

## Announcement

### Methodology change of the Indxx US Food Technology Index

**New York – May 10, 2022** – Effective May 10, 2022, the following are the changes in the methodology of the Indxx US Food Technology Index:

- Security Selection Process (Section 1.3)

Below is the amended methodology which will be effective from May 10, 2022.

May 2022

# INDXX US FOOD TECHNOLOGY INDEX METHODOLOGY

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# 1. INDXX US FOOD TECHNOLOGY INDEX

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## 1.1 INDEX DESCRIPTION

The Indxx US Food Technology Index tracks the performance of companies listed in the United States in the food technology industry that are involved in organic food processing, innovative food processing, hi-tech food equipment and in online delivery services.

The index has a base date of May 30, 2014 with an initial value of 1,000.

The index is currently available in the following versions:

- Net Total Return (Bloomberg Ticker: IUFTI)

## 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 in the United States.
- A minimum total market capitalization of \$500 million.
- A 6-month average daily turnover greater than or equal to \$2 million.
- 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

### 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 food technology as being comprised of the following sub-themes:

Food distribution	Companies providing online food delivery. This also includes food aggregators, companies that let you order food from a wide range of restaurants/eateries.
New age food	Companies that are working towards food that's healthier, allergen-free, GMO-free, and organic. This also includes companies using technology to produce and sell ready-to-eat meal kits and frozen food. It also included companies producing lab synthesized/ plant-based meat.
Food equipment	Companies using/manufacturing innovative food equipment. This includes companies providing automated machinery or robotic solutions for the food industry. It excludes companies providing general food processing equipment.
Innovative food technology	Companies providing innovative solutions related to the food industry. It includes companies providing vending machine in workplaces and offering consumers healthier eating choices. It also includes companies providing precision agriculture solutions.

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

Food Retail	Food: Major Diversified	Food: Specialty/Candy
Industrial Machinery	Food: Meat/Fish/Dairy	Agricultural Commodities/Milling
Food Distributors	Beverages: Non- Alcoholic	Internet Software/Services
Catalog/Specialty Distribution	Restaurants	Internet Retail
Specialty Stores	Miscellaneous Commercial Services	

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

Companies are classified into one of the following three types based on revenue:

- Pure Play:**  
 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' companies. These companies are included in the 'Selection List' for the index.
- Quasi Play:**  
 Companies with diversified revenue streams that cumulatively generate at least 20% (but less than 50%) of their revenue from the above sub-themes are considered as 'Quasi-Play' companies. These companies are also included in the 'Selection List' for the index.
- Marginal:**  
 Companies with diversified revenue streams that generate less than 20% of their revenue from the above-mentioned sub-themes or that are relevant to the above-mentioned sub-themes are considered as 'marginal' companies. These companies are also included in the 'Selection List' for the index.

## 1.4 FINAL COMPOSITION

From the Selection List:

- All securities classified as "Pure Play", "Quasi Play" and "Marginal" constitute the final portfolio.

## 1.5 WEIGHTING

The index is weighted as follows:

- 50% weight is allocated to "Pure Play" classification. All securities within the "Pure Play" classification are equally weighted.
- The remaining weight is equally distributed among the "Quasi Play" and "Marginal" securities.
- In case the total number of "Pure Play" securities is less than 10, then, each "Pure Play" security is weighted at 4.9%. The remaining weight is equally distributed among the "Quasi Play" and "Marginal" securities. In case, the weight assigned to "Quasi Play" and "Marginal" exceeds that of "Pure Play", each "Quasi Play" and "Marginal" is weighed at 4.9% each and the remaining weight is equally distributed among the "Pure Play" companies.

## 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 new index member 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 new index member list

## 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 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.

## 1.11 IPO REVIEW

- To effectively capture IPOs, the index constituents will be reviewed on a quarterly basis in February, August and November 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 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 (six trading days prior) prior to the Review Effective Day. The new addition's Index Shares will be frozen using weights as of this day.

## 1.12 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:

Section	Previous Value	New Value	Effective Date (close)
1.3		An industry 'Specialty Stores' has been added to the list of FactSet Industries.	June 4, 2020
1.8		The 'Index Publisher' section has been added to the methodology.	July 10, 2020
1.9		The 'Index Editor' section has been added to the methodology.	July 10, 2020
1.3		An industry 'Miscellaneous Commercial Services' has been added to the list of FactSet Industries.	May 10, 2022



### 3. DISCLAIMER

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