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INDXX US EGAMING & VIRTUAL REALITY INDEX METHODOLOGY

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1. INDXX US EGAMING & VIRTUAL REALITY INDEX

1.1 INDEX DESCRIPTION

The Indxx US eGaming & Virtual Reality Index is designed to track the performance of companies listed in the United States that are associated with the Virtual Reality, Augmented Reality and Online Gaming industry.

The index has a base date of April 30, 2014 with an initial value of 1,000.

The index is currently available in the following versions:

- Net Total Return (Bloomberg Ticker: IUSEGVR)

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 eGaming and virtual reality as being comprised of the following sub-themes:

Online Gaming	Companies that are primarily engaged in the development of video games, app games, electronic games or providing platform / hardware associated with online gaming. However, companies operating in the gambling and casino business are not a part of the theme.
Virtual Reality	Companies developing hardware that support VR or providing VR applications for both consumer and enterprise interactions.
Augmented Reality	Companies developing hardware that support AR or providing AR applications for both consumer and enterprise interactions.

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

Recreational Products	Semiconductors	Internet Software/Services
Packaged Software	Casinos/Gaming	Electronics/Appliances
Advertising/Marketing Services	Computer Peripherals	Telecommunications Equipment
Industrial Machinery	Computer Processing Hardware	Electronic Equipment/Instruments
Electronic Production Equipment	Movies/Entertainment	Electrical Products
Information Technology Services	Engineering & Construction	Electronic Components

Companies are classified into one of the following two 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' eGaming and virtual reality 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 eGaming and virtual reality are considered as 'quasi-play' eGaming and virtual reality companies. These companies are also included in the 'Selection List' for the index.

1.4 FINAL COMPOSITION

From the Selection List:

- Both the 'pure-play' and 'quasi-play' will form the final index.

1.5 WEIGHTING

The index is equally weighted at the time of reconstitution.

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 April 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 equal 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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