

MSCI USA IMI Disruptive Technology Choice Index

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Contents

1	Introduction	3
2	Constructing the Index	4
2.1	Eligible Universe	4
2.2	Selected Universe	4
2.3	Weighting Scheme	4
3	Maintaining the Index	5
3.1	Semi-Annual Index Review	5
3.2	Quarterly Index Review	5
3.3	Ongoing event-related maintenance	5
	Appendix 1: Calculation of 6-Month Average Daily Traded Value (ADTV)	7

1 Introduction

The MSCI USA IMI Disruptive Technology Choice Index (the 'Index') aims to represent the performance of a strategy which selects a set of companies from USA IMI Index associated with "disruptive technology" themes, which meet certain minimum liquidity requirements.

2 **Constructing the Index**

The index is constructed by selecting stocks from the MSCI USA Investable Market Index (IMI) (the 'Parent Index') based on rules explained in the following sections.

2.1 **Eligible Universe**

All stocks from the Parent Index which are constituents of the MSCI ACWI IMI Disruptive Technology Index¹ are included in the Eligible Universe

2.2 **Selected Universe**

2.2.1 **Liquidity Screening Criteria**

Securities that have a 6-month average daily trading value (6M ADTV) less than 10 million USD are excluded from the Selected Universe. For the calculation of ADTV, please refer to Appendix 1.

2.2.2 **Size Screening Criteria**

Securities that have a free-float market capitalization less than 75 million USD are excluded from the selected universe.

2.3 **Weighting Scheme**

Securities in the Selected Universe are weighted by the product of relevance score² and their free float adjusted market capitalization. The weights are then normalized to sum to 100%.

Additionally, constituent weights are capped at the issuer level to mitigate concentration risk in the Index. The issuer weight in the Index is capped at 10%.

¹ For details, please refer to the MSCI ACWI IMI Disruptive Technology Index methodology document (Available on <https://www.msci.com/index-methodology>).

² The relevance score ranges between 0% and 100%. However, it should be noted that it is not an explicit measurement or estimate of the proportion of revenue that the company derives from business activities exposed to the theme. For details of relevance score calculation, please refer to MSCI ACWI IMI Disruptive Technology Index methodology document (Available on <https://www.msci.com/index-methodology>)

3 Maintaining the Index

3.1 Semi-Annual Index Review

The Index is reviewed on a Semi-Annual basis in May and November to coincide with the May and November Semi-Annual Index Reviews of the Parent Index, and the changes are implemented at the end of May and November. In general, the pro forma index is announced nine business days before the effective date.

The Eligible Universe is updated at each Semi-Annual Index Review.

In general, MSCI uses the company business segment names, business description and revenue data as of the rebalancing date for the Semi-Annual Index Review.

3.2 Quarterly Index Review

Liquidity screening (as described in section 2.2.1), Size screening (as described in section 2.2.2) and issuer capping (as described in Section 2.3) are applied at each quarterly index review.

3.3 Ongoing event-related maintenance

The general treatment of corporate events in the Index 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 index.

No new securities will be added (except where noted below) to the Index 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 Index can be found in the MSCI Corporate Events Methodology.

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

Appendix 1: Calculation of 6-Month Average Daily Traded Value (ADTV)

$$ADTV = ATV / 252$$

Where:

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

For details on the calculation of ATV, please refer to the MSCI Index Calculation Methodology (<https://www.msci.com/index-methodology>)

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