Index Methodology Guide for the FactSet Hywin Global Health Care Index™

Version 1.0 – June 30, 2022

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Index Introduction and Objective

1.1 Index Overview

The FactSet Hywin Global Health Care Index is an equity benchmark designed to track the performance of large Health Care companies that provide biopharmaceuticals, medical devices, medical technologies, and patient care services to treat diseases and promote well-being.

Biopharmaceuticals include companies focusing on developing therapeutic drugs via biotechnology and life sciences. Medical devices and medical technologies include companies focusing on developing equipment, instruments, and machines to diagnose, monitor, and treat diseases. Patient care services include companies focusing on delivering outpatient and inpatient care, as well as other enabling administrative services.

The FactSet Hywin Global Health Care Index is a float-adjusted, modified market capitalization weighted index reconstituted and rebalanced semi-annually.

The FactSet Hywin Global Health Care Index is co-developed by FactSet and Hywin*, where Hywin has collaborated with FactSet on idea generation, investment strategy formulation, and development of index methodology. The index is calculated and maintained by Solactive AG based on a methodology developed by FactSet and Hywin. It is calculated on a price, gross, and net total return basis in U.S. dollars (USD). All performance returns of the index are calculated continuously and, on an end-of-day basis, from Monday to Friday 1:00 a.m. to 10:50 p.m. CET (Central European Time). Index values are distributed via various data channels and market data vendors, including the price marketing services of Boerse Stuttgart AG. End-of-day performance return values of the index may also be obtained from FactSet upon request and on its website FactSet.com.

1.2 Inception Date and Base Value

The Index Inception Date was March 3, 2017 with a base value of 100.00. The inception date refers to when the first back-tested index value was calculated. The back test is based on a similar methodology used to calculate the index when it is officially launched on June 30, 2022.

1.3 Index Valuation Days

Index Valuation Days are business days, Monday to Friday.

1.4 Commencement Date

The index commencement date is June 30, 2022. Commencement date refers to when the index is officially launched with continuous and end-of-day calculations.

*Hywin Holdings Ltd.

1.5 Reconstitution and Rebalance Schedule

The index is reconstituted semi-annually after the close of third Friday from the second Friday of February and August each year ("Reconstitution Day").

If any of the existing or new index components is not trading on Reconstitution Day due to an exchange holiday, the reconstitution is moved to the next business day.

The data used to reconstitute and rebalance the index is as of the close of second Friday in February and August ("Selection Day"). Subsequent adjustment to the index composition may be made to account for corporate actions that occur between the Selection Day and the Reconstitution Day.

Index Construction

2.1 Constituent Selection and Weighting Schema

1. The securities are primarily listed on one of the following 19 exchanges:

   - Australia Stock Exchange
   - Borsa Italiana
   - Deutsche Borse Xetra
   - Euronext Amsterdam
   - Euronext Brussels
   - Euronext Paris
   - Hong Kong Exchange
   - London Stock Exchange
   - Madrid Stock Exchange
   - NASDAQ
   - New York Stock Exchange
   - NYSE American
   - OMX Nordic Copenhagen
   - OMX Nordic Helsinki
   - OMX Nordic Stockholm
   - Oslo Stock Exchange
   - SIX Swiss Exchange
   - Tokyo Stock Exchange
   - Toronto Stock Exchange

2. The securities are common stocks, ADR, GDR.

3. The securities have a minimum float-adjusted market capitalization of U.S. $1 billion or greater, and a minimum three-month Average Daily Trading Value (ADTV) of U.S. $5 million or greater.

4. The securities have a minimum free float equivalent to 20% or more of shares outstanding.

5. The securities are classified as focused to one of the 36 Health Care industries as defined by the FactSet Revere Business Industry Classification System (RBICS) Level 4 industries:

   - Acute Care and Institutional Patient Care
   - Ambulatory and Outpatient Diagnostic Patient Care
   - Cardiovascular System Biopharmaceuticals
   - Clinical Diagnostics Devices
   - Contract Manufacturing Organizations
   - Contract Research Organizations
   - Dermatology Biopharmaceuticals

- Development and Manufacturing Services
- Digestive System Biopharmaceuticals
- Diversified Biopharmaceuticals
- Diversified Healthcare Services
- Diversified Medical Devices and Instruments
- Drug Delivery Devices
- Endocrinology and Metabolism Biopharmaceuticals
- Health Plan Providers
- Healthcare Administrative Support Services
- Healthcare Distributors
- Hematology Biopharmaceuticals
- Immunology Biopharmaceuticals
- Infectious Disease Biopharmaceuticals
- Long-Term Care Facilities
- Multi-Delivery-Type Patient Care
- Musculoskeletal System Biopharmaceuticals
- Neurology Biopharmaceuticals
- Obstetrics and Gynecology Biopharmaceuticals
- Oncology Biopharmaceuticals
- Ophthalmology Biopharmaceuticals
- Other Ambulatory and Outpatient Patient Care
- Outsourced Drug Services
- Respiratory System Biopharmaceuticals
- Scientific Products
- Specialized Medical Devices
- System-Specific General Medical Devices
- Toxicology Biopharmaceuticals
- Urology Biopharmaceuticals
- Veterinary Products and Services

6. If a company has multiple share classes, only include the most liquid issue based on the highest three-month ADTV on Selection Day.

7. Rank remaining securities by their float-adjusted market capitalization in descending order, from largest to smallest. Select the top 40 ranked securities.

   For index reconstitution, existing constituents in the top 55 rank shall be prioritized for index inclusion; newly eligible constituents (i.e. the new top 40) will be included according to their descending float-adjusted market capitalization, until the index reaches 40 constituents.

8. Apply the float-adjusted modified market capitalization weighting methodology to securities that remain after Step 7 by dividing their individual float-adjusted market capitalization to the sum float-adjusted market capitalization of all securities.

   Individual security weights are capped at 5.0%, with excess weights redistributed proportionally among remaining uncapped securities. The aforementioned redistribution process is repeated iteratively until no security weight exceeds 5.0%.

In addition to the above selection schema, FactSet may at its discretion, modify one or more selection criterion to ensure relevant and timely capture of the theme. Any modifications shall be announced 30 days prior to Reconstitution Days.

2.2 Index Return Formulas

The price, gross and net total returns levels of the index are calculated using the following formulas.

$$I_{(t)} = \frac{\sum_{i=1}^{n} S_{i(t)} \times P_{i(t)} \times FX_{i(t)}}{D_{(t)}}$$

where:
$I_{(t)}$ = Index value on Index Valuation Day (t)
$D_{(t)}$ = Divisor on Index Valuation Day (t)
n = Number of stocks in the index

$P_{i(t)}$ = Closing price of stock (i) on Index Valuation Day (t)
$S_{i(t)}$ = Number of allocated shares of stock (i) on Index Valuation Day (t)
$FX_{i(t)}$ = WM Reuters FX rate published at 4:00pm London time on Index Valuation Day (t) required to convert closing price of stock (i) in index currency, USD.

and on Inception Date, where (t) = 0, the initial divisor is calculated as follows:

$$D_{(0)} = \frac{\sum_{i=1}^{n} S_{i(0)} \times P_{i(0)} \times FX_{i(0)}}{I_{(0)}}$$

where:

$I_{(0)}$ = Price Returns Index value on Index Inception Date
$D_{(0)}$ = Divisor on Index Inception Date
n = Number of stocks in the index on Index Inception Date
$P_{i(0)}$ = Price of stock (i) on Index Inception Date
$S_{i(0)}$ = Number of allocated shares of stock (i) on Index Inception Date
$FX_{i(t)}$ = WM Reuters FX rate published at 4:00pm London time on Index Valuation Day (t) required to convert closing price of stock (i) in index currency, USD.

Allocated shares ("S") are the number of shares required for each constituent such that all constituents are float-adjusted modified market capitalization weighted. Allocated shares ("S") would be adjusted accordingly to account for Corporate Actions.

Net total return is calculated to account for the effect of tax withholding on dividends by adjusting dividend taken out due to tax payment.

2.3 Index Divisor Adjustments

From time to time, the index divisor is adjusted to account for corporate actions that could distort index value and continuity using the following formula:

$$D_{(t+1)} = D_{(t)} \times \frac{\sum_{i=1}^{n} AS_{i(t+1)} \times AP_{i(t+1)} \times FX_{i(t)}}{\sum_{i=1}^{n} S_{i(t)} \times P_{i(t)} \times FX_{i(t)}}$$

where:

$D_{(t+1)}$ = Divisor for Index Valuation Day (t+1) after CA and rebal adjustment
$D_{(t)}$ = Divisor for Index Valuation Day (t)
$AP_{i(t+1)}$ = Adjusted price of stock (i) calculated for open on Index Valuation Day (t+1) after CA adjustment
$P_{i(t)}$ = Closing price of stock (i) on Index Valuation Day (t)
$S_{i(t)}$ = Number of allocated shares of stock (i) on Index Valuation Day (t)
$AS_{i(t+1)}$ = Adjusted number of allocated shares of stock (i) for open on Index Valuation Day (t+1) after CA adjustment.

Divisor adjustments are generally implemented on the date the corporate action becomes effective, such that for example, the ex-dividend date rather than the payment date is used to time the divisor adjustment.

Find below a detailed calculation for AP, AS, and S in case of corporate actions and rebalancing.

$AP_{i(t)}$ mean: = Adjusted price of stock (i) is determined for the open on Index Valuation Day (t) shall

- If index constituent opens ex-date in respect of the corporate action, then $AP_{i(t)}$ is determined as per Corporate Action Adjustment Section.
- Otherwise

$$AP_{i(t)} = P_{i(t-1)}$$

$S_{i(t)}$ = Number of allocated shares of stock (i) on Index Valuation date (t) is determined as

$$S_{i(t)} = AS_{i(t)}$$

$AS_{i(t)}$ = Adjusted number of allocated shares of stock (i) for open on Index Valuation Day (t) after CA adjustment is determined as:

- If such day opens immediately following the Rebalancing Day (t-1) and if:
  - index constituent opens ex-date in respect to corporate action, then $AS_{i(t)}$ is determined as per Corporate Action Adjustment Section with $S_{i(t-1)}$ replace with:

$$S_{i(t-1)} = \frac{I_{(t-1)} \times Weight_{i(t-1)}}{P_{i(t-1)} \times FX_{i(t-1)}}$$

  - index constituent does not opens ex-date in respect to corporate action, then $AS_{i(t)}$ is determined as:

$$AS_{i(t)} = \frac{I_{(t-1)} \times Weight_{i(t-1)}}{P_{i(t-1)} \times FX_{i(t-1)}}$$

- On any other day:
  - index constituent opens ex-date in respect to corporate action, then $AS_{i(t)}$ is determined as per Corporate Action Adjustment Section
  - Otherwise:
$$AS_{i(t)} = S_{i(t-1)}$$

where $Weight_{i(t-1)}$ is determined as per Section 2.1.

2.4 Corporate Action Adjustments

Special Cash Dividend:

$$AP_{i,t} = P_{i,t-1} - D_{i,t} \times FX_{d,t-1}$$

Where

t   = Index Valuation Date (t) is ex-date for corporate action.

$\mathbf{D_{i,t}}$ **=** Dividend amount corresponding to stock (i) with ex-date (t).

$\mathbf{FX_{d,t-1}}$ = WM Reuters FX rate published at 4:00pm London time fixing on Index Valuation Day (t-1) required to convert dividend amount in underlying stock currency, USD.

Spin-off Adjustment

On effective date, the spun-off security will be added to Index with a Price of 0 and the price of the parent company will remain unchanged.

$$AP_{i,t,s} = P_{i,t-1} - P_{f,t-1} \times \text{Share Ratio}_{f,t} \times FX_{j,t-1}$$

Where

$\mathbf{P_{f,t-1}}$ **=** Closing price of Spin-off stock on Index Valuation Date (t-1).

$\mathbf{FX_{j,t-1}}$ = WM Reuters FX rate published at 4:00pm London time fixing on Index Valuation Day (t-1) required to convert dividend amount in underlying stock currency, USD.

Rights Issue Adjustment

$$AP_{j,t} = \frac{P_{j,t-1} + C_{j,t} \times \text{Share Ratio}_{j,t}}{1 + \text{Share Ratio}_{j,t}}$$

$$AS_{j,t} = S_{j,t-1} \times \left(1 + \text{Share Ratio}_{j,t}\right)$$

Where

$\mathbf{C_{j,t}}$ = Official tender price.

Stock Splits Adjustment

$$AP_{j,t} = \frac{P_{j,t-1}}{\text{Share Ratio}_{j,t}}$$

$$AS_{j,t} = S_{j,t-1} \times \text{Share Ratio}_{j,t}$$

Stock distribution

$$AP_{j,t} = P_{j,t-1} \times \frac{1}{1 + \text{Share Ratio}_{j,t}}$$

$$AS_{j,t} = S_{j,t-1} \times \left(1 + \text{Share Ratio}_{j,t}\right)$$

Index Maintenance

Constituent changes may occur between review periods due to corporate events that disqualify their eligibility for index inclusion. Adjustments to corporate events are described below:

3.1 Corporate Actions – Delisting

A constituent is removed immediately after being delisted from its primary markets.

3.2 Corporate Actions – Merger or Acquisition

If a merger or acquisition results in one constituent acquiring another, the acquiring company remains a constituent, and the acquired company is removed. If a non-constituent acquires a constituent, the acquired constituent is removed. If a constituent acquires a non-constituent, the acquiring constituent remains a constituent.

3.3 Corporate Actions – Spin-off

If a constituent spins or splits off a portion of its business, both the spun-off companies and the parent companies (with the highest market value relative to the spun-off companies) will be kept in the index, and be considered for removal from the index at the next Reconstitution or Rebalance Day should they fail to meet the eligibility criteria in Section 2.1.

3.4 Corporate Actions – Bankruptcy

If a constituent is delisted after bankruptcy, it will be removed immediately with a price of 0 from the index.

Index Calculation and Data Correction

4.1 Index Calculation

Price, gross, and net total return values for the FactSet Hywin Global Health Care Index are calculated by Solactive AG. The price, gross, and net total return values are calculated on a continuous and end-of-day basis by using the trading price for each component in the index from relevant exchanges and markets. Index values are rounded to 2 decimal places and divisors are rounded to 6 decimal places.

If trading in a stock is suspended prior to the market opening, the stock's adjusted closing price from the previous day will be used in the index calculation until trading commences. If trading in a stock is suspended while the relevant market is open, the official closing price published by relevant exchange for that stock will be used for all subsequent index calculations until trading resumes.

In case of exceptional market conditions disrupting normal closing auction, or causing official closing prices not being available, Solactive and FactSet reserve the right to utilize other prices in the calculation of the official closing level.

4.2 Data Correction

Incorrect index constituent data, corporate action data, or index divisors will be corrected upon detection. If such errors are discovered within five days of occurrence, they will be corrected

retroactively on the day of discovery. If discovered after five days, corrective actions will be decided based on the errors' significance and feasibility of a correction.

4.3 Decision Making in Undocumented Events

A FactSet Index Committee consisting of select employees of FactSet Research Systems Inc. is responsible for amending rules as documented in the Index Methodology Guide due to undocumented or extraordinary events.

Additional Information

5.1 Contact Information

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5.2 Version History

Version	Release Date	Notes
Version 1.0	June 30, 2022	First release