



TORTOISE NORTH AMERICAN OIL & GAS  
PRODUCERS INDEX<sup>SM</sup> (TNEP/TNEPT)  
**Index Methodology Guide**

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## Company background

### About Tortoise Index Solutions

Tortoise Index Solutions provides research-driven indices that can be used as a realistic basis for exchange-traded products and thought leadership in the universe of essential assets. Its indices are intended to fill a void in the market and provide benchmarks and investable asset class universes for use by investment professionals, research analysts and industry executives to analyze relative performance as well as to provide a basis for passively managed exchange-traded products.

## Index introduction

The Tortoise North American Oil & Gas Producers Index<sup>SM</sup> is a float-adjusted, capitalization-weighted index of North American energy companies primarily engaged in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). The index includes exploration and production companies structured as corporations, limited liability companies, and master limited partnerships but excludes United States royalty trusts.

### Index detail

The Index level is calculated on both a price-return and a total-return basis. The real-time Index level for the price-return version of the Index is available from major market data providers under the ticker "TNEP." The total-return Index level is calculated at the end of each trading day and is available under the ticker "TNEPT."

The Index is independently calculated by S&P Dow Jones Indices with a base level of 100 as of December 31, 1999.

## Constituent eligibility criteria

### Index eligibility

To be eligible for inclusion in the Tortoise North American Oil & Gas Producers Index<sup>SM</sup>, a company must be publicly traded and meet the following eligibility factors:

**North American oil and gas production company** Companies must have the largest component of their assets, cash flow or revenue associated with exploration development, drilling, completion or production of crude oil, condensate, natural gas or NGLs and generate a majority of resource production and cash flow, or hold a majority of reserves, in North America.

**Market capitalization** Companies must have a total equity market capitalization of at least US \$1 billion at the time of inclusion in the Index. To remain in the Index, a company must maintain an average equity market capitalization of at least US \$800 million for a minimum of 20 trading days prior to rebalance reference dates.

**Domicile** An oil and gas production company must be organized and have its principal place of business in the United States or Canada and be listed on the New York Stock Exchange, NASDAQ, NYSE MKT or Toronto Stock Exchange.

### Timing of changes

The Index is rebalanced on a quarterly basis. Rebalancing occurs on the third Friday of the last month of each calendar quarter in March, June, September, and December. Reference dates for rebalancing are nine calendar days prior to the rebalance dates. Underlying constituent shares and constituent caps will be applicable as of the reference dates. As such, due to market fluctuations between reference dates and rebalance dates, constituent caps may not hold on the rebalance dates.

**Additions** No companies will be added to the Index between rebalance dates.

**Deletions** Between rebalance dates, a constituent can be deleted from the Index due to corporate events such as mergers, acquisitions, bankruptcies, takeovers or delistings.

**Industry classifications** Constituents will be reviewed annually, at the December rebalance, to determine the appropriate subsector classification.

## Index construction and maintenance

### Approach

The Tortoise North American Oil & Gas Producers Index<sup>SM</sup> methodology employs a float-adjusted, market-capitalization weighting scheme. The methodology stipulates that, at rebalance reference dates, no single constituent can constitute more than 5% of the Index. Should a constituent exceed 5% at the reference date as a result of market cap, the weight in excess of 5% will be reallocated across the index to all other constituents with weights below the 5% threshold, pro rata based on their market cap.

### Base date

The base date for the Index is December 31, 1999, with a base value of 100.

### Treatment of distributions

The price return index does not account for cash dividends. The total return index accounts for cash dividends by reinvesting them across the index after market close on the ex-date. Stock dividends are treated as corporate actions and result in offsetting adjustments to price and units outstanding.

### Share updates

Changes in a company's shares outstanding due to its acquisition of another public company are made as soon as reasonably possible. De minimis merger and acquisition and all other share changes of less than 5% will be accumulated and implemented with the quarterly share rebalancing.

### Corporate actions

Corporate actions (such as stock splits, stock dividends, spin-offs and rights offerings) are applied after the close of trading on the day prior to the ex-date. Share changes resulting from exchange offers are made on the ex-date.

## Index dissemination

The real-time Index level for the price return version of the Index is available from major market data providers under the ticker "TNEP." The real-time total return Index level is available under the ticker "TNEPT." For Index values, constituents and announcements regarding constituent changes, please visit [www.tortoiseindexsolutions.com](http://www.tortoiseindexsolutions.com)

The Index is calculated daily throughout the year. The Index is not calculated on days when U.S. and Canada exchanges are officially closed.

In situations in which an exchange is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, the closing price of the Index will be calculated based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each stock before the exchange is closed. In all cases, the prices will be from the exchange listing included in the Index. If an exchange fails to open due to unforeseen circumstances, the Index will use the prior day's closing prices. If all exchanges fail to open, the Index may not be published for that day.

## Classifications

### Industry classifications

Tortoise Index Solutions, LLC will review each constituent's production mix, cash flow and reserve base in order to determine the appropriate subsector classification. The final determination is at the discretion of Tortoise Index Solutions, LLC.

The companies in the Tortoise North American Oil & Gas Producers Index<sup>SM</sup> are categorized into the following

subsectors and respective subsector indices based on the criteria described above:

### North American Crude Oil Producers (TNAOP)

For consideration as a crude oil producer, a company must generate a majority of total net equivalent production from crude oil or natural gas liquids, generate a majority of cash flow from crude oil or natural gas liquids production or hold a majority of net total equivalent reserves as crude oil or natural gas liquids.

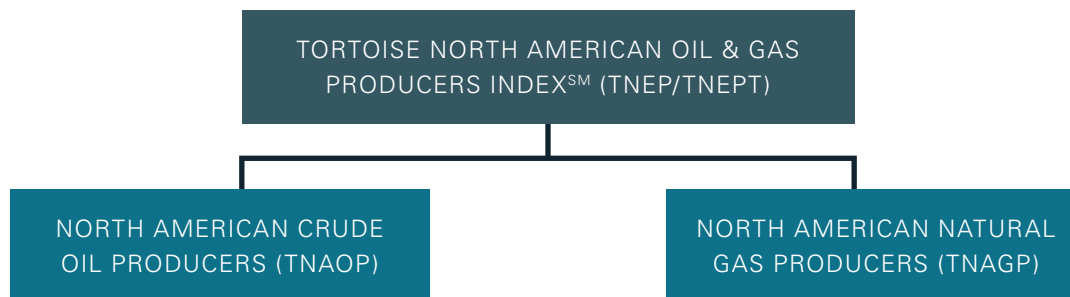
### North American Natural Gas Producers (TNAGP)

For consideration as a natural gas producer, a company must generate a majority of total net equivalent production from natural gas, generate a majority of cash flow from natural gas production or hold a majority of net total equivalent reserves as natural gas.

## Index hierarchy

**Tortoise North American Oil & Gas Producers Index<sup>SM</sup>** The Index will be calculated on both a price-return and total-return basis. The price-return index will be available in real time while the total-return index will be priced at the end of each trading day.

**Sub indices** Each sub Index will be calculated on a total return basis and will be priced at the end of each trading day.



## Index Committee

The Index Committee oversees the integrity of the rules and provides clarifying guidance on the rules-based methodology where required, although every effort is made to ensure the rules are clear and non-discretionary; approves quarterly rebalances and directs public announcement relating to the indices.

### Members

**Appointment of members:** The Index Committee will consist of between three to five voting members, one of whom will act as Chair.

**No remuneration:** For their particular work on the Index Committee, Index Committee members will not receive a salary or other financial remuneration (or any benefit in kind).

### Meetings, quorum and voting

Tortoise Index Solutions shall provide at least 5 business days advance written notice to each Index Committee member.

“*Quorum*” is defined as:

- The Chair; and

- at least one other Index Committee member.

**Voting:** Each Index Committee member shall be entitled to one vote at each Index Committee meeting.

All motions or matters before the Index Committee may be carried by simple majority.

### **Confidentiality**

Matters discussed or handled by the Index Committee will be considered confidential until such time as they are made public. Without limiting the generality of the foregoing, the minutes of the Index Committee are confidential information and may not be discussed with anyone outside of the Index Committee without the prior written approval of the Chair and the Chief Compliance Officer of Tortoise Index Solutions.

Decisions by the Index Committee regarding rules, ambiguous cases or discretionary additions or deletions from indices may be made public via such mechanic (internet or otherwise) as the Company decides from time to time.

### **Conflicts of interest**

Any Index Committee member who has a conflict of interest with respect to an issue before the Index Committee must excuse him/herself from participating or voting in relation to that issue. In participating in the Index Committee's activities, all Index Committee members will aim to observe the highest standards of market practice, avoid appearances of impropriety, and remain mindful of their regulatory responsibilities surrounding issues such as market abuse, dealing ahead and insider trading.

### **Disclaimer**

**This data is provided for informational purposes only and is not intended for trading purposes. This document shall not constitute an offering of any security, product or service. The addition, removal or inclusion of a security in the Index is not a recommendation to buy, sell, or hold that security, nor is it investment advice. It is not possible to invest directly in an Index. Index performance does not reflect the deduction of any fees and expenses. Past performance is not a guarantee of future returns.**

The information contained in this document is current as of the publication date. Tortoise Index Solutions, LLC makes no representations with respect to the accuracy or completeness of these materials and will not accept responsibility for damages, direct or indirect, resulting from an error or omission in this document. The methodology involves rebalancing and maintenance of the Index that is made periodically during each year and may not, therefore, reflect real-time information.

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