



Syntax Moat Index (SYMOAT) Rulebook

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1 Index Objective

The Syntax® Moat Index (the “Index”) weights by Syntax Pure Value Score up to 50 of the top large-cap publicly traded US companies as ranked by their Syntax Market Share Scores. The Index applies screens for profitability, liquidity, and size.

The Syntax Market Share Scores use 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: 19 July 2023

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 the Syntax US LargeCap 500 Index (SY500).

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 3 million USD based on at least one month of trading history
- Float Factor: minimum of 20%



- Market capitalization: minimum of 500 million USD
- Float-adjusted market capitalization: minimum of 500 million USD
- Profit Margin: greater than or equal to the 10th percentile of the Candidate's primary Level 2 Related Business Risk Group (set of risk characteristics, where those characteristics are defined by a sequence of FIS tags) within the FIS Taxonomy (a hierarchy of Related Business Risk Groups (RBRGs)) using the Constituents of the Syntax US 3000 Index (SY3000)

The Index selects Eligible Candidates as Constituents in descending order of their Syntax Market Share Scores (described below), using three-month ADTV as a rank tiebreaker, until either 50 Constituents are selected or all Eligible Candidates are selected.

3.2.1 Syntax Market Share Scores

The Syntax Market Share Scores are based on Syntax FIS data categorizing companies' product lines into Related Business Risk Groups (RBRGs). The FIS data shows each company's degree of RBRG Exposure (typically measured as a percentage of revenues, and in some cases reflecting profit or other indicators that are deemed more relevant), which is used together with data sourced from LSEG (formerly Refinitiv) to derive each RBRG Exposure Amount (the company's dollar amount associated with the RBRG).

The Syntax Market Share Score for a company is calculated via the following steps:

- 1) For each RBRG in Levels 2–5 of Syntax's FIS hierarchy, sum together in USD all the RBRG Exposure Amounts for constituent companies of the Syntax US 3000 Index (SY3000).
- 2) For each RBRG to which the company has a positive RBRG Exposure Amount, divide that positive RBRG Exposure Amount by the RBRG's Exposure Amount sum from (1) to calculate the company's Market Share within that RBRG.
- 3) Multiply each of the company's RBRG Market Shares from (2) by its corresponding RBRG Exposure.
- 4) Within each of the FIS Levels 2–5, sum together the company's Market Share-Exposure products from (3) to calculate the company's Level Market Share Score ("Level 2 MSS", "Level 3 MSS", etc.). If a resulting Level Market Share Score is negative or otherwise unavailable, set it equal to the lowest positive Level Market Share Score within the same FIS Level (across all RBRGs in that Level).



- 5) Calculate the company's Market Share Score using the Level Market Share Scores as follows:

$$\text{Market Share Score} = \text{Level 2 MSS} * 0.5 + \text{Level 3 MSS} * 0.2 + \text{Level 4 MSS} * 0.2 + \text{Level 5 MSS} * 0.1$$

For score calculations from 2023Q2 (when regular maintenance of the Syntax Market Share Scores began) and onwards, the latest FIS data available at the time of the score calculation is used. For the Syntax Market Share Scores prior to 2023Q2 (i.e., historical score calculations performed retroactively) a six-month lag was applied relative to the fiscal-year-end dates of the FIS data in order to avoid look-ahead bias. Additionally, where temporal gaps existed historically in the product line-level data for RBRG Exposures, those gaps were filled using forward filling, backward filling, or replacement with the company-level summary RBRG treated as 100% RBRG Exposure, in that order of preference subject to availability.

3.3 Weighting

All Constituents are weighted relative to one another by their latest Syntax Pure Value Scores as of the Weight Date, subject to an Index Weight maximum of 4.5% and an Index Weight minimum of 0.8%.

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:

| Ticker | Name | Return Type | Base Date | Launch Date | Base Level |
|---------------|---|--------------------|------------------|--------------------|-------------------|
| SYMOAT | Syntax Moat Value Weighted Index | Price Return | 15 Mar 2013 | 19 Jul 2023 | 1000 |
| SYMOATG | Syntax Moat Value Weighted Total Return Index | Gross Total Return | 15 Mar 2013 | 19 Jul 2023 | 1000 |