

MSCI 25/50 Indexes

The MSCI 25/50 Indexes are designed to serve as benchmarks for Regulated Investment Company (RIC) compliant funds in the United States.

MSCI 25/50 Index Characteristics

The MSCI 25/50 Indexes are designed for Regulated Investment Companies (RICs) running US-registered funds that may contain a small number of securities or a few heavily weighted securities. The two key requirements that RICs need to meet at the end of each quarter of a tax year are:

- (1) No more than 25% of the value of the fund's assets may be invested in a single issuer
- (2) The sum of the weights of all issuers representing more than 5% of the fund should not exceed 50% of the fund's total assets

US Internal Revenue Code Constraints

- » At the end of each quarter of a RIC's tax year, the following weight constraints should be met:
 - » No more than 25% of the value of the RIC's assets may be invested in a single issuer
 - » Sum of the weights of all issuers representing more than 5% of the fund should not exceed 50% of the funds total assets

MSCI 25/50 Indexes

- » Indexes are rebalanced quarterly at the end of February, May, August and November
- » No single issuer exceeds 25% of the index weight
- » Sum of all the issuers with weights above 5% does not exceed 50% of the index weight

The MSCI 25/50 Indexes aim to comply with the 25/50 constraints through the quarterly index reviews at the end of February, May, August and November.

Key Methodology Features

The MSCI 25/50 Indexes are constructed through portfolio optimization to meet issuer-level constraints and to minimize tracking error while keeping the index turnover at a reasonable level. This is achieved using the Barra Optimizer as a portfolio optimization framework, which aims to minimize index turnover and weight differences between the MSCI 25/50 Index and the parent index.

The MSCI 25/50 Indexes can be calculated for any MSCI Developed, Emerging or Frontier Markets country, region or sector, and are licensed and delivered on an index-by-index basis, as requested by clients. Clients must be licensed to receive the corresponding MSCI Core Module.

Index construction

Constraint Targets	<ul style="list-style-type: none">» No issuer exceeds 25% of index weight» All issuers with weight above 5% cannot exceed 50% of the index weight
Buffer Rules	<p>A 10% buffer is used to reduce the risk of non-compliance due to short term market movements between two quarterly rebalancing:</p> <ul style="list-style-type: none">» No issuer exceeds 22.5% of index weight» All issuers with weight above 4.5% cannot exceed 45% of the index weight
Optimization Parameters	<p>Minimizing weight distance from parent index</p> <ul style="list-style-type: none">» Minimize transaction costs

Index Delivery

- » Daily delivery of index and security level data
- » Real-time price return index levels may be requested and will be disseminated by certain vendors every 60 seconds during market trading hours
- » MSCI 25/50 Indexes are delivered individually via MSCI Direct Delivery or via the following vendor platforms:
 - » Bloomberg*, Mellon Analytical Solutions, FactSet, Markit, Netik, Thomson Reuters* (DataStream, QAI, Vestek, and 3000Xtra), RIMES, Risk Manager, Style Research, Sungard/APT, Wilshire
 - » End of day index levels will be available via www.msci.com at a later date

* Index levels only available.

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About MSCI

MSCI Inc. is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes, portfolio risk and performance analytics, and governance tools.

The company's flagship product offerings are: the MSCI indexes with approximately USD 7.5 trillion estimated to be benchmarked to them on a worldwide basis¹; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; ISS corporate governance research, data and outsourced proxy voting and reporting services; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

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¹ As of March 31, 2013, as reported on July 31, 2013 by eVestment, Lipper and Bloomberg.