



INDEX METHODOLOGY

## ISE CYBER SECURITY UCITS INDEX™

### HUR

#### INDEX DESCRIPTION

The ISE Cyber Security UCITS Index is designed to provide exposure to companies actively involved in providing cyber security technology and services.

#### SECURITY ELIGIBILITY CRITERIA

##### Security Universe

The ISE Cyber Security UCITS Index (HUR) consists of a selection of securities from the ISE Cyber Security Index (HXR) as of the Reconstitution Reference Date. Refer to the HXR methodology for further information.

##### Eligible exchanges

Securities must be listed on selected exchanges. For the list of the eligible exchanges refer to Appendix A: Eligible Exchanges.

##### Liquidity eligibility

A security not in the Index as of the Index Reconstitution Reference Date must have a minimum trailing three-month average daily traded value (ADDTV) of \$1 million (USD) and have a minimum trailing five-day ADDTV over the last 60 trading days of \$750 thousand (USD). A security in the Index as of the Index Reconstitution Reference Date must have a minimum trailing three-month ADDTV of \$1 million (USD) for the three months prior to the Index Reconstitution Reference Date.

##### ESG eligibility

A security's issuer must not be positively identified by Sustainalytics as exhibiting any of the following characteristics. Wherein data is unavailable for any security for a given field from Sustainalytics, the security is excluded from inclusion.

- Highest Controversy Level - Answer Category of 5
- Non-compliance of the United Nations Global Compact
- Involvement of certain degrees in controversial weapons, civilian firearms, small arms, military contracting, tobacco products, thermal coal, oil sands, shale energy, arctic oil and gas extractions, thermal coal, oil and gas, nuclear power generations, oil and gas production and services, as described in Appendix B.

### **Other eligibility**

If, at Index Reconstitution, Nasdaq becomes aware that an issuer or security will soon undergo a fundamental change that makes it ineligible, Nasdaq may remove the security from consideration. This includes events such as filing bankruptcy or similar protection from creditors, delisting or other arrangement including mergers or acquisitions.

Generally, a security in the Index as of the Reconstitution Reference Date that would become ineligible soon after the Index Reconstitution Effective Date or a security not in the Index as of the Index Reconstitution Reference Date would be removed from consideration.

## **INDEX CALENDAR**

### **Reconstitution schedule**

Nasdaq selects constituents quarterly in January, April, July and October, according to Constituent Selection below.

### **Reconstitution reference dates**

The Index Reconstitution is conducted using available data as of the end of November, February, May and August, respectively.

### **Reconstitution announcement dates**

Index Reconstitutions are announced approximately five (5) business days prior to the effective date.

### **Reconstitution effective dates**

Index Reconstitutions become effective at market open on the trading day after the third Friday in January, April, July and October, respectively.

### **Rebalance schedule**

The Index is rebalanced quarterly in January, April, July and October, according to Constituent Weighting below.

## **Rebalance reference dates**

The Index Rebalance uses available data as of the prior month-end (December, March, June and September, respectively).

## **Rebalance announcement dates**

Index Rebalance changes are announced approximately five (5) business days prior to the effective date of quarterly changes.

## **Rebalance effective dates**

Index Rebalance changes become effective at market open on the trading day after the third Friday in January, April, July and October, respectively.

# **CONSTITUENT SELECTION**

## **Constituent selection process**

All securities that meet the applicable Security Eligibility Criteria are included in the Index.

The Index shall contain a minimum of 24 securities.

# **CONSTITUENT WEIGHTING**

## **Constituent weighting scheme**

The Index is a modified equal-weighted index.

## **Constituent weighting process**

The Index employs a repeated two-stage, two-level weight adjustment scheme.

The Classification Committee assigns Index Securities to Sector Classification groups according to the **Industry Classification Methodology Guide - ISE Cyber Security® Industry Classification**.

Sector Classification weights are determined by dividing the aggregate free float market capitalization of all Index Securities within each Sector Classification by the aggregate free float market capitalization of all Index Securities. Within these Sector Classification groups weighted by free float market capitalization, initial Index Security weights are equal.

### **Stage 1**

Initial Index weights are adjusted within each Sector Classification to meet the following constraints, producing the Stage 1 weights:

- No Index Security weight may exceed 25% of the ratio between the Index Security’s three-month ADDTV and \$25 million (USD).
- Based on the USPY LN ETF or a theoretical index-tracking fund (collectively referred to as “the fund”), no Index Security weight may exceed 7.5% of the ratio between the Index Security’s free float market capitalization and 110% of the fund’s assets in USD.
- No Index Security weight may exceed 10% of the Index.
- The aggregate weight of Index Securities whose weights exceed 5% of the Index may not exceed 40%.
- Sector Classification weights are only adjusted if security-level constraints necessitate.

## Stage 2

The Index weights set in the previous stage are adjusted within each Sector Classification to meet the following constraints, producing the final weights:

- The weight of any Index Security whose previous stage Index weight is less than or equal to 0.50% is set to 0% (i.e. removed from the Index).
- The weight of any Index Security whose initial weight is below 5% and whose previous stage index weight is greater than or equal to 5% is set to 4.75%.
- No Index Security weight may exceed 25% of the ratio between the Index Security’s three-month ADDTV and \$25 million (USD).
- Based on the USPY LN ETF or a theoretical index-tracking fund (collectively referred to as “the fund”), no Index Security weight may exceed 7.5% of the ratio between the Index Security’s free float market capitalization and 110% of the fund’s assets in USD.
- No Index Security weight may exceed 10% of the Index.
- The aggregate weight of Index Securities whose weights exceed 5% of the Index may not exceed 40%.
- Sector Classification weights are only adjusted if security-level constraints necessitate.

Stage 2 is repeated until all weight restrictions are satisfied.

For additional information about index weighting, refer to the **Nasdaq Index Weight Calculations**.

## INDEX MAINTENANCE

### Deletion policy

If, at any time other than an Index Reconstitution, Nasdaq becomes aware that an Index Security has become ineligible for continued inclusion, it is removed from the Index as soon as practicable. This includes events such as filing bankruptcy or similar protection from creditors, delisting or other arrangement including mergers and acquisitions. Refer to the Corporate Actions and Events Manual – Equities for further information.

### Replacement policy

Index Securities are not replaced between Index Reconstitutions.

## **Addition policy**

Index Securities are not added between Index Reconstitutions.

## **Corporate actions**

Information on corporate actions and events handling can be found in the **Corporate Actions and Events Manual – Equities**, which is incorporated herein by reference.

In certain cases, corporate actions and events are handled according to the weighting scheme or other index construction techniques employed. Wherever alternate methods are described, the Index will follow the “Non-Market Cap Corporate Action Method.”

## **Index share adjustments**

Other than as a direct result of corporate actions, the Index does not normally experience share adjustments between scheduled index rebalance and reconstitution.

## APPENDIX A: ELIGIBLE EXCHANGES

Country	Name
AUSTRALIA	ASX - ALL MARKETS
AUSTRIA	WIENER BOERSE AG
BRAZIL	BM&FBOVESPA S.A. - BOLSA DE VALORES, MERCADORIAS E FUTUROS
CANADA	TORONTO STOCK EXCHANGE
CHILE	SANTIAGO STOCK EXCHANGE
COLOMBIA	BOLSA DE VALORES DE COLOMBIA
FRANCE	EURONEXT - EURONEXT PARIS
GERMANY	DEUTSCHE BOERSE AG
GREECE	ATHENS STOCK EXCHANGE
HONG KONG	HONG KONG EXCHANGES AND CLEARING LTD
HUNGARY	BUDAPEST STOCK EXCHANGE
INDONESIA	INDONESIA STOCK EXCHANGE
IRELAND	IRISH STOCK EXCHANGE - ALL MARKET
ISRAEL	TEL AVIV STOCK EXCHANGE
ITALY	BORSA ITALIANA S.P.A.
JAPAN	JAPAN EXCHANGE GROUP
KOREA, REPUBLIC OF	KOREA EXCHANGE (STOCK MARKET)
MALAYSIA	BURSA MALAYSIA
MEXICO	BOLSA MEXICANA DE VALORES (MEXICAN STOCK EXCHANGE)
NEW ZEALAND	NEW ZEALAND EXCHANGE LTD
NORWAY	OSLO BORS ASA
PERU	BOLSA DE VALORES DE LIMA
PHILIPPINES	PHILIPPINE STOCK EXCHANGE, INC.
RUSSIA	MOSCOW EXCHANGE - ALL MARKETS
SINGAPORE	SINGAPORE EXCHANGE
SOUTH AFRICA	JOHANNESBURG STOCK EXCHANGE
SPAIN	BME - BOLSAS Y MERCADOS ESPANOLES
SWEDEN	NASDAQ STOCKHOLM AB
SWITZERLAND	SIX SWISS EXCHANGE
THAILAND	STOCK EXCHANGE OF THAILAND
TURKEY	BORSA ISTANBUL
UNITED KINGDOM	LONDON STOCK EXCHANGE
UNITED STATES OF AMERICA	NEW YORK STOCK EXCHANGE, INC.
UNITED STATES OF AMERICA	NASDAQ - ALL MARKETS

## APPENDIX B: PROHIBITED AREAS OF INVOLVEMENT

Companies positively identified by Sustainalytics as being involved in the areas described below are excluded from consideration in the Index. Wherein data is unavailable for any security for a given field from Sustainalytics, the security is excluded from inclusion.

As defined by the Sustainalytics Product Involvement Research Methodology as of November 2021: "if a company holds a majority stake (i.e. more than 50%) of another company that is considered directly involved, the parent company is considered involved in the same category of involvement as the subsidiary. In these cases, we associate relevant revenues of the involved subsidiary attributed to the parent following the exact revenues methodology."

- Controversial weapons – Significant ownership in or any involvement in tailor-made or essential, or non-tailor-made or non-essential weapons
- Small arms to civilian customers – At least five percent of revenue from assault or non-assault small arms to civilian customers
- Small arms to retail/distribution - At least five percent of revenue from assault or non-assault small arms to retail/distribution
- Small arms to military/law enforcement - At least five percent of revenue from small arms to military/law enforcement customers
- Small arms key components - At least five percent of revenue from small arms key components
- Military contracting – At least five percent of revenue from weapons, weapon-related products, or services for military contracting
- Tobacco products – at least five percent of revenue from production, related products/services or retail
- Thermal coal extraction – at least five percent revenue from extraction in thermal coal
- Oil sands – At least five percent revenue from extraction in oil sands; or oil sands extraction capacity increased in the last twelve months
- Arctic oil – At least five percent revenue from arctic oil and gas exploration
- Shale energy – At least five percent revenue from extraction in shale energy
- Thermal coal power generation – at least five percent revenue from thermal coal power generation; or thermal coal power generation capacity increased in the last twelve months
- Nuclear power generation – At least five percent revenue from nuclear production, supporting products, or distribution; or nuclear production capacity increased in the last twelve months
- Oil and gas power generation - oil and gas generation capacity increased in the last twelve months
- Conventional oil and gas – at least five percent revenue from oil and gas production, supporting products/services, or generation.

## ADDITIONAL INFORMATION

### Announcements

Nasdaq announces Index-related information via the Nasdaq Global Index Watch (GIW) website at <http://indexes.nasdaq.com>.

For more information on the general Index Announcement procedures, refer to the **Nasdaq Index Methodology Guide**.

### Holiday schedules

The Index is calculated Monday through Friday and does not close for holidays, as it is a Global Index.

### Unexpected market closures

For information on Unexpected Market Closures, refer to the **Nasdaq Index Methodology Guide**.

## **Calculation types**

For information on the Index calculation types as well as the mathematical approach used to calculate the Index(es), refer to the **Calculation Manual – Equities and Commodities**.

## **Recalculation and restatement policy**

For information on the Recalculation and Restatement Policy, refer to the **Nasdaq Index Recalculation Policy**.

## **Data sources**

For information on data sources, refer to the **Nasdaq Index Methodology Guide**.

## **Contact information**

For any questions regarding an Index, contact the Nasdaq Index Client Services team at [indexservices@nasdaq.com](mailto:indexservices@nasdaq.com).

## **Index dissemination**

Index values and weightings information are available through Nasdaq Global Index Watch (GIW) website at <https://indexes.nasdaq.com/> as well as the Nasdaq Global Index FlexFile Delivery Service (GIFFD) and Global Index Dissemination Services (GIDS). Similar to the GIDS offerings, Genium Consolidated Feed (GCF) provides real-time Index values and weightings for the Nordic Indexes.

For more detailed information regarding Index Dissemination, refer to the **Nasdaq Index Methodology Guide**.

## **Index calculation and dissemination schedule**

The Index is calculated five (5) days a week, Monday through Friday, starting by the earliest time zone, Asia/Tokyo, and close by the latest time zone, America/New York, and is disseminated once per second.

## **Website**

For further information, refer to Nasdaq GIW website at <https://indexes.nasdaq.com/>.

## **FTP and dissemination service**

Index values and weightings are available via FTP on the Nasdaq Global Indexes FlexFile Delivery Service (GIFFD). Index values are available via Nasdaq's Global Index Dissemination Services (GIDS).



## GOVERNANCE

### Index governance

All Nasdaq Indexes are managed by the governance committee structure and have transparent governance, oversight, and accountability procedures for the index determination process. For further details on the Index Methodology and Governance overlay, refer to the **Nasdaq Index Methodology Guide**.

### Nasdaq Index Management Committee

The Nasdaq Index Management Committee is responsible for the overall oversight of activities related to the development, issuance, and operation of Nasdaq Indexes. The Committee reviews and approves all new Index Methodologies as well as updates to existing methodologies. For a detailed overview of the Index Management Committee, refer to the **Nasdaq Index Methodology Guide**.

### Nasdaq U.S. Oversight Committee

The U.S. Oversight Committee is responsible for the oversight of the overall Benchmark determination process and is responsible for the overall governance of the U.S.-based Index business including review and approval of the control framework, certain policies and procedures, certain methodologies and methodology changes and other Index management oversight.

For a detailed overview of the U.S. Oversight Committee, refer to the **Nasdaq Index Methodology Guide**.

### Internal reviews of methodology

All new methodologies or updates to existing methodologies must be reviewed by the Index Management Committee. Additionally, all in-scope Index methodologies are subject to an annual review by the Index Management Committee and U.S. Oversight Committee. For a detailed description on internal reviews of the Methodology, refer to the **Nasdaq Index Methodology Guide**.

### Communication with stakeholders and consultations

In certain circumstances, Nasdaq will seek feedback from clients and market participants via consultations. For a detailed description on Consultations and Communications with Stakeholders, refer to the **Nasdaq Index Methodology Guide**.

### Index cessation

Nasdaq has a documented procedure that is followed for Index Cessation that includes termination/retirement of an Index or Index Family. For more information, refer to the **Nasdaq Index Cessation Policy**.

## Discretionary adjustment

This Index Methodology was created by Nasdaq to achieve the aforementioned objective of measuring the underlying purpose of each Index governed by this methodology document. Any deviations from this methodology are made in the sole judgment and discretion of Nasdaq so that the Index continues to achieve its objective.

For more information on potential adjustments including Calculation and Pricing Disruptions, Expert Judgment, and Unexpected Reconstitution/Rebalances, Refer to the **Nasdaq Index Methodology Guide**.

## GLOSSARY OF TERMS AS USED IN THIS DOCUMENT

For the glossary of key terms, refer to the **Nasdaq Index Methodology Guide**.

## DISCLAIMER

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity, including but not limited to, quantitative inclusion criteria. Nasdaq may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. Nasdaq does not guarantee that any Index accurately reflects future market performance.

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