

MSCI QUALITY MIX 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 Quality Mix 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 Quality Mix 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?

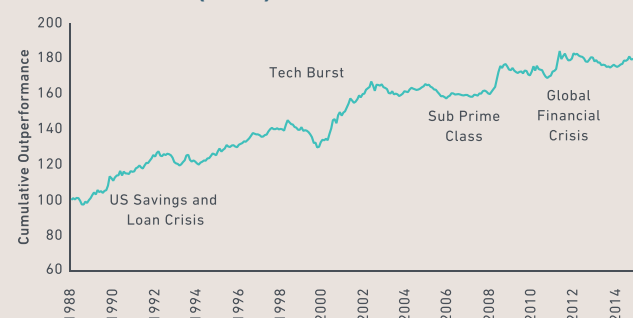
- Empirical research¹ shows that "a significant part of the secret behind Buffett's success is the fact that he buys safe, high-quality, value stocks."
- This systematic component, or "Buffett's beta", amounts to exposure to the Value, Low Volatility and Quality risk premia.
- Since performance of each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

KEY BENEFITS OF THE MSCI QUALITY MIX 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.

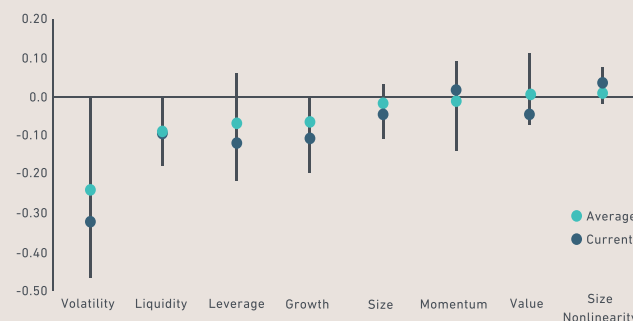
MSCI WORLD QUALITY MIX INDEX RELATIVE TO MSCI WORLD (USD)



Historical Gross Performance, USD	MSCI World	MSCI World Quality Mix
Total Return* (%)	7.62	9.93
Total Risk* (%)	15.0	12.9
Risk Adjusted Return	0.51	0.77
Active Return* (%)	N/A	2.32
Tracking Error* (%)	N/A	3.51
Information Ratio	N/A	0.66

* Annualized from May 1988 to May 2015

BARRA® GEM2L ACTIVE FACTOR EXPOSURES OF THE MSCI WORLD QUALITY MIX INDEX



METHODOLOGY HIGHLIGHTS

PARAMETER	METHODOLOGY	COMMENTS
Universe	Parent index constituents	- Objective approach capturing the standard opportunity set and ensuring Indexes have high investability and liquidity - Derived Indexes integrate seamlessly with other MSCI Indexes
Variables	- MSCI Quality Weighted Indexes - MSCI Value Weighted Indexes - MSCI Minimum Volatility Indexes	Combination of three MSCI Risk Premia Indexes geared to capture the quality, value and low volatility factors
Weighting	Equal weighting of Indexes	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	Same as parent	High level of diversification
Rebalancing	Semi-annual	Consistent with rebalancing schedule of MSCI Indexes

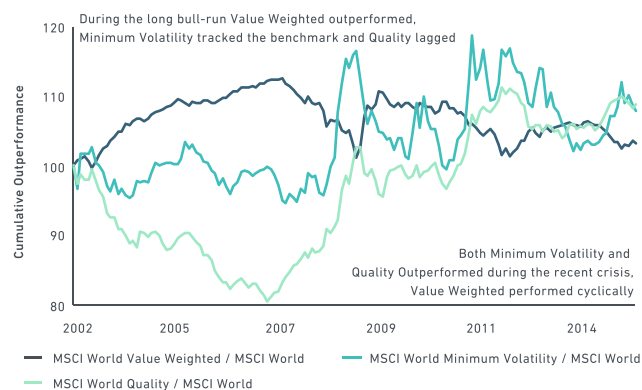
ILLUSTRATIVE USE CASE

- An allocation to MSCI Quality 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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