

## Indxx USA Cloud Computing Index

### Index Description

The Indxx USA Cloud Computing Index is a Net Total Return Index which is designed to track the performance of the companies listed on the US exchanges that are actively trading in the cloud computing Industry.

### Creation of Master list

#### Universe

To be eligible for inclusion in the universe,

- The security must be listed on US exchanges.
- The security must have a minimum market capitalization of \$500 million and a 6-month average daily turnover of at least \$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 (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 securities 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 universe. 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

### Share Classes

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

1. The most liquid share class is considered for inclusion in the portfolio.

### Security Selection

Extensive research is undertaken with focus on identifying the industries and segments that would be positively impacted by cloud computing. Indxx has identified the following segments to be the most relevant to the cloud computing. Each company is further researched to establish whether they are engaged in the businesses listed below:

- Infrastructure as a service
- Platform as a service
- Software as a service.

To identify companies related to the above sub-themes, companies belonging to the below list of FactSet RBICS Industries (Level 2) are included in the Selection List:

Software Consulting
---------------------

Hardware
----------

## Final Composition

---

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

## Weighting

---

This index is a free float adjusted market capitalization weighted index with a single security cap of 5%. The excess weights are re-distributed proportionately to the remaining securities.

## 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.

## 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 March each year.
- The security selection and index creation process starts on the close of 17<sup>th</sup> trading day prior to the effective day. This day is 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 sixth trading day prior to the Effective Day. Index Shares are frozen using weights as of this day.

## Corporate Actions

---

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