Syntax Market Share Scoring Methodology

Data Foundations

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.

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).

Calculation Steps

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:

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

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.

Quality Assurance Measures

In addition to the quality checks built into the maintenance of the FIS database, the following measures are included in the procedures for calculating the Syntax Market Share Scores:

- Verifying that all companies in the Syntax US 3000 Index (SY3000) are covered in the FIS RBRG Exposure data.
- Verifying that all RBRGs expected are represented in the FIS RBRG Exposure data.
- Removing any duplicates from the FIS RBRG Exposure data.
- Investigating (and, if warranted, removing) any outliers in the FIS RBRG Exposure data.
- Reviewing portfolio composition and performance that results from the Syntax Market Share Scores as a means of judging their plausibility.
- Comparing the Syntax Market Share Scores between peer companies to spot any that require further investigation due to dissimilarity.