



Foxberry Tematica Research Cybersecurity & Data Privacy Index Rules

Foxberry Ltd
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1 Introduction

1.1 Objective

The objective of each Index in the Cybersecurity & Data Privacy family (the “**Family**”) is to provide exposure to stocks of companies that derive significant revenues from the provision of products and services that secure individuals and organisations against cyber threats, as determined by the Thematic Industry Expert.

1.2 This document

This document comprises the rules (the “**Index Rules**”) of the Foxberry Tematica Research Cybersecurity & Data Privacy 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 Tematica Research Cybersecurity & Data Privacy USD Net Total Return Index
- Foxberry Tematica Research Cybersecurity & Data Privacy USD Price Return Index

Specific attributes of these Indices are detailed in chapter 4.

2 Background

2.1 Cybersecurity & Data Privacy

2.1.1 Cybersecurity

Cybersecurity refers to the practice of protecting systems, networks, and programs from cyber-attacks. These cyber-attacks are usually aimed at accessing, changing, or destroying sensitive information, extorting money from users or interrupting normal business processes.

Implementing effective cybersecurity measures is particularly challenging today because there are more devices than people, and attackers are becoming more innovative.¹

2.1.2 Data Privacy

For the purposes of the Classification, data privacy is the branch of data security concerned with the proper handling of personal data. Data privacy is about ensuring that data and activities both online and those that generate data from activities in the physical world are accessible and used only by and in such ways as are permitted by the individual (i.e. the data subject). Data privacy can entail either personally identifying information (“**PII**”) or non-PII information such as a site visitor’s behaviour on a website.

The definition of “personal data” is based on the definition provided in Article 4(1) of the General Data Protection Regulation adopted by the European Union which is defined as “any information relating to an identified or identifiable natural person (‘data subject’) who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.”²

2.2 Tematica Research

¹Source: Tematica Research, as of the 13 November 2019.

²Source: Tematica Research, as of the 13 November 2019.

2.2.1 Source

The source for all information in this section is Tematica Research and was validated by Tematica Research as correct as of the 13 November 2019. For current information, readers are directed to Tematica Research and their website.

2.2.2 Introduction

Tematica Research, LLC is the “Thematic Industry Expert”.

Tematica Research, LLC (“**Tematica Research**”) provides financial institutions, independent registered investment advisors (“**RIAs**”) and self-directed investors with equity research, economic insights, and investment ideas based upon its proprietary thematic perspective of the world and financial markets.

At the core of everything Tematica Research does is the company’s thematic lens, which has given rise to Tematica Research’s investment themes. Tematica Research’s investment themes are identified by looking at the intersection of shifting economics, demographics, psychographics and technologies, mixed in with regulatory mandates and other forces. Such thematic shifts cut across sectors and tend to result in major structural changes and disruptions to behaviours and business models.

2.2.3 Further Information

Further information about Tematica Research can be found on their official website at www.tematicaresearch.com.

2.2.4 Industry Universe

2.2.4.1 Thematic Scorecard

The Thematic Scorecard (the “**Scorecard**”) is the database maintained by Tematica Research of individual stocks that have been thematically scored across investment themes. This thematic universe of securities is compiled using screening tools and is updated once in the first half of the calendar year, and once in the second half of the calendar year. As of July 2019, the Scorecard contained approximately 3,000 public companies.

2.2.4.2 Data Gathering Process

As part of its data gathering process, Tematica Research determines each company’s exposure to an investment theme by using publicly available data provided by the company through 10-Ks, 10-Qs, 20-Fs, 8-Ks and other SEC or similar filings, quarterly earnings reports, company presentations or official earnings conference call transcripts.

2.2.4.3 Industry Universe and Classification

Tematica Research launched the Tematica Research Cybersecurity & Data Privacy Stock Universe (the “**Industry Universe**”) in 2019. The Industry Universe is maintained by Tematica Research as a sub-segment of the Scorecard, and is designed to capture the individual stocks that have been thematically scored across Tematica Research’s “Cybersecurity & Data Privacy” investment theme. As of July 2019, the Industry Universe contained 103 companies.

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

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

Within the Industry Universe, each company is given a thematic (i.e. purity) score by reference to its commercial exposure to the theme as per the following scoring system (i.e. the “**Cybersecurity & Data Privacy Score**” is a measure of a company’s exposure to the cybersecurity & data privacy theme):

- Level 1 - the company has peripheral exposure to the theme, no specific revenue or operating profit data is reported that can verify the extent to which the company is benefiting from the theme.
- Level 2 - the company generates between 20% and 50% of its reported revenue or operating profit from the theme.
- Level 3 - the company generates between 50% and 80% of its reported revenue or operating profit from the theme.
- Level 4 - the company generates over 80% of its reported revenue or operating profit from the theme.
- Level 5 - the company generates close to 100% of its reported revenue or operating profit from the theme.

Tematica Research does not accept payments from companies or third parties to include their stocks within the Industry Universe.

Within the Industry Universe, companies are classified according to the Tematica Research Cybersecurity & Data Privacy Global Classification (in general terms referred to as the “**Classification**”).

The Classification is a global market segmentation system for representing public companies in the Cybersecurity & Data Privacy ecosystem. The Classification is designed for the investment and research communities with the objective of identifying the companies, subsectors and business activities

of companies whose commercial models are benefiting from the structural shift toward greater Cybersecurity & Data Privacy spending globally.

Within the Classification, companies are assigned to a **Sub Sector**, and classified according to whether they are “Product” providers or “Service” providers (the “**Company Classification Group**”):

- **Product providers** - Cybersecurity products are defined as hardware and/or software that are installed locally (at the customer location) and, in the case of software, the majority of the computing power (processing) is provided by the end-customer. Interactions with the end-customer are generally limited to providing updates (virus definitions, software builds, updated hardware sales, etc.). An example of a company in this space would be a product provider whose product is downloaded and installed by the customer on the customer’s computer or network. Periodic virus definition files and software updates are generally the extent of interaction between the product provider and its customers.
- **Service providers** - Cybersecurity services are defined as hardware and/or software that are accessed remotely by the end-customer and, in the case of software, the majority of the computing power (processing) is provided by the service provider. Interactions with the end-customer often occur in real-time. An example of a company in this space would be a service provider whose services involve the customer routing web/network traffic through the service provider’s servers through which the service provider performs real-time analysis and issue resolution.

2.2.4.4 Periodic Review

During each semi-annual scoring session, Tematica Research will adjust a company’s Classification in June and December as needed based on which Company Classification Group (“Product” providers or “Service” providers) provides the largest percentage of the company’s reported revenue or operating profit.

2.2.4.5 Oversight and Governance

The Classification is maintained by the Tematica Research Classification Committee, which convenes twice per year in June and December. The Tematica Research Classification Committee also engages in regular dialogue with the Tematica Research Strategic Advisory Board.

Please visit www.tematicaresearch.com for further information.

2.2.4.6 Delivery

Tematica Research extract and deliver to the Index Administrator the Industry Universe semi-annually on the first Friday of June and December.

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.

The weighting methodology of the Index is described in section 3.2.3.

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 Underlying Universe are considered further for inclusion;
2. stocks which are listed on a Eligible Exchange are considered further for inclusion;
3. stocks, which according to the Thematic Industry Expert and the relevant data feed have been classified within the “Aerospace & Defense” Sub Sector (the “**Excluded Sub Sector**”) are excluded;
4. stocks with a Cybersecurity & Data Privacy Score lower than 2 (or a missing score) are excluded, so that only companies that derive a significant proportion of their reported revenues or operating profits from the cybersecurity & data privacy theme are included; *and*

5. stocks with a minimum free-float market capitalisation as of the Selection Day of at least USD 100mm and a 3-month average daily trading value of at least USD 1mm equivalent are selected.

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 December 2019 rebalancing, the Underlying Universe provided by the Thematic Industry Expert with respect to the December 2019 rebalancing has been used.

3.2.3 Weighting

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

1. Group the Constituents by the Company Classification Groups and calculate the **Classification Group Weight** as the ratio of the total free-float market capitalisation of each Company Classification Group divided by the total free-float market capitalisation of all the Constituents;
2. For each Constituent within a Company Classification Group, calculate its **Cybersecurity Weight** as the ratio of its Cybersecurity & Data Privacy Score divided by the total Cybersecurity & Data Privacy Score of the Constituent’s Company Classification Group;
3. The **Initial Weight** for each Constituent is equal to the Classification Group Weight multiplied by the Cybersecurity Weight;
4. The **Liquidity Cap** is calculated for each Constituent as the 3-month average daily trading value USD equivalent divided by USD 140mm, such that a hypothetical USD 35mm change in notional of Index units would correspond to a maximum of 25% of the daily trading value of such Constituent; *and*
5. The **Final Weight** will be calculated for each Constituent by redistributing any Initial Weight which is larger than the corresponding Liquidity Cap to the other Constituents proportionally in an iterative manner.

The Final Weights are percentage weights that are determined as of the relevant Selection Day and the new Composition is implemented on the immediately relevant following Rebalancing Day. Due to market movements between the Selection Day and the Rebalancing Day, the actual percentage weights implemented on the Rebalancing Day may differ from the weights determined in respect of the immediately previous Selection Day.

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

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.

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

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

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

3.4.2.4 Selection related

Underlying Universe: means an underlying 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 Underlying 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 Cybersecurity Index listed in section 1.3.

4.2 Cybersecurity & Data Privacy USD Net Total Return Index

4.2.1 Introduction

For the purposes of this section 4.3 and all subsections thereof, the Index shall refer to the Foxberry Tematica Research Cybersecurity & Data Privacy USD Net Total Return Index.

4.2.2 Methodology summary

The Index offers exposure to stocks in the Cybersecurity & Data Privacy sectors as determined by the Thematic Industry Expert, which are listed on an Eligible Exchange, have a minimum free-float market capitalisation and 3-month average daily trading value, and is a semi-annually rebalanced net total return index denominated in USD with weighting based on both the free-float market capitalisation and a cybersecurity score provided by the Thematic Industry Expert, with a final liquidity adjustment.

4.2.3 Definitions

4.2.3.1 Identifiers

Index Name means Foxberry Tematica Research Cybersecurity & Data Privacy USD Net Total Return Index.

Foxberry Ticker means cybersecurity_data_privacy_tr.

Bloomberg Ticker means FXBYCYBR <Index>.

Reuters RIC means .FXBYCYBR.

WKN means SLA996.

ISIN means DE000SLA9964.

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 10 January 2020.

Live Methodology Date means the 10 January 2020.

Rebalancing Month means each of the months of June and December.

Selection Day means the first Friday of each Rebalancing Month.

Rebalancing Day means the third Friday of each Rebalancing Month.

4.2.3.4 Selection related

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

Eligible Exchange means each of the exchanges: Bolsa de Madrid, Borsa Italiana/Milan Stock Exchange, Brussels Stock Exchange, Copenhagen Stock Exchange, Euronext Amsterdam, Euronext Paris, Helsinki Stock Exchange, Hong Kong Stock Exchange, JASDAQ Securities Exchange, Korea Exchange, Korean Securities Dealers Automated Quotations, London Stock Exchange, NASDAQ Stock Market, New York Stock Exchange, NYSE American, Oslo Stock Exchange, SIX Swiss Exchange, Stockholm Stock Exchange, Taiwan Stock Exchange, Tel Aviv Stock Exchange /TASE, Tokyo Stock Exchange, Xetra (trading system).

4.3 Cybersecurity & Data Privacy 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 Tematica Research Cybersecurity & Data Privacy USD Price Return Index.

4.3.2 Methodology summary

The Index offers exposure to stocks in the Cybersecurity & Data Privacy sectors as determined by the Thematic Industry Expert, which are listed on an Eligible Exchange, have a minimum free-float market capitalisation and 3-month average daily trading value, and is a semi-annually rebalanced price return index denominated in USD with weighting based on both the free-float market capitalisation and a cybersecurity score provided by the Thematic Industry Expert, with a final liquidity adjustment.

4.3.3 Definitions

4.3.3.1 Identifiers

Index Name means Foxberry Tematica Research Cybersecurity & Data Privacy USD Price Return Index.

Foxberry Ticker means cybersecurity_data_privacy_pr.

Bloomberg Ticker means FXBYCYBP <Index>.

Reuters RIC means .FXBYCYBP.

WKN means SLA995.

ISIN means DE000SLA9956.

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 10 January 2020.

Live Methodology Date means the 10 January 2020.

Rebalancing Month means each of the months of June and December.

Selection Day means the first Friday of each Rebalancing Month.

Rebalancing Day means the third Friday of each Rebalancing Month.

4.3.3.4 Selection related

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

Eligible Exchange means each of the exchanges: Bolsa de Madrid, Borsa Italiana/Milan Stock Exchange, Brussels Stock Exchange, Copenhagen Stock Exchange, Euronext Amsterdam, Euronext Paris, Helsinki Stock Exchange, Hong Kong Stock Exchange, JASDAQ Securities Exchange, Korea Exchange, Korean Securities Dealers Automated Quotations, London Stock Exchange, NASDAQ Stock Market, New York Stock Exchange, NYSE American, Oslo Stock Exchange, SIX Swiss Exchange, Stockholm Stock Exchange, Taiwan Stock Exchange, Tel Aviv Stock Exchange /TASE, Tokyo Stock Exchange, Xetra (trading system).

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