

MSCI AUSTRALIA SELECT HIGH DIVIDEND YIELD INDEX

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1 INTRODUCTION

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

The MSCI Australia IMI Index 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 a domestic version of the MSCI Australia IMI Index (the Parent Index).

The domestic version of the MSCI Australia IMI Index is derived from the MSCI Australia IMI Index by weighting the index constituents according to the free float adjusted market capitalizations available to domestic investors. The MSCI Australia Select HDY Index is then constructed in accordance with the MSCI HDY Index Methodology, 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.

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

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 methodology. For a description of the MSCI 10/40 Index methodology, please refer to <https://www.msci.com/index-methodology>.

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.

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

In general, the MSCI Australia Select HDY Index follows the event maintenance of the MSCI Australia IMI Index. Changes in the MSCI Australia IMI Index are reflected simultaneously in the MSCI Australia Select HDY Index.

3.2.1 ADDITIONS AND DELETIONS DUE TO CORPORATE EVENTS

The treatment of additions and deletions due to corporate events aims at reducing turnover in the MSCI Australia Select HDY Index

A security added to the MSCI Australia IMI Index following a corporate event (acquisition, spinoff or merger) will also be added to the MSCI Australia Select HDY Index with an estimated capped weight.

A constituent deleted from the MSCI Australia IMI Index following a corporate event will be simultaneously deleted from the MSCI Australia Select HDY Index.

Early inclusions to the MSCI Australia IMI Index, such as Initial Public Offerings (IPOs), will not be included in the MSCI Australia Select HDY Index and will be reviewed at the following SAIR.

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.

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