



INDEX METHODOLOGY

AUSTRALIA SMALL CAP SELECT INDEXSM

AUSCS

INDEX DESCRIPTION

The Australia Small Cap Select IndexSM is designed to provide exposure to select small cap companies in Australia through a factor-based selection process.

SECURITY ELIGIBILITY CRITERIA

The below security eligibility criteria are applied in sequential order.

Eligible exchanges

A security must be listed on the Australian Stock Exchange.

Eligible security types

Eligible security types include common stocks, CHESS Depository Interests (CDIs), stapled securities and REITs.

Multiple classes of securities

One security per issuer is permitted. If an issuer has multiple securities, the security with the highest 3-month average daily traded value is considered for possible inclusion into the Index.

Market capitalization eligibility

A security must have a rank between 91 and 500, inclusive, of all securities ranked in descending order by free float market capitalization. The ranked securities must have a free float market capitalization of at least \$100 Million (AUD).

Liquidity eligibility

For at least 90% of the time, a security's five-day rolling average daily traded value over the last 90 trading days must be at least \$100,000 (AUD).

Seasoning eligibility

A security must have traded for at least one year on the Australian Stock Exchange up to and including the Reconstitution Reference Date.

Other eligibility criteria

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 and acquisitions.

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

INDEX CALENDAR

Reconstitution schedule

Constituents are selected annually in March according to the Constituent Selection described below.

Reconstitution reference dates

The Index Reconstitution is conducted using data as of the last trading day of January.

Reconstitution announcement dates

Index Reconstitutions are generally announced five (5) trading days prior to the Index Reconstitution effective date.

Reconstitution effective dates

Index Reconstitutions become effective at market open on the first trading day after the third Friday in March.

Rebalance schedule

The Index is rebalanced in conjunction with the Index Reconstitution, annually in March according to the Constituent Weighting described below.

Rebalance reference dates

The Index Rebalance is conducted using data as of the last trading day of February.

Rebalance announcement dates

Index Rebalances are generally announced five (5) trading days prior to the Index Rebalance effective date, in conjunction with the Index Reconstitution.

Rebalance effective dates

Index Rebalances become effective at market open on the first trading day after the third Friday in March, in conjunction with the Index Reconstitution.

CONSTITUENT SELECTION

Constituent selection process

Securities that meet the applicable Security Eligibility Criteria are eligible for inclusion in the Index. CDIs are excluded.

The following quality screens are simultaneously applied to the remaining securities, which passed the above criteria:

- exclude securities in the bottom quintile by momentum
- exclude securities in the bottom decile by price to book ratio
- exclude securities outside the top 185 by share turnover unless the security is within the top 10% ranked by the average of the 6-month and 12-month average daily traded value
 - share turnover is calculated as the average of the 12-month median turnover divided by the 12-month average free float shares outstanding and the 6-month median turnover divided by the 6-month average free float shares outstanding

The following quality screens are subsequently applied to the remaining securities, which passed the above criteria:

- exclude securities with an interest cover ratio less than 2
- exclude securities with non-positive earnings per share

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Australia Small Cap Select Index is a free float market capitalization-weighted index.

Constituent weighting process

Index Securities' weights are determined by dividing each Index Security's free float market capitalization by the aggregate free float market capitalization of all Index Securities.

INDEX MAINTENANCE

Deletion policy

If, at any time other than the Index Reconstitution(s), an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for continued inclusion, it is removed from the Index as soon as practicable. This includes circumstances where an Index Security is determined to be ineligible for continued inclusion in the Index due to bankruptcy, delisting, or a definitive agreement that would likely result in the security no longer being Index eligible. 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 can be found in the **Corporate Actions and Events Manual – Equities**.

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 events.

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 Indexes are 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.

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 during the trading day based on the Last Sale Price and disseminated once per second from 9:30:00 AM to 16:30:00 AEST. The closing value of the indexes may change after market hours due to corrections to the Last Sale Price of the Index Securities.

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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