

## Announcement

### Methodology change of the Indxx Pure Cyber Index

**New York – June 07, 2021** - Effective June 07, 2021 the following are the changes in the methodology of the Indxx Pure Cyber Index:

- Initial Universe (Section 1.2.1)

Below is the amended methodology which will be effective from June 07, 2021.

June 2021

# INDXX PURE CYBER INDEX METHODOLOGY

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# 1. INDXX PURE CYBER INDEX

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## 1.1 INDEX DESCRIPTION

The Indxx Pure Cyber Index is designed to track the performance of hardware/software companies that protect computers, networks, programs and data from unauthorized access.

The index has a base date of May 29, 2015 with an initial value of 1,000.

The index is currently available in the following version:

- Price Return
- Total Return
- 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 in the following countries: Austria, Belgium, Canada, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom and United States.
- Not have their domicile in the following countries: Australia, Brazil, Chile, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Mexico, Malaysia, New Zealand, Philippines, Peru, Poland, Qatar, Russian Federation, South Africa, South Korea, Taiwan, Thailand, Turkey and United Arab Emirates.
- Have a minimum total market capitalization of \$100 million.
- Have a 6-month average daily turnover greater than or equal to \$2 million and \$1 million for developed and emerging markets respectively.
- Have 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

If multiple share classes exist for a company, the following preference order is followed:

- 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 “Cybersecurity” as being comprised of the following sub-themes:

|   |  |
|---|--|
| Network Security software or hardware providers       | These companies provide either software or hardware/module to make the network/computer systems more secure. |
| Data storage infrastructure Providers                 | These companies work in providing secure data storage infrastructure such as data centers.                   |
| Communication security software or hardware providers | These companies provide secured communication devices and software for defense/enterprise purposes           |

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

|                                   |                            |                                 |                                  |
|-----------------------------------|----------------------------|---------------------------------|----------------------------------|
| Miscellaneous Commercial Services | Metal Fabrication          | Telecommunications Equipment    | Specialty Telecommunications     |
| Data Processing Services          | Internet Software/Services | Packaged Software               | Electronic Equipment/Instruments |
| Electronic Components             | Major Telecommunications   | Information Technology Services | Computer Communications          |
| Gas Distributors                  | Engineering & Construction | Aerospace & Defense             | Computer Processing Hardware     |

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

- Companies having an ASK/BID Spread greater than 1% are excluded.
- Companies from the Master List that derive revenue greater than or equal to 50% from the above themes are considered as ‘pure-play’ companies.
- These companies are included in the ‘Selection List’ for the index.

## 1.4 FINAL COMPOSITION

From the Selection List:

- All the ‘pure-play’ companies will form the final index.

## 1.5 WEIGHTING

The index is weighted equally at the time of reconstitution.

## 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 RECONSTITUTION AND REBALANCING RULES

- The index follows an annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of last trading day of May 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 day prior (six trading days prior) to the Effective Day. Index Shares are frozen using weights as of this day.

## 1.8 IPO REVIEW

- To effectively capture IPOs, the index constituents will be reviewed on a quarterly basis in August, November and February each year. New additions to the portfolio become effective on the close of last trading day of every quarter. This day is called the 'Review Effective Day'.
- The IPO identification process starts at the close of the nearest Friday falling at least one month before the Review Effective Day. This day is called the 'Review Selection Day'.
- Potential inclusions in the IPO review must meet the market capitalization criteria as of the review selection date.
- The average daily turnover since the IPO launch must be greater than the threshold as defined in section 1.2.1
- The securities must have traded on 90% of the eligible trading days for the past 3 months from the Review Selection Day.
- Any new addition should not have an ASK/BID Spread greater than 1%.
- Any new addition to the portfolio at the time of review will be added as per the weighting scheme mentioned in the methodology, calculated at the close of seventh trading day prior (six trading days prior) to the Review Effective Day. The new addition's Index Shares will be frozen using weights as of this day.

## 1.9 CORPORATE ACTIONS

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

## 1.10 INDEX CALCULATOR

The calculator of this index is Solactive AG.

## 1.11 INDEX PUBLISHER

This index is published by Indxx.

## 1.12 INDEX EDITOR

This index is edited by Indxx.

## 2. APPENDIX

### 2.1 METHODOLOGY CHANGES

Methodology changes since May 2021 are as follows:

| Section | Previous Value   | New Value  | Effective Date (close) |
|---------|--|--|------------------------|
| 1.2.1   | <ul style="list-style-type: none"> <li>Listing of security should not be in Australia, Argentina, Brazil, Chile, Colombia, Egypt, Nigeria, Peru, Russia, Uruguay, Asia Pacific or NDF countries.</li> </ul>  | <ul style="list-style-type: none"> <li>Have their country of listing in the following countries: Austria, Belgium, Canada, China, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Portugal, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom and United States.</li> <li>Not have their domicile in the following countries: Australia, Brazil, Chile, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Mexico, Malaysia, New Zealand, Philippines, Peru, Poland, Qatar, Russian Federation, South Africa, South Korea, Taiwan, Thailand, Turkey and United Arab Emirates.</li> </ul> | May 03, 2021           |
| 1.2.1   | <ul style="list-style-type: none"> <li>Have their country of listing in the following countries: Austria, Belgium, Canada, China, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Portugal, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom and United States.</li> </ul> | <ul style="list-style-type: none"> <li>Have their country of listing in the following countries: Austria, Belgium, Canada, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom and United States.</li> </ul>   | June 07, 2021          |



### 3. DISCLAIMER

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