading Days on an eligible exchange.

2.7.4 Size Segments for Listing-Based Indexes

Size segments are defined per market, where a market corresponds to a Country of Domicile (see Section 2.3.1). Domicile-based indexes use each company's domicile-market Size Segment directly.

For listing-based indexes, which include securities based on their Country of Listing rather than Country of Domicile, a company whose domicile country matches its listing country uses its domicile-market Size Segment. A company whose domicile country does not match its listing country is instead classified using the quarterly cutoff values (see Section 2.7.2) derived from the listing country's eligible universe.

2.8 Fixed-Constituent Indexes

A **Fixed-Constituent Index** is an index that maintains a preset number of constituent companies, called the **Target Count** (N). At each scheduled Reconstitution (Section 4.4), the constituent set is rebuilt to hold N companies. Between Reconstitutions, removals caused by corporate-action events are immediately filled by Replacement Constituents to preserve the count.

Constituents are selected from the eligible universe (Sections 2.1 through 2.6), as further refined by any index-specific criteria defined in the applicable Individual Index Guidelines. Companies in the eligible universe are ranked in descending order by the metric specified by the Individual Index Guidelines as the basis for ranking. For most market-capitalization-weighted Tilt indexes this is the company's float-adjusted market capitalization; thematic or factor-based indexes may specify alternative measures.

Selection operates at the company level. Multi-class companies count as a single constituent for purposes of the Target Count, with each eligible share class included as a separate security line per Section 2.5.

2.8.1 Constituent Buffer Band

At each scheduled Reconstitution, the constituents of a Fixed-Constituent Index are determined by applying a **Constituent Buffer Band** to the ranked eligible universe. The Buffer Band consists of two ranking thresholds:

- The **Inclusion Rank** (R_{in}): the rank at or above which a non-constituent is admitted to the index at the Reconstitution.
- The **Exclusion Rank** (R_{out}): the rank below which an existing constituent is removed at the Reconstitution.

By default, $R_{\text{in}} = \text{round}(0.9 \cdot N)$ and $R_{\text{out}} = \text{round}(1.1 \cdot N)$, producing a symmetric buffer of 10% of the Target Count on either side. Individual Index Guidelines may specify alternative values where the default buffer is not appropriate for the index design.

The post-Reconstitution constituent set is determined in three steps:

1. All companies ranked at or above R_{in} are admitted to the index, regardless of whether they were prior constituents.
2. Existing constituents ranked between R_{in} and R_{out} are admitted in rank order until the Target Count is reached.
3. Remaining vacancies are filled by the highest-ranked remaining companies in the eligible universe.

2.8.2 Replacement Constituents

When a constituent is removed from the index between Reconstitutions as a result of a corporate action — a Merger or Acquisition (Section 5.6), a Delisting (Section 5.8), a Bankruptcy (Section 5.9), or a Sanctions-driven removal (Section 5.10) — a **Replacement Constituent** is added to the index on the effective date of the removal so that the Target Count is preserved. If the post-removal constituent count is still at or above the Target Count — for example, following a prior Spin-Off (Section 5.7) — no Replacement Constituent is added.

The Replacement Constituent is the highest-ranked non-constituent in the eligible universe that is not itself subject to a confirmed Delisting, evaluated as of the **Replacement Reference Date** — by default, two Trading Days before the effective date of the removal. The candidate identity is locked in at the Replacement Reference Date; subsequent ranking changes between the Replacement Reference Date and the effective date do not change the selected candidate.

At the effective date close, the Replacement Constituent enters the index at its target weight under the index's weighting scheme (Section 3.2), evaluated as of the last Trading Day before the effective date. The Index Shares of surviving constituents are scaled proportionally to preserve index level continuity. The Replacement Constituent does not absorb the removed constituent's pre-event weight; that weight has already been redistributed pro-rata to surviving constituents per the applicable corporate action section.

When multiple removal events require multiple Replacement Constituents on or around the same date, replacements are processed sequentially in the order the underlying events occur. Once a Replacement Constituent is added to the index, it is no longer treated as a non-constituent for purposes of selecting subsequent Replacements.

A Replacement Constituent retains its seat in the index even if the removal event that triggered it is subsequently unwound. An originally removed constituent is not automatically reinstated and is reconsidered for inclusion at the next scheduled Reconstitution.

2.8.3 Index-Specific Variations

The rules in Sections 2.8.1 and 2.8.2 establish the default behavior for Fixed-Constituent Indexes. An Individual Index Guideline may specify alternative behavior — for example, by permitting the constituent count to drop between Reconstitutions instead of triggering Replacement Constituents. The rules of any such variation are set out in full in the applicable Individual Index Guideline.

3.0 Index Calculation

This section specifies the formulas and conventions used to calculate Tilt index levels, including return types, weighting schemes, currency treatment, the index level calculation formula, Trading Day definitions, halted security handling, and rounding conventions.

3.1 Index Returns

Each Tilt index is calculated in three return variants that differ in their treatment of cash distributions paid by index constituents.

The **Price Return** index reflects changes in the market prices of index constituents only. Cash distributions — including regular and special dividends — are not reinvested. The Price Return index captures capital appreciation and depreciation but excludes income.

The **Gross Total Return** index reinvests all cash distributions paid by index constituents on the Ex-Date, before the deduction of any withholding taxes. The Gross Total Return index represents the maximum theoretical return available to an investor who reinvests all distributions.

The **Net Total Return** index reinvests all cash distributions paid by index constituents on the Ex-Date, after the deduction of applicable withholding taxes. The Net Total Return index approximates the return available to a non-resident institutional investor subject to withholding tax.

Tilt currently calculates Price Return and Gross Total Return indexes. Net Total Return indexes may be introduced in the future. The treatment of specific distribution types — including regular dividends, special dividends, and Stock Dividends — is described in Section 5.

3.2 Weighting

This section defines how constituent weights are determined within a Tilt index. The default weighting scheme is free-float-adjusted market capitalization weighting (Section 3.2.1). Alternative weighting schemes — including Equal Weighting and Score Weighting — may be specified in Individual Index Guidelines (Section 3.2.2). Indexes that are subject to concentration limits apply Capping rules to ensure compliance (Section 3.2.3).

3.2.1 Market Capitalization Weighted

The default weighting scheme assigns each constituent a weight proportional to its free-float-adjusted market capitalization. The target weight of constituent i is:

$$w_i = \frac{p_i \cdot s_i \cdot \mathrm{FFF}_i}{\sum_{j=1}^{n} (p_j \cdot s_j \cdot \mathrm{FFF}_j)}$$

Where:

- w_i = target weight of constituent i
- p_i = price per share of constituent i
- s_i = shares outstanding of constituent i
- FFF_i = Free Float Factor of constituent i, as defined in Section 2.6.2.5
- n = number of index constituents

For securities with multiple share classes, the treatment described in Section 2.5 applies. The Free Float Factor reflects the proportion of shares outstanding available for trading in public equity markets, as determined by the methodology in Section 2.6.2.5.

3.2.2 Alternative Weighting Schemes

Individual Index Guidelines may specify a weighting scheme other than free-float-adjusted market capitalization. Two alternative schemes are supported:

Equal Weighting assigns each constituent the same target weight at each Rebalancing. The target weight of each constituent is $1/n$, where n is the number of index constituents.

Score Weighting assigns each constituent a target weight proportional to an index-specific score. The score may reflect factor exposures, thematic relevance, or other quantitative criteria defined in the applicable Individual Index Guidelines. The target weight of constituent i under Score Weighting is:

$$w_i = \frac{Z_i}{\sum_{j=1}^{n} Z_j}$$

Where:

- Z_i = score assigned to constituent i, as defined in the applicable Individual Index Guidelines

The score definition, calculation methodology, and any constraints on score values are specified in the Individual Index Guidelines for each index that uses Score Weighting.

For all alternative weighting schemes, target weights are established at each scheduled Rebalancing. Between Rebalancings, actual weights drift with market prices. Capping constraints, if applicable, are evaluated at Rebalancing as described in Section 3.2.3.

3.2.3 Capping Methodologies

Capping imposes upper limits on individual constituent weights to satisfy regulatory concentration requirements or index design constraints. Capping is applied only at scheduled Rebalancings and is not recalculated in response to corporate actions or market movements between Rebalancings. Any re-capping between scheduled Rebalancings requires a discretionary decision by the Index Methodology Committee with input from the Index Operations Committee.

The default Capping rule follows the RIC diversification requirements with a 10% buffer applied to all thresholds to reduce the likelihood of breaching regulatory limits between Rebalancings:

- No single constituent may exceed a target weight of 22.5% (regulatory limit: 25%).
- The aggregate target weight of all constituents individually exceeding 4.5% must not exceed 45% (regulatory limit: sum of constituents above 5% must not exceed 50%).

When uncapped target weights breach these buffered thresholds, the Capping procedure redistributes excess weight to non-capped constituents in proportion to their uncapped weights, iterating until all constraints are satisfied.

Individual Index Guidelines may specify different concentration limits, buffer levels, or Capping methods. Where an Individual Index Guideline does not specify Capping parameters, the defaults in this section apply.

3.3 Currency Options

Each Tilt index is denominated in the local currency of its constituent securities' Country of Listing. All price inputs, market capitalization calculations, and index level outputs are expressed in this local currency.

Foreign currency indexes and currency-hedged indexes are not currently supported. When these variants are introduced, the applicable methodology will be documented in this section and the currency treatment for each index will be disclosed in its Individual Index Guidelines.

3.4 Index Level Calculation

This section defines the formula used to calculate Tilt index levels, the determination of Index Shares, Trading Day conventions, and the treatment of halted securities.

3.4.1 Calculation Formula

The index level is calculated by summing the value of all constituents. Each constituent's value is the product of its **Index Shares**, its price per share, and any applicable foreign exchange rate:

$$L_t = \sum_{i=1}^{n} x_i \cdot p_{i,t} \cdot f_{i,t}$$

Where:

- L_t = index level at time t
- x_i = Index Shares of constituent i, fixed between Rebalancings
- $p_{i,t}$ = price per share of constituent i at time t
- $f_{i,t}$ = foreign exchange rate for constituent i at time t (equal to 1 for local currency indexes; see Section 3.3)
- n = number of index constituents

The index level is calculated once daily using the official closing price of each constituent on its respective exchange or, if such price is not received from a data provider at or around market close, the last available price. Individual Index Guidelines specify the calculation frequency for each index.

Index Shares. Index Shares represent the number of units of each constituent held in the index portfolio. Index Shares are determined at the index creation date and recalculated at each scheduled Rebalancing. Between Rebalancings, Index Shares remain fixed unless adjusted for a corporate action (see Section 5).

At the index creation date, Index Shares are derived from the base index level, the target weights established by the applicable weighting scheme (see Section 3.2), and the constituent prices on the Base Date:

$$x_i = \frac{w_i \cdot L_0}{p_{i,0} \cdot f_{i,0}}$$

Where:

- w_i = target weight of constituent i, as determined by the applicable weighting scheme (see Section 3.2)
- L_0 = base index level, as specified in the applicable Individual Index Guidelines (typically 100 or 1,000)
- $p_{i,0}$ = price per share of constituent i on the Base Date
- $f_{i,0}$ = foreign exchange rate for constituent i on the Base Date

At each scheduled Rebalancing, new Index Shares are calculated using the same formula, substituting the index level and constituent prices as of the Rebalancing effective date for L_0 and $p_{i,0}$, and using the updated target weights.

3.4.2 Trading Day Definition

A **Trading Day** is any day on which the relevant exchange or exchanges are open for regular trading. For single-country indexes, the Trading Day calendar follows the exchange calendar of that country. For indexes with constituents listed in multiple countries, a Trading Day is any day on which the exchanges representing the majority of the index's weight by constituent market capitalization are open for regular trading.

On scheduled early closure days, the index uses the official closing prices as of the early close. Scheduled exchange holidays and unscheduled full-day market closures are not Trading Days; the index level is not calculated and the prior Trading Day's index level remains in effect.

3.4.3 Halted Securities

A security that is halted or suspended from trading is carried in the index at its last available price. The last available price is the official closing price from the last Trading Day on which the security traded, or, if the security was halted intraday before the close, the last traded price prior to the halt. This price is carried forward unchanged for each subsequent Trading Day on which the security remains halted or suspended.

A halted security remains in the index until the next scheduled Rebalancing, at which point it is evaluated for continued inclusion under the standard eligibility criteria (see Section 2.6). A security may be removed before the next scheduled Rebalancing in two circumstances: a corporate event such as a Delisting or Bankruptcy triggers removal under the applicable corporate action rules (see Section 5), or the security has been halted for an extended period with no clear timeline for resumption of trading and the Index Operations Committee exercises discretion to remove it.

3.5 Rounding

Tilt calculates index values using the following rounding conventions. Individual Index Guidelines may specify different precision levels for a particular index.

- Index level: two decimal places
- Prices of index constituents: two decimal places
- Foreign exchange rates: six decimal places
- Index Shares: ten decimal places
- Price Adjustment Factor: six decimal places
- Free Float Factor: six decimal places

4.0 Index Maintenance

This section describes the procedures for maintaining Tilt indexes over time. It covers the scheduled review cycle, including updates to the eligible universe and Size Segments, Reconstitution, and Rebalancing. It also addresses event-driven changes between scheduled reviews and the operational mechanics of the Rebalancing process.

4.1 Methodology Review

The General Methodology is reviewed at least annually by the Index Methodology Committee to ensure that index rules remain aligned with current market structure, regulatory requirements, and the design principles described in Section 1.0. Ad hoc reviews may also be initiated in response to material market events, data quality issues, stakeholder feedback, or errors identified in the methodology.

Material changes to the General Methodology — such as modifications to eligibility criteria, weighting rules, or Rebalancing procedures — are subject to approval by the Index Methodology Committee and are announced to stakeholders with sufficient advance notice to allow them to assess the impact and take appropriate action. For additional details on the review and approval process, see the Tilt Index Governance Policy.

4.2 Updating the Eligible Universe

At each scheduled index review, the eligible universe is reconstructed by evaluating all securities against the eligibility criteria and investability screens defined in Section 2.6. Securities that no longer satisfy any one of the investability screens are removed from the eligible universe. New securities that meet all criteria are added. There are no relaxed retention thresholds for existing constituents; the same criteria apply to all securities regardless of current index membership.

Shares outstanding and Free Float Factors are updated for all securities in the eligible universe at each scheduled index review. Between scheduled index reviews, these data elements are updated on an ongoing basis as new information becomes available from public filings and corporate disclosures.

4.2.1 Ongoing Event-Related Changes

Between scheduled index reviews, corporate events may cause securities to enter or leave the eligible universe. New securities created by IPOs, Spin-Offs, and de-SPAC transactions are added to the eligible universe once they satisfy all eligibility criteria and investability screens. Securities eliminated by Mergers and Acquisitions, Bankruptcies, and Delistings are removed. The treatment of specific corporate event types is described in Section 5.0.

The eligible universe is maintained continuously to reflect the most current set of qualifying securities. While changes to the eligible universe do not trigger changes to existing index constituents between scheduled index reviews, the current eligible universe is used as the starting point whenever a new index is created.

4.3 Updating Size Segments

At each scheduled index review, Size Segment assignments are recalculated for all companies in the eligible universe. Each company is assigned to a Size Segment following the process described in Section 2.7. Companies whose segment assignment changes as a result of the recalculation are added to or removed from any index that uses Size Segments as an eligibility criterion. A company that moves from Mid Cap to Large Cap, for example, is removed from all Mid Cap indexes and added to all Large Cap indexes in which it is otherwise eligible.

To reduce turnover, Buffer Bands widen the retention range around each breakpoint so that existing segment members must move meaningfully beyond a boundary before migrating to an adjacent segment. Companies that entered the eligible universe since the prior index review are not subject to Buffer Bands and are assigned using the coverage ranges defined in Section 2.7.1. The Buffer Band thresholds are specified in Section 2.7.3.

After segment assignments are finalized, the Size Segment Cutoff Values are recalculated. These cutoff values are used to classify any companies that enter the eligible universe before the next scheduled index review.

4.4 Index Review, Reconstitution, and Rebalancing

Each scheduled index review performs one or both of the following:

- A **Reconstitution** re-evaluates eligibility criteria to redefine index constituents and recalculates weights. A Reconstitution always includes a Rebalancing.
- A **Rebalancing** recalculates weights for current index constituents without re-evaluating eligibility or constituent membership.

By default, Tilt indexes undergo quarterly Reconstitution and Rebalancing. Individual Index Guidelines may specify a different Reconstitution or Rebalancing frequency. The Reconstitution frequency must be less than or equal to the Rebalancing frequency — a Reconstitution cannot occur more frequently than a Rebalancing.

4.4.1 Index Review Dates

Three dates govern each scheduled index review:

- The **Reference Date** is the date as of which market data — including prices, shares outstanding, and Free Float Factors — is captured for eligibility evaluation, investability screens, and weight calculation. By default, the Reference Date is 10 Trading Days before the Adjustment Date.
- The **Selection Date** is the date on which updated index constituents and weights are determined and announced. By default, the Selection Date is 5 Trading Days before the Adjustment Date.
- The **Adjustment Date** is the date on which index changes become effective. Changes are implemented after the close of trading on the Adjustment Date.

Individual Index Guidelines may specify a different Reference Date (for example, 7 Trading Days before the Adjustment Date). If the Adjustment Date falls on a non-Trading Day, it moves to the immediately preceding Trading Day. The Reference Date and Selection Date are recalculated accordingly. Trading Day determination follows the rules in Section 3.4.2.

4.4.2 Review Schedule

Quarterly Reconstitution and Rebalancing is the default schedule. The Adjustment Date is the third Friday of March, June, September, and December.

Monthly Rebalancing may be specified in Individual Index Guidelines. The Adjustment Date is the third Friday of each calendar month. The Reference Date and Selection Date follow the same default spacing defined in Section 4.4.1.

Other frequencies — including daily Rebalancing — may also be specified in Individual Index Guidelines. In such cases, the Individual Index Guidelines define the timing of each Index Review Date.

Individual Index Guidelines specify the Reconstitution frequency, Rebalancing frequency, and Reference Date timing for each index. Where an Individual Index Guideline does not specify these parameters, the defaults in this section apply.

4.5 Rebalance Proforma

Between the Selection Date and the Adjustment Date, Tilt calculates and publishes a **Rebalance Proforma** for each index undergoing a scheduled review. The Rebalance Proforma represents the post-rebalance index composition expressed as fixed Indicative Index Shares. This section describes how Indicative Index Shares are calculated and how the Rebalance Proforma is maintained during the rebalance period.

4.5.1 Calculating Indicative Index Shares

At each scheduled index review, target weights are calculated using market data frozen as of the Reference Date (see Section 4.4.1). The target weight of each **Proforma Constituent** — a security that will be an index constituent after the rebalance takes effect — is determined by the applicable weighting scheme using Reference Date prices, shares outstanding, and Free Float Factors (see Section 3.2).

On the Selection Date, the target weights are converted into Indicative Index Shares using the closing index level on the Selection Date and the Reference Date prices:

$$x_i^{\text{ind}} = \frac{w_{i,\text{ref}} \cdot L_{\text{sel}}}{p_{i,\text{ref}} \cdot f_{i,\text{ref}}}$$

Where:

- x_i^{ind} = Indicative Index Shares of Proforma Constituent i
- $w_{i,\text{ref}}$ = target weight of Proforma Constituent i, calculated from Reference Date data per the applicable weighting scheme
- L_{sel} = closing index level on the Selection Date
- $p_{i,\text{ref}}$ = price per share of Proforma Constituent i on the Reference Date, adjusted for any corporate action taking effect between the Reference Date and the Selection Date (see Section 5.0)
- $f_{i,\text{ref}}$ = foreign exchange rate for Proforma Constituent i on the Reference Date

For Reconstitutions, the set of Proforma Constituents may differ from the current index constituents — securities being added or removed are reflected in the Rebalance Proforma from the Selection Date onward. For Rebalancings that do not change constituent membership, the Proforma Constituents are the same as the current index constituents.

Because the Rebalance Proforma is not fixed until the Selection Date, a corporate action effective on or before the Selection Date is built into the proforma at construction rather than applied as an adjustment: the affected security is added to the set of Proforma Constituents (for example, a Spin-Off), removed from it (for example, a Delisting), or carried at post-event terms (for example, a Stock Split), and the applicable weighting scheme is applied to the resulting set. Corporate actions effective after the Selection Date are instead applied

as adjustments to the already-fixed Indicative Index Shares, following the live-index treatment described in Section 4.5.2 and Section 4.6.

4.5.2 Rebalance Proforma Between Selection Date and Adjustment Date

Indicative Index Shares are fixed at the values calculated on the Selection Date and do not change in response to price movements or non-corporate-action updates to shares outstanding or Free Float Factors. Updated share and free-float data that become available between the Selection Date and Adjustment Date are reflected at the next scheduled index review.

Because Indicative Index Shares are fixed while market prices move, the implied weight of each Proforma Constituent drifts from its Reference Date target weight over the course of the rebalance period. This is expected behavior — the target weights serve as the basis for determining shares, not as ongoing constraints.

If a corporate action affects a Proforma Constituent between the Selection Date and the Adjustment Date, the Indicative Index Shares are adjusted to reflect the corporate action terms. The treatment of specific corporate action types during the rebalance period is described in Section 4.6.

4.5.3 Publication

The Rebalance Proforma is published daily from the Selection Date through the Adjustment Date. On each day, the proforma reports the Indicative Index Shares for each Proforma Constituent. If no corporate action has occurred since the prior publication, the Indicative Index Shares are unchanged.

4.6 Corporate Actions During Rebalance Period

When a corporate action affects a Proforma Constituent between the Selection Date and the Adjustment Date, the Rebalance Proforma is updated so that the Indicative Index Shares reflect the post-event terms. The objective is to ensure that the proforma composition on the Adjustment Date accurately represents the intended post-rebalance portfolio. The treatment of corporate actions in the Rebalance Proforma generally mirrors the treatment applied to the live index — the same adjustment rules apply, but adjustments are made to Indicative Index Shares rather than to live Index Shares. The detailed treatment of each corporate action type is described in Section 5.0.

Corporate actions during the rebalance period may adjust the Indicative Index Shares of existing Proforma Constituents, add new securities to the Rebalance Proforma, or remove securities from it. In each case, the adjustment generally follows the same rules and timing as the corresponding treatment in the live index.

Where a corporate action during the rebalance period requires treatment that departs from the standard rules, the Index Operations Committee may exercise discretion in determining the appropriate adjustment. Any departure from standard treatment is announced to stakeholders with sufficient advance notice to allow them to assess the impact and take appropriate action.

4.6.1 Alignment Between Rebalance Proforma and Live Index

Because the live index and the Rebalance Proforma are maintained in parallel during the rebalance period, corporate action adjustments to the proforma must preserve alignment with the live index. A corporate

action that changes the composition or holdings of the live index requires a corresponding adjustment to the Rebalance Proforma so that any portfolio tracking the index can transition to the post-rebalance composition without unintended discrepancies.

The Rebalance Proforma reflects only those corporate action outcomes that are still present in the live index as of the Adjustment Date. If a corporate action introduces a security into the live index on an interim basis and that security is removed before the Adjustment Date — for example, an ineligible Spin-Off entity (see Section 5.7.3) — no proforma adjustment is required. The live index will have already redistributed the removed security's value, and the relative weights of the Rebalance Proforma remain aligned without further change.

4.7 Rebalancing Implementation

This section describes how the Rebalance Proforma becomes the live index on the Adjustment Date. The Rebalancing implementation uses a share-fixing approach: Indicative Index Shares are fixed on the Selection Date (see Section 4.5.1), held constant through the rebalance period subject to corporate action adjustments (see Section 4.6), and then scaled on the Adjustment Date using an Adjustment Ratio to produce the final post-rebalance Index Shares.

4.7.1 Adjustment Ratio

Because Indicative Index Shares are calculated using Reference Date prices and the Selection Date index level (see Section 4.5.1), the proforma index level implied by those shares will generally differ from the live index level on the Adjustment Date. The **Adjustment Ratio** reconciles this difference by uniformly scaling all Indicative Index Shares so that the post-rebalance index level equals the live index level at the close of the Adjustment Date.

The Adjustment Ratio is calculated as follows:

$$\text{AR} = \frac{L_{\text{adj}}}{\sum_{i=1}^{n} x_i^{\text{ind}} \cdot p_{i,\text{adj}} \cdot f_{i,\text{adj}}}$$

Where:

- AR = Adjustment Ratio
- L_{adj} = closing index level on the Adjustment Date, calculated using the pre-rebalance Index Shares
- x_i^{ind} = Indicative Index Shares of Proforma Constituent i, as calculated on the Selection Date (see Section 4.5.1) and adjusted for any corporate actions during the rebalance period (see Section 4.6)
- $p_{i,\text{adj}}$ = closing price per share of Proforma Constituent i on the Adjustment Date
- $f_{i,\text{adj}}$ = foreign exchange rate for Proforma Constituent i on the Adjustment Date
- n = number of Proforma Constituents

The denominator represents the proforma index level — the hypothetical index level implied by the Indicative Index Shares valued at Adjustment Date prices. The ratio between the live index level and this proforma level produces the scalar needed to align the two.

4.7.2 Calculating Post-Rebalance Index Shares

The final post-rebalance Index Shares are calculated by applying the Adjustment Ratio to each Proforma Constituent's Indicative Index Shares:

$$x_i^{\text{new}} = \text{AR} \cdot x_i^{\text{ind}}$$

Where:

- x_i^{new} = post-rebalance Index Shares of constituent i
- AR = Adjustment Ratio, as calculated in Section 4.7.1
- x_i^{ind} = Indicative Index Shares of Proforma Constituent i

Because the Adjustment Ratio is a single scalar applied uniformly to all constituents, the relative proportions of the Indicative Index Shares are preserved. The scaling adjusts only the absolute number of shares to ensure index level continuity.

4.7.3 Effective Date and Transition

The rebalancing takes effect after the close of trading on the Adjustment Date. The pre-rebalance Index Shares are used to calculate the closing index level on the Adjustment Date. After the close, the post-rebalance Index Shares replace the pre-rebalance Index Shares, and all subsequent index calculations use the new values. The index level is continuous across the transition — the opening index level on the next Trading Day reflects the post-rebalance Index Shares valued at the new day's prices, with no level discontinuity resulting from the rebalancing.

Once the Rebalancing takes effect, the Rebalance Proforma ceases to exist. The Indicative Index Shares and Adjustment Ratio are retained for record-keeping purposes but are not used in index calculation.

4.8 Announcement Policy

This section describes the announcement timelines for methodology changes and scheduled index reviews. Announcement policies for corporate actions are described in Section 5.12.

4.8.1 Methodology Changes

Material changes to the General Methodology — such as modifications to eligibility criteria, weighting rules, or Rebalancing procedures — are announced to stakeholders at least one month before implementation. The announcement includes a description of the change, the rationale, and the effective date. In exceptional circumstances — such as sudden changes in market structure or regulatory requirements — shorter notice may be given where immediate implementation is necessary, as described in the Tilt Index Methodology Change Policy.

Clarifications that do not alter index outcomes — such as additional explanatory language or corrections to typographical errors — may be approved by the Index Operations Committee and published without advance notice.

4.8.2 Scheduled Index Reviews

The results of each scheduled index review are announced on the Selection Date, when the Rebalance Proforma is first published (see Section 4.5.3). By default, the Selection Date is 5 Trading Days before the Adjustment Date (see Section 4.4.1), providing stakeholders with at least 5 Trading Days of advance notice before changes take effect.

If circumstances prevent the Rebalance Proforma from being published on the scheduled Selection Date, Tilt announces the delay on the originally scheduled Selection Date and may take one of the following actions:

- Defer the Adjustment Date to a later date while maintaining the minimum notice period between the Selection Date and the Adjustment Date. Revised dates are communicated to stakeholders as soon as they are determined.
- Skip the affected index review, provided that no more than 6 months elapse before the next scheduled review is completed.

In either case, Tilt communicates the revised schedule with sufficient advance notice to allow stakeholders to assess the impact and take appropriate action.

4.9 Corrections and Restatements

Errors in index calculation — including incorrect pricing data, missed corporate actions, or misapplied methodology rules — are corrected in accordance with the Tilt Index Corrections and Restatements Policy. The Index Operations Committee determines whether an error is material, approves corrections and restatements, and ensures that affected stakeholders are notified. Same-day corrections of price and corporate action data are handled operationally and do not require formal committee approval.

4.10 Index Termination

An index may be terminated when it no longer serves its stated objective, when market or regulatory conditions make continued calculation impracticable, or when usage has declined to a level that no longer justifies ongoing maintenance. The termination process, including evaluation criteria, stakeholder consultation, and notice requirements, is described in the Tilt Index Termination Policy.

5.0 Corporate Actions Adjustments

Between scheduled index reviews, corporate actions affecting index constituents may alter the number of shares outstanding, the share price, or the composition of the index. If left unadjusted, these events would introduce discontinuities in the index level that do not reflect market performance. This section establishes the rules by which Tilt indexes account for corporate actions so that the index level remains continuous and the index remains replicable. All adjustments follow the design principles described in Section 1.0.

Types of Corporate Action Adjustments

Corporate actions fall into two categories based on how they affect the index:

Capital Adjustments modify the Index Shares or price of an existing constituent without changing the composition of the index. These actions apply a **Price Adjustment Factor** to the affected constituent's Index Shares on the effective date of the event. The Price Adjustment Factor is a scalar derived from the terms of the corporate action that, when applied to the existing Index Shares, offsets the expected change in the constituent's price so that the constituent's contribution to the index level is preserved. Capital Adjustments include Cash Dividends, Stock Splits, Reverse Splits, Stock Dividends, Rights Issues, and Share Buybacks, among others. The specific Price Adjustment Factor calculation for each action type is defined in the corresponding subsection.

Constituent Adjustments add or remove securities from the index. These actions change the set of index constituents and may also require Capital Adjustments for surviving or newly added securities. Constituent Adjustments include Mergers and Acquisitions, Spin-Offs, Delistings, and Bankruptcies. The treatment of each Constituent Adjustment is defined in the corresponding subsection.

Some corporate actions involve elements of both types. For example, a Merger between two index constituents removes the target company and adjusts the acquirer's Index Shares to reflect the transaction consideration. Where both types apply, the relevant subsection specifies the combined treatment.

Scope

This section covers the following corporate action types:

- Cash Dividend (Section 5.1)
- Stock Dividend (Section 5.2)
- Stock Split and Reverse Split (Section 5.3)
- Rights Issue (Section 5.4)
- Share Buyback (Section 5.5)
- Mergers and Acquisition (Section 5.6)
- Spin-Off (Section 5.7)
- Delisting (Section 5.8)
- Bankruptcy (Section 5.9)
- Sanctions (Section 5.10)

Additionally, Section 5.11 describes the use of discretion and judgement in corporate action treatment, and Section 5.12 establishes the announcement policy for corporate action adjustments.

Where a corporate action requires treatment that is not covered by the rules in this section, or where the specific circumstances of an event make standard treatment inappropriate, the Index Operations Committee may exercise discretion in determining the appropriate adjustment. Any departure from standard treatment is disclosed in accordance with the announcement policy described in Section 5.12. For governance procedures, see the Tilt Index Governance Policy.

5.1 Cash Dividend

A Cash Dividend is a payment of cash by a company to its shareholders, usually drawn from the company's net income or retained earnings. Cash Dividends may be paid on a regular schedule or as one-time distributions.

For the purpose of index adjustment, Tilt treats all Cash Dividends identically and does not distinguish between regular and special or extraordinary Cash Dividends.

Treatment by Index Return Variant

The treatment of Cash Dividends depends on the index return variant, as defined in Section 3.1:

Price Return indexes do not adjust for Cash Dividends. The dividend is excluded from the index level, which reflects only changes in constituent market prices.

Gross Total Return indexes reinvest the full gross dividend amount into the dividend-paying constituent on the Ex-Date by applying a Price Adjustment Factor to the constituent's Index Shares. No withholding tax is deducted.

Net Total Return indexes reinvest dividends after deducting the applicable withholding tax. The net dividend amount is the gross dividend reduced by the withholding tax rate for the constituent's country of incorporation. Tilt does not currently calculate Net Total Return indexes.

Dividend Adjustment

On the Ex-Date, the Index Shares of the dividend-paying constituent increase by a Price Adjustment Factor that offsets the expected decline in the constituent's market price. The Price Adjustment Factor for a Cash Dividend is:

$$\text{PAF}_{i,t+1} = \frac{p_{i,t}}{p_{i,t} - d_{i,t+1} \cdot f_{i,t}}$$

Where:

- $\text{PAF}_{i,t+1}$ = Price Adjustment Factor for constituent i, effective on the Ex-Date $t+1$
- $p_{i,t}$ = closing price of constituent i on the last Trading Day before the Ex-Date
- $d_{i,t+1}$ = gross Cash Dividend per share of constituent i, denominated in the dividend currency
- $f_{i,t}$ = foreign exchange rate for constituent i on the last Trading Day before the Ex-Date, converting the dividend currency to the index currency (equal to 1 when the dividend currency and index currency are the same)
- t = last Trading Day before the Ex-Date; $t+1$ = Ex-Date

The adjusted Index Shares, effective on the Ex-Date, are:

$$x'_{i,t+1} = x_{i,t} \cdot \text{PAF}_{i,t+1}$$

Where:

- $x'_{i,t+1}$ = adjusted Index Shares of constituent i on the Ex-Date
- $x_{i,t}$ = Index Shares of constituent i on the last Trading Day before the Ex-Date

Because the PAF is greater than or equal to 1 for any positive dividend, the increase in Index Shares preserves the constituent's contribution to the index level despite the expected price reduction on the Ex-Date.

Timing

The dividend adjustment takes effect on the Ex-Date as determined by the relevant exchange. The closing price used in the Price Adjustment Factor calculation is the official closing price on the last Trading Day before the Ex-Date.

5.1.1 Optional Dividend

An **Optional Dividend** is a corporate distribution in which shareholders may elect to receive cash, additional issuer shares, or a combination. The terms of an Optional Dividend may include a cap on the aggregate cash payable, with the residual paid in shares. Capped REIT distributions and scrip dividends are common examples.

An Optional Dividend is treated as a Cash Dividend under Section 5.1. The dividend per share d is set equal to the full gross announced dividend per share, regardless of the realized election outcome and regardless of whether any cap on the cash component binds. The Price Adjustment Factor takes effect on the Ex-Date as defined in Section 5.1.

No separate intra-cycle Index Shares adjustment is applied for the stock leg of an Optional Dividend beyond the Price Adjustment Factor. Increases in the issuer's shares outstanding resulting from the stock leg are reflected at the next scheduled index review (see Section 4.4).

Where applying the standard treatment would produce a result materially inconsistent with the design principles of the methodology, the Index Operations Committee may exercise discretion under Section 5.11.

5.2 Stock Dividend

A **Stock Dividend** is a distribution of additional shares of the same class to existing shareholders on a pro-rata basis, at no cost to the recipient. Pro-rata distributions in which shareholders may elect to receive cash in lieu of additional shares are not Stock Dividends and are treated as Optional Dividends under Section 5.1.1. Unlike a Cash Dividend, a Stock Dividend does not transfer cash or other assets out of the company. The total number of shares outstanding increases by the Stock Dividend rate while the market capitalization of the company remains unchanged, resulting in a proportional decrease in the price per share.

Stock Dividend Adjustment

On the Ex-Date, the Index Shares of the affected constituent increase by a Price Adjustment Factor that reflects the additional shares received per existing share. The Price Adjustment Factor for a Stock Dividend is:

$$\text{PAF}_{i,t+1} = 1 + T$$

Where:

- $\text{PAF}_{i,t+1}$ = Price Adjustment Factor for constituent i, effective on the Ex-Date $t + 1$
- T = corporate action term; for a Stock Dividend, T is the Stock Dividend rate expressed as a decimal (e.g., 0.04 for a 4% Stock Dividend)

The adjusted Index Shares, effective on the Ex-Date, are:

$$x'_{i,t+1} = x_{i,t} \cdot \text{PAF}_{i,t+1}$$

Where:

- $x'_{i,t+1}$ = adjusted Index Shares of constituent i on the Ex-Date
- $x_{i,t}$ = Index Shares of constituent i on the last Trading Day before the Ex-Date

Because the increase in Index Shares exactly offsets the proportional decrease in share price, the constituent's contribution to the index level is preserved and the adjustment is market-capitalization-neutral.

Timing

The Stock Dividend adjustment takes effect on the Ex-Date as determined by the relevant exchange.

5.3 Stock Split and Reverse Split

A **Stock Split** is a corporate action that increases the number of a constituent's shares outstanding by a specified ratio while proportionally reducing the price per share. A **Reverse Split** (consolidation) is the inverse operation: the number of shares outstanding decreases by a specified ratio while the price per share increases proportionally. In both cases, the market capitalization of the company is unchanged.

Split Adjustment

On the effective date, the Index Shares of the affected constituent are multiplied by a Price Adjustment Factor equal to the split ratio. The Price Adjustment Factor for a Stock Split or Reverse Split is:

$$\text{PAF}_{i,t+1} = T$$

Where:

- $\text{PAF}_{i,t+1}$ = Price Adjustment Factor for constituent i, effective on the split date $t+1$
- T = corporate action term; for a Stock Split or Reverse Split, T is the ratio of shares held after the action to shares held before the action (e.g., $T = 3$ for a 3-for-1 split; $T = 0.5$ for a 1-for-2 Reverse Split)

The adjusted Index Shares, effective on the split date, are:

$$x'_{i,t+1} = x_{i,t} \cdot \text{PAF}_{i,t+1}$$

Where:

- $x'_{i,t+1}$ = adjusted Index Shares of constituent i on the split date
- $x_{i,t}$ = Index Shares of constituent i on the last Trading Day before the split date

For a Stock Split, $T > 1$ and Index Shares increase; for a Reverse Split, $T < 1$ and Index Shares decrease. In both cases, the change in Index Shares exactly offsets the change in share price, and the adjustment is market-capitalization-neutral.

Timing

The split adjustment takes effect on the effective date as determined by the relevant exchange.

5.4 Rights Issue

A **Rights Issue** is a corporate action in which a company raises new equity capital by granting its shareholders the opportunity to subscribe for additional shares at a predetermined price, generally below the prevailing market price, on a pro-rata basis.

The issuance of new shares at a discount dilutes the per-share value of the existing equity. The total number of shares outstanding rises while each share represents a smaller fraction of the enlarged capital base. A Price Adjustment Factor is applied to offset this per-share dilution and preserve the constituent's contribution to the index level.

Condition for Adjustment

An adjustment is made only if the rights are in-the-money — that is, the subscription price is below the constituent's closing price on the last Trading Day before the Ex-Date. If the subscription price is equal to or greater than the closing price, the rights are considered out-of-the-money and no adjustment is made. The Index Operations Committee may elect a different treatment in exceptional circumstances, as described in the Tilt Index Governance Policy.

Rights Issue Adjustment

On the Ex-Date, the Index Shares of the affected constituent are multiplied by a Price Adjustment Factor that reflects the dilutive effect of the newly issued shares. The formula below assumes that the new shares carry normal dividend entitlement. The Price Adjustment Factor for a Rights Issue is:

$$\text{PAF}_{i,t+1} = \frac{p_{i,t} \cdot (1+T)}{p_{i,t} + T \cdot SP_i}$$

Where:

- $\text{PAF}_{i,t+1}$ = Price Adjustment Factor for constituent i, effective on the Ex-Date $t+1$
- $p_{i,t}$ = closing price per share of constituent i on the last Trading Day before the Ex-Date
- T = corporate action term; for a Rights Issue, T is the number of new shares offered per existing share (e.g., $T = 0.5$ for a 1-for-2 rights issue)
- SP_i = subscription price per share for constituent i

When $SP_i < p_{i,t}$, the Price Adjustment Factor is greater than 1, and the adjusted Index Shares increase accordingly. The adjusted Index Shares, effective on the Ex-Date, are:

$$x'_{i,t+1} = x_{i,t} \cdot \text{PAF}_{i,t+1}$$

Where:

- $x'_{i,t+1}$ = adjusted Index Shares of constituent i on the Ex-Date
- $x_{i,t}$ = Index Shares of constituent i on the last Trading Day before the Ex-Date

Timing

The Rights Issue adjustment takes effect on the Ex-Date as determined by the relevant exchange.

5.5 Share Buyback

A **Share Buyback** is a corporate action in which a company repurchases a predetermined fraction of its outstanding shares from existing shareholders at a specified price, typically at a premium to the prevailing market price. Buyback offers, partial tender offers, and mandatory pro-rata redemptions at a fixed price are all treated under this section.

The retirement of shares at a premium reduces the per-share value of the remaining equity. The total number of shares outstanding falls while each remaining share absorbs the cost of the premium paid to departing shareholders. A Price Adjustment Factor is applied to offset this per-share reduction in value and preserve the constituent's contribution to the index level.

Condition for Adjustment

The buyback must offer a premium to trigger an adjustment: if the buyback price is equal to or less than the constituent's closing price on the last Trading Day before the Ex-Date, no adjustment is made. The Index Operations Committee may elect a different treatment in exceptional circumstances, as described in the Tilt Index Governance Policy.

Share Buyback Adjustment

On the Ex-Date, the Index Shares of the affected constituent are multiplied by a Price Adjustment Factor that reflects the reduction in per-share value caused by the premium buyback. The Price Adjustment Factor for a Share Buyback is:

$$\text{PAF}_{i,t+1} = \frac{p_{i,t} \cdot (1 - T)}{p_{i,t} - T \cdot SP_i}$$

Where:

- $\text{PAF}_{i,t+1}$ = Price Adjustment Factor for constituent i, effective on the Ex-Date $t + 1$
- $p_{i,t}$ = closing price per share of constituent i on the last Trading Day before the Ex-Date
- T = corporate action term; for a Share Buyback, T is the fraction of existing shares repurchased per share (e.g., $T = 0.1$ for a buyback of 1 share for every 10 held)
- SP_i = buyback price per share for constituent i

When $SP_i > p_{i,t}$, the Price Adjustment Factor is greater than 1, and the adjusted Index Shares increase accordingly. The adjusted Index Shares, effective on the Ex-Date, are:

$$x'_{i,t+1} = x_{i,t} \cdot \text{PAF}_{i,t+1}$$

Where:

- $x'_{i,t+1}$ = adjusted Index Shares of constituent i on the Ex-Date
- $x_{i,t}$ = Index Shares of constituent i on the last Trading Day before the Ex-Date

The Share Buyback formula is the symmetric counterpart of the Rights Issue formula in Section 5.4. In a Rights Issue, shares are issued at a discount and the corporate action term T represents newly issued shares; in a Share Buyback, shares are retired at a premium and T represents shares repurchased.

Timing

The Share Buyback adjustment takes effect on the Ex-Date as determined by the relevant exchange.

5.6 Mergers and Acquisition

A **Merger or Acquisition** (M&A) is a corporate action in which one company absorbs another, either by negotiated agreement or through a tender offer. The target company ceases to exist as a separate entity and its shareholders receive cash, shares of the surviving company, or a combination of both as transaction consideration.

Unlike the Capital Adjustments described in Sections 5.1 through 5.5, an M&A event is a Constituent Adjustment that changes the composition of the index. The target is deleted from the index as of the effective date of the transaction, and the treatment of the remaining constituents depends on whether the acquirer is also an index constituent and on the form of the consideration.

Conditions for Adjustment

An M&A adjustment is applied to the index when:

- the target constituent is delisted or its listing is cancelled, or
- the transaction has been completed and either a confirmed last Trading Day or a confirmed Delisting date is publicly available.

Where both conditions remain uncertain, the Index Operations Committee determines the appropriate timing based on available information, including regulatory filings and exchange notifications. The Index Operations Committee may exercise discretion in determining when a transaction is sufficiently certain to warrant an index adjustment, as described in the Tilt Index Governance Policy.

Timing and Notice

Tilt aims to announce the M&A adjustment at least two Trading Days before it takes effect. Where exchange or market conditions do not permit sufficient advance notice — for example, when a Delisting is confirmed with little or no lead time — the adjustment may be implemented on the same day or the next Trading Day to ensure the index reflects actual market conditions. If trading in the target constituent has already ceased before the effective date, the target is valued using the deal terms for purposes of index calculation until the effective date.

Cancelled Transactions

If a completed transaction is subsequently unwound, the affected security is not reinstated automatically but is reconsidered for inclusion at the next scheduled index review (see Section 4.4).

Replacement in Fixed-Constituent Indexes

For Fixed-Constituent Indexes (Section 2.8), an M&A removal triggers the addition of a Replacement Constituent on the effective date of the removal, in accordance with Section 2.8.2.

5.6.1 Transaction Between Two Index Constituents

When both the target and the acquirer are index constituents at the time of the M&A event, the target is deleted as of the effective date and the remaining constituents are adjusted according to the form of the consideration. Three cases are distinguished: all-cash consideration, all-stock consideration, and combined cash and stock consideration.

In each case, the objective is to preserve the total index market capitalization at the moment of the adjustment, so that the M&A event does not introduce a discontinuity in the index level.

5.6.1.1 All-Cash Consideration

When the target is acquired entirely for cash, no acquirer shares enter the index. The target's index market capitalization is instead allocated to the remaining constituents in proportion to their pre-event weights.

The adjusted Index Shares of each remaining constituent i on the effective date are:

$$x'_{i,t+1} = x_{i,t} + w_{i,t} \cdot \frac{x_{TG,t} \cdot p_{TG,t} \cdot f_{TG,t}}{p_{i,t} \cdot f_{i,t}}$$

Where:

- $x'_{i,t+1}$ = adjusted Index Shares of remaining constituent i on the effective date
- $x_{i,t}$ = Index Shares of constituent i on the last Trading Day before the effective date
- $w_{i,t}$ = pro-rata weight of constituent i among remaining constituents, defined as $w_{i,t} = \frac{x_{i,t} \cdot p_{i,t} \cdot f_{i,t}}{\sum_{j=1}^{n-1} x_{j,t} \cdot p_{j,t} \cdot f_{j,t}}$, where the sum excludes the target
- $x_{TG,t}$ = Index Shares of the target constituent on the last Trading Day before the effective date
- $p_{TG,t}$ = closing price of the target constituent on the last Trading Day before the effective date
- $f_{TG,t}$ = foreign exchange rate for the target constituent on the last Trading Day before the effective date
- $p_{i,t}$ = closing price of constituent i on the last Trading Day before the effective date
- $f_{i,t}$ = foreign exchange rate for constituent i on the last Trading Day before the effective date

The numerator $x_{TG,t} \cdot p_{TG,t} \cdot f_{TG,t}$ represents the total index market capitalization of the target that must be absorbed. Each remaining constituent receives additional Index Shares equal to its proportional share of this amount, converted into share units using its own price and exchange rate.

5.6.1.2 All-Stock Consideration

When the target is acquired entirely for shares of the acquirer, the target is deleted and the acquirer's Index Shares are increased by the number of shares implied by the exchange ratio applied to the target's holdings. All other constituents are unchanged.

The adjusted Index Shares of the acquiring constituent on the effective date are:

$$x'_{AQ,t+1} = x_{AQ,t} + x_{TG,t} \cdot T$$

Where:

- $x'_{AQ,t+1}$ = adjusted Index Shares of the acquiring constituent on the effective date

- $x_{AQ,t}$ = Index Shares of the acquiring constituent on the last Trading Day before the effective date
- $x_{TG,t}$ = Index Shares of the target constituent on the last Trading Day before the effective date
- T = corporate action term; for an all-stock M&A, T is the exchange ratio expressed as the number of acquirer shares received per target share

The Index Shares of all other constituents remain unchanged.

5.6.1.3 Combined Cash and Stock Consideration

When the transaction consideration consists of both cash and shares of the acquirer, the stock component and the cash component are treated separately. The acquirer's Index Shares are increased by the stock component of the exchange, and the cash component of the target's index market capitalization is allocated to all remaining constituents (including the acquirer) in proportion to their pre-event weights.

The adjusted Index Shares of the acquiring constituent on the effective date are:

$$x'_{AQ,t+1} = x_{AQ,t} + x_{TG,t} \cdot T_{Stock} + w_{AQ,t} \cdot \frac{T_{Cash} \cdot x_{TG,t} \cdot f_{TG,t}}{p_{AQ,t} \cdot f_{AQ,t}}$$

The adjusted Index Shares of each other remaining constituent i (excluding the acquirer and the target) on the effective date are:

$$x'_{i,t+1} = x_{i,t} + w_{i,t} \cdot \frac{T_{Cash} \cdot x_{TG,t} \cdot f_{TG,t}}{p_{i,t} \cdot f_{i,t}}$$

Where:

- $x'_{AQ,t+1}$ = adjusted Index Shares of the acquiring constituent on the effective date
- $x_{AQ,t}$ = Index Shares of the acquiring constituent on the last Trading Day before the effective date
- $x'_{i,t+1}$ = adjusted Index Shares of remaining constituent i on the effective date
- $x_{i,t}$ = Index Shares of remaining constituent i on the last Trading Day before the effective date
- $x_{TG,t}$ = Index Shares of the target constituent on the last Trading Day before the effective date
- T_{Stock} = the stock component of the exchange ratio, expressed as the number of acquirer shares received per target share
- T_{Cash} = the cash component of the consideration per target share
- $w_{AQ,t}$ = pro-rata weight of the acquiring constituent among remaining constituents (as defined in Section 5.6.1.1)
- $w_{i,t}$ = pro-rata weight of remaining constituent i among remaining constituents (as defined in Section 5.6.1.1)
- $p_{AQ,t}$ = closing price of the acquiring constituent on the last Trading Day before the effective date
- $f_{AQ,t}$ = foreign exchange rate for the acquiring constituent on the last Trading Day before the effective date
- $p_{i,t}$ = closing price of remaining constituent i on the last Trading Day before the effective date
- $f_{i,t}$ = foreign exchange rate for remaining constituent i on the last Trading Day before the effective date

- $f_{TG,t}$ = foreign exchange rate for the target constituent on the last Trading Day before the effective date

5.6.1.4 Elective Consideration

An **Elective Consideration** event is an M&A in which target shareholders may elect among multiple forms of consideration — typically cash, acquirer stock, or a mix — subject to any **Aggregate Consideration Cap** specified in the merger agreement. Once the realized per-target-share cash component T_{Cash} and stock component T_{Stock} are determined, the index adjustment is calculated using the formula in Section 5.6.1.3.

The realized values of T_{Cash} and T_{Stock} are determined as of the last Trading Day before the effective date, using the most authoritative information available on that day. Three sources are considered, in order of preference:

1. **Final results.** Confirmed final aggregate cash paid and aggregate acquirer shares issued, expressed on a per-target-share basis.
2. **Preliminary results.** Publicly disclosed preliminary figures for aggregate cash and aggregate acquirer shares, expressed on a per-target-share basis.
3. **Capped or default terms.** The maximum aggregate cash and stock components implied by an Aggregate Consideration Cap, or the **Default Consideration** that applies to non-electing shareholders, as specified in the merger agreement, each expressed on a per-target-share basis. Where both are specified, the Index Operations Committee determines which best represents the expected realized outcome.

If none of these sources is available, the Index Operations Committee determines the appropriate treatment, as described in Section 5.11.

Where confirmed final results become available after the effective date and differ from the values used in the original adjustment, the Index Operations Committee may, at its discretion, implement a prospective true-up adjustment to the acquirer's Index Shares, announced in accordance with Section 5.12.

5.6.2 Transaction Between an Index Constituent and a Non-Constituent

When an index constituent is acquired by or merged with a company that is not an index constituent, the target is deleted as of the effective date and its index market capitalization is allocated to the remaining constituents in proportion to their pre-event weights. This treatment applies regardless of whether the consideration is cash, stock, or a combination of both.

The adjusted Index Shares of each remaining constituent i on the effective date are calculated using the formula in Section 5.6.1.1.

Because the acquirer is not an index constituent, there is no constituent in the index to receive the stock component of the consideration. The entire value of the target is therefore redistributed among the remaining constituents to preserve the total index market capitalization.

5.6.3 Mergers and Acquisition During the Rebalance Period

When an M&A event occurs between the Selection Date and the Adjustment Date of a scheduled index review, the M&A adjustment is applied to the Rebalance Proforma in addition to the live index. The acquired Proforma Constituent is removed from the Rebalance Proforma on the effective date, and the Indicative

Index Shares of the remaining Proforma Constituents are adjusted using the same treatment described in this section. For further details on corporate action adjustments during the rebalance period, see Section 4.6.

5.7 Spin-Off

A **Spin-Off** is a corporate action in which a company (the "**Parent**") distributes shares of a subsidiary or affiliated entity (the "**Spun-Off Entity**") to its existing shareholders on a pro-rata basis. The same transaction may also be known as a demerger or unbundling depending on the jurisdiction. Once the distribution is complete, the Parent and the Spun-Off Entity are distinct, independently operated companies.

A Spin-Off is a Constituent Adjustment that may change the composition of the index. The Parent remains in the index at its market price, and the Spun-Off Entity is evaluated for index eligibility. If the Spun-Off Entity qualifies, it is added as a new constituent. If it does not qualify, it is added temporarily and subsequently removed once its market value can be established.

Conditions for Adjustment

A Spin-Off adjustment is applied to the index when the Parent constituent transfers equity in one or more entities to its shareholders through a pro-rata distribution and the effective date of the distribution has been confirmed. The Index Operations Committee determines the appropriate timing based on available information, including corporate filings, exchange notifications, and deal terms.

Timing and Notice

Tilt aims to announce the Spin-Off adjustment at least two Trading Days before it takes effect. Where exchange or market conditions do not permit sufficient advance notice, the adjustment may be implemented on the same day or the next Trading Day. The Spin-Off adjustment is effective on the date the distribution takes effect, as determined by the relevant exchange or corporate filings.

Addition of the Spun-Off Entity

On the effective date, the Spun-Off Entity is added to the index with Index Shares calculated from the Parent's pre-event holdings and the Spin-Off ratio:

$$x_{SO,t+1} = x_{P,t} \cdot T$$

Where:

- $x_{SO,t+1}$ = Index Shares of the Spun-Off Entity on the effective date
- $x_{P,t}$ = Index Shares of the Parent constituent on the last Trading Day before the effective date
- T = corporate action term; for a Spin-Off, T is the Spin-Off ratio expressed as the number of Spun-Off Entity shares received per Parent share

The Parent's Index Shares remain unchanged. The Parent's price adjusts naturally in the market on the effective date to reflect the value transferred to the Spun-Off Entity, and the index captures this through the observed market price.

Pricing of the Spun-Off Entity

The Spun-Off Entity is added to the index after the close of the Trading Day immediately before the effective date. The initial price assigned at entry and subsequent treatment depend on whether the Spun-Off Entity is publicly traded prior to the effective date:

1. **Pre-existing market price.** If the Spun-Off Entity has been publicly traded on an Eligible Exchange prior to the effective date, the initial price is the Spun-Off Entity's closing market price on the last Trading Day before the effective date. A Price Adjustment Factor for the Parent is computed from this initial price:

   $$\text{PAF}_{P,t+1} = \frac{p_{P,t}}{p_{P,t} - T \cdot p_{SO,t}}$$

   Where:

   - $\text{PAF}_{P,t+1}$ = Price Adjustment Factor for the Parent, effective on the effective date $t+1$
   - $p_{P,t}$ = closing price of the Parent on the last Trading Day before the effective date
   - $p_{SO,t}$ = closing market price of the Spun-Off Entity on the last Trading Day before the effective date
   - T = Spin-Off ratio as defined above

   The Parent's Index Shares are unchanged. The Price Adjustment Factor reflects the theoretical adjustment to the Parent's price implied by the distribution, and is used to verify index level continuity across the effective date. The Parent's observed market price on the effective date is expected to reflect this theoretical adjustment.

2. **Effective-date market price.** If the Spun-Off Entity is not publicly traded prior to the effective date but trades on the effective date — whether on a regular-way or when-issued basis — the Spun-Off Entity is added at a price of zero, and the observed market price is used from the open of the effective date forward.

3. **Theoretical price.** If the Spun-Off Entity does not trade on or before the effective date, the Spun-Off Entity is added at a price of zero. A theoretical price is assigned at the open of the effective date based on the implied value transferred from the Parent:

   $$p_{SO,t+1} = \frac{p_{P,t} - p_{P,t+1}^{\text{open}}}{T}$$

   Where:

   - $p_{SO,t+1}$ = theoretical price of the Spun-Off Entity on the effective date
   - $p_{P,t}$ = closing price of the Parent on the last Trading Day before the effective date
   - $p_{P,t+1}^{\text{open}}$ = opening price of the Parent on the effective date
   - T = Spin-Off ratio as defined above

   The theoretical price is held constant in the index calculation until market trading commences on an Eligible Exchange (as defined in Section 2.2), at which point the index switches to the observed market price. If the Spun-Off Entity is listed solely on an exchange that is not an Eligible Exchange, no observed market price is available for index purposes and the theoretical price remains in effect.

4. **Zero price fallback.** If no theoretical price can be determined, the Spun-Off Entity is added at a price of zero and carried at that price until a market price becomes available.

In Cases 2, 3, and 4, no Parent Price Adjustment Factor is computed. The Parent's market price adjusts on the effective date to reflect the value transferred to the Spun-Off Entity, and the index captures this adjustment through the observed market price.

Fixed-Constituent Indexes

For Fixed-Constituent Indexes (Section 2.8), the constituent count is permitted to exceed the Target Count from the effective date of a Spin-Off through to the next scheduled Reconstitution. No existing constituent is removed at the Spin-Off event to restore the count.

At the next scheduled Reconstitution, the Spun-Off Entity is evaluated as if it were a non-constituent — against the Inclusion Rank (R_{in}) defined in Section 2.8.1, rather than retained as an incumbent. If the Spun-Off Entity does not rank at or above R_{in}, it is removed at the Reconstitution.

5.7.1 Spin-Off Eligibility

Before the effective date, the Index Operations Committee evaluates whether the Spun-Off Entity qualifies for inclusion in the index. The evaluation applies the general eligibility criteria defined in Sections 2.1 through 2.5, the investability screens defined in Section 2.6, and any index-specific selection criteria defined in the applicable Individual Index Guidelines. Where the Spun-Off Entity lacks sufficient trading history to evaluate investability screens or index-specific criteria that depend on historical market data, the Index Operations Committee may waive those criteria for the initial eligibility determination. The remaining criteria are evaluated using the best available information, which may include company filings, when-issued market data, prospectus disclosures, and third-party estimates.

The Spun-Off Entity is classified as either eligible or ineligible before the effective date, and this classification determines whether the default treatment (Section 5.7.2) or the temporary treatment (Section 5.7.3) applies.

5.7.2 Eligible Spin-Offs

When the Spun-Off Entity qualifies for inclusion, it is added to the index as a new constituent in accordance with the Addition of the Spun-Off Entity and Pricing of the Spun-Off Entity rules set out in Section 5.7.

The Spun-Off Entity remains an index constituent through the next scheduled index review, at which point it is re-evaluated independently under the standard eligibility and selection criteria. If the Spun-Off Entity no longer satisfies the applicable criteria at the next review, it is removed through the normal Reconstitution process.

If the Spun-Off Entity is already an index constituent at the time of the distribution — for example, when a Parent distributes shares of a company that is independently included in the index — the distributed shares are added to the existing constituent's Index Shares rather than creating a new constituent line. The additional Index Shares are calculated using the Index Shares formula defined in Section 5.7 and added to the existing constituent's holdings on the effective date.

5.7.3 Ineligible Spin-Offs

When the Spun-Off Entity does not qualify for inclusion, it is temporarily added to the index in accordance with the Addition of the Spun-Off Entity and Pricing of the Spun-Off Entity rules set out in Section 5.7.

The Spun-Off Entity is subsequently removed from the index according to the following rules:

- If the Spun-Off Entity is trading on an Eligible Exchange, it is removed from the index after the close of its first Trading Day as an index constituent, valued at the closing price observed on that day.
- If the Spun-Off Entity is listed solely on an exchange that is not an Eligible Exchange, it is removed from the index after the close of its first Trading Day as an index constituent, valued at the theoretical price in effect at the time of removal (or at zero if no theoretical price is available).
- If the Spun-Off Entity does not begin trading before the next scheduled index review, it is carried at its theoretical price (or at zero if no theoretical price is available) and removed at the next scheduled index review.

On removal, the Spun-Off Entity's index market capitalization is redistributed to the remaining constituents in proportion to their pre-removal weights. This treatment is consistent with the pro-rata redistribution applied for all-cash M&A events (see Section 5.6.1.1) and Delistings (see Section 5.8).

5.7.4 In-Specie Distributions

An **In-Specie Distribution** is a corporate action in which a company distributes shares of a different company to its shareholders — typically structured as a special bonus issue or special Stock Dividend of a third-party security. Because the economic effect is equivalent to a Spin-Off (a Parent distributes equity in another entity to its shareholders on a pro-rata basis), In-Specie Distributions are treated using the same methodology described in this section.

The eligibility evaluation, addition of the distributed entity, pricing, removal rules for ineligible entities, and rebalance period treatment all follow the Spin-Off procedures set out in Section 5.7 and Sections 5.7.1 through 5.7.3 and 5.7.6. The Spin-Off ratio T is determined from the distribution terms (i.e., the number of distributed shares per Parent share).

If the distributed instrument is not a standard equity security — for example, a warrant, derivative, or fixed-income instrument — the distribution does not trigger an index adjustment.

5.7.5 Split-Off

A **Split-Off** is a corporate action in which a publicly traded company offers its existing shareholders the option to exchange Parent shares for shares of a separate company, at an exchange ratio specified in the offer. Tendered Parent shares are retired upon completion of the offer.

A Split-Off differs from a Spin-Off in two principal ways. First, participation is voluntary: only shareholders who elect to tender receive Split-Off Entity shares, while in a Spin-Off all Parent shareholders receive Spun-Off Entity shares pro-rata. Second, the Parent's shares outstanding are reduced by the number of tendered shares, while in a Spin-Off the Parent's shares outstanding are unchanged. The Split-Off Entity may be a newly-formed public company, a pre-existing publicly-traded subsidiary, or a post-merger combined entity.

A Split-Off is a Constituent Adjustment that may change the composition of the index. The Parent remains in the index with reduced Index Shares, and the Split-Off Entity is evaluated for index eligibility per Section 5.7.1. The effective date is the date preliminary tender results are first publicly available.

On the effective date, the index reflects three adjustments: the Parent's Index Shares are reduced to reflect the retirement of tendered shares; the Split-Off Entity's Index Shares are increased (or set, if the Split-Off Entity is newly added) to reflect the distribution; and a Price Adjustment Factor for the Parent is computed to capture the per-share value adjustment from the distribution and any offer premium or discount.

Parent Index Shares Adjustment

The Parent's Index Shares are reduced to reflect the retirement of tendered shares from the Parent's float-adjusted shares outstanding:

$$x'_{P,t+1} = x_{P,t} \cdot \frac{s_{P,t} \cdot \mathrm{FFF}_{P,t} - Q_P}{s_{P,t} \cdot \mathrm{FFF}_{P,t}}$$

Where:

- $x'_{P,t+1}$ = adjusted Index Shares of the Parent on the effective date
- $x_{P,t}$ = Index Shares of the Parent on the last Trading Day before the effective date
- $s_{P,t}$ = total shares outstanding of the Parent on the last Trading Day before the effective date
- $\mathrm{FFF}_{P,t}$ = Free Float Factor of the Parent on the last Trading Day before the effective date
- Q_P = Parent shares accepted in the tender

Split-Off Entity Addition

The Split-Off Entity is added to the index (or, if already an index constituent, has its Index Shares increased) using the exchange ratio specified in the offer:

$$x'_{SO,t+1} = x_{SO,t} + x_{P,t} \cdot \frac{T \cdot Q_P}{s_{P,t} \cdot \mathrm{FFF}_{P,t}}$$

Where:

- $x'_{SO,t+1}$ = adjusted Index Shares of the Split-Off Entity on the effective date
- $x_{SO,t}$ = Index Shares of the Split-Off Entity on the last Trading Day before the effective date (zero if the Split-Off Entity is being newly added)
- T = exchange ratio, expressed as the number of Split-Off Entity shares received per tendered Parent share
- Other variables as defined above

Pricing of the Split-Off Entity

The Split-Off Entity's initial price at entry is determined as follows:

1. **Market price available.** If the Split-Off Entity has a market price observable on or before the effective date — whether from public trading on an Eligible Exchange or from when-issued trading — the initial price is the most recent observed market price.

2. **Fair-offer theoretical price.** If no market price is available on or before the effective date, the initial price is the fair-offer theoretical price implied by the exchange ratio:

$$p_{SO,t+1} = \frac{p_{P,t}}{T}$$

   Where:

   - $p_{SO,t+1}$ = theoretical price of the Split-Off Entity on the effective date
   - $p_{P,t}$ = closing price of the Parent on the last Trading Day before the effective date

- T = exchange ratio as defined above

The theoretical price is held constant in the index calculation until the Split-Off Entity begins trading on an Eligible Exchange, at which point the index switches to the observed market price.

Parent Price Adjustment Factor

When the Split-Off Entity enters the index at an observed market price (Case 1 of the pricing rules above), a Price Adjustment Factor for the Parent is computed to capture the per-share value adjustment from the distribution and any offer premium or discount:

$$\text{PAF}_{P,t+1} = \frac{p_{P,t} \cdot (s_{P,t} - Q_P)}{s_{P,t} \cdot p_{P,t} - T \cdot Q_P \cdot p_{SO,t}}$$

Where:

- $\text{PAF}_{P,t+1}$ = Price Adjustment Factor for the Parent on the effective date
- $p_{SO,t}$ = market price of the Split-Off Entity used as its initial price per the pricing rules above
- Other variables as defined above

The Parent's Index Shares (post-tender, as computed above) remain unchanged by the Price Adjustment Factor; the Parent PAF is a price-side concept that reflects the implied adjustment to the Parent's per-share value. The Parent's observed market price on the effective date is expected to reflect this theoretical adjustment.

Float-Share Assumption and Discretion

The standard formulation assumes that all Q_P tendered shares originate from public float and all distributed Split-Off Entity shares enter public float. Where this assumption does not hold, the Index Operations Committee may exercise discretion under Section 5.11 to adjust the float-share counts used in the formulas above.

In all other respects, a Split-Off follows the same rules as a Spin-Off, including the eligibility procedures in Sections 5.7.1 through 5.7.3.

Where preliminary tender results are not available on the effective date, or where the standard treatment would produce a result materially inconsistent with the design principles of the methodology, the Index Operations Committee may exercise discretion under Section 5.11.

5.7.6 Spin-Off During the Rebalance Period

When a Spin-Off occurs between the Selection Date and the Adjustment Date of a scheduled index review, the Spin-Off adjustment is applied to the Rebalance Proforma in addition to the live index. The proforma treatment depends on whether the Spin-Off was processed in the live index and whether the Parent and the Spun-Off Entity will be present after the rebalance. The following conditions must all be satisfied for the Spun-Off Entity to be included in the Rebalance Proforma:

Condition 1 — The Parent is a Proforma Constituent.

The Parent must be included in the post-rebalance composition. If the Parent is not a Proforma Constituent (i.e., the Parent is being removed at the next review), no proforma adjustment is made for the Spin-Off.

Condition 2 — The Parent was in the live index on the effective date of the Spin-Off.

The Spin-Off must have been processed in the live index — that is, the Parent was a live index constituent on the effective date and the Spun-Off Entity was added to the live index. If the Parent was not in the live index on the effective date (for example, the Parent is a new addition to the proforma that has not yet entered the live index), no proforma adjustment is made.

Condition 3 — The Spun-Off Entity is present in the live index at the Adjustment Date.

The Spun-Off Entity must still exist in the live index at the time of the rebalance. The treatment depends on its status:

Condition	Proforma Treatment
Spun-Off Entity is eligible and present in the live index	Add to the Rebalance Proforma as a new Proforma Constituent. Indicative Index Shares equal the Parent's proforma Indicative Index Shares multiplied by the Spin-Off ratio.
Spun-Off Entity is ineligible and will remain in the live index through the Adjustment Date (has not yet been removed)	Include in the Rebalance Proforma at its theoretical price. Indicative Index Shares calculated as above.
Spun-Off Entity is ineligible and has been or will be removed from the live index before the Adjustment Date	The Spun-Off Entity is not added to the Rebalance Proforma. The Adjustment Ratio applied on the Adjustment Date (see Section 4.7.1) automatically captures the redistribution that occurred or will occur in the live index.

If any of the three conditions above is not met, the Spun-Off Entity is excluded from the Rebalance Proforma and no proforma adjustment is made for the Spin-Off.

Split-Off during the rebalance period. A Split-Off (Section 5.7.5) occurring during the rebalance period is treated using the same proforma conditions described above for Spin-Offs, with the Split-Off Entity treated analogously to the Spun-Off Entity.

5.8 Delisting

A **Delisting** is the removal of a security from trading on an exchange. A Delisting may result from a company ceasing to exist, failing to meet exchange listing requirements, voluntarily withdrawing from public trading, or converting to an ineligible corporate structure. Because a delisted security can no longer be traded on an eligible exchange, no effective transaction prices can be determined and the security is removed from the index.

A Delisting is a Constituent Adjustment that removes the affected security from the index and redistributes its index market capitalization to the remaining constituents. Where the Delisting is the result of a specific corporate event — such as a Merger or Acquisition (Section 5.6) or a Bankruptcy (Section 5.9) — the treatment described in the applicable corporate action section takes precedence over this section.

Delisting Adjustment

On the effective date, the delisted constituent is removed from the index and its index market capitalization is redistributed to the remaining constituents in proportion to their pre-removal weights.

The delisted constituent is removed at its last available closing price on an eligible exchange. If a confirmed per-share cash distribution has been announced at the time of removal — for example, a liquidation payment or other fixed cash entitlement — the constituent is removed at the announced distribution value per share instead. If no closing price is available and no confirmed distribution exists, the constituent is removed at a price of zero.

Listing Venue Change

A constituent that transfers its Primary Listing to another eligible exchange is not treated as a Delisting. The constituent remains in the index and its identifiers and price source are updated to reflect the new listing. The constituent's Index Shares are unchanged.

Timing and Notice

Tilt aims to announce the Delisting adjustment at least two Trading Days before it takes effect. The adjustment is effective after the close of the last Trading Day on which the affected constituent trades on an eligible exchange. Where exchange or market conditions do not permit sufficient advance notice — for example, when a Delisting is confirmed with little or no lead time — the adjustment may be implemented on the next Trading Day to ensure the index reflects actual market conditions.

Re-Eligibility

A company that has been removed from the index due to a Delisting is reconsidered for inclusion at the next scheduled index review. No exclusion period applies. For the purposes of eligibility evaluation, the company is treated as a new security and must satisfy all applicable eligibility criteria and investability screens defined in Section 2.6.

Replacement in Fixed-Constituent Indexes

For Fixed-Constituent Indexes (Section 2.8), a Delisting triggers the addition of a Replacement Constituent in accordance with Section 2.8.2.

5.9 Bankruptcy

A **Bankruptcy** as used in this section refers to any event in which an index constituent, in the country of its incorporation, has become bankrupt, has filed for Bankruptcy protection, enters into administration or receivership, is insolvent, or is liquidated, as well as other equivalent proceedings in accordance with the laws and regulations of the company's country of incorporation.

A Bankruptcy is a Constituent Adjustment that removes the affected security from the index and redistributes its index market capitalization to the remaining constituents. Tilt does not distinguish between liquidation proceedings and reorganization proceedings — any filing described above triggers removal regardless of whether the company may continue operating during the proceedings.

Bankruptcy Adjustment

On the effective date, the bankrupt constituent is removed from the index and its index market capitalization is redistributed to the remaining constituents in proportion to their pre-removal weights.

The bankrupt constituent is removed at its last available closing price on an eligible exchange. If a confirmed per-share cash distribution has been announced at the time of removal — for example, a liquidation payment — the constituent is removed at the announced distribution value per share instead. If no closing price is available and no confirmed distribution exists, the constituent is removed at a price of zero.

Timing and Notice

Tilt aims to announce the Bankruptcy adjustment at least two Trading Days before it takes effect. The adjustment is effective after the close of the last Trading Day on which the affected constituent trades on an eligible exchange. Where exchange or market conditions do not permit sufficient advance notice — for example, when a Bankruptcy filing is confirmed with little or no lead time — the adjustment may be implemented on the next Trading Day to ensure the index reflects actual market conditions.

Re-Eligibility

A company that has been removed from the index due to a Bankruptcy is reconsidered for inclusion at the next scheduled index review. No exclusion period applies. For the purposes of eligibility evaluation, the company is treated as a new security and must satisfy all applicable eligibility criteria and investability screens defined in Section 2.6.

Replacement in Fixed-Constituent Indexes

For Fixed-Constituent Indexes (Section 2.8), a Bankruptcy triggers the addition of a Replacement Constituent in accordance with Section 2.8.2.

5.10 Sanctions

Government-imposed economic Sanctions may restrict or prohibit transactions in the securities of certain companies, making it difficult or impossible for index users to trade affected constituents. Sanctions vary in scope — they may apply broadly to entire countries or markets, or selectively to specific entities, individuals, or instruments — and may be imposed or lifted at any time.

Tilt monitors Sanctions imposed by U.S., U.K., and European Union authorities. When Sanctions affect an index constituent, the Index Operations Committee determines the appropriate treatment on a case-by-case basis, considering the nature and scope of the restrictions, the impact on the tradability of the affected security, and the requirements of the index's intended investor base.

Sanctions Adjustment

A constituent that becomes subject to Sanctions restricting the ability of the index's intended investor base to trade the security is removed from the index on the effective date determined by the Index Operations Committee. On removal, the constituent's index market capitalization is redistributed to the remaining constituents in proportion to their pre-removal weights. The removed constituent is valued at its last available closing price on an eligible exchange; if no closing price is available, the constituent is removed at a price of zero.

Where Sanctions do not fully prohibit trading but impose partial restrictions — such as limits on new investment — the Index Operations Committee may elect an alternative treatment, which may include freezing the constituent's Index Shares for the duration of the restrictions or excluding the constituent from specific indexes while retaining it in others. Any alternative treatment is announced to stakeholders before it takes effect.

Timing and Notice

Because Sanctions may take effect immediately upon designation, the adjustment may be implemented as soon as practicable rather than subject to the standard notice period. Tilt announces the specific treatment to stakeholders as soon as the determination is made.

Re-Eligibility

When Sanctions affecting a constituent are lifted, the company is reconsidered for inclusion at the next scheduled index review. For the purposes of eligibility evaluation, the company must satisfy all applicable eligibility criteria and investability screens defined in Section 2.6, including the compliance exclusion in Section 2.6.2.6.

Replacement in Fixed-Constituent Indexes

For Fixed-Constituent Indexes (Section 2.8), a Sanctions-driven removal triggers the addition of a Replacement Constituent in accordance with Section 2.8.2.

5.11 Discretion and Judgement

The preceding subsections define rules-based treatments for the most common corporate action types. In practice, corporate actions may present terms, structures, or timing that fall outside the scope of the published rules — or that make standard treatment inappropriate for a particular event. This section establishes the framework under which the Index Operations Committee exercises discretion and expert judgment in such cases.

When Discretion Applies

The Index Operations Committee may exercise discretion when any of the following conditions arise:

- **Novel or complex events.** A corporate action has no directly applicable rule in this methodology, or combines elements of multiple event types in a way that the standard treatments do not address.
- **Ambiguous or incomplete information.** The terms of a corporate action are undisclosed, incomplete, or conflicting across data sources, and the available information is insufficient to apply the standard treatment.
- **Extraordinary market conditions.** Market disruptions, exchange closures, or other exceptional circumstances affect the ability to implement a corporate action adjustment under normal timing or pricing conventions.
- **Inappropriate standard treatment.** Applying the standard rule would produce an outcome that conflicts with the design principles described in Section 1.0 — for example, by introducing material discontinuity in the index level, impairing replicability, or generating unnecessary turnover.

Scope of Discretionary Decisions

When discretion is exercised, the Index Operations Committee may determine one or more of the following:

- The classification and treatment of a corporate action, including whether to apply an existing rule by analogy or to define a bespoke adjustment.
- The timing of an adjustment, including whether to accelerate or defer implementation relative to the standard effective date conventions.
- The pricing inputs used in the adjustment, including the selection of alternative data sources when primary sources are unavailable or unreliable.
- The treatment of affected constituents, including whether to retain, remove, or temporarily suspend a security from the index.

Guiding Principles

Discretionary decisions are guided by the design principles described in Section 1.0. In particular, the Index Operations Committee seeks to:

- Maintain continuity of the index level by avoiding adjustments that introduce non-market-driven discontinuities.
- Preserve replicability by ensuring that index users can practically implement the resulting changes.
- Minimize unnecessary turnover by favoring treatments that avoid disproportionate additions, deletions, or weight changes relative to the scale of the underlying event.
- Apply consistent treatment across markets and securities, so that similar events receive similar treatment.

Where these principles conflict — for example, where timely implementation would impair replicability — the Index Operations Committee determines the appropriate balance based on the specific circumstances of the event.

Data Sources and Expert Judgment

Corporate action terms are sourced from exchange notifications, corporate filings, press releases, and third-party data vendors. Where data sources conflict, exchange notifications and corporate filings generally take precedence. The Index Operations Committee may designate alternative or supplementary data sources when primary sources are unavailable, delayed, or unreliable.

Precedent and Methodology Evolution

A discretionary decision does not automatically set a precedent for the treatment of future events. The Index Operations Committee may treat a decision as a one-off response to the specific circumstances of the event. Alternatively, the Index Methodology Committee may determine that a discretionary decision reveals a gap or ambiguity in the published methodology and initiate a review to codify the treatment as a standing rule. Any resulting methodology change follows the review and approval process described in Section 4.1.

Disclosure

Any exercise of discretion that results in a treatment different from the standard rules published in this methodology is announced to stakeholders before the adjustment takes effect. The announcement includes a description of the event, the treatment applied, and the rationale for the departure from standard rules. For governance procedures governing discretionary decisions, see the Tilt Index Governance Policy.

5.12 Announcement Policy

This section describes the announcement policy for corporate action adjustments. For the announcement policy governing methodology changes and scheduled index reviews, see Section 4.8.

Standard Notice Period

Tilt announces all corporate action adjustments to stakeholders at least two Trading Days before the adjustment takes effect. The announcement includes the nature of the corporate action, the affected constituent or constituents, the adjustment to be applied, and the effective date.

Exceptions to the Standard Notice Period

Certain corporate actions may require implementation before the standard two-Trading Day notice period can be observed. In such cases, Tilt announces the adjustment as soon as practicable and implements the change on the effective date determined by the Index Operations Committee.

Market-neutral corporate actions — such as Stock Splits, Reverse Splits, and Stock Dividends — are applied on the Ex-Date as defined in the relevant subsection and do not require advance notice beyond the announcement of the adjustment itself.

Discretionary Adjustments

When the Index Operations Committee exercises discretion under Section 5.11, the announcement includes the treatment applied and the rationale for the departure from the standard rules published in this methodology.

Appendix A – Glossary

Adjustment Date – The date on which index changes resulting from a scheduled index review become effective, implemented after the close of trading, as defined in Section 4.4.1.

Adjustment Ratio – A scalar applied uniformly to all Indicative Index Shares on the Adjustment Date to produce the post-rebalance Index Shares, ensuring that the post-rebalance index level equals the live index level at the close of the Adjustment Date, as defined in Section 4.7.1.

Aggregate Consideration Cap – A maximum aggregate amount of one form of merger consideration — either cash or acquirer stock — specified in a merger agreement, used in Elective Consideration events to constrain the total payable in that form to target shareholders, as referenced in Section 5.6.1.4.

Bankruptcy – Any event in which an index constituent has become bankrupt, has filed for bankruptcy protection, enters into administration or receivership, is insolvent, or is liquidated, treated as a Constituent Adjustment that removes the affected security from the index, as defined in Section 5.9.

Base Date – The date from which an index begins calculation, irrespective of its launch date, as defined in Section 2.7.3.

Boundary Company – For a given size segment breakpoint, the first company whose cumulative coverage score exceeds that breakpoint, as defined in Section 2.7.2.

Buffer Bands – Widened retention and migration thresholds applied around size segment breakpoints at quarterly reconstitution to reduce turnover, as defined in Section 2.7.3.

Capital Adjustment – A corporate action adjustment that modifies the Index Shares or price of an existing index constituent without changing the composition of the index, as defined in Section 5.0.

Capping – The application of upper limits on individual constituent weights at scheduled rebalancings to satisfy regulatory concentration requirements or index design constraints, as defined in Section 3.2.3.

Cash Dividend – A payment of cash by a company to its shareholders, treated as a Capital Adjustment in the index through a Price Adjustment Factor applied to Index Shares on the Ex-Date, as defined in Section 5.1.

Country of Domicile – The country with which a company is most closely associated, as determined in Section 2.3.1.

Constituent Adjustment – A corporate action adjustment that adds or removes securities from the index, as defined in Section 5.0.

Constituent Buffer Band – A pair of ranking thresholds applied at each scheduled Reconstitution of a Fixed-Constituent Index that govern admission of new constituents and retention of existing constituents, as defined in Section 2.8.1.

Country of Listing – The country of the exchange on which a security's primary listing trades, as defined in Section 2.3.2.

Cumulative Coverage Score – The cumulative market capitalization of all higher-ranked companies plus half the company's own market capitalization, expressed as a proportion of total eligible universe market capitalization, as defined in Section 2.7.1.

Default Consideration – The form of merger consideration applicable to target shareholders who do not submit an election by the deadline specified in the merger agreement, as referenced in Section 5.6.1.4.

Delisting – The removal of a security from trading on an exchange, treated as a Constituent Adjustment that removes the affected security from the index and redistributes its index market capitalization to the remaining constituents, as defined in Section 5.8.

Elective Consideration – Merger consideration in which target shareholders may elect among multiple forms (cash, acquirer stock, or a mix), typically subject to an Aggregate Consideration Cap, as defined in Section 5.6.1.4.

Eligible Security – A security that meets all criteria for potential index inclusion.

Equal Weighting – A weighting scheme that assigns each constituent the same target weight at each rebalancing, as defined in Section 3.2.2.

Ex-Date – The first Trading Day on which a security trades without entitlement to a pending corporate action distribution or adjustment, as referenced in Sections 5.1 through 5.5.

Exclusion Rank – The rank below which an existing constituent is removed from a Fixed-Constituent Index at a scheduled Reconstitution, denoted R_{out}, as defined in Section 2.8.1.

Fixed-Constituent Index – An index that maintains a preset number of constituent companies (the Target Count), as defined in Section 2.8.

Free Float – The proportion of a security's shares outstanding that is available for trading in public equity markets, as defined in Section 2.6.2.5.

Free Float Factor – A ratio representing the Free Float of a security, applied as a multiplier in weighting calculations, as defined in Section 2.6.2.5.

General Methodology – The General Index Methodology & Calculation Manual, the central document governing all Tilt indexes.

Gross Total Return – An index return variant that reinvests all cash distributions on the ex-date before the deduction of any withholding taxes, as defined in Section 3.1.

Inclusion Rank – The rank at or above which a non-constituent is admitted to a Fixed-Constituent Index at a scheduled Reconstitution, denoted R_{in}, as defined in Section 2.8.1.

In-Specie Distribution – A corporate action in which a company distributes shares of a different company to its shareholders, typically structured as a special bonus issue or special stock dividend of a third-party security, treated using the same methodology as a Spin-Off, as defined in Section 5.7.4.

Initial Public Offering (IPO) – The first public listing of a company's shares on an eligible exchange, after which the company may enter the eligible universe once it satisfies all eligibility criteria and investability screens, as referenced in Sections 2.7.3 and 4.2.1.

Index Committee – Collective reference to the three committees that govern Tilt indexes: the Index Oversight Committee, the Index Operations Committee, and the Index Methodology Committee.

Index Operations Committee – The committee managing day-to-day index operations, including data sourcing, calculation, corporate action implementation, and rebalancing execution.

Index Oversight Committee – The committee providing independent oversight of the index production process, consistent with the IOSCO Principles for Financial Benchmarks.

Index Methodology Committee – The committee responsible for methodological decisions, including changes to eligibility criteria, weighting rules, and rebalancing procedures.

Index Review Date – Any of the three dates — Reference Date, Selection Date, and Adjustment Date — that govern the timeline of a scheduled index review, as defined in Section 4.4.1.

Index Shares – The number of units of each constituent held in the index portfolio, determined at the index creation date and recalculated at each scheduled rebalancing, as defined in Section 3.4.1.

Indicative Index Shares – The number of units of each Proforma Constituent held in the Rebalance Proforma, calculated on the Selection Date and fixed until the Adjustment Date unless adjusted for a corporate action, as defined in Section 4.5.1.

Individual Index Guidelines – The index-specific supplement to the General Methodology that specifies parameters such as reconstitution frequency, rebalancing frequency, Reference Date timing, and other index-level configuration for a particular Tilt index.

Liquidity Ratio – A security-level investability screen defined as the security's trailing twelve-month dollar trading volume divided by its free-float-adjusted market capitalization, which must be greater than 10% for the security to be eligible for index inclusion, as defined in Section 2.6.2.2.

Merger or Acquisition – A corporate action in which one company absorbs another, either by negotiated agreement or through a tender offer, treated as a Constituent Adjustment in the index that removes the target and adjusts the remaining constituents according to the form of the transaction consideration, as defined in Section 5.6.

Net Total Return – An index return variant that reinvests all cash distributions on the ex-date after the deduction of applicable withholding taxes, as defined in Section 3.1.

Optional Dividend – A corporate distribution in which shareholders may elect to receive cash, additional issuer shares, or a combination, treated as a Cash Dividend under Section 5.1 using the full gross announced dividend per share, as defined in Section 5.1.1.

Parent – In the context of a Spin-Off, the company that distributes shares of a subsidiary or affiliated entity to its existing shareholders, as defined in Section 5.7.

Price Adjustment Factor – A scalar derived from the terms of a corporate action that defines a theoretical adjusted price for an affected constituent. For certain corporate actions, the PAF is further applied to the constituent's Index Shares to offset the expected price change and preserve the constituent's contribution to the index level, as defined in Section 5.0.

Price Return – An index return variant that reflects changes in market prices only, excluding all cash distributions, as defined in Section 3.1.

Primary Listing – The listing on an eligible exchange that a company designates as its principal market for trading and regulatory purposes, as defined in Section 2.4.

Proforma Constituent – A security included in the Rebalance Proforma that will be an index constituent after the rebalance takes effect, as defined in Section 4.5.1.

Rebalance Proforma – The post-rebalance index composition expressed as fixed Indicative Index Shares, calculated on the Selection Date and published daily through the Adjustment Date, as defined in Section 4.5.

Rebalancing – A scheduled index review that recalculates weights for current index constituents without re-evaluating eligibility or constituent membership, as defined in Section 4.4.

Reconstitution – A scheduled index review that re-evaluates eligibility criteria to redefine index constituents and recalculates weights; a reconstitution always includes a rebalancing, as defined in Section 4.4.

Reference Date – The date as of which market data is captured for eligibility evaluation, investability screens, and weight calculation during a scheduled index review, as defined in Section 4.4.1.

Replacement Constituent – A constituent added to a Fixed-Constituent Index on the effective date of a corporate-action-driven removal so that the Target Count is preserved, as defined in Section 2.8.2.

Replacement Reference Date – The date on which the candidate identity for a Replacement Constituent is determined, by default two Trading Days before the effective date of the removal, as defined in Section 2.8.2.

Reverse Split – A corporate action that decreases the number of a constituent's shares outstanding by a specified ratio while proportionally increasing the price per share, treated as a Capital Adjustment in the index through a Price Adjustment Factor applied to Index Shares on the effective date, as defined in Section 5.3.

Rights Issue – A corporate action in which a company offers existing shareholders the right to purchase newly issued shares at a predetermined subscription price, generally below the prevailing market price, on a pro-rata basis, treated as a Capital Adjustment in the index through a Price Adjustment Factor applied to Index Shares on the ex-date, as defined in Section 5.4.

Sanctions – Government-imposed economic restrictions that may restrict or prohibit transactions in the securities of certain companies, evaluated on a case-by-case basis by the Index Operations Committee, as defined in Section 5.10.

Score Weighting – A weighting scheme that assigns each constituent a target weight proportional to an index-specific score, as defined in Section 3.2.2.

Selection Date – The date on which updated index constituents and weights are determined and announced during a scheduled index review, as defined in Section 4.4.1.

Share Buyback – A corporate action in which a company repurchases a predetermined fraction of its outstanding shares from existing shareholders at a specified price, typically at a premium, treated as a Capital Adjustment in the index through a Price Adjustment Factor applied to Index Shares on the ex-date, as defined in Section 5.5.

Size Segment – One of three market capitalization categories (Large Cap, Mid Cap, or Small Cap) to which each eligible company is assigned based on its cumulative coverage score, as defined in Section 2.7.

Size Segment Cutoff Values – Total market capitalization thresholds derived at each quarterly reconstitution and used to classify companies that enter the eligible universe between reconstitutions, as defined in Section 2.7.2.

Spin-Off – A corporate action in which a company (the Parent) distributes shares of a subsidiary or affiliated entity (the Spun-Off Entity) to its existing shareholders on a pro-rata basis, treated as a Constituent Adjustment in the index, as defined in Section 5.7.

Split-Off – A corporate action in which a publicly traded company offers its existing shareholders the option to exchange shares of the Parent for shares of the Split-Off Entity, treated as a Constituent Adjustment in the index, as defined in Section 5.7.5.

Split-Off Entity – In the context of a Split-Off, the separate company whose shares are distributed to tendering Parent shareholders, as defined in Section 5.7.5.

Spun-Off Entity – In the context of a Spin-Off, the subsidiary or affiliated entity whose shares are distributed by the Parent to its shareholders, as defined in Section 5.7.

Stock Dividend – A distribution of additional shares of the same class to existing shareholders on a pro-rata basis, at no cost to the recipient, treated as a Capital Adjustment in the index through a Price Adjustment Factor applied to Index Shares on the Ex-Date, as defined in Section 5.2.

Stock Split – A corporate action that increases the number of a constituent's shares outstanding by a specified ratio while proportionally reducing the price per share, treated as a Capital Adjustment in the index through a Price Adjustment Factor applied to Index Shares on the effective date, as defined in Section 5.3.

Target Count – The preset number of constituent companies maintained by a Fixed-Constituent Index, denoted N, as defined in Section 2.8.

Trading Day – Any day on which the relevant exchange or exchanges are open for regular trading, as defined in Section 3.4.2.

Appendix B – Formula Symbols Reference

Subscript and Superscript Conventions

Constituent Subscripts

- i – Individual constituent being calculated or referenced in a formula
- j – Summation index over all constituents in a weighting denominator, where i is the constituent whose weight is being computed
- k – Summation index over constituents ranked above i in a cumulative calculation, where the upper bound depends on i
- AQ – Acquiring constituent in an M&A event
- P – Parent constituent in a spin-off
- SO – Spun-Off Entity in a Spin-Off (Section 5.7), or Split-Off Entity in a Split-Off (Section 5.7.5)
- TG – Target constituent in an M&A event

Time and Context Subscripts

- t – Current time or evaluation date
- $t-1$ – Previous Trading Day
- $t+1$ – Next Trading Day (typically the ex-date)
- 0 – Index creation date (base date)
- adj – Adjustment Date
- ref – Reference Date
- sel – Selection Date

Superscripts

- ind – Indicative (calculated on the Selection Date)
- new – Post-rebalance (after applying the Adjustment Ratio)
- open – Opening price
- $'$ (prime) – Adjusted value after a corporate action

Symbol Definitions

AR – Adjustment Ratio, calculated on the Adjustment Date as the ratio of the closing live index level to the proforma index level implied by the Indicative Index Shares valued at Adjustment Date prices. Defined in Section 4.7.1.

C_{seg} – Capitalization Inclusion Level: total market capitalization of the last company assigned to size segment seg at the most recent quarterly reconstitution, where seg $\in \{70,85,99\}$ corresponds to Large Cap, Mid Cap, and Small Cap, respectively. Defined in Section 2.7.2.

d – Gross cash dividend per share, denominated in the dividend currency. Defined in Section 5.1.

f – Foreign exchange rate. Equal to 1 for local currency indexes. Defined in Sections 3.4.1, 4.5.1, 4.7.1, and 5.6.1.1.

FFF – Free Float Factor. Defined in Section 2.6.2.5 and used in Section 3.2.1.

L – Index level. Defined in Sections 3.4.1, 4.5.1, and 4.7.1.

n – Number of index constituents. Used in Section 3.2.1.

N – Target Count of a Fixed-Constituent Index, the preset number of constituent companies maintained by the index. Defined in Section 2.8.

p – Price per share. Defined in Sections 3.2.1, 4.5.1, 4.7.1, 5.6.1.1, and 5.7.

PAF – Price Adjustment Factor, effective on the ex-date. Defined in Section 5.1.

q – Cumulative coverage score. Defined in Section 2.7.1.

Q – Corporate action share count in a Split-Off, in actual share units. Q_P denotes Parent shares accepted in the tender. Defined in Section 5.7.5.

R – Ranking threshold used to determine admission and retention of constituents in a Fixed-Constituent Index. R_{in} denotes the Inclusion Rank; R_{out} denotes the Exclusion Rank. Defined in Section 2.8.1.

s – Shares outstanding. Used in Section 3.2.1.

SP – Offer price per share in a rights issue (subscription price) or share buyback (buyback price). Defined in Sections 5.4 and 5.5.

T – Corporate action term, representing the ratio or rate specified by the terms of a corporate action. Used without subscript for all single-term corporate actions (e.g., stock dividend rate in Section 5.2, split ratio in Section 5.3, rights ratio in Section 5.4, buyback fraction in Section 5.5, exchange ratio in Section 5.6, spin-off ratio in Section 5.7, exchange ratio in Section 5.7.5 expressed as Split-Off Entity shares received per tendered Parent share). T_{Cash} and T_{Stock} denote the cash component and stock exchange ratio of a combined M&A consideration, respectively (Sections 5.6.1.3 and 5.6.1.4).

w – Target weight of a constituent. Defined in Sections 3.2.1, 4.5.1, and 5.6.1.1.

x – Index Shares. Defined in Sections 3.4.1, 4.5.1, 4.7.2, 5.1, 5.6.1.1, 5.6.1.2, and 5.7.

Z – Score assigned to a constituent under score weighting, as defined in the applicable Individual Index Guidelines. Used in Section 3.2.2.

Appendix C – Version History

Version	Date	Description
1.0	March 2, 2026	Initial publication of the General Index Methodology & Calculation Manual.
1.1	March 5, 2026	Clarified treatment of Spun-Off Entities listed solely on exchanges not included in the Eligible Exchange list (Section 2.2). Added pricing clarification in Section 5.7 (Pricing of the Spun-Off Entity) specifying that the theoretical price remains in effect when no observed market price is available from an Eligible Exchange. Added removal valuation rule in Section 5.7.3 (Ineligible Spin-Offs) for entities listed on non-eligible exchanges, valued at the theoretical price at the time of removal.
1.2	March 31, 2026	Based size segment coverage on total market capitalization instead of free-float-adjusted (Sections 2.6.2.1, 2.7.1). Replaced domicile waterfall with five-indicator classification process and added annual evaluation timing (Section 2.3.1). Renamed Index Policy Committee to Index Methodology Committee throughout. Assigned corporate action discretion to Index Operations Committee (Section 5.11) and mid-cycle re-capping to Index Methodology Committee (Section 3.2.3). Added emergency notice exception for material methodology changes (Section 4.8.1). Clarified that Index Operations Committee approves

Version	Date	Description
		non-material changes (Section 4.8.1). Added Corrections and Restatements (Section 4.9) and Index Termination (Section 4.10). Added maximum stock price investability screen of USD 10,000 (Section 2.6.2.7).
1.3	April 16, 2026	Added Regulatory Standards subsection in Section 1.0 containing a principle-by-principle summary of Tilt's approach to the 19 IOSCO Principles for Financial Benchmarks. Revised Disclaimer language in Section 1.0 to reflect updated legal review.
1.4	May 14, 2026	Added Elective Consideration subsection (Section 5.6.1.4). Added Optional Dividend subsection (Section 5.1.1). Added Split-Off subsection (Section 5.7.5) and reordered Section 5.7 subsections to place Spin-Off During the Rebalance Period (Section 5.7.6) last. Added Fixed-Constituent Indexes section (Section 2.8) and related cross-references in Sections 2.5, 5.6, 5.7, 5.8, 5.9, and 5.10. Added treatment for the scenario where the Spun-Off Entity is already publicly traded prior to the effective date (in Section 5.7).
1.4.1	August 26, 2026	Clarified the treatment of corporate actions occurring between the Reference Date and the Selection Date in the Rebalance Proforma (Section 4.5.1). Updated the Section 1.0 Regulatory Standards summary to the official IOSCO principle numbering and titles and added

Version	Date	Description
		the previously omitted IOSCO principles. Broadened the permitted data inputs in Section 1.0 to include reference, fundamental, and alternative data for thematic and other specialized index families. Updated Index Shares rounding precision from six to ten decimal places (Section 3.5). Added a confirmed-Delisting exclusion to the Replacement Constituent selection rule (Section 2.8.2), so a candidate subject to a confirmed Delisting is skipped in favor of the next-ranked eligible company.
1.4.2	September 3, 2026	Replaced the Section 1.0 principle-by-principle IOSCO summary with a reference to Tilt's separately published IOSCO Statement of Compliance (https://tilt.io/governance).
1.4.3	October 2, 2026	Added the Texas Stock Exchange (TXSE) to the list of eligible U.S. exchanges (Section 2.2).