

MSCI ASIA APEX INDEXES METHODOLOGY

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1. Introduction

The MSCI Asia APEX Indexes are a set of free float-adjusted market capitalization indexes designed to track the performance of the various size segments of the MSCI All Country (AC) Asia ex Japan Index while putting stronger emphasis on tradability compared to the broader MSCI AC Asia ex Japan size Indexes¹. The MSCI Asia APEX Indexes share similar construction rules and methodology, but differ slightly in terms of the construction and maintenance parameters. Specifically,

- The MSCI Asia APEX 50 Index tracks the performance of the 50 largest most tradable securities in the MSCI AC Asia ex Japan Standard Index.
- The MSCI Asia APEX Mid Cap 50 Index tracks the performance of the 50 largest most tradable securities in the MSCI AC Asia ex Japan Mid Cap Index.
- The MSCI Asia APEX Small Cap 200 Index tracks the performance of the 200 largest most tradable securities in the MSCI AC Asia ex Japan Small Cap Index².

¹ The MSCI AC Asia ex Japan Standard Index, the MSCI AC Asia ex Japan Mid Cap Index and the MSCI AC Asia ex Japan Small Cap Index are collectively referred to as MSCI AC Asia ex Japan size indexes or parent indexes

² The Indexes are governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document. The Methodology Set for the Indexes 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. Index Construction Methodology

The selection universe of the MSCI Asia APEX Indexes is based on constituent securities of the underlying MSCI AC Asia ex Japan size indexes ("Parent Index") subject to the following eligibility screens.

2.1 Eligibility Screens

2.1.1 Country Filters

Given the objective of the MSCI Asia APEX indexes is to serve as effective tradable proxies for the broader parent indexes, the country filters are designed to minimize multiple currency exposures of the MSCI Asia APEX Indexes. Countries with less than three securities (10 securities in the case of MSCI Asia APEX Small Cap 200 Index) ranking in the top 50 (200) in terms of free float-adjusted market capitalization or countries with less than 5% weight in the underlying index are excluded from the MSCI Asia APEX 50 Index and the MSCI Asia APEX Mid Cap 50 Index (MSCI Asia APEX Small Cap 200 Index).

2.1.2 Eligible Security Filter

Securities subject to foreign ownership restrictions are excluded from the universe. Real Estate Investment Trusts (REITs) are excluded due to investment product restrictions in certain countries, e.g. Japan. China B shares are excluded. If a company has multiple share classes, only the larger security will be eligible. In addition, a minimum Average Traded Value Ratio (ATVR) threshold of 30% is applied in the construction of the MSCI Asia APEX Mid Cap 50 and MSCI Asia APEX Small Cap 200 Indexes to improve the liquidity profile of the indexes. No ATVR threshold is applied in the construction of the MSCI Asia APEX 50 Index.

2.2 Index Construction

After applying the eligible security and country filters, the remaining securities in the underlying MSCI AC Asia ex Japan size indexes are ranked by free float-adjusted market capitalization in descending order and the largest 50 (200) securities are selected to construct the MSCI Asia APEX 50 Index and MSCI Asia APEX Mid Cap 50 Index (MSCI Asia Apex Small Cap 200 Index).

3. Index Maintenance Methodology

3.1 Quarterly Index Review

The composition of the MSCI Asia APEX Indexes is fully reviewed on a quarterly basis to coincide with the regular Index Reviews of the MSCI Global Investable Market Indexes. The changes are implemented at the end of February, May, August and November.

During the Quarterly Index Reviews, the number of securities will be restored to 50 (200) for the MSCI Asia APEX 50 and the MSCI Asia APEX 50 Mid Cap Index (MSCI Asia APEX Small Cap 200 Index). Note that the number of index constituents between the index reviews may differ from these numbers due to additions and deletions resulting from corporate events on existing constituents.

In addition, MSCI will also reassess the eligibility of underlying countries during the Quarterly Index Reviews. Non-constituent countries represented by three (10) or more securities in the top 50 (200) and representing more than 5% of the underlying MSCI AC Asia Ex Japan Index will be considered for inclusion in the MSCI Asia APEX 50 Index and the MSCI Asia APEX Mid Cap 50 Index (MSCI Asia APEX Small Cap 200 Index) while existing constituent countries with only one (three) securities in the top 50 (200) will be removed.

If a security that is scheduled to be added to or deleted from the MSCI APEX Indexes is suspended from trading on the day before the effective implementation date of the index review, MSCI will cancel the implementation for the security. When the implementation of a deletion from a Parent Index is postponed, the implementation of the deletion from the indexes derived from that Parent Index will also be postponed. When the deletion is implemented in the Parent Index after the security resumes trading, the security will be simultaneously deleted from the derived index.

3.1.1 Buffer Rules

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

Non-constituents that satisfy all eligibility criteria and rank 35th (140th) in the respective MSCI AC Asia ex Japan size indexes and above will be added to the MSCI Asia Apex 50 Index and the MSCI Asia APEX Mid Cap 50 Index (MSCI Asia APEX Small Cap 200 Index) and existing constituents which rank below 65th (240th) will be deleted from the index. If the number of securities differ from 50 (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 50 (200).

Quarterly Index Reviews may also result in changes in Foreign Inclusion Factor (FIF) 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 Asia APEX Indexes is the close of the 9th business day prior to the February, May, August and November quarterly index review implementation dates.

3.1.3 Announcement Policy

The results of the rebalancing are announced nine business days before the effective date of each Quarterly Index Review.

3.2 Ongoing Event-Related Maintenance

With the exception of the treatment as described below, the MSCI Asia APEX Indexes follows the event maintenance of the Parent Index. Details regarding the treatment of corporate events not covered below can be found in the MSCI Corporate Events Methodology Book, available at:

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

3.2.1 Early Inclusions of Non-Index Constituents

A spun-off security that qualifies for immediate inclusion to the underlying MSCI AC Asia ex Japan size indexes will generally be eligible for immediate inclusion to the corresponding MSCI Asia APEX Indexes. However, spun-off securities that are already constituents of the underlying MSCI AC Asia ex Japan Indexes are not added to the corresponding MSCI Asia APEX Indexes at the time of the spin off.

There will be no fast inclusion for IPOs. Securities that are added to the underlying MSCI AC Asia ex Japan size indexes between the Quarterly Index Reviews will only be considered for inclusion in the corresponding MSCI Asia APEX Indexes during the next Quarterly Index Review.

3.2.2 Early Deletions of Existing Constituents

If a security is deleted from the underlying MSCI AC Asia ex Japan size indexes due to corporate events, it will be automatically removed from the corresponding MSCI Asia APEX Indexes. Examples are securities of companies that file for bankruptcy, companies that file for protection from their creditors and/or are suspended and for which a return to normal business activity and trading is unlikely in the near future.

When the number of securities in the MSCI Asia APEX 50 Index and the MSCI Asia APEX Mid Cap 50 Index (MSCI Asia Apex Small Cap 200 Index) falls below or rises above 50 (200) due to corporate events, no additions or deletions will be made to restore the number of constituents to 50 (200) until the next Quarterly Index Review.

Appendix I: Changes to this Document

The following sections have been modified since the last version in February 2012:

Section 3.1: Quarterly Index Review

- Clarification on implementation of suspended securities

Section 3.2.1: Early Inclusions of Non-Index Constituents

- Clarification on early inclusion of spun-off securities that are already constituents

The following sections have been modified since August 2017:

Section 1: Introduction

- Updates

Section 3.1.3: Announcement Policy

- Added new section

Section 3.2: Ongoing Event-Related Maintenance

Added clarification

The following sections have been modified since November 2023:

Methodology book was updated to reflect the transition of the MSCI Global Investable Market Indexes (GIMI) to Quarterly Comprehensive Index Reviews.

All references to “Semi-Annual Index Reviews” and “Quarterly Index Reviews” of the MSCI GIMI were replaced with “Index Reviews.”

Section 1: Introduction

- Added footnote on Methodology Set

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