

## IDX80, LQ45 and IDX30 Indexes Guide & Methodology

(Appendix of IDX Announcement No. Peng-00058/BEI.POP/03-2024 dated March 27<sup>th</sup> 2024)

### 1. INDEX INFORMATION

#### 1.1. General Information

| Index Name  | IDX80                                                                                                                                                                                                                          | LQ45                                                                                                                                                                                                                            | IDX30                                                                                                                                                                                                                           |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Index Code  | IDX80                                                                                                                                                                                                                          | LQ45                                                                                                                                                                                                                            | IDX30                                                                                                                                                                                                                           |
| Description | An index that measures the stock price performance of <b>80</b> stocks with relatively large market capitalization, high liquidity, and good fundamentals                                                                      | An index that measures the stock price performance of <b>45</b> stocks with relatively large market capitalization, high liquidity, and good fundamentals.                                                                      | An index that measures the stock price performance of <b>30</b> stocks with relatively large market capitalization, high liquidity, and good fundamentals.                                                                      |
| Methodology | <i>Capped Free Float Adjusted Market Capitalization Weighted.</i><br><br>On each periodic review, the weight of each constituent in the index is capped, therefore the highest weight in the index is no more than <b>9%</b> . | <i>Capped Free Float Adjusted Market Capitalization Weighted.</i><br><br>On each periodic review, the weight of each constituent in the index is capped, therefore the highest weight in the index is no more than <b>15%</b> . | <i>Capped Free Float Adjusted Market Capitalization Weighted.</i><br><br>On each periodic review, the weight of each constituent in the index is capped, therefore the highest weight in the index is no more than <b>15%</b> . |
| Base Date   | January 31, 2012<br>(Base Value = 100)                                                                                                                                                                                         | July 13, 1994<br>(Base Value = 100)                                                                                                                                                                                             | December 28, 2004<br>(Base Value = 100)                                                                                                                                                                                         |
| Launch Date | February 1, 2019                                                                                                                                                                                                               | February 1, 1997                                                                                                                                                                                                                | April 23, 2012                                                                                                                                                                                                                  |

#### 1.2. General Selection Criteria

|           | IDX80                                                                                                                                                                                                               | LQ45                        | IDX30                      |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------|
| Universe  | Stocks that meet the general criteria for index constituents.                                                                                                                                                       | Constituents of IDX80 index | Constituents of LQ45 index |
| Selection | Index constituents are selected by the criteria of quantitative and qualitative selection based on trading liquidity on regular market, free float market capitalization, fundamental performance, compliance, etc. |                             |                            |

## 2. INDEX MAINTENANCE

### 2.1. Periodic Evaluation

|                           | Major Evaluation                                                                                                                                                                                                                                                               |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Evaluation Period</b>  | January, April, July, and October.                                                                                                                                                                                                                                             |
| <b>Effective Date</b>     | First trading day of February, May, August, and November.                                                                                                                                                                                                                      |
| <b>Process / Purposes</b> | <ul style="list-style-type: none"> <li>- Select the stocks of index constituents.</li> <li>- Adjust changes in the number of listed shares.</li> <li>- Adjust stock weights based on their free float ratios.</li> <li>- Adjust the stock weights based on the cap.</li> </ul> |
| <b>Pengumuman</b>         | 5 exchange days or later prior to the effective date.                                                                                                                                                                                                                          |

### 2.2. Incidental Evaluation

Besides the periodic evaluation, incidental evaluation can be done at any time if there are significant changes in the number of shares, delisting, or if there is any other information that has significant impact on an index constituent.

## 3. CONSTITUENT SELECTION PROCESS

### 3.1. Universe

The stock selection universe utilized in the IDX80 index constituent selection process consists of constituents from the IDX Composite index that meet the following **general criteria**:

1. A total of 150 stocks will be selected from the IDX Composite constituents that have been listed for a minimum of six months, based on transaction value in the regular market over the preceding 12 (twelve) months.
2. The stocks must not have been suspended and must have been traded consistently every day for the past 6 (six) months.
3. The stocks must comply with the minimum free float market capitalization requirements established by the IDX.
4. A minimum free float ratio of 10% is required.

Subsequently, from this universe of stocks, 80 constituents will be selected for the IDX80 index, which will then serve as the universe for the LQ45 index. The 45 constituents of the LQ45 index will, in turn, constitute the universe for the IDX30 index.

## 3.2. Process of Determining Selected Constituents

### 3.2.1. Initial Selection

From the existing universe of stocks, the process for determining the selected constituents for the IDX80, LQ45, and IDX30 indices is conducted as follows:

|                               | IDX80                                                                                                                                                                                                                                                                                                                                                                                                   | LQ45                        | IDX30                      |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------|
| <b>Universe</b>               | Stocks that meet the general criteria for index constituents.                                                                                                                                                                                                                                                                                                                                           | Constituents of IDX80 index | Constituents of LQ45 index |
| <b>Selection</b>              | From the stocks included in the universe, the constituents of the IDX80, LQ45, and IDX30 indices are subsequently selected by considering the following factors: <ul style="list-style-type: none"> <li>a. <b>Liquidity:</b> transaction value, transaction frequency, and free float market capitalization.</li> <li>b. <b>Fundamentals:</b> financial performance, compliance, and others.</li> </ul> |                             |                            |
| <b>Number of Constituents</b> | 80 Constituents                                                                                                                                                                                                                                                                                                                                                                                         | 45 Constituents             | 30 Constituents            |

## 4. METHODOLOGY OF INDEX CALCULATION

### 4.1. Index Calculation Formula (Weighting Method)

The IDX80, LQ45 and IDX30 indexes uses “Capped Free Float Adjusted Market Capitalization Weighted” methodology. This method adds the free float ratio factor into the market capitalization. The index calculation formula is as follows:

$$Index = \frac{\sum_{i=1}^n (Market\ Cap_i \times Free\ Float\ Ratio_i)}{Base\ Market\ Cap} \times 100$$

Where:

|                               |   |                                                                                                                                           |
|-------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------|
| Market Cap <sub>i</sub>       | = | Total listed shares × market price of stock i                                                                                             |
| Free Float Ratio <sub>i</sub> | = | Ratio of number of free float shares to the total listed shares of stock i                                                                |
| n                             | = | Number of index constituents                                                                                                              |
| Base Market Cap <sub>i</sub>  | = | Market capitalization on the Base Date (adjusted in the evaluation period if there are any changes in the number of shares for the index) |

## 4.2. Process of Adjusting Stock Weight Based on Free Float Ratio

At each evaluation period, the weight of each stock is evaluated based on the value of the free float ratio. During evaluation, this process is preceded by the selection of the index constituents.

### 4.2.1. Calculation of Free Float

The free float ratio of each stock is calculated based on the ratio of the free float to the total listed shares. The free float definition used follows the definition in Rule Number I-A and Circular Letter No.SE-00010/BEI/07-2023. Afterwards, the percentage value of the free float ratio is rounded to two decimal places.

### 4.2.2. Calculation of Free Float Adjusted Market Capitalization

The free float-adjusted market capitalization of each stock is calculated as follows:

$$MC_i = P_i \times S_i \times FF_i$$

Where:

|        |   |                                                      |
|--------|---|------------------------------------------------------|
| $MC_i$ | = | Free float adjusted market capitalization of stock i |
| $P_i$  | = | Price of stock i                                     |
| $S_i$  | = | Total listed shares of stock i                       |
| $FF_i$ | = | Free float ratio of stock i                          |

### 4.2.3. Calculation of Stock Weight

The weight of each stock is calculated as follows:

$$\text{Weight}_i = \frac{MC_i}{\sum_{i=1}^n MC_i}$$

Where:

|                     |   |                                                                     |
|---------------------|---|---------------------------------------------------------------------|
| $MC_i$              | = | Free float adjusted market capitalization of stock i                |
| $n$                 | = | Number of constituents                                              |
| $\sum_{i=1}^n MC_i$ | = | Total free float adjusted market capitalization of all constituents |

## 4.3. Stock Weight Capping

During the evaluation period, both major evaluation and minor evaluation, the number of shares is also adjusted to ensure the weight of a stock in the index does not exceed the specified cap.

If there is no constituent that has a weight exceeding the cap, then this step is not necessary. But if there is one or several stocks that have a weight of more than the cap, then the process of adjusting stock weight by capping is applied as follows:

#### 4.3.1. Determining the Number of Capped Stocks

In this process, the number of stocks with weights above the cap are determined. The number of capped stocks =  $s$  and the number of total stocks in an index =  $x$ , then the number of uncapped stocks =  $t = x - s$ .

#### 4.3.2. Calculating the Free Float Adjusted Market Capitalization of Capped Stocks

If  $MC_s$  is the total free float adjusted market capitalization of capped stocks and  $c$  is the cap, then:

$$MC_s = \frac{s \times c}{1 - (s \times c)} \times MC_t$$

Where:

|        |   |                                                                        |
|--------|---|------------------------------------------------------------------------|
| $MC_s$ | = | Total free float adjusted market capitalization of all capped stocks   |
| $MC_t$ | = | Total free float adjusted market capitalization of all uncapped stocks |
| $s$    | = | Number of capped stocks                                                |
| $c$    | = | Cap                                                                    |

#### 4.3.3. Calculating the Capped Free Float Market Capitalization

If  $MC_{i,s}$  is the free float adjusted market capitalization of a capped stock, then:

$$MC_{i,s} = \frac{1}{s} \times MC_s$$

#### 4.3.4. Calculating the Number of Shares for the Index

The adjusted number of shares for index (Adj.  $S_i$ ) of a stock is calculated by rounding the stock's free float market capitalization divided by the stock price, as the following formula:

$$Adj. S_i = \left\lfloor \frac{MC_i}{P_i} \right\rfloor_{\text{rounded}}$$

If a stock is a capped stock,  $MC_i$  is equal to  $MC_{i,s}$ .

#### 4.3.5. Calculating Final Stock Weight

The final weight of each stock is calculated as follows:

$$Weight_i = \frac{Adj. MC_i}{\sum_{i=1}^n Adj. MC_i}$$

$$Adj. MC_i = Adj. S_i \times P_i$$

Where:

|             |   |                                                                                |
|-------------|---|--------------------------------------------------------------------------------|
| $Weight_i$  | = | Weight for stock index $i$                                                     |
| $Adj. MC_i$ | = | Market capitalization of stock $i$ after adjustment of free float and capping. |



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$$\frac{\sum_{i=1}^n \text{Adj. MC}_i}{n} = \frac{\text{Total market capitalization of all stocks after adjustment of free float and capping.}}{\text{Number of constituents}}$$

The weight adjustment process is complete if each index constituent does not exceed the cap. The adjustment process should be repeated if there is still any stock that has a weight of more than the cap as a result of the preceding weight adjustment in other stocks.



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