



The Emerging Markets Internet & Ecommerce Index

Index Methodology

November 1, 2014

Overview

EMQQ The Emerging Markets Internet & Ecommerce Index™ (“EMQQ Index” or “the Index”) measures and monitors the performance of an investable universe of publicly-traded companies deriving a majority of their assets or revenues from Internet & Ecommerce in Emerging Markets. The Index was created and is owned by Big Tree Capital LLC. The index is maintained by Solactive AG (the “Index Administrator”).

Index Construction

The **EMQQ The Emerging Markets Internet & Ecommerce Index™** is comprised of the public securities of issuers that meet the specific and objective criteria listed below.

1. EMQQ Eligibility Criteria

To be considered for inclusion in the Index, the following criteria must be met:

- A. **Emerging Markets Internet Exposure.** The primary criteria for selecting a company for inclusion in the index is that the company derives a majority of its assets or revenue from Internet & Ecommerce activities in Emerging Markets countries as defined in Exhibit A of this methodology.
 - Constituents are from but not limited to sectors including Internet Services, Internet Retail, Internet Broadcasting, Internet Media, Online Advertising, Online Travel, Online Gaming, Search Engines, Social Networks, etc.
- B. **Equity Securities.** Only publicly issued common equity securities are eligible inclusion in the index. Debt or quasi-debt securities, such as convertible securities, are not eligible for inclusion.
- C. **ADRs.** Exchange-traded American Depositary Receipts (ADR’s), American Depositary Shares (ADSs), Global Depositary Receipts (GDR’s), and International Depositary Receipts (IDR’s) are eligible for inclusion in the index.
- D. **Market Capitalization.** The Index will include equity securities of companies of all capitalizations. Constituents must have a free-float adjusted market capitalization of USD \$300 Million or greater for initial inclusion in the index. A free-float adjusted USD \$200 Million minimum is required for ongoing index inclusion.
- E. **Liquidity.** To ensure adequate liquidity, constituents must have three (3) month average daily turnover of at least USD \$1 million USD.
- F. **Foreign Ownership Restrictions.** Companies traded in markets with restrictions on foreign ownership may be excluded from the index.

2. Target Weights

The Index uses a modified float-adjusted market capitalization weighting methodology to weight individual positions.

- A. **Security Weight – Maximum.** The target weight of any one position is limited to 8.0% of the Index. Semi-annually, all individual securities with an index weighting greater than 8.0% will be rebalanced back to 8.0%. Excess exceeding 8.0% will be applied proportionally to all remaining index constituents. Then, all positions whose float adjusted market capitalization weights are over 5% are added together. If the total is less than 50%, no further modifications are made. If the total is equal to or greater than 50% then the highest weighted position is capped at 8%. The excess weight is then applied on a pro-rata basis to all the remaining index constituents and the process is then repeated, if necessary, with the next largest stock being capped at a weight 0.5% less than the previous constituent (examples: 7.5%, 7.0%, 6.5%, 6.0%, 5.5%, 5.0%, 4.5%) until 50% is reached. The 4.5% maximum target weight is then applied to all the remaining stocks.

Once set, either initially or at a semi-annual rebalance, target weights are free to float due to market actions. Weights are reviewed and the index rebalanced according to the rules under Index Maintenance below.

Index Maintenance

Index Maintenance is the responsibility of the Index Administrator, Solactive AG. Index maintenance includes monitoring and implementing any adjustments, additions and deletions to the index as per this index methodology and any adjustments, additions and deletions due to corporate actions.

Additions

Additions to the index will be made at a semi-annual rebalance on the third Friday of June or December. Any addition will be funded on a pro-rata basis from the remainder of the Index, net of any deletions.

Deletions

A constituent will be deleted from the index immediately due to bankruptcy, acquisition, delisting or merger of the company by or into another company, spin-offs, tender offers or other similar corporate actions. At each quarter end, any security which has been continuously suspended or halted since the prior quarter will be deleted from the index at zero value. In the case of such deletions, including any relisting of suspended constituents, no replacements will be made until the annual rebalance. Any proceeds resulting from the deletions will be applied on a pro-rata basis over the remainder of the Index, net of any additions.

Index Reconstitution and Semi-Annual Rebalance

Index Reconstitution is the responsibility of the Index Administrator and is performed semi-annually in June and December based on data as of the last business day in May and November respectively. Index Reconstitution includes:

- 1. Additions to the Index.** New constituents will be added to the index if they meet the eligibility requirements as defined above under Eligibility Criteria. Any additions will be funded on a pro-rata basis from the remainder of the Index, net of deletions.
- 2. Deletions from the Index.** Constituents will be deleted from the index if they no longer meet the eligibility requirements as defined above under Eligibility Criteria with one exception. Constituents that fall below the initial capitalization minimum of USD \$300 Million will be retained unless their capitalization falls below the minimum of USD \$200 Million. Constituents falling below the minimum of USD \$200 Million will be deleted. Any proceeds resulting from the deletions will be applied on a pro-rata basis over the remainder of the Index, net of additions.
- 3. Rebalancing.** The Index will be rebalanced to accommodate any additions or deletions to the index as described above and to enforce the target weights as described above under Index Construction.

Index Administration

Solactive AG serves as the Index Administrator. These responsibilities include monitoring and implementing adjustments, additions and deletions to the indices due to eligibility rules described above and corporate actions.

Index Calculation

Solactive AG serves as the Calculation Agent for the indices. The Calculation Agent is responsible for compiling, calculating, maintaining, and disseminating the value of the indices.

Index Reconstitution

Solactive AG will review and adjust the Index on a semi-annual basis (“Index Reconstitution”) on the third Friday of June and December. Changes to an index resulting from the Index Reconstitution are implemented before the market open on the first trading day following the reconstitution.

EMQQ The Emerging Markets Internet & Ecommerce Index

EMQQ Index Committee

The **EMQQ Index Committee** solely maintains **EMQQ The Emerging Markets Internet & Ecommerce Index™** Methodology and is not involved in any way in the day to day maintenance or administration of the index.

The Index Committee will meet once quarterly to review the methodology. Any changes to the methodology will be publicly disclosed at www.emqqindex.com prior to implementation. At minimum ten (10) days prior notice will be given prior to the implementation of any such change by the Index Administrator.

Appendix A. List of Current Eligible Emerging Markets Countries

1. Argentina
2. Brazil
3. Chile
4. China
5. Columbia
6. Czech Republic
7. Egypt
8. Greece
9. Hungary
10. India
11. Indonesia
12. Kenya
13. Malaysia
14. Mexico
15. Morocco
16. Nigeria
17. Peru
18. Philippines
19. Poland
20. Qatar
21. Russia
22. South Korea
23. Thailand
24. Turkey
25. Taiwan
26. United Arab Emirates
27. Vietnam
28. South Africa

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Appendix B. EMQQ Index Weights 9.30.14

%	Company	Exchange	Ticker	Country
8.00%	ALIBABA GROUP HOLDING-SP ADR	New York Stock Exchange	BABA	CHINA
7.50%	Tencent Holdings Ltd.	Hong Kong Stock Exchange	0700	CHINA
7.00%	Naspers Limited Class N	Johannesburg Stock	NPN	SOUTH AFRICA
6.50%	JD.com, Inc. Sponsored ADR Class A	NASDAQ	JD	CHINA
6.00%	Baidu, Inc. Sponsored ADR Class A	NASDAQ	BIDU	CHINA
5.50%	NAVER Corp.	Korea Exchange	035420	SOUTH KOREA
5.00%	Vipshop Holdings Ltd. Sponsored ADR	New York Stock Exchange	VIPS	CHINA
4.50%	Yandex NV Class A	NASDAQ	YNDX	RUSSIA
4.35%	MercadoLibre SA	NASDAQ	MELI	ARGENTINA
3.40%	SINA Corp.	NASDAQ	SINA	CHINA
3.12%	Ctrip.com International Ltd. Sponsored ADR	NASDAQ	CTRP	CHINA
2.67%	Qihoo 360 Technology Co., Ltd. ADR Class A	New York Stock Exchange	QIHU	CHINA
2.53%	Bitauto Holdings Ltd. Sponsored ADR	BM&F Bovespa	BTOW3	CHINA
2.46%	B2W - Companhia Digital	New York Stock Exchange	BITA	BRAZIL
2.34%	NCsoft Corporation	Korea Exchange	36570	SOUTH KOREA
2.33%	SouFun Holdings Ltd Sponsored ADR Class A	New York Stock Exchange	SFUN	CHINA
2.32%	Jumei International Holding Ltd Sp ADR Class A	New York Stock Exchange	JMEI	CHINA
2.16%	Leju Holdings Ltd. Sponsored ADR	New York Stock Exchange	LEJU	CHINA
2.12%	Daum Communications Corp	Korea Exchange	035720	SOUTH KOREA
1.94%	Sohu.com, Inc.	NASDAQ	SOHU	CHINA
1.78%	Weibo Corp Sponsored ADR Class A	NASDAQ	WB	CHINA
1.54%	51job Inc Sponsored ADR	NASDAQ	JOBS	CHINA
1.43%	Autohome, Inc. Sponsored ADR Class A	New York Stock Exchange	ATHM	CHINA
1.33%	NetEase, Inc. Sponsored ADR	NASDAQ	NTES	CHINA
1.28%	YY, Inc. Sponsored ADR Class A	NASDAQ	YY	CHINA
1.14%	Youku Tudou, Inc. Sponsored ADR Class A	NASDAQ	YOKU	CHINA
0.88%	Mail.ru Group Ltd. Sponsored GDR RegS	London Stock Exchange	MAIL	RUSSIA
0.87%	Xunlei Ltd. ADR	NASDAQ	XNET	CHINA
0.84%	Info Edge India Ltd.	Bombay Stock Exchange	532777	INDIA
0.83%	MakeMyTrip Ltd.	NASDAQ	MMYT	INDIA
0.81%	PChome Online, Inc.	Taipei Stock Exchange	8044	TAIWAN
0.77%	HC International, Inc.	Hong Kong Stock Exchange	8292	CHINA
0.76%	E-Commerce China Dangdang, Inc. ADR Class A	New York Stock Exchange	DANG	CHINA
0.69%	58.com Inc. Sponsored ADR Class A	New York Stock Exchange	WUBA	CHINA
0.50%	Interpark Corporation	Korea Exchange	035080	SOUTH KOREA
0.45%	Wemade Entertainment Co., Ltd.	Korea Exchange	112040	SOUTH KOREA
0.43%	Shanda Games Ltd. Sponsored ADR Class A	NASDAQ	GAME	CHINA
0.41%	Qivi Plc Sponsored ADR Class B	NASDAQ	QIWI	RUSSIA
0.41%	21Vianet Group, Inc. Sponsored ADR Class A	NASDAQ	VNET	CHINA
0.41%	Renren Inc. Sponsored ADR Class A	New York Stock Exchange	RENN	CHINA
0.38%	LIGHTINTHEBOX HOLDING-ADR	New York Stock Exchange	LITB	CHINA
0.34%	Qunar Cayman Islands Limited ADR Class B	NASDAQ	QUNR	CHINA
100.00%				

Contact

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