

MSCI ALL COLOMBIA LOCAL LISTED RISK WEIGHTED INDEX METHODOLOGY

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1 INTRODUCTION

The MSCI All Colombia Local Listed Risk Weighted Index (the “Index”) applies liquidity screening to the portion of the MSCI All Colombia Index (the “Parent Index”) that is listed on the Bolsa de Valores de Colombia. Each included security is then reweighted so that stocks with lower risk, calculated according to the MSCI Risk Weighted Indexes Methodology are given higher index weights.

2 CONSTRUCTING THE MSCI ALL COLOMBIA LOCAL LISTED RISK WEIGHTED INDEX

The MSCI All Colombia Local Listed Risk Weighted Index is constructed from the MSCI All Colombia Index. The Parent Index is constructed according to the MSCI All Market Indexes Methodology¹. The following steps are applied at initial construction of the MSCI All Colombia Local Listed Risk Weighted Index:

- Screening for Local Listings
- Application of liquidity screening
- Application of the MSCI Risk Weighted Indexes Methodology

2.1 SCREENING FOR LOCAL LISTINGS

For all constituents of the Parent Index listed on an exchange outside Colombia, the securities are substituted with a listing of the same issuer that trades on the Bolsa de Valores de Colombia. Thereafter, only securities that trade on the Bolsa de Valores de Colombia are retained.

2.2 APPLICATION OF LIQUIDITY SCREENING

The following liquidity screens are applied sequentially to the securities included after applying the screen in section 2.1:

- Include all securities with 1-month Annualized Traded Value (ATV)² greater than or equal to USD 35,000,000
- Include all securities with 3-month Annualized Traded Value (ATV) greater than or equal to USD 35,000,000
- Include all securities with 6-month Annualized Traded Value (ATV) greater than or equal to USD 35,000,000

Securities for which any of the above parameters is missing are not eligible for inclusion in the Index.

The securities selected after the application of the above liquidity screens are weighted in the proportion of their weights to each other in the Parent Index to form the “MSCI All Colombia Local Listed Index”.

¹ MSCI All Market Indexes Methodology at <https://www.msci.com/index-methodology>

² MSCI Index Calculation Methodology at <https://www.msci.com/index-methodology>

2.3 APPLICATION OF THE MSCI RISK WEIGHTED INDEXES METHODOLOGY

In the final step, the MSCI Risk Weighted Indexes Methodology is applied, such that stocks with lower risk are given higher index weights.

The security level weight is computed as the ratio of the inverse of the security variance to the sum of the inverse of security variance of all constituent securities.

Please refer to the following link for further details on the MSCI Risk Weighted Indexes Methodology:

<https://www.msci.com/index-methodology>

3 MAINTAINING THE MSCI ALL COLOMBIA LOCAL LISTED RISK WEIGHTED INDEX

3.1 QUARTERLY INDEX REVIEWS

The Index is reviewed on a quarterly basis coinciding with the May and November Semi-Annual Index Reviews and the February and August Quarterly Index Reviews of the Parent Index. The pro forma Index is typically announced nine business days before the Index Review effective date.

At each Index Review, the constituents are selected from the pro forma Parent Index constituents as described in section 2.1.

For securities that are not currently a part of the Index, the liquidity thresholds are the same as the ones used at initial construction:

- Include all securities with 1-month Annualized Traded Value (ATV) greater than or equal to USD 35,000,000
- Include all securities with 3-month Annualized Traded Value (ATV) greater than or equal to USD 35,000,000
- Include all securities with 6-month Annualized Traded Value (ATV) greater than or equal to USD 35,000,000

For existing constituents of the Index, the liquidity thresholds are relaxed slightly, as described below, in order to reduce turnover:

- Include all securities with 1-month Annualized Traded Value (ATV) greater than or equal to USD 25,000,000
- Include all securities with 3-month Annualized Traded Value (ATV) greater than or equal to USD 25,000,000
- Include all securities with 6-month Annualized Traded Value (ATV) greater than or equal to USD 25,000,000

Securities for which any of the above parameters is missing are not eligible for inclusion in the index.

The securities selected after the application of the above liquidity screens are weighted in the proportion of their weights to each other in the pro forma Parent Index to form the pro forma “MSCI All Colombia Local Listed Index”.

The pro forma Index constituents are weighted according to the MSCI Risk Weighted Indexes Methodology as described in section 2.3.

3.2 ONGOING EVENT RELATED CHANGES

In between Index Reviews, securities deleted from the Parent Index are simultaneously deleted from the Index. New securities added to the Parent Index are not simultaneously added to the Index, but are reviewed for inclusion at the subsequent Index Review.

The Corporate Event treatment for the Parent Index follows the MSCI All Market Indexes Methodology.

The following table describes the treatment of the most common corporate events in the MSCI Indexes. Details regarding the treatment of all other corporate events not covered in this appendix can be found in the MSCI Corporate Events Methodology book, available at <http://www.msci.com/index-methodology>.

| Event Type | Event details | Action |
|-------------|--|---|
| Acquisition | Index constituent acquires another Index constituent | Maintain acquiring company with a constraint factor ³ that is the weighted average of the two constituents and remove acquired company |
| | Index constituent acquires non-Index constituent | Maintain acquiring company |
| | Non-Index constituent acquires Risk Weighted Index constituent | Remove acquired company without adding acquiring company |
| Merger | Index constituent merges with Index constituent | Add new company with a constraint factor that is the weighted average of the two constituents |
| | Index constituent merges with non-Index constituent | Add new company if MSCI links its price history to the Index constituent. New company not added if price history is linked to the non-Index constituent |

³ MSCI Index Glossary at <https://www.msci.com/index-methodology>. Constraint Factor for the constituents of the MSCI All Colombia Local Listed Risk Weighted Index are calculated relative to Parent Index after "Screening for Local Listings" and "Applying Liquidity Screening"

| Event Type | Event details | Action |
|--|---|---|
| IPO | IPO added to Parent Index | IPO will be considered for inclusion in the Index at the next Index Review |
| Spin-off | Index constituent spins off security | Spin-off will be considered for inclusion in the Index at the next Index Review |
| Other Events Resulting in Changes in Number of Shares and FIFs | Changes in number of shares and FIF resulting from other events such as share placements and offerings, and debt-to-equity-swaps. | No change in Constraint Factor |

THE FOLLOWING SECTIONS HAVE BEEN MODIFIED SINCE JANUARY 2016

Section 2.2 – Application of liquidity screening

- Addition of “MSCI All Colombia Local Listed Index” methodology.

Section 3.1 – Quarterly Index Reviews

- Addition of “MSCI All Colombia Local Listed Index” methodology.

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* = toll free

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