

MARKET CONSULTATION
SOLACTIVE GLOBAL
METAVERSE INNOVATION
INDEX – CHANGE OF
METHODOLOGY

26 April 2024



Content of the Market Consultation

Solactive AG has decided to conduct a Market Consultation with regard to changing the Index Methodology of the following Indices (the 'Indices'):

NAME	RIC	ISIN
Solactive Global Metaverse Innovation Index PR	.SMETAIVP	DE000SLOFAF2
Solactive Global Metaverse Innovation Index NTR	.SMETAIVN	DE000SLOFAGO
Solactive Global Metaverse Innovation Index GTR	.SMETAIVT	DE000SLOFAH8

Rationale for the Market Consultation

As part of our annual index methodology review, Solactive has undertaken to make adjustments to the respective indices to further refine the alignment of the selection process with its overarching objectives.

Solactive proposes to consolidate the covered segments of the strategy, including "Metaverse Technology," "Metaverse Platforms," "Metaverse Devices," "Interchange Standards," and "Data Processing," into a unified category termed "Metaverse Economy." This measure aims to streamline the relevant segments of the overall index strategy.

Moreover, Solactive has recognized the pivotal role of AI technologies in the ongoing evolution of the Metaverse industry. AI applications have the potential to generate realistic and immersive experiences, analyze user preferences and behavior, facilitate the creation of 3D models, digital environments, or virtual worlds, and enable real-time language translation, among other functions. Given the expansion of the relevant segments within the index strategy and the increasing number of companies expanding their operations into the Metaverse industry, we propose increasing the number of index constituents from 60 to 75.

The proposed methodology seeks to enhance the capture of all pertinent segments that are poised to contribute to the future advancements within the Metaverse industry.



Proposed Changes to the Index Guideline

The following Methodology changes are proposed in the following points of the Index Guideline:

Section 1.1. Scope of the index

From:

Representation of companies that provide or use innovative technologies to offer products and services around the metaverse and supporting blockchain technologies. Companies that fail the UNGC principles or have business operations in controversial weapons are excluded.

To:

Representation of companies that provide or use innovative technologies to offer products and services around the metaverse and supporting blockchain and AI technologies. Companies that fail the UNGC principles or have business operations in controversial weapons are excluded.

Section 2.2. Selection of the index components

From:

(...)

Using keywords that describe the index theme, ARTIS® identifies companies that have or are expected to have significant exposure to the provision of products and/or services that contribute to the metaverse industry including blockchain applications. For the purposes of the INDEX, the following are the products and/or services deemed to suit the index themes:

- Metaverse Technology: Companies that are involved in the provision of technologies, infrastructure or hardware used to develop or operate the Metaverse, including technologies for virtual and augmented reality.
- Metaverse Platforms: Companies engaged in the provision and development of a non-physical, virtual environment or digital world where users and businesses can interact through various kinds of virtual technologies.
- Metaverse Devices: Companies that are involved in the provision of devices used to access or interact with the Metaverse. This includes the production of wearable devices and specialized visuals and audio or gaming equipment used for interacting in virtual and augmented reality.
- Interchange Standards: Companies engaged in the development and distribution of tools, formats, services and engines that facilitates the creation of the Metaverse by setting actual or de facto standards for interoperability.
- Data processing: Companies involved in providing computing power to support the Metaverse. This includes high-intensity data processing services such as rendering, data matching and synchronization or motion capturing.



- Blockchain Technology: Companies involved in the development, distribution or integration of hardware, infrastructure, software and other applications related to digital assets or blockchain technologies.
- Digital Asset Platforms: Companies involved in the operation of digital asset exchanges, platforms, wallets or payment gateways.

Each company identified by ARTIS® receives a score that reflects its exposure to the index strategy. This set of companies is then reviewed to ensure relevance to the metaverse and blockchain industry based on business operations. Companies that do not have relevant business exposure to the themes are removed from the selection process at this stage. The remaining companies are ranked by their score (in descending order).

(...)

To:

Using keywords that describe the index theme, ARTIS® identifies companies that have or are expected to have significant exposure to the provision of products and/or services that contribute to the metaverse industry including blockchain and AI applications. For the purposes of the INDEX, the following are the products and/or services deemed to suit the index themes:

- Metaverse Ecosystem: This industry comprises specialized companies focused on Metaverse technology, including the development of virtual and augmented reality infrastructure. Metaverse platforms create non-physical, virtual environments for user interaction, while Metaverse devices, such as wearables and gaming equipment, enhance the overall user experience. Companies involved in interchange standards and data processing are integral in establishing interoperability and providing the necessary computing power for the Metaverse's advancement.
- Blockchain Technology: Companies in this industry are essential contributors to the development, distribution, and integration of hardware, infrastructure, software, and applications related to blockchain and digital assets. This sector is pivotal in ensuring the security, transparency, and efficiency of digital transactions and data storage.
- Digital Asset Platforms: At the core of the digital economy, this industry provides secure spaces for the exchange, storage, and management of various digital assets and cryptocurrencies. Encompassing digital asset exchanges, platforms, wallets, and payment gateways, it significantly contributes to the seamless integration of digital assets into the broader financial ecosystem.
- AI Applications & Services: This diverse industry landscape includes artificial intelligence computing solutions, data analytics, natural language processing, and AI-driven services. Companies within this sector are key players in transforming industries through innovative applications, ranging from predictive analytics to virtual assistants. Additionally, this industry covers AI integration services customized for the Metaverse and AI-driven content creation, reflecting the expanding influence of AI technologies.

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on business operations. Companies that do not have relevant business exposure to the themes are removed from the selection process at this stage. The remaining companies are ranked by their score (in descending order).

In order to avoid excess turnover, the following buffer rule applies:

1. Securities in the INDEX UNIVERSE are sorted by their score in descending order. Each security is assigned a rank based on the position in the sorted list, e.g., the security with the highest score is assigned rank 1.
2. All securities ranked in the top 25 are selected as INDEX COMPONENTS.
3. Current INDEX COMPONENTS with a rank from 26 to 100 are added to the INDEX until the total number of stocks in the INDEX reaches 75.
4. If the total number of INDEX COMPONENTS is still below 75 after the previous steps (step 1-3), the highest-ranking securities are added to the INDEX until 75 INDEX COMPONENTS are reached.

(...)



Feedback on the proposed changes

If you would like to share your thoughts with Solactive, please use this consultation form and provide us with your personal details and those of your organization.

Name	
Function	
Organization	
Email	
Phone	
Confidentiality (Y/N)	

Solactive is inviting all stakeholders and interested third parties to evaluate the proposed changes to the Methodology for the Solactive Global Metaverse Innovation Index and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.



Consultation Procedure

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until May 10, 2024 (cob).

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on May 24, 2024.

Please send your feedback via email to marketconsultation@solactive.com, specifying "Market Consultation Solactive Global Metaverse Innovation Index " as the subject of the email, or

via postal mail to: Solactive AG
Platz der Einheit 1
60327 Frankfurt am Main
Germany

Should you have any additional questions regarding the consultative question in particular, please do not hesitate to contact us via above email address.

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