

MSCI ALL NIGERIA SELECT 25/50 INDEX METHODOLOGY

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1 INTRODUCTION

The MSCI All Nigeria Select 25/50 Index (the “Index”) applies liquidity screenings on the MSCI All Nigeria Index (the “Parent Index”) while targeting inclusion of a minimum of 20 securities in the Index and reflects 25/50 constraints, i.e. no issuer has a weight above 25%, and the sum of weights of all issuers with weights above 5% does not exceed 50%. The Parent Index is weighted and rebalanced according to the MSCI All Market Index Methodology¹. The Index aims to represent the liquid segment of the Parent Index above the defined liquidity threshold while maintaining given number of constituents.

¹<https://www.msci.com/index-methodology>

2 CONSTRUCTING THE MSCI ALL NIGERIA SELECT 25/50 INDEX

The MSCI All Nigeria Select 25/50 Index is constructed from the MSCI All Nigeria Index. The following two steps are applied at initial construction:

- Applying Liquidity screen
- Applying the MSCI 25/50 methodology

2.1 APPLYING LIQUIDITY SCREEN

For all constituents of the Parent Index

- Select all securities with 6-month Annualized Traded Value (ATV) greater than or equal to USD 25,000,000.
 - If 6-month ATV is not available, it is replaced by the ATV with lower frequency (3-month or 1-month if 3-month ATV is not available).
- If the resulting number of constituents in the Index is less than 20, add securities from the Parent Index in decreasing order of ATV until 20 constituents are selected.

The resulting list of constituents is free float-adjusted market capitalization weighted.

2.2 APPLYING THE MSCI 25/50 INDEX METHODOLOGY

In the second step, the MSCI 25/50 Index Methodology is applied so that no issuer should have a weight above 25%, and the sum of weights of all issuers with weights above 5% should not exceed 50%.

Please refer to the following link for further details on the MSCI 25/50 Index methodology: <https://www.msci.com/index-methodology>

3 MAINTAINING THE MSCI ALL NIGERIA SELECT 25/50 INDEX

3.1 QUARTERLY INDEX REVIEWS

The Index is reviewed on a quarterly basis to coincide with the November Annual Index Review and the February, May and August Quarterly Index Reviews of the Parent Index. Changes are implemented coinciding with the changes for the Parent Index. The pro forma index is typically announced nine business days before the effective date.

The MSCI 25/50 Index Methodology is applied with the exception that there is no index rebalancing if the 25/50 constraints are violated between the announcement date and the effective date.²

3.1.1 SECURITY SELECTION

All the securities in the Parent Index are ranked in descending order of their 6-month Annualized Traded Value (ATV)³. The 6-month ATV of the 20th ranked security is used as the reference ATV value for selection in the Index.

To reduce index turnover and enhance index stability, buffer rules are applied as follows:

A buffer of 30% is applied for deletions during the on-going index reviews. Any existing constituent with an ATV lower than 0.7 times the reference ATV will be deleted from the index.

A buffer of 50% is applied for additions during the on-going index reviews. Any security not currently a part of the index, with an ATV higher than 1.5 times the reference ATV, will be included in the index, as long as its 6-month ATVR is greater than 5%.

If 6-month ATVR is not available, it is replaced by the ATVR with lower frequency (3-month, or 1-month if 3-month ATVR is not available)

If the resulting number of constituents in the Index is less than 20, securities are added from the Parent Index in decreasing order of ATV until 20 constituents are selected, subject to their 6-month ATVR being greater than 5%.

² The MSCI All Nigeria Select 25/50 Index was rebalanced on an ad-hoc basis on March 25, 2019, effective as of March 27, 2019, in order to maintain the number of index constituents at 20, following the acquisition of Diamond Bank, which would have led to a drop in the number of index constituents to 19.

³ For details on calculation of Annualized Traded Value, please refer to MSCI Index Calculation Methodology book, available at <https://www.msci.com/index-methodology>

3.2 ONGOING EVENT-RELATED CHANGES

In between Index Reviews, securities deleted from the Parent Index are simultaneously deleted from the Index. Securities added to the Parent Index are simultaneously added to the Index without liquidity screening.

The following sections have been modified since November 2015:

Section 2.2

- Updated link to the MSCI 25/50 Index Methodology.

The following sections have been modified since September 2017:

Section 3.1: Quarterly Index Reviews

- Update to the index rebalancing rule between announcement and effective date.

Section 3.1.1: Security Selection

- Added a section describing the security selection rules.

The following sections have been modified since May 2018:

Section 3.1: Quarterly Index Reviews

- Added a footnote to highlight an ad-hoc rebalance that was triggered in between scheduled quarterly index reviews.

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