STANDARD & POOR'S

S&P ASIA 50

INDEX METHODOLOGY

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Introduction

Standard & Poor's indices are liquid, tradable, easily replicable, and global in scope. The S&P Asia 50 is one of seven headline indices that make up the S&P Global 1200. Standard & Poor's global indices are real-time market capitalization-weighted indices that include the largest and the most liquid stocks from around the world. These indices cover seven distinct regions and 29 countries, capturing approximately 70% of the world market capitalization.

Highlights

The S&P Asia 50 is an index drawn from four major Asian markets – Hong Kong, Korea, Singapore and Taiwan. It is a unique index designed for investors seeking broad market exposure through an index that is efficient to replicate. The 50 constituents are all leading, large blue-chip companies from these markets.

Index constituents are leading companies from each of the 10 sectors of the Global Industry Classification Standard (GICS®) and from the four markets. Each stock is analyzed for size and liquidity, and each component region has appropriate sector and country representation. The size of each market corresponds to its relative size in the index universe based on adjusted market value.

Index Family

Each of the S&P Global 1200 indices has its own distinct evolution and history, but all Standard & Poor's indices feature a consistent methodology. Other members of this family of indices include the S&P 500, S&P Europe 350, S&P/TOPIX 150 (Japan), S&P/TSX 60 (Canada), S&P/ASX All Australian 50 (Australia) and S&P Latin America 40.

Representation

The S&P Asia 50 mirrors the sector weights of the broader universe of stocks from the four markets. Similarly, the index mirrors the country weights of the four markets within that same universe of stocks. This policy ensures that, with 50 stocks, investors are approximating the sector and country mix of the region.

Eligibility Criteria

The S&P Asia 50 offers investors exposure to the largest and most liquid stocks from the Asian markets of Hong Kong, Korea, Singapore and Taiwan. The index is designed to provide investors with a tradable and easily replicable snapshot of investable Asia. These countries, aside from Japan, represent the most liquid and investable markets from Asia. The 50 stocks have been selected on the basis of their size, liquidity, sector representation and country representation.

Standard & Poor's global indices are constructed with a fixed number of constituents. The aim is not to replicate a fixed percentage of the market capitalization, but to design a highly liquid and tradable index whose total market capitalization is large enough to approximate the market segment it is capturing while keeping the number of stocks at a minimum. This creates a highly cost-effective, easily replicable trading instrument that provides an appropriate barometer of the market's performance. The fixed number of stocks also ensures minimum turnover as changes are made due to corporate activity or a reduction in a stock's size or liquidity that makes it ineligible for inclusion.

Index Eligibility

The index constituents are drawn from a universe of stocks representing over 95% of the market capitalization of the stock exchanges of Hong Kong, Korea, Singapore and Taiwan.

Eligibility Factors

Market Capitalization. The S&P Asia 50 is designed to include blue-chip stocks from the four markets. Market capitalization is a key criterion for stock selection. Stocks are included if they are among the largest stocks from these markets in terms of market capitalization.

A stock's weight in an index is determined by the float-adjusted market capital of the stock. All strategic holdings are classified as either corporate, private or government holdings and are removed from the float-adjusted market capital.

Please refer to the Investable Weight Factor section for details.

Shares owned by founders, directors of the company, trusts, venture capitalists and other companies are excluded as well. These are called strategic holders, who are considered long-term holders of a stock's equity. Thresholds are defined for specific indices for all strategic or long-term holders, taking into account the market practices and reporting patterns of a particular market or region.

In countries with regulated environments, where binding foreign investment limits exist at the sector or company level, the constituent's weight reflects either the foreign investment limit or the percentage float, whichever is more restrictive.

Stocks are included in the index based on their float adjusted market capitalization.

Liquidity. Index constituents are ranked according to liquidity, measured by dollar value traded. Annual value traded, float turnover and days traded are also analyzed on a monthly basis to ensure ample liquidity. The higher the 12-month value traded or float turnover of a stock, the more likely its inclusion (given two comparably sized companies). Generally, a minimum float turnover of 0.30 is necessary for inclusion.

Domicile. A stock's domicile is determined based on a number of criteria that include headquarters of the company, registration, listing of stock, place of operations, and residence of the senior officers. In today's world of multinationals, it is hard to fix one set rule of domicile, and the Index Committee takes into account all considerations before deciding on the domicile of a company.

Eligible Securities. All common and preferred shares (which are of an equity and not of a fixed income nature) are eligible for inclusion in the Standard & Poor's indices. Convertible stock, bonds, warrants, rights, and preferred stock that provide a guaranteed fixed return are not eligible.

Sector Classification. Stocks are classified by the Global Industry Classification Standard (GICS®). The Standard & Poor's global indices provide geographic and economic balance over the 10 GICS sectors. These sectors, consistent throughout all the Standard & Poor's indices, are Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services and Utilities.

Timing of Changes

Addition. An index addition generally is made only if a vacancy is created by an index deletion. Index additions are made according to market size and liquidity, with a view to preserving regional, country, and sector representation in the index. An initial public offering (IPO) is added to the index only when an appropriate vacancy occurs and is subject to proven liquidity for at least six months. An exception may be made for extraordinary large global offerings where expected trading volume justifies inclusion.

Deletion. Deletions can occur due to acquisitions, mergers and spin-offs or due to bankruptcies or suspension. The latter is removed from the index at the best available price in the market. In some cases, stocks are removed at $0.01 in recognition of constraints faced by investors in trading bankrupt or suspended stocks. Imposition of restrictive foreign investments in the sector or country within any of the countries is handled expeditiously to allow investors to exit the sector or country in the least unfavorable manner.

Index Construction

Approaches

The S&P Asia 50 is calculated using a base-weighted aggregate methodology. That means the level of an index reflects the total market value of all the component stocks relative to a particular base period. The total market value of a company is determined by multiplying the price of its stock by the number of shares available after float adjustment. An indexed number is used to represent the result of this calculation in order to make the value easier to work with and track over time. It is much easier to graph a chart based on indexed values than one based on actual market values. The index is calculated in real time.

Index Calculations

On any given day, the index value is the quotient of the total available market capitalization of the index's constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for all changes in the constituents' share capital after the base date. This includes additions and deletions to the index, rights issues, share buybacks and issuances, spin-offs, and adjustments in availability. The divisor's time series is, in effect, a chronological summary of all changes affecting the base capital of the index. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change.

Please refer to the Index Mathematics document for details on index level calculation.

Index Maintenance

Changes in the index level reflect changes in the total market capitalization of the index that are caused by price movements in the market. They do not reflect changes in the market capitalization of the index, or of the individual stocks, that are caused by corporate actions such as dividend payments, stock splits, distributions to shareholders, mergers, or acquisitions. When a corporate action affects the price of a security – such as when the price drops on a special distribution ex-date – the price of the security is adjusted to reflect the ex-date and the index divisor is adjusted to offset any change in the total market value of the index.

When a stock is replaced by another stock, the index divisor is adjusted so that the change in index market value that results from the addition or deletion does not change the index level.

Please refer to the Index Mathematics document for mathematical formulae and tables defining specific corporate actions.

5% Rule

All share changes of 5% and over are done at the effective date, or as soon as reliable information is available. Changes of less than 5% are applied on the third Friday of March, June, September and December. Similarly, changes reflecting float adjustment are applied if they cause a capitalization change of 5% or over. Changes of less than this are applied at annual review.

Corporate Actions

Maintaining the S&P Asia 50 index includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to restructurings or spin-offs. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the index. Other corporate actions, such as share issuances, change the market value of an index and require an index divisor adjustment to prevent the value of the index from changing.

Adjusting the index divisor for a change in market value leaves the value of the index unaffected by the corporate action. This helps keep the value of the index accurate as a barometer of stock market performance, and ensures that the movement of the index does not reflect the corporate actions of the companies in it. Divisor adjustments are made after the close of trading and after the calculation of the closing value of the index. Any change in the index divisor also affects corresponding sub-indices and divisors. Each sub-index is maintained in the same manner as the headline index.

Corporate actions such as splits, stock dividends, spin-offs, rights offerings, and share changes are applied on the ex-date.

Currency of Calculation

The S&P Asia 50 is calculated in U.S. dollars only. Underlying prices are collected in the local currencies via Reuters. Using Reuters' real-time spot exchange rate, these local prices are converted to U.S. dollars. The last exchange to close in the index is Singapore at 05:00PM Singapore Time. The index's closing value is then calculated using the real-time exchange rates at that point in time. In situations where either a stock does not trade or a primary exchange is not open for trading but the index is being calculated as other constituent primary exchanges are open and trading, the stocks from the closed primary exchange use the last available closing price and convert into U.S. dollars using the real time spot foreign exchange rate of the day. The index's final closing values convert all stock prices used in the index calculation at the spot foreign exchange rate provided by Reuters at the closing time of the index (i.e. 05:00PM Singapore Time).

The index can be calculated on request using WM Reuters as well using forward exchange rates in a hedged calculation.

Exchange Rate

Real-time spot Forex rates, as supplied by Reuters, are used for ongoing index calculation. The end-of-day value of the index is calculated using the real-time spot exchange rate provided by Reuters at the time the index is closed. For regional or multi-country indices, where different markets close at different times, after a stock stops trading, it still makes an impact on the index via the spot Forex rate fluctuations of its currency. Calculations using end-of-day WM Reuters rates are also available on request.

Base Dates

The index has a base date of June 10, 2003, which is when the calculation began. On this date, it joined the S&P Global 1200 as its Asia component. Its own history has been calculated back to December 31, 1997. Prior to June 2003, the S&P/Asia Pacific 100 provided the Asian component of the S&P Global 1200.

Investable Weight Factor

Investable Weight Factor (IWF) = 1 – Sum of the % held by major shareholders

All issues in the S&P Global 1200 index family are assigned a free-float factor, called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company. The company's adjusted market capitalization determines an equity issue's relative weight in the index.

Standard & Poor's identifies three types of shareholders whose holdings are considered to be control blocks and subject to float adjustment:

1. Holdings by other publicly traded corporations, venture capital firms, private equity firms, strategic partners or leveraged buyout groups.
2. Holdings by government entities, including all levels of government (restricted only to governments of domestic listing markets only).
3. Holdings by current or former officers and directors of the company, founders of the company, or family trusts of officers, directors or founders. Also, holdings of trusts, foundations, pension funds, employee stock ownership plans or other investment vehicles associated with and controlled by the company.

The holdings within each group form a cumulative total. In cases where holdings in a group exceed 10% of the outstanding shares of a company, the holdings of that cumulative group are excluded from the float-adjusted count of shares used in index calculations. To arrive at the 10% and over calculations, individual holdings below 5% are ignored. Holdings under 5% are taken into account only if they belong to clearly related shareholders such as family members or board members. This rule has been adopted to provide a level playing field for all countries, as reporting requirements differ widely between markets.

Additionally, statutory limits on foreign ownership are recognized and applied where necessary. Corporate charter or government decree may limit the total amount of shares that non-domiciled investors may own. Case-by-case research is needed to assess the impact of large foreign holdings within a foreign ownership restriction. The final IWF is one minus the larger of the sum of all strategic holdings or the statutory foreign ownership limit.

Some Exceptions to the Rules:

1. Korea is a special case where the existence of Chaebols or closely inter-related companies makes the task of segregating strategic holdings particularly complex. For Korea, strategic holders less than 5% are included only if they are clearly deemed to be related, as in holdings by subsidiary companies.

2. Holdings by investors whose interests are not strategic in nature but are for investment purposes are ignored completely. These include mutual funds, pension funds, and other institutional investors. It is common for domestic and international fund managers to have exposures in companies that put them in the category of “block owners” by most definitions. However, the nature of the funds management business is plainly to buy and sell shares when there is value in doing so, and not to seek control or remove shares from circulation. Ordinarily these shares are considered part of free float. Shares held by the following “block owners” are not subject to a free-float adjustment:
    a. Depositary banks
    b. Pension funds
    c. Mutual funds
    d. 401K plans of the company
    e. Government pension funds
    f. Insurance companies
    g. Investment funds
    h. Independent foundations
    i. Savings and investment plans

Please refer to the Index Mathematics document for a summary of index maintenance adjustments.

Index Data

Total Return and Net Return Indices

Both a price return and a total return index series are calculated. Cash dividends are applied on the ex-date of the dividend, except in the case of Korea, where the dividend amounts are not known until payment date. In that case, cash dividends are applied on payment date.

Standard & Poor's calculates daily return series using both gross and net cash dividends reinvested. Net return reinvested is reflective of the return to an investor where dividends are reinvested after the deduction of withholding tax. The tax rate applied is the rate to non-resident institutions that do not benefit from double taxation treaties. The net return reinvested series approximates the returns available to an investor based in Luxembourg, reflecting the minimum possible dividend reinvestment since the highest rates are theoretically applied to Luxembourg-based investors. The rates applied are the current effective rates and are sourced from Ernest and Young's Worldwide Corporate Tax Guide and the Economic Intelligence Unit. These rates are maintained and updated to reflect any ongoing changes.

Please refer to the Index Mathematics document for details on total return calculations.

Settlement Price

The Final Settlement Price for CME Index Futures is the special opening quotation of the S&P Asia 50 stock price index calculated by Standard & Poor's, rounded to the nearest 1/100th of an index point. This value is based on the opening prices of the stocks at their respective primary exchanges on the third Friday of the contract month. Opening prices are converted from local currency to U.S. dollars based on the spot exchange rate provided by Reuters at 10:00AM Hong Kong Time on the day of Final Settlement Price calculation.

If a component stock in the index does not trade on the day scheduled for determination of the Final Settlement Price while the primary market for that stock is open for trading, the price of that stock is determined, for the purposes of calculating the Final Settlement Price, based on the most recent closing price of that stock.

If all primary exchanges are not scheduled to be open for trading, or the S&P Asia 50 stock price index is otherwise not scheduled to be published, on the third Friday of the contract month, the Final Settlement Price is determined on the first earlier day for which the index is scheduled to be published. The spot exchange rate at 10:00AM Hong Kong Time on the first earlier day for which the index is scheduled to be published is used to convert prices from local currency to U.S. dollars.

If one or more primary exchange(s) are scheduled to be open for trading while one or more primary exchange(s) are not scheduled to be open for trading on the day of Final Settlement calculation, the following method is employed for the purpose of determining the special opening quotation:

1. If the primary exchange of a component stock is scheduled to be open for trading on the day of Final Settlement Price calculation, the opening price of the stock at its primary exchange(s) is used. If the stock does not open for trading on the day scheduled for determination of the Final Settlement Price while the primary market for that stock is open for trading, the price of that stock is determined, for the purposes of calculating the Final Settlement Price, based on the most recent closing price of that stock. The most recent closing prices are converted using the spot exchange rate used for all other open stocks on the primary exchange on the day of Final Settlement; (i.e. 10:00AM Hong Kong Time) on the third Friday of the contract month.
2. If the primary exchange of a component stock is not scheduled to be open for trading on the day of Final Settlement Price calculation, the most recent available closing price of the stock at its primary exchange is used. The 10:00AM Hong Kong Time spot exchange rate is used to convert prices from local currency to U.S. dollars on the day of Final Settlement irrespective of the exchanges different opening and closing times.

If the primary market for a component stock in the index does not open on the day scheduled for determination of the Final Settlement Price due to unforeseen circumstances, then the price of that stock is determined, for the purposes of calculating the Final Settlement Price, based on the opening price of that stock on the next day that its primary market is open for trading.

In event of an unscheduled close of one or more exchanges, the following actions are taken:

1. Friday’s opening quotes from the exchange(s) that are open are converted to U.S. dollars using the 10:00AM Hong Kong Time spot exchange rate on the day of Final Settlement;
2. The next available opening price for the closed exchange(s) is used. The next available spot exchange rate at 10:00AM Hong Kong Time is used to convert prices from local currency to U.S. dollars.

Index Governance

Index Committee

Each of Standard & Poor's global indices is the responsibility of an Index Committee that monitors overall policy guidelines and methodologies, as well as additions and deletions to these indices. The Index Committees are composed of Standard & Poor's staff specialized in the various regional equity markets. In some cases, regional committees include non-Standard & Poor's staff as minority members.

It is the sole responsibility of the Index Committee to decide on all matters relating to methodology, maintenance, constituent selection and index procedures. The Index Committee makes decisions based on all publicly available information, and Index Committee discussions are kept confidential to avoid any unnecessary impact on market trading. As the number of stocks in Standard & Poor's global indices is fixed, changes in the index are generally driven by corporate activity or the inability of a stock to reflect the market due to a large change in size or liquidity. This minimizes turnover, as changes are not based on small changes in size that cross some arbitrarily defined thresholds.

Index Policy

Announcements

Each day, a corporate action spreadsheet is sent to clients via email and is made available on the website announcing next day's corporate actions. A weekly spreadsheet, referred to as the corporate action calendar, provides details of upcoming corporate actions.

Moreover, all additions, deletions, share and IWF changes are normally announced five days ahead of effective date. These announcements are posted on the website and sent to clients by email. Quarterly changes are also announced five days before the ex-date.

The index methodology is constantly under review for best practices. All changes are announced well ahead of time via the website and emailed to all clients.

All corporate actions are announced via Standard & Poor's Web site at www.indices.standardandpoors.com.

Holiday Schedule

The S&P Asia 50 is calculated on all business days of the year except January 1st and the Chinese New Year holidays as determined by the component stock exchanges. The index is calculated on all days when even one of the constituent markets is open for trading.

A complete holiday schedule for the year is available on the Standard & Poor's Web site at www.indices.standardandpoors.com.

Recalculation Policy

Standard & Poor's attempts to avoid incorrect data that affects the indices on a best-efforts basis. Incorrect share calculations, corporate actions, and exchange rates are corrected immediately. However, index values are not corrected retroactively.

Intraday Recalculation

In the event that an international stock changes its Sedol Number and, consequently, its Reuters Code (RIC) at the opening, the new RIC is input for calculation purposes even if the information has not been publicly disseminated on time. In such events when a new RIC is not available, the index calculation is based on the last traded price during the official trading hours on the stock exchange.

Real-Time Calculation

A real-time index is calculated for an index as soon as the first market within the index opens. The opening price is the first trade of any stock in the designated exchange. In the event that a stock does not open, the previous closing price is used. The indices are calculated until 10 minutes past the last exchange in the index goes down, to allow for last-minute revisions by regional stock exchanges.

At the country level, the opening price is the first trade of any stock. In the event that a stock does not open, the previous closing price or adjusted price in the region is used. The closing index value is calculated using the closing price of each stock that traded during the day, and adjusted closing prices of the previous trading day for those stocks that did not trade during the day.

At the regional level, the opening price is the first trade of a stock at the exchange that opens first, and the closing index value is calculated using the closing price of the stock that trades last at the exchange that closes last.

Index Precision

The level of precision for index calculation is as follows:

- Index values are published rounded to two decimal places.
- Share prices are rounded to six decimal places.
- Shares outstanding are expressed in units.
- Investable Weight Factors are rounded to four decimal places.
- Exchange rates are stated to 14 decimal places.
- Market capitalization is stated to four decimal places.
- Index values are calculated to 14 decimal places.
- Final settlement prices are published rounded to 1 decimal place.

Index Dissemination

Market-sensitive announcements, including the additions or deletions of stocks in indices, are normally made when markets are closed. In general, announcements for markets in the U.S. are made at 05:15PM Eastern Time; announcements for other indices are made at 04:15PM Eastern Time. Refer to bulletins on specific indices for times.

Ticker

Daily index values, corporate actions, index weights and portfolios can be received via Standard & Poor's FTP site. Additionally, daily index values can be viewed on Bloomberg and Reuters. The tickers are as below:

Bloomberg:

SPAS50	(Price Return)
SPAS50TR	(Total Return)
SPAS50NT	(Net Return)

Reuters:

.SPASIA

FTP

Daily stock level and index data is available via ftp on subscription.

For further information, please refer to Standard & Poor's Web site at www.indices.standardandpoors.com

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