

MSCI Global China Infrastructure Exposure Index Methodology

March 2024

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1 Introduction

The MSCI Global China Infrastructure Exposure Index (“the Index”)¹ is designed to represent the performance of listed companies within Developed, Emerging and Frontier markets outside China, showcasing high revenue exposure to infrastructure development. This development is specifically related to a defined set of industries relevant to what has become known as the ‘One Belt, One Road’ (“OBOR”) investment program and development strategy promoted by the Chinese government.

¹ The index is governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document. The Methodology Set for the Index can be accessed from MSCI’s webpage <https://www.msci.com/index-methodology> in the section ‘Search Methodology by Index Name or Index Code’.

2 Constructing the MSCI Global China Infrastructure Exposure Index

2.1 Defining the Eligible Universe

Eligible constituents for the Index need to pass the following five screens:

- Country selection
- Global Industry Classification Standard (GICS®²) sector selection
- Economic exposure screening
- Security market capitalization screening
- Annual Traded Value (ATV) screening

2.1.1 Country Selection

Securities within the composite of MSCI ACWI + Frontier Markets IMI, with the exception of the following regions/countries are eligible:

- All markets in the Americas
- Developed Markets in Europe
- Australia, China, Hong Kong, Japan, Korea, and Taiwan

The country of classification is as per MSCI Global Investable Market Indexes (“GIMI”) Methodology³. Appendix I lists the countries eligible at Index launch.

2.1.2 Sector Selection

Only securities that are classified in the following GICS® sectors are eligible for inclusion in the Index:

Eligible GICS Sectors

GICS Sector	GICS Code
Energy	10
Materials	15
Industrials	20
Financials	40
Utilities	55

² GICS, the Global Industry Classification Standard jointly developed by MSCI and S&P Global.

³ MSCI Global Investable Market Indexes methodology book available at <https://www.msci.com/index/methodology/latest/GIMI>.

2.1.3 Economic Exposure Selection

For inclusion in the Index, securities must meet a minimum Economic Exposure⁴ to China of 5%.

2.1.4 Size Selection

For inclusion in the Index, securities must have a minimum Float-Adjusted Market Capitalization of \$1 billion.

2.1.5 Annual Traded Value Selection

Securities that successfully pass the initial four screenings (covered in sections 2.1.1 through 2.1.4) are subsequently ranked in descending order based on their 12-Month ATV⁵. The top 50 securities are then chosen for inclusion in the Final Index.

2.2 Weighting Scheme

All securities within the Final Index are weighted in accordance with their Float-Adjusted Market Capitalization.

Furthermore, there is an individual country-level cap set at 10%. Should the aggregate weight of a particular country exceed this limit during construction or rebalancing, the corresponding country weight will be capped at 10%. Within the capped country, securities are weighted in proportion to their Float-Adjusted Market Capitalization. The weight of the securities outside of the capped country will be increased in proportion to their weight prior to such capping. For more details on MSCI Capped Index Methodology, please refer to <https://www.msci.com/index/methodology/latest/Capped>.

3 Maintaining the MSCI Global China Infrastructure Exposure Index

3.1 Semi-Annual Index Reviews

The Index is rebalanced on a semi-annual basis, typically as of the close of the last business day of May and November, coinciding with the May and November Index Reviews of the MSCI Global Investable Market Indexes. The pro forma Index is typically announced nine business days before the effective date.

During each Semi-Annual Index Review, securities are screened for potential inclusion in the Index in accordance with the rules highlighted in section 2.1. Existing constituents of the Index must adhere to the same criteria for ongoing inclusion, with the exception of the relaxed size criteria, which is adjusted to a minimum Float-Adjusted Market Capitalization of \$800 million.

⁴ See further details at <https://www.msci.com/index/methodology/latest/EE>.

⁵ For a detailed description of 'Annual Traded Value' please refer to the MSCI Index Calculation Methodology at <https://www.msci.com/index/methodology/latest/IndexCalc>.

3.2 Ongoing Event Related Changes

The general treatment of corporate events in the MSCI Global China Infrastructure Exposure Index aims to minimize turnover outside of Index Reviews. The following section briefly describes the treatment of common corporate events within the MSCI Global China Infrastructure Exposure Index.

No new securities will be added (except where noted below) to the Index between Index Reviews. Deletions from an index listed in Section 2.1.1 ("parent index") will be reflected simultaneously.

EVENT TYPE

EVENT DETAILS

New additions to the Parent Index

A new security added to the Parent Index (such as IPO and other early inclusions), will not be added to the Index.

Spin-Offs

All securities created as a result of the spin-off of an existing Index constituent will be added to the Index at the time of event implementation. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

Merger/Acquisition

For Mergers and Acquisitions, the acquirer's post event weight will account for the proportionate amount of shares involved in deal consideration, while cash proceeds will be invested across the Index.

If an existing Index constituent is acquired by a non-Index constituent, the existing constituent will be deleted from the Index and the acquiring non constituent will not be added to the Index.

Changes in Security Characteristics

A security will continue to be an Index constituent if there are changes in characteristics (country, sector, size segment, etc.) Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

Further detail and illustration regarding specific treatment of corporate events relevant to this Index can be found in the MSCI Corporate Events Methodology book under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at:

<https://www.msci.com/index/methodology/latest/CE>

Appendix I: Countries Eligible for the MSCI Global China Infrastructure Exposure Index

The countries in the composite of MSCI ACWI + Frontier Markets IMI that are eligible for the Index at launch are as follows. This list of eligible countries may change in the future to reflect changes to MSCI Market Classification.

Eligible Countries

Bahrain	Ivory Coast	Poland
Bangladesh	Jordan	Qatar
Benin	Kazakhstan	Romania
Burkina Faso	Kenya	Saudi Arabia
China	Kuwait	Senegal
Croatia	Lithuania	Serbia
Czech Republic	Malaysia	Singapore
Egypt	Mali	Slovenia
Estonia	Mauritius	South Africa
Greece	Morocco	Sri Lanka
Guinea-Bissau	New Zealand	Thailand
Hungary	Niger	Togo
Iceland	Nigeria	Tunisia
India	Oman	Turkey
Indonesia	Pakistan	United Arab Emirates
Israel	Philippines	Vietnam

Appendix II: Changes to this Document

The following sections have been modified as of June 2023:

- Section 2.1.2: Industry Selection
 - Updated subindustries
- Appendix I: Countries Eligible for the MSCI Global China Infrastructure Exposure Index
 - Updated eligible countries

The following sections have been modified as of March 2024:

- Section 2.1: Defining the Eligible Universe
 - Added ATV screening
 - Removed Share Class screening
- Section 2.1.1: Country Selection
 - Added China to exclusions list
- Section 2.1.3: Economic Exposure Selection
 - Changed minimum Economic Exposure to China threshold to 5%
- Section 2.1.4: Size Selection
 - Changed minimum Size threshold to \$1 billion

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