# WISDOMTREE RULES-BASED METHODOLOGY

WisdomTree Technology and Innovation 100 Index

Last Updated November 2022

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Methodology Guide for the WisdomTree Technology and Innovation 100 Index

#### 1. Index Overview and Description

The WisdomTree Technology and Innovation 100 Index [referred to as "the Index"] was developed by WisdomTree, Inc. (WT). The Index is comprised of 100 mid- and large-cap companies principally engaged in offering, using, or developing products, processes, or services that will provide or will benefit significantly from technological advances and innovation.

The Index is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Index. The Index is calculated using primary market prices and calculated in U.S. dollars.

The Index is reconstituted on an annual basis (following the close of trading on the second Friday December<sup>1</sup>).

## 2. Index Governance

The Index is overseen by the WisdomTree Technology and Innovation 100 Index Committee (the "Committee"), a standing index committee of WisdomTree, Inc. (WT). The Committee will be composed of not less than 3 members. The Committee is responsible for making broad decisions with respect to the implementation, ongoing management, operation, and administration of the Index. The primary function of the Committee is to make sure the Index rules are implemented correctly and comprehensively, provided that the published Index composition shall be as determined by the Committee.

The Committee meetings will generally be held on a semi-annual basis or such frequency in relation to the reconstitution and/or rebalance frequency of the Index and may be held more frequently as circumstances require. The composition of the Committee may from time to time be changed to reflect changes in market conditions.

## 3. <u>Key Features</u>

### 3.1. Membership Criteria

To be eligible for inclusion in the Index, component companies must be under coverage by the market management team of the third party independent index calculation agent, must list shares on a U.S. stock exchange, be incorporated and headquartered in the United States. Companies need to have had a median daily dollar volume of at least \$200,000 over the six months preceding the Screening Date (after the close of trading on the last trading day in November). Common stocks, REITs, tracking stocks and holding companies are eligible for inclusion. ADRSGGB7Ds6508725>6×0175>-4×0150019111q 0.<011E011E> partnerships, limited liability companies, royalty trusts, Business Development Companies (BDCs), mortgag

Preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. Companies that have pending acquisitions or mergers are excluded from the initial universe. The publicly traded security for WisdomTree, Inc., ticker WT, is not eligible for inclusion in any of WisdomTree's equity indexes.

The Index has exposure to the top 100 companies by market capitalization that meet the selection criteria and belong to sub-industries focusing on technology and/or innovation in the following categories: (i) software - companies; (ii) semiconductors - companies that produce semiconductors or semiconductor equipment and technology; (iii) other hardware - companies that produce or develop hardware (collectively, "Technology Activities"); (iv) media & entertainment; (vwa gy Acti v)e

• The maximum weight of any individual security is capped at 10% on the annual rebalance and the weights of all other components will be adjusted proportionally.

The Weighting Date is when component weights are set and it occurs on Monday following the first Friday of the rebalance month. The changes will go into effect after the close of trading on the second Friday of the rebalance month.

Should the "collective weight" of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following liquidity adjustment factors will be applied:

A further volume screen requires that a calculated volume factor (the median daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$400 million to be eligible for each index.

In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million.

3.5 Dividend Treatment

Any corporate action, whether it requires divisor adjustments or not, will