



Equity Cash Index Methodology

Foxberry Ltd
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1 Introduction

1.1 Cash equity indices

1.1.1 Overview

Cash Equity is an informal type of security classification, that include securities types that are equity and/or equity like in nature, e.g.: (i) stock (including but not limited to common shares/ordinary shares, foreign shares, stapled securities, tracking stock, MLPs); (ii) preferred shares; (iii) depositary receipts (including but not limited to ADRs and GDRs) (iv) ETFs; (v) fund units; (vi) investment trusts (including but not limited to REITs); *and* (vii) rights.

A **Cash Equity Index** is an index that consists of a basket of Cash Equities, the composition of which potentially changes periodically.

1.1.2 Objective

The objective of such an Index is that, under certain assumptions and over time to broadly track the performance of the rotating basket of such securities, subject to potential differences due to e.g. dividend treatment, corporate actions treatment and other ongoing adjustments.

The Index Rules may contain an objective more specific to the relevant Index.

1.1.3 Dividend treatment

The treatment of dividends can be used to categorise an Index:

- A **Gross Total Return Index** tracks the performance of the Cash Equities with reinvestment of dividends without any deduction due from dividend tax.
- A **Net Total Return Index** tracks the performance of the Cash Equities with reinvestment of dividends after the deduction of a specified Dividend Tax.
- A **Price Return Index** tracks the performance of the Cash Equities without the reinvestment of dividends. A **Price Return Index** tracks

the performance of the Cash Equities without the reinvestment of dividends.

The methodology dealing with corporate actions (the “**Corporate Actions Methodology**”) determines whether dividends are reinvested in the specific name paying the dividend as is the case in a “**Standard Index**”, or in each of the Constituents as is the case in a “**Divisor Index**”.

1.2 This document

1.2.1 Purpose

This document comprises Foxberry’s Cash Equity index methodology (the “**Equity Cash Index Methodology**”), which forms part of the documentation of certain Cash Equity Indices (each an “**Index**”).

1.2.2 Related documentation

This document should be read in conjunction with the following documents (together the “**Index Documentation**”):

- the specific “**Index Rules**” of the relevant Index.
- the “**Index Correction Policy & Procedures**”, which is available on [Foxberry’s website](#).
- the “**Index Amendment Policy & Procedures**”, which is available on [Foxberry’s website](#).
- the “**Solactive Equity Index Methodology**”, available on [Solactive’s website](#).
- Other policies and procedures available on the governance section of Foxberry’s [website](#).

1.2.3 Structure

This document covers amongst other things:

- details on the Index Administrator is detailed in section 1.3
- the calculation methodology of the Index, as detailed in section 2.3.
- the governance of the Index, is detailed in chapter 3 and includes the treatment of corrections in 2.5 and amendments in 2.6.

1.2.4 Ownership

The Equity Cash Index Methodology is owned by the Index Committee.

1.2.5 Amendments

Any amendments to the Equity Cash Index Methodology needs to be approved by the Index Committee, in accordance with section 2.6.

1.3 Index Administrator

1.3.1 Identity

Foxberry Ltd (“**Foxberry**”, “**we**”, “**us**”, “**our**”) is the Index owner (the “**Index Owner**”) and the Index administrator (the “**Index Administrator**”) of the Index.

Foxberry Ltd is incorporated in England and Wales (number 09278597), with its registered office address at Level 39, One Canada Square, Canary Wharf, London, E14 5AB, United Kingdom.

Foxberry’s website is available at: <https://www.foxberry.com>.

1.3.2 Regulatory status

Foxberry Ltd is authorised and regulated by the Financial Conduct Authority (number 677250) and registered as a benchmark administrator under the EU benchmark regulation (Regulation (EU) 2016/1011).

1.3.3 Index Administrator determinations

All determinations of the Index Administrator pursuant to the Index Rules in respect of the Index and interpretation of the Index Rules shall be final, conclusive and binding and no person shall be entitled to make any claim against the Index Administrator. The Index Administrator shall not: (i) be under any obligation to revise any determination or calculation made or action taken for any reason in connection with the Index Rules or an Index; *or* (ii) have any responsibility to any person (whether as a result of negligence or otherwise) for any determinations made or anything done (or omitted to be determined or done) in respect of any Index or in respect of the publication of any Index Level (or failure to publish such level) or any use to which any person may put the Index or the Index Levels.

1.4 Index Calculator

The Index Administrator or any affiliate, subsidiary or third party designated by it will act as calculation agent in connection with the Index (the

“**Index Calculator**”). The Index Administrator may contract or delegate any calculations or determinations to the Index Calculator. The identity of the Index Calculator is detailed for each Index in the relevant Index Rules. The Index Administrator may replace the Index Calculator in accordance with its policies and procedures.

2 Methodology

2.1 Introduction

The ordinary calculation of the Index Level of the Index can be separated into two steps:

1. Periodically (if applicable), the composition and weights of the Index is determined. This is detailed in section 2.2.
2. Using the current composition, the current Index Level is calculated in accordance with section 2.3 by
 - using prices for each of the Constituents;
 - adjusting for any specific corporate actions;
 - reinvesting dividends if applicable; *and*
 - deduct any ongoing adjustment if applicable;

Either of the above steps are subject to currency conversions if applicable.

Non-ordinary determinations and extraordinary events and events are covered in section 2.8.

2.2 Composition

2.2.1 Selection

The details of the selection process and determining the composition of the Index (each member of the composition being a “**Constituent**”) is detailed in the Index Rules.

2.2.2 Weighting

The details of the weighting process of each Constituent is detailed in the Index Rules.

2.3 Calculation of Index Levels

The Index Rules contains details on the specification of the Index:

- whether the Index is a Price Return Index, Gross Total Return Index or Net Total Return Index;
- the currency of the Index;
- whether the Index is subject to any ongoing adjustments; *and*
- whether the Index is a Standard Index or a Divisor Index.

Using this specification, details of the calculation of the Index can be found in the **Cash Calculation Methodology**, which (i) if the Index Calculator is Solactive AG, means the Solactive Equity Index Methodology. The Cash Calculation Methodology also describes the treatment of corporate actions. Unless specifically specified in the Index Rules, dividends for a Net Total Return Index are reinvested net of the **Dividend Tax** as specified in the “Withholding Tax Rates” matrix available on the website of the relevant Index Calculator.

2.4 Publication of Index Levels

Subject to the occurrence of a disrupted day, in respect of the Index, the Index Calculator shall calculate and publish (in a manner determined by the Index Administrator from time to time) the official closing index level of the Index (the “**Index Level**”) in respect of each business day of the Index (the “**Index Business Day**”). Such publication normally occurs no later than the following business day, but may be delayed due to operational complications including but not limited to: (i) the publication of an underlying data input is delayed; *and/or* (ii) the accuracy of an underlying data input is under dispute; *and/or* (iii) a determination of the Index Committee is required. For the convenience of its clients, indicative intraday levels of certain Indices may be published in real-time. Unless explicitly stated in the relevant license agreement, these intraday levels are not licensed for use in index linked products and the following uses of the such indicative intraday levels are specifically prohibited: (i) use of such level to determine the amount payable under a financial instrument or financial contract, or the value of a financial instrument; (ii) use of such level to measure the performance of an investment fund with the purpose of tracking the return of the such level; (iii) use of such level to define the asset allocation of a portfolio; *and* (iv) use of such level for computing performance fees.

2.5 Corrections

Corrections are covered in the Index Correction Policy & Procedures.

2.6 Amendments

Various factors, including external factors beyond the control of the Index Administrator, might necessitate material changes to an Index. The policies and procedures relating to such amendments are covered in the Index Amendment Policy & Procedures.

2.7 Cessation

Various factors, including external factors beyond the control of the Index Administrator, might necessitate the cessation of an Index. Any cessation of the Index would be overseen by the Index Committee in accordance with its relevant policies.

2.8 Extraordinary events

To the extent that an extraordinary event occurs which is not catered for in the Index Documentation, Expert Judgment may be necessary in accordance with section 2.9.

2.9 Expert judgment

“**Expert Judgment**” refers to the exercise of discretion by an Index Administrator with respect to the use of data in determining an Index. Expert Judgment includes extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data such as market events or impairment of a buyer or seller’s credit quality, or weighting firm bids or offers greater than a particular concluded transaction.

The Cash Calculation Methodology document contains the corresponding consequences for specific market disruption events that are relevant for the components underlying the respective Index. To the extent that a market event is not fully anticipated or addressed in the Cash Calculation Methodology, or any necessary data input is unavailable or considered by Foxberry to be unreliable for any reason, then Expert Judgment may be used in performing the relevant determination. Such Expert Judgment is subject to a oversight by the Index Committee, taking into account aims in section 3.1.2.

Expert Judgment may also be used by Foxberry in relation to corporate actions, limitations, suspensions or disruptions of trading in relevant

underlying instruments, unavailability or restatements of input data, corporate actions, unanticipated holidays or market closures, force majeure events and/or cases or circumstances in relation to which the Equity Cash Index Methodology is silent in order to appropriately reflect the commercial objective of the Index and market practice in relation to such events. Expert Judgment will be exercised (i) in good faith and in a commercially reasonable manner; (ii) to the extent practicable, reflecting the commercial objective of the relevant Index and market practice; *and* (iii) to the extent practicable, in a manner which promotes consistency in the exercise of Expert Judgment and the making of determinations in respect of the relevant Index and other Indices administered by Foxberry.

3 Governance

3.1 Index Committee

3.1.1 Purpose

Foxberry has established a permanent and separate committee (the “**Index Committee**”) to provide effective oversight of all aspects of Index provision, the Index determination process and to serve as the governing function of Foxberry’s Indices.

The Index Committee shall make any determinations necessary with regard to expert judgments necessary due to e.g. disruption events, extraordinary events, amendments, errors and omissions.

3.1.2 Aims

When overseeing the governance of the Index, the Index Committee will take into account the following aims:

- Maintaining the investability of the Index;
- Ensuring continued integrity of the Index; *and*
- Ensuring a fair outcome for investors.

Information about changes to indices and related matters are considered to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

3.1.3 Standards

The Index Committee shall operate with integrity and ensure that Foxberry acts in good faith in a commercially reasonable manner in respect of all determination in connection with Indices.

3.1.4 Confidentiality

Information about changes to Indices and related matters are considered to be potentially market moving and material. Therefore, all Index Committee

discussions are confidential until any specific outcome is announced as the case may be.

4 Risk Factors

Potential risks of the Index:

Negative returns: The Index is exposed to the price movements of Cash Equities and foreign exchange effects. The price movement of these securities and/or foreign exchange effects can be negative, which would have an adverse impact on the Index.

Limited diversification: the Index may be exposed to a small number of securities, or to securities within a sector that are likely to exhibit a high level of related performance, meaning that any diversification benefit is low. Always review the potential allocation threshold before investing in a product linked to an Index.

Limited operating history and backtesting: the Index may only recently have been established as an investable index and therefore has limited data on which to evaluate its long-term historical performance. Any backtesting or analysis which has been used in this document must be considered illustrative only and may be based on estimates and assumptions (including the level of embedded transaction costs) that are not used in the actual Index.

Backtesting: Backtesting analysis is for illustrative purposes only. Foxberry provides no assurance or guarantee that the Index will operate or would have operated in the past in a manner consistent with the provided backtesting analysis. Backtested and/or past performance figures are not a reliable indicator of future results. The hypothetical historical performance (if any) of the Index during certain periods may be based on certain assumptions, methodologies and/or data sources, and the use of alternative assumptions, methodologies and/or data sources for such periods may result in materially different hypothetical performance.

Index objectives: Other than explicitly stated assurances, there can be no assurance that the Index will achieve any stated return or risk objective. The Index has been constructed based on certain assumptions (including observations, empirical trends and correlations) which may not be realised in the future. This may affect the performance of the Index (and any transaction linked to the Index) adversely.

Adjustments to the Index: Foxberry may make adjustments and amendments to the Index to, among other things, reflect changes in law, regulation or regulatory policy, to maintain the investability of the index

or to address any ambiguities. Such changes may reflect the performance of the Index and any related transactions negatively.

No reliance on risk management techniques: where the Index entails certain risk management and diversification techniques with the aim of managing the risk inside the Index, other than explicitly stated assurances, there can be no assurances that these techniques will be successful in reducing the risk of the Index or prevent adverse scenarios. The techniques may also be a source of negative performance compared to a hypothetical Index without such techniques. No assurance can be given that the investment strategy used to construct the index will outperform any alternative basket or strategy that may be constructed.

Extraordinary and Force Majeure events: It should be noted that the Index may be subject to certain extraordinary and force majeure events, including, but not limited to, any modification to the Index or cancellation of the publication of the Index Level, or any elimination, conversion, redenomination or exchange of any constituent or component of the Index, the consequences which may have a negative impact upon the performance of the Index.

Index hedging: Depending on the size of total investments in the Index and the liquidity of the underlying hedging instruments, it is possible that such transactions may adversely affect the performance of the Index.

Liquidity risk: Depending on the terms of any financial instrument referencing the Index, there may not be a public market and therefore it may be difficult or impossible to liquidate an existing position on favourable terms. Foxberry will not make a market in any transaction.

Fee disclosure: Foxberry is the Index Administrator of the Index. Foxberry may receive a licence fee on any transactions linked to the Index from you or any hedging counterparty.

Estimated transaction costs: Where an Index is calculated using embedded transaction costs and/or ongoing adjustments, these have a negative impact on the performance of the Index. Always review the actual parameters of any Index and review these before entering into any transaction.

No advice provided: Unless specifically stated otherwise in writing, Foxberry is not acting as an advisor with regards to the Index or to any transactions related to the Index and has not given any recommendations with regards to the Index or any transactions relating to the Index. Before any entity enters into a transaction, it should obtain independent advice.

No representation: Foxberry makes no representations as to the likely performance of the Index or any transactions linked to the Index

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Various factors, including external factors beyond the control of the Index Administrator, might necessitate a material change or cessation of an Index. Stakeholders should ensure that contracts or other financial instruments that reference an Index, have robust fall-back provisions in the event of a material change, or cessation of, the referenced Index.

Always refer to the risk factors available in the Index Documentation, marketing material or other communication, before making any investments into any product linked to the Index.

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Past performance is no guarantee of future results. Any charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets. All performance presented prior to the index inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical and may be based on certain assumptions. Back-tested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic data used in the calculation of the index.

The Index Documentation does not constitute an offer to purchase or sell securities nor specific advice of whatever form (tax, legal, accounting or regulatory) in respect of any investment strategy or investment that may be linked to the Index.

The Index is constructed on notional or synthetic exposure to various financial instruments, contracts or formulas. There is no actual portfolio of instruments nor assets to which any person is entitled or in which any person has any ownership interest. Any references in this document to the purchase or sale of instruments, contracts, securities or options shall refer to synthetic exposure only. The Index merely identify certain instruments or contracts, the performance of which are used as a reference point for the purposes of calculating the level of the Index.

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