

MSCI Australia Select High Dividend Yield Index

July 2022

Contents	1	Introduction	3
	2	Constructing the MSCI Australia Select High Dividend Yield Index	4
	3	Maintaining the MSCI Australia Select High Dividend Yield Index	5
	3.1	Semi-Annual Index Reviews	5
	3.2	Ongoing Event Related Changes	5
		Appendix I: Enhancements to the Methodology for the MSCI Australia Select High Dividend Yield Index	7

1 Introduction

The MSCI Australia Select High Dividend Yield (HDY) Index is a custom market capitalization weighted index based on the MSCI Australian Shares Investable Market Index (IMI).

The MSCI Australian Shares IMI is constructed and maintained according to the MSCI Global Investable Market Indexes methodology. For more information on the MSCI Global Investable Market Indexes (“GIMI”), please visit our website at <https://www.msci.com/index-methodology>.

2 Constructing the MSCI Australia Select High Dividend Yield Index

The MSCI Australia Select HDY Index is constructed from MSCI Australian Shares IMI (the “Parent Index”).

The MSCI Australia Select HDY Index is constructed in accordance with the MSCI HDY Index Methodology¹, except for the following changes:

- Only securities with a dividend yield greater than or equal to the dividend yield of the Parent Index are included.
- Current constituents of the MSCI Australia Select HDY Index are maintained as long as their dividend yield is greater than 0.8x times of the dividend yield of the Parent Index.
- The dividend persistence screening is modified to exclude securities with a 5Y DPS growth rate below -5% instead of below 0%. This rule applies only for the May and November 2010 Semi-Annual Index Reviews.

The resulting constituents are weighted according to their free float adjusted market capitalizations applicable to domestic investors. In addition, the weights of the largest index constituents are capped as per the MSCI 10/40 Index methodology².

Finally, after applying the MSCI 10/40 Index methodology, securities with a weight below 0.25% are not included in the MSCI Australia Select HDY Index.

¹ For more information, please refer to the MSCI High Dividend Yield Index methodology at <https://www.msci.com/index-methodology>.

² For more information, please refer to MSCI 10/40 Index methodology at <https://www.msci.com/index-methodology>.

3 Maintaining the MSCI Australia Select High Dividend Yield Index

3.1 Semi-Annual Index Reviews

Coinciding with the semi-annual index reviews of the MSCI Global Investable Market Indexes, the MSCI Australia Select HDY Index is generally rebalanced on the last business day of May and November as described under Section 2 above.

Between semi-annual index reviews, security weights will fluctuate according to market movements.

The pro forma index is announced nine business days before the effective date.

3.2 Ongoing Event Related Changes

The general treatment of corporate events in the MSCI Australia Select High Dividend Yield 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.

Additionally, if the frequency of Index Reviews in the Parent Index is greater than the frequency of Index Reviews in the MSCI Australia Select High Dividend Yield Index, the changes made to the Parent Index during intermediate Index Reviews will be neutralized in the MSCI Australia Select High Dividend Yield Index.

The following section briefly describes the treatment of common corporate events within the MSCI Australia Select High Dividend Yield Index.

No new securities will be added (except where noted below) to the Index between Index Reviews. Only Parent Index constituents are eligible for addition. Parent Index deletions will be reflected simultaneously.

EVENT TYPE

EVENT DETAILS

New additions to the Parent Index

New securities added to the Parent Index (such as IPOs and other early inclusions) will not be added to the index.

Spin-Offs

A new security 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. 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 be added to the Index. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

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 book.

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

Appendix I: Enhancements to the Methodology for the MSCI Australia Select High Dividend Yield Index

(Effective from June 3, 2013)

Starting from the May 2013 Semi-Annual Index Review the MSCI High Dividend Yield Indexes will transition to an enhanced methodology. As part of the enhancements two new screenings will be applied to determine the eligible universe of the MSCI High Dividend Yield Indexes: a Quality screening and a Price Performance screening. More details on the enhancements to the MSCI High Dividend Yield Indexes can be found in appendix III of the MSCI High Dividend Yield Index methodology at <https://www.msci.com/index-methodology>.

Starting from the May 2013 Semi-Annual Index Review, the two new screenings will also be applied in the construction and maintenance of the MSCI Australia Select High Dividend Yield Index as follows:

- The Quality screening is modified to exclude securities with a quality Z-score below -1 instead of 0. Existing constituents of the MSCI Australia Select High Dividend Yield Index are excluded from the eligible universe if their quality Z-score is less than -1.25 instead of -0.5.
- The price performance screening will be applied as per the enhanced MSCI High Dividend Yield Indexes methodology.

The new capping rules applied in the enhanced MSCI High Dividend Yield Indexes will not impact the MSCI Australia Select High Dividend Yield Index.

The construction and maintenance rules described in this methodology book will remain unchanged otherwise.

The following sections have been modified since February 2013:

Section 3: Maintaining the MSCI Australia Select High Dividend Yield Index

- Updated section 3.1 to include the announcement date of the pro forma index.

The following sections have been modified since September 2017:

Section 1, 2 and 3

Updated to reflect a change in Parent Index from a custom market capitalization weighted index based on the MSCI Australia Investable Market Index (IMI) to the MSCI Australian Shares IMI

The following sections have been modified effective July 29, 2022:

Section 3.2: Ongoing Event Related Changes

Updated to reflect the application of Variable Weighting Factor (VWF) in relation to the treatment of corporate events

Contact us

clientservice@msci.com

AMERICAS

Americas	1 888 588 4567 *
Atlanta	+ 1 404 551 3212
Boston	+ 1 617 532 0920
Chicago	+ 1 312 675 0545
Monterrey	+ 52 81 1253 4020
New York	+ 1 212 804 3901
San Francisco	+ 1 415 836 8800
São Paulo	+ 55 11 3706 1360
Toronto	+ 1 416 628 1007

EUROPE, MIDDLE EAST & AFRICA

Cape Town	+ 27 21 673 0100
Frankfurt	+ 49 69 133 859 00
Geneva	+ 41 22 817 9777
London	+ 44 20 7618 2222
Milan	+ 39 02 5849 0415
Paris	0800 91 59 17 *

ASIA PACIFIC

China North	10800 852 1032 *
China South	10800 152 1032 *
Hong Kong	+ 852 2844 9333
Mumbai	+ 91 22 6784 9160
Seoul	00798 8521 3392 *
Singapore	800 852 3749 *
Sydney	+ 61 2 9033 9333
Taipei	008 0112 7513 *
Thailand	0018 0015 6207 7181 *
Tokyo	+ 81 3 5290 1555

* = toll free

ABOUT MSCI

MSCI is a leader provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

To learn more, please visit www.msci.com.

The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at: <https://www.msci.com/index-regulation>

Notice and disclaimer

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), or MSCI's licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the "Information Providers") and is provided for informational purposes only. The Information may not be modified, reverse-engineered, reproduced or disseminated in whole or in part without prior written permission from MSCI.

The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or sub-contractors.

Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.

The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.

None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, "Index Linked Investments"). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.

Index returns do not represent the results of actual trading of investible assets/securities. MSCI maintains and calculates indexes, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an Index Linked Investment to be different than the MSCI index performance.

The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.

Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.

Data and information produced by various affiliates of MSCI Inc., including MSCI x Research LLC and Barra LLC, may be used in calculating certain MSCI indexes. More information can be found in the relevant index methodologies on www.msci.com.

MSCI receives compensation in connection with licensing its indexes to third parties. MSCI Inc.'s revenue includes fees based on assets in Index Linked Investments. Information can be found in MSCI Inc.'s company filings on the Investor Relations section of www.msci.com.

MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Except with respect to any applicable products or services from MSCI ESG Research, neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and MSCI's products or services are not intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.

Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.

MIFID2/MIFIR notice: MSCI ESG Research LLC does not distribute or act as an intermediary for financial instruments or structured deposits, nor does it deal on its own account, provide execution services for others or manage client accounts. No MSCI ESG Research product or service supports, promotes or is intended to support or promote any such activity. MSCI ESG Research is an independent provider of ESG data, reports and ratings based on published methodologies and available to clients on a subscription basis. We do not provide custom or one-off ratings or recommendations of securities or other financial instruments upon request.

Privacy notice: For information about how MSCI ESG Research LLC collects and uses personal data concerning officers and directors, please refer to our Privacy Notice at <https://www.msci.com/privacy-pledge>.