

## Announcement

### Methodology change of the Indxx Flexible Workplace Index

**New York – January 21, 2022** - Effective January 21, 2022 the following are the changes in the methodology of the Indxx Flexible Workplace Index:

- Initial Universe (Section 1.2.1)
- Reconstitution and Rebalancing Rules (Section 1.10)

Below is the amended methodology which will be effective from January 21, 2022.

January 2022

# **INDXX FLEXIBLE WORKPLACE INDEX METHODOLOGY**

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# 1. INDXX FLEXIBLE WORKPLACE INDEX

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## 1.1 INDEX DESCRIPTION

The Indxx Flexible Workplace Index is designed to track the performance of companies that are expected to provide resources for & benefit from the increased adoption of telecommuting and remote workplaces.

The index has a base date of December 31, 2015 with an initial value of 1,000.

The index is currently available in the following versions:

- Net Total Return (Bloomberg Ticker: IFWINT)
- Price Return (Bloomberg Ticker: IFWIP)
- Total Return: (Bloomberg Ticker: IFWI)

## 1.2 CREATION OF MASTER LIST

### 1.2.1 Initial Universe

To be eligible for inclusion in the Initial Universe, securities must have:

- Their country of listing in the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Japan, Netherlands, Norway, Singapore, Sweden, Switzerland, United Kingdom or United States.
- A minimum total market capitalization of \$500 million.
- A 6-month average daily turnover greater than or equal to \$2 million and \$1 million for developed and emerging markets respectively.
- Traded on 90% of the eligible trading days in the last 6 months. In case a security does not have a trading history of 6 months (only IPOs), such a security must have started trading at least 3 months before the start of the Reconstitution/ Rebalancing Process and should have traded on 90% of the eligible trading days for the past 3 months.

### 1.2.2 Free Float

All securities must have a minimum free float equivalent to 10% of shares outstanding.

### 1.2.3 Maximum Price

Securities trading at a price of \$10,000 or above are ineligible for inclusion in the Index. This rule is not applicable for existing constituents. Existing constituents shall remain in the Initial universe irrespective of their stock price.

### 1.2.4 Security Type

The following security types are eligible for inclusion:

- Common Stock
- ADR
- GDR
- DR

### 1.2.5 Share Classes

- The existing share class/listing in the portfolio is retained if it satisfies all the eligibility criteria of the index.
- The most liquid share class/listing is considered for inclusion.

## 1.3 SECURITY SELECTION PROCESS

Based on extensive research, Indxx has defined 'Flexible Workplace' as being comprised of the following sub-themes:

Sub-Theme	Description
<b>On-demand Cloud services</b>	Includes companies that are involved in providing virtualized computing resources over the internet. The services include shared resources like shared storage, shared servers, storage pool etc. that provide seamless access to work environment and resources irrespective of location
<b>Digital Communication</b>	Includes companies that provide cloud-based platforms for communications capabilities such as voice, video and messaging to its users.
<b>Workplace Virtualization</b>	Companies in this segment are primarily engaged in providing VDI (virtual desktop infrastructure), DaaS (desktop as a service), connectivity, networking, cloud-based services coupled with virtual private networks. Also included are companies that provide cloud-based work/project and document management platforms.
<b>Cybersecurity</b>	Includes companies primarily involved in the development and administration of security protocols applied to private - public networks, computers, and mobile devices for protection of the data integration and network operations, specifically for business use
<b>Data Centre REITs</b>	Includes companies that are involved in owning and managing facilities that customers use to safely store data and offer a range of products and services to help keep servers and data safe, including providing uninterruptable power supplies, air-cooled chillers and physical security.
<b>NewTech</b>	Includes companies that are engaged in developing and implementing emerging technologies which enable companies to function and execute projects without disruption. Companies in this segment provide services such as, but not limited to, AIOps, Cognitive Technology, Self-healing applications, Freelancing/Crowdsourcing Platforms etc.

These sub-themes are comprised of companies in the following FactSet Industries:

Telecommunications Equipment	Data Processing Services
Packaged Software	Real Estate Investment Trusts
Internet Software/Services	Specialty Telecommunications

Internet Retail	Recreational Products
Major Telecommunications	Miscellaneous Commercial Services
Cable/Satellite TV	Computer Peripherals
Information Technology Services	Computer Processing Hardware
Wireless Telecommunications	Computer Communications

The industries and sub-themes identified through this research-based approach are subject to change at every annual reconstitution.

In order to qualify for inclusion in the index, a company must fall under either of the following categories:

- Companies from the Master List that derive revenue greater than or equal to 50% from any of the above sub-themes are considered as **'Pure Play'**. Such companies are included in the 'Selection List' for the index.
- Companies from the Master List that derive revenue greater than 0%, but strictly less than 50%, from any of the above sub-themes are considered as 'Quasi Play'. Such companies are included in the 'Selection List' for the index.
- Companies from the Master List that cumulatively derive revenue equal to or greater than \$500M from the 'Cloud Services' sub-theme are also deemed eligible for selection. Such companies are also included in the 'Selection List' for the index.

## 1.4 FINAL COMPOSITION

From the Selection List:

- The top 10 Pure Play companies in each of the sub-themes by market capitalization will form the final index.
- If fewer than 10 Pure Play companies from any sub-theme qualify for inclusion, then all the constituents of that particular sub-theme from the Selection List will be included in the index.
- If the number of companies in the portfolio is less than 25, then Quasi-Play companies are included in the decreasing order by market capitalization, until the number of companies is 25.

## 1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted equally.
- A sub-theme cap of 10% is applied on Data Center REITs.

## 1.6 BUFFER RULES

Buffer Rules are employed to reduce Portfolio Turnover. The following buffer rules apply:

### 1.6.1 Market Capitalization

A constituent shall continue to be included in the Initial Universe if its market capitalization is greater than or equal to 80% of the previously defined market capitalization limit. To illustrate, if an existing index member qualifies all other selection criteria but doesn't qualify the market capitalization criteria to the extent of 20% deviation then it will be retained in the investible universe.

### 1.6.2 Liquidity

A constituent shall continue to be included in the Initial Universe if its 6-month ADTV is greater than or equal to 70% of the previously defined liquidity limit. To illustrate, if an existing index member qualifies all other selection criteria but doesn't qualify liquidity criteria to the extent of 30% deviation then it will be retained in the investible universe.

## 1.7 INDEX CALCULATOR

The calculator of this index is STOXX.

## 1.8 INDEX PUBLISHER

The index is published by Indxx.

## 1.9 INDEX EDITOR

The index is edited by Indxx.

## 1.10 RECONSTITUTION AND REBALANCING RULES

- The index follows an annual reconstitution and a quarterly rebalancing schedule. The new portfolio becomes effective at the close of the third Friday of December each year. This day is called the 'Reconstitution Effective Day'. The rebalanced portfolio becomes effective at the close of third Friday of March, June, and September each year. This day is called the 'Rebalance Effective Day.'
- The security selection and portfolio creation process start on the close of the nearest Friday falling at least one month before the Effective Day, called the 'Selection Day.' The selection list is created based on the data as of the Selection Day.
- Weights are calculated sixth trading day prior (five working days prior) Reconstitution Effective Day (or the Rebalance Effective Day). Index shares are frozen using weights as of this day.

## 1.11 CORPORATE ACTIONS

The corporate action guidebook is present in the Announcements section of our website, under 'Index Document.'

## 2. APPENDIX

### 2.1 METHODOLOGY CHANGES

Methodology changes since July 2020 are as follows:

Section	Previous Value	New Value	Effective Date (close)
1.7		<ul style="list-style-type: none"> <li>The 'Index Calculator' section has been added to the methodology.</li> </ul>	Jul 7, 2020
1.8		<ul style="list-style-type: none"> <li>The 'Index Publisher' section has been added to the methodology.</li> </ul>	Jul 7, 2020
1.9		<ul style="list-style-type: none"> <li>The 'Index Editor' section has been added to the methodology.</li> </ul>	Jul 7, 2020
1.10	<ul style="list-style-type: none"> <li>The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of last trading day of December each year. This day is called the 'Effective Day.'</li> </ul>	<ul style="list-style-type: none"> <li>The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of the third Friday of December each year. This day is called the 'Effective Day.'</li> </ul>	Nov 10, 2020
1.2.1	<ul style="list-style-type: none"> <li>Their country of listing either in a Developed or in an Emerging Market. Developed and Emerging Markets are defined by Indxx in its 'Country Classification and Investability Requirements' document.</li> </ul>	<ul style="list-style-type: none"> <li>Have their country of listing in the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Japan, Netherlands, Norway, Singapore, Sweden, Switzerland, United Kingdom or United States.</li> </ul>	Jan 21, 2022
1.10	<ul style="list-style-type: none"> <li>The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of the third Friday of December each year. This day is called the 'Effective Day.'</li> </ul>	<ul style="list-style-type: none"> <li>The index follows an annual reconstitution and a quarterly rebalancing schedule. The new portfolio becomes effective at the close of the third Friday of December each year. This day is called the 'Reconstitution Effective Day'. The rebalanced portfolio becomes effective at the close of last trading day of March, June, and September each year. This day is called the 'Rebalance Effective Day.'</li> </ul>	Jan 21, 2022



### 3. DISCLAIMER

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