

TIP FactSet Taiwan Technology Leader & Communications Index

I. Introduction

The TIP FactSet Taiwan Technology Leader & Communications Index (abbr., the “Taiwan Tech Leader Index”) of Taiwan Index Plus Corporation (TIP) adopts FactSet’s RBICS industry classification, to select the top 30 stocks in the communication technology industry chain that pass liquidity and profitability screening. The index is calculated using the free float adjusted market capitalization weighting method to reflect the portfolio investment performance of communication technology industry leaders listed on Taiwan Stock Exchange(TWSE) and Taipei Exchange(TPEX).

II. Calculation and Management

1. The index types of Taiwan Tech Leader Index include the “Price Index” and the “Total Return Index”, which are compiled by TIP, and are calculated and disseminated in real time by the TWSE.
2. TIP conducts periodic reviews of constituents according to the index rules.
3. TIP retains the closing market capitalization records of all constituents.
4. Refer to the “[General Principles for TIP Securities Indices](#)” for the principles of index development, maintenance, and management.

III. Eligibility of Constituents

1. Sampling Universe:

- A. Index Universe: Common stocks listed on the TWSE and the TPEX, excluding managed stocks, emerging stocks, and stocks with altered trading method or suspended from trading; however, those suspended from trading due to corporate actions, including but not limited to, capital reduction, conversion to holding companies, exchange of shares into the shares of newly established companies or change of par value may still be included in the Index Universe.
- B. Sampling Range: The stocks in the index universe excluding the Taiwan Innovation Board(TIB) and, based on FactSet’s Revere Business Industry Classification System (RBICS), fall under the RBICS Level 6 Sub-industry listed in Appendix I¹, and whose operating revenue accounts for more than 50% of the total revenue of TWSE or TPEX listed companies.

¹ The listed RBICS Level 6 Sub-industry List is reviewed and evaluated every year, and in response to the RBICS categorization, is amended or adjusted for the latest generation of the communications industry.

2. Criteria of Constituent Selection:

A. Liquidity test:

The average daily traded value in the last three months shall have reached NT\$50 million.

B. Index screening:

The total earnings per share for the last four quarters shall be > 0 .

C. Sorting method:

After the liquidity test and index screening, the top 30 stocks are selected in descending order by free float adjusted market capitalization.

Free float adjusted market capitalization = Free Float Coefficient $\times$ number of issued shares $\times$ closing price.

3. Weighting Method:

A. The weight of each individual constituent is determined via its free float adjusted market capitalization.

B. According to free float adjusted market capitalization, the equity weight of each individual constituent shall not exceed 30%, and the total equity weight of the top five constituents shall not exceed 65%, whereas in the case that constituent weights in Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX) exceed 30%, then their weights are capped at their weight in TAIEX.

IV. Index Calculation

1. Index Calculation Frequency:

A. Starting October 12, 2020, the real-time Taiwan Tech Leader Index is calculated and disseminated every five seconds during the trading hours of the TWSE and the TPEx, based on the latest trading prices of the constituent stocks. The end-of-day (EOD) index is calculated once a day after the market closes.

B. TIP has also compiles the Taiwan Tech Leader Total Return Index, which adjusts the Taiwan Tech Leader Index after considering the cash dividend factor, in order to reflect cash dividend-included returns. Starting July 21, 2025, the real-time Taiwan Tech Leader Total Return Index is calculated and disseminated every five seconds during the trading hours of the TWSE and the TPEx, based on the latest trading prices of the constituent stocks. The end-of-day (EOD) index is calculated once a day after the market closes.

2. Calculation Formula:

A. Taiwan Tech Leader Index as a “Price Index”:

$$\text{Index} = \frac{\text{total index market values}}{\text{index divisor}} \times \text{base value}$$

$$\text{Index}_{(t)} = \frac{\sum_{i=1}^n cp_{i,t} \times s_{i,t} \times p_{i,t}}{\text{Divisor}_{(t)}} \times 5000$$

$cp_{i,t} \times s_{i,t} \times p_{i,t}$ = “index market value” of constituent i on day t

n = number of index constituents

$p_{i,t}$ = price of constituent i on day t

$s_{i,t}$ = number of issued shares of constituent i on day t

$cp_{i,t}$ = adjustment coefficient of constituent i on day t; the coefficient used is determined according to the Market-Value Investment Index Category under the “[TIP Corporate Actions and Events Methodology](#)” of the Company.

Divisor = index divisor for the Price Index; after the market closes, the index divisor of the constituent is adjusted according to the Market-Value Investment Index Category under TIP’s “[TIP Corporate Actions and Events Methodology](#)”, to maintain the index continuity. The adjustment method is as follows:

Index divisor = index divisor on the previous day

$$\times \left(\frac{\text{total index market values at the previous day's close} \pm \text{total index market values changes}}{\text{total index market values at the previous day's close}} \right)$$

Note 1: The base date is August 14, 2020, and the base value is set at 5000

points.

Note 2: The index divisor on the base date is the total index market values at that time.

$$\sum_{i=1}^n cp_{i,launch} \times s_{i,launch} \times p_{i,launch}, \text{ launch} = \text{base date}$$

B. Taiwan Tech Leader Total Return Index as a “Total Return Index”:

$$\text{Index} = \frac{\text{total index market values}}{\text{index divisor}} \times \text{base value}$$

$$\text{Index}_{(t)} = \frac{\sum_{i=1}^n cp_{i,t} \times s_{i,t} \times p_{i,t}}{\text{DivisorTR}_t} \times 5000$$

DivisorTR = index divisor of the “Total Return Index”; after the market closes, the index divisor of the constituent is adjusted according to the Market-Value Investment Index Category under the “[TIP Corporate Actions and Events Methodology](#)” of the Company to maintain the index continuity. The adjustment method is as follows:

$$\begin{aligned} &\text{index divisor of the total return index} = \\ &\text{index divisor of the total return index on the previous day} \times \\ &\left(\frac{\text{total index market values at the previous day's close} \pm \text{total index market values changes}}{\text{total index market values at the previous day's close}} \right) \end{aligned}$$

V. Constituent Adjustment and Index Maintenance

1. Periodic Review and Adjustment of Constituents:

- A. The constituents are reviewed twice a year, with the 7th trading day of April and October as the review dates; the data cut-off date is the last trading day of March and September. After each periodic review, the number of constituents is fixed at 30.
- B. The results of the constituent periodic review will become effective following a five-trading-day interval after the review date(not included).
- C. For the index divisor maintenance, the closing data of each previous trading day during the rebalancing period is adopted to calculate the difference, which is used as the total index market value changes between the total index market value of the new portfolio and the original one.
- D. For the periodic review of holding companies or newly established companies, if the period of the selected data of constituents is insufficient, and if the representative companies of the converted stocks meet the Sampling Universe qualification, the data of the representative companies or their stocks may also be used in the review.

2. Taiwan Tech Leader Index is a Market-Value Investment Index Category. The related maintenance such as the non-periodic adjustment of constituents, the adjustment coefficient, the number of issued shares, and the index divisor is handled according to the “[TIP Corporate Actions and Events Methodology](#)”; if a constituent is deleted as a result, no substitution will be made to fill the vacancy.

3. Principles for implementation of the Free Float Coefficient:

- A. If the Free Float Coefficient is less than 10%, the stock will not be included in the constituent sampling.
- B. The update for the Free Float Coefficient of all the constituents shall be in conjunction with the effective date of constituent periodic review.
- C. The Free Float Coefficient of constituents are updated according to the most recent data generated from TIP’s “[TIP Free Float Coefficient Calculation Guide](#)”.

Appendix I RBICS Level 6 Sub-industry names selected for the index

RBICS Level 6 Sub-industry	
Asia Excluding China Wireless Telecom Services	Cable Interconnect Components
Cellular Site Equipment	Colocation and Data Center Services
Electronic Materials Manufacturing	Fixed Microwave Systems Equipment
Flexible Circuit Manufacturing	General Carrier Edge (Access) Equipment
General Communications Equipment	General Metal Parts and Components Makers
Lasers and Optical Instrument Manufacturing	Magnetic Passive Electronic Components
Mixed International Telecommunications Services	Multimedia Semiconductors
Multi-Process Assembly Services	Optoelectronics Electronic Components
Oscillator and Piezoelectric Passive Components	Other Communications Semiconductors
Other Front End Processing Equipment Makers	Other Interconnect Components
Other Interconnect Fabrication Services	Other Passive Capacitor Electronic Components
Other Passive Electronic Components	Other Power Analog and Mixed Signal Semiconductors
Other Specialized Semiconductors	Other Test and Measurement Equipment
Other Wide Area Networking (WAN) Equipment	Power Module and Subassembly Electronic Components
Printed Circuit Board/Wiring Board Manufacturing	Programmable Logic Device Semiconductors
Radio Frequency/Microwave Passive Electronic Parts	RF Analog and Mixed Signal Semiconductors
Security and Identification Semiconductors	Semiconductor Assembly and Packaging Services
Semiconductor Components / Subsystems Manufacturing	Semiconductor Foundry Services
Semiconductor Packaging and Testing Services	Semiconductor Testing Services
Semiconductors Distributors	Smart Phone Manufacturing
Test and Measurement Communications Equipment	Turnkey Assembly Manufacturing Services
Wireless and Wi-Fi Equipment	Wireless Infrastructure Services
Wireline Equipment	General Graphics Accelerator/Controller
A.I./Data Center/Large Scale Processing GPU	Computer/Gaming Graphics Accelerator/Controller

Artificial Intelligence Data Centers	Handheld Graphics Accelerator/Controller
Artificial Intelligence Development Software	Quantum Computing Software