

MSCI A-SERIES INDEXES METHODOLOGY

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1 INTRODUCTION TO THE MSCI A-SERIES INDEXES

The MSCI A-Series Index methodology is designed to be applied to an MSCI Standard Index (including the Large Cap and Mid Cap Size Segments) and aims to produce a resulting index that targets inclusion of 25 stocks and reflects 25/50 constraints, i.e. no issuer has a weight above 25%, and the sum of weights of all issuers with weights above 5% does not exceed 50%. To do so, the MSCI A-Series Index methodology includes constituents of the MSCI Small Cap Index when the MSCI Standard Index has less than 25 securities and then applies the MSCI 25/50 Index Methodology.

In addition, MSCI A-Series Indexes can be constructed from indexes derived from MSCI Standard Indexes (for example, MSCI Factor Indexes). Please see appendix I for a description of how MSCI A-Series Indexes are constructed in such cases.

2 CONSTRUCTING THE MSCI A-SERIES INDEXES

The MSCI A-Series Indexes are based on an underlying MSCI Standard Index (herein, “Parent Index”) and are constructed in two steps:

- Targeting the inclusion of 25 securities
- Applying the MSCI 25/50 methodology

2.1 TARGETING THE INCLUSION OF 25 SECURITIES

The MSCI A-Series Index targets the inclusion of 25 constituents in the index. At initial construction, this is done as follows:

- If the Parent Index has more than 25 constituents, the A-Series Index is the same as the Parent Index
- If the Parent Index has less than 25 constituents, the A-Series Index includes all the constituents of the Parent Index and the required number of securities from the corresponding MSCI Small Cap Index till the target of 25 is reached. The Small Cap securities are selected in decreasing order of issuer full market capitalization.
- If the MSCI Investable Market Index (IMI) corresponding to the Parent Index has less than 25 constituents, the MSCI A-Series Index is not constructed.

2.2 APPLYING THE MSCI 25/50 METHODOLOGY

In the second step, the MSCI 25/50 Index Methodology is applied so that no issuer should have a weight above 25%, and the sum of weights of all issuers with weights above 5% should not exceed 50%.

Please refer to the following link for further details on the MSCI 25/50 Index methodology: http://www.msci.com/products/indices/strategy/capped/twentyfive_fifty/

3 MAINTAINING THE MSCI A-SERIES INDEXES

3.1 QUARTERLY INDEX REVIEWS

The MSCI A-Series Indexes are reviewed on a quarterly basis to coincide with the regular Index Reviews of the MSCI Global Investable Market Indexes, and the changes are implemented coinciding with the changes for the MSCI Global Investable Market Indexes. The pro forma indexes are announced nine business days before the effective date.

At each Quarterly Index Review, the following steps are applied:

- If the pro forma MSCI IMI has less than 25 constituents, then the MSCI A-Series Index is constructed by including all constituents of the pro forma MSCI IMI and other stocks classified in the corresponding equity universe (in order of decreasing issuer full market capitalization) until the target of 25 is reached.
- If the pro forma MSCI IMI has 25 or more constituents, the pro forma MSCI A-Series Index is constructed by including all the constituents of the pro forma MSCI Standard Index and all existing MSCI A-Series Index constituents that are in the pro forma MSCI Small Cap Index. The following conditions are then evaluated:
 - If the resulting number of constituents is less than 25, the largest pro forma MSCI Small Cap constituents by issuer full market capitalization are added till the target of 25 is reached
 - If the resulting number of constituents is 25 or more, but less than or equal to 30, no further additions or deletions are made to the index.
 - If the resulting number of constituents is more than 30, then in cases where the pro forma MSCI Standard Index has more than 30 constituents, all MSCI Small Cap constituents are deleted. However, if the pro forma MSCI Standard Index has less than 30 constituents, then the smallest constituents (based on issuer full market capitalization) from the pro forma MSCI Small Cap Index are deleted till the number reaches 30.

The MSCI 25/50 Index Methodology is then applied.

3.2 ONGOING EVENT RELATED CHANGES

In general, the MSCI A-Series Indexes follow the event maintenance of the MSCI Global Investable Market Indexes.

Any security deleted from the Parent Index as a result of a corporate event, including securities migrating to the MSCI Small Cap Index, will be simultaneously deleted from the MSCI A-Series Index.

Any security added to the Parent Index as a result of a corporate event will be simultaneously added to the MSCI A-Series Index. No other securities will be added to the MSCI A-Series Index outside the Index Reviews.

APPENDIX I: CONSTRUCTING MSCI A-SERIES INDEXES FOR DERIVED INDEXES

In order to construct MSCI A-Series Indexes on indexes derived from MSCI Standard Indexes, the methodology for selecting constituents (as described in sections 2.1 and 3.1) is first applied based on the relevant MSCI Standard Index. The derived index methodology is then applied on the resulting set of securities. Finally the MSCI 25/50 Index methodology is applied in order to ensure compliance with the 25/50 constraints.

For example, MSCI Country Quality Mix A-Series Indexes are constructed as follows:

- First, securities are selected based on the MSCI Country Standard Index and, where necessary, the MSCI Country Small Cap Index;
- Second, the MSCI Quality Mix Index methodology is applied on the resulting security set;
- Third, the MSCI 25/50 Index methodology is applied on the resulting constituent list and weights.

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