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INDXX US JUNIOR CYBERSECURITY INDEX METHODOLOGY

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1. INDXX US JUNIOR CYBERSECURITY INDEX

1.1 INDEX DESCRIPTION

The Indxx US Junior Cybersecurity Index is designed to track the performance of the companies that have a primary listing in the US and are actively trading in the cybersecurity space.

The index has a base date of June 23, 2015 with an initial value of 1,000.

The index is currently available in the following version:

- Net Total Return (Bloomberg Ticker: IUSCYBER)

1.2 CREATION OF MASTER LIST

1.2.1 Initial Universe

To be eligible for inclusion in the Initial Universe, securities must have:

- Their primary listing in US stock exchanges.
- A minimum market capitalization of \$500 million and a maximum market capitalization of \$3 billion.
- 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 the cybersecurity space as being comprised of the following sub-themes:

Network Security software or hardware providers	These companies provide either software, hardware or module to make the network/computer systems more secure.
Data storage infrastructure providers	These companies work in providing secure data storage infrastructure like data centers.
Communication security software or hardware providers	These companies provide secured communication devices and softwares for defense or enterprise purposes

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

Packaged Software	Electronic Equipment/Instruments	Major Telecommunications
Information Technology Services	Internet Software/Services	Engineering & Construction
Aerospace & Defense	Computer Communications	Telecommunications Equipment
Specialty Telecommunications	Computer Processing Hardware	

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 types based on revenue:

- **Pure Play:**
Companies from the Master List that derive revenue greater than or equal to 50% from the above sub-themes are considered as 'pure-play' cybersecurity companies. These companies are included in the 'Selection List' for the index.
- **Quasi Play:**
Companies that generate revenue greater than 0% but less than 50% or companies that have either products or services related to cybersecurity are considered as 'quasi-play' cybersecurity companies. These companies are also included in the 'Selection List' for the index.

1.4 FINAL COMPOSITION

From the Selection List:

- The top 50 'pure-play' companies by market capitalization will form the final index.
- If fewer than 50 pure-play companies are eligible for inclusion, the index includes quasi-play companies (based on market capitalization) until the total index component count reaches 50.

1.5 WEIGHTING

The index is weighted as follows:

- Components are allotted equal weights.

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 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 to the Effective Day. Index Shares are frozen using weights as of this day.

1.8 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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