

MSCI China Low Carbon Target Index (USD)

The MSCI China Low Carbon Target Index is based on the MSCI China Index, its parent index, and includes large and mid-cap securities of the Chinese equity markets. The Index is a benchmark for investors who wish to manage potential risks associated with the transition to a low carbon economy. The index aims for a tracking error target of 0.3% (30 basis points) while minimizing the carbon exposure. By over weighting companies with low carbon emissions (relative to sales) and those with low potential carbon emissions (per dollar of market capitalization), the index reflects a lower carbon exposure than that of the broad market. It uses MSCI ESG Carbon Metrics data from MSCI ESG Research Inc.

CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (USD) (NOV 2010 – JUL 2020)



ANNUAL PERFORMANCE (%)

Year	MSCI China Low Carbon Target	MSCI China
2019	24.72	23.66
2018	-18.96	-18.75
2017	53.98	54.33
2016	0.82	1.11
2015	-6.46	-7.62
2014	8.24	8.26
2013	5.01	3.96
2012	23.05	23.10
2011	-18.79	-18.24

INDEX PERFORMANCE – GROSS RETURNS (%) (JUL 31, 2020)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED				Since Nov 30, 2010
					3 Yr	5 Yr	10 Yr	Since Nov 30, 2010	
MSCI China Low Carbon Target	9.29	18.82	25.18	13.58	9.12	10.08	na	6.74	
MSCI China	9.50	18.82	24.67	13.42	8.91	9.89	na	6.55	

FUNDAMENTALS (JUL 31, 2020)

Div Yld (%)	P/E	P/E Fwd	P/BV
1.63	17.53	14.60	2.09
1.68	17.54	14.77	2.06

INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 2010 – JUL 31, 2020)

	Beta	Tracking Error (%)	Turnover (%) ¹	ANNUALIZED STD DEV (%) ²			SHARPE RATIO ^{2,3}			Since Nov 30, 2010	MAXIMUM DRAWDOWN	
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		(%)	Period YYYY-MM-DD
MSCI China Low Carbon Target	1.00	0.43	16.64	20.79	20.50	na	0.44	0.51	na	0.38	41.65	2015-04-27–2016-02-12
MSCI China	1.00	0.00	15.67	20.80	20.47	na	0.43	0.50	na	0.37	42.13	2015-04-27–2016-02-12

¹ Last 12 months

² Based on monthly gross returns data

³ Based on ICE LIBOR 1M

The MSCI China Low Carbon Target Index was launched on Aug 03, 2018. 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

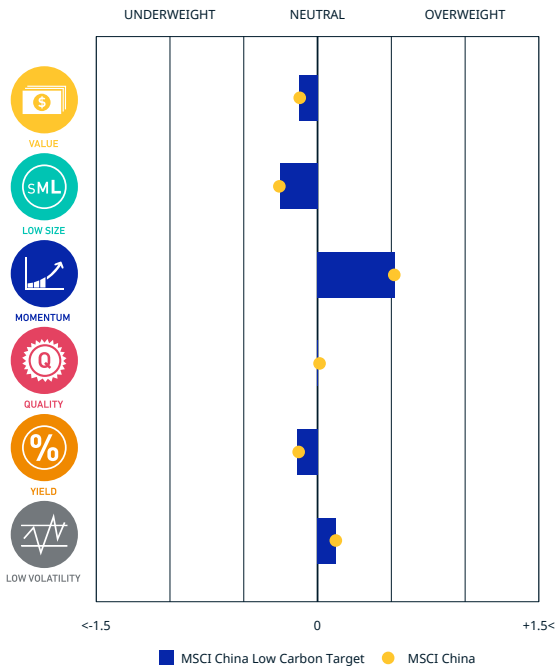
	MSCI China Low Carbon Target	MSCI China
Number of Constituents	620	711
Weight (%)		
Largest	18.41	18.26
Smallest	0.00	0.00
Average	0.16	0.14
Median	0.03	0.03

TOP 10 CONSTITUENTS

	Index Wt. (%)	Parent Index Wt. (%)	Sector
ALIBABA GROUP HLDG ADR	18.41	18.26	Cons Discr
TENCENT HOLDINGS LI (CN)	15.43	15.29	Comm Svcs
MEITUAN DIANPING B	3.44	3.41	Cons Discr
CHINA CONSTRUCTION BK H	2.79	2.73	Financials
PING AN INSURANCE H	2.54	2.44	Financials
JD.COM ADR	1.86	2.10	Cons Discr
CHINA MOBILE	1.67	1.63	Comm Svcs
ICBC H	1.42	1.39	Financials
BAIDU ADR	1.29	1.27	Comm Svcs
NETEASE COM ADR	1.28	1.45	Comm Svcs
Total	50.13	49.98	

FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN

MSCI FACTOR BOX



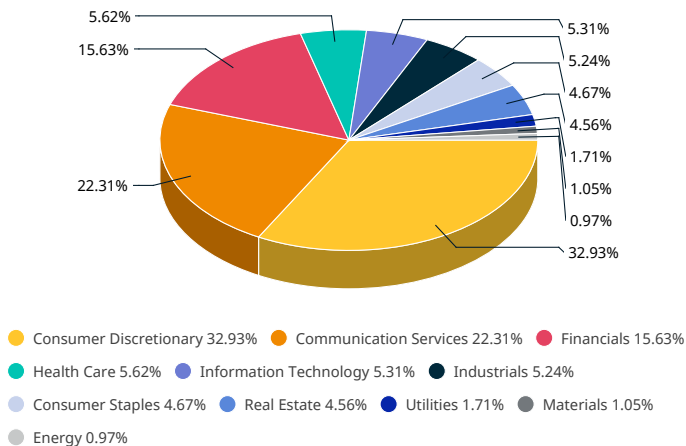
MSCI FaCS

- VALUE**
Relatively Inexpensive Stocks
- LOW SIZE**
Smaller Companies
- MOMENTUM**
Rising Stocks
- QUALITY**
Sound Balance Sheet Stocks
- YIELD**
Cash Flow Paid Out
- LOW VOLATILITY**
Lower Risk Stocks

MSCI FaCS provides absolute factor exposures relative to a broad global index - MSCI ACWI IMI.

Neutral factor exposure (FaCS = 0) represents MSCI ACWI IMI.

SECTOR WEIGHTS



INDEX METHODOLOGY

At each semi-annual index review, the MSCI Global Low Carbon Target Indexes are constructed using an optimization process that aims to achieve replicability and investability, subject to the following optimization objective and constraints:

- Minimize the Carbon Exposure subject to a tracking error constraint of 30 basis points relative to the Parent Index
- The maximum weight of an index constituent will be restricted to 20 times its weight in the Parent Index
- The country weights in the MSCI Global Low Carbon Target Index will not deviate more than +/-2% from the country weights in the Parent Index
- The sector weights in the MSCI Global Low Carbon Target Index will not deviate more than +/-2% from the sector weights in the Parent Index, with the exception of the Energy Sector where no constraint is applied

FACTOR BOX AND FaCS METHODOLOGY

MSCI FaCS is a standard method ([MSCI FaCS Methodology](#)) for evaluating and reporting the Factor characteristics of equity portfolios. MSCI FaCS consists of Factor Groups (e.g. Value, Size, Momentum, Quality, Yield, and Volatility) that have been extensively documented in academic literature and validated by MSCI Research as key drivers of risk and return in equity portfolios. These Factor Groups are constructed by aggregating 16 factors (e.g. Book-to-Price, Earnings/Dividend Yields, LT Reversal, Leverage, Earnings Variability/Quality, Beta) from the latest Barra global equity factor risk model, GEMLT, designed to make fund comparisons transparent and intuitive for use. The MSCI Factor Box, which is powered by MSCI FaCS, provides a visualization designed to easily compare absolute exposures of funds/indexes and their benchmarks along 6 Factor Groups that have historically demonstrated excess market returns over the long run.

ABOUT MSCI

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