

MSCI Germany SFIX Quarterly Property Fund Index (Unfrozen)

CONSULTATION PROPOSAL TO FREEZE INDEX

July 19, 2023

This consultation may or may not lead to the implementation of any or all the proposals mentioned. Consultation feedback will remain confidential. MSCI may publicly disclose the feedback of a participant if requested by the participant. In that case, the relevant feedback would be published at the same time as the results of the consultation.

Executive Summary

- MSCI has launched the index methodology consultation to freeze MSCI Germany SFIX Quarterly Property Fund Index (Unfrozen) ('MSCI Germany SFIX') and this document comprises of the consultation proposal
- **Proposal:** MSCI conducted the review as per its methodology review procedure for Property Fund Indexes and propose the following changes to MSCI Germany SFIX:
 1. MSCI Germany SFIX Quarterly Property Fund Index (Unfrozen) to be based on frozen methodology
 2. Sub-Indexes of MSCI Germany SFIX Quarterly Property Fund Index (Unfrozen) to be based on frozen methodology
- **Benefits:**
 - Enhanced use for benchmarking with no changes to index history
 - Solutions to market participants based on frozen index return
 - Support fund reporting requirements as per PRIIPS regulation
- **Key Dates:**
 - Launch consultation – 19 July 2023
 - Consultation completion – 5 September 2023
 - MSCI decision communication – On or before 19 September 2023
- **Implementation:**
 - This consultation may or may not lead to the implementation of any or all the proposals mentioned.
 - Proposed changes would be implemented for period-end reporting of September 2023, scheduled to be published on 13 November 2023

Methodology & Consultation Proposal

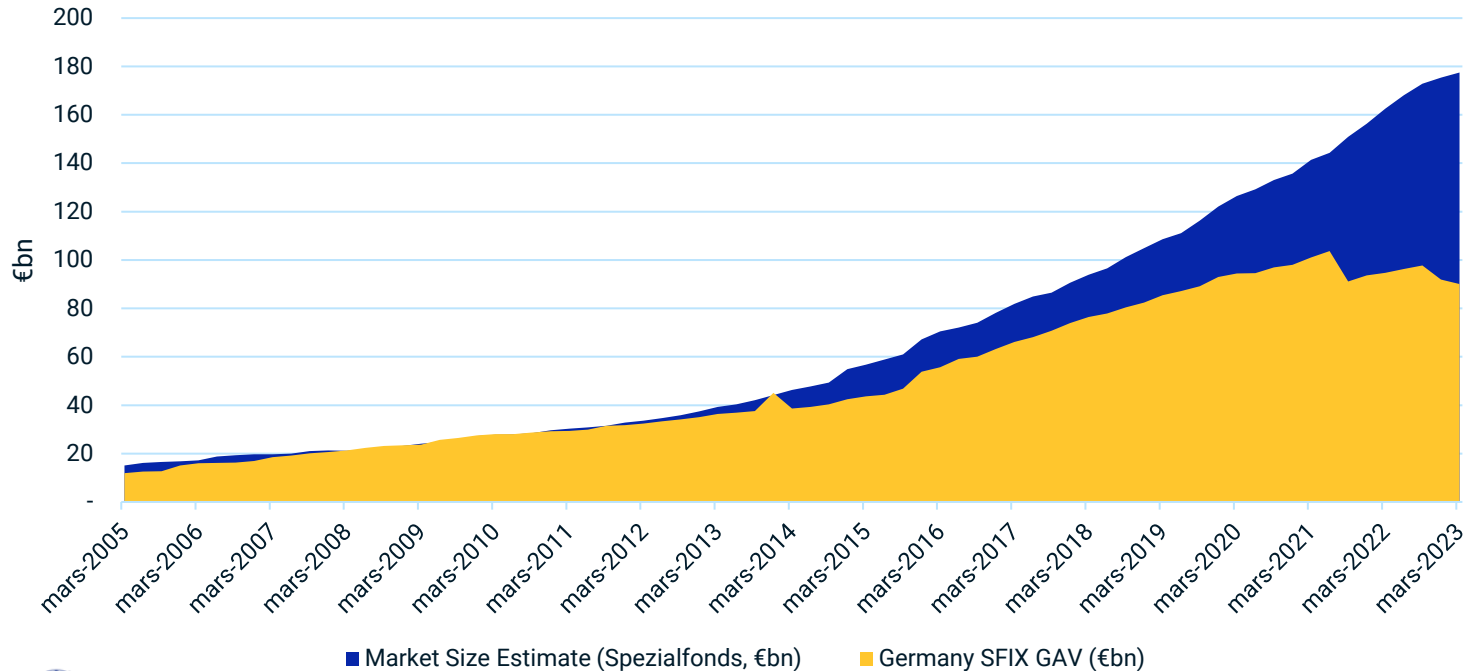
- **MSCI Germany SFIX Quarterly Property Fund Index (Unfrozen) ('Germany SFIX')**
 - Includes open-ended funds domiciled in Germany and set up for institutional investors
 - Includes funds investing in Germany as well as outside Germany
 - Index calculated using unitized method and currently has unfrozen history
 - As of Mar-2023, index includes 189 funds with NAV of €72.5bn
 - Index Base date: Dec-2004
- Proposal to base MSCI Germany SFIX and sub-indexes on frozen index methodology
- Proposed freeze point: September 2023

Assessment for Proposal to Freeze Indexes

- As per MSCI's Property Fund Index Methodology, following criteria are assessed for a freezing proposal:
 1. Index coverage i.e., Size of the index compared to the market size estimate
 2. Stability in index composition
 3. Impact of historical data changes and composition changes on index returns

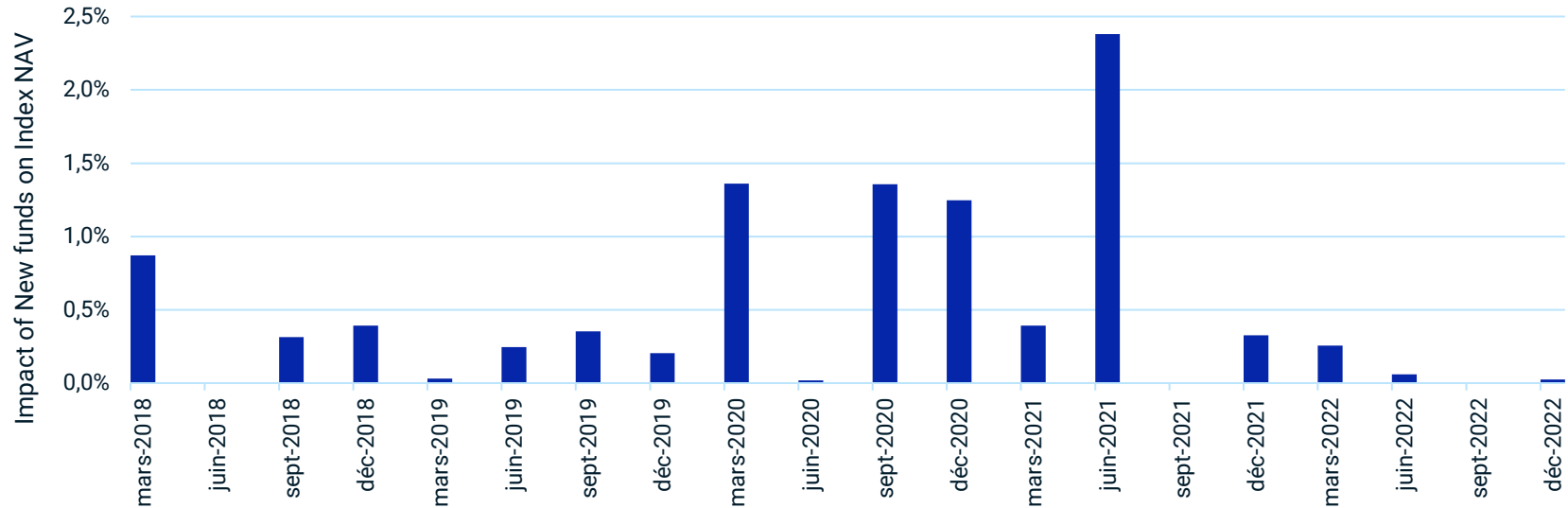
Rule 1: Index Coverage Assessment

- At over 50% of the estimated market size, the coverage of Germany SFIX is representative



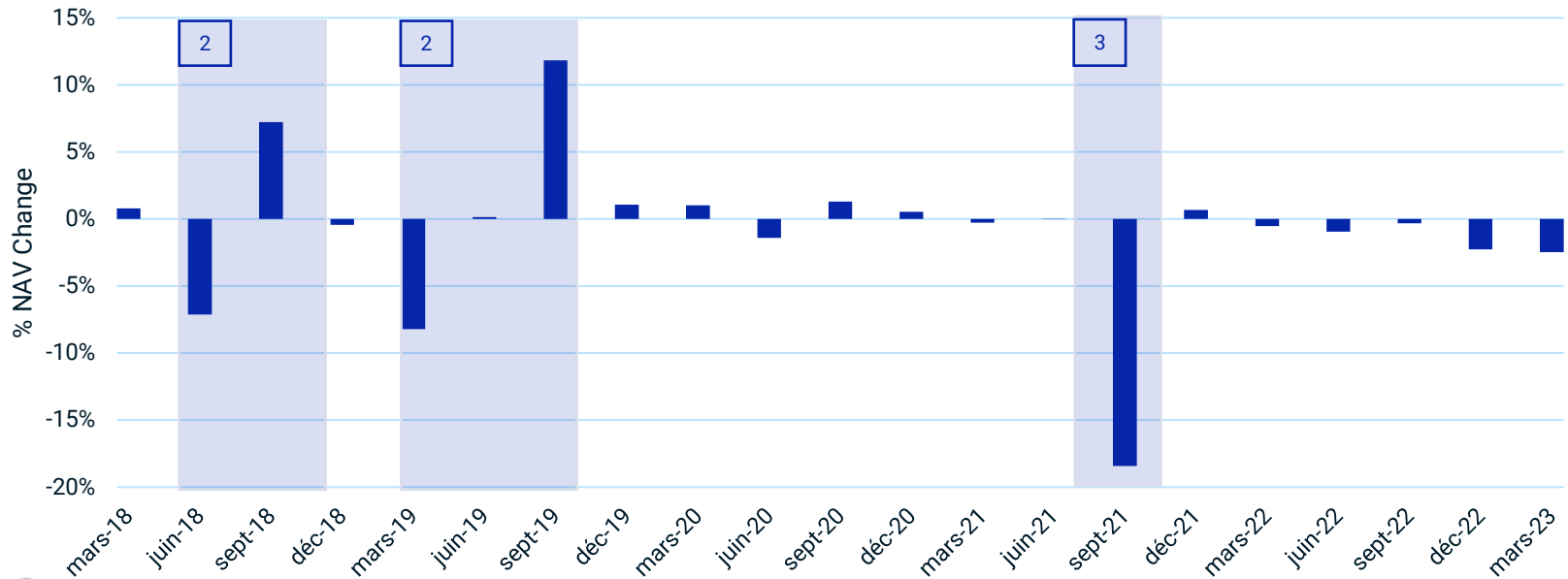
Rule 2: Stability of Index Composition

- In past 5 years, new funds joining index did not have a material* impact on composition



Rule 2: Stability of Index Composition

1. Index composition has been largely stable in past 5 years
2. Two instances of funds re-joining index at later date
3. Material decline in composition observed in September 2021 due to lack of availability of data

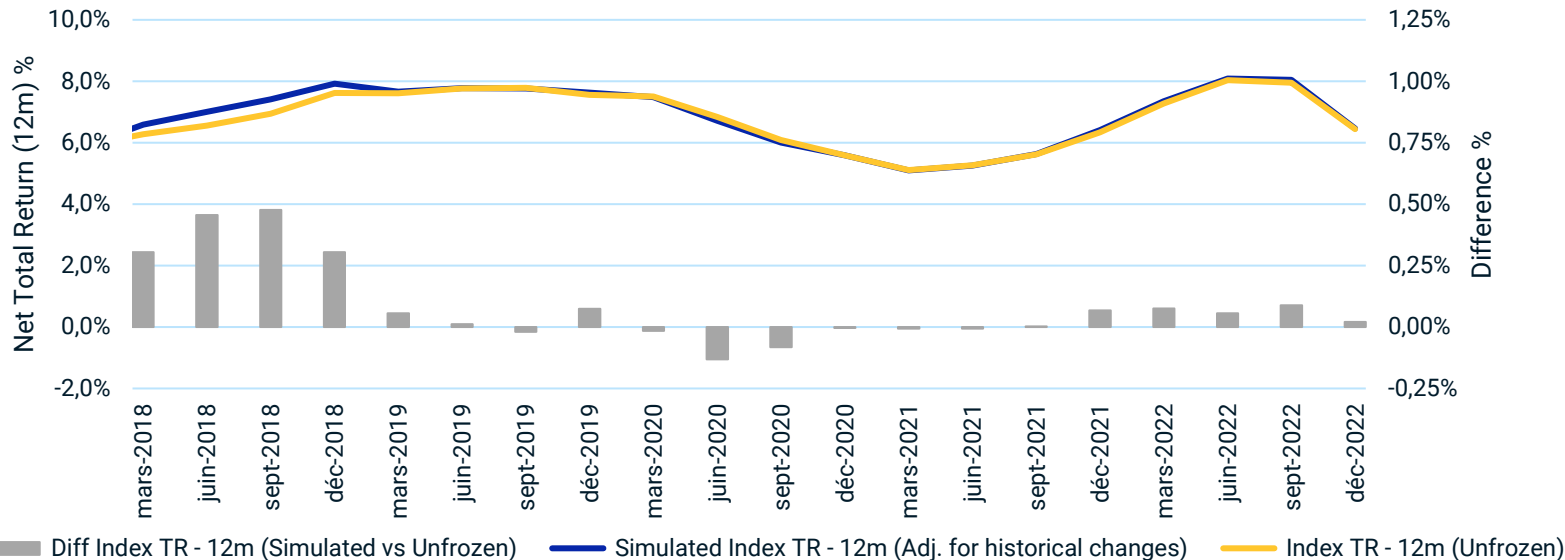


Rule 3:

Historical Changes to Index Data and Composition

Simulated MSCI Germany SFIX excluding the Impact of Changes

- **Simulation:** Unfrozen MSCI Germany SFIX excluding historical changes to index data and composition
- For the last 5 years, no material change to index results due to historical changes to index data and composition indicates consistency of index returns



Discussion Points

1. Do you agree with MSCI's proposal for MSCI Germany SFIX to be based on frozen index methodology?
2. Do you agree with MSCI's proposal for sub-indexes of MSCI Germany SFIX to be based on frozen index methodology?

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