

## Announcement

### Methodology change of the Indxx Global Education Thematic Index

**New York – September 30, 2022** - Effective September 30, 2022, the following are the changes in the methodology of the Indxx Global Education Thematic Index:

- Security Selection Process (Section 1.3)

Below is the amended methodology which will be effective from September 30, 2022.

September 2022

# INDXX GLOBAL EDUCATION THEMATIC INDEX METHODOLOGY

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# 1. INDXX GLOBAL EDUCATION THEMATIC INDEX

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## 1.1 INDEX DESCRIPTION

The Indxx Global Education Thematic Index is designed to track the performance of companies listed in developed and emerging markets that provide products and services that facilitate education, including but not limited to companies involved in online learning and educational content/publishing, early childhood education, higher education and professional education as well as enterprise video and chat communication platforms.

The index has a base date of June 30, 2015 with an initial value of 1,000. The index is currently available in the following versions:

- Net Total Return

## 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 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.
- A minimum total market capitalization of \$200 million.
- A 6-month average daily turnover greater than or equal to \$2 million.
  - In case of a Significant IPO, a security must have an average daily turnover greater than or equal to \$2 million since the IPO launch date.
- 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), to be considered for inclusion, in case of Significant IPOs, the IPO must have been listed at least 10 calendar days prior to the ' Selection Date', and in the case of other IPOs, 3 calendar months prior to the 'Selection Day'.
  - Additionally, unless the security is a Significant IPO, the security must have traded on 90% of the eligible trading days for the 3 months preceding the 'Selection Day' (this requirement shall not apply to Significant IPOs).
  - An IPO is considered to be a "Significant IPO" if its company level total market capitalization is greater than the company level total market capitalization of at least 50% of the on-going index constituents as of previous 'Reconstitution Selection Day'.

### 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 Education Segment as being comprised of the following sub-themes:

| Sub-Theme   | Description  |
|---|--|
| <p style="text-align: center;"><b>Educational Content/<br/>Publishing</b></p>                   | <p>Includes companies involved in developing, providing and publishing educational content, including but not limited to companies providing digital content for test preparations, language learning courses, and traditional and interactive e-textbooks for purchase or rental.</p>   |
| <p style="text-align: center;"><b>Digital Learning<br/>Platforms</b></p>                        | <p>Includes companies which are involved in providing digital learning platforms, MOOCs (Massive Open Online Courses), accredited online courses, recognized educational degrees, vocational training, educational games and training/tutor services, content delivery tools (e.g. digital whiteboards), augmented/virtual reality based education/training, and artificial intelligence tools for augmenting teaching and learning.</p> |
| <p style="text-align: center;"><b>Early Childhood Education</b></p>                             | <p>Includes companies involved in providing early/pre-school education services, managing child-care centers and related services.</p>   |
| <p style="text-align: center;"><b>Secondary, Higher and<br/>Professional Education</b></p>      | <p>Includes companies that provide campus-based courses, classroom-based tutoring services, and companies providing secondary, higher and professional education services, and programs excluding for-profit schools/universities.</p>   |
| <p style="text-align: center;"><b>Enterprise Video and Chat<br/>Communication Platforms</b></p> | <p>Includes companies that provide cloud-based platforms, which enable online communication such as voice, video and messaging for end-users.</p>  |

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

|                                  |                                   |
|----------------------------------|-----------------------------------|
| Finance/Rental/Leasing           | Packaged Software                 |
| Semiconductors                   | Other Consumer Services           |
| Data Processing Services         | Internet Software/Services        |
| Aerospace & Defense              | Miscellaneous Commercial Services |
| Real Estate Investment Trusts    | Publishing: Books/Magazines       |
| Electronic Equipment/Instruments | Information Technology Services   |
| Recreational Products            | Internet Retail                   |
| Real Estate Development          | Specialty Telecommunications      |
| Discount Stores                  | Telecommunications Equipment      |
| Electronic Production Equipment  | Computer Communications           |
| Computer Peripherals             | Personnel Services                |
| Computer Processing Hardware     | Publishing: Newspapers            |
| Advertising/Marketing Services   | Electronics Distributors          |
| Commercial Printing/Forms        |                                   |

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

Companies from the Master List that cumulatively derive revenue greater than or equal to 50% from the above sub-themes are considered as '**Pure Play**' Education theme related companies. Only such companies are included in the 'Selection List' for the index.

## 1.4 FINAL COMPOSITION

From the Selection List:

- The top 100 Pure Play companies by market capitalization will form the final index.
- If fewer than 100 Pure Play companies qualify for inclusion in the index, then all the Pure Play constituents will be included in the index.

## 1.5 WEIGHTING

The index is weighted as follows:

- The Index is modified market cap-weighted at the time of reconstitution with a single security cap of 10%.
- The aggregate weight of all the components with a weight greater than 5% is capped at 45%. All remaining securities are capped at 4.5%.
- Securities classified as "Enterprise Video and Chat Communication Platforms" are capped at 4.5% at the individual level and 20% in aggregate.
  - If the aggregate weight of "Enterprise Video and Chat Communication Platforms" is more than 20%, then the theme is necessarily capped at 20%.
  - Individual security caps within the sub-theme, if necessary, are applied after the aggregate cap has been implemented. These weights are then deemed final for this sub-theme.
  - The remaining weight in excess of 20% is redistributed proportionally among the remaining sub-themes, subject to individual security caps mentioned above.
- Security-level market capitalization is considered for calculating weights.

## 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. Additionally, an existing constituent shall continue to be included in the index if it is a part of the top 120 companies by company level market-capitalization in the selection list.

### 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 RECONSTITUTION AND REBALANCING RULES

- The index follows a semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of last trading day of April & October each year. This day is called the '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 at the close of the seventh trading days prior (six trading days prior) to the Effective Day. Index Shares are frozen using weights as of this day.

## 1.8 CORPORATE ACTIONS

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

## 2. APPENDIX

### 2.1 METHODOLOGY CHANGES

Methodology changes since November 2020 are as follows:

| Section | Previous Value  | New Value  | Effective Date (close) |
|---------|---|--|------------------------|
| 1.2.1   | <ul style="list-style-type: none"> <li>A 6-month average daily turnover greater than or equal to \$2 million.</li> </ul>  | <ul style="list-style-type: none"> <li>A 6-month average daily turnover greater than or equal to \$2 million.               <ul style="list-style-type: none"> <li>In case of a Significant IPO, a security must have an average daily turnover greater than or equal to \$2 million since the IPO launch date.</li> </ul> </li> </ul>   | Nov 30, 2020           |
|         | <ul style="list-style-type: none"> <li>Traded on 90% of the eligible trading days in the last 6 months.               <ul style="list-style-type: none"> <li>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.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Traded on 90% of the eligible trading days in the last 6 months.               <ul style="list-style-type: none"> <li>In case a security does not have a trading history of 6 months (only IPOs), to be considered for inclusion, in case of Significant IPOs, the IPO must have been listed at least 10 calendar days prior to the ' Selection Date', and in the case of other IPOs, 3 calendar months prior to the 'Selection Day'.</li> <li>Additionally, unless the security is a Significant IPO, the security must have traded on 90% of the eligible trading days for the 3 months preceding the 'Selection Day' (this requirement shall not apply to Significant IPOs).</li> <li>An IPO is considered to be a "Significant IPO" if its company level total market capitalization is greater than the company level total market capitalization of at least 50% of the on-going index constituents as of previous 'Reconstitution Selection Day'.</li> </ul> </li> </ul> |                        |
| 1.3     |   | <ul style="list-style-type: none"> <li>New Industry added- Commercial Printing/Forms.</li> </ul>   | Sept 30, 2022          |



### 3. DISCLAIMER

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