

MSCI ACWI IMI Innovation Index

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Contents	1	Introduction	3
	2	Constructing the Index	4
	2.1	Determining the components of the Index	4
	2.2	Determining the constituents of the Index	4
	2.2.1	Intermediate Universe	4
	2.2.2	Selected Universe	4
	2.3	Determining the weights of the constituents of the Index	4
	3	Maintaining the Index	6
	3.1	Semi-Annual Index Review	6
	3.2	Ongoing event-related maintenance	6

1 Introduction

The MSCI ACWI IMI Innovation Index (the 'Index'), developed in collaboration with ARK Invest, aims to represent the performance of a set of companies that are associated with the development of new products and services focused on the following themes.

- Autonomous Technology & Industrial Innovation
- Genomic Innovation
- Fintech Innovation
- Next Generation Internet Innovation

2 Constructing the Index

2.1 Determining the components of the Index

The MSCI ACWI IMI Innovation Index is constructed from four MSCI Thematic Indexes¹ ('Component Indexes'), developed in collaboration with ARK Invest:

- MSCI ACWI IMI Autonomous Technology & Industrial Innovation Index
- MSCI ACWI IMI Genomic Innovation Index
- MSCI ACWI IMI Fintech Innovation Index
- MSCI ACWI IMI Next Generation Internet Innovation Index

MSCI may seek input from ARK Invest on the ongoing evolution of the themes underlying the Component Indexes. 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 or index methodology.

2.2 Determining the constituents of the Index

2.2.1 Intermediate Universe

An intermediate universe is constructed from each of the Component Indexes described in section 2.1. From each Component Index, a high exposure intermediate universe is calculated in the following steps –

Stocks in the top half of their respective Component Index based on their relevance score¹ are selected.

The weights of selected stocks are then normalized to sum to 100%.

2.2.2 Selected Universe

The Selected universe is constructed by combining stocks from each high exposure intermediate universe.

2.3 Determining the weights of the constituents of the Index

The weight of each stock in the Index is calculated as follows:

¹ Please refer to <https://www.msci.com/index-methodology> for the methodology of the Component Indexes and details of relevance score calculation.

$$w_i^{Index} = \sum_{C(j)} 0.25 x w_i^{C(j)}$$

where:

- w_i^{Index} is the weight of stock i in the MSCI ACWI IMI Innovation Index
- $w_i^{C(j)}$ is the weight of stock i in the high exposure intermediate universe $C(j)$

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%.

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 Component Indexes, 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.

3.2 Ongoing event-related maintenance

The maintenance of the MSCI ACWI IMI Innovation Index follows the event related maintenance of the Component Indexes. Any change in the number of shares applied in the MSCI Global Investable Market Indexes due to corporate events is also reflected in the MSCI ACWI IMI Innovation Index. Any security deleted from the Component Indexes is simultaneously deleted from the MSCI ACWI IMI Innovation Index (if present).

The following sections have been modified since January 2022:

- Introduction
- The role of experts in constructing the Index

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