

## 1. INTRODUCTION

The MSCI Australia 200 Index is a free float-adjusted market capitalization weighted index designed to track the performance of the 200 largest securities in the Australian equity universe.

## 2. CONSTRUCTING THE MSCI AUSTRALIA 200 INDEX

The selection universe of the MSCI Australia 200 Index is based on constituent securities of the underlying MSCI Australia IMI Index. The constituents of the MSCI Australia IMI Index are ranked in descending order of free float-adjusted market capitalization available to Australian resident investors. The largest 200 are selected to construct the MSCI Australia 200 Index. The resulting Index constituents are weighted according to their free float-adjusted market capitalizations available to Australian resident investors.

The free float-adjustment is applied using an adjustment factor referred to as the Domestic Inclusion Factor (DIF).

More information on the construction, maintenance and calculation of the MSCI Australia IMI Index can be found in the Global Investable Market Indices methodology posted at [http://www.msci.com/products/indices/international\\_equity\\_indices/gimi/stdindex/methodology.html](http://www.msci.com/products/indices/international_equity_indices/gimi/stdindex/methodology.html).

## 3. MAINTAINING THE MSCI AUSTRALIA 200 INDEX

### 3.1. Quarterly Index Review

The composition of the MSCI Australia 200 Index is fully reviewed on a quarterly basis to coincide with the regular index reviews of the MSCI Global Investable Market Indices. The changes are implemented at the end of February, May, August and November.

During the Quarterly Index Review, the number of securities is restored to 200. Note that the number of index constituents between the index reviews may differ from this number due to additions and deletions resulting from corporate events on existing index constituents.

#### 3.1.1. Buffer Rules

To minimize index turnover, additions to and deletions from the Index during rebalancings will be controlled by buffer rules.

Non-constituents that satisfy all eligibility criteria and rank 175<sup>th</sup> and above will be added to the MSCI Australia 200 Index and existing constituents which rank below 225<sup>th</sup> will be deleted from the Index. If the number of securities differs from 200 after applying the buffer rules, the lowest ranked securities within the index will be deleted, or the next highest ranked securities will be added to the index to restore the number of constituents to 200.

Quarterly Index Reviews may also result in changes in Domestic Inclusion Factor (DIF) and updates in number of shares for existing constituents.

#### 3.1.2. Cutoff Date for Market Capitalization and Prices used for the Rebalancing

The cutoff date for market capitalization and prices used for the rebalancing of the MSCI Australia 200 Index is 9 business days before the end of February, May, August and November.

### **3.2. Ongoing Event Related Changes**

The MSCI Australia 200 Index follows the event maintenance of the MSCI Australia IMI Index. Changes in the MSCI Australia IMI Index are reflected simultaneously in the MSCI Australia 200 Index.

#### **3.2.1. Early Inclusions of Non-Index Constituents**

A spun-off security from an existing constituent of the MSCI Australia 200 Index that qualifies for immediate inclusion to the MSCI Australia IMI Index will be simultaneously included in the MSCI Australia 200 Index.

There will be no fast inclusions for IPOs. Securities that are added to the underlying MSCI Australia IMI Index will only be considered for inclusion in the MSCI Australia 200 Index during the next Quarterly Index Review.

#### **3.2.2. Early Deletions of Non-Index Constituents**

If a security is deleted from the underlying MSCI Australia IMI Index due to a corporate event, it will be automatically removed from the MSCI Australia 200 Index. Examples are securities of companies that file for bankruptcy and companies that are acquired.

When the number of securities in the MSCI Australia 200 Index falls below or rises above 200 due to corporate events, no additions or deletions will be made to restore the number of constituents to 200 until the next Quarterly Index Review.

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