

MSCI CHINA A ONSHORE IMI EFFICIENT ENERGY SELECT K-SERIES INDEX

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1 Introduction

The MSCI China A Onshore IMI Efficient Energy Select K-Series Index (herein, 'The Index') aims to represent the performance of China A shares listed on the Shanghai and Shenzhen Stock Exchanges associated with the development of new products and services focused on power generation using renewable sources.

2 Constructing the Index

The Index is constructed by selecting stocks from the MSCI K-Series China A Onshore Investable Market Index (IMI) (the ‘Parent Index’) based on rules explained in the following sections.

2.1 Eligible Universe

The Eligible Universe is constructed by applying all rules described under sections 2.2 to 2.3 of the MSCI China A Onshore IMI Efficient Energy Index Methodology¹ to the Parent Index.

2.2 Weighting scheme

Stocks in the Eligible Universe are weighted by the product of Relevance Score² and their free float adjusted market capitalization, which is calculated based on the Domestic Inclusion Factor (DIF) and not subject to Foreign Ownership Limits (FOLs)³. The weights are then normalized to sum to 100%.

2.3 Capping

Constituent weights are capped at the issuer level to mitigate concentration risk in the Index. The issuer weight in the Index is capped at 8% at each Semi-Annual Index Review.

Additionally, the Index constituents are also capped on an “as needed” basis to ensure that there are no concentrated positions between Semi-Annual Index Reviews. The Index constituents are capped to 8% at an issuer level at the end of any day on which the issuer capping constraint of 11% (without any buffers) is breached. The re-weighting will take place as of the close of the day when the Index breaches the capping constraints, so that the Index will always be within the constraints before the opening of the following trading day.

¹ Please refer to the MSCI China A Onshore IMI Thematic Indexes Methodology (available on <https://www.msci.com/index-methodology>).

² For details of calculation of Relevance Scores, please refer to the MSCI Thematic Relevance Score Methodology document.

³ For details, please refer to the Global Investable Market Indexes Methodology (available on <https://www.msci.com/index-methodology>).

3 Maintaining the Indexes

3.1 Semi-Annual Index Review

The Index is reviewed on a semi-annual basis in May and November to coincide with the May and November Semi-Annual Index Reviews of the Parent Index, and the changes are implemented at the end of May and November. In general, the pro forma index is announced nine business days before the effective date.

During the Semi-Annual Index Review, the Eligible Universe is updated.

3.2 Ongoing event-related maintenance

The general treatment of corporate events in the 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.

The following section briefly describes the treatment of common corporate events within the 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

New additions to the Parent Index

A new security added to the Parent Index (such as IPO and other early inclusions) will not be added to the index.

Spin-Offs

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 if the spin-off security is also added to the Parent Index. 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.

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

The following sections have been modified effective June 1, 2022:

- Section 2 and 3 have been updated to reflect the updates to the MSCI China A Onshore IMI Thematic Indexes methodology document

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