

MSCI FACTOR MIX A-SERIES 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 Factor Mix A-Series 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 Factor Mix A-Series 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?

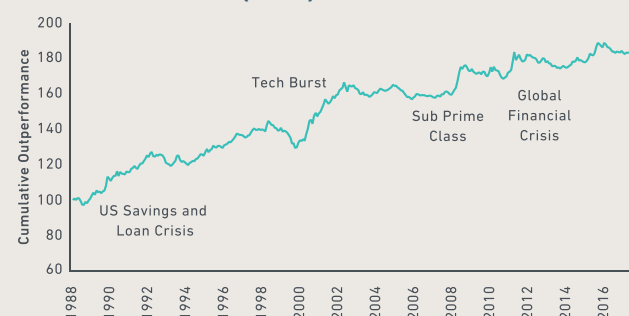
- Empirical research¹ shows that "a significant part of the secret behind Buffett's success is the fact that he buys safe, high-quality, value stocks."
- This systematic component, or "Buffett's beta", amounts to exposure to the Value, Low Volatility and Quality risk premia.
- Since performance of each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

KEY BENEFITS OF THE MSCI FACTOR MIX A-SERIES 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.

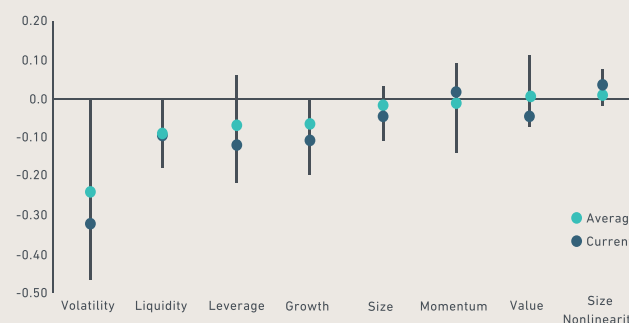
MSCI FACTOR MIX A-SERIES INDEX RELATIVE TO MSCI WORLD (USD)



| Historical Gross Performance, USD | MSCI World | MSCI World Quality Mix |
|-----------------------------------|------------|------------------------|
| Total Return* (%) | 7.73 | 9.90 |
| Total Risk* (%) | 14.7 | 12.6 |
| Risk Adjusted Return | 0.53 | 0.78 |
| Active Return* (%) | N/A | 2.17 |
| Tracking Error* (%) | N/A | 3.42 |
| Information Ratio | N/A | 0.63 |

* Annualized from May 1988 to May 2018

BARRA® GEM2L ACTIVE FACTOR EXPOSURES OF THE MSCI FACTOR MIX A-SERIES INDEX



METHODOLOGY HIGHLIGHTS

| PARAMETER | METHODOLOGY | COMMENTS |
|------------------------|---|--|
| Universe | <ul style="list-style-type: none"> Parent index constituents | <ul style="list-style-type: none"> Objective approach capturing the standard opportunity set and ensuring Indexes have high investability and liquidity Derived Indexes integrate seamlessly with other MSCI Indexes |
| Variables | <ul style="list-style-type: none"> MSCI Quality Weighted Indexes MSCI Value Weighted Indexes MSCI Minimum Volatility Indexes | <ul style="list-style-type: none"> Combination of three MSCI Risk Premia Indexes geared to capture the quality, value and low volatility factors |
| Weighting | <ul style="list-style-type: none"> Equal weighting of Indexes | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Same as parent | <ul style="list-style-type: none"> High level of diversification |
| Rebalancing | <ul style="list-style-type: none"> Semi-annual | <ul style="list-style-type: none"> Consistent with rebalancing schedule of MSCI Indexes |

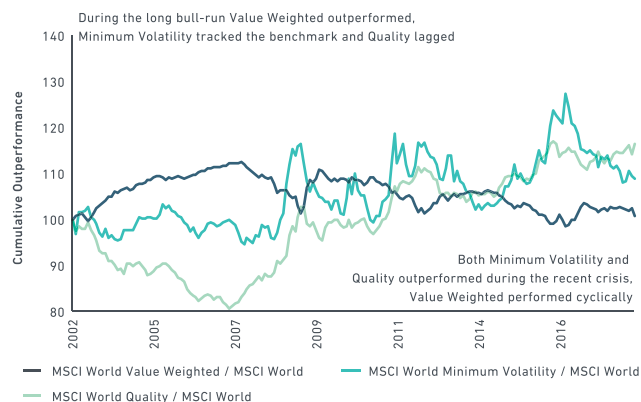
ILLUSTRATIVE USE CASE

- An allocation to MSCI Factor Mix A-Series 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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