

The MSCI High Dividend Yield Indexes

Representing the performance of stocks with sustainable dividend yields

- The MSCI High Dividend Yield (HDY) Indexes aim to reflect the opportunity set of companies offering a higher-than-average dividend yield relative to the parent index
- The MSCI High Dividend Yield Index methodology incorporates screens that aim to include stocks with a track record of sustainable and consistent dividend payouts, and dividend growth
- The MSCI High Dividend Yield Indexes may serve as a performance benchmark for income investors and as the basis of financial products such as ETFs

Why Do Investors Use High Dividend Yield Strategies?

- Income investors typically seek investments that provide high current income with capital preservation and some long-term capital appreciation
- Increasing demand for income from aging populations has triggered renewed interest in High Dividend Yield investment strategies

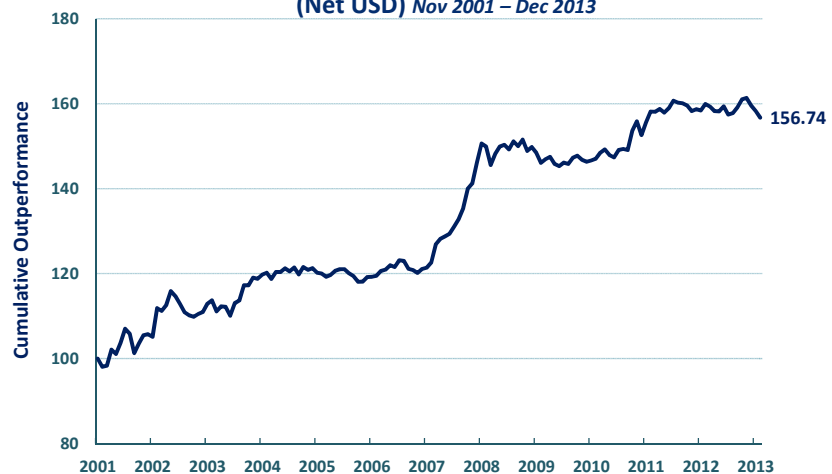
Key Benefits of the MSCI High Dividend Yield Indices

- Simple and transparent index methodology
- Aim to include stocks with sustainable dividend yields and a consistent track record of growing dividends
- Goal of high investability and capacity with moderate annual index turnover
- Seamless integration with MSCI index-based portfolios

Illustrative Use Case

- A US Public Pension Plan adopted a passive approach to capture income with low volatility
- The fund combined the MSCI USA High Dividend Yield Index and the USA Minimum Volatility Index
- Historically, over long periods, factor strategies has typically enhanced risk-adjusted performance

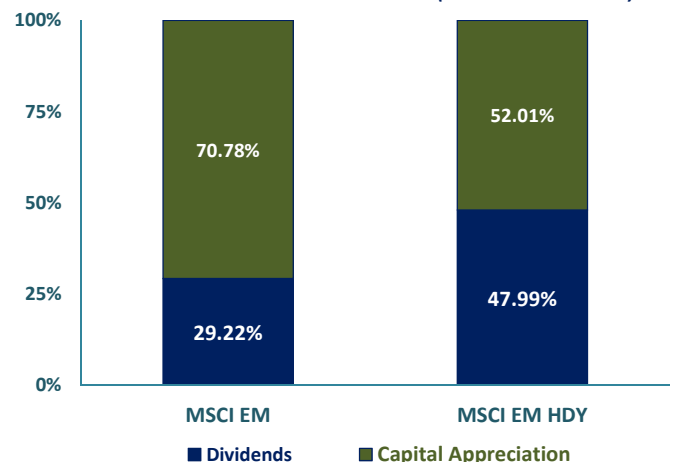
MSCI EM HDY Index Relative to the MSCI EM Index (Net USD) Nov 2001 – Dec 2013



Historical Net Performance, USD	EM HDY Index	EM Index
Total Return* (%)	17.65	13.36
Return Risk* (%)	21.99	23.09
Risk Adjusted Return	0.80	0.58
Active Return* (%)	4.30	0.00
Tracking Error* (%)	4.76	0.00
Information Ratio	0.90	N/A

*Annualized from Nov 2001 to Dec 2013

Historically, dividends have been a higher component of the total returns of the MSCI EM HDY Index (Nov 2001 – Dec 2013)



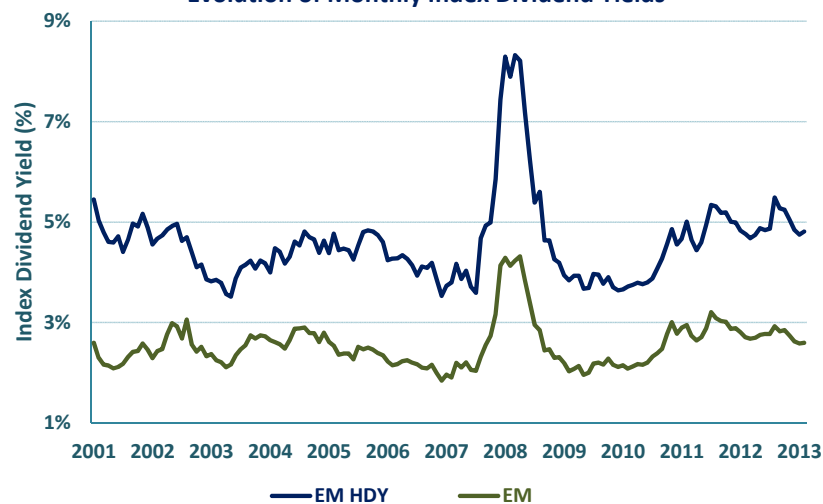
Methodology Highlights

Parameter	Methodology	Comments
Universe	Parent index constituents ex REITs (e.g., the constituents of the MSCI EM Index ex REITs)	Objective approach aims to capture the standard opportunity set and ensure that the indices have high investability and liquidity REITs structurally have very high dividend yields and, if included, would represent a very significant proportion of the Index. Regulatory constraints often restrict the inclusion of REITs in institutional portfolios.
Selection	<ul style="list-style-type: none"> Dividend yield > 1.3x parent index yield 	Identify companies with higher dividend yield than the parent index
Selection	<ul style="list-style-type: none"> Dividend persistency screen—excludes stocks with negative 5-year DPS growth Dividend sustainability screen—excludes stocks with negative or very high payouts (top 5% by payout) Quality screen—excludes stocks with negative quality scores (based on ROE, earnings variability and debt-to-equity) Yield trap screen—excludes stocks performing in the bottom 5% of the index with negative 12-month price performance 	Identify companies with sustainable and quality yields and consistent dividend growth
Weighting	<ul style="list-style-type: none"> Free float market capitalization weighting Issuer level weights are capped at 5% 	Goal of indices with adequate capacity, lower concentration and low turnover
Rebalancing	Semi-annual, in May and November	Reflects timely updates to dividend yields and is consistent with the rebalancing frequency of MSCI parent indexes
Buffers	Buffers are applied around the dividend yield, dividend growth, dividend payout and quality screens for existing index constituents	Buffers aim to mitigate turnover without significantly altering other index characteristics

Dividend Yields of MSCI HDY Indexes

- The MSCI High Dividend Yield Indexes provide high dividend yield while aim to ensuring dividend persistency and sustainability
- Securities included in the index must have a dividend yield at least 30% higher than the dividend yield of the parent index
- Dividend yield of the MSCI EM HDY Index has historically been more than 1.5 times higher than the dividend yield of the MSCI EM Index

Evolution of Monthly Index Dividend Yields



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