

November 2020

INDXX CYBERSECURITY INDEX METHODOLOGY

CONTENTS

1.	INDXX CYBERSECURITY INDEX.....	2
1.1	INDEX DESCRIPTION	2
1.2	CREATION OF MASTER LIST	2
1.2.1	Initial Universe	2
1.2.2	Free Float	3
1.2.3	Maximum Price	3
1.2.4	Security Type.....	3
1.2.5	Share Classes	3
1.3	SECURITY SELECTION PROCESS	3
1.4	FINAL COMPOSITION	4
1.5	WEIGHTING	4
1.6	BUFFER RULES.....	4
1.6.1	Market Capitalization	4
1.6.2	Liquidity	4
1.7	RECONSTITUTION AND REBALANCING RULES.....	5
1.8	CORPORATE ACTIONS	5
2.	APPENDIX.....	6
2.1	METHODOLOGY CHANGES	6
3.	DISCLAIMER	7

1. INDXX CYBERSECURITY INDEX

1.1 INDEX DESCRIPTION

The Indxx Cybersecurity Index is designed to track the performance of companies that operate in the cybersecurity industry.

The index has a base date of September 13, 2019 with an initial value of 1,000.

The index is currently available in the following versions:

- Total Return
- Price Return
- Net Total Return

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 either Developed or Emerging Markets, excluding India. Developed and Emerging Markets are defined by Indxx in its 'Country Classification and Investability Requirements' document.
- A minimum total market capitalization of \$200 million.
- A 6-month average daily turnover greater than or equal to \$2 million.
 - In case of a Significant IPO, a security must have an average daily turnover greater than or equal to \$2 million since the IPO launch date.
- 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), to be considered for inclusion, in case of Significant IPOs, the IPO must have been listed at least 10 calendar days prior to the 'Selection Date', and in the case of other IPOs, 3 calendar months prior to the 'Selection Day'.
 - Additionally, unless the security is a Significant IPO, the security must have traded on 90% of the eligible trading days for the 3 months preceding the 'Selection Day' (this requirement shall not apply to Significant IPOs).
 - An IPO is considered to be a "Significant IPO" if its company level total market capitalization is greater than the company level total market capitalization of at least 50% of the on-going index constituents as of previous 'Reconstitution Selection Day'.

1.2.2 Free Float

All securities must meet one of the following criteria

- A minimum free float equivalent to 10% of shares outstanding (or)
- A minimum free float market capitalization of \$1 billion.

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
- GDR

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 cybersecurity as the following:

“Cybersecurity activities comprise the development and management of security protocols preventing intrusion and attacks to systems, networks, applications, computers, and mobile devices.”

The theme is comprised of companies in the following FactSet Industries:

Telecommunications Equipment	Packaged Software	Internet Software/Services
Major Telecommunications	Computer Communications	Aerospace & Defense
Wireless Telecommunications	Specialty Telecommunications	Data Processing Services
Information Technology Services	Miscellaneous Commercial Services	

The industries identified through this research-based approach are subject to change at the May semi-annual reconstitution.

In order to qualify for inclusion in the index, a company must derive revenue greater than or equal to 50% of its revenues from cybersecurity activities. These companies are considered as ‘Cybersecurity companies’ and are included in the ‘Selection List’ for the index.

1.4 FINAL COMPOSITION

From the Selection List:

- The top 40 'Cybersecurity companies' ranked by market capitalization will form the final index.
- If there are fewer than 40 'Cybersecurity companies' in the Selection List, all the 'Cybersecurity companies' are included.

1.5 WEIGHTING

The index is weighted as follows:

- Constituents are weighted based on their security-level market capitalization.
- A single security cap of 6.00% is applied and the excess weight is redistributed proportionately over the remaining securities.
- A single security floor of 0.3% is applied, the excess weight is derived proportionately from the uncapped securities.
- The aggregate weight of all securities with weight greater than 5% is capped at 40%. All remaining securities are capped at 4.5% and the excess weight is distributed proportionately amongst the uncapped securities.

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 investible universe.

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 investible universe.

1.7 RECONSTITUTION AND REBALANCING RULES

- The index follows a semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective on the close of business on the second Friday of May and November 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.

1.8 CORPORATE ACTIONS

The corporate action guidebook is present in the Announcements section of our website, under 'Index Documents'.

2 APPENDIX

2.1 METHODOLOGY CHANGES

Methodology changes since November 2020 are as follows:

Section	Previous Value	New Value	Effective Date (close)
1.2.1	<ul style="list-style-type: none"> · A 6-month average daily turnover greater than or equal to \$2 million. • For new IPOs, a 3-month average daily turnover greater than or equal to \$2 million. 	<ul style="list-style-type: none"> · A 6-month average daily turnover greater than or equal to \$2 million • In case of a Significant IPO, a security must have an average daily turnover greater than or equal to \$2 million since the IPO launch date. 	Nov 30, 2020
	<ul style="list-style-type: none"> · 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 (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. 	<ul style="list-style-type: none"> · 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), to be considered for inclusion, in case of Significant IPOs, the IPO must have been listed at least 10 calendar days prior to the 'Selection Date', and in the case of other IPOs, 3 calendar months prior to the 'Selection Day'. • Additionally, unless the security is a Significant IPO, the security must have traded on 90% of the eligible trading days for the 3 months preceding the 'Selection Day' (this requirement shall not apply to Significant IPOs). • An IPO is considered to be a "Significant IPO" if its company level total market capitalization is greater than the company level total market capitalization of at least 50% of the on-going index constituents as of previous 'Reconstitution Selection Day'. 	

3 DISCLAIMER

This methodology document and all information contained herein including, without limitation, all text, data, graphs, charts, visuals and theory (collectively, the “information”), were created by and is the sole property of Indxx, LLC. Redistribution, reproduction and/or photocopying of this document in whole or part is prohibited without written permission from Indxx. All information in this document provided by Indxx is impersonal and not tailored to the needs of any person, entity or group. None of the information constitutes an attempt at an offer to sell (or an attempt of an offer to buy), or a promotion or recommendation of, any security, product, investment vehicle or any trading strategy, and Indxx does not endorse, approve or otherwise express any opinion regarding any issuer, security, financial product, instrument, or trading strategy. None of the information, Indxx indices, models, other products or services contained herein is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and should not be relied on as such. A decision to invest in any investment fund or other vehicle should not be made based solely on information or statements contained in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks, fees and expenses associated with investing, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Historical data, analysis and performance of Indxx indices should not be taken as an indication or guarantee of any future performance. Indxx does not guarantee the accuracy and/or completeness of any Indxx index, any data included herein, or any data from which it is based, and Indxx shall have no liability for any errors, omissions, or interruptions therein. All information in these materials is provided “as is” and the content may change without notice.

For more information on the index, please email info@indxx.com.
Learn more at www.indxx.com.