

Fount Metaverse Index

Calculated and administered by Moorgate Benchmarks Ltd.

Methodology Document

Version 1.0

Change History

Version Number	Editor	Date	Comments
1.0	Davide di Gioia	27/10/2021	Document first published

1. Introduction

1.1. The Fount Metaverse Index – Capturing the builders of the Metaverse

1.1.1. The Fount Metaverse Index is a 50-stock equity index that provides focused exposure to companies that develop, manufacture, distribute, or sell products or services related to metaverse technology (“Metaverse Companies”).

1.1.2. Constituents must meet defined criteria ensuring they are providing Metaverse technology, in one of the following areas:

- Augmented Reality
- Life Log
- Mirror World
- Virtual World

1.1.3. Constituents are weighted by adjusted market capitalization (as described within this document), with adjustments made to focus exposure on expected Metaverse revenue, to ensure diversification and to ensure tradability of each underlying constituent when traded as part of an index portfolio trade.

2. Governance

2.1. Fount Investment Co. Ltd. (Fount)

2.1.1. Fount is the index provider and owner of the Fount Metaverse Index.

2.2. Moorgate Benchmarks Limited (Moorgate)

2.2.1. Moorgate Benchmarks Limited is calculator and administrator of the index. Moorgate is regulated by the Financial Conduct Authority as a registered benchmark administrator under the UK benchmarks regulation and by BaFin as a registered benchmark administrator under the EU benchmarks regulation.

2.3. Fount Classification Group

2.3.1. The Fount Classification Group determines which companies meet the thematic criteria to be classified as potentially eligible for the index.

2.3.2. Generally speaking, in order to be classified as “Metaverse” companies, companies are likely to be engaged in one of the following sectors:

- i) **Augmented Reality:** An interactive experience of a real-world environment where the objects that reside in the real world are enhanced by computer-generated perceptual information, sometimes across multiple sensory modalities, including visual, auditory, haptic, somatosensory and olfactory.
- ii) **Life Log:** A personal record of one’s daily life in a varying amount of detail, for a variety of purposes. The record contains a comprehensive dataset of a human's activities. The data could be used to increase knowledge about how people live their lives. In recent years, some lifelog data has been automatically captured by wearable technology or mobile devices.
- iii) **Mirror World:** A representation of the real world in digital form. It attempts to map real-world structures in a geographically accurate way. Programs such as Google Earth and Microsoft Virtual Earth are examples of 3D mirror worlds.
- iv) **Virtual World:** A computer-simulated environment which may be populated by many users who can create a personal avatar, and simultaneously and independently explore the virtual world, participate in its activities and communicate with others.

2.3.3. A full description of the above sectors is provided in appendix C.

2.3.4. The Fount Classification Group is required to conduct its work independently of the operation and management of the index.

2.4. Fount Index Committee

2.4.1. The Fount Index Committee is responsible for the management of these rules, for their continuing fitness for purpose, and therefore for any periodic amendments thereto.

2.4.2. The committee is composed of a chairperson appointed by Fount, and a minimum of two additional members, either from Fount or external index experts.

2.4.3. Members of the Fount Index Committee may not serve on the Fount Classification Group.

2.4.4. The Fount Index Committee convenes on at least an annual basis, in the second week of July.

2.4.5. Full details of its responsibilities are detailed within the Committee's terms of reference.

2.5. Moorgate Benchmarks Index Management Committee

2.5.1. The Moorgate Benchmarks Index Management Committee oversees the day-to-day management of the index and the implementation of the annual review.

2.5.2. Where an index-impacting event occurs the resolution of which is not clear from these rules, and that due to time constraints cannot be discussed with the Fount Index Committee, the Moorgate Benchmarks Index Management Committee is empowered to decide on the most appropriate action to take to resolve the event. The action will be disclosed to the Fount Index Committee for its review.

2.5.3. The Moorgate Benchmarks Index Management Committee is also responsible, in the event of the rules not providing a clear process for the management of any situation, for determining the process to be followed.

2.6. Index Methodology Changes

2.6.1. Members of the Fount Index Committee, Moorgate Benchmarks Index Management Committee, and stakeholders may at any time recommend changes to these Rules (including the Index construction criteria) by submitting any proposed changes for consideration and approval in advance of the Fount Index Committee's next meeting.

2.6.2. Proposed rules changes that the Committee deems material will be publicly consulted on, according to the policy detailed within the Moorgate Benchmarks Cessation or Material Change Policy, available from www.moorgatebenchmarks.com.

2.6.3. Following approval by the Fount Index Committee, such changes shall be implemented by way of an update to these rules, which shall be published on www.moorgatebenchmarks.com and www.fount.co.

2.6.4. Except in exceptional circumstances, new rules and rules adjustments will become effective after the following annual review of index constituents and weightings.

3. Index construction

3.1. Eligible shares

Theme eligibility

- 3.1.1. The Fount Classification Group applies a proprietary artificial intelligence algorithm that extracts patterns from analyzing data, resulting in the identification of Metaverse Companies.
- 3.1.2. After identifying the initial investment universe, each company's one-year forecasted revenue from metaverse technology is reviewed.
- 3.1.3. The ratio of forecasted one-year metaverse revenue to total revenue is calculated. The total revenue figure used is taken from the last publicly disclosed accounts.
- 3.1.4. Only companies that are forecasted to have a Metaverse Revenue Ratio of more than 50% are eligible for the index.
- 3.1.5. These companies are then reviewed by the Fount Classification Group to ensure they are consistent with the theme of the index.

Geographic Eligibility

- 3.1.6. Eligible stock exchanges are evaluated annually by the Fount Index Committee. In general, a stock exchange will qualify as an eligible stock exchange if there is not an undue burden for US investors to access and settle trades on that exchange in a timely fashion.
- 3.1.7. Potential constituents whose primary exchange is not one of the eligible exchanges are removed from the eligible universe.

Sanctions restricting access to certain Chinese companies

- 3.1.8. To comply with E.O. 140321 and in accordance with the guidance provided by the Office of Foreign Assets Control (OFAC), companies on the list¹ of sanctioned companies will be ineligible for the index.

Size eligibility

- 3.1.9. Shares with a minimum full market capitalization of less than \$300m are removed from the eligible universe.²

Liquidity

- 3.1.10. Shares with a three-month average daily traded value lower than \$5m are removed from the eligible universe.³

Free float

- 3.1.11. Shares with a free float of less than 10% are removed from the eligible universe.

¹ <https://www.treasury.gov/ofac/downloads/ccmc/nsccmiclist.txt>

² Note, during index annual reviews, existing constituents whose capitalization remains above \$250m will remain eligible with respect to their market capitalization.

³ Note, during index annual reviews, existing constituents whose liquidity remains above \$3.5m will remain eligible with respect to their liquidity.

3.2. Constituent Selection

- 3.2.1. The index calculator, Moorgate Benchmarks, selects and weights constituents according to the following process:
- 3.2.2. Moorgate Benchmarks builds an initial universe of eligible index constituents according to the criteria defined above.
- 3.2.3. A modified market capitalization is calculated by multiplying each company's full market capitalisation by its Metaverse Revenue Ratio.
- 3.2.4. The index' eligible universe is ranked in reverse order of modified market capitalization.
- 3.2.5. The top 50 (i.e. largest) securities by modified market capitalization are selected for inclusion in the index.

3.3. Constituent Weighting

- 3.3.1. Constituents are weighted according to their modified market capitalization, subject to the potential adjustments detailed below.
- 3.3.2. Any individual constituent whose overall index weight is greater than 10% once the above calculations are complete will have its overall index weight capped at 10%.
- 3.3.3. The aggregate weight of each stock representing more than 5% of the index may not exceed 40% of the index.
- 3.3.4. For the purposes of capping, multiple securities belonging to the same company will be aggregated, and their resulting weight distributed equally in proportion to their uncapped relative weights.
- 3.3.5. Commencing with the largest constituent, cumulative index weight is calculated, and the constituent whose added weight brings the cumulative weight above 40%, and all remaining constituents. Weight removed will be redistributed pro-rata across the remaining constituent.
- 3.3.6. The process above (3.3.2 to 3.3.4) is repeated, if necessary, until no constituent's weight is greater than 10% and the sum of individual index constituent weights that exceed 5% is not greater than 40%.

4. Annual review of the Fount Metaverse Index

4.1. Timings

4.1.1. The Fount Metaverse Index is reviewed annually, using the process described below.

4.1.2. Dates applicable to reviews are detailed below:

Date	Name	
On the last business day of June	Determination date	Date on which data is collected for use in the index review. (Data is collected at the close of markets on this day.)
On or before the second Friday of June	Review release date	Date on which the results of the review are published to licensees.
The last business day of June	Implementation date	Date on which the results of the review are implemented in the index. (Changes are effective in the index at the index open on the first business day of July.)

4.1.3. Where South Korean markets are closed on a determination, review release or implementation date, the previous day on which - South Korean markets are open will be used instead of the indicated date.

4.2. Review process

4.2.1. As of the determination date, share prices, shares in issue, Fount Metaverse Index classifications and related data are captured.

4.2.2. The eligible universe is created, as described in 3.1 above, other than that existing constituents whose full market capitalization remains above \$250m will remain eligible.

4.2.3. Eligible companies are ranked in reverse order of modified market capitalization.

4.2.4. Eligible companies are selected for the index, once by one, until there are either no remaining eligible companies, or the maximum number of fifty constituents has been reached.

4.2.5. Constituents are weighted according to the process described in section 3.3 above.

4.2.6. The results of the annual review process are published on the review release date.

4.2.7. The results of the annual review process are implemented at the close of business on the implementation date.

5. Calculation of the Fount Metaverse Index

5.1. Index versions calculated

- 5.1.1. Price, net total return, and gross total return versions of each index are calculated.
- 5.1.2. The index is calculated in US dollars.
- 5.1.3. The index is an end of day index, calculated on all US trading days using the closing auction price received from each constituent's primary listing exchange, converted (where necessary) using the WM/Refinitiv London 4pm closing spot values, and is published shortly after the close of US markets.

5.2. Index formula & divisor calculations

- 5.2.1. For details of the index calculation formula and related processes, please refer to the "Moorgate Benchmarks Equity Index Calculation Guide". The Fount Metaverse Index is treated as a market capitalization-weighted index.

5.3. Constituent fast entry

- 5.3.1. Where an initial public offering is classified as a metaverse company and has an adjusted market capitalization at the close of its first day of full trading greater than \$50bn, it will be included in the Fount Metaverse Index at the close of its second day of trading.
- 5.3.2. If its float-adjusted weight would be higher than 10%, a fast entry will be capped such that it would have represented 10% of the index at the close of its first day of trading.
- 5.3.3. The weight represented by the fast entrant will be taken, pro rata, from the other constituents.
- 5.3.4. In the event of a constituent entry under the fast entry process, no constituent will be removed and therefore the index will (presuming no companies have exited the index since the last review) comprise more than constituents until the next index review.

5.4. Constituent exits between reviews

- 5.4.1. The handling of constituents who undergo takeover or mergers follows the policy detailed in the Moorgate Benchmarks Equity Index Calculation Guide.
- 5.4.2. Constituents removed due to takeovers or mergers, or for any other reason, are not replaced until the next index review.
- 5.4.3. Where a constituent is removed, the weight of the constituent is distributed pro-rata across the remaining constituents. If the company is removed at a zero value, due to bankruptcy etc, no redistribution of weight is necessary.

5.5. Treatment of Sanctioned Chinese Companies

- 5.5.1. In the case that an existing constituent is added to the list of OFAC sanctioned companies (see paragraph 3.1.8), it will be removed within 30 days of its addition, with prior notice given.

5.6. Other corporate actions and events

- 5.6.1. The constituents of the Fount Metaverse Index are proactively maintained to reflect changes that may result from corporate actions.

5.6.2. The management of corporate events follows the processes and procedures outlined in the Moorgate Benchmarks Corporate Actions Guide – Market Capitalization Weighted Indices.

5.7. Errors

5.7.1. If an error is discovered in an index value Moorgate Benchmarks will follow the process outlined in the “Moorgate Benchmarks Error Correction Policy”, available at www.moorgatebenchmarks.com.

6. Exceptions and amendments to these Rules

6.1. Exceptions

- 6.1.1. Moorgate Benchmarks shall apply the method described above for the composition and calculation of the indices. However, it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require unforeseen changes to be made to the Fount Metaverse Index. Where possible, such changes will be made in conjunction with the Fount Index Committee, and in all instances, reported to that committee.
- 6.1.2. Wherever exceptions are required, Moorgate Benchmarks will endeavour to ensure a calculation method is applied that is consistent with the method described in this document.

6.2. Amendments

- 6.2.1. Moorgate Benchmarks Limited and Fount Investment Co. Ltd. notify users of the benchmarks that whilst it is the policy of Fount Investment Co. Ltd. as administrator to consult fully on any material change to a benchmark, it is possible that circumstances, particularly external events beyond the control of Moorgate Benchmarks and Fount Investment Co. Ltd., may necessitate immediate changes to, or the cessation of, a benchmark and therefore, any financial contracts or other financial instruments that reference the benchmarks, or any market participants that use the benchmarks in valuations should plan to be able to manage the possibility of changes to, or cessation of, the benchmarks. Please consult the Moorgate Benchmarks Cessation or Material Change Policy for further details.
- 6.2.2. The Fount Index Committee may prescribe changes to the selection criteria and other rules governing the indices and the method applied to calculate the indices, which it deems to be necessary and desirable in order to prevent material errors or to remedy, correct or supplement the rules currently described in these Guidelines.
- 6.2.3. Fount Investment Co. Ltd. and Moorgate Benchmarks shall ensure that any amendments to the methodology are updated and published as soon as possible after any changes to the indices are implemented, and shall notify all persons who have licensed the use of the indices as far in advance of such implementation as reasonably practicable.

7. Data publication

7.1. Data distribution

- 7.1.1. The index values are published via various data vendors. Each vendor determines whether they will distribute/display the index data via their respective information systems. Values are also published at www.fount.co and www.moorgatebenchmarks.com.
- 7.1.2. The composition of the index, as well as the respective weightings of index constituents, is published on a retrospective basis in respect of each review date on the business day immediately following the next review date, at www.fount.co and www.moorgatebenchmarks.com.

8. Contact details

- 8.1.1. The index provider, Fount Investment Co. Ltd., can be contact at bchoi@fountinvestment.com. More information is available at www.fount.co.
- 8.1.2. The index calculator, Moorgate Benchmarks Ltd, can be contacted at info@moorgatebenchmarks.com. More information is available at www.moorgatebenchmarks.com.

9. Legal

- 9.1.1. Fount Investment Co. Ltd. or any successor thereto (the “Index Provider”) owns solely and exclusively the intellectual property rights in the Fount Metaverse Index and its methodology (excluding methodological elements not developed specifically for the creation of the Fount Metaverse Index). Any use or publication of such intellectual property, as well as of the Fount trademark or any other Fount related methodologies, provisions or values, must be with the prior written consent of the Fount Investment Co. Ltd..
- 9.1.2. Fount Investment Co. Ltd. and Moorgate Benchmarks Ltd. assume no obligation, duty or liability to any person in relation to the Index save as provided in any written agreement with such person. Fount Investment Co. Ltd. and Moorgate Benchmarks Ltd. make no express or implied warranty as to:
- a) the advisability of purchasing or assuming any risk in connection with any transaction related to the Index;
 - b) the levels at which the Index stands at any particular time on any particular date;
 - c) the results to be obtained by any party from the use of the Index or any data included in it for the purposes of issuing securities or carrying out any financial transaction;
 - d) any other matter.
- 9.1.3. Fount Investment Co. Ltd. may assign the proprietary rights in the Index to a third party in its reasonable discretion.

9.2. Licensing

- 9.2.1. Licenses to use the indices as the underlying value for investment products and derivative instruments may be issued to stock exchanges, banks, financial services providers and investment houses by Fount Investment Co. Ltd.

Appendix A: Eligible Exchanges

Country	Exchange Name	MIC
USA	New York SE Floor Equities	XNYS
USA	NYSE AMERICAN Floor Equities	XASE
USA	NASDAQ Capital Market	XNCM
USA	NASDAQ Global Select Market Equities	XNGS
USA	Cboe BZX trading NYSE/NYSE AMRCN Eq	BATS
USA	NASDAQ Global Market Equities	XNMS
Australia	Australian Securities Exchange	XASX
Brazil	Brazil Stock Exchange	BVMF
Canada	Toronto Stock Exchange	XTSE
Denmark	Nasdaq Copenhagen	XCSE
Finland	Nasdaq Helsinki Ltd	XHEL
France	Euronext Paris	XPAR
Germany	XETRA	XETR
Hong Kong	Hong Kong Stock Exchange and Clearing Ltd	XHKG
Ireland	Euronext Dublin	XDUB
India	BSE India	XBOM
India	NSE	XNSE
Japan	Tokyo Stock Exchange	XTKS
Korea	Korea Exchange	XKRX
Netherlands	Euronext Amsterdam	XAMS
New Zealand	New Zealand Exchange	XNZE
Norway	Oslo Bors	XOSL
Portugal	Euronext Lisbon	XLIS
South Africa	Johannesburg Stock Exchange	XJSE
Sweden	Nasdaq Stockholm AB	XSTO
Sweden	NASDAQ First North Growth Market	FNSE
Switzerland	SIX Swiss Exchange AG	XSWX
Taiwan	Taiwan Stock Exchange	XTAI
United Kingdom	London Stock Exchange	XLON

Appendix B: Index Information

Name	Ticker	Value	Inception Date
Fount Metaverse Price Return Index	MTVR PR Index		
Fount Metaverse Total Return Index	MTVR TR Index		
Fount Metaverse Net Return Index	MTVR NR Index		

Appendix C: Metaverse Information

Sectors	Keywords
Augmented Reality	Augmented Reality, Mixed Reality (the merging of real and virtual worlds to produce new environments and visualizations, where physical and digital objects co-exist and interact in real time)
Life Log	<p>Lifelog, Social Network, Wearable</p> <p>Sub-industry:</p> <ul style="list-style-type: none"> • Communication and Collaboration Content Sites (Websites which enable users to collaborate and communicate on a broad range of topics) • Wearable Technology (Companies which manufacture smart watches, fitness devices, and other wearable technology devices, such as Fitbit or Apple Watch) • General Consumer Content Providers (Providers of content targeted toward the general public, including social networking, portals, and travel and entertainment resources) • Mobile Platform Applications Software (Makers of software designed for applications designed for use on mobile platforms) • Smart Phone Manufacturing (Manufacturers of integrated cellular communications devices with features such as advanced messaging, built-in camera and/or video recorder, web browsing, multimedia playback) • Web Search Sites and Software (Search engines and directories for locating content on the world wide web) • Web Portal Sites and Software (Portals are destination sites that aid users in navigating the World Wide Web. Incorporating both Search Engines and Directories, these sites act as all-inclusive starting points for the web, usually offering additional services such as news, shopping, e-mail/instant messaging, online games and clubs/groups)
Mirror World	<p>Mirror Worlds</p> <p>Sub-industry:</p> <ul style="list-style-type: none"> • Mapping/Geographic Information Systems Software (Software that dynamically creates maps and can either locate an object or location on those maps, or compute driving directions between two points. Companies providing digital map information are also included)
Virtual World	Virtual Reality, Virtual World, 3D Experience, Online Game

	<p>Sub-industry:</p> <ul style="list-style-type: none"> • Virtual Reality Equipment (Computer hardware that delivers and/or supports virtual reality environments) • Virtual Reality Design and Engineering Software • Home and Office • Handheld/Smart Phone Games Software (Games for handhelds and smart phones) • Other Games Software (Games which can be played on PC's or dedicated consoles, such as the Sony PlayStation, Microsoft X-box, or Sega Dreamcast) • Online Game Websites and Software (Websites that allow visitors to engage in video games for fun or prizes. Excludes betting/gambling games) • Console Games Software (Software products in either cartridge or disc format used in video game console-systems such as the Sony PlayStation, Nintendo N64, Sega Dreamcast and handhelds such as the Gameboy Series) • General Entertainment and Programming (Companies engaged in the production of motion pictures, music by recording artists and programming for Radio and Television. Related Post-Production services are also included. This sector also includes Movie Theaters, which feature the films produced by Motion Picture companies)
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