

**IDX-Infovesta Multi-Factor 28 Index Guide & Methodology**  
(Appendix of IDX Announcement No. Peng-00179/BEI.POP/08-2024 dated August 29, 2024)

**1. INDEX INFORMATION**

**1.1. General Information**

<b>Index Name</b>	<b>IDX-Infovesta Multi-Factor 28</b>
<b>Index Code</b>	IDXVESTA28
<b>Description</b>	<p>An index that measures the price performance of 28 stocks that have relatively high profitability, low price valuation and low volatility, with high trading liquidity and good financial performance.</p> <p>The IDX-Infovesta Multi-Factor 28 is a jointly developed index with PT Infovesta Utama (Infovesta).</p>
<b>Methodology</b>	<p>Capped Adjusted Market Capitalization Weighted</p> <p>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 15%.</p>
<b>Base Date</b>	September 3, 2018 (Base Value = 100)
<b>Launch Date</b>	September 2, 2024

**1.2. General Selection Criteria**

<b>Universe</b>	Constituents of IDX Composite.
<b>Selection</b>	<p><b>1. Initial Selection</b></p> <ol style="list-style-type: none"> <li>Select stocks that have been listed for at least 5 years;</li> <li>Has a daily transaction value of &gt; IDR500 million for the last 6 months;</li> <li>Has a minimum free float market capitalization value of IDR 1 trillion;</li> <li>The stock price never touched IDR50 for the last 5 years;</li> <li>Stock has not on the list of Special Notation or Securities under Special Monitoring for the last 6 months.</li> </ol> <p><b>2. Constituent Selection</b></p> <p>From the remaining universe, 28 constituents with the highest ranking are selected based on the Quality, Value, and Volatility factors.</p>

## 2. INDEX MAINTENANCE

### 2.1. Periodic Evaluation

	Major Evaluation	Minor Evaluation
Evaluation Period	February and August	May and November
Effective Date	First trading day of March and September	First trading day of June and December
Process / Purposes	Select the stocks of index constituents.	
	<ul style="list-style-type: none"><li>- To adjust of changes in the number of listed shares.</li><li>- Adjust stock weights.</li><li>- Adjust the stock weights based on the cap.</li></ul>	
Announcement	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 universe used in the process of selecting constituents for the IDX-Infovesta Multi-Factor 28 index are constituents of IDX Composite.

### 3.2. Process of Determining Selected Constituents

#### 3.2.1. Initial Selection

From the universe stock, the constituent's selection process are as follows:

1. Select stocks that have been listed for at least 5 years;
2. Has a daily transaction value of > IDR500 million for the last 6 months;
3. Has a minimum free float market capitalization value of IDR1 trillion;
4. The stock price never touched IDR50 for the last 5 years;
5. Stock has not on the list of Special Notation or Securities under Special Monitoring for the last 6 months.

### 3.2.2. Determination of Selected Constituents

From the constituents who pass the initial selection, 80 constituents with the largest free float market capitalization value will then be selected. From these 80 constituents, 28 constituents with the highest ranking are selected based on the following factors:

#### 1. Quality

The quality factor is calculated based on the profitability growth of a stock. The quality factor is interpreted as growth in company profitability. A high growth rate is interpreted as a positive indication of the company's future success and level of profitability.

#### 2. Value

The value factor is calculated based on the price-to-book ratio (PBV) value for the last 6 months. The value factor means that a low price-to-book ratio indicates that the market assesses the company's assets (book value) to be above market price, or the company's shares are trading below book value, which means the company's shares are undervalued.

#### 3. Volatility

The volatility factor or share price volatility is interpreted through Beta. A low beta means that the company's shares have a low level of volatility.

### 3.2.3. Index's Weighting Process

The IDX-Infovesta Multi-Factor 28 Index does not use market capitalization as the index weight calculation, but instead uses a volatility measure calculated based on the Beta value and liquidity calculated based on the indicator's free float market capitalization value as the weighting.

The value of the weight obtained for each selected constituent in the IDX-Infovesta Multi-Factor 28 index will be converted into the number of shares for each constituent which will then be used as the basis for calculating the index weight in the trading system.

## 4. METHODOLOGY OF INDEX CALCULATION

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

The index uses “Capped Adjusted Market Capitalization Weighted” methodology. This method adds the adjusted factor into the market capitalization. In the IDX-Infovesta Multi-Factor 28 index, the free float ratio value has been calculated during the initial selection process.

The index calculation formula is as follows:

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

Where:

Market Cap <sub>i</sub>	=	Total listed shares × market price of stock i
Adj <sub>i</sub>	=	Adjusted factor 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. Technical Process of Adjusting Stock Weight and Cap Weight

In each evaluation period, the weight of each share is evaluated based on the weighting value which has been converted into the number of shares. There is no technical difference in weight adjustment between major evaluations and minor evaluations. In major evaluations, this weight adjustment step is previously preceded by the selection of index constituents.

The process of adjusting share weights and limiting share weights (cap) will be carried out by PT Infovesta Utama as a counterpart in creating the IDX-Infovesta Multi-Factor 28 index.

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