Index Methodology

MSCI Cyclical and Defensive Sectors Indexes Methodology

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Contents

1 Introduction

The MSCI Cyclical and Defensive Sectors Indexes (each, an "Index") are designed to track the performance of the opportunity set of global cyclical and defensive companies across various Global Industry Classification Standard (GICS®) sectors. The Indexes are designed to serve as a benchmark and as a research tool for analyzing cyclical and defensive companies respectively.

2 Constructing MSCI Cyclical and Defensive Sectors Indexes

2.1 Constituent Selection:

The Indexes are constructed from applicable MSCI country and regional indexes (each, a "Parent Index").

The following GICS sectors are classified as Cyclical sectors:

- Consumer Discretionary
- Financials
- Industrials
- Information Technology
- Materials

All constituent securities from these sectors are included in the MSCI Cyclical Sectors Indexes.

The following GICS sectors are classified as Defensive sectors:

- Consumer Staples
- Energy
- Healthcare
- Telecommunication Services
- Utilities

All constituent securities from these sectors are included in the MSCI Defensive Sectors Indexes.

2.2 Weighting Scheme:

For each Index, the constituents are weighted based on their free float market capitalization. To mitigate the impact of sector concentration and stock-specific risk, capped versions may be made available as per the MSCI Capped Index Methodology described in the link below:

http://www.msci.com/eqb/methodology/meth_docs/MSCI_Capped_Indices_Methodology_September_2013.pdf

Appendix I has additional details on MSCI Cyclical and Defensive Sectors Capped indexes.

3 Maintaining the Indexes

Section 3.1: Quarterly Index Reviews

The Indexes are rebalanced on a quarterly basis in February, May, September and November, coinciding with the Index Reviews of the Parent Index. The pro forma Indexes are generally announced nine business days before the effective date.

Section 3.2: Ongoing Event Related and GICS Changes

In general, the Indexes follow the event maintenance of the corresponding Parent Indexes.

Except when the new security results from an event affecting an existing constituent (e.g., spin off, merger), there will be no early inclusion of new securities to the Index. New additions to the Parent Index outside the regular Index Reviews will be added to the Index at the next regularly scheduled Index Review. For example, an early inclusion to the Parent Index following an IPO in September would only be considered for inclusion to the Index at the following November Quarterly Index Review. Likewise, if a security experiences a GICS reclassification into the Cyclical or Defensive sectors due to a corporate event, it will only be considered for inclusion to the Indexes during the next regularly scheduled Index Review.

If a security is deleted from the Parent Index due to a corporate event, it will be removed from the Index at the effective date of the event. Similarly, if a security experiences a GICS reclassification out of the Cyclical or Defensive sectors following a corporate event, it will be removed from the Indexes at the effective date of the event.

Section 3.2.1: GICS® Changes

Regular monthly and annual GICS reviews may result in the migration of a security into or out of the Cyclical or Defensive sectors. Newly eligible securities after such a GICS® change will only be considered for inclusion in the Indexes during the following regularly scheduled Index Review. Any existing constituent moving out of the Cyclical or Defensive sectors will be deleted from the Indexes at the effective date of the GICS change (as of the close of the last business day of the given month).

Appendix I: MSCI Cyclical and Defensive Sectors Capped Indexes

The MSCI Cyclical and Defensive Sectors Capped Indexes follow similar index construction rules as the market capitalization weighted indexes except that for each Index the sectors comprising the Index are equal weighted at each Quarterly Index Review. Constituent weights of stocks within the respective sectors are based on free float-adjusted market capitalization.

The pro forma Indexes are generally announced nine business days before the effective date. Note that the equal weighting of sectors is done for the pro forma Index as of the effective date, based on the closing prices as of the Index review announcement date. For cases where the sector weights deviate from equal weighting as a result of market price movements or corporate events between the announcement date and the effective date, the equal-weighting is not applied again. Similarly, even if any sector weights deviate from equal weighting as a result of market price movements or corporate events between two Quarterly Index Reviews, no reweighting is applied.

The maintenance rules are similar to the market capitalization weighted indexes as mentioned in section 3.

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About MSCI

MSCI Inc. is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes, portfolio risk and performance analytics, and governance tools.

The company's flagship product offerings are: the MSCI indexes with approximately USD 8 trillion estimated to be benchmarked to them on a worldwide basis[1]; 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; ISS corporate governance research, data and outsourced proxy voting and reporting services; 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 September 30, 2013, as reported on January 31, 2014 by eVestment, Lipper and Bloomberg*