

# MSCI ACWI EX USA HIGH DIVIDEND YIELD INDEX

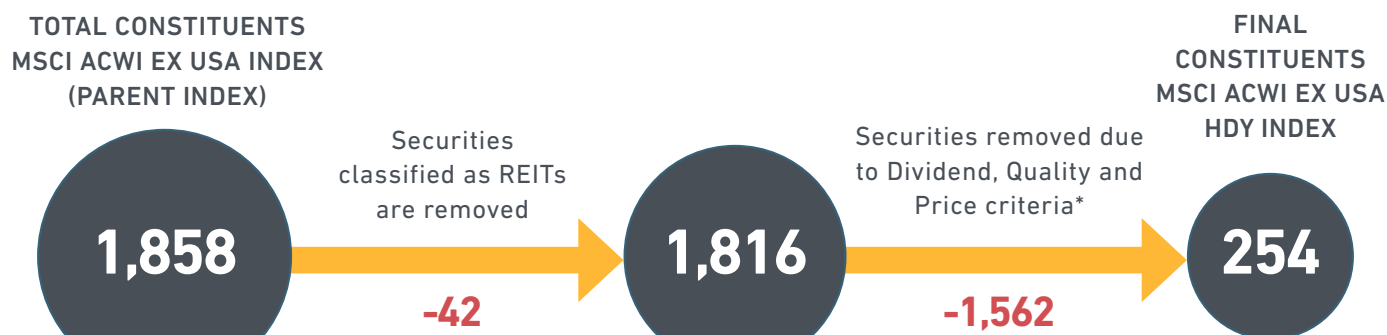
The MSCI High Dividend Yield (HDY) Indexes are designed to represent the performance of companies with high dividend income and quality characteristics. The methodology aims to include companies with higher-than-average dividend yields relative to the parent index and that have been sustainable and persistent over time. The index also excludes stocks that historically exhibited deteriorating quality characteristics.

## KEY FEATURES OF THE MSCI HIGH DIVIDEND YIELD INDEXES

- Simple and transparent index methodology
- Aim to include stocks with historically sustainable dividend yields over time
- Seek stocks with a consistent history of dividend growth
- Goal of high replicability with moderate annual index turnover

The MSCI High Dividend Yield Indexes aim to represent the performance of companies that have historically demonstrated stable and increasing dividends.

## HIGH DIVIDEND YIELD INDEX CONSTRUCTION



### \*EXCLUSION HIGHLIGHTS

51% failed 1 criteria

43% failed 2 or 3 criteria

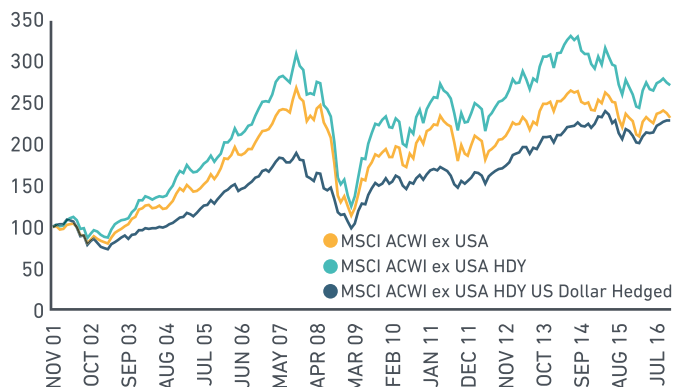
5% failed 4 or 5 criteria

The following table further details the number of securities which failed each criteria.

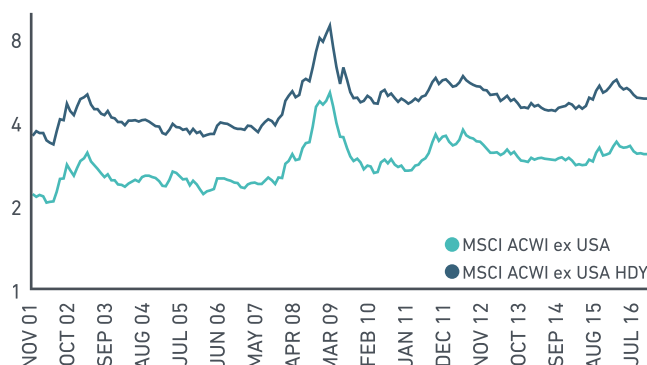
INDEX	PARENT INDEX	REITS	DIVIDEND YIELD	DIVIDEND SUSTAINABILITY	DIVIDEND PERSISTENCE	QUALITY	PRICE PERFORMANCE	FINAL INDEX
MSCI ACWI ex USA HDY Index	1858	42	1353	274	347	706	47	254

Source: MSCI as of November 2016.

## INDEX LEVEL PERFORMANCE OF MSCI ACWI EX US HDY (NOV 2001-NOV 2016)



## HISTORICAL MONTHLY INDEX DIVIDEND YIELDS (NOV 2001-NOV 2016)



## HIGH DIVIDEND YIELD INDEX METHODOLOGY

### STEP 1

Remove any securities classified as REITs.

### STEP 2

Apply the following criteria simultaneously:

- Dividend Yield: excludes securities with dividend yields that are less than 1.3 times the parent index dividend yield index
- Dividend Sustainability: excludes securities with negative or very high payouts (top 5% by payout)
- Dividend Persistence: excludes securities with negative 5-year dividends per share growth

- Quality: excludes securities with negative quality scores, based on ROE, earnings variability and debt-to-equity
- Price Performance: excludes securities ranked in the bottom 5% of the universe of securities with negative 1-year price performance

Additionally, MSCI can apply a hedged index methodology to any MSCI index. The MSCI Hedged Indexes include all of the securities and weights of each corresponding unhedged MSCI Parent Index, helping institutional investors to measure the impact of hedging currency while equity exposure remains constant. The MSCI Hedged High Dividend Yield Indexes provide an income focus and may be effective tools for those who also wish to measure the impact of currency risk or currency returns.

## ABOUT MSCI

For more than 40 years, MSCI's research-based indexes and analytics have helped the world's leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research. Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research. MSCI serves 97 of the top 100 largest money managers, according to the most recent P&I ranking. For more information, visit us at [www.msci.com](http://www.msci.com).

The information contained herein (the "Information") may not be reproduced or disseminated in whole or in part without prior written permission from MSCI. The Information may not be used to verify or correct other data, to create indexes, risk models, or analytics, or in connection with issuing, offering, sponsoring, managing or marketing any securities, portfolios, financial products or other investment vehicles. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information or MSCI index or other product or service constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy. Further, none of the Information or any MSCI index is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF MSCI INC. OR ANY OF ITS SUBSIDIARIES OR ITS OR THEIR DIRECT OR INDIRECT SUPPLIERS OR ANY THIRD PARTY INVOLVED IN THE MAKING OR COMPILING OF THE INFORMATION (EACH, AN "MSCI PARTY") MAKES ANY WARRANTIES OR REPRESENTATIONS AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH MSCI PARTY HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING ANY OF THE FOREGOING AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY REGARDING ANY OF THE INFORMATION FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL (INCLUDING LOST PROFITS) OR ANY OTHER DAMAGES EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing shall not exclude or limit any liability that may not be by applicable law be excluded or limited.

©2017 MSCI Inc. All rights reserved | CFS0317