Syntax US 3000 Index (SY3000) Rulebook

April 2022

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1 Methodology Scope

This methodology covers the following Syntax Indices:

Index Name	Index Ticker	Currency	Return Type
Syntax US 3000 Price Return Index	SY3000	US Dollar (USD)	Price Return
Syntax US 3000 Total Return Index	SY3000TR	US Dollar (USD)	Gross Total Return

2 Index Objectives

The Syntax US 3000 Index (the "Index") measures the float-adjusted market capitalization-weighted performance of the 3000 largest and most liquid entities in the United States as defined according to Syntax's proprietary country classification methodology, which considers regulatory filings, currencies of accounting and distribution, and use of tax havens.

3 Basket Construction

Universe:

The Syntax US 3000 Index construction begins with the universe of all share listings on national exchanges in the US that meet the following criteria (the "Universe"):

- Either the listed entity filed a US-entity SEC form (e.g., Form 10-K, Form 10-Q, Form S-1) as its most recent SEC filing, or no SEC filings for the listed entity are available and the listed entity is domiciled and incorporated in the US and/or a country identified as a tax haven in a list maintained by Syntax Indices.
- The listed entity's financials as reported in its accounting statements are denominated in US Dollars (USD).
- The listed entity is a corporation, where a Real Estate Investment Trust (REIT) qualifies as a corporation.
- The listed shares are common stock.
- Trades of the listed shares are denominated in USD.
- Payments of the listed shares' cash dividends are denominated in USD.

Selection:

To be eligible for inclusion in the Index, a share listing must meet the following criteria:

- The listing's share price is at least 1 USD.
- The listing's 20-day average daily traded value (ADTV) is at least 10,000 USD.
- The listing's float factor is at least 20%.
- The listing either has a share price no greater than 10,000 USD or is the only listing for its entity that passes the screen for minimum share price, as well as, applicable prior to the June 2022 reconstitution, the screens for minimum 20-day ADTV and minimum float factor.
- Applicable prior to the June 2022 reconstitution for any listing of an entity that advanced to the previous reconstitution's ranking, the listing meets at least one of the following criteria:
  - The listing represented its entity in the previous reconstitution's ranking.
  - The listing's ADTV surpassed that of its entity's prior representative listing for at least six consecutive Snapshot Dates.
  - The listing's ADTV is at least double that of its entity's prior representative listing.
- Applicable prior to the June 2022 reconstitution for any listing of an entity that did not advance to the previous reconstitution's ranking, the listing has the highest 20-day ADTV among the listings of the same entity included in the Universe.

From among the entities in the Universe that have at least one eligible listing, the top 3000 as ranked by the total float-adjusted market capitalizations of their listings included in the Universe shall be selected for inclusion in the Index.

Any entity that is remaining in the Index across the reconstitution shall continue to be represented by the same listing except in the following scenarios:
- The listing has become ineligible, in which case it shall be replaced by whichever eligible listing of the entity has the highest 20-day ADTV.
- The listing's 20-day ADTV is half or less that of another eligible listing of the entity, in which case it shall be replaced by whichever eligible listing of the entity has the highest 20-day ADTV.
- The listing's 20-day ADTV has been surpassed by that of another currently eligible listing of the entity for at least six consecutive Snapshot Dates, in which case it shall be replaced by that other currently eligible listing, with 20-day ADTV used as the tiebreaker if applicable.

Any selected entity that is being added to the Index in the reconstitution shall be represented by whichever of its eligible listings has the highest 20-day ADTV.

Weighting:
The listings selected as the Index constituents shall be weighted by the total float-adjusted market capitalizations of their entities' listings included in the Universe.

4 Index Information

Launch Date: 24 March 2022

First Value Date: 17 December 1999

Base Date: 17 December 1999

Base Value: 1000

Currency: USD

Index Calendar: US (NYSE)

Index Trading Hours: US (NYSE)

Reconstitution
and rebalancing: The Syntax US 3000 Index reconstitutes and rebalances after the close on the third Friday of the last month of each calendar quarter (March, June, September and December) using reference data from after the close of the second Friday of the rebalancing month. Therefore, the actual weight of each constituent at the rebalance differs from the target weight due to market movements.

Additions and
Deletions: Please see Sections 3 and 6 for information regarding additions and deletions at a reconstitution or rebalancing.

Additions between rebalances only occur from spin-offs and M&A activity.

Deletions can occur between rebalances from mergers and acquisitions activity, spin-offs, suspensions or bankruptcies. Stocks deleted because of M&A activity are removed on the ex-date using the closing price.

5 Corporate Action Methodology

The Syntax US 3000 Index is calculated by Refinitiv. Calculations are performed in accordance with the following methodology and constituents are weighted by float-adjusted market capitalization. Please see important disclaimers at the end of this document.

Corporate actions (including stock splits, stock dividends, spin-offs, and rights offerings) that impact the Syntax Index constituents are applied after the close of trading on the day prior to the ex-date. Share changes resulting from exchange offers are made on the ex-date.

Spin-offs:

Spun-off entities are included in the Index if they meet at least one of the following criteria:

1. The spin-off has a market capitalization of at least $900 million USD and is available through a national US exchange.
2. The initial Syntax announcement of the spin-off is less than 48 hours from the effective date, and the spin-off is available through a national US exchange.

If the spin-off is not available to the Index, such as if the spin-off does not trade on a national US exchange, then the parent has a price adjustment and the divisor is adjusted.

If the spin-off is included, it is handled in one of three ways:

1. If the spin-off is already in the Index, then the parent has a price adjustment, and the existing spin-off shares are increased according to the ratio of the transaction. The event is market cap neutral, so the divisor is not adjusted.
2. If the spin-off is not already in the Index, then the parent has a price adjustment, and the spin-off is added with a share count derived from the ratio received from the parent. The day after the effective date, the spin-off is removed from the Index and the divisor is adjusted.
3. If the spin-off is not available to the Index and the initial Syntax announcement was less than 48 hours from the effective date, then a pseudo instrument is created and held by the Index for one

business day. The value of the pseudo instrument is equal to the terms defined in the announcement. After one business day the pseudo instrument is removed from the Index and the divisor is adjusted.

Dividends:	Dividends are reinvested in the Index after the close on the ex-date.
Special Dividends:	Special Dividends are generally treated like a cash dividend, unless the payment is greater than 20% of the Close Price and it is treated as a Capital Return. When treated as a Capital Return, the price of the stock making the special dividend payment is reduced by the per-share special dividend amount after the close of trading on the day before the dividend ex-date. The divisor is adjusted.
Rights Offering:	Rights issues are only enacted if they are in-the-money. In the event of an enacted rights issue, the price is adjusted for the value of the right before the open on the ex-date, and the shares are increased by the rights ratio. The divisor is adjusted.
Share Changes:	Changes in the number of shares outstanding, typically due to share repurchases, tenders, or offerings, will not be reflected in the Index.
Bankruptcy:	The removal of a bankrupt constituent is done at the same time and with the same closing price in all Refinitiv-calculated Syntax Indices. If the security is trading on its usual or primary exchange at the close of the day it is removed, that price is used. If the security is suspended from trading, the last available price is used. The divisor is adjusted.
Suspensions and Halts from Trading:	Securities that remain suspended or halted for 60 or more days are reviewed for possible removal. In some exceptional situations securities may be dropped earlier, such as if the company is in the process of filing for bankruptcy.

Delistings:	The Index will generally drop a stock on the expected delisting day according to the notification from the respective exchange. Where the delisting is due to an M&A event, the target company may be dropped once an offer to acquire the stock has been deemed unconditional. The divisor is adjusted.
Bonus Issues, Stock Splits, and Reverse Stock Splits:	For bonus issues, stock splits, and reverse stock splits, the number of shares included in the Index will be adjusted in accordance with the ratio given in the corporate action. Since such events will not change the value of the company included in the Index, the divisor will not be adjusted when such corporate actions occur.
Mergers and Acquisitions:	Acquired constituents are deleted from the Index on the ex-date using the closing price, and the divisor is adjusted if needed. In the event of a stock acquisition or a cash-and-stock acquisition where the acquirer is in the Index and the stock payment amounts to at least 10% of the acquirer's shares outstanding, the stock terms of the event will be reinvested back into the acquirer.

If the initial announcement by Syntax is less than 48 hours before the ex-date of the transaction, then the transaction will be handled as follows:

1. If the target's shareholders receive stock in a company not available to the Index, the stock will be added to the Index. The added stock will then be dropped from the Index after providing two full days' notification of the deletion. The divisor is adjusted.

2. If the target's shareholders receive a cash payout, the target security's deletion from the Index will be postponed to allow for two days' notification.

6 Weight Generation and Rebalance

The Syntax US 3000 Index is a float-adjusted market capitalization-weighted index.

The Index rebalances after the close on the third Friday of the last month of each calendar quarter (March, June, September, and December) using reference data from after the close of the second Friday of the rebalancing month.

7 Index Calculations

The Syntax US 3000 Index is calculated by Refinitiv. Below is a summary of the basic math used to calculate Syntax Indices.

P_i = price of shares of stock I in the Index

Q_i = quantity of shares of stock i in the Index

E_i = foreign exchange rate between USD and the currency of stock i

$Shares_i$ = number of shares of stock i in the Index

The Index value is the Index market value divided by the Index divisor:

$$Index\ Value = \frac{Index\ Market\ Value}{Divisor}$$

$$Index\ Market\ Value = \sum_i P_i * Shares_i * E_i$$

The Index level can be written as:

$$Index\ Level = \frac{\sum_i P_i * Q_i}{Divisor}$$

To maintain the continuity of the Index, it is also necessary to adjust the divisor at each rebalance:

$$Index\ Level\ (before\ rebalance) = Index\ Level\ (after\ rebalance)$$

Which means that:

$$Divisor\ (after\ rebalance) = \frac{Index\ Market\ Value\ (after\ rebalance)}{Index\ Value\ (before\ rebalance)}$$

Calculating the Divisor Adjustment:

As described in Section 5, some corporate actions will trigger a divisor adjustment in the Index.

A divisor is a factor by which the total market value of an index is divided to a give a scaled, and more easily handled, number.

The divisor allows continuous measurement of market valuation because it ensures that the value of the Index does not fluctuate across events that do not stem from the performance of the Index.

The following formula expands the original formula for calculating the Index Level to show the stock, *r*, which is being removed separately.

$$Index\ Level_{t-1} = \frac{(\sum_i P_i * Q_i) + P_r Q_r}{Divisor_{t-1}}$$

Similarly, rewriting the Index Level after the addition of stock *s* to show that stock separately:

$$Index\ Level_t = \frac{(\sum_i P_i * Q_i) + P_s Q_s}{Divisor_t}$$

Where *t*-1 is the moment immediately preceding the deletion of stock *r* and *t* is the moment immediately after the addition of stock *s*. By design, *IndexLevel_{t-1}* exactly equals *IndexLevel_t*. This allows us to rewrite the above as:

$$\frac{(\sum_i P_i * Q_i) + P_r Q_r}{Divisor_{t-1}} = Index\ Level = \frac{(\sum_i P_i * Q_i) + P_s Q_s}{Divisor_t}$$

Let the left-most and right-most numerators be the Market Value, *MV*, of the Index at times *t-1* and *t*.

MV_t, *MV_{t-1}*, and *Divisor_{t-1}* are all known values. Therefore, we can rearrange the formula to calculate the value of the new divisor:

$$Divisor_t = (Divisor_{t-1}) * \frac{MV_t}{MV_{t-1}}$$

Equivalently, we can write the new divisor as the old divisor plus the percentage change in index value from the event. Rearranging the formula for the Index Value:

$$Divisor = \frac{MV}{Index\ Level}$$

Let CMV be the change in market value from the addition and deletion. Because the Index Level will not change, the new divisor must be:

$$Divisor_{New} = \frac{MV + CMV}{Index\ Level}$$

Because *MV/IndexLevel* is the divisor, we can rewrite this as:

$$Divisor_{New} = Divisor_{Old} + \frac{CMV}{Index\ Level}$$

8 Index Dissemination

The Syntax US 3000 Index is calculated by Refinitiv. Daily levels can be found via Refinitiv.

9 Disclaimers

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