

MSCI ALL PAKISTAN SELECT 25/50 INDEX METHODOLOGY

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1 INTRODUCTION

The MSCI All Pakistan Select 25/50 Index (the “Index”) applies liquidity screenings on the MSCI All Pakistan Index (the “Parent Index”) and reflects 25/50 constraints, i.e. no issuer should have a weight above 25%, and the sum of weights of all issuers with weights above 5% should 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 thresholds.

¹ http://www.msci.com/eqb/methodology/meth_docs/MSCI_All_Market_Indexes_Methodology_May_2014.pdf

2 CONSTRUCTING THE MSCI ALL PAKISTAN SELECT 25/50 INDEX

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

- Applying a liquidity screen
- Applying the MSCI 25/50 Methodology

2.1 APPLYING LIQUIDITY SCREEN

For all constituents of the Parent Index

- Include all securities with 3-month Annualized Traded Value (ATV)² greater than or equal to USD 25,000,000
- Include all securities with 6-month Annualized Traded Value (ATV) greater than or equal to USD 35,000,000
- Include all securities with 3-month Frequency of Trading (FoT)³ greater than or equal to 98%

Securities for which any of the above parameters is missing are not eligible for inclusion in the index.

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

2.2 APPLYING THE MSCI 25/50 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:

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

² https://app.msci.com/eqb/methodology/meth_docs/MSCI_Feb15_IndexCalcMethodology.pdf

³ https://app.msci.com/eqb/methodology/meth_docs/MSCI_Feb2015_GIMIMethodology.pdf

3 MAINTAINING THE ALL PAKISTAN SELECT 25/50 INDEX

3.1 QUARTERLY INDEX REVIEWS

The 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. Changes are implemented coinciding with the changes to the Parent Index. The pro forma index is typically announced nine business days before the effective date. At each Index Review, the liquidity screens are applied to the pro forma Parent Index constituents as described below:

For securities that are not currently a part of the MSCI All Pakistan Select 25/50 Index, the liquidity thresholds are the same as the ones used at initial construction:

- Include all securities with 3-month Annualized Traded Value (ATV) greater than or equal to USD 25,000,000
- Include all securities with 6-month Annualized Traded Value (ATV) greater than or equal to USD 35,000,000
- Include all securities with 3-month Frequency of Trading (FoT) greater than or equal to 98%

For existing constituents of the MSCI All Pakistan Select 25/50 Index, the liquidity thresholds are relaxed slightly, as described below, in order to reduce turnover:

- Include all securities with 3-month Annualized Traded Value (ATV) greater than or equal to USD 15,000,000
- Include all securities with 6-month Annualized Traded Value (ATV) greater than or equal to USD 20,000,000
- Include all securities with 3-month Frequency of Trading (FoT) greater than or equal to 95%

Securities for which any of the above parameters is missing are not eligible for inclusion in the index.

3.2 ONGOING EVENT RELATED CHANGES

In between Index Reviews, securities deleted from the Parent Index are simultaneously deleted from the Index. New securities added to the Parent Index are not simultaneously added to the Index, but are reviewed at the subsequent Index Review.

APPENDIX I: INDEX CONCENTRATION ISSUES

A minimum of 15 group entities in the index is required for the MSCI All Pakistan Select 25/50 Index to be rebalanced as described in sub-section 3.1. In the event the number of group entities drops below 15, Index continuity rules as described in sub-section 3.5 of the MSCI 25/50 Indexes Methodology⁴ will be applied for rebalancing the Index.

⁴ https://www.msci.com/eqb/methodology/meth_docs/MSCI_Feb14_25_50_Indices_Methodology.pdf

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