



Index Methodology

MSCI Core Infrastructure Indexes Methodology

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1 Introduction

The MSCI Core Infrastructure Index family is designed to represent the performance of listed companies within the parent index (“Parent Index”) that are engaged in core infrastructure activities.

2 Constructing MSCI Core Infrastructure Indexes

The applicable universe is the relevant Parent Index.

The index construction is based on a three-step process:

- Constituent selection
- Calculating and capping weights (as necessary) for each sub-industry
- Calculating and capping weights (as necessary) of the Index constituents

2.1 Country and Constituent Selection

Securities from the Parent Index that belong to a specific set of eligible sub-industries derived from Global Industry Classification Standard (GICS®) are included in the new index to create the MSCI World Core Infrastructure Index.

The table below lists the corresponding sub-industries based on the GICS®:

Aggregate Sector	GICS® Code	GICS® Sub-Industry	Description
Utilities	55101010	Electric Utilities	Companies that produce or distribute electricity. Includes both nuclear and non-nuclear facilities, as well as independent power producers.
	55102010	Gas Utilities	Distributors of natural and manufactured gas. Excludes companies primarily involved in gas exploration or production classified in Oil & Gas Exploration & Production. Includes owners and operators of gas pipelines.
	55103010	Multi-Utilities	Utility companies with significantly diversified activities in the Electric Utilities, Gas Utilities and/or Water Utilities sub-industries not classified elsewhere. Includes unregulated independent power producers and distributors.

	55104010	Water Utilities	Companies that purchase and redistribute water to the end-consumer. Includes large-scale water treatment systems.
	10102040	Oil & Gas Storage & Transportation	Companies engaged in the storage and/or transportation of oil, gas and/or refined products. Includes diversified midstream natural gas companies facing competitive markets, oil and refined product pipelines, coal slurry pipelines and oil & gas shipping companies.
Infrastructure	20304010	Railroads	Companies providing primarily goods and passenger rail transportation.
	20305010	Airport Services	Operators of airports and companies providing related services.
	20305020	Highways & Railtracks	Owners and operators of roads, tunnels and railtracks.
	20305030	Marine Ports & Services	Owners and operators of marine ports and related services.
	40402070	Specialized REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of properties not classified elsewhere. Includes trusts that operate and invest in storage properties. It also includes REITs that do not generate a majority of their revenues and income from real estate rental and leasing operations. For purpose of this index family, we take into account only telecom infrastructure companies structured as specialized REITs and do not include timber, personal storage entities, etc.

2.2 Weighting Scheme

The weighting scheme is divided into two steps – calculating the weight for included sub-industries and then for securities within those included sub-industries.

2.2.1 Calculating Weight for Each Sub-industry

The weight of an included sub-industry is determined from the total free-float market capitalization of the securities from that sub-industry among all selected sub-industries in the Parent Index, keeping the total weight of Infrastructure Aggregate Sector at 40% and Utilities Aggregate Sector at 60%. Once included, the sub-industry weight is capped at 15% and any excess is distributed proportionately to other sub-industries within the same Aggregate Sector to ensure that the weights of the aggregate sectors remain at the pre-determined levels of 40% for Infrastructure and 60% for Utilities.

2.2.2 Security Weighting

All securities belonging to the included sub-industries are weighted by their free-float market capitalization within their sub-industry weight, subject to a maximum weight of 5%. For those sub-industries with two or fewer stocks, the security weighting cap takes precedence.

3 Maintaining the Indexes

3.1 Semi-Annual Index Review

The Index is rebalanced semi-annually in November and May to coincide with the Semi-Annual Index Reviews of the Parent Index.

3.2 Quarterly Index Review

The Index is reviewed on a quarterly basis to reflect the changes to the Parent Index. These Index Reviews coincide with the regular Quarterly Index Reviews of the MSCI Global Investable Market Indexes.

3.3 Treatment of Corporate Events

Corporate events are reflected in the Index as they occur and as they are captured in the Parent Index.

3.3.1 IPOs and Newly Listed Securities

IPOs and other newly listed securities will only be considered for inclusion at the next Semi-Annual Index Review.

3.3.2 Additions and Deletions due to Corporate events

There will be no early inclusion of new securities to the MSCI World Core Infrastructure Index, except when the new security results from an event affecting an existing constituent (e.g., merger, acquisition and spin-off). In such a case, the constraint factor for the new security will be the same as the existing constituent.

In the event of a merger or an acquisition where an index constituent acquires another index constituent, the remaining company is maintained in the Index with a constraint factor calculated as the weighted average of the constraint factors before the corporate event.

Please refer to the MSCI Corporate Events Methodology book available at <http://www.msci.com/products/indexes/size/standard/methodology.html> for more details.

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The company's flagship product offerings are: the MSCI indexes with over USD 9.5 trillion estimated to be benchmarked to them on a worldwide basis¹; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

¹ As of June 30, 2014, as reported on September 30 2014 by eVestment, Morningstar and Bloomberg