

Indxx Global Education Thematic Index

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, as well as early childhood education, higher education and professional education.

Creation of Master list

Investable Universe

- The security should have its primary listing in developed and emerging markets exchanges as defined by as defined in our 'Country Classification and Investability Requirements' document (link [here](#)).
- Companies must have minimum market capitalization of \$100 million and a 6-month average daily turnover of at least \$2 million.
- The stock 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 (e.g., 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.

Free Float

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

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 would remain in the universe irrespective of their stock price.

Security Type

- Common Stock, ADR, GDR, REIT

Share Classes

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

1. If an ADR of the company exists, it is given preference over all other share classes.
2. In all other cases, the most liquid share class is considered for inclusion in the portfolio.

Security Selection

Extensive research is undertaken with a focus on identifying the industries and business segments that facilitate education. As of July 2017, Indxx has identified the following industries to be the most relevant to the education theme:

Sub-theme	Description
Educational Content/ Publishing	Developing, providing and publishing educational content
Online Learning	Online learning tools, MOOCs (Massive Open Online Courses), accredited online courses, recognized educational degrees, educational games and training/ tutor services
Early Childhood Education	Early/pre-school education services, managing child care centers and related services
Higher and Professional Education	Operate high schools, colleges and higher learning institutions, provide campus-based courses, classroom-based tutoring services and companies providing professional education services and programs
Education Finance, Housing and Services	Provisioning and repayment of student loans and other education financial services, student housing REITs and companies providing Learning Management systems, and enrollment solutions

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

In order to identify companies related to the above sub-themes, companies belonging to the below list of Factset Industries are included in the Selection List:

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

Final Composition

- Companies that derive revenue greater than 50% from the above identified sub-themes are eligible for inclusion in the index. These are called the 'pure play' companies.

- The top 100 ‘pure-play’ education companies by market capitalization will form the final index. If fewer than 100 companies qualify to be eligible for inclusion, all the pure-play companies will be part of the final index.

Weighting

- Security-level market capitalization is considered for calculating weights.
- Initially, weights are assigned to each component based on their market capitalization.
- A single security cap of 10% is applied and the balance weight is proportionately distributed to the non-capped components.
- The aggregate weight of the securities with weight greater than 5% is capped at 45%. All remaining securities are capped at 4.75%.

Buffer Rules

Buffer Rules are employed to reduce Portfolio Turnover. If an existing index constituent fulfils all the other criteria for universe creation, except market capitalization or liquidity, the following buffer rules apply:

Market Capitalization

The constituent shall continue to be included in the universe, if its market capitalization is greater than or equal to 80% of the previously defined market capitalization limit.

Liquidity

The constituent shall continue to be included in the universe if its 6-month ADTV is greater than or equal to 70% of the previously defined liquidity limit.

Continued Representation in the Portfolio

Additionally, an existing index constituent shall continue to remain in the index if it is part of top 120 companies by market cap, even if it isn’t a part of the top 100 constituents.

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 April each year. This day is called the ‘Effective day’.
- The security selection and portfolio creation process starts at the close of the nearest Friday falling at least one month before the effective day, called the ‘Selection Day.’ The selection list is created using the data as of the Selection Day.
- Weights are calculated at the close of the seventh trading day prior to the Effective Day. Index Shares are frozen using weights as of this day.

Corporate Actions

Indxx standard Corporate Actions for market cap weighted indices apply. The corporate action guidebook is present in the Announcements section of our website, under ‘Index Documents’

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