

## Announcement

### Methodology change of the Indxx Semiconductor Equipment Providers Index

**New York – May 06, 2022** - Effective May 06, 2022 the following are the changes in the methodology of the Indxx Semiconductor Equipment Providers Index:

- Reconstitution and Rebalancing Rules (Section 1.7)

Below is the amended methodology which will be effective from May 06, 2022.

May 2022

# INDXX SEMICONDUCTOR EQUIPMENT PROVIDERS INDEX- METHODOLOGY

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# 1. INDXX SEMICONDUCTOR EQUIPMENT PROVIDERS INDEX

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## 1.1 INDEX DESCRIPTION

The Indxx Semiconductor Equipment Providers Index is designed to track the performance of companies that are engaged in providing consumable materials to semiconductor manufacturers including semiconductor solutions, semiconductor testing and measurement solutions.

The index has a base date of June 30, 2016, with an initial value of 1,000.

The index is currently available in the following versions:

- Total Return
- Net Total Return
- Price 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 listing either in 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.
- The security must 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.

### 1.2.1 Maximum Price

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

### 1.2.2 Security Type

The following security types are eligible for inclusion:

- Common Stock
- ADR
- GDR
- DR

### 1.2.3 Share Classes

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

## 1.3 SECURITY SELECTION PROCESS

Based on extensive research, Indxx has defined Semiconductor equipment as being comprised of the following sub-themes:

Sub-Theme	Description
<b>Integrated Circuits (IC)</b>	Includes companies engaged in the development of a circuit of transistors, resistors and condensers installed on a single semiconductor wafer or chip in which the components are interconnected to perform a specified purpose, often known as Integrated Circuits.
<b>Semiconductor Technology</b>	Includes companies engaged in providing a range of semiconductor solutions including, but not limited to, machineries, architecture, high-speed physical and digital controller interface IP cores, Security IP cores and protocols, memory interface Chips etc.
<b>Semiconductor Testing &amp; Packaging</b>	Includes companies engaged in providing various semiconductor testing, measurement solutions and packaging solutions to semiconductor companies.
<b>Semiconductor Material Supplier</b>	Includes companies engaged in providing consumable materials to semiconductor manufacturers.

Companies involved in business activities associated with these sub-themes will be eligible for inclusion. Eligible companies deriving a minimum of 50% of their total revenue from these subthemes will form the selection list.

## 1.4 FINAL COMPOSITION

From the Selection List:

- All the 'pure-play' companies satisfying the above criteria will form the final index

## 1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their security level market capitalization.
- A single security cap of 7% is applied. Excess weight is redistributed proportionately amongst the uncapped securities.

## 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.

### 1.6.1 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 semiannual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of third Friday of June and December each year. This day is called "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 CORPORATE ACTIONS

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

## 2. APPENDIX

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### 2.1 METHODOLOGY CHANGES

Methodology changes since May 2022 are as follows:

<b>Section</b>	<b>Previous Value</b>	<b>New Value</b>	<b>Effective Date (close)</b>
1.7	The index follows a semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective at last trading day of June and December each year.	The index follows a semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of third Friday of June and December each year.	May 06, 2022

### 3. DISCLAIMER

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