

# **Methodology Book For**

- MSCI World IMI Megatrend 30 Indexes**
- MSCI World IMI Megatrend 30  
Decrement 4% Indexes**

November 2023

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## 1. Introduction

The MSCI World IMI Megatrend 30 Indexes (or the “Indexes”) include the following Indexes:

- MSCI World IMI Robotics 30 Index
- MSCI World IMI Cybersecurity 30 Index
- MSCI World IMI Digital Economy 30 Index
- MSCI World IMI Disruptive Technology 30 Index
- MSCI World IMI Future Mobility 30 Index
- MSCI World IMI Next Generation Internet Innovation 30 Index
- MSCI World IMI Autonomous Technology & Industrial Innovation 30 Index
- MSCI World IMI Fintech Innovation 30 Index
- MSCI World IMI Blockchain Economy 30 Index
- MSCI World IMI Clean Energy Infrastructure 30 Index
- MSCI World IMI Efficient Energy 30 Index
- MSCI World IMI Genomic Innovation 30 Index
- MSCI World IMI Digital Health 30 Index
- MSCI World IMI Smart Cities 30 Index
- MSCI World IMI Ageing Society Opportunities 30 Index
- MSCI World IMI Millennials 30 Index
- MSCI World IMI Future Education 30 Index
- MSCI World IMI Food Revolution 30 Index
- MSCI World IMI Space Exploration 30 Index

The Indexes aim to represent the performance of top 30 companies from the MSCI World IMI Index which are also constituents of MSCI ACWI IMI Thematic Indexes<sup>1</sup> in Appendix I, selected in accordance with sections 2.2 and 2.3 below.

The MSCI World IMI Megatrend 30 Decrement 4% Indexes (or the “Decrement Indexes”) include the following Indexes:

- MSCI World IMI Robotics 30 Decrement 4% Index
- MSCI World IMI Cybersecurity 30 Decrement 4% Index
- MSCI World IMI Digital Economy 30 Decrement 4% Index

<sup>1</sup> For details of these Indexes, please refer to [www.msci.com/index-methodology](http://www.msci.com/index-methodology).

- MSCI World IMI Disruptive Technology 30 Decrement 4% Index
- MSCI World IMI Future Mobility 30 Decrement 4% Index
- MSCI World IMI Next Generation Internet Innovation 30 Decrement 4% Index
- MSCI World IMI Autonomous Technology & Industrial Innovation 30 Decrement 4% Index
- MSCI World IMI Fintech Innovation 30 Decrement 4% Index
- MSCI World IMI Blockchain Economy 30 Decrement 4% Index
- MSCI World IMI Clean Energy Infrastructure 30 Decrement 4% Index
- MSCI World IMI Efficient Energy 30 Decrement 4% Index
- MSCI World IMI Genomic Innovation 30 Decrement 4% Index
- MSCI World IMI Digital Health 30 Decrement 4% Index
- MSCI World IMI Smart Cities 30 Decrement 4% Index
- MSCI World IMI Ageing Society Opportunities 30 Decrement 4% Index
- MSCI World IMI Millennials 30 Decrement 4% Index
- MSCI World IMI Future Education 30 Decrement 4% Index
- MSCI World IMI Food Revolution 30 Decrement 4% Index
- MSCI World IMI Space Exploration 30 Decrement 4% Index

The Decrement Indexes are constructed by applying a constant markdown ('synthetic dividend') to the corresponding MSCI World IMI Megatrend 30 Index levels on a daily basis, expressed as a percentage of performance, based on the MSCI Decrement Indexes methodology<sup>23</sup>.

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<sup>2</sup> Please refer to the MSCI Decrement Indexes Methodology at <https://www.msci.com/index/methodology/latest/Decrement> for details as well as intended use of such indexes.

<sup>3</sup> The Indexes and the Decrement 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 and Decrement 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 World IMI Megatrend 30 Indexes

### 2.1 Parent Index

The parent index for the MSCI World Megatrend 30 Indexes is the MSCI World Investable Market Index (IMI) ("Parent Index").

### 2.2 Eligible Universe

The Eligible Universe consists of all securities from the Parent Index which are also constituents of the corresponding Thematic Index as described in Appendix I. Securities in the Eligible Universe must also meet the following criterion.

#### 2.2.1 Liquidity Screening

The securities must have a 3-Month Average Daily Trading Volume (3M ADTV) greater than or equal to USD 10 Million. For the calculation of ADTV, please refer to Appendix II.

### 2.3 Selected Universe

The Selected Universe is constructed in the following steps:

1. Select the securities with a Relevance Score<sup>4</sup> of greater than or equal to 75% from the Eligible Universe. The top 30 securities ranked in descending order, based on their free float-adjusted market capitalization, are selected for inclusion in the Index.
2. Should the number of securities selected into the Index fall below 30 after Step 1, then select securities with a Relevance Score greater than or equal to 50% and less than 75% from the Eligible Universe. Select securities ranked in descending order, based on their free float-adjusted market capitalization, until there are 30 securities in the Index.
3. Should the number of securities selected into the Index fall below 30 after Step 2, then select securities with a Relevance Score greater than or equal to 25% and less than 50%. Select securities ranked in descending order, based on their free float-adjusted market capitalization, until there are 30 securities in the Index.
4. In the event that the number of securities selected remain below 30 even after Step 3, no more securities are included<sup>5</sup>.

### 2.4 Weighting Scheme

Securities included in the Indexes are weighted by the product of their Relevance Score and their float adjusted market capitalization. The weights are then normalized to sum to 100%. The maximum weight of any security in the Indexes is capped at 10% at each index review. When an

<sup>4</sup> For details of calculation of Relevance Scores, please refer to the MSCI Thematic Relevance Score Methodology document at <https://www.msci.com/index/methodology/latest/ThemRelevScore>

For the MSCI World IMI Clean Energy Infrastructure 30 Index, the combined Relevance Score, as calculated in section 3.2 of the methodology document of the MSCI ACWI IMI Clean Energy Infrastructure Index, is used to construct the Selected Universe.

<sup>5</sup> For certain rebalances prior to January, 2018, some of the indexes have less than 30 constituents

index has less than 10 securities, the security capping will be relaxed in steps of 1% to the nearest 1%. Between index reviews, security weights will fluctuate according to market movements.

## 2.5 Constructing the Decrement Indexes

The MSCI Decrement Indexes methodology is applied to the MSCI World IMI Megatrend 30 Indexes to construct the Decrement Indexes<sup>6</sup> using the following parameters:

Methodology Parameters	MSC World IMI Megatrend 30 Decrement 4% Index
Currency of Calculation	USD
Parent Index	The corresponding MSCI World IMI Megatrend 30 Index
Return Variant of the Parent Index	Net Total Return
Decrement Type	Fixed Percentage
Decrement Application	Geometric
Decrement Value	4%
Day-count Convention	Act / 365
Index Floor	0
Decrement Frequency	Daily

<sup>6</sup> Please refer to the MSCI Decrement Indexes Methodology at <https://www.msci.com/index/methodology/latest/Decrement> for details as well as intended use of such indexes

## 3. Maintaining the MSCI World IMI Megatrend 30 Indexes

### 3.1 Semi-Annual Index Reviews

The Indexes are reviewed on a Semi-Annual basis in May and November to coincide with the May and November Index Reviews of the Parent Index, and the changes are implemented at the end of May and November.

During the Semi-Annual Index Review, the Eligible Universe and Selected Universe are updated.

In general, the pro forma Index is announced nine business days before the effective date.

In general, MSCI uses Relevance Score data as of two business days prior to the rebalancing date of the Semi-Annual Index Review.

### 3.2 Ongoing Event-Related Changes

The general treatment of corporate events in the Indexes aims to minimize turnover outside of Index Reviews. The methodology aims to appropriately represent an investor's participation in an event based on relevant deal terms and pre-event weighting of the Index constituents that are involved. Further, changes in Index market capitalization that occur as a result of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

The following section briefly describes the treatment of common corporate events within the Indexes.

No new securities will be added (except where noted below) to the Indexes between Index Reviews. 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 if the spin-off security is also added to the Parent Index. 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 Indexes can be found in the MSCI Corporate Events Methodology.

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



## Appendix I: List of Corresponding Thematic Indexes

The Thematic Indexes used for the corresponding World IMI Megatrend 30 Index are shown in the table below.

Index Name	Parent Index	Thematic Index
MSCI World IMI Cybersecurity 30 Index	World IMI	MSCI ACWI IMI Cyber Security Index
MSCI World IMI Blockchain Economy 30 Index	World IMI	MSCI ACWI IMI Blockchain Economy Index
MSCI World IMI Future Education 30 Index	World IMI	MSCI ACWI IMI Future Education Index
MSCI World IMI Food Revolution 30 Index	World IMI	MSCI ACWI IMI Food Revolution Index
MSCI World IMI Efficient Energy 30 Index	World IMI	MSCI ACWI IMI Efficient Energy Index
MSCI World IMI Robotics 30 Index	World IMI	MSCI ACWI IMI Robotics Index
MSCI World IMI Ageing Society Opportunities 30 Index	World IMI	MSCI ACWI IMI Ageing Society Opportunities Index
MSCI World IMI Millennials 30 Index	World IMI	MSCI ACWI IMI Millennials Index
MSCI World IMI Smart Cities 30 Index	World IMI	MSCI ACWI IMI Smart Cities Index
MSCI World IMI Digital Economy 30 Index	World IMI	MSCI ACWI IMI Digital Economy Index
MSCI World IMI Disruptive Technology 30 Index	World IMI	MSCI ACWI IMI Disruptive Technology Index
MSCI World IMI Future Mobility 30 Index	World IMI	MSCI ACWI IMI Future Mobility Index
MSCI World IMI Next Generation Internet Innovation 30 Index	World IMI	MSCI ACWI IMI Next Generation Internet Innovation Index
MSCI World IMI Genomic Innovation 30 Index	World IMI	MSCI ACWI IMI Genomic Innovation Index
MSCI World IMI Autonomous Technology & Industrial Innovation 30 Index	World IMI	MSCI ACWI IMI Autonomous Technology & Industrial Innovation Index
MSCI World IMI Fintech Innovation 30 Index	World IMI	MSCI ACWI IMI Fintech Innovation Index
MSCI World IMI Digital Health 30 Index	World IMI	MSCI ACWI IMI Digital Health Index
MSCI World IMI Space Exploration 30 Index	World IMI	MSCI ACWI IMI Space Exploration Index
MSCI World IMI Clean Energy Infrastructure 30 Index	World IMI	MSCI ACWI IMI Clean Energy Infrastructure Index

The methodology books of the corresponding Thematic Indexes are available at: <https://www.msci.com/index-methodology>.

## Appendix II: Calculation of 3-Month Average Daily Traded Value (ADTV)

$$ADTV = ATV / 252$$

Where:

- ADTV = 3-month Average Daily Traded Value
- ATV = 3-month Annualized Traded Value

For details on the calculation of ATV, please refer to the MSCI Global Investable Market Indexes Methodology (<https://www.msci.com/index/methodology/latest/GIMI>).

## Appendix III: Changes to this Document

**The following sections have been modified as of November 2023:**

Section 1: Introduction

- Added footnote on Methodology Set

Section 3: Maintaining the Index

- 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”.

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