



Syntax Internet of Things  
Ecosystem Index  
(SYIOTC) Rulebook

**13 November 2023**

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# 1 Index Objective

The Syntax® Internet of Things (IoT) Ecosystem Index (the “Index”) applies modified-equal weighting to up to 50 public US companies whose products enable physical objects to exchange data with each other over networks. The Index applies screens for thematic purity of exposure, liquidity, and size, and defines business segments including semiconductors, utilities, industrial equipment, smart home, and automotive.

The Index uses company classification data structured in Syntax's proprietary Functional Information System (FIS)®, which draws primarily from audited annual reports (e.g., 10-K filings) and secondarily from unaudited documents (e.g., news articles, company websites) to allow granular groupings and comparisons of companies by the characteristics of their various product lines.

Information regarding the day-to-day calculation and maintenance of this and other Syntax Indices — as well as regarding the definitions of key terms used throughout this and other Syntax Index Rulebooks — is available in an accompanying document, the *Syntax Index Calculations & Adjustments Rulebook*.

## 2 Index Parameters

**Launch Date:** 16 December 2022

**First Value Date:** 15 March 2013

**Index Calendar:** US (NYSE)

**Index Trading Hours:** US (NYSE)

**Corporate Action Handling:** Equal-weight Methods

**Regular Dividend Reinvestment:** Pro rata Method



**Reconstitution:** Quarterly — each March, June, September and December (the “Reconstitution Months”)

**Rebalancing:** Quarterly — each March, June, September and December (the “Rebalancing Months”)

**Snapshot Date:** The last US trade date before the Rebalancing Month, at the market close

**Weight Date:** The last US trade date on or before the Wednesday before the second Friday of the Rebalancing Month, at the market close

**Rebalance Date:** The last US trade date on or before the third Friday of the Rebalancing Month, at the market close

**Effective Date:** The first US trade date following the third Friday of the Rebalancing Month, at the market open

**Inter-Basket Changes:** Constituent entities are neither added nor removed in the Rebalancing except as compelled by reasons that could have triggered an Intra-Basket Change had they occurred between Rebalancings. The Constituent security or Constituent listing of a Constituent entity may be replaced in the Rebalancing by another that provides sufficiently equivalent exposure to the same Constituent entity, as per the Administrator's Expert Judgment. Additions and removals of all kinds may be made in the Reconstitution.

**Intra-Basket Changes:** Index Constituents may be removed at any time due to corporate actions or events severely affecting liquidity, business integrity, or the relevance of business engagement. Except where specified in the *Syntax Index Calculations & Adjustments Rulebook* for handling of corporate actions such as mergers or spinoffs, Index Constituents are not added between Rebalancings.



# 3 Basket Construction

## 3.1 Universe

The Index's Universe is drawn from the Syntax US 3000 Index (SY3000). Candidates are identified using Syntax FIS data showing that each has at least 20% Theme Exposure (typically measured as a percentage of revenues, and in some cases reflecting profit or other indicators that are deemed more relevant) from one or more of the following business segments:

- **Smart Buildings:** the provision of internet-enabled equipment for various building management purposes, such as temperature control and energy management systems, as well as fire alarm and security systems.
- **Semiconductors:** the production of semiconductors and radio frequency components for Internet of Things applications across diversified industries.
- **Utilities:** the production and distribution of sensing and control equipment for utilities customers, such as meters for gas, water, and electricity, or power grid monitoring hardware.
- **Smart Home:** the provision of internet-enabled home equipment for consumers, such as temperature control devices, fire alarms, and security cameras.
- **Industrial:** the production and distribution of internet-enabled sensors and other connectivity equipment, as well as the development of cloud software platforms to manage said equipment for industrial applications.
- **Telecommunications:** the provision of networking equipment and services for diversified industrial Internet of Things applications.
- **Consumer IoT:** the production and distribution of internet-enabled wearables for consumers, such as smart watches, fitness monitoring devices, or home diagnostic equipment.



- **Automotive:** the manufacture or design of sensors for consumer and commercial transportation vehicles.

## 3.2 Selection

To be considered an “Eligible Candidate” and enter the ranking process, a Candidate must meet all the following eligibility criteria:

- Average Daily Traded Value (ADTV): three-month minimum of 1 million USD based on at least one month of trading history
- Float Factor: minimum of 20%
- Market capitalization: minimum of 100 million USD
- Float-adjusted market capitalization: minimum of 50 million USD

The Index selects Constituents from among the Eligible Candidates by the following steps:

- 1) Rank all the Eligible Candidates by three metrics in descending order separately: market capitalization, three-month ADTV, and Theme Exposure.
- 2) For each Eligible Candidate, average the three metrics’ rank numbers.
- 3) Sort the Eligible Candidates into two buckets: one comprising the Eligible Candidates whose Theme Exposures are at least 50% (the “Pure-play Bucket”), and the other comprising the Eligible Candidates whose Theme Exposures are below 50% (the “Diversified Bucket”.)
- 4) By ascending order of the averaged rank numbers from (2), using three-month ADTV as a rank tiebreaker — such that all else held equal, Eligible Candidates with higher values for the three metrics are selected first — select Constituents from among the Eligible Candidates within as many Buckets as are needed, proceeding through the Buckets in the following order until either 50 Constituents are selected, or all Eligible Candidates are selected:
  - a. Pure-play Bucket
  - b. Diversified Bucket



### 3.3 Weighting

All Constituents are equally weighted within their respective Buckets (Pure-play or Diversified) as of the Weight Date, with the Pure-play Bucket allocated 80% of the total Index Weight and the Diversified Bucket allocated 20% of the total Index Weight.

## 4 Index Variants

The Index is calculated in US Dollar (USD) on an end-of-day (EOD) basis by Syntax Indices in the following variants:

<b>Ticker</b>	<b>Name</b>	<b>Return Type</b>	<b>Base Date</b>	<b>Launch Date</b>	<b>Base Level</b>
SYIOTX	Syntax Internet of Things Ecosystem Index	Price Return	15 Mar 2013	16 Dec 2022	1000
SYIOTXG	Syntax Internet of Things Ecosystem Total Return Index	Gross Total Return	15 Mar 2013	16 Dec 2022	1000