MSCI EAFE RISK WEIGHTED TOP 175 INDEX HEDGED TO CAD (CAD)

The MSCI EAFE Risk Weighted Top 175 Index Hedged to CAD is based on the MSCI EAFE Index, its parent index, which includes large- and mid-capitalization stocks across 21 Developed Markets (DM). Constructed using a simple, but effective and transparent process, each security of the parent index is reweighted so that stocks with lower risk are given higher index weights. The final constituents of the Index are determined by ranking these security level risk weights and taking the top 175 subset securities. The Index seeks to emphasize stocks with lower historical return variance and tends to have a bias towards lower size and lower risk stocks. Historically, the Index has exhibited lower realized volatility in comparison to its parent index, while maintaining reasonable liquidity and capacity. The index is 100% hedged to the Canadian dollar by notionally “selling” each foreign currency forward at the one-month Forward exchange rate.

CUMULATIVE INDEX PERFORMANCE - NET RETURNS (CAD) (JUN 2004 – JUN 2019)

INDEX PERFORMANCE — NET RETURNS (%) (JUN 28, 2019)


* DM countries include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EAFE Risk Weighted Top 175 Index Hedged to CAD was launched on Aug 03, 2017. 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.
CURRENCY WEIGHTS (JUN 28, 2019)

INDEX METHODOLOGY

A risk weight for each parent index constituent is computed as the ratio of the inverse of the security variance to the sum of the inverse of the security variances of all constituents in the parent index. Next, a risk weight inclusion factor is calculated for each security using the ratio of its risk weight to its free float market cap weight. A final risk weight for each constituent is then determined by adjusting its market cap weight in the parent index by its risk weight inclusion factor and then re-normalizing the weights accordingly. The constituents of the final MSCI Risk Weighted Top 175 Index are established by ranking the final security level risk weights in the MSCI Risk Weighted Index and then taking the top 175 subset securities.

To hedge the currency risk in a MSCI Risk Weighted Top 175 Index, each foreign currency in the index is hedged back to a home currency (e.g., CAD) by notionally “selling” each currency forward at the one-month forward rate at the end of each month.

To construct investable and replicable indexes, MSCI calculates the performance of Hedged Indexes using foreign currency weights and corresponding foreign currency notional amounts as of two business days before the first calendar day of the following month.

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.