The MSCI USA Small Cap Extended ESG Focus Index is based on MSCI USA Small Cap Index, its parent index, which includes small cap stocks across the U.S. equity markets. The Index is designed to maximize exposure to positive environmental, social and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI USA Small Cap Index. The index is constructed by selecting constituents from MSCI USA Small Cap Index through an optimization process that aims to maximize exposure to ESG factors for a target tracking error budget set to 50bps under certain constraints. The index is sector-diversified and targets companies with high ESG ratings in each sector. Tobacco and Controversial Weapons companies and Producers of or ties with Civilian Firearms are not eligible for inclusion.

CUMULATIVE INDEX PERFORMANCE - GROSS RETURNS (USD) (NOV 2013 – JAN 2020)

ANNUAL PERFORMANCE (%) (JAN 31, 2020)

INDEX PERFORMANCE — GROSS RETURNS (%) (JAN 31, 2020)

INDEX RISK AND RETURN CHARACTERISTICS (NOV 26, 2013 – JAN 31, 2020)

The MSCI USA Small Cap Extended ESG Focus Index was launched on Dec 12, 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.
### INDEX CHARACTERISTICS

<table>
<thead>
<tr>
<th>MSCI USA Small Cap Extended ESG Focus</th>
<th>MSCI USA Small Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Constituents</td>
<td>911</td>
</tr>
<tr>
<td></td>
<td>1,762</td>
</tr>
<tr>
<td>Largest Weight (%)</td>
<td>0.69</td>
</tr>
<tr>
<td>Smallest Weight (%)</td>
<td>0.01</td>
</tr>
<tr>
<td>Average Weight (%)</td>
<td>0.11</td>
</tr>
<tr>
<td>Median Weight (%)</td>
<td>0.08</td>
</tr>
</tbody>
</table>

### SECTOR WEIGHTS

- Industrials 17.29%
- Information Technology 16.22%
- Financials 14.55%
- Health Care 13.45%
- Consumer Discretionary 12.74%
- Real Estate 9.89%
- Materials 3.93%
- Utilities 3.63%
- Energy 2.97%
- Consumer Staples 2.89%
- Communication Services 2.44%

### INDEX METHODOLOGY

MSCI ESG Focus Index is constructed by selecting constituents from its underlying parent index through an optimization process that aims to maximize exposure to ESG factors for a target tracking error budget under certain constraints. In order that market cap coverage of the index is higher than would otherwise be the case, the predicted tracking error bound is set to 50bps and the minimum constituent weight is set to 5bps. Tobacco and Controversial Weapons companies and Producers of or ties with Civilian Firearms are excluded from the index. Securities of companies involved in very severe business controversies are not eligible for inclusion. Other exclusions include where companies do not have the controversy score or IVA rating or ESG score. Constituents are selected to maximize exposure to higher ESG IVA scores, subject to maintaining risk and return characteristics similar to the parent index. ESG IVA scores are normalized and factored into the optimization process.

Further, the optimized portfolio is determined and the index is constructed using the most recent release of the Barra Open Optimizer in combination with the relevant Barra Equity Model. The Index is rebalanced on a quarterly basis coinciding with the regular Index Reviews of the MSCI Global Investable Market Indexes. Changes are effective at the beginning of March, June, September and December.

### 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](http://www.msci.com).

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