



MSCI USA COMMODITY PRODUCERS VS EFFICIENT ENERGY MOMENTUM SELECT INDEX| MARCH 2023

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1 Introduction

The MSCI USA Commodity Producers vs Efficient Energy Momentum Select Index (the 'Index') aims to represent the performance of a strategy that allocates weights to 2 different MSCI sub-indices (The Commodity Producers Sub-Index¹ and The Renewables and Energy Efficiency Sub-Index²) based on their performance measured through a Momentum signal³.

¹ For details on Commodity Producers Sub-Index, please refer to Section 2.1.1

² For details on Renewables and Energy Efficiency Sub-Index, please refer to Section 2.1.2

³ For details on Momentum signal calculation, please refer to Section 2.2

2 Constructing the Index

2.1 CONSTRUCTING THE SUB-INDICES

2.1.1 COMMODITY PRODUCERS SUB-INDEX

The Commodity Producers Sub-Index is constructed from the MSCI USA Commodity Producers Index. The following steps are applied on MSCI USA Commodity Producers Index to construct the Commodity Producers Sub-Index:

- Liquidity Screen
- Security Weighting

2.1.1.1 Liquidity Screen

Securities with 3-month ADTV greater than or equal to USD 10 million are eligible for inclusion in the Commodity Producers Sub-Index.

ADTV is defined as Average Daily Traded Value and is calculated as:

$$ADTV_{3M} = \frac{ATV_{3M}^4}{252}$$

Where ATV_{3M} is annualized 3-month Average Traded Value of the security.

2.1.1.2 Security Weighting

At each Index Review, securities remaining after applying the above screen are weighted in proportion to their weight in the MSCI USA Commodity Producers Index. Additionally, security weights are capped at 10%. At each Index Review, if the weight of any security in the Index is greater than 10%, its weight will be capped at 10%. For more details on MSCI Capped Index Methodology, please refer:

<https://www.msci.com/index-methodology>

⁴ MSCI Index Calculation Methodology at

<https://www.msci.com/index-methodology>

MSCI Global Investable Market Indexes Methodology at

<https://www.msci.com/index-methodology>

2.1.2 RENEWABLES AND ENERGY EFFICIENCY SUB-INDEX

The Renewables and Energy Efficiency Sub-Index is constructed from the MSCI ACWI IMI Renewables and Energy Efficiency Index. The following steps are applied on MSCI ACWI IMI Renewables and Energy Efficiency Index to construct the Renewables and Energy Efficiency Sub-Index:

- Applicable Universe
- Liquidity Screen
- Security Weighting

2.1.2.1 Applicable Universe

The Applicable Universe for the Renewables and Energy Efficiency Sub-Index is constructed by selecting only those securities from the MSCI ACWI IMI Renewables and Energy Efficiency Index that are also part of MSCI USA IMI Index.

2.1.2.2 Liquidity Screen

Securities with 3-month ADTV greater than or equal to USD 10 million are eligible for inclusion in the Renewables and Energy Efficiency Sub-Index.

ADTV is defined as Average Daily Traded Value and is calculated as:

$$ADTV_{3M} = \frac{ATV_{3M}^5}{252}$$

Where ATV_{3M} is annualized 3-month Average Traded Value of the security

2.1.2.3 Security Weighting

At each Index Review, securities remaining after applying the above screen are weighted in proportion to their weight in the MSCI ACWI IMI Renewables and Energy Efficiency Index. Additionally, security weights are capped at 10%. At each Index Review, if the weight of any security in the Renewables and Energy Efficiency Sub-

⁵ MSCI Index Calculation Methodology at

<https://www.msci.com/index-methodology>

MSCI Global Investable Market Indexes Methodology at

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Index is greater than 10%, its weight will be capped at 10%. For more details on MSCI Capped Index Methodology, please refer:

<https://www.msci.com/index-methodology>

2.2 MOMENTUM SIGNAL CALCULATION

The Momentum signal (Signal) is calculated for the Commodity Producers Sub-Index and the Renewables and Energy Efficiency Sub-Index as per the below formula:

$$Return(t) = (IL(t-1) - IL(t-60)) / IL(t-60)$$

$$Signal(t) = Average (Return(t): Return(t-9))$$

Where,

t is Monthly Index review Date

$IL(t-1)$ = Net Daily Total Return Index level⁶ of respective sub-index 1 business day prior to t

$IL(t-60)$ = Net Daily Total Return Index level of respective sub-index 60 business days prior to t

2.3 WEIGHT CALCULATION

At each monthly index review, weight is allocated to any of the Sub-Index based on the following rule:

Rule	Weight of the Commodity Producers Sub-Index	Weight of the Renewables and Energy Efficiency Sub-Index
$Signal(t)$ of Commodity Producers Sub-Index \geq $Signal(t)$ of Renewables and Efficient Energy Sub-Index	100%	0%
$Signal(t)$ of Commodity Producers Sub-Index $<$ $Signal(t)$ of Renewables and Efficient Energy Sub-Index	0%	100%

⁶ For details on Net Daily Total Return Index level calculation, please refer to Section 2 of https://www.msci.com/eqb/methodology/meth_docs/MSCI_IndexCalcMethodology_Mar2023.pdf

3 Maintaining the Index

3.1 INDEX REVIEWS

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

3.2 ONGOING EVENT-RELATED CHANGES

The following section briefly describes the treatment of common corporate events within the MSCI USA Commodity Producers vs Efficient Energy Momentum Select Index.

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 MSCI ACWI IMI Index. MSCI ACWI IMI Index deletions will be reflected simultaneously.

EVENT TYPE

EVENT DETAILS

New additions to the Parent Index

A new security added to the MSCI ACWI IMI 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 not 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>

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* = toll free

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The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at:

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