



WisdomTree Battery Solutions Index Methodology

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Index Construction



WisdomTree.eu
+44 (0) 207 448 4330

Battery Solutions: Index construction

The WisdomTree Battery Solutions Index is designed to track the performance of companies primarily involved in battery and energy storage solutions.

1. Define Universe

Wood Mackenzie's

300+

universe covers over 300 companies globally across the entire value chain of

battery and energy storage.

2. Identify and Classify

Companies that belong to the battery value-chain are identified and classified into 4 categories (and subsequently 37 sub-sectors – see the [WisdomTree rules-based methodology](#)):



Raw Materials



Manufacturing



Emerging Technologies



Enablers

3. Apply ESG Screen

Based on the Environmental, Social and Governance (ESG) data provided by Sustainalytics, the companies in the universe are screened based on their business activities and international norms, including:

- Controversial weapons
- Tobacco
- Thermal Coal
- Unconventional oil and gas exploration/production
- Small Arms

To obtain further information regarding the activity-based exclusions, kindly refer to our [responsible investing page](#).

4. Eligibility Screen

Companies in the universe are then screened for the following eligibility requirements:

Market capitalisation of at least

\$250m

3-month median daily traded volume of at least

\$1m

Listing of shares

on eligible stock exchanges in developed and emerging markets countries

China A-shares

In the case of China A-shares, they need to be eligible for the Hong Kong stock connect program

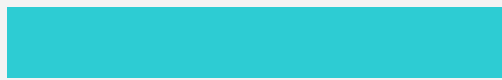
5. Determine Intensity Rating

Each sub-sector within the value-chain receives a score based on three factors:

Size (10%)

Exposure (50%)

Growth (40%)



Each company's intensity rating is assigned based on its revenue exposure to each sub-sector and each sub-sector's respective score.

A Composite Risk Score based on Quality (e.g. Return on Equity (ROE), Return on Assets (ROA)) and Momentum (e.g. 6m & 12m risk adjusted total returns) is also calculated for each company.

6. Stock Selection and Weighting

Stock selection → Weighting

Intensity Rating based: Companies that do not fall within the bottom 20% of the Intensity Rating are selected for inclusion

Risk Score adjusted: Companies that fall within the bottom 10% of the global equity universe based on the Composite Risk Score, will be removed from the selection

75 stocks: At least 75 stocks are included in the final index

Exposure and growth tilted category weights: The category weights are tilted towards the high scoring sub-sectors after starting from an equal weight across raw materials, manufacturing, emerging technologies, and enablers

Intensity Rating based company weights: Each company within the category is weighted based on the Intensity Rating and adjusted by the number of companies from the same sub-sector (first)

% Cap → Rebalance

Single stock caps: The maximum weight of any stock in the Index is capped at 3.5%, the minimum weight at 0.15%)

Country cap: Country exposure is capped at 25% (except for US, which is capped at 50%)

The index is rebalanced semi-annually in May and November

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