

Bloomberg Global Artificial Intelligence Select Index (CAD) Methodology

April 2024

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Introduction

The Bloomberg Global Artificial Intelligence Select Index (CAD) is constructed to track the performance of companies that develop, facilitate or utilize artificial intelligence (AI) solutions, such as Deep Learning, Machine Learning, Natural Language Processing, Image and Speech Recognition.

Section 1: Overview

Name	Bloomberg Global Artificial Intelligence Select Index (CAD)
Base date	2014-01-20
Inception Date	2024-04-22
Rebalance	Quarterly
Publication	Weekdays
Currency	CAD
Tickers	BGAIS (Price Return) BGAIST (Total Return) BGAISN (Net Return)

Section 2: Index Eligibility Process

Parent Universe

To be selected for the Bloomberg Global Artificial Intelligence Select Index (CAD), a security must be a member of the Bloomberg World Large, Mid & Small Cap Index. Please refer to the Bloomberg Global Equity Index methodology through the link below for additional details.

[Bloomberg Global Equity Indices Methodology](#)

Sector Eligibility

A security must be classified as belonging to the Artificial Intelligence ecosystem as determined by Bloomberg Intelligence (BI). To be eligible for the Index, a security must be included in the Gold tier as determined by Bloomberg Index Services Limited (BISL) in accordance with the Bloomberg Thematic Protocol.

Please refer to the Bloomberg Thematic Protocol through the link below for additional details on the construction of thematic baskets.

[Bloomberg Thematic Protocol](#)

Market Capitalization Eligibility

A security must have a minimum free float market capitalization of \$100 million.

Liquidity Eligibility

A security must have a minimum 90-day average daily value traded of \$5 million.

Exchange Eligibility

Securities should be listed in one of the following exchanges based on the Exchange Code defined in [Bloomberg Global Equity Indices Methodology](#): C1, C2, HK, UN, UA, UP, VF, UR, UW, UQ, UF.

Multiple Classes of Securities

One security per issuer is permitted. If an issuer has multiple securities, then the security currently in the Index will take precedence if it has met all other criteria for eligibility. Otherwise, the security with the highest 90-day average daily value traded is eligible for inclusion in the Index.

Section 3: Index Construction Process

Index Selection Process

All securities that satisfy the Index Eligibility Process in Section 2 are eligible for inclusion in the Index.

Index Weighting

The Index is modified market capitalization weighted. The weights, W_i , are determined by using the free float market capitalization of each issuer multiplied by the inverse of the average of the Revenue and Theme Assessments of each issuer, as determined by the Bloomberg Intelligence Theme-Basket Committee.

$$W_i = \frac{Exposure\ Score_i \times FMC_i}{\sum_1^M Exposure\ Score_i \times FMC_i}$$

Where:

W_i Weight of security i

M Number of Index Members

FMC_i Issuer Free Float Market Capitalization of security i

$Exposure\ Score_i$ Exposure Score of issuer i is equal to the inverse of the average of the Revenue and Theme Assessments, as determined by the Bloomberg Intelligence Theme-Basket Committee

Weights are capped at 10% with the excess weight redistributed proportionally to the remaining uncapped securities.

Index Rebalance and Reconstitution

The Index is reconstituted and rebalanced quarterly in January, April, July, and October.

Selection Date

The Index Eligibility Process and Index Construction Process is applied using data as of the 1st Friday in January, April, July, and October, respectively.

Index Announcement Date

An Index reconstitution and rebalance announcement date shall be the 2nd Friday in January, April, July, and October, respectively.

Index Effective Date

The Index reconstitutions and rebalances go effective after the close of trading on the 3rd Friday in January, April, July, and October, respectively.

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Selection Date	1 st Friday	X			X			X			X		
Announcement Date	2 nd Friday	X			X			X			X		
Effective Date	3 rd Friday	X			X			X			X		

Section 4: Index Maintenance

Index Calculation

Refer to the [Bloomberg Global Equity Indices Methodology](#) for index calculation details.

Deletion Policy

Index securities are not deleted outside Index Rebalance and Reconstitution window except in the case of a delisting.

Addition Policy

Index securities are not added outside of the Index reconstitution.

Replacement Policy

Index securities are not replaced outside of the Index reconstitution.

Corporate Actions

Refer to [Bloomberg Global Equity Indices Non-Market Cap Corporate Action Methodology](#) for the treatment of corporate actions.

Section 5: Limitations

Limitations of the index

Though the Index is designed to be representative of the markets it measures or otherwise aligns with its stated objective, it may not be representative in every case or achieve its stated objective in all instances. It is designed and calculated strictly to follow the rules of this Methodology, and any Index level or other output is limited in its usefulness to such design and calculation.

Markets can be volatile, including those market interests that the Index measures or upon which the Index is dependent to achieve its stated objective. For example, illiquidity can have an impact on the quality or amount of data available to the administrator for calculation and may cause the Index to produce unpredictable or unanticipated results.

In addition, market trends and changes to market structure may render the objective of the Index unachievable or to become impractical to replicate by investors.

In particular, the Index measures global equity markets. As with all equity investing, the Index is exposed to market risk. The value of equities fluctuate with the changes in economic forecasts, interest rate policies established by central banks and perceived geopolitical risk. The Index does not take into account the cost of replication and as a result a tracking portfolio's returns will underperform the Index with all else equal. As the Index is designed to measure those markets, it could be materially impacted by market movements, thus significantly impacting the use or usefulness of the fixings for some or all users.

In addition, certain sub-indices may be designed to measure smaller subsets of the Index such as specific styles, size, and sector. Some of these sub-indices have very few qualifying constituents and may have none for a period of time. During such period, the sub-index will continue to be published at its last value, effectively reporting a 0% return, until new constituents qualify. If no constituents are expected to qualify (due to changes in market structure and other factors), the sub-index may be discontinued. In such an event, this discontinuation will be announced to index users.

Section 6: Benchmark Oversight and Governance

Benchmark and Governance

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Index and Data Reviews

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Expert Judgment and Discretion

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Conflicts of Interest

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Restatement Policy

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Cessation Policy

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Appendix A: ESG Disclosure

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Bloomberg Index Services Limited ("BISL")
Item 2. Type of benchmark or family of benchmarks. <i>Choose the relevant underlying asset from the list provided in Annex II to Commission Delegated Regulation (EU)2020/1816.</i>	Equity
Item 3. Name of the benchmark or family of benchmarks.	Bloomberg Global Artificial Intelligence Select Index (CAD)
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	No
<p>Item 5. Where the response to Item 4 is positive, please list below, for each family of benchmarks, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.</p>	
(a) List of environmental factors considered:	Not applicable
(b) List of social factors considered:	Not applicable
(c) List of governance factors considered	Not applicable
<p>Item 6. Where the response to Item 4 is positive, please list below, for each benchmark, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816, depending on the relevant underlying asset concerned.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark.</p> <p>Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in this explanation. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years.</p>	
(a) List of environmental factors considered:	As above
(b) List of social factors considered:	As above
(c) List of governance factors considered:	As above
Item 7. Data and standards used	
(a) Data input. <i>(i) Describe whether the data are reported, modelled or sourced internally or externally. (ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i>	Not Applicable
(b) Verification and quality of data. <i>Describe how data are verified and how the quality of those data is ensured.</i>	Not Applicable
(c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i>	N/A
Date on which information has been last updated and reason for the update:	April 2024

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