

About the Innovation α

The Conference Board Innovation α Index powered by M•CAM features 120 global and 100 US rankings of large public companies in two separate indexes. The constituent companies in the indexes are expected to generate higher stock market performance than those that are not in the index because they invest in intangible assets and effectively deploy their innovations. The US and global indexes enable a direct look at the financial outcomes of the companies' innovation activity that arises out of their intangible investments such as patents, trademarks and copyrights.

The indexes demonstrate that companies that focus on innovations – those protected with proprietary rights – will perform better in financial markets in the long-term. The companies in the indexes are weighted according to each firm's ability to invest in, develop, control and deploy intellectual property to achieve strategic advantage over competitors. The index is rules-based and is reweighted quarterly on the first trading day of January, April, July and October. The index is also reconstituted annually on the first trading day of January. During the reconstitution, up to ten percent of the index components may be replaced. Stock prices and market capitalization are not factors in determining index weighting.

In the US index, the top five ranked companies (based on their index weights for Q4 of 2020) are Microsoft Corporation, Procter & Gamble Company, Halliburton Company, Genworth Financial, Inc. Class A, and International Business Machines Corporation. In the global index, the top five ranked companies (based on their index weights for Q4 of 2020) are Daimler AG, Apple Inc., Microsoft Corporation, adidas AG, and Bayer AG.

A complete ranking of the most innovative companies (US and global), their weights in the indexes, and their changes in weights is presented in the tables below. The tables below also provide more information on sectors and changes in weights. More information on the innovation index is available in a white paper ([available here](#)), which details the methodology and results.

Table 1: Innovation α US and Global Indexes Latest Performance

	2019Q3 Return (6/27/2019 - 9/26/2019)	2019Q4 Return (9/26/2019 - 12/27/2019)	2020Q1 Return (12/27/2019 - 3/27/2020)	2020Q2 Return (3/27/2020 - 6/26/2020)	2020Q3 Return (6/26/2020 - 9/25/2020)	Last Year Return (9/25/2019 - 9/25/2020)	Year-to- Date Return (1/2/2020 - 9/25/2020)
Innovation α[®] US Index	1.59%	6.98%	-23.06%	13.52%	8.84%	1.67%	-5.97%
Russell 1000 Index	1.62%	8.75%	-22.05%	19.55%	10.15%	11.32%	2.10%
Innovation α[®] Global Index	0.92%	8.64%	-24.35%	17.14%	6.94%	3.00%	-5.99%
MGIE Trade War Index	1.66%	8.21%	-23.70%	16.66%	7.21%	3.27%	-5.42%
MSCI ACWI Index	0.18%	8.62%	-22.97%	18.14%	7.64%	6.39%	-2.55%

TABLES

The Conference Board Innovation α United States Index powered by M•CAM¹

INAU Changes in Weights by Industry Classification

Industry	2020Q4_Weight	2020Q3_Weight	Change
Information Technology Services	3.21%	1.32%	1.90%
Semiconductors	6.82%	7.05%	-0.23%
Computer Processing Hardware	0.76%	0.88%	-0.12%
Food: Major Diversified	0.76%	1.96%	-1.20%
Electronic Components	1.87%	2.48%	-0.61%
Household/Personal Care	5.61%	5.54%	0.07%
Internet Software/Services	0.38%	0.44%	-0.06%
Computer Peripherals	0.76%	0.88%	-0.12%
Electronic Production Equipment	2.35%	1.96%	0.39%
Industrial Machinery	1.14%	1.32%	-0.17%
Integrated Oil	3.46%	1.96%	1.50%
Major Banks	0.76%	0.88%	-0.12%
Motor Vehicles	2.35%	1.96%	0.39%
Multi-Line Insurance	0.76%	1.96%	-1.20%
Trucks/Construction/Farm Machinery	1.87%	0.88%	0.99%
Data Processing Services	1.97%	0.44%	1.53%
Chemicals: Major Diversified	0.38%	0.44%	-0.06%
Electronics/Appliances	1.49%	0.44%	1.05%
Other Consumer Services	0.38%	0.44%	-0.06%
Real Estate Investment Trusts	0.38%	0.44%	-0.06%
Finance/Rental/Leasing	1.87%	3.56%	-1.69%
Major Telecommunications	2.35%	2.48%	-0.13%
Beverages: Non-Alcoholic	0.76%	0.88%	-0.12%
Life/Health Insurance	2.83%	1.96%	0.87%
Pharmaceuticals: Major	2.63%	3.35%	-0.72%
Electrical Products	2.73%	1.32%	1.42%
Apparel/Footwear	0.38%	0.44%	-0.06%
Managed Health Care	1.49%	0.44%	1.05%
Telecommunications Equipment	7.40%	7.07%	0.33%
Oilfield Services/Equipment	4.65%	4.46%	0.19%
Electronic Equipment/Instruments	0.38%	0.44%	-0.06%
Internet Retail	0.38%	1.52%	-1.14%
Medical Distributors	0.38%	0.44%	-0.06%
Property/Casualty Insurance	1.49%	0.44%	1.05%
Specialty Stores	1.49%	0.44%	1.05%
Containers/Packaging	3.01%	3.28%	-0.27%
Packaged Software	7.15%	7.11%	0.04%
Financial Conglomerates	2.25%	2.40%	-0.15%

¹ The index constituents' weights are changing on every trading day due to stock price fluctuations. The weights shown are determined on 9/29/2020 for INAU index as indicative values of the weights on 10/1/2020.

Aerospace & Defense	6.85%	8.31%	-1.46%
Industrial Conglomerates	2.83%	4.59%	-1.76%
Medical Specialties	9.20%	11.42%	-2.21%
All Industries	100.00%	100.00%	

*The classification system is FactSet Revere Business Industry Classification System (RBICS).

Sources: The Conference Board and M•CAM

INAG Changes in Weights by Industry Classification

Industry	2020Q4_Weight	2020Q3_Weight	Change
Aerospace & Defense	6.34%	6.47%	-0.14%
Apparel/Footwear	3.87%	4.01%	-0.14%
Auto Parts: OEM	1.24%	1.26%	-0.02%
Automotive Aftermarket	0.57%	0.70%	-0.13%
Beverages: Non-Alcoholic	1.50%	1.36%	0.14%
Chemicals: Major Diversified	0.92%	0.91%	0.01%
Chemicals: Specialty	0.83%	0.68%	0.15%
Commercial Printing/Forms	0.67%	0.68%	-0.01%
Computer Communications	0.67%	0.68%	-0.01%
Computer Peripherals	2.00%	2.04%	-0.04%
Computer Processing Hardware	0.67%	0.83%	-0.16%
Containers/Packaging	2.67%	2.72%	-0.05%
Data Processing Services	0.83%	0.83%	0.00%
Electronic Equipment/Instruments	2.28%	2.31%	-0.02%
Electronic Production Equipment	1.40%	1.40%	0.00%
Electronics/Appliances	1.93%	2.12%	-0.20%
Engineering & Construction	1.07%	1.11%	-0.04%
Finance/Rental/Leasing	1.34%	1.36%	-0.03%
Household/Personal Care	2.80%	2.34%	0.46%
Industrial Conglomerates	2.21%	2.36%	-0.15%
Industrial Machinery	2.17%	2.19%	-0.02%
Information Technology Services	2.60%	2.06%	0.54%
Integrated Oil	1.74%	1.94%	-0.20%
Internet Retail	0.92%	1.00%	-0.08%
Internet Software/Services	1.34%	1.51%	-0.17%
Life/Health Insurance	1.68%	1.36%	0.32%
Major Banks	0.67%	0.68%	-0.01%
Major Telecommunications	1.34%	1.51%	-0.17%
Medical Specialties	9.11%	9.00%	0.11%
Metal Fabrication	0.57%	0.58%	-0.01%
Miscellaneous Commercial Services	2.28%	2.33%	-0.05%
Motor Vehicles	4.55%	4.32%	0.23%
Multi-Line Insurance	0.67%	0.83%	-0.16%
Oil & Gas Production	1.34%	1.36%	-0.03%
Oilfield Services/Equipment	0.83%	0.68%	0.15%
Other Consumer Services	0.67%	0.68%	-0.01%
Other Metals/Minerals	2.02%	2.09%	-0.07%
Packaged Software	3.24%	3.09%	0.16%
Pharmaceuticals: Generic	0.95%	0.98%	-0.03%
Pharmaceuticals: Major	7.70%	7.43%	0.27%
Pharmaceuticals: Other	2.27%	2.35%	-0.08%

² The index constituents' weights are changing on every trading day due to stock price fluctuations. The weights shown are determined on 9/29/2020 4:30 pm ET for INAG index as indicative values of the weights on 10/1/2020.

Property/Casualty Insurance	1.34%	1.36%	-0.03%
Pulp & Paper	0.95%	0.98%	-0.03%
Recreational Products	1.49%	1.57%	-0.08%
Semiconductors	3.83%	3.55%	0.28%
Steel	0.67%	0.68%	-0.01%
Telecommunications Equipment	3.77%	4.12%	-0.36%
Tools & Hardware	1.62%	1.66%	-0.04%
Trucks/Construction/Farm Machinery	1.91%	1.94%	-0.03%
All Industries	100.00%	100.00%	

*The classification system is FactSet Revere Business Industry Classification System (RBICS).

Sources: The Conference Board and M•CAM

Innovation α ® United States Index (INAU Index)

Top 5 companies by 2020Q4 weight

FactSet Symbol	Name	Sector	Industry	2020Q4 Weight	2020Q3 Weight
MSFT-US	Microsoft Corporation	Technology Services	Packaged Software	6.77%	6.67%
PG-US	Procter & Gamble Company	Consumer Non-Durables	Household/Personal Care	4.85%	3.58%
HAL-US	Halliburton Company	Industrial Services	Oilfield Services/Equipment	3.89%	3.58%
GNW-US	Genworth Financial, Inc. Class A	Finance	Life/Health Insurance	2.45%	1.52%
IBM-US	International Business Machines Corporation	Technology Services	Information Technology Services	2.45%	0.44%

Sources: The Conference Board and M•CAM

Innovation α ® Global Index (INAG Index)

Top 5 companies by 2020Q4 weight

FactSet Symbol	Name	Sector	Industry	2020Q4 Weight	2020Q3 Weight
DAI-DE	Daimler AG	Consumer Durables	Motor Vehicles	2.00%	1.67%
AAPL-US	Apple Inc.	Electronic Technology	Telecommunications Equipment	1.62%	1.59%
MSFT-US	Microsoft Corporation	Technology Services	Packaged Software	1.62%	1.42%
ADS-DE	adidas AG	Consumer Non-Durables	Apparel/Footwear	1.60%	1.67%
BAYN-DE	Bayer AG	Health Technology	Pharmaceuticals: Other	1.60%	1.67%

Sources: The Conference Board and M•CAM

About *The Conference Board Innovation α United States Index powered by M•CAM*

The US index uses a quantitative, rule-based methodology to measure the performance of top 100 U.S. companies in innovation ability. The universe of the index are equities of companies similar to those in the Russell 1000, including the 1000 U.S. companies with the largest market capitalization.

About *The Conference Board Innovation α Global Index powered by M•CAM*

The global Index uses a quantitative, rule-based methodology to measure the performance of the top 120 global companies in innovation ability. The universe of the index is similar to the MSCI World Index, including companies from the U.S. Europe, Japan, and etc.

M•CAM, the index owner, measures the innovation ability of companies by analyzing their powers in the control and deployment of intellectual property (IP), including patents, trademarks, and copyrights, etc. Since 1998, M•CAM has aggregated and maintained the world's largest organized repository of state-granted IP from over 160 countries. This analysis provides an absolute qualitative and quantitative measure of each individual company's innovation and management thereof. It also provides a relative score of how one company's performance is likely to compare with others with whom it cooperates or competes. M•CAM is the Advisor for the Innovation α ® Series of ETFs (INAU, INAG, and TWAR) listed on the New York Stock Exchange.

About The Conference Board

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