

METHODOLOGY BOOK FOR - MSCI AUSTRALIAN SHARES IMI 50, MSCI AUSTRALIAN SHARES IMI 100, MSCI AUSTRALIA 200, MSCI AUSTRALIAN SHARES ALL CAP 300 AND MSCI AUSTRALIAN SHARES ALL CAP 500 INDEXES

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Contents	1	Introduction.....	3
	2	Index Construction Methodology	4
	3	Index Maintenance Methodology	5
	3.1	Quarterly Index Review	5
	3.1.1	Buffer Rules.....	5
	3.1.2	Cutoff Date for Market Capitalization and Prices used for the Rebalancing.....	6
	3.1.3	Announcement Policy	6
	3.2	Ongoing Event Related Changes	6
	3.2.1	IPOs and Other Early Inclusions.....	6
	3.2.2	Additions and Deletions Due to Corporate Events	6
		Methodology Book Tracked Changes.....	8

1 Introduction

The MSCI Australian Shares IMI 50, MSCI Australian Shares IMI 100, MSCI Australia 200, MSCI Australian Shares All Cap 300 and MSCI Australian Shares All Cap 500 Indexes (herein, the “Size Indexes”) are free float-adjusted market capitalization weighted indexes designed to represent the performance of the 50, 100, 200, 300 and 500 largest securities in the Australian equity universe respectively.

2 Index Construction Methodology

The selection universe of the MSCI Australian Shares IMI 50, MSCI Australian Shares IMI 100 and MSCI Australia 200 is based on constituent securities of the underlying MSCI Australian Shares Investable Market Index (IMI). The MSCI Australian Shares All Cap 300 and MSCI Australian Shares All Cap 500 indexes are based on constituent securities of the underlying MSCI Australian Shares All Cap Index. The constituents of the MSCI Australian Shares IMI and MSCI Australian Shares All Cap Index are ranked in descending order of free float-adjusted market capitalization available to Australian domestic investors. The largest securities based on the defined size (i.e. 50, 100, 200, 300 or 500) from the underlying universe are selected to construct the Size Indexes. The resulting Index constituents are weighted according to their free float-adjusted market capitalizations available to Australian domestic investors.

The free float-adjustment is applied using an adjustment factor referred to as the Domestic Inclusion Factor (DIF).

More information on the construction, maintenance and calculation of the MSCI Australian Shares IMI and MSCI Australian Shares All Cap Index can be found in the MSCI Global Investable Market Indexes methodology.

3 Index Maintenance Methodology

3.1 QUARTERLY INDEX REVIEW

The composition of the Size Indexes is fully reviewed on a quarterly basis to coincide with the regular index reviews of the MSCI Global Investable Market Indexes. The changes are implemented at the end of February, May, August and November.

During the Quarterly Index Review, the number of securities is restored to 50, 100, 200, 300 and 500 for the MSCI Australian Shares IMI 50, MSCI Australian Shares IMI 100, MSCI Australia 200, MSCI Australian Shares All Cap 300 and MSCI Australian Shares All Cap 500 Indexes respectively. Note that the number of index constituents between the index reviews may differ from this number due to additions and deletions resulting from corporate events on existing index constituents.

If a security that is scheduled to be added to or deleted from the Size Indexes is suspended from trading on the day before the effective implementation date of the index review, MSCI will cancel the implementation for the security. When the implementation of a deletion from a Parent Index is postponed, the implementation of the deletion from the Size Indexes derived from that Parent Index will also be postponed. When the deletion is implemented in the Parent Index after the security resumes trading, the security will be simultaneously deleted from the derived index.

3.1.1 BUFFER RULES

To minimize index turnover and enhance index stability, buffer rules are applied at 12.50% of the fixed number of securities in the Size Indexes.

For example, for the MSCI Australia 200 Index, companies that satisfy all eligibility criteria and rank 175th and above will be added to the MSCI Australia 200 Index and existing constituents which rank below 225th will be deleted from the Index. If the number of securities differs from 200 after applying the buffer rules, the lowest ranked securities within the index will be deleted, or the next highest ranked securities will be added to the index to restore the number of constituents to 200.

Quarterly Index Reviews may also result in changes in Domestic Inclusion Factor (DIF) and updates in number of shares for existing constituents.

3.1.2 CUTOFF DATE FOR MARKET CAPITALIZATION AND PRICES USED FOR THE REBALANCING

The cutoff date for market capitalization and prices used for the rebalancing of the Size Indexes is 9 business days before the end of February, May, August and November.

3.1.3 ANNOUNCEMENT POLICY

The results of the rebalancing are announced nine business days before the effective date of each Quarterly Index Review.

3.2 ONGOING EVENT RELATED CHANGES

In general, the Size Indexes follow the event maintenance of the MSCI Australian Shares IMI and MSCI Australian Shares All Cap Index with the exception of the treatment described below. Changes in the MSCI Australian Shares IMI and MSCI Australian Shares All Cap Index are reflected simultaneously in the Size Indexes.

Details regarding the treatment of corporate events not covered below can be found in the MSCI Corporate Events Methodology Book, available at:

<http://www.msci.com/index-methodology>

3.2.1 IPOs AND OTHER EARLY INCLUSIONS

IPOs and other newly listed securities will only be considered for inclusion at the next Quarterly Index Review, even if they qualify for early inclusion in the MSCI Australian Shares IMI and MSCI Australian Shares All Cap Index.

3.2.2 ADDITIONS AND DELETIONS DUE TO CORPORATE EVENTS

The general treatment of additions and deletions due to corporate events aims at reducing turnover in the Size Indexes. When the number of securities in the Size Indexes falls below or rises above defined size due to corporate events, no additions or deletions will be made to restore the number of constituents to defined size until the next Quarterly Index Review.

A constituent deleted from the MSCI Australian Shares IMI and MSCI Australian Shares All Cap Index following a corporate event will be simultaneously deleted from the respective Size Indexes. Examples are securities of companies that are acquired, 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.



There will be no early inclusion of new securities to the Size Indexes, except when a new security results from an event affecting an existing constituent (e.g., mergers and acquisitions, spin offs).

In the event of a merger or an acquisition where an index constituent acquires another index constituent or merges with another index constituent, the remaining company is maintained in the index. In the event of a merger or an acquisition where a non index constituent acquires or merges with an index constituent, the non index constituent is added to the Size Index provided it is added to the respective MSCI Australian Shares IMI or MSCI Australian Shares All Cap Index following the corporate event.

If a spun off security of an index constituent is added to the MSCI Australian Shares IMI or MSCI Australian Shares All Cap Index, it is added simultaneously to the respective Size Index.

Methodology Book Tracked Changes

The following sections have been modified since May 2014:

Section 3.1: Quarterly Index Review

- Clarification on implementation of suspended securities

Section 3.2.2: Additions and Deletions Due to Corporate Events

- Added examples of corporate events

The following sections have been modified since August 2017:

Section 3.1.3: Announcement Policy

- Added new section

Section 3.2: Ongoing Event Related Changes

- Added clarification

The following changes have been made since September 2017:

- The selection universe of the MSCI Australia 200 Index has been updated

The following changes have been made since November 2019:

- Update of the methodology to include additional MSCI Australian Shares size indexes

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