

# John Hancock Dimensional Media and Communications Index Rulebook

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## The Index

The Media and Communications Index is a non-market cap weighted index of U.S. large and mid cap companies classified by a third-party classification system as being in the Media and Communications industry sector. The index reconstitutions take place semi-annually at the Reconstitution Dates. During each index reconstitution the index will drop companies from its holdings and reduce weight in certain other companies in order to add new companies to its holdings and increase weights in some other companies. The index calculations to define the reconstitution will be performed as of the Data Date with results released on the Announcement Date.

The index may add companies and/or increase allocation to selected current holdings to replace those which leave the index in between reconstitutions. The companies to be added will be selected in accordance with the rules used to define a reconstitution but on the Reclassification Date using data as of the most recent Data Date.

The Index commenced operations and these rules are first effective as of February 27, 2019. These rules may be supplemented, amended in whole or in part, revised or withdrawn at any time. Supplements, amendments, revisions, and withdrawals may also lead to changes in the way the index is compiled or calculated or affect the index in another way.

The Index Committee of Dimensional Fund Advisors LP has responsibility for ongoing oversight of the Index and interpretation of these rules. The Index Committee reserves the right to exercise its discretion in making decisions about the application of these rules and any other Index policy or action.

## Selecting Securities and Weights

The following process uses data as of the applicable Data Date in order to define index holdings. The process is applied at each reconstitution in order to define the updated index. The same process also applies when a security leaves the index with the data as of the previous Data Date but eliminating the security being removed from the index.

### Selection of the Securities Universe

The universe of securities to start the selection process is composed of securities of all companies deemed to be U.S. based companies and trading on U.S. exchanges, except as otherwise identified below.

## Company Eligibility Criteria

To be eligible, a company must be designated a U.S. company with at least \$100 million USD in Total Market Capitalization.

A company may be considered a U.S. company if it:

- Is incorporated and domiciled within the U.S. and trades on an eligible exchange in the U.S. (eligible U.S. exchanges: NYSE, NYSE MKT, NYSE ARCA, NASDAQ/NGS (GLOBAL SELECT MARKET), and NASDAQ CAPITAL)
- Is either incorporated OR domiciled in the U.S. and has a security which trades on an eligible U.S. exchange
- In the case where the company's domicile and incorporation are not classified as U.S., the company may still be considered a U.S. company if certain criteria are met. Those criteria may include:
  - The company's primary listing is on one of the major U.S. exchanges,
  - The company files annual 10-K reports
  - The company is not considered a foreign entity by the SEC

In addition, the company must list an eligible security fitting the Security Eligibility Criteria, below.

The following may render a company ineligible for inclusion in the universe:

- Mortgage-only Real Estate Investment Trusts (REITs) may not be eligible.
- Investment companies, including 40-Act investment companies (e.g. closed-end funds, business development companies), may not be eligible.
- Companies with a Total Market Capitalization less than \$100 million USD as of the Data Date may not be eligible.
- Companies which have announced they are delisting may not be eligible.
- Companies which have announced a reincorporation event which would cause them no longer to be classified as a U.S. company may not be eligible.
- Companies which have announced bankruptcy or similar corporate events may not be eligible.
- Otherwise eligible companies may be excluded for special circumstances as determined by the Index Committee.
- Otherwise ineligible companies may be included for special circumstances as determined by the Index Committee.

## Security Eligibility Criteria

To qualify as eligible, a security must meet all of the following criteria:

- The available float of the security should be greater than 5%.
- A minimum 30-day median dollar volume of \$150,000 as of the Data Date.
- A new security representing a recent Initial Public Offering (IPO) is eligible if it meets other relevant criteria including the 30-day median dollar volume noted above.
- The security price must be greater than \$2 per share measured as of the Data Date.

- Eligible security types include common stock, REITs, and Units. In the case where a common stock and Unit share are both available for a given company and both trading on an eligible exchange for the index, the common stock is considered for index eligibility while the Unit share is removed from consideration.
- Otherwise eligible securities may be excluded for special circumstances as determined by the Index Committee.
- Otherwise ineligible securities may be included for special circumstances as determined by the Index Committee.

## Size, Relative Price, Profitability, and Momentum Characterization

### Breakpoints

Securities are grouped according to various characteristics such as size, relative price, profitability, and momentum. The boundary between these groups in each characteristic is named a breakpoint.

### Size Breakpoints and Groups

The Size Breakpoints are defined by sorting companies in the universe specified above by the Total Market Capitalization of each company in descending order. The table below defines the breakpoints for the size groups. There are two sets of size groups, the buy group and the hold group, so each company will belong to one of three size groups.

Companies in the Universe with Total Market Capitalization above the market capitalization of the 3<sup>rd</sup> buy size breakpoint are defined to be in the Size Eligible Universe. Those companies are assigned to one of the three buy size groups (1-100, 101-200, or 201-950) defined by the buy breakpoints.

#### INDUSTRY INDICES BREAKPOINTS

Size Breakpoint and Group	Breakpoint – Buy (# of names)	Breakpoint – Hold (# of names)
1	100	100
2	200	200
3	950	1000

Securities currently held in the index use the hold breakpoint for size group definition.

### Relative Price Breakpoints and Groups

Sort all companies classified in the Media and Communications sector in the Size Eligible Universe according to their Price-to-Book ratios in ascending order. Companies without a Price-to-Book ratio or with a negative Price-to-Book ratio are excluded from the sorting.

The Price-to-Book ratio for the company that takes the fraction of cumulative Total Available Market Capitalizations of the sorted companies across the fractions defined by the table below defines each of the Relative Price breakpoints.

Relative Price Breakpoint	Breakpoint –% of Available Market Capitalization of Sorted Securities
1	20%
2	40%
3	60%
4	80%

All companies classified in the Media and Communications sector in the Size Eligible Universe and in the current index holdings are assigned to a Relative Price Group. There are five Relative Price Groups defined by the Relative Price Breakpoints. Each company will also keep track of the Total Available Market Capitalization within each Relative Price Group.

For each company defining a breakpoint, the Relative Price Group is defined by the rounded average Relative Price Group weighted by Total Available Market Capitalization of the company in each Relative Price Group.

Relative Price Group	Breakpoint Range	Relative Price Category
1	$\leq$ Breakpoint 1	Low Relative Price
2	$\leq$ Breakpoint 2 & $>$ Breakpoint 1	Medium Low Relative Price
3	$\leq$ Breakpoint 3 & $>$ Breakpoint 2	Relative Price Neutral
4	$\leq$ Breakpoint 4 & $>$ Breakpoint 3	Medium High Relative Price
5	$>$ Breakpoint 4	High Relative Price

Companies without Price-to-Book data are assigned to Relative Price Group 3. Companies with a negative Price-to-Book ratio are assigned to Relative Price Group 5.

The data computed for companies are assigned for each security of the company.

## Profitability Breakpoints and Groups

Sort all companies classified in the Media and Communications sector in the Size Eligible Universe according to their Profitability ratios in descending order. Companies without a Profitability ratio are excluded from the sorting.

The Profitability ratio for the company that takes the fraction of cumulative Total Available Market Capitalizations of the sorted securities across the fractions defined by the table below defines each of the Profitability breakpoints.

Profitability Breakpoint	Breakpoint – % of Available Market Capitalization of Sorted Securities
1	20%
2	40%
3	60%
4	80%

All companies classified in the Media and Communications sector in the Size Eligible Universe and in the current index holdings are assigned to a Profitability Group. There are five Profitability Groups defined by the Profitability Breakpoints. Each company will also keep track of the Total Available Market Capitalization within each Profitability Group.

For each company defining a breakpoint, the Profitability Group is defined by the rounded average Profitability Group weighted by Total Available Market Capitalization of the company within each Profitability Group.

Profitability Group	Breakpoint Range	Profitability Category
1	≥ Breakpoint 1	High Profitability
2	≥ Breakpoint 2 & < Breakpoint 1	Medium High Profitability
3	≥ Breakpoint 3 & < Breakpoint 2	Profitability Neutral
4	≥ Breakpoint 4 & < Breakpoint 3	Medium Low Profitability
5	< Breakpoint 4	Low Profitability

Companies without data for Operating Profits are assigned to Profitability Group 3 unless the Book value for the company is negative in which case it is assigned to Profitability Group 5. Companies with negative Operating Profits as well as negative or missing Book values are assigned to Profitability Group

5. Companies with positive Operating Profits and negative or missing Book value are assigned to Profitability Group 3.

The data computed for companies are assigned for each security of the company.

### Momentum Breakpoints and Group

Sort all the securities in the Size Eligible Universe by their 11-month total return ending at the most recent Data Date in descending order. Securities without 11-month total return data are excluded from the sorting.

The securities with the lowest 11-month total return with cumulative Available Market Capitalization in the bottom 30% of the Size Eligible Universe are considered Low Momentum securities.

### Expected Return Multipliers

The weighting of each security will be keyed to its Available Market Capitalization modified by a buy multiplier or hold multiplier based on the characteristics of each company represented by the security. The buy multiplier and hold multipliers for each security in the Eligible Size Universe and the current index holdings are defined as the product of the security size, relative price, and profitability buy multipliers and hold multipliers, respectively.

The size, relative price, and profitability multipliers for each security in the Eligible Size Universe and in the current index holdings are defined by the tables below. For all other securities in ranges outside those defined by the tables below the multipliers are zero. For securities with Available Market Capitalization in more than one group, the multiplier is defined as the weighted-average multiplier.

**The multiplier for all companies not classified in the Media and Communications sector is zero.**

### Target Multipliers for Size

Size Group	Company Size Group	Size Multiplying Factor
1	1-100	1.0
2	101-200	1.5
3	201-950 (hold range extends to 201-1000)	3.0

## Target Multipliers for Relative Price and Profitability

Relative Price or Profitability Group	Relative Price Multiplying Factor	Profitability Multiplying Factor
1	1.8	1.8
2	1.6	1.6
3	1.4	1.4
4	1.2	1.2
5	1.0	1.0

For each security, the Expected Return-Adjusted Market Capitalization is defined as the multiplication of the Available Market Capitalization and the multiplier.

## Selecting and Weighting Securities

### Defining the Index Weighting for Reconstitution

The Preliminary Index identifies the securities to be included in the Media and Communications Index. The weight of each security in the index is based on the Expected Returns-Adjusted Market Capitalization. The Capped Preliminary Index is then calculated by applying a 6% company cap to the Preliminary Index, subject to a budgeting constraint that reduces rebalancing needs. The Reconstituted Index incorporates Memory, taking the current index holdings as well as the Capped Preliminary Index into consideration when determining the final security weights.

For companies with more than one share class the cap is enforced proportionally to the Available Market Capitalization of each share class. Any excess weight in capped securities is distributed according to the Expected Return-Adjusted Market Capitalization weight of the non-capped securities always subject to the cap.

Securities in the current Media and Communications Index with weights higher than those in the Capped Preliminary Index are flagged as non-eligible for increasing weights. Companies in the hold range (held in current index but not in the Size Eligible Universe) for the Capped Preliminary Index are flagged as non-eligible for increasing weights.

Low Momentum securities, as long as they do not represent more than 20% of the Expected Returns-Adjusted Market Capitalization of the securities not otherwise flagged as ineligible for weight increases, are flagged as non-eligible for increasing weights. If they exceed 20%, only securities in the bottom 20% are flagged as non-eligible for increasing weights.

For companies flagged as non-eligible for weight increases, if the currently held weight of the company is smaller than or equal to its weight in the Capped Preliminary Index, then the company's weight in the reconstituted Index will remain the same as its weight in the current holdings. If the flagged company's held weight is larger than its weight in the Capped Preliminary Index, then the weight of the company in the reconstituted Index will be no greater than whichever of the following represents the smallest weight:

- The company weight cap of 6%
- 150% of that company's weight in the Capped Preliminary Index
- The company's weight in the Capped Preliminary Index plus 10 basis points
- The company's held weight

Those companies which are *not* flagged per the above rules are therefore eligible to have weight increased through the reconstitution, and receive the redistributed weight from the caps applied above. The weight to be distributed is the difference between 100% and the sum of the weights that are flagged as well as the current held weights of those companies not flagged. For a given company that can have weight increased (i.e. not flagged per above), the additional weight redistributed to that company is proportional to how underweight it is compared to other companies which are eligible for weight increases. "Underweight" in this case is a comparison of held weight to Capped Preliminary Index weight for the given company. Note that the company cap applies when redistributing weight, in that any company which hits that 6% mark at this point is flagged and any additional weight is redistributed according to the formula above for not flagged companies.

### *Handling Multi-Share Class Companies*

Companies with multiple share classes distribute the company weight to each relevant share class according to the Available Market Cap/Total Market Cap of each share class in the Preliminary Index. In the Capped Preliminary Index, the weight of each share class is reduced pro rata from the Preliminary Index so that the Capped Preliminary Index weight of the share classes sum to the capped amount.

When applying Memory to get to the Reconstituted Index, the current index weight of the company is compared to its Capped Preliminary Index weight. If the company is overweight compared to its Capped Preliminary Index weight, then we compute its weight in the Reconstituted Index as ( $W_{\text{Flagged Company}}$ ).

If the company's current weight exceeds  $W_{\text{Flagged Company}}$ , then if one share class is overweight compared to its Capped Preliminary Index weight, the weight of that share class is reduced until the total company weight reaches  $W_{\text{Flagged Company}}$ . If more than one share class is overweight, the security most overweight has weight reduced first, until it is equally overweight to the second share class, at which point the weight of each is reduced in tandem until together they reach  $W_{\text{Flagged Company}}$ . If there are more than two share classes the process is similar in that the most overweight reduces first until the amount of overweight in given share classes is even with the next and so forth until  $W_{\text{Flagged Company}}$  is reached.

In the case where the company is not flagged as ineligible for increasing weights and there is weight to be redistributed, the weight of the company equates to  $W_{\text{Not Flagged Company}}$ . If one share class is underweight compared to Capped Preliminary Index weight, the weight of that share class is increased until the total company weight reaches  $W_{\text{Not Flagged Company}}$ . If more than one share class is underweight, the security most underweight has weight increased first until it is equally underweight to the second share class at which point the weight of each is increased in tandem until together they reach  $W_{\text{Not Flagged Company}}$ . If there are more than two share classes the process is similar in that the most underweight increases first until the amount of underweight in given share classes is even with the next and so forth until  $W_{\text{Not Flagged Company}}$  is reached. Share classes that are ineligible for weight increases due to momentum are not considered in the process for weight redistribution.

### *Defining the Index Weighting for Reconstitution*

Number of Shares Security =  $\frac{\text{Weight in Index}}{\text{Price}} * \text{Sum of All Available Market Capitalization of Securities}$

### *Defining the Index Weighting for Intra-Reconstitution Replacements*

Certain events may cause a company to be removed from the index. Potential reasons for index removal include cases where a given company no longer has a security trading on an approved exchange for the index, mergers, and other events, subject to Index Committee discretion. If these events do not comprise 50 basis points or more weight in the index as of the day prior to the event, the company may be removed from the index and no further action taken. In the event there are companies removed from the index on a given day that total 50 basis points or more of the weight in the Index, the following Enhanced Redistribution process may be applied, subject to the discretion of the Index Committee.

Where implemented, Enhanced Redistribution of security weights when a security leaves the index is essentially the same process as the one described above to define updated weights at Reconstitution.

In the event where an Enhanced Redistribution is called into effect, the Index is recomputed using the most recently available security reference data, including prices with the given security or securities removed from the current Index and the Capped Preliminary Index. Company financial data like book and profits data will be available as of the most recent month-end under most circumstances.

The weight of the security being removed is allocated to the most underweight securities when comparing current index weights and updated weights as of the Data Date. The process of allocating to the most underweighted securities starts by allocating to the first most underweight security until the underweighting is equal to that of the second most underweight security. Then it starts allocating to the two most underweight securities until their underweighting is equal to that of the third most underweight security and so on. The securities that will receive an increase in weight will be announced once changes are computed and as part of the usual notification process, targeting at least three days

before the effective date. Some of these securities may be new holdings for the index; others may be current holdings that will receive an increased allocation. The number of shares to be added will be computed with the price as of the effective Data Date using the same process described above.

While weights generally are determined by the above, they may be modified in special circumstances by the Index Committee.

## Index Maintenance

### Calculation of the price and total return indexes

The index is calculated on a Price Return and Gross Total Return basis. The current index level would be calculated by dividing the current modified index market capitalization by the index divisor. The divisor was determined off of the initial capitalization base of the index and the base level. The divisor is updated as a result of corporate actions and composition changes.

The Gross Total Return calculation incorporates regular cash dividends paid in the underlying constituents and reinvests those distributions into the index at the open of the dividend ex-date.

### Index Formula

The index is calculated using the following formula:

$$I_t = \frac{\sum_i^N Q_{i,t} M_{i,t} C_{i,t}}{DIV}$$

Where:

t	day of calculation
N	number of constituent equities in index
$Q_{i,t}$	number of shares of equity i on day t
$M_{i,t}$	multiplier of equity i (always assumed to be 1 for this index)
$C_{i,t}$	price of equity i on day t
DIV	current index divisor on day t

For the **total return version** of the index, the index divisor is adjusted on the morning of each index constituent's ex-date to take into account the reinvestment of the related dividend.

## Corporate Actions

### General

The index may be adjusted in order to maintain the continuity of the index level and the composition. The underlying aim is that the index continues to reflect as closely as possible the value of the underlying portfolio.

Adjustments take place in reaction to events that occur with constituents in order to mitigate or eliminate the effect of that event on the index performance.

### Removal of constituents

Any stock deleted from the index as a result of a corporate action such as a merger, acquisition, spin-off, delisting or bankruptcy is generally not replaced by any new stock, unless the total amount of weight removed on a given day from the index due to such actions totals 50 basis points or more. In the case where the total weight removed is equal to or greater than 50 basis points of the index weight, the Enhanced Redistribution methodology may be used (see above). Otherwise, the total number of stocks in the index is reduced by one every time a company is deleted. In certain circumstances, the Index Compiler may decide to add another company into the index as a result of the pending removal of a current constituent. This action would be taken while considering the interests of affected parties and would typically only be a result of a certain type of corporate action, such as an acquisition where part of the merger proceeds is paid in the stock of another company.

If a company is removed from the index, the divisor will be adjusted to maintain the index level.

### Mergers and Acquisitions

Merger or acquisition between members of the Index: In the event a merger or acquisition occurs between members of the Index, the acquired company is deleted and its market capitalization moves to the acquiring company's stock, according to the merger terms and depending on the portion of proceeds paid in the stock of the acquirer. In the case where the terms of the acquisition are 100% cash, the acquired company is removed from the index, with no other impact to the index, unless the weight of the acquired company exceeds the threshold for the Enhanced Redistribution policy, in which case that method of distribution is used. In the case where terms are partial cash, partial stock, the value of each method is handled separately, as appropriate for the terms of the deal and the distribution of the acquired company.

Merger or acquisition between a member and a non-member: A non-member is defined as a company that is not a current constituent of the Index. A merger or acquisition between one member of the Index and one non-member can take two forms:

(1) The acquiring company is a member of the Index and the acquired company is not. The acquiring company's shares will be adjusted at the next rebalance.

(2) The acquiring company is not a member, but the acquired company is a member. The acquired company is removed from the index and the acquiring company may be considered for inclusion at the

next rebalance. As outlined above in Section 2, in certain situations, the Index Compiler may choose to add in the acquiring company should it meet general universe requirements. As in any other addition, these actions would be announced at least two trading days ahead of effectiveness where feasible and otherwise as soon as possible, as determined by the Index Committee and the Calculation Agent.

### **Suspensions and company distress**

Upon a company filing for bankruptcy, an announcement will be made to remove the stock from the index effective for the next trading day where feasible and otherwise as soon as possible, as determined by the Index Committee and the Calculation Agent. If the stock is trading on an over-the-counter (OTC) market, the last trade or price on that market is utilized as the deletion price on that day.

If the stock does not trade on the relevant exchange between the bankruptcy announcement and the next rebalance effective date, the stock may be deleted from the index in that rebalance with a presumed market value of \$0.00.

### **Price sources**

In the event that the trading in shares is suspended or halted, the last known price established during regular daytime trading on the primary exchange will be used. Depending on the particular situation, the index calculation agent may choose to value the security at a price of \$0 for purposes of index calculation and/or index corporate action. This would be applicable for certain extreme cases such as a company bankruptcy or severe distress.

### **Split-up /spin off**

The closing price of the index constituent is adjusted by the value of the spin-off. By default spun off companies which trade on eligible exchanges will be added to the index at the time of the event. The Index Compiler reserves the right to not add spun-off companies into the index. As in any other addition, these actions would be announced at least two trading days ahead of effectiveness where feasible and otherwise as soon as possible as determined by the Index Committee and the Calculation Agent.

### **Dividends**

#### ***Distinction ordinary and special dividend***

The price return index will be adjusted for dividends that are special in nature, typically through a price adjustment and corresponding divisor change

To decide whether a dividend should be considered a special dividend the index calculation agent will use the following criteria:

a) The declaration of a company of a dividend additional to those dividends declared as part of the company's normal results and dividend reporting cycle; merely an adjustment to the timing of the declaration of a company's expected dividend would not be considered as a special dividend circumstance; or

b) The identification of an element of a dividend paid in line with a company's normal results and dividend reporting cycle as an element that is unambiguously additional to the company's normal payment.

For the purpose of clarification, the index calculation agent will not make adjustment for the following situations, specifically in the Price Return index:

1. Payment of ordinary dividends, irrespective of how they are financed;
2. Issue of redeemable shares or any other entitlement in lieu of an ordinary dividend; or
3. Unexpected increase or decrease, resumption or cessation, or change in frequency to an ordinary dividend.

### **Rights issues and other rights**

In the event of a rights issue, the price is adjusted for the value of the right before the open on the ex-date, and the shares are increased according to the terms of the offering. The adjustment assumes that the rights offering is fully subscribed. The amount of the price adjustment is determined from the terms of the rights issue, including the subscription price, and the price of the underlying security. The Index Compiler shall only enact adjustments if the rights represent a positive value, or are in-the-money, or alternatively, represent or can be converted into a tangible cash value.

### **Bonus issues, stock splits and reverse stock splits**

For bonus issues, stock splits and reverse stock splits, the number of shares included in the index will be adjusted in accordance with the ratio given in the corporate action. Since the event won't change the value of the company included in the index, the divisor will not be changed because of this.

### **Changes in number of shares**

Changes in the number of shares outstanding, typically due to share repurchases, tenders, or offerings, will not be reflected in the index until the next review unless the change is related to a specific corporate action, such as a merger, acquisition, or spin-off.

## **Glossary of Terms**

### *Announcement Date*

The date on which new index holdings and shares are announced prior to Reconstitution. The Announcement Date occurs one week prior to the applicable Reconstitution Date with announcement made following the relevant market close (i.e. close of exchanges on which index holdings trade).

### *Available Market Capitalization*

The free float-adjusted market capitalization of a given security class. This is computed as the free float value multiplied by the price multiplied by the shares outstanding of the given security.

### *Book Value*

This number is the total common equity from the company's balance sheet.

### *Breakpoint*

The value of a company characteristic that delineates one Bucket grouping from another.

### *Capped Preliminary Index*

The Preliminary Index with appropriate caps on weights applied.

### *Data Date*

The date at which data forming the index is computed using this date as the end point. For example, Profitability ratios used in the Index are as of the Data Date. The Data Date for each semi-annual reconstitution normally will occur on the last trading day of the month prior to such reconstitution.

### *Expected Return-Adjusted Free Float Market Cap*

Refers to Expected Returns-Adjusted Available Market Capitalization; this value applies the multipliers related to three Dimensions of Expected Return to the Available Market Capitalization of a company. That is: Size Multiplier  $\times$  Relative Price Multiplier  $\times$  Profitability Multiplier  $\times$  Free Float  $\times$  Market Cap.

### *Free Float*

Free float describes the portion of shares of a given security which are deemed available for public investment. Free float is a number between zero and one used to decrease a security's market cap in the case where shares are closely held, often by company officers, governments, or other controlling-interest investors. For example, a security where 10% of shares outstanding are closely held and deemed not to trade, the free float would be 0.9.

### *Group*

A collection of securities placed together due to company characteristics with boundaries defined by breakpoints.

### *Momentum*

The relative return of a company compared to other companies in the eligible universe, computed based on 11-month compounded daily total return.

### *Multiplier*

This is an adjustment factor accounting for Dimensions of Expected Return. It is used to help determine the Expected Return-Adjusted Market Capitalization of a security.

### *Operating Profits*

The company income measure that is the numerator for the Profitability ratio.

### *Preliminary Index*

The set of securities and weights created by the initial set of index rules involving breakpoints and multipliers before caps on weights and weight increases are applied.

### *Profitability*

Profitability is a Dimension of Expected Return computed here by Operating Profits divided by Book.

### *Relative Price*

Relative Price is a Dimension of Expected Return computed here by the Price-to-Book ratio.

### *Reconstitution*

Reconstitution refers to the process of re-forming the index based on the methodology outlined in this document. Reconstitution occurs semi-annually (see Reconstitution Date, below).

### *Reconstitution Date*

The date at which the index transitions to, where applicable, new members and new weights for securities. The index Reconstitution occurs on a semi-annual basis, the second Friday of September and the second Friday of March unless that Friday is on or before the 12<sup>th</sup> day of the relevant month in which case the Reconstitution Date is the Wednesday following the second Friday of September/March. The Reconstituted Index is effective at market close on the Reconstitution Date. Market Close in this case is the close of trading on all relevant stock exchanges (i.e. those on which any security in the index trades). Effectively, the Reconstitution Date is a twice per year special instance of the Reclassification Date.

### *Sector / Industry Sector*

This is the classification of the top (least granular) level of industry classification. The classification of each company into an industry sector is performed by the Index Calculation Agent for the index.

### *Total Available Market Capitalization*

The sum of the Available Market Capitalization for each share class of a given company.

### *Total Market Capitalization*

Total Market Capitalization (also called total market cap or Tcap) is the market value of the company's equity. It represents the price multiplied by the number of shares outstanding for each balance sheet security tied to the given company. If there is only one share class, it is the same value as the market capitalization (i.e. sum (price × shares)). If there is more than one class of shares (e.g. A shares, B shares, C shares), then the Tcap is the sum (price × shares) for each share class or the sum of each share class' market cap.

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