

METHODOLOGY BOOK FOR:

- **MSCI USA IMI METAVERSE SELECT INDEX**
- **MSCI USA IMI METAVERSE SELECT 5% DECREMENT INDEX**

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Contents	1	Introduction	3
	2	Constructing the Index	4
	2.1	Determining the Eligible Universe of the Index	4
	2.2	Determining the Selected Universe of the Index	5
	2.3	Weighting Scheme	6
	2.4	Applying the decrement	6
	3	Maintaining the Index	7
	3.1	Semi-Annual Index Review	7
	3.2	Ongoing event-related maintenance	7

1 Introduction

The MSCI USA IMI Metaverse Select Index (the 'Index') aims to represent the performance of a select set of companies that are associated with products and services focused on digital payments, e-commerce, social media, artificial intelligence and blockchain technology.

The MSCI USA IMI Metaverse Select 5% Decrement Index (the 'Decrement Index') is constructed by applying a constant markdown ('synthetic dividend') to the MSCI USA IMI Metaverse Select Index levels on a daily basis, expressed as a percentage of performance, based on the MSCI Decrement Indexes methodology¹.

¹ Please refer to the MSCI Decrement Indexes Methodology at <http://www.msci.com/index-methodology> for details as well as intended use of such indexes.

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.

The Index selects companies which are assessed to have high exposure to the following business activities

- Digital Payments
- Machine Learning & Artificial Intelligence
- E-commerce
- Social Media
- Blockchain Technology

MSCI may seek input from outside market experts on the ongoing evolution of the themes underlying the Index. However, such input is advisory only in nature. MSCI alone decides whether to use such input at all or to what extent. Receipt of such input, like any other feedback on MSCI indexes, may or may not lead to a change to the Index methodology or its constituents.

2.1 Determining the Eligible Universe of the Index

The Eligible Universe of the Index is constructed by selecting all securities from the Parent Index that have a Relevance Score² of 25% or more. Further filtering is applied as below.

² For details of calculation of Relevance Scores, please refer to the MSCI Thematic Relevance Score Methodology document at <http://www.msci.com/index-methodology>. The business activities in scope of the theme are as defined in section 2. These business activities are also described in section 2 of the MSCI ACWI IMI Digital Economy Index Methodology document at <http://www.msci.com/index-methodology>.

2.1.1 GICS^{®3} sector and sub-industry filtering

Stocks mapped to the following GICS[®] sub-industries are excluded from the Eligible Universe.

No.	GICS [®] Sector	GICS [®] Sub-Industries
1	Communication Services	<ul style="list-style-type: none"> • Integrated Telecommunication Services • Wireless Telecommunication Services • Broadcasting • Publishing
2	Real Estate	<ul style="list-style-type: none"> • Specialized REITs
3	Information Technology	<ul style="list-style-type: none"> • IT Consulting & Other Services
4	Industrials	<ul style="list-style-type: none"> • Construction Machinery & Heavy Trucks • Industrial Conglomerates • Office Services & Supplies

2.2 Determining the Selected Universe of the Index

2.2.1 Liquidity screening criteria

Securities in the Eligible Universe that have a 3-month average daily trading value (3M ADTV) less than 10 million USD are excluded from the Selected Universe. For the calculation of ADTV, please refer to the MSCI Index Calculation Methodology (<https://www.msci.com/index-methodology>).

2.2.2 Size screening criteria

Securities in the Eligible Universe that have a free-float market capitalization less than 1 billion USD are excluded from the Selected Universe.

³ GICS[®], the global industry classification standard jointly developed by MSCI and S&P Global.

2.3 Weighting Scheme

Stocks included in the Index are weighted by the product of Relevance Score and their 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 5% at each index review.

2.4 Constructing the Decrement Index

The MSCI Decrement Indexes methodology is applied to the MSCI USA IMI Metaverse Select Index to construct the Decrement Index using the following parameters:

Methodology Parameters	MSCI USA IMI Metaverse Select Index 5% Decrement Index
Currency of Calculation	USD
Parent Index	MSCI USA IMI Metaverse Select Index
Return Variant of the Parent Index	Gross Total Return
Decrement Type	Fixed Percentage
Decrement Application	Geometric
Decrement Value	5%
Day-count Convention	Act / 365
Index Floor	0
Decrement Frequency	Daily

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.

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

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 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. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.
Merger/Acquisition	<p>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.</p> <p>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.</p>
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>

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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>.

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