

MSCI FACTOR MIX A-SERIES INDEXES

MULTI-STRATEGY INDEXES THAT CAPTURE THE QUALITY, LOW VOLATILITY AND VALUE FACTORS.

- Many active strategies, including Warren Buffett's, emphasize Quality, Value and Low Volatility as important systematic factors in their security selection and portfolio construction.
- The MSCI Factor Mix A-Series Indexes aim to capture these factors in a single composite index consisting of an equal weighted combination of the MSCI Value Weighted, MSCI Minimum Volatility and MSCI Quality Indexes.
- Relative to the individual component strategy indexes included in the MSCI Factor Mix A-Series Indexes, the composite index affords important diversification benefits, and may potentially lead to a reduction in index turnover by exploiting natural internal "cross opportunities" at each rebalancing.

WHY DO INVESTORS USE MULTI-FACTOR STRATEGIES?

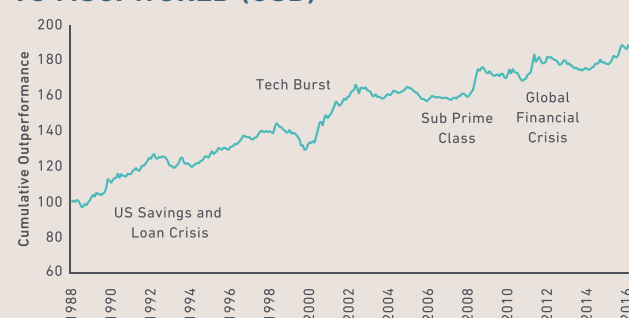
- Empirical research¹ shows that "a significant part of the secret behind Buffett's success is the fact that he buys safe, high-quality, value stocks."
- This systematic component, or "Buffett's beta", amounts to exposure to the Value, Low Volatility and Quality risk premia.
- Since performance of each of these factors is cyclical and lowly correlated, the combination affords important diversification benefits.

KEY BENEFITS OF THE MSCI FACTOR MIX A-SERIES INDEXES

- Parent index construction rules ensure liquidity and free float screening.
- Can be applied across a variety of countries and regions in developed and emerging markets.
- Simple and transparent index methodology.
- Strong historical risk adjusted performance.
- Moderate index turnover, low replication cost.
- Seamless integration with other MSCI indexes.

¹ See "Buffett's Beta" by Frazzini, Kabiller and Pedersen (2012). Working paper Department of Economics, Yale University.

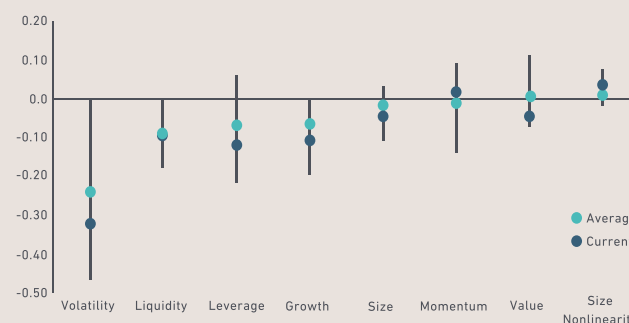
MSCI FACTOR MIX A-SERIES INDEX RELATIVE TO MSCI WORLD (USD)



Historical Gross Performance, USD	MSCI World	MSCI World Quality Mix
Total Return* (%)	7.44	9.72
Total Risk* (%)	14.8	12.7
Risk Adjusted Return	0.50	0.76
Active Return* (%)	N/A	2.28
Tracking Error* (%)	N/A	3.46
Information Ratio	N/A	0.66

* Annualized from May 1988 to March 2017

BARRA® GEM2L ACTIVE FACTOR EXPOSURES OF THE MSCI FACTOR MIX A-SERIES INDEX



METHODOLOGY HIGHLIGHTS

PARAMETER	METHODOLOGY	COMMENTS
Universe	<ul style="list-style-type: none"> Parent index constituents 	<ul style="list-style-type: none"> Objective approach capturing the standard opportunity set and ensuring Indexes have high investability and liquidity Derived Indexes integrate seamlessly with other MSCI Indexes
Variables	<ul style="list-style-type: none"> MSCI Quality Weighted Indexes MSCI Value Weighted Indexes MSCI Minimum Volatility Indexes 	<ul style="list-style-type: none"> Combination of three MSCI Risk Premia Indexes geared to capture the quality, value and low volatility factors
Weighting	<ul style="list-style-type: none"> Equal weighting of Indexes 	<ul style="list-style-type: none"> Equal weighting assumes same risk and expected returns in the future, reflecting no prior view regarding relative performance across the components of the combined index
Number of Constituents	<ul style="list-style-type: none"> Same as parent 	<ul style="list-style-type: none"> High level of diversification
Rebalancing	<ul style="list-style-type: none"> Semi-annual 	<ul style="list-style-type: none"> Consistent with rebalancing schedule of MSCI Indexes

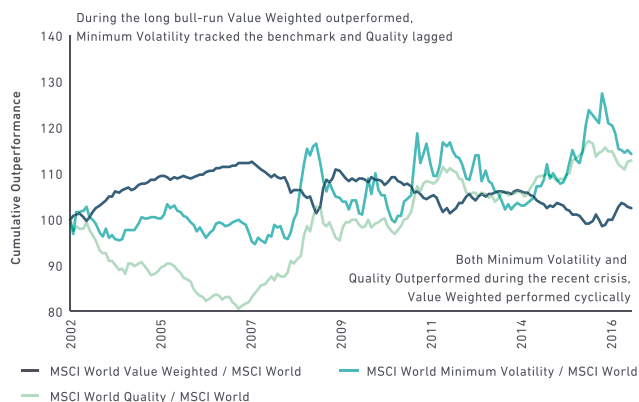
ILLUSTRATIVE USE CASE

- An allocation to MSCI Factor Mix A-Series Indexes generates exposure to Quality, Low Volatility and Value.
- Historically, this combination of risk premia strategies enhanced risk-adjusted performance.

COMBINING MSCI FACTOR INDEXES

- Quality, low volatility and value have outperformed over long horizons. However, the performance of these strategies is cyclical.
- A portfolio based on combining MSCI Quality Indexes with MSCI Value Weighted and MSCI Minimum Volatility Indexes created diversification benefits, particularly significant during volatile market conditions.
- Combining MSCI strategy indexes in a multi-strategy index may reduce turnover by exploiting natural internal “crossing” opportunities at each rebalancing.

COMBINING MSCI QUALITY, MSCI MINIMUM VOLATILITY AND MSCI WORLD VALUE WEIGHTED INDEXES (USD)



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