

Methodology Book For:

- MSCI Eurozone 1M-3Y Select Government Bond Index**
- MSCI U.S. 1M-3Y Select Government Bond Index**

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1 General Methodology Overview

The MSCI Eurozone 1M-3Y Select Government Bond Index and the MSCI U.S. 1M-3Y Select Government Bond Index (“the Indexes”) are constructed to measure the performance of EUR and USD denominated government bonds respectively issued by government-related entities in the global fixed income markets.

The Indexes are rules based and conform to a general construction guideline as described in this methodology document.

2 Index Construction

2.1 General Guidelines

Security Type: The Indexes include local currency government bonds denominated in EUR and USD currency respectively. The Indexes only include fixed rate coupon bonds.

Credit Rating: Each issuer of the Index constituents must be rated Investment Grade by either S&P or Moody's. For bonds that are rated by both S&P and Moody's, the lower rating will be used to determine the Index inclusion criteria.

Index constituents that are not rated at a bond level will be considered for Index inclusion based on S&P or Moody's issuer level long term credit rating.

Eligible Countries for Index Inclusion: The eligible countries of inclusion for the Eurozone 1M-3Y Select Government Bond Index are tabulated below.

Country Name
Austria
Belgium
Finland
France
Germany
Ireland
Italy
Netherlands
Portugal
Slovakia
Spain

Maturity: All eligible constituents in the Indexes must have a maturity greater than or equal to 1 month and less than or equal to 3 years, as measured from the Rebalancing Date.

Weighting: Index constituents will be weighted by market value¹ within the Indexes.

¹ Please refer to MSCI Fixed Income Index calculation methodology at www.msci.com/index-methodology for further details on security level market value calculation.

Pricing: MSCI uses bid side pricing from data vendors. Securities not priced by any of the designated pricing sources are ineligible for Index inclusion.

Settlement: MSCI applies standard same-day (T+0) index settlement convention, unless otherwise specified.

Size: MSCI calibrates and determines size-based index inclusion criteria to balance representativeness and liquidity for each currency within the Indexes. At a security level, size is determined by its current amount outstanding. At rebalancing, each security included in the Index will have size greater than or equal to the thresholds tabulated below.

Currency	Threshold
EUR	EUR 2 billion
USD	USD 2 billion

3 Index Rebalancing & Maintenance

- The Indexes undergo a monthly review, with the rebalancing impact taking effect on the first business day of each month (termed as the Rebalancing Date). To elaborate, bonds are incorporated into the Indexes at the close of the last business day of every month, but the impact on returns is observed on the first business day of the subsequent month.
- The rebalanced Index composition is determined by the most recent data available three days prior to the Rebalancing Date, termed as the Cut-Off Date. If a security in the universe satisfies any inclusion or exclusion criteria after the Cut-Off Date, it will typically become effective at the next monthly rebalancing, provided conditions remain constant. In extraordinary circumstances, such as cases of input data correction, MSCI has the discretion to shorten the Cut-Off Date for Index rebalancing from T-3 to T-2, T-1, or T. In such scenarios, MSCI will inform Index clients of these changes through an announcement.
- MSCI will disclose proforma Index rebalancing results starting the second business day of each month. MSCI will freeze the proforma Index rebalancing results as of the Cut-Off Date.
- Bonds are either added to or removed from the Index solely on monthly rebalancing dates, barring an exchange event². For existing Index components, any changes to Index eligibility will only be reflected in the subsequent monthly rebalancing.
- Any cash that accumulates within the Index each month is re-invested across the Index constituents on a pro-rata basis, on the Rebalancing Date. Essentially, cash in the Index is cleared out on rebalancing, and the opening Index portfolio on the Rebalancing Date commences with zero accrued cash balance.
- Specific variants of the total return calculation of the Index on the Rebalancing Date may be adjusted for transaction costs³ as securities are added to the Index at the offer price.

For further information on index total return calculation and corporate events handling please refer to the MSCI Fixed Income Index Calculation Methodology⁴. For the holiday calendar used in the Indexes, please refer to the MSCI Fixed Income Data Methodology⁵.

² Refer to the MSCI Fixed Income Index Calculation Methodology for detail. Available at <https://www.msci.com/index-methodology>

³ Refer to the MSCI Fixed Income Index Calculation Methodology for detail. Available at <https://www.msci.com/index-methodology>

⁴ Refer to the MSCI Fixed Income Index Calculation Methodology for detail. Available at <https://www.msci.com/index-methodology>

⁵ The methodologies are available at: <https://www.msci.com/index-methodology>.

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The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at: <https://www.msci.com/index-regulation>.

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