

MSCI CHINA ENERGY IMI PLUS INDEX METHODOLOGY

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1 INTRODUCTION

The MSCI China Energy IMI Plus Index aims to represent the performance of securities within the MSCI China IMI Index, that are classified in the “Energy” sector according to the Global Industry Classification Standard (GICS®). To limit concentration, the Index is capped as per the MSCI 10/50 Indexes methodology which constrains the weight of any single group entity at 10%, and the sum of the weights of all group entities with a weight of more than 5% at a maximum of 50%. To ensure a minimum number of issuers in the index, the index may also include securities classified in Developed Markets countries in the Asia Pacific region with exposure to China as defined by the MSCI Economic Exposure Data methodology.

2 CONSTRUCTING THE MSCI CHINA ENERGY IMI PLUS INDEX

2.1 DEFINING THE ELIGIBLE UNIVERSE

The eligible universe for the MSCI China Energy IMI Plus Index includes the following:

- All constituents of the MSCI China IMI that are classified in the Energy Sector.
- All constituents of the MSCI AC Asia Pacific Index within the Energy Sector that are classified in Developed Markets countries and have at least 10% economic exposure to China.

2.2 SELECTING THE INDEX CONSTITUENTS

In the first step, all constituents of the MSCI China Energy IMI are selected.

If the number of issuers after the first step is below 18, constituents from the MSCI AC Asia Pacific Index within the Energy Sector that are classified in Developed Markets countries and have at least 10% economic exposure to China are successively added in order of their economic exposure to China until the number of issuers in the index reaches 18.

2.3 INITIAL WEIGHTING SCHEME

All securities included are weighted by their free float-adjusted market capitalization, except that securities included on the basis of their economic exposure are capped at a maximum weight of 1% each.

2.4 INDEX CAPPING SCHEME

At the final step, the resulting set of constituents are capped as per the MSCI 10/50 Indexes methodology¹.

¹ For details on the MSCI 10/50 Indexes Methodology, please refer to the MSCI Capped Indexes Methodology, available at <https://www.msci.com/index-methodology>. The maximum weight constraint applied in the MSCI 25/50 Indexes (section 3.2.5) and MSCI 10/50 Indexes methodologies is not applied for the MSCI China Energy IMI Plus Index methodology.

3 MAINTAINING THE MSCI CHINA ENERGY IMI PLUS 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. The pro forma Index is typically announced nine business days before the effective date.

3.1.1 MAINTAINING THE MINIMUM NUMBER OF ISSUERS

At each ongoing Index Reviews, the pro forma Index includes all constituents from the MSCI China IMI that are classified in the Energy Sector.

If the Index holds one or more constituents only on the basis of their economic exposure, the following adjustments are applied based on the number of issuers in the Index:

- If the number of issuers in the MSCI China Energy IMI is 18 or more: Existing constituents included on the basis of their economic exposure will be deleted from the Index.
- If the number of issuers in the MSCI China Energy IMI is below 18: Existing constituents included on the basis of their economic exposure will be retained in the Index if their economic exposure to China is at least 10%. If required, additional securities may be added in order of their economic exposure to China to reach 18 issuers.

3.2 ONGOING EVENT-RELATED CHANGES

The general treatment of corporate events in the MSCI China Energy IMI Plus 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.

The following section briefly describes the treatment of common corporate events within the MSCI China Energy IMI Plus Index.

No new securities will be added (except where noted below) to the Index between Index Reviews. For cases where additions are noted below, securities will be added to the index only if added to the Parent Index.

Parent Index deletions will be reflected simultaneously.

EVENT TYPE

EVENT DETAILS

New additions to the Parent Index

A new security added to the Parent Index (such as IPO and other early inclusions) will trigger an ad-hoc rebalancing of the Index.

Spin-Offs

All securities 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 not be added to the Index.

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 details and illustrations 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>

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