

MSCI USA IMI Megatrend Sentiment Select Index Methodology

August 2024

Contents

1. Introduction	3
2. Index Construction.....	4
2.1. Applicable Universe.....	4
2.2. Eligible Universe	4
2.2.1. Country selection.....	4
2.2.2. Liquidity Criteria.....	4
2.3. Security Weighting	5
3. Input Data Fallback Mechanism	6
4. Maintenance of the Index.....	7
4.1. Monthly Index Reviews	7
4.2. Ongoing Event Related Changes.....	7
Appendix 1: Methodology Set	9
Appendix 2: MediaStats Megatrend Scores.....	10
Appendix 3: Eligible Indexes	11

1. Introduction

The MSCI USA IMI Megatrend Sentiment Select Index¹ (the ‘Index’) aims to represent the performance of the securities from the MSCI ACWI IMI Index (the ‘Parent Index’) which belong, each month, to the four highest-ranked MSCI Thematic Indexes, as selected from a set of MSCI Thematic Indexes², based on a theme-specific media sentiment score (MediaStats Megatrend Scores) calculated for each of the respective themes by MKT MediaStats³.

1 The Index is governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document. Please refer to Appendix 1 for more details.

2 Please refer to <https://www.msci.com/our-solutions/indexes/thematic-investing> for more information about MSCI Thematic Indexes.

3 MKT MediaStats is a big-data information technology company specializing in financial markets which generates theme level Megatrend Scores on a monthly basis <https://www.mktmediastats.com/>. Please refer to Appendix 2 for details.

2. Index Construction

The Index is constructed from the Parent Index. The following steps are applied at initial construction and at each Index Review of the Index:

- Applicable Universe
- Eligible Universe
- Security Weighting

2.1. Applicable Universe

The Applicable Universe for the Index is constructed by combining the securities from a set of MSCI Thematic Indexes⁴ (the 'Eligible Indexes').

At each Index Review, the Eligible Indexes are subsequently ranked in descending order of the MediaStats Megatrend Scores of each Eligible Index. The four Eligible Indexes with the highest MediaStats Megatrend Scores are selected and allocated a weight of 25% to each of the selected Eligible Indexes⁵:

The weight of each security after combining the four Eligible Indexes can be calculated as follows:

$$W_i = 0.25 \sum_{j=1}^4 \Omega_{ij},$$

where:

- W_i is the weight of security i in the Applicable Universe index.
- Ω_{ij} is the weight of security i in the Eligible Index j .

2.2. Eligible Universe

2.2.1. Country selection

The Eligible Universe for the Index includes the constituents of the Applicable Universe which are also part of MSCI USA IMI Index.

2.2.2. Liquidity Criteria

Securities with 3-month ADTV (Average Daily Traded Value) greater or equal to USD 5 Million are eligible for inclusion in the Index.

ADTV is calculated as:

$$ADTV_{3M} = \frac{ATV_{3M}}{252},$$

⁴ Please refer to Appendix 3 for details.

⁵ A security can be part of multiple Eligible Indexes. In such a case, the security weights of each selected Eligible Index will be multiplied by their corresponding target weight and then added up.

where ATV_{3M} is annualized 3-month Average Traded Value⁶ of the security.

To avoid multiple securities of the same company in the final Index, only the most liquid security for each issuer per its 3-month ADTV, is eligible for inclusion. Should there be two securities with the same 3-month ADTV, the one with higher free-float adjusted market capitalization is ranked higher for selection.

2.3. Security Weighting

At each Index Review and at initial construction, the securities selected for inclusion in the Index are assigned the weights W_i from the Section 2.1 and are then normalized to sum to 100%.

Additionally, the constituent weights are capped to mitigate concentration risk in the Index. The individual security weights in the final Index are capped at 5%. In case it is not feasible to cap the security weights at 5%, the capping will be relaxed in steps of 1%.

⁶ MSCI Index Calculation Methodology at www.msci.com/index/methodology/latest/IndexCalc and MSCI Global Investable Market Indexes Methodology at <https://www.msci.com/index-methodology>.

3. Input Data Fallback Mechanism

If, at an Index Review, the MediaStats Megatrend Scores required for the Index rebalance are not available from MKT MediaStats, dated as of the month-end prior to the Index Review, then the latest available MediaStats Megatrend Scores prior to the Index Review date will be used.

If, at an Index Review, MSCI determines that the primary source data from MKT MediaStats is stale for the last 4 months or is not reflective of current market conditions, the Eligible Indexes then will be ranked in descending order of their 3-month price momentum score and the four highest ranked Eligible Indexes would be selected. In the case that two Eligible Indexes have same 3-month price momentum score, the Eligible Index with higher 6-month price momentum score will be selected.

The 3-month price momentum score and 6-month price momentum score will be calculated as follows:

At each Index Review date, the 3-month price momentum score will be calculated by dividing the last 3-month price return of the individual Eligible Index as of Index Review date by standard deviation of the daily price returns of the Eligible Index over the same period. The 6-month price momentum score will be calculated by dividing the last 6-month price return of the individual Eligible Index as of Index Review date by standard deviation of the daily price returns of the index over the same period.

In addition, MSCI will conduct a review of alternative data sources to replace the MediaStats Megatrend Scores. The adoption of an alternative data source and any amendments to the methodology to reflect this will be announced to all clients simultaneously. MSCI may consult with clients to gather their feedback on the choice of alternative sources in line with MSCI Index Consultation Policy⁷.

⁷ Please refer to MSCI Index Policies document at: <https://www.msci.com/index-methodology>.

4. Maintenance of the Index

4.1. Monthly Index Reviews

The Index is reviewed on a monthly basis and rebalanced at the beginning of each month. The pro forma Index is announced nine business days before the effective date.

4.2. Ongoing Event Related Changes

The following section briefly describes the treatment of common corporate events within the Index. Changes in index market capitalization that occur because of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

No new securities will be added (except where noted below) to the Index between Index Reviews. For cases where additions are noted below, securities will be added to the Index only if added to the Parent Index. Parent Index deletions will be reflected simultaneously.

EVENT TYPE

EVENT DETAILS

New additions to the Parent Index

A new security added to the Parent Index (such as IPO and other early inclusions) will not be added to the Index.

Spin-Offs

All securities created as a result of the spin-off of an existing Index constituent will be added to the Index at the time of event implementation. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

Merger/Acquisition

For Mergers and Acquisitions, the acquirer's post event weight will account for the proportionate amount of shares involved in deal consideration, while cash proceeds will be invested across the Index.

If an existing Index constituent is acquired by a non-Index constituent, the existing constituent will be deleted from the Index and the acquiring non-constituent will not be added to the Index.

Changes in Security Characteristics

A security will continue to be an Index constituent if there are changes in characteristics (country, sector, size segment, etc.) Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

Further detail and illustration regarding specific treatment of corporate events relevant to this Index can be found in the MSCI Corporate Events Methodology book under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at:
<https://www.msci.com/index-methodology>.

Appendix 1: Methodology Set

The Index is governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document as mentioned below:

- Description of methodology set – www.msci.com/index/methodology/latest/ReadMe
- MSCI Corporate Events Methodology – www.msci.com/index/methodology/latest/CE
- MSCI Index Calculation Methodology – www.msci.com/index/methodology/latest/IndexCalc
- MSCI Index Glossary of Terms – www.msci.com/index/methodology/latest/IndexGlossary
- MSCI Index Policies – www.msci.com/index/methodology/latest/IndexPolicy
- MSCI Global Investable Market Indexes Methodology – www.msci.com/index/methodology/latest/GIMI

The Methodology Set for the Index can also be accessed from MSCI’s webpage <https://www.msci.com/index-methodology> in the section ‘Search Methodology by Index Name or Index Code’.

Appendix 2: MediaStats Megatrend Scores

The MediaStats Megatrend Score is calculated by MKT MediaStats for each MSCI Thematic index at the end of every calendar month.

For each MSCI Thematic index, MKT MediaStats uses the business descriptions⁸ from each of the index methodology documents to capture time series⁹ and cross-sectional shifts of investor attention and sentiment towards megatrends by analyzing media articles sourced from approximately 100 thousand individual sources. The MediaStats Megatrend Score¹⁰ is calculated based on an average positive sentiment intensity change over the most recent three months period compared to the preceding three months.

To remove outliers, the MediaStats Megatrend Score is winsorized at +/- 3 i.e., the scores above 3 are capped at 3 and scores below -3 are capped at -3. This score is then rounded to the first decimal. For the Eligible Indexes ranking in Section 2.1 in case two or more scores have the same rounded value, the ranks from the previous rebalancing are applied¹¹.

For further details on the calculation methodology, please refer to:

<https://www.mktmediastats.com/post/dynamic-megatrend-rotation>.

8 Any update in MSCI Thematic Index business descriptions will be communicated to MKT MediaStats such that they can implement the changes at their end as soon as it is practicable. The updated MediaStats Megatrend Scores shall take effect at the end of the respective month following the acknowledgement of the receipt of the updated descriptions from MKT MediaStats.

9 The business descriptions of some of the MSCI Thematic Indexes may overlap. For example, the descriptive terms of the MSCI ACWI IMI Robotics Index are also part of the descriptive terms for the MSCI ACWI IMI Autonomous Technology & Industrial Innovation Index. Consequently, a fraction of the articles covering these two themes are also shared. The overlap in articles can potentially lead to correlated MediaStats Megatrend Scores.

10 MediaStats Megatrend Scores may behave differently for broader themes that include narrower themes in comparison to separate narrow themes. The relative change in positive intensity for a broader theme that may cover more articles in general could be lower than for a narrow theme that may cover fewer articles. For instance, an absolute change of 1 article would be a 100% change for a theme that had 1 article in the previous period but only a 1% change for the theme that had 100 articles in the previous period.

11 Some Index Reviews used their latest available non-winsorized and non-rounded MediaStats Megatrend Score as a tie-breaker due to the lack of access to the previous rebalancing. Such is the case of effective April 1st 2014, effective March 1st 2017 and effective August 1st 2024 Index Review.

Appendix 3: Eligible Indexes

The Eligible Indexes list¹² comprises the following twenty-two MSCI Thematic Indexes¹³:

	Index Code	Index Name
1	723013	MSCI ACWI IMI Ageing Society Opportunities Index
2	732037	MSCI ACWI IMI Autonomous Technology & Industrial Innovation
3	737057	MSCI ACWI IMI Digital Health
4	723025	MSCI ACWI IMI Efficient Energy Index
5	731771	MSCI ACWI IMI Fintech Innovation
6	734559	MSCI ACWI IMI Future Education
7	727806	MSCI ACWI IMI Future Mobility
8	731769	MSCI ACWI IMI Genomic Innovation
9	727804	MSCI ACWI IMI Millennials
10	732041	MSCI ACWI IMI Next Generation Internet Innovation
11	723011	MSCI ACWI IMI Robotics
12	727807	MSCI ACWI IMI Smart Cities
13	747093	MSCI ACWI IMI Blockchain Economy
14	746832	MSCI ACWI IMI Clean Energy Infrastructure
15	723027	MSCI ACWI IMI Cybersecurity
16	737018	MSCI ACWI IMI Food Revolution Index
17	747286	MSCI ACWI IMI Natural Resources Stewardship
18	747122	MSCI ACWI IMI Plastics Transition
19	746884	MSCI ACWI IMI Renewables and Energy Efficiency
20	746885	MSCI ACWI IMI Sharing Economy
21	746738	MSCI ACWI IMI Space Exploration
22	747270	MSCI ACWI IMI Sustainable Water Transition

¹² The Eligible Indexes list may change should any of the MSCI Thematic Indexes cease to be calculated temporarily or are terminated in the future.

¹³ Prior to March 2017, due to lack of relevant data, only the first twelve MSCI Thematic Indexes were used. Please refer to <https://www.msci.com/index-methodology> for the methodology of the MSCI Thematic Indexes.

Contact us

[msci.com/contact-us](https://www.msci.com/contact-us)

AMERICAS

United States	+ 1 888 588 4567 *
Canada	+ 1 416 687 6270
Brazil	+ 55 11 4040 7830
Mexico	+ 52 81 1253 4020

EUROPE, MIDDLE EAST & AFRICA

South Africa	+ 27 21 673 0103
Germany	+ 49 69 133 859 00
Switzerland	+ 41 22 817 9777
United Kingdom	+ 44 20 7618 2222
Italy	+ 39 02 5849 0415
France	+ 33 17 6769 810

ASIA PACIFIC

China	+ 86 21 61326611
Hong Kong	+ 852 2844 9333
India	+ 91 22 6784 9160
Malaysia	1800818185 *
South Korea	+ 82 70 4769 4231
Singapore	+ 65 67011177
Australia	+ 612 9033 9333
Taiwan	008 0112 7513 *
Thailand	0018 0015 6207 7181 *
Japan	+ 81 3 4579 0333

* toll-free

About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

To learn more, please visit www.msci.com.

The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at: <https://www.msci.com/index-regulation>.

Notice and disclaimer

This document is research for informational purposes only and is intended for institutional professionals with the analytical resources and tools necessary to interpret any performance information. Nothing herein is intended to promote or recommend any product, tool or service.

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), or MSCI's licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the "Information Providers") and is provided for informational purposes only. The Information may not be modified, reverse-engineered, reproduced or disseminated in whole or in part without prior written permission from MSCI. All rights in the Information are reserved by MSCI and/or its Information Providers.

The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or sub-contractors.

Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.

The Information may include "Signals," defined as quantitative attributes or the product of methods or formulas that describe or are derived from calculations using historical data. Neither these Signals nor any description of historical data are intended to provide investment advice or a recommendation to make (or refrain from making) any investment decision or asset allocation and should not be relied upon as such. Signals are inherently backward-looking because of their use of historical data, and they are not intended to predict the future. The relevance, correlations and accuracy of Signals frequently will change materially.

The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.

None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, "Index Linked Investments"). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.

Index returns do not represent the results of actual trading of investible assets/securities. MSCI maintains and calculates indexes, but does not manage actual assets. The calculation of indexes and index returns may deviate from the stated methodology. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an Index Linked Investment to be different than the MSCI index performance.

The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.

Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.

Data and information produced by various affiliates of MSCI Inc., including MSCI ESG Research LLC and Barra LLC, may be used in calculating certain MSCI indexes. More information can be found in the relevant index methodologies on www.msci.com.

MSCI receives compensation in connection with licensing its indexes to third parties. MSCI Inc.'s revenue includes fees based on assets in Index Linked Investments. Information can be found in MSCI Inc.'s company filings on the Investor Relations section of msci.com.

MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and MSCI's products or services are not a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such, provided that applicable products or services from MSCI ESG Research may constitute investment advice. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. MSCI ESG and climate ratings, research and data are produced by MSCI ESG Research LLC, a subsidiary of MSCI Inc. MSCI ESG Indexes, Analytics and Real Estate are products of MSCI Inc. that utilize information from MSCI ESG Research LLC. MSCI Indexes are administered by MSCI Limited (UK) and MSCI Deutschland GmbH.

Please note that the issuers mentioned in MSCI ESG Research materials sometimes have commercial relationships with MSCI ESG Research and/or MSCI Inc. (collectively, "MSCI") and that these relationships create potential conflicts of interest. In some cases, the issuers or their affiliates purchase research or other products or services from one or more MSCI affiliates. In other cases, MSCI ESG Research rates financial products such as mutual funds or ETFs that are managed by MSCI's clients or their affiliates, or are based on MSCI Inc. Indexes. In addition, constituents in MSCI Inc. equity indexes include companies that subscribe to MSCI products or services. In some cases, MSCI clients pay fees based in whole or part on the assets they manage. MSCI ESG Research has taken a number of steps to mitigate potential conflicts of interest and safeguard the integrity and independence of its research and ratings. More information about these conflict mitigation measures is available in our Form ADV, available at <https://adviserinfo.sec.gov/firm/summary/169222>.



Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P Global Market Intelligence. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and S&P Global Market Intelligence.

MIFID2/MIFIR notice: MSCI ESG Research LLC does not distribute or act as an intermediary for financial instruments or structured deposits, nor does it deal on its own account, provide execution services for others or manage client accounts. No MSCI ESG Research product or service supports, promotes or is intended to support or promote any such activity. MSCI ESG Research is an independent provider of ESG data.

Privacy notice: For information about how MSCI collects and uses personal data, please refer to our Privacy Notice at <https://www.msci.com/privacy-pledge>.