



Index Methodology

MSCI All Ireland Index

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1. Introduction

The MSCI All Ireland Index is a free float-adjusted market capitalization index that aims to reflect the performance of listed companies in the Broad Ireland Equity Universe, and is designed to serve as a benchmark and research tool.

2. Constructing the MSCI All Ireland Index

2.1 Defining the Broad Ireland Equity Universe

The Broad Ireland Equity Universe is defined as equity securities classified in Ireland according to the MSCI Global Investable Market Indices Methodology¹ as well as equity securities that are not classified in Ireland according to the MSCI Global Investable Market Indices Methodology, but are either headquartered in Ireland or listed in Ireland and have the majority of their operations based in Ireland.

2.2 Determining the Investable Broad Ireland Equity Universe

The Investable Broad Ireland Equity Universe is derived by applying investability screens to individual companies and securities in the Broad Ireland Equity Universe.

Some of the investability requirements are applied at the individual security level and some at the overall company level, represented by the aggregation of individual securities of the company.

2.2.1 Minimum Size Requirement

This investability screen is applied at the company level. In order to be included in the Investable Broad Ireland Equity Universe, a company must have a full market capitalization of at least 50% the Investable Market Index (IMI) Market Size-Segment Cutoff for Ireland.

For a definition of the IMI Market Size-Segment Cutoff, please refer to the MSCI Global Investable Market Indices Methodology.

2.2.2 Minimum Float-Adjusted Market Capitalization Requirement

This investability screen is applied at the individual security level. To be eligible for inclusion in the Investable Broad Ireland Equity Universe, a security must have a free float-adjusted market capitalization of at least 25% of the IMI Market Size-Segment Cutoff for Ireland.

2.2.3 Minimum Liquidity Requirement

This investability screen is applied at the individual security level. To be eligible for inclusion in the Investable Broad Ireland Equity Universe, a security must have both a 12-month and 3-month Annual Traded Value Ratio (ATVR) of at least 10%. In addition, a security must have 3-month frequency of trading of at least 50%.

For a definition of ATVR, please refer to the MSCI Global Investable Market Indices Methodology.

¹ As part of the MSCI Global Investable Market Indices Methodology, the country classification of a security is generally determined by the country of incorporation of the issuing company and the primary listing of the security. Please refer to the MSCI Global Market Indices Methodology book for further details on the country classification process.

2.2.4 Minimum Foreign Inclusion Factor Requirement

This investability screen is applied at the individual security level. In general, a security must have a Foreign Inclusion Factor (FIF) equal to or larger than 0.15 to be eligible for inclusion in the Investable Broad Ireland Equity Universe. Exceptions to this general rule are made only for securities that have a free float-adjusted market capitalization greater than 1.8 times the Minimum Float-Adjusted Market Capitalization Requirement as defined in section 2.2.2 above.

2.2.5 Minimum Length of Trading Requirement

This investability screen is applied at the individual security level. For an IPO to be eligible for inclusion in the Investable Broad Ireland Equity Universe, the new issue must have started trading at least three calendar months before the inclusion. Large IPOs are not subject to the Minimum Length of Trading Requirement and may be included in the MSCI All Ireland Index. Please refer to section 3 for more details.

3. Selecting the MSCI All Ireland Index Constituents

Once the Investable Broad Ireland Equity Universe is defined, then the constituents of the MSCI All Ireland Index are determined.

All securities fulfilling any of the following criteria are included in the MSCI All Ireland Index:

- All constituents of the MSCI ACWI IMI that are included in the Broad Ireland Equity Universe as defined in Section 2.1 (including all constituents of the MSCI Ireland IMI as well as all constituents of the MSCI ACWI IMI that are classified in other countries but are included in the Broad Ireland Equity Universe);
- All securities ranked in the top 15 of the Investable Broad Ireland Equity Universe sorted by free float-adjusted market capitalization;
- IPOs not meeting the Minimum Length of Trading Requirement as described in section 2.2.5 but with a free float-adjusted market capitalization greater than that of the 10th largest security by free float-adjusted market capitalization in the Investable Broad Ireland Equity Universe.

If the resulting number of constituents in the MSCI All Ireland Index is less than 25, additional securities are included in the following order until the number of constituents reaches 25:

- Securities from the Investable Broad Ireland Equity Universe in descending order of free float-adjusted market capitalization
- Current constituents from the non-Investable Broad Ireland Equity Universe in descending order of 3-Month ATVR
- Other securities from the non-Investable Broad Ireland Equity Universe in descending order of 3-Month ATVR

4. Maintaining the MSCI All Ireland Index

4.1 November Annual Index Review

The MSCI All Ireland Index is reviewed annually. In general, the changes are implemented as of the close of the last business day of November, coinciding with the November Semi-Annual Index Review of the MSCI Global Investable Market Indices. The pro forma indices are announced nine business days before the effective date.

4.1.1 Updating the Broad Ireland Equity Universe

During the Annual Index Review, the Broad Ireland Equity Universe is updated by identifying all eligible securities according to Section 2.1.

4.1.2 Updating the Investable Broad Ireland Equity Universe

During each Annual Index Review, each company/security in the updated Broad Ireland Equity Universe that is not a constituent of the MSCI All Ireland Index is evaluated for investability using the same investability screens described in Section 2.2.

Existing constituents of the MSCI All Ireland Index, on the other hand, are evaluated using buffers around these investability requirements:

- Minimum Size Requirement: an existing constituent will remain in the Investable Broad Ireland Equity Universe if its full market capitalization is at least 25% of the Minimum Size Requirement as defined in Section 2.2.1;
- Minimum Float-Adjusted Market Capitalization Requirement: an existing constituent will remain in the Investable Broad Ireland Equity Universe if its free float-adjusted market capitalization is at least 12.5% of the Minimum Float-Adjusted Market Capitalization Requirement as defined in Section 2.2.2;
- Minimum Liquidity Requirement: an existing constituent will remain in the Investable Broad Ireland Equity Universe if its 12-month and 3-month ATVRs are above 2.5% and its 3-month frequency of trading is above 40%;
- Minimum FIF Requirement: an existing constituent will remain in the Investable Broad Ireland Equity Universe if it has a FIF lower than 0.15 and free float-adjusted market capitalization greater than 1.8 times 50% of the Minimum Float-Adjusted Market Capitalization Requirement as defined in section 2.2.2.

4.1.3 Selecting the MSCI All Ireland Index Constituents

All constituents of the MSCI ACWI IMI that are included in the Investable Broad Ireland Equity Universe are included in the MSCI All Ireland Index. Further, securities included in the Investable Broad Ireland Equity Universe as per section 4.1.2 fulfilling any of the following criteria are included in the MSCI All Ireland Index:

- Existing constituents of the MSCI All Ireland Index;
- Other securities which are ranked among the largest 15 securities in the updated Investable Broad Ireland Equity Universe by free float-adjusted market capitalization.

In case the resulting number of constituents is below 25, additional securities are selected in the following order, until the number of constituents reaches 25:

- Securities from the updated Investable Broad Ireland Equity Universe in descending order of free float-adjusted market capitalization.
- Existing constituents of the MSCI All Ireland Index that are not part of the updated Investable Broad Ireland Equity Universe (but still part of the Broad Ireland Equity Universe), in descending order of 3-Month ATVR.
- Other securities that are not a part of the Investable Broad Ireland Equity Universe (but still part of the Broad Ireland Equity Universe), in descending order of 3-Month ATVR.

4.1.4 Deleting Securities with Low Liquidity

Securities identified as deletions from the MSCI All Ireland Index as a result of not fulfilling the Minimum Liquidity Requirements for existing constituents described in section 4.1.2 are deleted in two phases. To do so, an inclusion factor of 0.5 is applied to the weight of the security at the time of the November Annual Index Review and up to the February Quarterly Index Review (QIR). The security is deleted from the Index at the time of the February QIR.

All other deletions are implemented fully at the time of the November Annual Index Review.

4.2 Quarterly Index Reviews

Additions to the MSCI Ireland IMI as part of the May Semi-Annual Index Review (SAIR) and February and August QIRs of the MSCI Global Investable Market Indices are simultaneously reflected in the MSCI All Ireland Index. Deletions from the MSCI Ireland IMI as part of the May SAIR and February and August QIRs are not reflected in the MSCI All Ireland Index and are reviewed for inclusion as part of the following November Annual Index Review.

In addition, significant changes in free float estimates and corresponding FIFs are reflected at the Quarterly Index Reviews. Small changes in number of shares, typically less than 5% of the shares outstanding, are updated at the Quarterly Index Reviews rather than at the time of the change, to minimize index turnover.

4.3 Ongoing Event Related Changes

Corporate events are handled according to the MSCI Global Investable Market Indices Methodology.

Any security deleted from the MSCI ACWI IMI as a result of a corporate event will be simultaneously deleted from the MSCI All Ireland Index. In addition, securities of companies that file for bankruptcy, companies that file for protection from their creditors and/or are suspended and for which a return to normal business activity and trading is unlikely in the near future will be removed from the MSCI All Ireland Index as soon as practicable. Companies that fail stock exchanges listing requirements with announcements of delisting from the stock exchanges will be treated in the same way.

Any security added to the MSCI Ireland IMI Index as a result of a corporate event will be simultaneously added to the MSCI All Ireland Index. No other security will be added to the MSCI All Ireland Index outside the Index Reviews.

Appendix I – MSCI All Ireland Capped Index

The MSCI All Ireland Capped Index is constructed by applying the MSCI 25/50 methodology on that portion of the MSCI All Ireland Index which includes all securities that are part of the MSCI ACWI IMI and other securities that meet the MSCI Ireland IMI size-segment cut off and have a 3-Month ATVR greater than 20%. The remaining securities in the MSCI All Ireland Index are included at their free float market capitalization weight in the MSCI All Ireland Capped Index.

Please refer to the following link for further details on the MSCI 25/50 methodology:

http://www.msci.com/products/indices/strategy/capped/twentyfive_fifty/

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¹ As of September 30, 2012, as published by eVestment, Lipper and Bloomberg on January 31, 2013