

# MSCI Mexico IMI Capped Index Methodology

November 2023

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## 1. Introduction

The MSCI Mexico IMI Capped Index is a custom market capitalization weighted index based on the MSCI Mexico IMI Index and reflects capping constraints, i.e. constrains the weight of the largest issuer at 30% and all other issuers at 20% at each index rebalancing.

The MSCI Mexico IMI Index is constructed and maintained according to the MSCI Global Investable Market Indexes methodology. For more information on the MSCI Global Investable Market Indexes (“GIMI”), please visit our website at <https://www.msci.com/index/methodology/latest/GIMI><sup>1</sup>.

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<sup>1</sup> The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document. The Methodology Set for the Indexes can be accessed from MSCI’s webpage <https://www.msci.com/index-methodology> in the section ‘Search Methodology by Index Name or Index Code’.

## 2. Constructing the MSCI Mexico IMI Capped Index

The MSCI Mexico IMI Capped Index is constructed from the MSCI Mexico IMI Index and has the same constituents as the MSCI Mexico IMI Index.

At construction and at each quarterly rebalancing, if the weight of the largest Group Entity in the MSCI Mexico IMI Index is greater than 30%, its weight will be capped at 30%. The weight of the remaining Group Entities will be increased in proportion to their weight prior to such capping.

If the resulting weight of any of the remaining Group Entities is greater than 20% of the index, its weight will be capped at 20%, while simultaneously maintaining the weight of the largest Group Entity at 30%.

The remaining group entities are weighted according to their free float adjusted market capitalizations applicable to foreign investors as a percentage of the remaining non-capped weight (i.e.,

$$\text{Original weight of the group entity} \times \frac{100\% - \text{total capped weight of capped group entities}}{100\% - \text{total uncapped weight of capped group entities}}$$

See Section 3.2 for a discussion of caps applicable to daily rebalancings.

For a definition and a description of the maintenance of Group Entities, please refer to the MSCI 10/40 methodology at <https://www.msci.com/index/methodology/latest/1040>.

Issuers are used instead of Group Entities prior to December 1, 2005.

## 3. Maintaining the MSCI Mexico IMI Capped Index

### 3.1 Quarterly Index Reviews

The MSCI Mexico IMI Capped Index is generally rebalanced on the last business day of February, May, August, and November as described in Section 2 above, coinciding with the Index Reviews of the MSCI Global Investable Market Indexes.

Intra-quarter Group Entity weights will fluctuate according to market movements.

The pro forma indexes are announced nine business days before the effective date.

### 3.2 Daily Rebalancings

On a daily basis, if the weight of the largest Group Entity in the MSCI Mexico IMI Capped Index increases above 35%, its weight will be capped at 30%. The weight of the remaining Group Entities will be increased in proportion to their weight in the MSCI Mexico IMI Capped Index prior to such capping.

After the above daily capping, if the resulting weight of any of the remaining Group Entities is greater than 20% in the capped index, its weight will be capped at 20%, while simultaneously maintaining the weight of the largest Group Entity at 30%. The weight of the remaining Group Entities will be increased in proportion to their weight in the capped index.

### 3.3 Ongoing Event Related Changes

In general, the MSCI Mexico IMI Capped Index follows the event maintenance of the MSCI Mexico IMI Index. Changes in the MSCI Mexico IMI Index are reflected simultaneously in the MSCI Mexico IMI Capped Index.

#### 3.3.1 Rebalancing Due to Early Inclusions of New Securities to the MSCI Mexico IMI Index

Early inclusions of new securities to the MSCI Mexico IMI Index, such as IPOs, will trigger a rebalancing of the MSCI Mexico IMI Capped Index as described in Section 2 above.

#### 3.3.2 Additions and Deletions Due to Corporate Events

The general treatment of additions and deletions due to corporate events aims at reducing turnover in the MSCI Mexico IMI Capped Index.

A security added to the MSCI Mexico IMI Index following an acquisition or a merger will also be added to the MSCI Mexico IMI Capped Index. Its weight in the MSCI Mexico IMI Capped Index will be calculated as a weighted average of the weights of the constituents involved in the corporate event. A security added to the MSCI Mexico IMI Index following a spin-off will be added to the MSCI Mexico IMI Capped Index with the same capping as the spinning off security.

A constituent deleted from the MSCI Mexico IMI Index following a corporate event will be simultaneously deleted from the MSCI Mexico IMI Capped Index.

## Appendix I: Changes to this Document

**The following sections have been modified since April 2008:**

Section 1: Introduction

- Updates to the description.

Section 3: Maintaining the MSCI Mexico IMI Capped Index

- Updated section 3.1 to include the announcement date of the pro forma index.

**The following sections have been modified since September 2017:**

Section 3.1: Quarterly and Semi-Annual Index Reviews

- Updated rebalancing notification change from five days to nine days.

**The following sections have been modified since November 2023:**

- Methodology book was updated to reflect the transition of the MSCI Global Investable Market Indexes (GIMI) to Quarterly Comprehensive Index Reviews.
- All references to “Semi-Annual Index Reviews” and “Quarterly Index Reviews” of the MSCI GIMI were replaced with “Index Reviews.”

Section 1. Introduction

- Added footnote for methodology set.
- Added Appendix I: Changes to this document

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