The new S&P/ASX All Technology Index highlights a unique and innovative segment of the Australian market.

1. Why is this index being introduced now?

In recent years, ASX-listed technology companies have experienced substantial growth in terms of both number of companies and market capitalization. In the past five years, the number of S&P/ASX All Technology Index constituents nearly doubled from 24 to 46, while the total market capitalization of these companies increased more than fivefold from AUD 17 billion to nearly AUD 92 billion.

Exhibit 1: Growth of the Australian Technology Industry

Source: S&P Dow Jones Indices LLC. Data based on the S&P/ASX All Technology Index and is as of the last day of each year from 2014 to 2019. Charts are provided for illustrative purposes.

In a market heavily concentrated in banks and natural resource companies, there is significant demand for an index that captures the Australian technology sector in a comprehensive yet precise way. Importantly, the technology segment measures a unique, innovative part of the market that remains a small portion of the broader Australian share universe. We also expect the index to increase the visibility of technology-related businesses listed on the ASX, which should support further growth of the sector over time.
2. How does the index work?

The eligible universe is defined as all ASX-listed equity securities meeting minimum float-adjusted market cap and liquidity thresholds that are designed to capture companies beyond the S&P/ASX 300. All companies meeting these requirements and classified under the following GICS® groupings are selected for inclusion:

- Information Technology sector (45)
- Consumer Electronics subindustry (25201010)
- Internet & Direct Marketing Retail subindustry (25502020)
- Interactive Media & Services subindustry (50203010)
- Health Care Technology subindustry (35103010)

The index is weighted by float-adjusted market cap, subject to a 25% single stock cap, and is rebalanced quarterly.

3. What was the rationale for this index design?

In order to fully capture technology-driven businesses in Australia, we felt it was important to expand the scope beyond the GICS Information Technology sector. This allows the index to include other innovative technology-related industries such as health care technology and companies operating online marketplaces that are classified in other GICS sectors. Exhibits 2 and 3 illustrate the index weight exposure by GICS sector and subindustry as well as the largest index constituents.

Extending the universe beyond the S&P/ASX 300 while still incorporating meaningful investability constraints facilitates broad coverage of the sector and makes the index viable to support index-based financial products. We also chose to make IPOs eligible for addition on a quarterly basis to enable quick access to these businesses.

Exhibit 2: GICS Sector Composition

- Information Technology: 79%
- Communication Services: 15%
- Consumer Discretionary: 4%
- Health Care: 2%

Exhibit 3: Top 10 Constituents

<table>
<thead>
<tr>
<th>No.</th>
<th>Constituent</th>
<th>GICS Sector</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Xero Limited</td>
<td>Information Technology</td>
<td>12.8</td>
</tr>
<tr>
<td>2</td>
<td>Computershare</td>
<td>Information Technology</td>
<td>12.7</td>
</tr>
<tr>
<td>3</td>
<td>Afterpay</td>
<td>Information Technology</td>
<td>7.8</td>
</tr>
<tr>
<td>4</td>
<td>REA Group</td>
<td>Communication Services</td>
<td>7.6</td>
</tr>
<tr>
<td>5</td>
<td>Altium Limited</td>
<td>Information Technology</td>
<td>6.1</td>
</tr>
<tr>
<td>6</td>
<td>Carsales.com Ltd</td>
<td>Communication Services</td>
<td>6.0</td>
</tr>
<tr>
<td>7</td>
<td>Wisetech Global Limited</td>
<td>Information Technology</td>
<td>5.1</td>
</tr>
<tr>
<td>8</td>
<td>Link Administration Hldgs</td>
<td>Information Technology</td>
<td>4.6</td>
</tr>
<tr>
<td>9</td>
<td>NEXTDC Ltd</td>
<td>Information Technology</td>
<td>3.4</td>
</tr>
<tr>
<td>10</td>
<td>Appen Limited</td>
<td>Information Technology</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Chart is provided for illustrative purposes.

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4. How has the index performed historically compared with other major sectors of the Australian market?

As illustrated in Exhibit 4, the S&P/ASX All Technology Index substantially outperformed other major Australian equity sectors as well as the broader S&P/ASX 200 over the trailing one-, three-, and five-year periods ending Dec. 31, 2019.

Exhibit 4: Outperformance of the S&P/ASX All Technology Index versus Other Major Australian Sector Indices and the S&P/ASX 200

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2019. Index performance based on total return in AUD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

5. How can the index be used?

The index is designed to be a broad representation of technology-related businesses listed on the ASX, while also incorporating investability requirements sufficient to support index-based financial products. As a result, it defines the investable universe of technology-related companies listed on the ASX and can be used to support index-linked investment products.

6. What are the key benefits of the index?

Comprehensive Coverage of Technology Growth Theme

By reaching beyond the GICS Information Technology sector, the index includes other innovative technology-related industries such as health care technology and companies operating online marketplaces. Likewise, by including companies that have not yet graduated to the S&P/ASX 300, it offers earlier access to these smaller businesses that may have greater room for growth.

Precision

The index targets a unique, underrepresented segment of the Australian equity market. It exhibits distinct investment characteristics compared with major Australian equity sectors such as financials, real estate, and natural resources.

Liquidity

Although broad in nature, the index incorporates investability constraints designed to make it appropriate for use as an underlying benchmark for index-based investment products.
Performance Disclosure

The S&P/ASX All Technology Index was launched February 21, 2020. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. However, when creating back-tested history for periods of marked anomalies or other periods that do not reflect the index methodology, index results may be modified to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. Complete index methodology details are available at www.spdji.com. Past performance of the Index is not an indication of future results. Prospective application of the methodology used to construct the Index may not result in performance commensurate with the back-test returns shown.

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