The MSCI China ESG Leaders 10/40 Index aims to provide exposure to companies with high Environmental, Social and Governance (ESG) performance relative to their sector peers. The MSCI China ESG Leaders 10/40 Index consists of large and mid-cap companies in China. The Index is designed and maintained on a daily basis to take into consideration the 10% and 40% concentration constraints on funds subject to the UCITS III Directive.

The MSCI ESG Indexes use ratings and other data supplied by MSCI ESG Research Inc, a subsidiary of MSCI Inc.

The MSCI China ESG Leaders 10/40 Index was launched on Nov 08, 2019. Data prior to the launch date is back-tested data (i.e. calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Past performance – whether actual or back-tested – is no indication or guarantee of future performance.
INDEX CHARACTERISTICS

MSCI China ESG Leaders 10/40 | MSCI China
--- | ---
Number of Constituents | 135 | 704

Largest Weight (%) | 8.96 | 17.59
Smallest | 0.02 | 0.00
Average | 0.74 | 0.14
Median | 0.20 | 0.02

SECTOR WEIGHTS

- Consumer Discretionary: 26.51%
- Financials: 15.99%
- Industrials: 13.08%
- Health Care: 12.49%
- Communication Services: 9.03%
- Utilities: 6.97%
- Real Estate: 6.55%
- Information Technology: 3.43%
- Consumer Staples: 2.83%
- Energy: 1.78%
- Materials: 1.75%

INDEX METHODOLOGY

The MSCI China ESG Leaders 10/40 Index is constructed by applying the MSCI 10/40 Index Methodology to the MSCI China ESG Leaders Index. The MSCI China ESG Leaders Index is created by selecting MSCI China constituents from the MSCI EM China ESG Leaders Index. The ESG Leaders Indexes target sector and region weights consistent with those of the underlying indexes to limit the systematic risk introduced by the ESG selection process. The methodology aims to include securities of companies with the highest ESG ratings representing 50% of the market capitalization in each sector and region of the parent Index. Companies that are not existing constituents must have an MSCI ESG Rating of ‘BB’ or above and the MSCI ESG Controversies Score of 3 or above to be eligible. In addition, companies showing involvement in thermal coal, tobacco, alcohol, gambling, nuclear power and weapons, conventional weapons, controversial weapons and civilian firearms are excluded from the Index. The Index is reconstituted annually at the May Semi-Annual Index Review and rebalanced at the February and August Quarterly Index Reviews and the November Semi-Annual Index Review. The MSCI 10/40 Index Methodology is applied to the MSCI China ESG Leaders Index to comply with the UCITS III Directive according to which the fund cannot invest more than 5% of its assets in securities issued by a single issuer. This limit can be increased up to 10%, provided that wherever the 5% limit is surpassed, the fund's exposure to these “larger” assets does not exceed 40% of the funds’ total assets. Whenever a weighting constraint is breached, the MSCI China ESG Leaders 10/40 Index rebalances to maintain UCITS III compliance.

ABOUT MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 45 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process. To learn more, please visit www.msci.com.

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