Ground Rules

August 2026

FTSE Australia 200 Fundamental Value Index

v1.0

FTSE RUSSELL
An LSEG Business

lseg.com/en/ftse-russell

Contents

Section 1
Introduction

1. Introduction

1.1 This document sets out the Ground Rules for the construction and management of the FTSE Australia 200 Fundamental Value Index.

1.2 The FTSE Australia 200 Fundamental Value Index is designed to reflect the performance of securities weighted by a set of accounting measures of size as detailed in section 5.

1.3 The FTSE Australia 200 Fundamental Value Index does not take account of ESG factors in its index design.

1.4 Price and Total Return Indices will be calculated on an end of day basis. Total return indices include income based on ex dividend adjustments. All dividends are applied as declared.

1.5 The base currency of the index series is AUD Dollars. Index values may also be published in other currencies.

1.6 These Ground Rules should be read in conjunction with the FTSE Global Equity Index Series Ground Rules, the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices which are available at www.lseg.com/en/ftse-russell/. Unless stated in these Ground Rules, the FTSE Australia 200 Fundamental Value Index will follow the same process as the FTSE Global Equity Index Series.

1.7 **FTSE Russell**

1.7.1 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.

1.7.2 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index series' rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules, and/or
- any inaccuracies in these Ground Rules, and/or
- any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
- any inaccuracies in the compilation of the index or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited ("FTSE")

2.1.1 FTSE is the benchmark administrator of the index series.[1]

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE Australia 200 Fundamental Value Index Series and will:

- maintain records of the index weightings of all constituents and reserve companies;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the index and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the index.

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity

[1] The term administrator is used in this document in the same sense as it is defined in Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the European Benchmark Regulation) and The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (the UK Benchmark Regulation).

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.1 Corporate Actions and Events Guide

3.2 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices using the following link:

Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices

3.3 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

The Statement of Principles can be accessed using the following link:

Statement of Principles

3.4 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

FTSE Russell Benchmark Determination Complaints-Handling Policy

3.5 Index Policy for Trading Halts and Market Closures

3.5.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

FTSE Russell Index Policy for Trading Halts and Market Closures

3.6 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.6.1 Details of FTSE Russell's treatment can be accessed using the following link:

Index Policy in the Event Clients are Unable to Trade a Market or a Security: Ground Rules

3.7 Recalculation Policy and Guidelines

3.7.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE Australia 200 Fundamental Value Index will be notified through appropriate media.

Recalculation Policy and Guidelines – Equity Indices

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

3.8 Policy for Benchmark Methodology Changes

3.8.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

FTSE Russell Policy for Benchmark Methodology Changes: Ground Rules

3.9 FTSE Russell Governance Framework

3.9.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks[2] , the European benchmark regulation[3] and the UK benchmark regulation[4]. The FTSE Russell Governance Framework can be accessed using the following link:

FTSE Russell Governance Framework

3.10 Real Time Status Definitions

3.10.1 For indices that are calculated in real time, please refer to the following guide for details of real time status definitions:

Real_Time_Status_Definitions.pdf

[2] IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

[3] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

[4] The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Eligible securities

4. Eligible securities

4.1 The eligible universe comprises all ASX-listed companies as at the end of January.

4.2 Securities in the universe are deemed ineligible and removed where any of the following apply as of the index review cut-off date:

- Full market capitalisation is less than USD 50 million.
- The security fails the FTSE GEIS Liquidity Rule.
- The security is classified under ICB as:
  - Closed End Investments — 30204000; or
  - Open End and Miscellaneous Investment Vehicles — 30205000.

Section 5

Index construction

5. Index construction

5.1 Accounting measures

5.1.1 The weight of a constituent in the FTSE Australia 200 Fundamental Value Index is determined by four fundamental measures:

- *Net Sales (averaged over the prior five years)*
- *Cash Flow (averaged over the prior five years) plus R&D Expense (averaged over the prior five years)*
- *Dividends plus Buybacks (averaged over the prior five years)*
- *Latest Book Value plus Research Capital*, where Research Capital is calculated by capitalising R&D expenditure over the prior five years with 20% annual depreciation.

5.1.2 An average of the last five years annual figures for each reported accounting measure is used. If fewer than five years data are available, accounting measures are averaged over years for which data is available. A minimum of one year of reported accounting data is required for each metric.

5.1.3 For companies that consist of multiple security lines, annual accounting measures are allocated to each line in proportion to the economic interest of the line (shares in issue * par value) in the entire company where data permits.

5.1.4 Securities will not be eligible for the FTSE Australia 200 Fundamental Value Index at the annual review if the relevant financial information is unavailable. For example, recent listings, recently merged companies, or investment entities that do not report the necessary financial metrics will be ineligible.

5.2 Sub-Index construction

5.2.1 Each accounting measure is converted from local currency to US Dollars at security level using the prevailing exchange rate as of the data cut-off date. The data cut-off date is the end of January.

5.2.2 Sub-indices corresponding to each of the four accounting measures are constructed using the eligible securities in Rule 4.1 and 4.2. Sub-index security level weights are calculated by dividing each company's accounting measure by the aggregate accounting measure for that sub-index.

The determination of sub-index weights is illustrated using Net Sales. If every security has a positive value for the five-year average of Net Sales, then the Net Sales sub-index weight, W_i^{NS} for company *i* is:

$$W_i^{NS} = \frac{NS_i}{\sum_i NS_i}$$

Where:

NS_i: is the five-year average Net Sales of security *i* in US dollars.

5.2.3 Negative fundamental measures are set to zero. For the Net Sales sub-index:

$$W_i^{NS} = \frac{Max(NS_i, 0)_i}{\sum_i Max(NS_i, 0)}$$

Consequently, a security with a negative five-year fundamental measure has zero weight in the relevant sub-index.

5.2.4 Where data is unavailable for a security, that security is excluded from the relevant sub-index. The Dividend plus buyback metric is treated differently. If a company does not pay a dividend or engage in buybacks, this measure is set to zero and a security will have a weight of zero in the Dividend + Buyback sub-index.

5.2.5 Investability Weight Adjustment

The weight of each constituent in each sub-index is adjusted for free-float and foreign ownership restrictions. The final weight of a constituent in the Net Sales sub-index is:

$$W_i^{NS} = \frac{Max(NS_i, 0)_i * f_i}{\sum_i Max(NS_i, 0)_i * f_i}$$

Where:

f_i is the investability weighting adjustment.

5.3 Index weight construction

5.3.1 The adjusted fundamental weight of each eligible security in the FTSE Australia 200 Fundamental Value Index is the average of the security's weightings across the four sub-indices.

$$W_i = \frac{W_i^{CFRD} + W_i^{NS} + W_i^{D+BB} + W_i^{BVRC}}{4}$$

Where:

W_i^{NS}	is the Net Sales sub-index weight
W_i^{CFRD}	is the Cash Flow + R&D Expense sub-index weight
W_i^{D+BB}	is the Dividends + Buybacks sub-index weight
$W_i^{BV RC}$	is the Latest Book Value + Research Capital sub-index weight

5.3.2 The average is across only those sub-indices in which a security is represented. For clarity, if a company reports negative five-year average net sales it will have a weight of zero in the Net sales sub-index. The index weight will be the result of averaging across the four sub-indices (given all remaining financial data is available). If a company does not report net sales, it is not a member of the sub-index in question and the index weight is determined as the average weight across the remaining three sub-indices.

5.3.3 The 200 securities with the largest adjusted fundamental weights, are selected for index inclusion.

5.3.4 The selected constituents are assigned weights according to their adjusted fundamental weights and are renormalized such that the weights sum to one.

5.3.5 Each constituent's index weight is subject to a cap of four times its liquidity weight, with liquidity weight calculated using the higher of the 30-day and 90-day median daily traded value. Any excess weight is redistributed proportionally to the remaining constituents' uncapped weights until no constituent exceeds the cap.

Section 6

Periodic review of constituents

6. Review of Fundamental Value indices

6.1 The FTSE Australia 200 Fundamental Value Index will be reviewed annually in March using the data as of the close of business on end of January (data cut-off date). Review additions and deletions to the underlying universe will be reflected in the FTSE Australia 200 Fundamental Value Index.

6.2 The review will be implemented after the close of business on the third Friday (i.e. effective Monday) of March each year. Target weights will be achieved using prices as at the Monday four weeks prior to the review effective date, with shares in issue and investability weight as at the review effective date.

6.3 **Index back-histories**

All index reviews prior to the index series launch date use financial accounting measures subject to a three-month fiscal year-end lag. For each review, a company's annual financial measures are eligible for use only where the relevant fiscal year-end is at least three months prior to the end of January. For example, the Net Sales measure detailed in Rule 5.1 is calculated as the five-year average of annual Sales for fiscal years ending no later than three months before the end-January data cut-off date.

Section 7

Changes to constituent companies

7. Changes to constituent companies

7.1 Intra-review additions

7.1.1 Additions to the underlying universe will be considered for inclusion at the next annual review of the FTSE Australia 200 Fundamental Value Index, subject to the treatment of spin-offs as detailed in section 8.

7.2 Intra-review deletions

There will be no intra-review deletions except in the event of corporate actions and events covered in Section 8. Such securities will be deleted in line with their removal from the underlying eligible universe of ASX listed companies. Further details can be found in the FTSE Global Equity Index Series Ground Rules.

Section 8

Corporate actions and events

8. Corporate actions and events

8.1 If a constituent in the FTSE Australia 200 Fundamental Value Index has a stock split, stock consolidation, rights issue, bonus issue, a change in the number of shares in issue or a change in free-float (with the exception of tender offers), the constituent's weighting in the FTSE Australia 200 Fundamental Value Index remains unchanged pre and post such an event.

8.2 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices using the following link:

Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices

A Corporate 'Action' is an action on shareholders with a prescribed ex-date. The share price will be subject to an adjustment on the ex-date. These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division)/Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required, FTSE Russell will provide notice advising of the timing of the change.

8.3 **Takeovers, mergers and demergers**

The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices.

8.4 **Suspension of dealing**

Suspension of dealing rules can be found within the Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices.

Section 9

Index calculation

9. Index calculation

9.1 Prices

9.1.1 The FTSE Australia 200 Fundamental Value Index uses actual closing mid-market or last trade prices, where available, for securities with local market quotations. Further details can be accessed using the following link:

Closing Prices Used For Index Calculation

9.2 Calculation frequency

9.2.1 The FTSE Australia 200 Fundamental Value Index will be calculated on an end of day basis and displayed to eight decimal points.

9.3 Index calculation

9.3.1 The FTSE Australia 200 Fundamental Value Index is calculated using the algorithm described below:

$$\sum_{i=1}^{N} \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where,

- i=1,2,…,N
- N is the number of securities in the Index.
- p_i is the latest trade price of the component security (or the price at the close of the index on the previous day).
- e_i is the exchange rate required to convert the security's currency into the index's base currency.
- s_i is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules.
- f_i is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index.
- c_i is the Weight Adjustment Factor to be applied to a security to correctly weight that security in the index. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the index.
- d is the divisor, a figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the index.

Appendix A

Further information

A Glossary of Terms used in FTSE Russell's Ground Rules documents can be found using the following link:

Glossary.pdf

Further information on the FTSE Australia 200 Fundamental Value Index is available from FTSE Russell.

The FTSE Russell Sustainable Investment Metrics website can be found using the following link: ESG Metrics

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

Website: www.lseg.com/en/ftse-russell/