



MUSQ Global Music Industry Index MUSQ

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Introduction

Index Objective

The MUSQ Global Music Industry Index seeks to provide exposure to global companies with a core business interest in the global music industry.

Highlights

The Index uses a modified free float market capitalization weighting algorithm.

Dates

Reference Dates: Same as Weight Date.

Reconstitution Dates: Indexes reconstitute quarterly on the COB of the fourth Thursday¹ in January, April, July, and October.

Weight Date: The Monday prior to the Rebalance/Reconstitution Date.

Rebalance Dates: Indexes rebalance quarterly on the COB of the fourth Thursday¹ in January, April, July, and October.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein.

The list of the main supplemental documents for this methodology can be found in the Methodologies and Governance tabs on the [Index Resources](#) page as follows:

Supporting Documents
Index Maintenance Policy
Index Governance
Index Policies
Methodology Policies
Glossary
Index Change and Consultation Policy

Eligibility Criteria and Index Construction

Universe

Publicly traded global companies and publicly-traded music funds and/or royalty trusts.

¹ If this is not a business day, the preceding business day is used.

Index Construction

Constituent Selection

All securities must be principally engaged (“Pure-Play”) or significantly engaged (“Diversified”) in one of the following sub-segments of the global music industry:

- Music streaming
- Music content and distribution
- Live music events/ticketing
- Music equipment and technology

A company in any of the sub-segments shall be considered principally engaged (“Pure-Play”) if it derives at least 50% of its revenues from its sub-segments.

Companies that are not principally engaged but derive significant revenues from its sub-segments are classified as “Diversified” provided:

- 1) such revenues represent more than 20% of the company’s total revenues and such revenues are independently reported in the company’s financial reports,
- 2) applicable revenues are likely to have a material impact on the company’s overall share price performance,
- 3) research and development investments in the industry are at the forefront of the company’s future initiatives, or
- 4) the company’s applicable business is likely to have a significant impact on the industry as a whole.

Additionally,

- Companies must have adequate liquidity for an exchange traded product as determined by the Index provider.
- At least 40% of the index weight will be invested in non-US domiciled companies and will include exposure from at least 3 countries.
- Market capitalization of 100 million USD
- Average daily traded value (ADTV) of 500,000 USD
- Minimum free float of 20%.
- China domiciled companies will be Hong Kong traded versions if available, provided their liquidity is comparable to US exchange-listed ADR shares, otherwise the US exchange-traded ADR version will be utilized.
- Special Purpose Acquisition Company (SPAC) targets are eligible for inclusion once they are trading on a public exchange as the target entity, provided they meet all criteria.

Constituent Weightings & Constraints

Index tranches:

Pure- Play tranche – 80%

Diversified tranche – 20%

Constituents are free-float market cap weighted within their tranches with the following constraints:

Individual constituents are capped at 12%. They also need a minimum weight of 0.25% to be included.

Emerging Market constituents are capped at 20%.

The sum of all constituents over 5% may not exceed 45%.

Excess weights are redistributed among the rest of the uncapped securities. This redistribution is repeated iteratively until all capping conditions are met.

Index Maintenance

Rebalancing and Reconstitution

The Indexes are rebalanced on the “Rebalance Date” and additionally reconstituted on the “Reconstitution Date”. Pricing used in share weights used for reconstitutions are as of the “Weight Date”. Share weights for the rebalanced Indexes are computed as of the “Weight Date”. Changes to the Indexes related to the rebalances are as of the “Rebalance Date”. Additions are only made on reconstitution dates.

Corporate Actions

Please refer to the Index Maintenance Policy document for information on Corporate Action processing.

Index Information

Index history availability, base dates and base values are shown in the table below.

Index	Price Index	Base Date	Base Value	Total Return Index	Base Date	Base Value
MUSQ Global Music Industry Index	MUSQIXP	01/24/2018	100	MUSQIX	01/24/2018	100

Methodology Updates and Changes²

Date	Version	Previous	New
May 2024	1.0.0	Version 2.1 dated 18 Jan 2024	Methodology converted to new VettaFi format

² As of May 2024

Nov 26, 2024	2.0.0	ADTV 200K Security Weight Cap 5% Sub-segments include broadcasting Global Momentum Exposure Score constraint	EM cap of 20%, 80/20 tranches, addition of diversified tranches replacing additional inclusion criteria in previous version, ADTV 500K, Security Weight Cap 12%, broadcasting excluded, Min 20% free float, no Global Momentum Exposure Score constraint, no country exposure requirements, 5/45 rule and Multi-Constraint Capped Weight Smoothing Process:
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Index Calculation

Please refer to the Index Maintenance Policy document for information on index calculations.

Index Governance

The index is owned by MUSQ LLC and governed and administered by VettaFi for the purpose of meeting the goals of the index. For more information, please refer to the Index Governance document.

Index Policies

Please refer to the Index Policies document for information regarding Announcements, Holiday Schedules, Unexpected Exchange Closures, and Recalculation Policy.

Contact Information

For any questions regarding an index, please contact: index.production@vettafi.com

Disclaimer

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