

**S&P Dow Jones
Indices**

A Division of **S&P Global**

S&P U.S. Activist Interest Index *Methodology*

April 2018

Table of Contents

Introduction	3
Index Objective and Highlights	3
Supporting Documents	3
Eligibility Criteria	4
Index Eligibility	4
Index Construction	5
Constituent Weightings	5
Multiple Classes of Stock	5
Index Calculations	5
Index Maintenance	6
Rebalancing	6
Currency, Currency Hedged, and Risk Control Indices	6
Index Adjustments	6
Other Adjustments	7
Base Date and History Availability	7
Index Data	8
Calculation Return Types	8
Index Governance	9
Index Committee	9
Index Policy	10
Announcements	10
Pro-forma Files	10
Holiday Schedule	10
Rebalancing	10
Unexpected Exchange Closures	10
Recalculation Policy	10
Contact Information	10
Index Dissemination	11
Tickers	11
FTP	11
Web site	11

Appendix A	12
Determination of Activist Investors	12
Appendix B	14
Methodology Changes	14
Disclaimer	15

Introduction

Index Objective and Highlights

The S&P U.S. Activist Interest Index measures the performance of U.S. companies subject to a recently commenced activist investor campaign as determined by 13d filings. The index is an equal-weighted index based on the S&P U.S. BMI. Companies in the S&P U.S. BMI that are subject to an activist investor campaign are added to the index on a monthly basis. Additions remain in the index for a maximum of 24 months.

For information on the S&P U.S. BMI methodology, please refer to the S&P Global BMI, S&P/IFCI Methodology available at www.spdji.com.

For more information of equal weighted market capitalization indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Index Eligibility

To qualify for addition to the index, a stock must satisfy the following criteria:

1. Be a current constituent of the S&P U.S. BMI.
2. Have a minimum three-month average daily value traded of US\$ 20 million.
3. Have had an activist investor launch an activist campaign against the company within the last 24 months as determined by 1) the filing of a Form 13d and 2) the investor being classified as an activist investor by S&P CapitalIQ (see *Appendix A* for details on the determination of activist investors).

For information on the S&P U.S. BMI methodology, please refer to the S&P Global BMI, S&P/IFCI Methodology available at www.spdji.com.

Index Construction

Constituent Weightings

At each rebalancing constituents are equally-weighted.

For more information on equal weighted indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Multiple Classes of Stock

Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Index Calculations

The index is calculated using the divisor methodology used in S&P Dow Jones Indices' equity indices.

For more information on index level calculations please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

The index is rebalanced monthly, after the close of the third Friday of each month. The monthly rebalancing reference date is seven business days prior to the rebalancing date.

Constituents' index shares are calculated using closing prices as of the Wednesday prior to the second Friday of the rebalancing month as the reference price. Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on prices seven business days prior to rebalancing, the actual weight of each stock at the rebalancing may differ from these weights due to market movements.

Additions. Except for spin-offs, no additions are made between monthly rebalancings.

Deletions. A constituent is included in the index for a maximum of 24 months since the most recent activist investor campaign was launched on that constituent. If a constituent is subject to multiple campaigns launched by different activist investors, the maximum time the constituent is included in the index is based on when the most recent campaign was launched. If a constituent has been in the index for 24 months, it is removed at the subsequent monthly rebalancing. In addition, any constituents removed from the S&P U.S. BMI are removed from the S&P U.S. Activist Interest Index simultaneously.

The minimum number of constituents in the index is set at 20. If the deletion of a constituent at the monthly rebalancing, due to it being in the index for 24 months, will result in the minimum constituent count not being met, the deletion will be delayed until the next rebalancing where the minimum constituent count is met.

Spin-Offs. Spin-offs from current index constituents are added to the index on the same effective date as the S&P U.S. BMI. The spun-off company is added to the index at a zero price and will be dropped from the index after the first day of regular way trading provided the drop event has been announced at least two days prior to the drop date.

Currency, Currency Hedged, and Risk Control Indices

The index is calculated in U.S. dollars.

Additional currency, currency hedged, and risk control versions of the indices may be available. For a list of available currency, currency hedged, and risk control indices, please contact Client Services at index_services@spglobal.com.

For more information on currency, currency hedged, and risk control indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Index Adjustments

Index adjustments and corporate action treatments follow the S&P U.S. BMI.

For information on the S&P U.S. BMI methodology, please refer to the S&P Global BMI, S&P/IFCI Methodology available at www.spdji.com.

For general information on corporate actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Other Adjustments

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

Base Date and History Availability

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

Index	Launch Date	First Value Date	Base Date	Base Value
S&P U.S. Activist Interest Index	04/10/2015	12/17/2004	12/17/2004	100

Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“SDL”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.

Index Governance

Index Committee

The Global Benchmarks Index Committee maintains the index. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced via the Index Corporate Events report (.SDE), delivered daily via ftp to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing.

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated on all business days of the year when the U.S. equity market is open.

A complete holiday schedule for the year is available at www.spdji.com.

Rebalancing

The index committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Recalculation Policy

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

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Contact Information

For any questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All currency, currency hedged, risk control, and return type versions of the below indices that may exist are also covered by this document. Please contact index_services@spglobal.com for a complete list of indices covered by this document. \

Index	Return Type	Bloomberg
S&P U.S. Activist Interest Index	Price Return	SPUACTUP
	Total Return	SPUACTUT
	Net Total Return	SPUACTUN

FTP

Daily constituent and index level data are available via FTP subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

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

Appendix A

Determination of Activist Investors

S&P Capital IQ defines activist investors as those who have employed one or more of the following tactics and one or more of the following objectives to bring about changes in their targeted companies:

Tactics. A tactic is an approach adopted by activist investors to deal with the target firm in achieving their goals. Activist investors can use a tactic or combination of tactics to achieve their goals.

- **Non-confrontational Communication and Engagement.** This tactic is used when activist investors disclose their initial accumulation of a company's securities and attempt to engage management in discussions on their expectations for corporate change.
- **Non-confrontational Request for Board Representation.** This tactic is used when activist investors, as part of the initial rounds of communication, seek "board representation" as a means to advance their agenda.
- **Threat to Launch Proxy Fight.** This tactic is used when activist investors only threaten a proxy fight without actually filing proxy materials with the regulatory bodies. This tactic is less expensive than a proxy fight.
- **Proxy Fight/Contest.** This tactic is used when activist investors begin soliciting proxies from shareholders by filing proxy statements. In this tactic, activist investors prepare, file, and deliver a proxy statement to other shareholders to support their nominees or proposals.
- **Shareholder Proposals.** This tactic is a recommendation or requirement desired by a shareholder or group of shareholders, specifying a change in corporate policy or disclosure. It is moved at a company's annual shareholder meeting and voted on by the shareholders.
- **Just Vote No.** This tactic is used by activist investors to encourage fellow stockholders to vote against a corporate proposal or withhold votes from an incumbent director. A "just vote no" campaign can be less expensive and less time consuming than a traditional proxy solicitation and can be waged without the need to prepare, file and deliver a proxy statement.
- **Threat to Launch a Legal Suit.** This tactic is used when an activist investor threatens to initiate litigation proceedings against the company or its directors for breach of fiduciary duties without actually filing a law suit.
- **Legal Proceeding.** This tactic is used when an activist investor files a lawsuit against the company or its directors for breach of fiduciary duties, non-compliance with laws, etc.
- **Takeover Bid.** This tactic is used if activist investors, as a part of their activism, launch a takeover bid, make an offer to acquire the target company, make a tender offer, pressure the target towards a spin-off, sale or break-up of the company, or supports a merger proposal by a third party.

Objectives. An objective is a pre-set goal set by an activist investor with regard to the target company. This usually explains the area of focus of the activist investor at a broader level.

- **Engage Management.** This objective is chosen when the activist investor intends to engage or discuss with the company's management about issues, such as an undervalued stock or performance-related issues in general.
- **Corporate Governance - Board Matters.** This objective includes demands or proposals made by the activist investor related to the board of the target company, such as declassifying board minutes, nominations to the board, changing the board size, board independence, etc.
- **Corporate Governance - Voting Matters.** This objective includes demands or proposals made by the activist investor on the voting mechanism used by the target company in contested elections and related matters.
- **Corporate Governance - Takeover Defense Matters.** This objective includes all the takeover defense matters related to the target company. The activist investor may seek to implement or repeal some the mechanisms the target company employs in such matters.
- **Corporate Governance - Executive Compensation Related Matters.** This objective includes all issues related to executive compensation within the target company.
- **Corporate Governance - Other Matters.** This objective includes standard corporate governance matters not classified under the other corporate governance-related objectives.
- **M&A Related Matters.** This objective includes matters related to mergers, acquisitions, tender offers, takeover bids, acquisition proposals, spin-offs, breaking up the company, asset sales, divestitures, and liquidation events, etc.
- **Strategic Matters.** This objective includes all company level matters that are strategic in nature.
- **Financial Related Matters.** This objective includes all the issues related to financial reporting, auditing, dividends, share buybacks, cost structure, etc.
- **Meeting Matters.** This objective includes issues related to conducting the AGM/EGM and other related issues.
- **Legal Matters.** This objective includes legal issues such as inspection of the books of record, breach of fiduciary duties and agreements, etc.
- **Financing/Bankruptcy/Reorganization.** This objective includes matters related to financing by activist investors seeking something in return from the target. Usually this financing may be done during times of bankruptcy/reorganization of the target or as a private placement, etc.

Appendix B

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Price reference date	05/18/2018	Stocks are assigned index shares using closing prices as of the second Friday of each month.	Stocks are assigned index shares using closing prices as of the Wednesday prior to the second Friday of each month.
Minimum constituent count	01/15/2016	The index must have a minimum of 15 constituents.	The index must have a minimum of 20 constituents.

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