



Foxberry HolonIQ Education Tech & Digital Learning Index Rules

Foxberry Ltd
19th August, 2020



Disclaimer

This document has been prepared by Foxberry Ltd (“**Foxberry**”, “**we**”, “**us**”, “**our**”). This document is subject to the copyright of Foxberry. The information contained herein is believed to be accurate in all respects, but no representation or warranty, expressed or implied, as to its accuracy or completeness is made by any party. Nothing herein should be relied upon as a promise or representation as to the future. Nothing herein constitutes financial or investment advice. Past performance is no guide to future performance.

Foxberry disclaims all and any liability whatsoever with respect to, and makes no representation or warranty regarding the accuracy or completeness of the Index Rules or that such Index Rules are current. Foxberry retains the right to change the Index Rules in accordance with its provisions and such Index Rules may change at any time.

This document is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation and must not be distributed to any other person or replicated in any form without the prior written consent of Foxberry. In particular, these materials are not intended for distribution to any person in the United States or to or for the account of any “**U.S. person**”, as defined in Regulation S under the Securities Act of 1933, as amended.

Foxberry Ltd is authorised and regulated by the Financial Conduct Authority (number 677250). 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.

Contents

1	Introduction	4
1.1	Objective	4
1.2	This document	4
1.3	Index coverage	4
2	Background	5
2.1	Education Tech & Digital Learning	5
2.1.1	Global Education	5
2.1.2	The Role of Technology in Education	5
2.2	HolonIQ	5
2.2.1	Source	5
2.2.2	Introduction	5
2.2.3	Further information	6
2.2.4	Stock Universe	6
2.2.4.1	Overview	6
2.2.4.2	Scoring Fingerprint	6
2.2.4.3	Sub-Sector Classifications	7
2.2.4.4	Delivery	9
2.3	Liquidity-weighted indices	9
3	Methodology	10
3.1	Overview	10
3.2	Composition	10
3.2.1	Overview	10
3.2.2	Selection	10
3.2.3	Weighting	11
3.2.4	Rize Future First Exclusion List	11
3.3	Calculation	12
3.4	Definitions	12
3.4.1	General definitions	12
3.4.2	Index specific definitions	12
3.4.2.1	Identifiers	12
3.4.2.2	Calculation related	13

3.4.2.3	Calendar related	13
3.4.2.4	Selection related	13
3.5	Calculation	14
4	Index Specifics	15
4.1	Overview	15
4.2	Education Tech & Digital Learning USD Net Total Return Index	15
4.2.1	Introduction	15
4.2.2	Methodology summary	15
4.2.3	Definitions	15
4.2.3.1	Identifiers	15
4.2.3.2	Calculation related	16
4.2.3.3	Calendar related	16
4.2.3.4	Selection related	16
4.3	Education Tech & Digital Learning USD Price Return Index	17
4.3.1	Introduction	17
4.3.2	Methodology summary	17
4.3.3	Definitions	17
4.3.3.1	Identifiers	17
4.3.3.2	Calculation related	17
4.3.3.3	Calendar related	18
4.3.3.4	Selection related	18

1 Introduction

1.1 Objective

The objective of each Index in the Education Tech & Digital Learning family (the “**Family**”) is to provide exposure to stocks of companies that are developing and using digital and lifelong learning technologies, such as personalised and adaptive learning, e-classrooms, OERs, video and gamification, virtual and augmented reality, interactive modules and immersion technologies to redefine how education is accessed, resourced and consumed around the world to deliver positive results for the individual and society, as determined by the Thematic Industry Expert.

The exact specification of each Index is detailed in chapter 4.

1.2 This document

This document comprises the rules (the “**Index Rules**”) of the Foxberry HolonIQ Education Tech & Digital Learning indices listed in section 1.3 (each an “**Index**”), a notional rule-based proprietary index owned by Foxberry in its capacity as index owner (the “**Index Owner**”) and index administrator (the “**Index Administrator**”) of the Index.

This document only details certain specifics of each relevant Index. This document should be read in conjunction with the following documents:

- the “Foxberry Equity Cash Index Methodology” document (the “**Cash Methodology**”)

1.3 Index coverage

As of the date of this document, the following Indices form part of the Family and are covered by this document:

- Foxberry HolonIQ Education Tech & Digital Learning USD Net Total Return Index
- Foxberry HolonIQ Education Tech & Digital Learning USD Price Return Index

2 Background

2.1 Education Tech & Digital Learning

2.1.1 Global Education

The global education market is set to grow as population growth in developing markets fuels an expansion in demand, and technology drives unprecedented re-skilling and up-skilling needs in developed markets. The next decade will see an additional 350 million post-secondary graduates and nearly 800 million more K12 graduates than today. The world needs to add 1.5 million teachers per year on average, approaching 100 million in total in order to keep pace with the unprecedented need to educate new learners.¹

2.1.2 The Role of Technology in Education

Education technology is the application of digital technology to deliver new forms of learning architecture; the types that have the power to harness the social reach of the internet to create efficiencies, enable new levels of standardisation and encourage democratised access around the world.

2.2 HolonIQ

2.2.1 Source

The source for all information in this section 2.2 is HolonIQ and was validated by HolonIQ as correct as of the 16 July 2020. For current information, readers are directed to HolonIQ and their website.

2.2.2 Introduction

HolonIQ Pty Ltd (trading as “**HolonIQ**”) is the “**Thematic Industry Expert**”.

HolonIQ is a global market intelligence platform for education. HolonIQ was founded in 2018 with a vision to build the smartest and most trusted

¹Source: HolonIQ, as of the 16 July 2020.

global source of education market intelligence in order to connect the people, ideas and capital that are driving and supporting innovation in education from Pre-K through to lifelong learning.

HolonIQ offers up-to-date data and analysis of developments in the global education market, providing data and insights on companies, countries and industries and how their innovation activities form patterns and trends in the market. HolonIQ is headquartered in Sydney, Australia with offices around the world.

2.2.3 Further information

Further information about HolonIQ can be found on their official website at www.holoniq.com.

2.2.4 Stock Universe

2.2.4.1 Overview

In 2018, HolonIQ launched the Global Education Stock Universe (the “**Stock Universe**”). As of May 2020, the Stock Universe contained 268 companies.

To qualify for inclusion into the Stock Universe, a potential company must:

- be a public company; *and*
- be domiciled in a jurisdiction where public filings and disclosures of its business activities are required and accessible.

The Stock Universe has been thematically scored across HolonIQ’s “Education Tech and Digital Learning” investment theme. The score is a thematic purity score assigned to a company by reference to its exposure to the “Education Tech and Digital Learning” investment theme.

HolonIQ does not accept payments from companies or third parties to include their stocks within the Stock Universe.

2.2.4.2 Scoring Fingerprint

The HolonIQ Scoring Fingerprint (the “**Scoring Fingerprint**”) is the thematic purity score assigned to a company by reference to its exposure to the “Education Tech and Digital Learning” investment theme.

Each company’s Scoring Fingerprint is determined using publicly available data provided by the company through its published financial statements, company presentations and/or official earnings conference call transcripts.

A company’s exposure is measured by the percentage of its operating profits (or revenue, if operating profit is not available) derived from the “Education Tech and Digital Learning” investment theme. If, in analysing

a company's public materials, it is clear that its operations are benefiting from a theme, but no specific operating profit or revenue data is reported that can verify the extent to which the company is benefiting from the theme, the company receives a Score 1 for its thematic purity.

- Score 1 - The company generates less than 20% of its reported operating profit or revenue from the theme or no specific operating profit or revenue data is reported that can verify the extent to which the company is benefiting from the theme
- Score 2 - The company generates between 20% and 29% of its reported operating profit or revenue from the theme
- Score 3 - The company generates between 30% and 39% of its reported operating profit or revenue from the theme
- Score 4 - The company generates between 40% and 49% of its reported operating profit or revenue from the theme
- Score 5 - The company generates between 50% and 59% of its reported operating profit or revenue from the theme
- Score 6 - The company generates between 60% and 69% of its reported operating profit or revenue from the theme
- Score 7 - The company generates between 70% and 79% of its reported operating profit or revenue from the theme
- Score 8 - The company generates between 80% and 89% of its reported operating profit or revenue from the theme
- Score 9 - The company generates between 90% and 99% of its reported operating profit or revenue from the theme
- Score 10 - The company generates all of its reported operating profit or revenue from the theme

2.2.4.3 Sub-Sector Classifications

The Stock Universe follows a global market classification (segmentation) system that has been designed for the investment and research communities with the objective of identifying global publicly-listed companies, sub-sectors and business activities of companies involved in the global education sector. Every company in the Stock Universe has subsequently been classified within one of the following sub-sectors:

Pre-K Companies in the Pre-K sub-sector include those which develop products, services, games and software systems for the purpose of

learning, specifically aimed at children between the ages of zero and six years old, and which are delivered direct-to-consumer. Examples include digital storybooks and numeracy games, play-based learning apps, parenting support tools. Also included are companies that support Pre-K educational organisations, such as childcare centres, through digital products and services such as digital curriculum and education resources, technology or management systems. Examples of companies in the Pre-K sub-sector are: Bright Horizons Family Solutions, which provides child care and early education services and educational advisory services; and, AcadeMedia, a European pre-school provider.

K-12 Companies in the K-12 sub-sector provide online education programs to individuals between the ages of 11-18, and to schools in areas such as maths, language and literacy, and STEAM learning. Online tutoring, test preparation, language learning models are also included, as are software platforms such as learning management systems (LMS), student information systems (SIS), social learning platforms, exam software and digital curriculum aimed at schools and school age learners. Examples of companies in the K-12 sub-sector are: Koolearn Technology, which provides online extracurricular education services in China; K12 Inc., which provides online curriculum, software systems, and educational services to facilitate personalised learning; and, Arco Platform, that provides a learning platform and services to private schools in Brazil.

Higher Education Companies in the Higher Education sub-sector include those which offer accredited degree programs through digital delivery, as well as companies that deliver digital services to higher education institutions and students through the learner lifecycle, such as university discovery, matching and enrolment platforms, learning support applications for research, writing and examinations through to digital, adaptive and immersive learning content. Learning environments and digital teaching/learning tools, student institutional management systems and higher education online enablement companies are also included in this subsector. Examples of companies in the Higher Education sub-sector are: Chegg, which operates direct-to-student online learning support, homework help and tutoring services; 2U, which partners with universities to build, deliver, and support online degree programs; and, IDP Education, an international education platform and English Language Test provider.

Workforce Companies in the Workforce sub-sector include those which deliver digital education and training in vocational and professional contexts, e-learning platforms, online testing and exam preparation for professional certifications. The workforce sub-sector also includes

digital skills assessment and upskilling in areas such as technology, compliance, finance, health and other topics directly related to, or required for career outcomes. Companies in this sub-sector also include online managed training services, and technology companies delivering simulation training for vocations and professions. Examples of companies in the Workforce sub-sector are: Pluralsight Inc., which provides technology skill development solutions including skill and role assessment and a digital ecosystem of on-demand courses in technology subject areas; Afya, a medical education group in Brazil, providing educational products and services, including medical schools, medical residency courses, and programs for lifelong medical learners; and, Rosetta Stone providing digital language-learning, literacy, and brain fitness solutions.

2.2.4.4 Delivery

HolonIQ extracts and delivers to the Index Administrator the Stock Universe (which includes the Scoring Fingerprints and the Sub-Sector Classifications) semi-annually with respect to each Selection Day.

2.3 Liquidity-weighted indices

The most common type of weighting methodology of an index is the market-capitalisation weighted index, where the weight of each constituent in the index is weighted proportionally to a measure of its market-capitalisation (subject to any weight restrictions).

In a liquidity-weighted index, the weights of each constituent is proportional to its average daily trading volume (measured in a specific currency over a specific time period), potentially subject to any weight restrictions.

Weighting by liquidity in this manner can be useful when the potential constituents may be stocks with a low market-capitalisation and/or a low average daily trading volume, or when the relationship between the market-capitalisation and average daily trading volume of the potential constituents is not strong.

Weighting the constituents by their relative liquidity in this manner, ensures that (subject to any potential weight restrictions) a constituent with larger liquidity than another constituent also has a larger weight in the index.

3 Methodology

3.1 Overview

This chapter describes the methodology of the Index and covers among other things the methodology for determining the composition of the Index, which is detailed in section 3.2. The exact specification of each Index is available in chapter 4.

3.2 Composition

3.2.1 Overview

The Index conducts its ordinary rebalance, when a new Composition of the Index is determined, semi-annually as described in section 3.2.2.

3.2.2 Selection

The selection of stocks for each Index is conducted with respect to each Selection Day in accordance with the below process in which each step more and more stocks are potentially excluded:

1. all stocks in the Stock Universe are considered further for inclusion;
and
2. stocks which are listed on a Eligible Exchange are considered further for inclusion; *and*
3. stocks with a Scoring Fingerprint lower than 2 (or a missing score) are excluded, so that only companies that derive a significant proportion of their reported operating profits or revenue from the "Education Tech & Digital Learning" investment theme are included; *and*
4. stocks, which according to the Thematic Industry Expert and the relevant data feed have been classified as "Publishing" are excluded;
and
5. stocks which are flagged in the Rize Future First Exclusion List (as described in section 3.2.4) are excluded; *and*

6. stocks with a minimum free-float market capitalisation as of the Selection Day of at least USD 100mm and a 3-month daily average volume of at least USD 1mm equivalent are selected. Following the Live Calculation Date, for an existing Constituent to be removed from the index, the thresholds to keep the Constituent are lowered to a minimum free-float market capitalisation of USD 80mm and a 3-month average daily trading value of USD 800k equivalent.

After this process is complete, the remaining stocks together form the “**Composition**” of the Index (each such stock being a “**Constituent**”). With regards to Selection Dates prior to the Live Calculation Date, a fixed Stock Universe provided by the Thematic Industry Expert on the 29 July 2020 has been used. An extraordinary rebalance of the Index based on a Selection Day and Rebalancing Day as of the 14 August 2020 has been conducted prior to the Live Calculation Date. This extraordinary rebalance replaces the September 2020 selection and rebalance process, meaning that no rebalance of the Index will take place in September 2020.

3.2.3 Weighting

The weighting of each Constituent is calculated in accordance with the below methodology:

1. Each Constituent is given a weight equal to 100% times the 3-month USD equivalent daily average volume of such Constituent divided by the total 3-month USD equivalent daily average volume for all Constituents.
2. A weight cap is applied for each Constituent by re-distributing any weight which is larger than 8.5% to the other Constituents proportionally in an iterative manner.
3. For each **Constituent**, following the application of the weight cap, a weight floor of 0.25% is applied by proportionally re-distributing any weight lower than the weight floor (such that the weight of such a Constituent becomes zero and is effectively removed from the selection), to the other Constituents in an iterative manner. Following this step, the weight of a **Constituent** can exceed 8.5%.

The Index rebalances periodically and ordinarily takes place on the Rebalancing Day.

3.2.4 Rize Future First Exclusion List

The Rize Future First Exclusion List (the “**Rize Future First Exclusion List**”) has been created and is maintained by Rize ETF Limited

(“**Rize**”). The purpose of the Rize Future First Exclusion List is to act as a non-exhaustive screen for companies that are non-compliant with the environmental, social and governance principles of Rize.

The Rize Future First Policy (the “**Rize Future First Policy**”) formally documents the process and governance associated with the construction and maintenance of the Rize Future First Exclusion List and is available here: www.rizeetf.com.

3.3 Calculation

Calculation of the Index based on its Composition is defined in the Cash Methodology.

3.4 Definitions

In addition to the specific definitions defined in the relevant section in chapter 4, the following key terms and definitions are defined:

3.4.1 General definitions

Index Level means with respect to a certain date, the level of the Index as determined in accordance with the methodology described in this document and any related documents.

3.4.2 Index specific definitions

The following definitions are specific to each Index. The purpose of the below is to serve as a summary of these definitions and they shall be read in conjunction with the specific definitions for each Index which are detailed in the the relevant section of chapter 4.

3.4.2.1 Identifiers

Index Name means the name of the Index.

Foxberry Ticker means the Foxberry ticker identifier of the Index.

Bloomberg Ticker means the Bloomberg ticker identifier of the Index.

Reuters RIC means the Reuters RIC identifier of the Index.

WKN means the WKN identifier of the Index.

ISIN means the ISIN identifier of the Index.

3.4.2.2 Calculation related

Index Calculator means any affiliate, subsidiary or third party designated by the Index Administrator that will act as calculation agent in connection with the Index. The identity of the Index Calculator, if applicable, is detailed for each Index in the relevant section in chapter 4.

Dividend Treatment means the type of dividend treatment of the Index, which can be (i) price return; (ii) gross total return; *or* (iii) net total return.

Corporate Actions Methodology means the methodology used to adjust for certain corporate actions as defined in the Cash Methodology, which can be (i) standard; *or* (ii) divisor.

Weighting Methodology means the weighting methodology used to determine the weight of each Constituent.

3.4.2.3 Calendar related

Index Business Day means each day for which the level of the Index is calculated

Live Calculation Date means the date on which the Index Calculator started to publicly disseminate the Index Levels of the Index.

Live Methodology Date means the date on which the Index Administrator had finalised the algorithm of the Index.

Selection Month means each of the months on which the relevant Index ordinarily makes the selection for its Composition.

Selection Day means each date from which data is used to determine the Composition of the Index for each rebalance.

Rebalancing Day means each date on which the Index rebalances and adjusts its Composition.

Rebalancing Month means each of the months on which the relevant Index ordinarily rebalances its Composition.

3.4.2.4 Selection related

Stock Universe: means an Stock Universe of potential stocks which will be used as a starting point to determine the Composition of the Index.

Eligible Exchange means each exchange on which a listing would be eligible for inclusion in the Stock Universe.

3.5 Calculation

The Index is calculated and disseminated by the Index Calculator with regards to each Index Business Day. Calculation of the Index based on its Constituents is detailed in the document Cash Methodology.

4 Index Specifics

4.1 Overview

This chapter describes the specific attributes with respect to each Education Tech & Digital Learning Index listed in section 1.3.

4.2 Education Tech & Digital Learning USD Net Total Return Index

4.2.1 Introduction

For the purposes of this section 4.2 and all subsections thereof, the Index shall refer to the Foxberry HolonIQ Education Tech & Digital Learning USD Net Total Return Index.

4.2.2 Methodology summary

The Index offers exposure to stocks in the Education Tech & Digital Learning sector as determined by the Thematic Industry Expert, which are listed on an Eligible Exchange and have a minimum free-float market capitalisation and 3-month average daily trading value. The index is a semi-annually rebalanced net total return index denominated in USD with constituents selection based on a minimum Scoring Fingerprint threshold of 2 provided by the Thematic Industry Expert. The index excludes companies classified as “Publishing” companies, and those that are flagged in the Rize Future First Exclusion List. The index applies a liquidity-weighted methodology to assign weights to companies, subject to weight cap and floor restrictions.

4.2.3 Definitions

4.2.3.1 Identifiers

Index Name means Foxberry HolonIQ Education Tech & Digital Learning USD Net Total Return Index.

Foxberry Ticker means education_tech_digital_learning_tr.

Bloomberg Ticker means FXBYLERN Index.

Reuters RIC means .FXBYLERN.

WKN means SL0BF4.

ISIN means DE000SL0BF48.

4.2.3.2 Calculation related

Index Calculator means Solactive AG.

Dividend Treatment means net total return.

Corporate Actions Methodology means divisor.

4.2.3.3 Calendar related

Index Business Day means each weekday Monday-Friday.

Live Calculation Date means the 21 August 2020.

Live Methodology Date means the 21 August 2020.

Selection Month means each of the months of February and August.

Rebalancing Month means each of the months of March and September.

Selection Day means, subject to any extraordinary rebalances, the third Friday of each Selection Month.

Rebalancing Day means, subject to any extraordinary rebalances, the first Friday of each Rebalancing Month.

4.2.3.4 Selection related

Stock Universe: means, with respect to each Selection Day, the most recently provided list of stocks in the Stock Universe, including the list expected to be received with respect to the relevant Selection Day.

Eligible Exchange means each of the following exchanges: Australian Securities Exchange, Borsa Italiana / Milan Stock Exchange, Euronext Paris, Helsinki Stock Exchange, Hong Kong Stock Exchange, JASDAQ Securities Exchange, Korea Exchange, Korean Securities Dealers Automated Quotations, London Stock Exchange, NASDAQ Global Select, NASDAQ Stock Market, New York Stock Exchange, Oslo Stock Exchange, Stockholm Stock Exchange, The Stock Exchange of Thailand, Tokyo Stock Exchange, Toronto Stock Exchange, TSX Venture Exchange.

4.3 Education Tech & Digital Learning USD Price Return Index

4.3.1 Introduction

For the purposes of this section 4.3 and all subsections thereof, the Index shall refer to the Foxberry HolonIQ Education Tech & Digital Learning USD Price Return Index.

4.3.2 Methodology summary

The Index offers exposure to stocks in the Education Tech & Digital Learning sector as determined by the Thematic Industry Expert, which are listed on an Eligible Exchange and have a minimum free-float market capitalisation and 3-month average daily trading value. The index is a semi-annually rebalanced price return index denominated in USD with constituents selection based on a minimum Scoring Fingerprint threshold of 2 provided by the Thematic Industry Expert. The index excludes companies classified as “Publishing” companies, and those that are flagged in the Rize Future First Exclusion List. The index applies a liquidity-weighted methodology to assign weights to companies, subject to weight cap and floor restrictions.

4.3.3 Definitions

4.3.3.1 Identifiers

Index Name means Foxberry HolonIQ Education Tech & Digital Learning USD Price Return Index.

Foxberry Ticker means education_tech_digital_learning_pr.

Bloomberg Ticker means FXBYLERP Index.

Reuters RIC means .FXBYLERP.

WKN means SL0BF3.

ISIN means DE000SL0BF30.

4.3.3.2 Calculation related

Index Calculator means Solactive AG.

Dividend Treatment means price return.

Corporate Actions Methodology means divisor.

4.3.3.3 Calendar related

Index Business Day means each weekday Monday-Friday.

Live Calculation Date means the 21 August 2020.

Live Methodology Date means the 21 August 2020.

Selection Month means each of the months of February and August.

Rebalancing Month means each of the months of March and September.

Selection Day means, subject to any extraordinary rebalances, the third Friday of each Selection Month.

Rebalancing Day means, subject to any extraordinary rebalances, the first Friday of each Rebalancing Month.

4.3.3.4 Selection related

Stock Universe: means, with respect to each Selection Day, the most recently provided list of stocks in the Stock Universe, including the list expected to be received with respect to the relevant Selection Day.

Eligible Exchange means each of the following exchanges: Australian Securities Exchange, Borsa Italiana / Milan Stock Exchange, Euronext Paris, Helsinki Stock Exchange, Hong Kong Stock Exchange, JASDAQ Securities Exchange, Korea Exchange, Korean Securities Dealers Automated Quotations, London Stock Exchange, NASDAQ Global Select, NASDAQ Stock Market, New York Stock Exchange, Oslo Stock Exchange, Stockholm Stock Exchange, The Stock Exchange of Thailand, Tokyo Stock Exchange, Toronto Stock Exchange, TSX Venture Exchange.