

Index Methodology Guide for the FactSet TSLA Value Chain Index™

Version 1.3 – April 18, 2025

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Index Introduction and Objective

1.1 Index Overview

The FactSet TSLA Value Chain Index (“Index”) is an equity benchmark designed to track the performance of global upstream EV (Electric Vehicles)-related companies that are suppliers to Tesla, Inc. (TSLA). The Index is modified market capitalization weighted and rebalanced quarterly in January, April, July, and October.

The Index is calculated and maintained by Solactive AG – the calculation agent – based on a methodology developed by FactSet. It is calculated on a price, gross and net total return basis in U.S. Dollar (USD). The price, gross, and net total return values of the index are calculated on a real-time and an end-of-day basis, Monday to Friday 1:00 a.m. to 10:50p.m. CET (Central European Time). Index values are distributed via various data channels and market data vendors, including the price marketing services of Boerse Stuttgart AG. Index values of may also be obtained from FactSet upon request.

1.2 Inception Date and Base Value

The Index Inception Date was April 28, 2017, with a base value of 100.00. The inception date refers to when the first back-tested index value was calculated. The back test is based on a similar methodology used to calculate the index when it was officially completed on March 8, 2023.

1.3 Index Valuation Days

Index Valuation Days are business days, Monday to Friday.

1.4 Completion Date

The index completion date was March 8, 2023. Completion date refers to the stated date when the index was officially completed for launch.

1.5 Reconstitution and Rebalance Schedule

The index is reconstituted quarterly after the close of the 4th Friday of January, April, July, and October each year (“Reconstitution Day” and “Rebalance Day”).

If any of the existing or new index components is not trading on Reconstitution Day or Rebalance Day due to an exchange holiday, the reconstitution/rebalance is moved to the next business day.

The data used to reconstitute and rebalance the index is as of the close of 3rd Friday of January, April, July, and October (“Selection Day”). Subsequent adjustment to the index composition may be made to account for corporate actions that occur between the Selection Day and the Reconstitution Day or Rebalance Day.

Index Construction

2.1 Constituent Selection and Weighting Schema

1. The securities are primarily listed on one of the following 25 exchanges:
 - Australia Stock Exchange
 - Borsa Italiana
 - Deutsche Borse Xetra
 - Euronext Amsterdam
 - Euronext Brussels
 - Euronext Paris
 - Hong Kong Exchange
 - Korea Stock Exchange
 - London Stock Exchange
 - Madrid Stock Exchange
 - Milan Stock Exchange
 - NASDAQ
 - New York Stock Exchange
 - NYSE American
 - OMX Nordic Copenhagen
 - OMX Nordic Helsinki
 - OMX Nordic Stockholm
 - Oslo Stock Exchange
 - Shanghai Stock Exchange*
 - Shenzhen Stock Exchange*
 - SIX Swiss Exchange
 - Taipei Stock Exchange
 - Taiwan Stock Exchange
 - Tokyo Stock Exchange
 - Toronto Stock Exchange

*Must also be eligible in the Hong Kong – China Stock Connect Program for buying and selling.

2. The securities are common stocks, ADR, GDR.
3. The securities have a minimum total market capitalization of \$500 Million USD, and a minimum three-month ADTV (Average Daily Trading Value) of \$1 Million USD.
4. The security of Tesla, Inc. (TSLA) is included, refer to as the target company.
5. First order suppliers and second order suppliers are identified for the Tesla. This includes both direct suppliers where the source company identifies the relationship and reverse suppliers where the target company identifies the relationship.

Only first and second order suppliers of Tesla that belong to one of the following RBICS Focus Level 4 and Level 6 industries are eligible for inclusion in the index (Table 1). In addition, only second order suppliers that are listed on NYSE or NASDAQ are eligible for inclusion in the index.

Table 1.

RBICS ID	RBICS L4/L6 NAME
20201010 (L4)	Consumer Vehicle Parts Manufacturing
401015101535 (L6)	Heavy-Duty Industrial Batteries Manufacturing
401015101545 (L6)	Electric Vehicle Batteries Manufacturing
401015101520 (L6)	Mixed Heavy-Duty and High-End Batteries Makers
451525101015 (L6)	Copper Ore Mining
451525101035 (L6)	Cobalt Ore Mining
451525101040 (L6)	Lithium Ore Mining
451525102510 (L6)	Africa Lithium Ore Mining
451525102515 (L6)	Pan-Americas Lithium Ore Mining
451525102520 (L6)	Latin America Lithium Ore Mining
451525102525 (L6)	North America Lithium Ore Mining
451525102530 (L6)	Pan-Asia/Pacific Lithium Ore Mining
451525102535 (L6)	Australia including Oceania Lithium Ore Mining
451525102540 (L6)	Rest of Asia/Pacific Lithium Ore Mining
451525102545 (L6)	Europe Lithium Ore Mining
451525102550 (L6)	Diversified Lithium Ore Mining
451020303015 (L6)	Lithium Compounds Manufacturing
451020102015 (L6)	Other Additive Manufacturing
451010152020 (L6)	Other Inorganic Chemical Makers
451020301510 (L6)	Electronic Materials Manufacturing
401020151525 (L6)	Multi-Industry-Specific Factory Machinery Makers
551020401525 (L6)	Video Multimedia Semiconductors
551020401535 (L6)	General Graphics Accelerator/Controller
551020401540 (L6)	A.I./Large Scale Processing Graphics Controller
551020401550 (L6)	Computer/Gaming Graphics Accelerator/Controller
551020401545 (L6)	Data Center Graphics Accelerator/Controller
551020401555 (L6)	Handheld Systems Graphics Accelerator/Controller
551020101010 (L6)	General Analog and Mixed Signal Semiconductors
551020103015 (L6)	General Automotive Semiconductors
551020151510 (L6)	Other Discrete Semiconductors
551020103020 (L6)	Autonomous Vehicles Semiconductors
201510102020 (L6)	Vehicle Autonomous Control Software
401020302510 (L6)	Diversified Industrial Manufacturing
551520251510 (L6)	Diversified Technology Hardware

- Rank securities of step5 by their total market cap from largest to smallest and select the top 24 largest market cap ranked securities (excluding Tesla, Apple and Samsung Electronics if present); Tesla will also be included in the Index. The index shall have 25 constituents.

If the aforementioned steps lead to less than 25 constituents on Reconstitution Day, the minimum total market capitalization for eligible securities is lowered to \$200 Million USD, and the minimum three-month ADTV (Average Daily Trading Value) to \$0.5 Million USD.

Weight constituents by (i) allocating 25% index weight to Tesla and (ii) 75% index weight to the other 24 constituents based on their individual Float Adjusted Market Capitalization to total Float Adjusted Market Capitalization (of the 24 constituents), with individual securities capped at 10%; in between index reconstitution, if the target company's weight exceeds 30% for 3 consecutive business days ("T"), it will be automatically reset back to 25% at the open on the fourth business day after T.**

In addition to the above selection schema, FactSet may at its discretion and in consultation with index users and the public, modify one or more selection criterion to ensure relevant and timely capture of the theme. Any modifications shall be announced 30 days prior to Reconstitution Day.

**This rule will be implemented on a going forward basis starting on March 8, 2023, and will not be implemented retroactively.

2.2 Index Return Formulas

The price, gross and net total return levels of the index are calculated using the following formulas.

$$I_{(t)} = \frac{\sum_{i=1}^n S_{i(t)} \times P_{i(t)} \times FX_{i(t)}}{D_{(t)}}$$

where:

$I_{(t)}$ = Index value on Index Valuation Day (t)

$D_{(t)}$ = Divisor on Index Valuation Day (t)

n = Number of stocks in the index

$P_{i(t)}$ = Closing price of stock (i) on Index Valuation Day (t)

$S_{i(t)}$ = Number of allocated shares of stock (i) on Index Valuation Day (t)

$FX_{i(t)}$ = WM Reuters FX rate published at 4:00pm London time on Index Valuation Day (t) required to convert closing price of stock (i) in index currency, USD

and on Inception Date, where (t) = 0, the initial divisor is calculated as follows:

$$D_{(0)} = \frac{\sum_{i=1}^n S_{i(0)} \times P_{i(0)} \times FX_{i(0)}}{I_{(0)}}$$

where:

$I_{(0)}$ = Price Returns Index value on Index Inception Date

$D_{(0)}$ = Divisor on Index Inception Date

n = Number of stocks in the index on Index Inception Date

$P_{i(0)}$ = Price of stock (i) on Index Inception Date

$S_{i(0)}$ = Number of allocated shares of stock (i) on Index Inception Date

$FX_{i(t)}$ = WM Reuters FX rate published at 4:00pm London time on Index Valuation Day (t) required to convert closing price of stock (i) in index currency, USD.

Allocated shares (“S”) are the number of shares required for each constituent such that all constituents are weighted according to the index methodology. Allocated shares (“S”) would be adjusted accordingly to account for Corporate Actions.

Net total return is calculated to account for the effect of tax withholding on dividends by adjusting dividend taken out due to tax payment.

2.3 Index Divisor Adjustments

From time to time, the index divisor is adjusted to account for corporate actions that could distort index value and continuity using the following formula:

$$D_{(t+1)} = D_{(t)} \times \frac{\sum_{i=1}^n AS_{i(t+1)} \times AP_{i(t+1)} \times FX_{i(t)}}{\sum_{i=1}^n S_{i(t)} \times P_{i(t)} \times FX_{i(t)}}$$

where:

$D_{(t+1)}$ = Divisor for Index Valuation Day (t+1) after CA and rebal adjustment

$D_{(t)}$ = Divisor for Index Valuation Day (t)

$AP_{i(t+1)}$ = Adjusted price of stock (i) calculated for open on Index Valuation Day (t+1) after CA adjustment

$P_{i(t)}$ = Closing price of stock (i) on Index Valuation Day (t)

$S_{i(t)}$ = Number of allocated shares of stock (i) on Index Valuation Day (t)

$AS_{i(t+1)}$ = Adjusted number of allocated shares of stock (i) for open on Index Valuation Day (t+1) after CA adjustment.

Divisor adjustments are generally implemented on the date the corporate action becomes effective, such that for example, the ex-dividend date rather than the payment date is used to time the divisor adjustment.

Find below a detailed calculation for AP, AS, and S in case of corporate actions and rebalancing.

$AP_{i(t)}$ = Adjusted price of stock (i) is determined for the open on Index Valuation Day (t) shall mean:

- If index constituent opens ex-date in respect of the corporate action, then $AP_{i(t)}$ is determined as per Corporate Action Adjustment Section.
- Otherwise

$$AP_{i(t)} = P_{i(t-1)}$$

$S_{i(t)}$ = Number of allocated shares of stock (i) on Index Valuation date (t) is determined as

$$S_{i(t)} = AS_{i(t)}$$

$AS_{i(t)}$ = Adjusted number of allocated shares of stock (i) for open on Index Valuation Day (t) after CA adjustment is determined as:

- If such day opens immediately following the Rebalancing Day (t-1) and if:

- index constituent opens ex-date in respect to corporate action, then $AS_{i(t)}$ is determined as per Corporate Action Adjustment Section with $S_{i(t-1)}$ replace with:

$$S_{i(t-1)} = \frac{I_{(t-1)} \times Weight_{i(t-1)}}{P_{i(t-1)} \times FX_{i(t-1)}}$$

- index constituent does not opens ex-date in respect to corporate action, then $AS_{i(t)}$ is determined as:

$$AS_{i(t)} = \frac{I_{(t-1)} \times Weight_{i(t-1)}}{P_{i(t-1)} \times FX_{i(t-1)}}$$

- On any other day:

- index constituent opens ex-date in respect to corporate action, then $AS_{i(t)}$ is determined as per Corporate Action Adjustment Section
- Otherwise:

$$AS_{i(t)} = S_{i(t-1)}$$

where $Weight_{i(t-1)}$ is determined as per Section 2.1.

2.4 Corporate Action Adjustments

Special Cash Dividend:

$$AP_{i,t} = P_{i,t-1} - D_{i,t} \times FX_{d,t-1}$$

Where

t = Index Valuation Date (t) is ex-date for corporate action.

$D_{i,t}$ = Dividend amount corresponding to stock (i) with ex-date (t).

$FX_{d,t-1}$ = WM Reuters FX rate published at 4:00pm London time fixing on Index Valuation Day (t-1) required to convert dividend amount in underlying stock currency, USD.

Spin-off Adjustment

If an index constituent (i.e. the parent company) distributes part of its business into a spun-off company, the spun-off company will be added to the Index according to the transaction terms on the ex-date.

The parent company will remain in the Index with unchanged calculation parameters. The spun-off company will remain in the Index until the next ordinary rebalancing.

The spun-off company will be added to the Index with an open price of zero on ex-date.

If the spun-off company does not start to trade on the effective date (i.e. ex-date), a theoretical price for the spun-off company will be implemented (**see the equation below**) as a fixed price until it commences trading, from which time official prices will be used.

$$P_{f(t)} = [P_{i(t-1)} - AP_{i(t)}] \times \text{Share Ratio}_{i(t)} \times \text{FX}_{j,t-1}$$

Where

$P_{i(t-1)}$ = Closing price of Parent Company on Index Valuation Date (t-1).

$AP_{i(t)}$ = Open price of Parent Company on Index Valuation Date (t).

$P_{f(t)}$ = Price of Spun-off Company on Index Valuation Date (t).

$\text{FX}_{j,t-1}$ = WM Reuters FX rate published at 4:00pm London time fixing on Index Valuation Day (t-1) required to convert dividend amount in underlying stock currency, USD.

Rights Issue Adjustment

$$AP_{j,t} = \frac{P_{j,t-1} + C_{j,t-1} \times \text{Share Ratio}_{j,t}}{1 + \text{Share Ratio}_{j,t}}$$

$$AS_{j,t} = S_{j,t-1} \times (1 + \text{Share Ratio}_{j,t})$$

Where

$C_{j,t}$ = Official tender price.

Stock Splits Adjustment

$$AP_{j,t} = \frac{P_{j,t-1}}{\text{Share Ratio}_{j,t}}$$

$$AS_{j,t} = S_{j,t-1} \times \text{Share Ratio}_{j,t}$$

Stock distribution

$$AP_{j,t} = P_{j,t-1} \times \frac{1}{1 + \text{Share Ratio}_{j,t}}$$

$$AS_{j,t} = S_{j,t-1} \times (1 + \text{Share Ratio}_{j,t})$$

Index Maintenance

Constituent changes may occur between review periods due to corporate events that disqualify their eligibility for index inclusion. Adjustments to corporate events are described below:

3.1 Corporate Actions – Delisting and Fast Entry

A constituent is removed immediately after being delisted from its primary markets.

3.2 Corporate Actions – Merger/Acquisition and Fast Entry

If a merger or acquisition results in one constituent acquiring another, the acquiring company remains a constituent, and the acquired company is removed. If a non-constituent acquires a constituent, the acquired constituent is removed. If a constituent acquires a non-constituent, the acquiring constituent remains a constituent.

3.3 Corporate Actions – Spin-off

If a constituent spins or splits off a portion of its business, both the spun-off companies and the parent companies (with the highest market value relative to the spun-off companies) will be kept in the index, unless it is determined the spun-off company's primary business has little relevance to the theme of the index, in which case it will be removed immediately following completion of the spin-off.

3.4 Corporate Actions – Bankruptcy

If a constituent is delisted after bankruptcy, it will be removed immediately with a price of 0 from the index.

Index Calculation and Data Correction

4.1 Index Calculation

Price, gross, and net total return values are calculated by Solactive AG. The price, gross, and net total return values are calculated on a continuous and end-of-day basis by using the trading price for each component in the index from relevant exchanges and markets. Index values are rounded to 2 decimal places and divisors are rounded to 6 decimal places.

If trading in a stock is suspended prior to the market opening, the stock's adjusted closing price from the previous day will be used in the index calculation until trading commences. If trading in a stock is suspended while the relevant market is open, the official closing price published by relevant exchange for that stock will be used for all subsequent index calculations until trading resumes.

In case of exceptional market conditions disrupting normal closing auction, or causing official closing prices not being available, Solactive and FactSet reserve the right to utilize other prices in the calculation of the official closing level.

4.2 Data Correction

Incorrect index constituent data, corporate action data, or index divisors will be corrected upon detection. If such errors are discovered within five days of occurrence, they will be corrected retroactively on the day of discovery. If discovered after five days, corrective actions will be decided based on the errors' significance and feasibility of a correction.

4.3 Decision Making in Undocumented Events

A FactSet Index Committee consisting of select employees of FactSet Research Systems Inc. is responsible for amending rules as documented in the Index Methodology Guide due to undocumented or extraordinary events.

Additional Information

5.1 Sanctions Affecting Index Inclusion

Sanctions policies may affect investors' ability to transact or hold securities of certain issuers. FactSet monitors and reviews these sanctions' impact on its indices and amends the index rules as appropriate.

The following exclusionary rule is currently in effect:

- Russian Federation: All companies sanctioned by the United States (OFAC)¹ do not qualify for inclusion in FactSet equity indices. In addition, all companies with a Russian Federation country of risk as defined by FactSet, do not qualify for inclusion in FactSet equity indices.

¹ <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>

<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/russian-harmful-foreign-activities-sanctions>

<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/belarus-sanctions>

5.2 Contact Information

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Version	Release Date	Notes
Version 1.0	March 8, 2023	
Version 1.1	July 14, 2023	Section 2.1.6 weighting clarification; Section 3.3 spin-off clarification
Version 1.2	January 17, 2025	Changed schedule from semi-annual to quarterly reconstitution and rebalance
Version 1.3	April 18, 2025	Section 2.1.5 L6 split-off due to RBICS restructure