

FTSE MarketPsych Thematic Index Series

v1.0

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Section 1

Introduction

1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE MarketPsych Thematic Index Series.
- 1.2 These Ground Rules should be read in conjunction with the FTSE Global Equity Index Series Ground Rules which is available at www.lseg.com/en/ftse-russell/.
- 1.2.1 The FTSE MarketPsych Thematic Index Series is designed to measure the performance of listed equity securities with defined exposure to long-term structural investment themes, as determined through a systematic thematic exposure assessment.
- 1.3 Indices in the FTSE MarketPsych Thematic Index Series are calculated on an end of day basis in US Dollar. Index values may also be published in other currencies.
- 1.4 Price return, total return, and net total return indices are published on an end-of-day basis. The total return indices are based on ex-dividend adjustments. All dividends are applied as declared in the FTSE Total Return Index.
- 1.5 The net total return indices are calculated based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties.
- 1.6 The FTSE MarketPsych Thematic Index Series does not take into account of ESG factors in its design.
- 1.7 Selected indices are calculated and disseminated on a real time basis.
- 1.8 FTSE Russell**
 - 1.8.1 No liability whether as a result of negligence or otherwise is accepted by FTSE Russell (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:
 - any reliance on these Ground Rules, and/or
 - any inaccuracies in these Ground Rules, and/or
 - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
 - any inaccuracies in the compilation of the indicative index series or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)¹

- 2.1.1 FTSE is responsible for the daily calculation, production and operation of the index series and will:
- maintain records of the index weightings of all constituents;
 - make changes to the constituents and their weightings in accordance with the Ground Rules;
 - carry out periodic index reviews of the index series and apply the changes resulting from the reviews as required by the Ground Rules;
 - publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
 - disseminate the indices.
- 2.1.2 FTSE is responsible for monitoring the performance of the FTSE MarketPsych Thematic Index Series throughout the day and will determine whether the status of the Index should be firm, closed, indicative or held.

2.2 MarketPsych Pte Ltd

- 2.2.1 MarketPsych Pte Ltd (MarketPsych) is responsible for operating and maintaining the Model used to produce the data supplied to FTSE for the FTSE MarketPsych Thematic Index Series.
- 2.2.2 MarketPsych is responsible for:
- collecting and preparing the input data used by the model;
 - implementing data controls and quality checks for the model output;
 - recording and delivering the resulting outputs to FTSE;

2.3 FTSE Russell Industry Classification Advisory Committee

- 2.3.1 The FTSE Russell Industry Classification Advisory Committee has been established by FTSE Russell. The Committee may recommend changes to the FTSE MarketPsych Ground Rules and Theme Taxonomy.
- 2.3.2 The Terms of Reference of the FTSE Russell Industry Classification Advisory Committee are set out on the FTSE Russell website and can be accessed using the following link:
[FTSE Russell Industry Classification Advisory Committee.pdf](#)

¹ The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

2.4 Amendments to these Ground Rules

- 2.4.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.1 Queries, Complaints and Appeals

A constituent or prospective constituent security (or professional advisor acting on behalf of the security), a national organisation or a group of no fewer than ten users of the indices from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

FTSE Russell's complaints procedure can be accessed through the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

FTSE Russell's appeal process can be accessed through the following link:

[Appeals Against Decisions.pdf](#)

3.2 Policy for Benchmark Methodology Changes

Details of FTSE Russell's policy for making benchmark methodology changes can be accessed through the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

3.3 FTSE Russell Governance Framework

3.3.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance framework can be accessed through the following link:

[FTSE Russell Governance Framework.pdf](#)

3.4 Real Time Status Definitions

3.4.1 Please refer to the following guide for details of real time status definitions for indices which are calculated in real time.

[Real Time Status Definitions.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Theme Taxonomy

4. Theme Taxonomy

4.1.1 Each index in the FTSE MarketPsych Thematic Index Series is constructed in respect of a defined investment Theme. The Themes in the Index Series, and the indices constructed in respect of each Theme, are set out in Section 6.

4.1.2 A security is eligible for inclusion in an index only where the issuing company is sufficiently aligned with the applicable Theme, as determined by the FTSE Thematic Exposure Assessment described in Section 5.

4.2 Cybersecurity

Theme Maturity Level: Mature

The Cybersecurity theme captures companies that produce or provide technologies and services for protecting digital environments from cyber threats. This includes:

- Cyber-Physical & Endpoint Security
- Identity & Access Management
- Threat Operations, Analytics & Services
- Frontier & Emerging Security

4.3 Luxury

Theme Maturity Level: Mature

The Luxury theme captures companies whose products and services are positioned as luxury within their category by brand equity, pricing power, scarcity, craftsmanship and clientele. This includes:

- Luxury Jewellery, Watches, Eyewear, Beauty & Fragrance
- Luxury Fashion Maisons, Couture & Leather Goods
- Ultra-Premium Spirits & Wine
- Luxury Automotive, Yachting & Bespoke Craft
- Luxury Hospitality, Travel & Experiences
- Luxury-Dedicated Retail & Resale.

4.4 Quantum Technology

Theme Maturity Level: Emerging

The Quantum Technology theme captures companies developing, manufacturing, enabling, or providing access to quantum-native systems. This includes:

- Quantum Processors & Full-Stack Systems
- Manufacturing Supply Chain & Specialised Components
- Hybrid Infrastructure & Orchestration Platforms
- Quantum Software & QaaS
- Quantum Networking, Memory & Quantum-Native Security

4.5 Battery Technology

Theme Maturity Level: Mature

The Battery Technology theme captures companies that produce or provide technologies for rechargeable energy storage, including products and processes that advance how batteries are made, managed, used and recovered across electric mobility, stationary power systems and electronic devices. This includes:

- Battery Cell Manufacturing
- Next-Generation Chemistries
- Cathode, Anode & Electrolyte Materials
- Battery Manufacturing Equipment
- Battery Management Systems & Recycling

Section 5

FTSE Thematic Exposure Assessment

5. FTSE Thematic Exposure Assessment

5.1 Overview

5.1.1 The FTSE Thematic Exposure Assessment comprises three stages:

- Relevance Screening (Rule 5.4);
- Dimensional Scores assignment (Rule 5.5); and
- Validation Controls (Rule 5.6).

5.1.2 The output of the FTSE Thematic Exposure Assessment is a Thematic Exposure Score (the “TES”) for each company in respect of each Theme, expressed as an integer between 0 and 100. The TES determines the eligibility for the indices in the Index Series (Section 6).

5.1.3 The assessment is conducted at the company level. Each eligible security of an assessed company is assigned the TES of the company.

5.2 Use of artificial intelligence and natural language processing

5.2.1 The FTSE Thematic Exposure Assessment applies natural language processing and large language models, supported by MarketPsych analytics, to extract, classify and structure information from company disclosures, reported financial and segment data, earnings call transcripts, news and consensus estimates data.

5.2.2 Assessment outputs are subject to validation controls, including independent model validation, and to oversight by FTSE Russell, as described in Rule 5.6.

5.2.3 The model configurations, prompts, classification schemas and calibration parameters used in the assessment are versioned and are maintained by FTSE Russell in controlled internal methodology documentation.

5.2.4 The FTSE Thematic Exposure Assessment does not involve discretionary stock selection. Human oversight is applied through the governance, validation and exception-review processes described in these Ground Rules.

5.3 Data Inputs and reference period

5.3.1 The data inputs used in the FTSE Thematic Exposure Assessment are:

Data category	Description	Reference Period
Company business descriptions	Overview of company's business model, products and services	Latest available as at the Data Cut-Off Date
Reported financial and segment data	Revenue, business segment disclosures and related financial data	Latest reported fiscal year available as at the Data Cut-Off Date
Earnings call transcripts	Company management commentary and analyst Q&A	12-month period ending on the Data Cut-Off Date
News	External news coverage of company activities	12-month period ending on the Data Cut-Off Date
Consensus estimates	Forward-looking consensus analyst estimates	Latest available as at the Data Cut-Off Date

5.3.2 The applicable Data Cut-Off Date for each review is set out in Rule 6.1.

5.3.3 Where a data input is unavailable, incomplete or insufficiently supported for a company, the affected Pillar Score may be treated as unsupported in accordance with Rule 5.8.

5.4 Relevance Assessment

5.4.1 The Relevance Assessment evaluates the company's business activities against the applicable Theme Definition and Sub-Themes set out in Section 4.

5.4.2 The Relevance Assessment is designed to exclude companies whose business activities have no plausible alignment with the Theme. Companies that pass the Relevance Assessment for a Theme are included in the Qualified Universe for that Theme and proceed to Dimensional Scores assignment in accordance with Section 5.5.

5.5 Dimensional Scores assignment

5.5.1 Each company in the Qualified Universe is assigned two Dimensional Scores against the Theme:

- a Revenue Score;
- a Forward Score.

Each Dimensional Score is expressed as a value between 0.00 and 1.00.

5.5.2 The Dimensional Scores are defined as follows:

Revenue Score

A quantitative measure of the share of company revenue attributable to the Theme, based on reported financial, segment and other relevant company information.

Forward Score

A forward-looking measure of the company's developing exposure to the Theme, based on available forward-looking indicators.

5.6 Validation Controls

5.6.1 The Validation Controls are designed to assess whether the Dimensional Scores are supported by the available data inputs, are consistent with the applicable Theme Definition and Sub-Themes, and have been produced in accordance with the applicable assessment process.

5.6.2 Validation Controls may include data quality checks, entity identification checks, evidence support checks, consistency checks and exception-based review.

- 5.6.3 Where a Dimensional Score fails one or more Validation Controls, FTSE Russell may determine that such Dimensional Score should be corrected, excluded from the Thematic Exposure Score calculation, or subject to further review.

5.7 Calculation of the Thematic Exposure Score (TES)

- 5.7.1 The TES for each company in the Qualified Universe is calculated as a weighted combination of the company's two Pillar Scores. The pillar weights are determined by the Theme Maturity Level of the Theme, as set out in the table below:

Theme Maturity Level	Revenue Pillar weight	Forward Pillar weight
Emerging	0%	100%
Scaling	50%	50%
Mature	60%	40%

- 5.7.2
- 5.7.3 The Thematic Exposure Score is expressed as an integral value between 0 and 100.
- 5.7.4 A company excluded at the Relevance Screening is assigned a TES of 0 for the Theme at that review (see Rules 5.4).
- ## 5.8 Treatment of unsupported Dimensional Scores
- 5.8.1 Where the evidential support for a Pillar Score is insufficient (for example, where no usable revenue disclosure is available for a company), the affected Pillar Score is treated as unsupported and is excluded from the TES calculation. The TES is calculated from the remaining supported Pillar Score, which receives a weight of 100%.
- 5.8.2 Where neither Pillar Score is supported, the company is not assigned a TES for the Theme, is treated as having a TES of 0, and is not eligible for inclusion in the relevant indices at that review.

Section 6

Periodic review of constituents

6. Periodic review of constituents

6.1 Review Dates

- 6.1.1 The FTSE MarketPsych Thematic Index Series will be reviewed semi-annually in June and December.
- 6.1.2 Constituents are reviewed using data from the close of business on the first Friday prior to the review month ("Data Cut-Off Date"). Review changes are implemented after the close of business on the third Friday of the Review Month (i.e. effective the following Monday)
- 6.1.3 Security prices as at the close of business on the Wednesday before the first Friday of the Review Month will be used for constituent selection ("Price Date").

6.2 Review Process

- 6.2.1 Constituents of each index are selected, scored and maintained in accordance with the Theme taxonomy in Section 4 and the FTSE Thematic Exposure Assessment in Section 5.
- 6.2.2 All securities eligible for an index inherit the eligibility, liquidity, investability and free float requirements of the applicable underlying index.

6.3 Weighting

- 6.3.1 Each index in the FTSE MarketPsych Thematic Index Series is weighted in accordance with the weighting method specified in Rule 6.5.

The following weighting methods may be used:

Equal Weight: Constituents are weighted equally. Each constituent receives a weight equal to one divided by the total number of constituents in the Index.

6.4 Consistent Selection

- 6.4.1 The First Review Threshold, Entry Threshold and Deletion Threshold for each index are specific in Rule 6.5.
- 6.4.2 A company is treated as an existing constituent where one or more of its securities is included in the relevant thematic index immediately before the review changes are implemented. Where a company has more than one eligible security, the security with the highest investable market capitalisation as at the Price Date will be selected for inclusion in the index.
- 6.4.3 A non-constituent company is selected for inclusion where:
 - (a) it is represented by at least one security in the Eligible Universe;
 - (b) it belongs to the Qualified Universe for the applicable Theme; and
 - (c) its TES is greater than or equal to the Entry Threshold specified for the index.Any additional index-specific selection requirements must also be satisfied.
- 6.4.4 An existing constituent company is retained where:

(a) it continues to be represented by at least one security in the Eligible Universe;

(b) it remains in the Qualified Universe for the applicable Theme; and

(c) its TES is greater than the Deletion Threshold specified for the index.

An existing constituent company is removed where its TES is less than or equal to the Deletion Threshold, or where it no longer satisfies the other applicable eligibility requirements.

6.4.5 All companies satisfying the applicable selection requirements are selected. The number of selected companies may therefore vary between reviews.

6.4.6 For the first review of the index, a constituent is selected provided the score is above the First Review Threshold

6.4.7 At the initial constitution of an index, all companies are assessed against the requirements applicable to non-constituent companies. The incumbent buffer does not apply at initial constitution.

6.5 Index-Specific Provisions

Each index listed below aims to represent the performance of companies in the FTSE Global All Cap Index with substantial and direct exposure to the corresponding Theme.

The applicable Entry and Deletion Thresholds are:

Index	Theme	Weighting	First Review Threshold	TES Entry Threshold	TES Deletion Threshold
FTSE Global Cybersecurity Equal Weight Index	Cybersecurity	Equal Weight	50	55	45
FTSE Global Quantum Technology Ecosystem Equal Weight Index	Quantum Technology	Equal Weight	15	15	12
FTSE Global Luxury Equal Weight Index	Luxury	Equal Weight	50	55	45
FTSE Global Battery Technology Equal Weight Index	Battery Technology	Equal Weight	50	55	45

Section 7

Changes to constituent companies

7. Changes to constituent companies

7.1 Intra-review additions

7.2 Additions to each underlying universe will be considered for inclusion at the next review of the relevant index FTSE MarketPsych Thematic Index Series respectively.

7.3 Except where otherwise specified, TES is not recalculated between scheduled reviews. A new company, successor entity or newly eligible security will be considered for inclusion at the next scheduled review, unless deleted or treated under the applicable corporate action rules as covered in Section 8.

7.4 Intra-review deletions

A constituent will be deleted from a relevant index in the FTSE MarketPsych Thematic Index Series if it is also removed from its corresponding underlying index. The deletion will be concurrent with the deletion from the underlying index, and its weight will be distributed pro-rata amongst the remaining constituents in their respective index in the FTSE MarketPsych Thematic Index Series.

Section 8

Corporate actions and events

8. Corporate actions and events

8.1 If a constituent has a stock split, stock consolidation, rights issue, bonus issue, a change in the number of shares in issue or a change in free float, the constituent's weighting in the FTSE MarketPsych Thematic Index Series index will remain unchanged pre and post such an event.

8.2 Full details of changes to constituent companies due to corporate actions and events can be accessed in the corporate actions and events guide for non-market cap weighted indices through the following link:

[Corporate Actions and Events Guide for Non Market Cap Weighted Indices.pdf](#)

A corporate 'action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. These include the following:

- Capital repayments;
- Rights issues/entitlement offers;
- Stock conversion;
- Splits (sub-division)/reverse splits (consolidation);
- Scrip issues (capitalisation or bonus issue).

A corporate 'event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE Russell will provide notice advising of the timing of the change.

8.3 Suspension of dealing

Suspension of dealing rules can be found within the corporate actions and events guide for non-market cap weighted indices.

8.4 Takeovers, mergers and demergers

The treatment of takeovers, mergers and demergers can be found within the corporate actions and events guide for non-market cap weighted indices.

8.5 Spin-offs

8.5.1 If a constituent company of an index in the FTSE MarketPsych Thematic Index Series is split so as to form two or more companies, then the resulting company or companies will remain in the relevant index until the next review.

Section 9

Indices algorithm and calculation methodology

9. Indices algorithm and calculation methodology

9.1 Prices

- 9.1.1 The FTSE MarketPsych Thematic Index Series will use actual last trade prices, where available, for securities.
- 9.1.2 Refinitiv real-time exchange rates are used in the real-time index calculations.

9.2 Index calculation

- 9.2.1 The FTSE MarketPsych Thematic Index Series calculation formula is as follows:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where,

- $i = 1, 2, \dots, N$;
- N is the number of securities in the index;
- p_i is the latest trade price of the component security (or the price at the close of the index on the previous day);
- e_i is the exchange rate required to convert the security's currency into the index's base currency;
- s_i is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules;
- f_i is the investability weighting factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index;
- c_i is the weighting factor to be applied to a security to correctly weight that security in the index. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the index;
- d is the divisor, a figure that represents the total issued share capital of the index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the index.

Appendix A

Further information

Further information on the FTSE MarketPsych Thematic Index Series is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

Website: www.lseg.com/en/ftse-russell/

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