

# **BETA ADVANTAGE SUSTAINABLE GLOBAL EQUITY INCOME 200 INDEX**

**June 2017**

**CONTENTS**

- 1 Introduction ..... 3
- 2 Index Construction Methodology ..... 4
  - 2.1 Defining the Eligible Universe ..... 4
  - 2.2 Selection and Weighting of The Constituents..... 4
- 3 Maintaining the Index ..... 6
  - 3.1 Quarterly and Semi Annual Index Reviews ..... 6
  - 3.2 Ongoing Event Related changes..... 6

**1 INTRODUCTION**

MSCI Indexes are constructed and maintained in accordance with the MSCI Global Investable Market Indexes Methodology and calculated as per the MSCI Index Calculation Methodology. This methodology book provides a description of the rules and guidelines followed by MSCI for the construction and maintenance of the Beta Advantage Sustainable Global Equity Income 200 Index, which aims to reflect the performance of a Columbia Investment Advisers, LLC. strategy.

The Beta Advantage Sustainable Global Equity Income 200 Index (herein, the “Index”) is designed to represent the performance of companies in all developed markets that historically have demonstrated relatively higher as well as sustainable levels of income within the Parent Index universe of securities.

## 2 INDEX CONSTRUCTION METHODOLOGY

### 2.1 DEFINING THE ELIGIBLE UNIVERSE

The Parent Index includes all securities belonging to the MSCI World Index, excluding securities classified in the Equity Real Estate Investment Trusts Industry and Mortgage Real Estate Investment Trusts Sub-Industry as per the Global Industry Classification Standard (GICS®). Real Estate Investment Trusts (REITs) have structurally very high dividend yield and, if included, would represent a disproportionate share of the Index. All securities belonging to the Parent Index are eligible for inclusion in the Beta Advantage Sustainable Global Equity Income 200 Index

### 2.2 SELECTION AND WEIGHTING OF THE CONSTITUENTS

The Beta Advantage Sustainable Global Equity Income 200 Index is constructed as the combination of following two Beta Advantage Income Indexes (“Component Indexes”)

- Component 1: Beta Advantage Sustainable U.S. Equity Income 100 Index
- Component 2: Beta Advantage Sustainable International Equity Income 100 Index

All the constituents of each Component Index are included in the Beta Advantage Sustainable Global Equity Income 200 Index.

The weight of each security in the Beta Advantage Sustainable Global Equity Income 200 Index is determined based on:

- The security’s weight in each underlying Component Index;
- The weight of each underlying Component Index in the Beta Advantage Sustainable Global Equity Income 200 Index.

The weight can be calculated as follows:

$$W_{Sec_i}^{BA} = \sum_{C_j} W_{C_j}^{BA} \times W_{Sec_i}^{C_j}$$

Where:

- $W_{Sec_i}^{BA}$  is the weight of security  $Sec_i$  in the Beta Advantage Sustainable Global Equity Income 200 Index
- $W_{C_j}^{BA}$  is the weight of the Component Index  $C_j$  in the Beta Advantage Sustainable Global Equity Income 200 Index
- $W_{Sec_i}^{C_j}$  is the weight of security  $Sec_i$  in the Component Index  $C_j$



At each rebalancing, Component Index 1 is assigned weight equivalent to total weight of all the securities belonging to MSCI USA Index in the MSCI World Value Index and Component Index 2 the total weight of all securities belonging to MSCI World ex USA Index in the MSCI World Value Index.

### 3 MAINTAINING THE INDEX

#### 3.1 QUARTERLY AND SEMI ANNUAL INDEX REVIEWS

The Beta Advantage Sustainable Global Equity Income 200 Index is reviewed on a quarterly basis coinciding with the May and November Semi-Annual Index Reviews and the February and August Quarterly Index Reviews of the Parent Index. The pro forma Index typically is announced nine business days before the effective date.

At each rebalancing, a Constraint Factor (CF) is calculated for each constituent in the Beta Advantage Sustainable Global Equity Income 200 Index. The Constraint Factor is defined as the weight in the Beta Advantage Sustainable Global Equity Income 200 Index at the time of the rebalancing divided by the weight in the Parent Index. The constraint factor as well as the constituents in the index remains constant between index reviews except in case of corporate events as described in section 3.2.

#### 3.2 ONGOING EVENT RELATED CHANGES

The general treatment of corporate events in the Beta Advantage Sustainable Global Equity Income 200 Index aims to minimize turnover outside of Index Reviews. The methodology aims to appropriately represent an investor’s participation in an event based on relevant deal terms and pre-event weighting of the index constituents that are involved. Further, changes in index market capitalization that occur as a result of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

Additionally, if the frequency of Index Reviews in the Parent Index is greater than the frequency of Index Reviews in the Beta Advantage Sustainable Global Equity Income 200 Index, the changes made to the Parent Index during intermediate Index Reviews will be neutralized in the Beta Advantage Sustainable Global Equity Income 200 Index.

The following section briefly describes the treatment of common corporate events within the Beta Advantage Sustainable Global Equity Income 200 Index.

No new securities will be added (except where noted below) to the Index between Index Reviews. Parent Index deletions will be reflected simultaneously.

EVENT TYPE	EVENT DETAILS
<b>New additions to the Parent Index</b>	A new security added to the parent index (such as IPO and other early inclusions) will not be added to the index.
<b>Spin-Offs</b>	All securities created as a result of the spin-off of an existing Index constituent will be added to the Index at the time of

event implementation. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

**Merger/Acquisition**

For Mergers and Acquisitions, the acquirer’s post event weight will account for the proportionate amount of shares involved in deal consideration, while cash proceeds will be invested across the Index.

If an existing Index constituent is acquired by a non-Index constituent, the existing constituent will be deleted from the Index and the acquiring non-constituent will not be added to the Index.

**Changes in Security Characteristics**

A security will continue to be an Index constituent if there are changes in characteristics (country, sector, size segment, etc.) Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

Further detail and illustration regarding specific treatment of corporate events relevant to this Index can be found in the MSCI Corporate Events Methodology book under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at: <https://www.msci.com/index-methodology>

**The following sections have been modified since June 2016:**

- Section 2.1: Excluded GICS Industry and Sub-Industry are updated to reflect changes to the GICS structure effective September 01, 2016

**The following sections have been modified since August 2016:**

- Appendix I in the previous version of the methodology book describing the Corporate Events treatment has been deleted. The details on the Corporate Events treatment are now included in Section 3.2.

## 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
Sao 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 *
Tokyo	+ 81 3 5290 1555

\* = toll free

### 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.

For more information, visit us at [www.msci.com](http://www.msci.com).

## NOTICE AND DISCLAIMER

- This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the “Information”) is the property of MSCI Inc. or its subsidiaries (collectively, “MSCI”), or MSCI’s licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the “Information Providers”) and is provided for informational purposes only. The Information may not be modified, reverse-engineered, reproduced or disseminated in whole or in part without prior written permission from MSCI.
- The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.
- 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 THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.
- Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider 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 by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or sub-contractors.
- Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.
- The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.
- None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.
- It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, “Index Linked Investments”). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.
- Index returns do not represent the results of actual trading of investible assets/securities. MSCI maintains and calculates indexes, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an Index Linked Investment to be different than the MSCI index performance.
- The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.
- Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.
- Data and information produced by various affiliates of MSCI Inc., including MSCI ESG Research LLC and Barra LLC, may be used in calculating certain MSCI indexes. More information can be found in the relevant index methodologies on [www.msci.com](http://www.msci.com).
- MSCI receives compensation in connection with licensing its indexes to third parties. MSCI Inc.’s revenue includes fees based on assets in Index Linked Investments. Information can be found in MSCI Inc.’s company filings on the Investor Relations section of [www.msci.com](http://www.msci.com).
- MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Except with respect to any applicable products or services from MSCI ESG Research, neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and MSCI’s products or services are not 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. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.
- Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD, FEA, InvestorForce, and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor’s. “Global Industry Classification Standard (GICS)” is a service mark of MSCI and Standard & Poor’s.