

MSCI CHINA A 50 INDEX METHODOLOGY

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1 INTRODUCTION

The MSCI China A 50 Index is constructed based on the MSCI China A Onshore Index¹ (“Parent Index”). The MSCI China A 50 Index aims to reflect the performance of the 50 largest securities of the MSCI China A Onshore Index based on domestic free float-adjusted market capitalization².

¹ The MSCI China A Onshore Index was referred to as the MSCI China A Index prior to March 1, 2018.

² MSCI defines the free float of a China A security as the proportion of tradable shares outstanding that are deemed to be available for purchase in the public equity markets by domestic investors. In practice, limitations on free float available to domestic investors also include strategic and other shareholdings that are not considered part of available free float. MSCI free float-adjusts the market capitalization of each security using an adjustment factor referred to as the Domestic Inclusion Factor (DIF).

2 INDEX CONSTRUCTION METHODOLOGY

2.1 APPLICABLE UNIVERSE

The applicable universe includes domestic A shares securities listed on the Shanghai and Shenzhen Stock Exchanges which are existing constituents of the MSCI China A Onshore Index.

2.2 DETERMINING THE CONSTITUENTS OF THE MSCI CHINA A 50 INDEX

The eligible securities are ranked in decreasing order of domestic free float-adjusted market capitalization. The top 50 securities are then selected for inclusion in the MSCI China A 50 Index.

3 MAINTAINING THE MSCI CHINA A 50 INDEX

3.1 QUARTERLY INDEX REVIEWS

The composition of the MSCI China A 50 Index is fully reviewed on a quarterly basis coinciding with the regular index reviews (Semi-Annual Index Reviews in May and November and Quarterly Index Reviews in February and August) of the MSCI Global Investable Market Indexes. The pro forma MSCI China A 50 Index is in general announced nine business days before the effective date and the changes are implemented at the end of February, May, August and November.

At each Index Review, the number of securities in the MSCI China A 50 Index will be restored to 50. Between two Index Reviews, the number of index constituents may differ from 50 due to additions and deletions resulting from corporate events impacting existing constituents.

If a security that is scheduled to be added to or deleted from the MSCI China A 50 Index 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 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, buffer rules are applied to the MSCI China A 50 Index.

The eligible securities are ranked in the decreasing order of domestic free float-adjusted market capitalization. New index constituents that satisfy all eligibility criteria and with a rank 35th or higher in the eligible universe will be added to the MSCI China A 50 Index on a priority basis. Existing index constituents with a rank between 36th and 65th are then successively added until the number of constituents in the MSCI China A 50 Index reaches 50. If the number of constituents is below 50 after this step, the remaining securities in the eligible universe with the next highest rank are added until the number of securities in the MSCI China A 50 Index reaches 50.

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 MSCI China A 50 Index 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 MSCI China A 50 Index follows the event maintenance of the MSCI China A Onshore Index with the exception of the treatment described below. As a result of corporate events, the number of index constituents between the index reviews may differ from 50. 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

There will be no fast inclusion for IPOs. IPOs will only be considered for inclusion in the MSCI China A 50 Index at the next quarterly index review.

A spun-off security that qualifies for immediate inclusion to the underlying MSCI China A Onshore Index will generally be eligible for immediate inclusion to the corresponding MSCI China A 50 Index.

3.2.2 EARLY DELETIONS OF EXISTING CONSTITUENTS

If a security is deleted from the underlying MSCI China A Onshore Index due to corporate events, it will be automatically removed from the MSCI China A 50 Index. 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. When the number of securities in the MSCI China A 50 Index falls below 50 due to corporate events, no additions or deletions will be made to restore the number of securities to 50 until the next index review.

METHODOLOGY BOOK TRACKED CHANGES

The following sections have been modified since March 2014:

Section 3.1: Quarterly Index Reviews

- Clarification on implementation of suspended securities

The following sections have been modified since August 2017:

Section 3.1: Introduction

- Updates

Section 3.1: Quarterly Index Reviews

- New sub-sections added

Section 3.2: Ongoing Event Related Changes

- Added clarification

The following sections have been modified since September 2017:

- Reflected name change of parent index from MSCI China A Index to MSCI China A Onshore Index across the document

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