

# **MSCI COMMODITY PRODUCERS INDEXES METHODOLOGY**

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Contents

1 Introduction ..... 3

2 Constructing the MSCI Commodity Producers Indexes..... 4

2.1 Commodity Producer Sectors and Corresponding GICS Sub-industries ..... 4

3 Maintaining the MSCI Commodity Producers Indexes ..... 7

3.1 Quarterly Index Reviews ..... 7

3.2 Ongoing Event Related Change and GICS Changes ..... 7

3.2.1 Corporate Events ..... 7

3.2.2 GICS Changes ..... 8

Appendix I: MSCI Commodity Producers Sector Capped Indexes  
9

Appendix II: Changes to this Document ..... 10

# 1 Introduction

The MSCI Commodity Producers Indexes<sup>1</sup> are free float-adjusted market capitalization indexes designed to track the performance of global listed commodity producers. By capturing broad and diversified investment opportunities across the energy, metals and agricultural sectors, they aim to serve as a relevant benchmark and research tool for investment in the universe of listed commodity producers.

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<sup>1</sup> The Indexes are governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document. The Methodology Set for the Indexes can be accessed from MSCI's webpage <https://www.msci.com/index-methodology> in the section 'Search Methodology by Index Name or Index Code'.

## 2 Constructing the MSCI Commodity Producers Indexes

The MSCI Commodity Producers Indexes are constructed from the applicable MSCI country and composite indexes (“Parent Index”). Parent Indexes can be MSCI Global Standard Indexes or any other size segment index built under the MSCI Global Investable Market Indexes Methodology (“GIMI”). Securities of companies that belong to a specific set of eligible sub-industries derived from the Global Industry Classification Standard (GICS®<sup>2</sup>) are selected to create the MSCI Commodity Producers Indexes.

### 2.1 COMMODITY PRODUCER SECTORS<sup>3</sup> AND CORRESPONDING GICS SUB-INDUSTRIES

The MSCI Commodity Producers indexes are divided into three commodity producers sectors namely 1) Energy, 2) Metals, and 3) Agriculture.

The table below lists the corresponding sub-industries based on the GICS:

Commodity Producers Sector	GICS Code	GICS Sub-Industry	Description
Energy	10102010	Integrated Oil & Gas	Integrated oil companies engaged in the exploration & production of oil and gas, as well as at least one other significant activity in either refining, marketing and transportation, or chemicals.
	10102020	Oil & Gas Exploration & Production	Companies engaged in the exploration and production of oil and gas not classified elsewhere.
	10102050	Coal & Consumable Fuels	Companies primarily involved in the production and mining of coal, related products and other consumable fuels related to the generation of energy. Excludes companies primarily producing gases classified in the Industrial Gases sub-industry and companies primarily mining for

<sup>2</sup> GICS, the Global Industry Classification Standard jointly developed by MSCI and S&P Global.

<sup>3</sup> Commodity Producers Sectors are not official GICS sectors but aggregated subsets of GICS sub-industries based on the MSCI Commodity Producers Indexes Methodology

Commodity Producers Sector	GICS Code	GICS Sub-Industry	Description
			metallurgical (coking) coal used for steel production.
Metals	15104010	Aluminum	Producers of aluminum and related products, including companies that mine or process bauxite and companies that recycle aluminum to produce finished or semi-finished products. Excludes companies that primarily produce aluminum building materials classified in the Building Products Sub-Industry.
	15104020	Diversified Metals & Mining	Companies engaged in the diversified production or extraction of metals and minerals not classified elsewhere. Including, but not limited to, nonferrous metal mining (except bauxite), salt and borate mining, phosphate rock mining and diversified mining operations. Excludes iron ore mining, classified in the Steel Sub-Industry, bauxite mining, classified in the Aluminum Sub-Industry, and coal mining, classified in either the Steel or Coal & Consumable Fuels Sub-Industries.
	15104025	Copper	Companies involved primarily in copper ore mining
	15104050	Steel	Producers of iron and steel and related products, including metallurgical (coking) coal mining used for steel production.
	15104030	Gold	Producers of gold and related products, including companies that mine or process gold and the South African finance houses which primarily invest in, but do not operate, gold mines.
	15104040	Precious Metals & Minerals	Companies mining precious metals and minerals not classified in the Gold Sub-Industry. Includes companies primarily mining platinum.

Commodity Producers Sector	GICS Code	GICS Sub-Industry	Description
	15104045	Silver	Companies primarily mining silver. Excludes companies classified in the Gold or Precious Metals & Minerals Sub-Industries.
Agriculture	15105010	Forest Products	Manufacturers of timber and related wood products. Includes lumber for the building industry.
	15105020	Paper Products	Manufacturers of all grades of paper. Excludes companies specializing in paper packaging classified in the Paper Packaging Sub-Industry.
	15101030	Fertilizers & Agricultural Chemicals	Producers of fertilizers, pesticides, potash or other agriculture-related chemicals not classified elsewhere.
	30202010	Agricultural Products & Services	Producers of Agricultural Products & Services. Includes crop growers, owners of plantations and companies that produce and process foods but do not package and market them. Excludes companies classified in the Forest Products Sub-Industry and those that package and market the food products classified in the Packaged Foods Sub-Industry.

## 3 Maintaining the MSCI Commodity Producers Indexes

### 3.1 QUARTERLY INDEX REVIEWS

Coinciding with the index reviews of the Parent Index, the MSCI Commodity Producers Indexes are rebalanced on the last business day of February, May, August and November.

The pro forma indexes are announced five business days before the effective date.

### 3.2 ONGOING EVENT RELATED CHANGE AND GICS CHANGES

In general, the MSCI Commodity Producers Indexes follow the event maintenance of the corresponding Parent Indexes. Changes in the Parent Index affecting securities in the relevant sub-industries are reflected simultaneously in the MSCI Commodity Producers Indexes. The only exceptions are highlighted below.

#### 3.2.1 CORPORATE EVENTS

There will be no early inclusion of new securities to the index, except when the new security results from an event affecting an existing constituent (e.g., spin off, merger). Otherwise, a new addition to the Parent Index outside the regular index reviews will be added to the MSCI Commodity Producers Indexes at the next regularly scheduled Index Review. For example, an early inclusion to the Parent Index following an IPO in June would only be considered for inclusion to the MSCI Commodity Producers Indexes at the following August Index Review. Likewise, if a security experiences a GICS® change into the commodity producers sectors due to a corporate event, it will only be considered for inclusion to the MSCI Commodity Producers Indexes during the next regularly scheduled Index Review.

If a security is deleted from the Parent Index due to a corporate event, it will be removed from the MSCI Commodity Producers Indexes at the effective date of the event. Similarly, if a security experiences a GICS change out of the commodity producers sectors following a corporate event, it will be removed from the MSCI Commodity Producers Indexes at the effective date of the event.

### 3.2.2 GICS CHANGES

Regular monthly and annual GICS reviews may result in the migration of a security's GICS sub-industry into or out of the commodity producers sectors. Newly eligible securities after such GICS change will only be considered for inclusion in the MSCI Commodity Producers Indexes during the following regularly scheduled Index Review. Any existing constituent moving out of the commodity producers sector will be deleted from the MSCI Commodity Producers Indexes at the effective date of the GICS change (as of the close of the last business day of the given month).



## Appendix I: MSCI Commodity Producers Sector Capped Indexes

In addition to the free float-adjusted market capitalization weighting scheme, a sector capped version is also made available for investors who desire an index with more balanced sector distribution.

The MSCI Commodity Producers Sector Capped Indexes follow similar index construction rules to the market capitalization weighted indexes except that the weights of the Energy, Metals and Agriculture sectors are each fixed at one-third of the index<sup>4</sup>. Constituent weights within the respective sector are based on free float-adjusted market capitalization.

Commodity Producers Sector	Weight
Energy	1/3
Metals	1/3
Agriculture	1/3

During the regularly scheduled Index Review, the individual sector weights within the sector capped indexes will be equally re-weighted to one-third each. The remaining maintenance rules are the same as those used in the market capitalization weighted indexes.

<sup>4</sup> In the case, at a regularly scheduled rebalance, where an MSCI Commodity Producers Index contains only constituents from two out of the three Commodity Producers sectors, the sector capped weights will be set at one-half each instead of one-third. If at a regularly scheduled index review, an Index contains only constituents from one out of the three sectors, MSCI will continue to calculate the index with only one sector taking up the entire weight in the index.

## Appendix II: Changes to this Document

### **The following sections have been modified since February 2014:**

#### Section 2: Constructing the MSCI Commodity Producer Indexes

- Updated the table in section 2.1 to reflect the revisions to GICS structure in 2016 – Copper sub-industry (code 15104025) is created in the Metals & Mining industry to distinguish between copper and other metals in the Diversified Metals & Minerals sub-industry.

### **The following sections have been modified since August 2016:**

#### Section 3: Maintaining the Indexes

- Updated section 3.1 to include the announcement date of the pro forma indexes.

### **The following sections have been modified since February 2022:**

#### Appendix I: MSCI Commodity Producers Sector Capped Indexes

- Added footnote to include rebalancing due to infeasibility.
- Removed Exhibit 1

### **The following sections have been modified since June 2023:**

- Methodology book was updated to reflect the transition of the MSCI Global Investable Market Indexes (GIMI) to Quarterly Comprehensive Index Reviews.
- All references to “Semi-Annual Index Reviews” and “Quarterly Index Reviews” of the MSCI GIMI were replaced with “Index Reviews.”
- Section 2.1: Updated GICS Sub-Industry name for Agricultural Products to Agricultural Products & Services as a result of the GICS Structure.

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