

MSCI CHINA TOP 50 SELECT INDEX METHODOLOGY

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1 INTRODUCTION

The MSCI China Top 50 Select Index aims to represent the performance of the largest 50 securities from China, which meet a minimum liquidity requirement. To limit concentration, the Index is then 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%.

2 CONSTRUCTING THE MSCI CHINA TOP 50 SELECT INDEX

The MSCI China Top 50 Select Index (the “Index”) is constructed from the MSCI China with 100% Inclusion Index (the “Parent Index”) in the following three steps.

2.1 LIQUIDITY SCREENING

All securities in the Parent Index with a 6-month Annualized Traded Value¹ of less than USD 1 Billion are excluded.

2.2 ISSUER LEVEL SCREENING

For all issuers in the Parent Index, where an issuer has more than two securities, only the most liquid issue is picked for inclusion in the Index, ranked by the 6-month Annualized Traded Value (ATV). For any issuer, should two securities have the same 6-month Annualized Traded Value (ATV), the one with the higher market capitalization will be included in the Index.

2.3 SECURITY SELECTION

The top 50 securities, ranked by their free-float adjusted market capitalization are selected for inclusion in the final index.

2.4 INDEX WEIGHTING SCHEME

At the final step, the resulting set of constituents is capped as per the MSCI 10/50 Indexes methodology².

¹ For details on calculation of Annualized Traded Value, please refer to MSCI Index Calculation Methodology book, available at <https://www.msci.com/index-methodology>.

² 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>.

3 MAINTAINING THE MSCI CHINA TOP 50 SELECT 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.

At each ongoing Index Review, the index construction steps described in Section 2 are applied, with the exception that if multiple securities of a single issuer pass the liquidity screen, then the existing constituent is retained as part of the issuer level screening.

3.1.1 SECURITY SELECTION BUFFER

A security selection buffer of 10% is applied during on-going index reviews. The MSCI China Top 50 Select Index targets 50 securities and the buffers are applied between rank 46 and 55. All the securities in the Parent Index are ranked based on their free-float adjusted market capitalization. The securities in the Parent Index with rank at or above 45 are added to the MSCI China Top 50 Select Index on a priority basis. Existing constituents ranked between 46 and 55 are then successively added based on their free-float adjusted market capitalization until the number of securities in the Index reaches 50. If the number of securities is below 50 after this step, the remaining securities in the Parent Index with the highest free-float adjusted market capitalization are added until the number of securities in the MSCI China Top 50 Select Index reaches 50.

3.2 ONGOING EVENT-RELATED CHANGES

The general treatment of corporate events in the MSCI China Top 50 Select 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 Top 50 Select 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 not be added to 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>.

The following changes have been made since August 2018:

Section 3.1

- Added *Section 3.1.1: Security Selection Buffer* to reflect the security selection rule at Quarterly Index Reviews.

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