

MSCI DEVELOPED MARKETS IG & HY SELECT CORPORATE BOND INDEX

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Contents		
1	Introduction	3
2	Index Construction Methodology	4
	2.1 Defining the MSCI DM IG Select Corporate Bond Index	4
	2.2 Defining the MSCI DM HY Select Corporate Bond Index	5
	2.3 Defining the MSCI Developed Markets IG & HY Select Corporate Bond Index	5
3	Index Rebalancing & Maintenance	6
	3.1 Monthly Index Reviews of the MSCI Developed Markets IG & HY Select Corporate Bond Index, MSCI DM IG Select Corporate Bond Index and MSCI DM HY Select Corporate Bond Index	

1 Introduction

The MSCI Developed Markets IG & HY Select Corporate Bond Index (the “Index”) is constructed from a global credit universe of corporate bonds denominated in USD, EUR, GBP & CAD by applying various selection criteria based on security type, credit rating, bond size, maturity and country of domicile.

2 Index Construction Methodology

Constructing the MSCI Developed Markets IG & HY Select Corporate Bond Index involves the following steps:

- Defining the MSCI DM IG Select Corporate Bond Index
- Defining the MSCI DM HY Select Corporate Bond Index
- Defining the MSCI Developed Markets IG & HY Select Corporate Bond Index

2.1 Defining the MSCI DM IG Select Corporate Bond Index

The MSCI DM IG Select Corporate Bond Index is constructed by including all constituents of the following four underlying indexes:

1. MSCI USD IG BROAD CORPORATE BOND Index (MSCI Code: 735889)
2. MSCI EUR IG CORPORATE BOND Index (MSCI Code: 733885)
3. MSCI GBP IG CORPORATE BOND Index (MSCI Code: 734508)
4. MSCI CAD IG CORPORATE BOND Index (MSCI Code: 731032)

The methodologies of MSCI EUR IG Corporate Bond Index, MSCI GBP IG Corporate Bond Index and MSCI CAD IG Corporate Bond Index are defined in the MSCI Corporate Bond Indexes Methodology¹

The MSCI USD IG Broad Corporate Bond Index is constructed using the methodology defined for MSCI USD IG Corporate Bond Index in the MSCI Corporate Bond Indexes Methodology² except for the below change:

- At each rebalancing, only securities with notional amount outstanding greater than or equal to USD 300 million will be eligible for inclusion in the MSCI USD IG BROAD CORPORATE BOND Index. Issuer Size threshold is not applicable.

The selected securities in MSCI DM IG Select Corporate Bond Index are weighted by market value within the index.

¹ Refer to MSCI Corporate Bond Indexes Methodology available at: <https://www.msci.com/index-methodology>

² Refer to MSCI Corporate Bond Indexes Methodology available at: <https://www.msci.com/index-methodology>

2.2 Defining the MSCI DM HY Select Corporate Bond Index

The MSCI DM HY Select Corporate Bond Index is constructed by including all constituents of the following four underlying indexes:

1. MSCI USD HY CORPORATE BOND Index (MSCI Code: 730306)
2. MSCI EUR HY CORPORATE BOND Index (MSCI Code: 733886)
3. MSCI GBP HY CORPORATE BOND Index (MSCI Code: 734509)
4. MSCI CAD HY CORPORATE BOND Index (MSCI Code: 731033)

The methodologies of the above four underlying indexes are defined in the MSCI Corporate Bond Indexes Methodology³. The selected securities in MSCI DM HY Select Corporate Bond Index are weighted by market value within the index.

2.3 Defining the MSCI Developed Markets IG & HY Select Corporate Bond Index

The MSCI Developed Markets IG & HY Select Corporate Bond Index is constructed by selecting all constituents of the following two indexes:

- MSCI DM IG Select Corporate Bond Index
- MSCI DM HY Select Corporate Bond Index

The selected securities in MSCI Developed Markets IG & HY Select Corporate Bond Index are weighted by market value within the Index.

³ Refer to MSCI Corporate Bond Indexes Methodology available at: <https://www.msci.com/index-methodology>

3 Index Rebalancing & Maintenance

3.1 Monthly Index Reviews of the MSCI Developed Markets IG & HY Select Corporate Bond Index, MSCI DM IG Select Corporate Bond Index and MSCI DM HY Select Corporate Bond Index

- The composition of the MSCI Developed Markets IG & HY Select Corporate Bond Index, MSCI DM IG Select Corporate Bond Index and MSCI DM HY Select Corporate Bond Index are reviewed monthly, with Rebalancing Date being first business date of the month.
- Change in the index composition is based on latest data available as of three days prior to the Rebalancing Date, which is defined as the Cut-Off Date
- MSCI will announce proforma index rebalancing results as of the Cut-Off Date.
- Bonds are added to or deleted from the index only on monthly rebalancing dates, except in case of an exchange event⁴. For the existing index components any changes to index eligibility will only be reflected in the next monthly rebalancing.
- Any inclusion or exclusion criteria satisfied for a given security in the universe, after the Cut-Off Date, will generally become effective at the following monthly rebalancing; should conditions remain unchanged.
- Any cash that accrues within the index in each month is re-invested on a pro-rata basis across the index constituents, on the Rebalancing Date. In essence, cash in the index is swept out on rebalancing and the opening index portfolio on the Rebalancing Date starts with zero accrued cash balance.
- Certain variants of total return calculation of the index on the Rebalancing Date may be adjusted for transaction cost⁵ 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 Methodology. For

⁴ Refer to the MSCI Fixed Income Index Calculation Methodology for detail

⁵ Refer to the MSCI Fixed Income Index Calculation Methodology for detail

the holiday calendar used in the indexes, please refer to the MSCI Fixed Income Data Methodology⁶

MSCI leverages the GICS^{®7} sector classification framework for construction of the MSCI Developed Markets IG & HY Select Corporate Bond Index, MSCI DM IG Select Corporate Bond Index and MSCI DM HY Select Corporate Bond Index. Please refer to MSCI GICS Methodology⁸ for details.

⁶ The methodologies are available at: <https://www.msci.com/index-methodology>

⁷ GICS, the global industry classification standard, jointly developed by MSCI Inc. and S&P Global.

⁸ The GICS methodology is available at: <https://www.msci.com/gics>

Contact us

clientservice@msci.com

AMERICAS

Americas	1 888 588 4567 *
Atlanta	+ 1 404 551 3212
Boston	+ 1 617 532 0920
Chicago	+ 1 312 675 0545
Monterrey	+ 52 81 1253 4020
New York	+ 1 212 804 3901
San Francisco	+ 1 415 836 8800
São Paulo	+ 55 11 3706 1360
Toronto	+ 1 416 628 1007

EUROPE, MIDDLE EAST & AFRICA

Cape Town	+ 27 21 673 0100
Frankfurt	+ 49 69 133 859 00
Geneva	+ 41 22 817 9777
London	+ 44 20 7618 2222
Milan	+ 39 02 5849 0415
Paris	0800 91 59 17 *

ASIA PACIFIC

China North	10800 852 1032 *
China South	10800 152 1032 *
Hong Kong	+ 852 2844 9333
Mumbai	+ 91 22 6784 9160
Seoul	00798 8521 3392 *
Singapore	800 852 3749 *
Sydney	+ 61 2 9033 9333
Taipei	008 0112 7513 *
Thailand	0018 0015 6207 7181 *
Tokyo	+ 81 3 5290 1555

* = toll free

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