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# INDXX USA CLOUD COMPUTING INDEX METHODOLOGY

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# 1. INDXX USA CLOUD COMPUTING INDEX

## 1.1 INDEX DESCRIPTION

The Indxx USA Cloud Computing Index is designed to track the performance of companies that are actively trading in the cloud computing industry.

The index has a base date of March 31, 2014 with an initial value of 1,000.

The index is currently available in the following versions:
- Net Total Return (Bloomberg Ticker: MTFCCUNT)

## 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 on US stock exchanges.
- A minimum market capitalization of $500 million.
- A 6-month average daily turnover greater than or equal to $2 million.
- Traded for at least 90% of the total trading days over the last 6 months on their respective stock exchanges, and at least 90% of the total trading days over the last 3 months for an Initial Public Offering ("IPO") security.

### 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 universe. This rule is not applicable for existing constituents. Existing constituents shall remain in the 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

If multiple share classes exist for a company, the most liquid share class is considered for inclusion in the portfolio.

## 1.3 SECURITY SELECTION PROCESS

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

| | |
|---|---|
| Infrastructure as a service | Companies that provide virtualized computing resources over the internet & the companies that host the infrastructure components. These services include shared resources like shared storage, shared servers, storage pool etc. |
| Platform as a service | Companies that provide hardware & software tools which are needed for the application development to users over the internet. The companies can build & supplies a resilient & optimized environment on which users can install applications & data sets. |
| Software as a service | Companies that are involved in licensing & delivering of software and distribution model that delivers software applications over the internet. These applications are often called as web services. |

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

| Computer Communications | Computer Processing Hardware | Data Processing Services |
|---|---|---|
| Electronic Components | Electronic Equipment/Instruments | Electronics Distributors |
| Financial Publishing/Services | Information Technology Services | Internet Software/Services |
| Packaged Software | Recreational Products | |

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

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 as follows:

- Components are weighted based on their security-level free float market capitalization.
- A single security cap of 5% is applied.

## 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.

### 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.

## 1.7 INDEX CALCULATOR

The calculator of this index is Solactive AG**.**

## 1.8 INDEX PUBLISHER

This index is published by Indxx**.**

## 1.9 INDEX EDITOR

This 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 March each year. This day is called the 'Effective Day.'
- The security selection and portfolio creation process start on the close of 17th trading day prior to 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 sixth trading day prior to the Effective Day. Index Shares are frozen using weights as of this day.

## 1.11 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'.

# 2. DISCLAIMER

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