

MSCI 25/50 Indices

Benchmark indices for RIC compliant funds

The MSCI 25/50 Indices are designed primarily for institutional investors who are benchmarked to a US-registered equity fund with a limited investment universe, such as a country or sector. They take into account the investment limits pertaining to asset diversification and sources of income currently set forth by the US Internal Revenue Code for a fund to qualify as a regulated investment company (RIC).

Key Benefits & Features

Designed to Reflect the Relevant Opportunity Set for RIC Compliant Funds — The MSCI 25/50 Indices are designed for asset managers running US-registered sector or country RIC compliant funds, which may contain a small number of securities or a few heavily weighted securities. The indices aim to comply with the 25/5/50 constraints through quarterly rebalances at the end of February, May, August and November.

Robust Optimization Process Ensures Low Turnover and Weight Differences — The MSCI 25/50 Index Methodology follows a portfolio optimization framework, using the Barra Optimizer, which aims to minimize index turnover and weight differences between the MSCI 25/50 Index and the Parent Index.

Designed to Facilitate Performance Reporting and Attribution — With the aim of representing the true investable universe in a constrained

environment, the MSCI 25/50 Indices provide clients with the ability to separate performance attributed to regulatory constraints from performance attributed to market movements or management skill.

Reliable and Simple Risk Tool — The MSCI 25/50 Indices can help risk management teams monitor asset diversification and sources of income set forth by the US Internal Revenue Code for a fund to qualify as a RIC.

Index Licensing — The MSCI 25/50 Indices may be licensed for use by institutional investors around the world for portfolio management and benchmarking purposes. The indices may also be licensed to serve as the basis of index-linked investment vehicles such as passive funds and ETFs.

US Internal Revenue Code Constraints

- At the end of each quarter of a RIC's tax year, the following weight constraints should be met:
- No more than 25% of the value of the RIC's assets may be invested in a single issuer
- Sum of the weights of all issuers representing more than 5% of the fund should not exceed 50% of the fund's total assets

MSCI 25/50 Indices

- Indices are rebalanced quarterly at the end of February, May, August and November
- No single issuer exceeds 25% of the index weight
- Sum of all issuers with weights above 5% does not exceed 50% of the index weight

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MSCI 25/50 Indices – Product Information

The MSCI 25/50 Indices can be calculated for any MSCI Developed, Emerging or Frontier Markets country, region or sector, and are licensed and delivered on an index-by-index basis, as requested by clients. Clients must be licensed to receive the corresponding MSCI Core Module.

Index Construction	
Constraint Targets	<ul style="list-style-type: none"> No issuer exceeds 25% of index weight All issuers with weight above 5% cannot exceed 50% of the index weight
Buffer Rules	<p>A 10% buffer is used to reduce the risk of non-compliance due to short term market movements between two quarterly rebalancing:</p> <ul style="list-style-type: none"> No issuer exceeds 22.5% of the index weight All issuers with a weight above 4.5% cannot exceed 45% of the index weight
Optimization Parameters	<ol style="list-style-type: none"> Minimizing weight distance from parent index <ul style="list-style-type: none"> The active risk or the tracking error of the MSCI 25/50 Index versus the Parent Index is measured as the difference between the constituent weights of the MSCI 25/50 Index and the MSCI Parent Index. Minimize Transaction Cost <ul style="list-style-type: none"> A minimum transaction cost is applied as a proxy for index turnover on rebalancing from the current MSCI 25/50 Index to the pro forma MSCI 25/50 Index. Minimum weight of constituents <ul style="list-style-type: none"> Minimum weight of the MSCI 25/50 Index constituents is equal to the weight of the smallest constituent in the pro forma Parent Index or the trade limit of the constituent.

History

- Daily index level history from December 31, 2002 available to licensed clients

Delivery

- Daily delivery of index and security level data
- Real-time price return index levels may be requested and will be disseminated by certain vendors every 60 seconds during market trading hours
- MSCI 25/50 Indices are delivered individually via MSCI Direct Delivery or via the following vendor platforms:
 - Bloomberg*, BNY/Mellon Analytical Solutions, FactSet**, Markit, Netik, Thomson Reuters* (DataStream, QAI, Vestek, and 3000Xtra), RIMES, RiskMetrics, Style Research, Sungard/APT, Wilshire
 - End of day index levels will be available via www.msribarra.com at a later date

* Index levels only available.

** Certain restrictions and limitations may apply.

About MSCI Barra

MSCI Barra is a leading provider of investment decision support tools to investment institutions worldwide. MSCI Barra products include indices and portfolio risk and performance analytics for use in managing equity, fixed income and multi-asset class portfolios. The company's flagship products are the MSCI International Equity Indices, which include over 120,000 indices calculated daily across more than 70 countries, and the Barra risk models and portfolio analytics, which cover 56 equity and 46 fixed income markets. MSCI Barra is headquartered in New York, with research and commercial offices around the world.

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