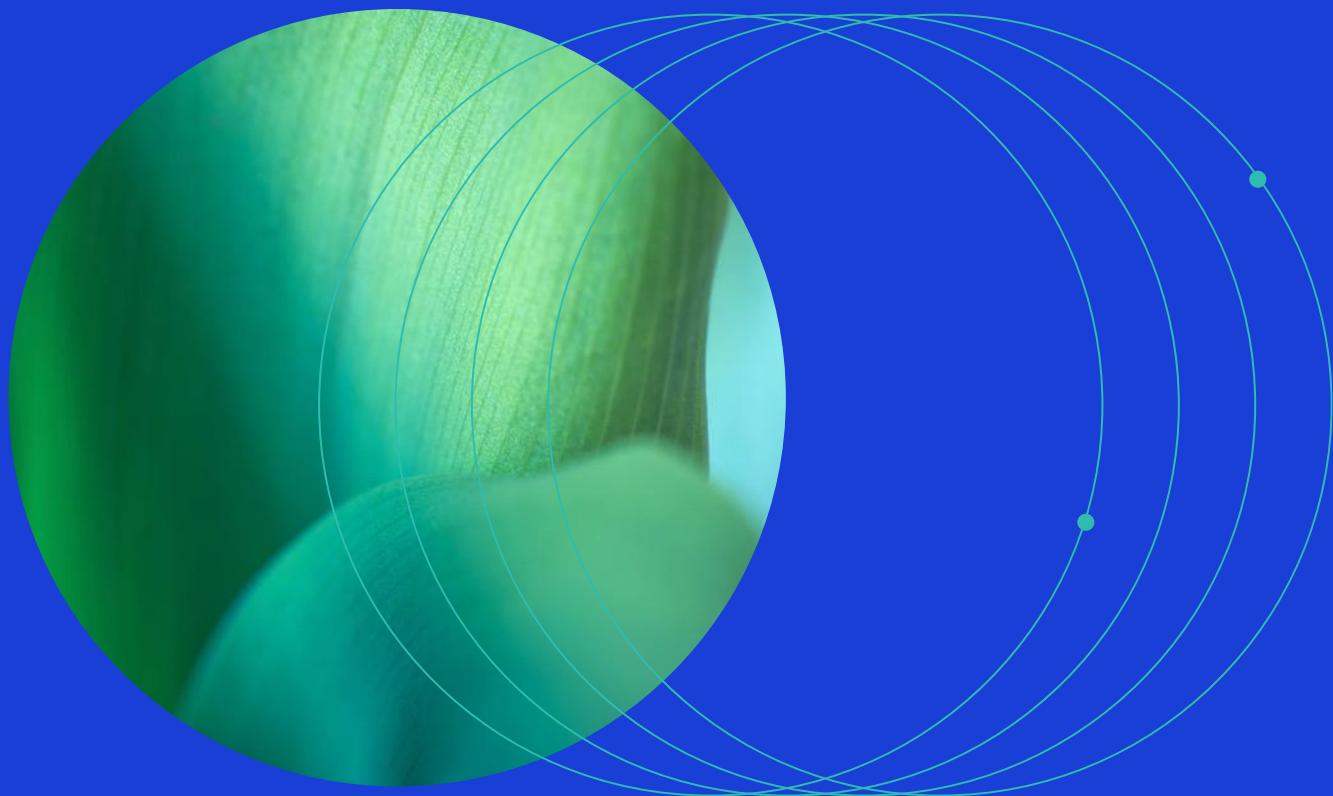




February 2026

## METHODOLOGY BOOK FOR:

- **MSCI World AI Effect Select Index**
- **MSCI World AI Effect Select 4.5% Decrement Index**



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## 1. Introduction

The MSCI World AI Effect Select Index<sup>1</sup> (the 'Index') aims to represent the performance of a set of securities selected from the MSCI World IMI Index and drawn from the Semiconductors & Semiconductor Equipment, Software, Electrical Utilities and Independent Power and Renewable Electricity Producers industries based on certain liquidity and market cap constraints.

The MSCI World AI Effect Select 4.5% Decrement Index aims to represent the performance of the Index while applying a constant markdown (synthetic dividend) of x% on an annual basis, expressed as a percentage of performance.

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<sup>1</sup> The Index is governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document. Please refer to Appendix III for more details.

## 2. Index Construction

The Index is constructed from the MSCI World IMI Index (the 'Parent Index'). The following steps are applied at initial construction and at each Index Review:

- Eligible Universe Screening
- Security Selection
- Security Weighting

In addition to the above steps, the MSCI Decrement Indexes methodology<sup>2</sup> is applied to the Index to construct the MSCI World XXX Decrement Index.

### 2.1 Eligible Universe

The eligible universe for the Index is constructed by selecting only those securities remaining from the Parent Index after applying each of the steps below.

#### 2.1.1 Liquidity Criteria

Only securities that have a 3-month ADTV (Average Daily Traded Value) greater than or equal to USD 10 Million are selected for inclusion.

ADTV is calculated as:

$$ADTV_{3M} = \frac{ATV_{3M}^3}{252}$$

where  $ATV_{3M}$  is the annualized 3-month Average Traded Value of the security.

To avoid multiple securities of the same company in the Index, only the most liquid security for each issuer per its 3-month ADTV, is eligible for inclusion in the eligible universe.

Securities with missing  $ATV_{3M}$  values are not considered for inclusion in the Index.

#### 2.1.2 Market Capitalization Criteria

Only securities with full market capitalization greater than USD 1 billion are selected for inclusion in the eligible universe.

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<sup>2</sup> Please refer to the MSCI Decrement Indexes methodology at [www.msci.com/index/methodology/latest/Decrement](http://www.msci.com/index/methodology/latest/Decrement)

<sup>3</sup> MSCI Index Calculation Methodology at [www.msci.com/index/methodology/latest/IndexCalc](http://www.msci.com/index/methodology/latest/IndexCalc).

### 2.1.3 Selection Criteria

Post application of both the liquidity and market capitalization filters, only those securities which also meet any of the following GICS Industry criteria are eligible for inclusion in the eligible universe.

Securities classified under the following GICS Industries<sup>4</sup> :

- Semiconductors & Semiconductor Equipment (Industry Code: 453010)
- Software (Industry Code: 451030)
- Electrical Utilities (Industry Code: 551010)
- Independent Power and Renewable Electricity Producers (Industry Code: 551050)

### 2.1.4 Country Screening

Securities from the below countries<sup>5</sup> are excluded from the eligible universe:

- Israel
- Uruguay
- Bermuda
- Luxembourg
- Chile
- Jordan
- Poland
- New Zealand
- Singapore

### 2.1.5 Business Involvement Screening

The Index uses research provided by MSCI Solutions LLC ("MSCI Solutions")<sup>6</sup>. The Index uses MSCI Business Involvement Screening Research to exclude securities which are involved in businesses related to cluster bombs and landmines from the eligible universe. Please refer to Appendix I for more details.

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<sup>4</sup> Please refer to <https://www.msci.com/index/methodology/latest/GICS> for more details. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P Dow Jones Indices. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and S&P Dow Jones Indices.

<sup>5</sup> Please note that currently countries Uruguay, Bermuda, Luxembourg, Chile, Jordan and Poland are not part of the Parent Index. Please refer to MSCI Country Classification Standard for more details [www.msci.com/index/methodology/latest/GIMI](https://www.msci.com/index/methodology/latest/GIMI)

<sup>6</sup> See Section 4 for further information regarding sustainability and climate data used in the Index that MSCI Limited and MSCI Deutschland GmbH source from MSCI Solutions LLC ("MSCI Solutions"), a separate subsidiary of MSCI Inc. MSCI Solutions LLC is solely responsible for the creation, determination and management of such data as a provider to MSCI Limited and MSCI Deutschland GmbH. MSCI Limited and MSCI Deutschland GmbH are the benchmark administrators for the MSCI indexes.

## 2.1.6 Screening based on Volatility Data

The securities with missing 6-month annualized volatility of daily price return data are excluded from the eligible universe.

## 2.2 Security Selection

After applying all of the above criteria to determine the eligible universe, the eligible universe is screened separately against the MSCI USA IMI Index and the MSCI World ex USA IMI Index, forming two subsets within the eligible universe (USA subset and World ex USA subset).

In each of the subsets, the top 25 securities <sup>7</sup>with the highest weights in the Parent Index are selected for inclusion, provided that if there are less than 25 securities, all securities are selected for inclusion.

## 2.3 Security Weighting

At each Index Review and at initial construction, the securities selected for inclusion in each of the subsets are weighted in proportion to the ratio of each security's weight in the Parent Index to the security's 6-month annualized volatility of daily price returns. The weights are then normalized to sum up to 100% in each of the subsets.

Additionally, the constituent weights in each of the subsets are capped to mitigate concentration risk. The individual security weights in each of the subsets are capped at 10%. In case it is not feasible to cap the security weights at 10%, the capping will be relaxed to the nearest 1%.

## 2.4 Subsets Combination

Post capping, the subsets are combined in equal proportion (50% each) to form the Index.

## 2.5 Applying the MSCI Decrement Indexes Methodology<sup>8</sup>

The MSCI Decrement Indexes Methodology is applied on the Index to construct the MSCI World AI Effect Select 4.5% Decrement Index. The parameters for the application of the decrement methodology are noted in Appendix II.

## 2.6 Treatment of Securities with missing MSCI Solutions Data

Companies that are not assessed by MSCI Solutions LLC using the following MSCI Solutions product are eligible for inclusion in the Index.

- MSCI Business Involvement Screening Research (BISR)

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<sup>7</sup> Please note that with this selection criterion, in any given rebalance, there may be no stocks from one of the targeted GICS Industries in either of the two regional subsets.

<sup>8</sup> MSCI Decrement Indexes Methodology [www.msci.com/index/methodology/latest/Decrement](http://www.msci.com/index/methodology/latest/Decrement)

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## 3. Maintaining the Index

### 3.1 Index Reviews

The Index is reviewed on a quarterly basis as per the steps described in Section 2, usually at the close of the last business day of February, May, August and November, coinciding with the Quarterly Index Reviews of the Parent Index.

The pro forma Index is announced nine business days before the effective date.

### 3.2 Ongoing Event Related Changes

The following section briefly describes the treatment of common corporate events within the Index. Changes in index market capitalization that occur because of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

No new securities will be added (except where noted below) to the Index between Index Reviews. For cases where additions are noted below, securities will be added to the Index only if added to the Parent Index. Parent Index deletions will be reflected simultaneously.

EVENT TYPE	EVENT DETAILS
<b>New additions to the Parent Index</b>	A new security added to the Parent Index (such as IPO and other early inclusions) will not be added to the Index.
<b>Spin-Offs</b>	All securities created as a result of the spin-off of an existing Index constituent will be not added to the Index at the time of event implementation.
<b>Merger/Acquisition</b>	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 book under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at:

<https://www.msci.com/index-methodology>.

## 4. MSCI Solutions LLC

The Index is a product of MSCI Inc. that utilizes information such as company ratings and research produced and provided by MSCI Solutions LLC ("MSCI Solutions"), a subsidiary of MSCI Inc. In particular, the Index uses the following MSCI Solutions products: MSCI Business Involvement Screening Research. MSCI Indexes are administered by MSCI Limited and MSCI Deutschland GmbH.

### 4.1 MSCI Business Involvement Screening Research

MSCI Business Involvement Screening Research (BISR) aims to enable institutional investors to manage environmental, social and governance (ESG) standards and restrictions reliably and efficiently.

For more details on MSCI Business Involvement Screening Research, please refer to:

<https://www.msci.com/legal/sustainability-and-climate-resources-and-disclosures>.

## Appendix I: Business Involvement Screening

The Index excludes companies involved in:

- **Cluster Bombs**

MSCI Solutions' cluster bomb research identifies public companies that are involved in the production of cluster bombs and munitions, components for such products, delivery platforms for such products, or is involved indirectly through ownership ties to companies involved in production of such goods.

- **Landmines**

MSCI Solutions' landmines research identifies public companies that are involved in the production of anti-personnel landmines, anti-vehicle landmines, essential intended or dual-use components of such products or are involved indirectly through ownership ties to companies involved in such products.

## Appendix II: Parameters used for the MSCI World AI Effect Select 4.5% Decrement Index

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Currency of Calculation	EUR
2	Return Variant of MSCI World Ai Effect Select Index	Net Total Return
3	Decrement Type	Fixed Percentage
4	Decrement Application	Geometric
5	Decrement Value	4.5%
6	Day-count Convention	365
7	Index Floor	0%
8	Decrement Frequency	Daily

## Appendix III: Methodology Set

The Index is governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document as mentioned below:

- Description of methodology set – [www.msci.com/index/methodology/latest/ReadMe](http://www.msci.com/index/methodology/latest/ReadMe)
- MSCI Corporate Events Methodology – [www.msci.com/index/methodology/latest/CE](http://www.msci.com/index/methodology/latest/CE)
- MSCI Index Calculation Methodology – [www.msci.com/index/methodology/latest/IndexCalc](http://www.msci.com/index/methodology/latest/IndexCalc)
- MSCI Index Glossary of Terms – [www.msci.com/index/methodology/latest/IndexGlossary](http://www.msci.com/index/methodology/latest/IndexGlossary)
- MSCI Index Policies – [www.msci.com/index/methodology/latest/IndexPolicy](http://www.msci.com/index/methodology/latest/IndexPolicy)
- MSCI Global Investable Market Indexes Methodology – [www.msci.com/index/methodology/latest/GIMI](http://www.msci.com/index/methodology/latest/GIMI)
- MSCI Decrement Indexes Methodology - [www.msci.com/index/methodology/latest/Decrement](http://www.msci.com/index/methodology/latest/Decrement)
- [MSCI Global Industry Classification Standard \(GICS\) Methodology –](http://www.msci.com/index/methodology/latest/GICS)  
<https://www.msci.com/index/methodology/latest/GICS>
- ESG Factors In Methodology\*

The Methodology Set for the Indexes can also be accessed from MSCI's webpage

<https://www.msci.com/index-methodology> in the section 'Search Methodology by Index Name or Index Code'.

\* 'ESG Factors in Methodology' contains the list of environmental, social, and governance factors considered, and how they are applied in the methodology (e.g., selection, weighting or exclusion). It can be accessed in the Methodology Set as described above.

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To learn more, please visit [www.msci.com](http://www.msci.com).

[msci.com/contact-us](http://msci.com/contact-us)

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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