



Syntax US Medical
Innovation Index (SYUMIX)
Rulebook

26 April 2023

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1 Index Objective

The Syntax US Medical Innovation Index (the “Index”) equally weights up to 50 US-listed companies engaged in the biotechnology and biopharma industry. To qualify, a company must pass the Index's screens for size and liquidity, and must own at least one drug that is in an FDA Phase II or Phase III trial and has a special FDA designation or a milestone in the near future.

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: 21 October 2022

First Value Date: 21 October 2022

Index Calendar: US (NYSE)

Index Trading Hours: US (NYSE)

Corporate Action Handling: Equal-weight Methods

Regular Dividend Reinvestment: Pro rata Method

Reconstitution: Semi-annual — each April and October (the “Reconstitution Months”)

Rebalancing: Quarterly — each January, April, July and October (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 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: Index Constituents may be removed in the Rebalancing due to failing eligibility criteria. Additions of Index Constituents are generally not made at the entity level in the Rebalancing, but may be made at the listing level. Removals and additions 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. 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 set of equity listings on recognized exchanges in the United States. Candidates are identified using Syntax company classification data showing that the issuing company of each Candidate owns (independent of any partnership) at least one drug that meets all the following criteria:

- The drug is in an FDA Phase II or Phase III trial.
- The drug has either of:
 - At least one of the special FDA designations "Orphan", "Breakthrough" and "Fast Track".
 - A trial completion expected within two years.



3.2 Selection

To be considered an “Eligible Candidate”, a Candidate must meet all the following eligibility criteria (where, starting from the October 2022 Reconstitution and going forward, each criterion is subject to a 10% buffer for current Constituents):

- Average Daily Traded Value (ADTV): three-month minimum of 1 million USD based on at least one month of trading history
- Market capitalization: minimum of 500 million USD; maximum of 50 billion USD

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

- 1) For each company represented by multiple Eligible Candidates, narrow down to whichever Eligible Candidate that has the highest three-month ADTV.
- 2) For each Eligible Candidate remaining after (1), calculate the ratio of peak forecasted sales to company market capitalization, where *peak forecasted sales* is the highest of the one-year sales estimates available for the next five discrete years.
- 3) By descending order of the ratio numbers from (2), select Constituents from among the Eligible Candidates until either 50 Constituents are selected, or all Eligible Candidates are selected.

3.3 Weighting

All Constituents are equally weighted as of the Weight Date.

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
SYUMIX	Syntax US Medical Innovation Index	Price Return	21 Oct 2022	21 Oct 2022	1000
SYUMIXG	Syntax US Medical Innovation Index Gross TR	Gross Total Return	21 Oct 2022	21 Oct 2022	1000