

MSCI HONG KONG+ INDEX METHODOLOGY

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1. Introduction

The MSCI Hong Kong+ Index is a free float-adjusted market capitalization weighted index designed to track the performance of the 50 largest securities listed on the Hong Kong Stock Exchange.¹

¹ 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

2.1 Defining the Eligible Universe

The selection universe of the MSCI Hong Kong+ Index is based on constituent securities of the underlying MSCI Hong Kong Index plus HSBC HOLDINGS (HK)² and MSCI China Index, excluding B shares³ (herein, “Eligible Universe”).

2.2 Index Construction

The securities in the Eligible Universe are ranked by free float-adjusted market capitalization in descending order and the largest 50 securities are selected to construct the MSCI Hong Kong+ Index.

2.3 Security Capping

After the selection of the largest 50 securities, if the weight of any security is greater than the maximum weight of 15%, its weight will be capped at the maximum weight. The weight of remaining securities will be adjusted in proportion to their weight prior to such capping.

² The Hong Kong listing of HSBC is exceptionally classified in Hong Kong given its significant size in the Hong Kong stock market. This treatment is different as compared to the country classification rule of the MSCI Global Investable Market Indexes (GIMI) Methodology. At each Index Review, MSCI monitors the investability of the Hong Kong listing of HSBC relative to the investability requirements for the Equity Universe of Hong Kong under the MSCI GIMI Methodology.

³ The MSCI China Index includes companies incorporated in the People’s Republic of China (PRC) and listed in the form of B shares on the Shanghai Stock Exchange (in US\$) or Shenzhen Stock Exchange (in HK\$).

3. Index Maintenance Methodology

3.1 Quarterly Index Review

The composition of the MSCI Hong Kong+ Index is fully reviewed on a quarterly basis to coincide with the regular index reviews of the MSCI Global Investable Market Indexes. The changes are generally implemented as of the close of the last business day of February, May, August and November.

During the regular index reviews, the number of securities in the MSCI Hong Kong+ Index will be restored to 50. In addition, the security capping will be restored as described in section 2.3.

Note that the number of index constituents between the index reviews may differ from 50 due to additions and deletions resulting from corporate events on existing constituents. In addition, intra-quarter weights will fluctuate according to market movements and may exceed the maximum weight threshold of 15%.

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

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 and above in the Eligible Universe will be added to the MSCI Hong Kong+ Index. Existing constituents which rank below 65th will be deleted from the index. If the number of securities differs from 50 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.

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 Hong Kong+ Index is the close of the last business day of February, May, August and November.

3.1.3 Announcement Policy

The results of the index review will be made available on the effective implementation date of the index review.

Indicative results are made available two business days before the effective date of each Quarterly Index Review.

3.2 Ongoing Event-Related Maintenance

The MSCI Corporate Events Methodology is applied for the maintenance of the MSCI Hong Kong+ Index between the regular index reviews. In general, the MSCI Hong Kong+ Index follows the event maintenance of the underlying Eligible Universe.

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 security spun-off from an existing constituent of the MSCI Hong Kong+ Index that qualifies for immediate inclusion to the underlying Eligible Universe will generally be eligible for immediate inclusion to the MSCI Hong Kong+ Index. A non-constituent of the MSCI Hong Kong+ Index which acquires a constituent of the MSCI Hong Kong+ Index will be added to the Index provided it is included in the underlying Eligible Universe.

Other securities that are added to the underlying Eligible Universe between the regular index reviews will only be considered for inclusion in the MSCI Hong Kong+ Index during the next Index Review. In particular, there will be no fast inclusion for IPOs.

3.2.2 Early Deletions of Existing Constituents

If a security is deleted from the Eligible Universe due to a corporate event, it will be automatically removed from the MSCI Hong Kong+ Index. Examples are securities of companies that are acquired, that file for bankruptcy, 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 Hong Kong+ Index falls below or rises above 50 due to corporate events, no additions or deletions will be made to restore the number of constituents to 50 until the next regular index review.

Appendix I: Changes to this Document

The following sections have been modified since September 2017:

Section 3.1.3 Announcement policy

Added new section

Section 3.2 Ongoing Event-related Maintenance

Updates

The following sections have been modified as of 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.

Added Appendix I: Changes to this Document

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