

## Index Key Terms Glossary

Classification:

Growth/ Value Style – A Growth Style focuses on companies that are growing quickly and a value style focuses on companies that have a good price relative to their value. Each style generally is classified by focusing on financial metrics that are correlated to that style.

Materially Engaged – Having revenues or initiatives that meet one of the following criteria for a specific theme:

1. applicable revenues represent more than 20% of the company's total revenues and such revenues are independently reported in the company's financial reports;
2. applicable revenues are likely to have a material impact on the company's overall share price performance;
3. research and development investments in the technology are at the forefront of the company's future initiatives; or
4. the company's applicable business is likely to have a significant impact on the sector as a whole.

Principally Engaged - generating over 50% of gross revenues from a specific theme

iINDEX Geo - iINDEX's custom country classification; typically, the country where the company is domiciled and incorporated; see country classification methodology.

iINDEX Tree - Sector/Segment - A custom classification determined by iINDEX; Differs by index.

Derivative Portfolios:

Laddered treasury component – treasuries with expiration dates spread relatively uniformly over a particular period.

XX delta call option – A call option that has a delta of XX. Delta is a measure of the change in an option's price or premium resulting from a change of price in the underlying asset.

On the run treasuries – The most recently issued treasuries of a particular maturity.

LEAP – An option that expires at least one year from the date of purchase.

Risk premium – a fee earned for accepting a risk.

Bear – Call Spread - Simultaneously selling a call option and buying a call option at a higher strike price but with the same expiration date. The option pairing results in a premium (premium for option sold – premium for option purchased) and a limited risk (difference between the strike prices).

Notional portfolio – portfolio set to a certain value.

#### Market Cap:

Full Company Market Capitalization - the sum of the market capitalization of all share classes

Security Specific Market Capitalization - the market capitalization of one share class of a company

Full Company Float Modified Market Capitalization - the sum-product of float percent and market capitalization of all share classes

Security Specific Float Modified Market Capitalization - product of float percentage and market capitalization of one share class of a company.

Index Market Capitalization - The artificial value of a constituent in a portfolio; the index market capitalization of one constituent divided by the index market capitalization of the whole portfolio equals the weight of that constituent.

Float Shares - Shares that are considered to be available for trading.

Float Factor/Float Percentage - The percentage of a company's shares outstanding that is considered to be available for trading.

Float Market Cap - Market Cap based on Float Shares.

#### Methodology Dates:

Snapshot Date / Selection Date - Date when universe and constituents are selected.

Reference Date - Date for data used in selection process.

Record / Weight Date - Date when shares weights are determined based on pricing at that date.

Rebalance Date / Reconstitution Date - Date when an Index is rebalanced and/or reconstituted; typically the third Friday of the month.

#### Other:

ADTV – Average Daily Traded Volume

MDVT – Median Daily Value Traded – Value is volume \* price

ADVT – Average Daily Value Traded– Value is volume \* price

Corporate Actions - A Corporate Action occurs when there is a change to a company's capital structure.

Divisor – A factor used to adjust the value of an index so that its value does not change based on events not tied to constituent performance. These events could be corporate actions or index constituent changes.

**Material Index Value Change** – A change in index performance that a stakeholder would reasonably consider to be material based on its value relative to normal performance changes. For example, a 2 bp change may be considered material for a cash index but immaterial for an equity index.

**R- Score** – A liquidity calculation where  $R\text{-Score} = 90\text{-day ADTV (thousands USD)} / \text{Float Market Capitalization (millions USD)}$

**Winsorization** – The exclusion or normalization of measurements that are more extreme. Frequently a small percentage of values at each end of a range of values are winsorized.

**Weighting:**

**Capping** – The process of reducing the weight of a company to equal the max allowable weight of a constituent during a rebalance.

**Smoothing** – The process of proportionally reducing weight of companies above a weight threshold and redistributing that weight in order to not violate index concentration constraints.

**Weight Adjustment Factor (WAF)** - The value that modifies  $\text{local price} * \text{fx rate} * \text{shares outstanding} * \text{float percentage}$  into an index market capitalization for an individual constituent.

**Turnover** – Constituent changes in the index at the time of reconstitution

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## **Review**

| Version | Reviewed | Next Review | Reviewed and Approved By |
|---------|----------|-------------|--------------------------|
| 1.0.0   | Sep 2025 | Sep 2026    | Index Committee          |

## **Changes**

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