

The MSCI logo consists of the letters "MSCI" in a white, serif font, set against a dark blue rectangular background. This logo is positioned on the left side of a decorative horizontal line that spans the width of the page. The line is composed of two thin, light blue curves that meet at a central point, creating a subtle wave or lens shape.

Index Methodology

MSCI Dividend Masters Indexes Methodology

July 2014

Contents

1	Introduction.....	3
2	Index Construction Methodology.....	3
	Section 2.1: Applicable Universe	3
	Section 2.2: Security Selection	3
	Section 2.3: Weighting Scheme.....	3
3	Maintaining the Indexes	4
	Section 3.1: Annual Index Review	4
	Section 3.2: Quarterly Index Reviews.....	4
	Section 3.3: Ongoing Event Related changes	4
	Section 3.3.1: IPOs and other early inclusions	4
	Section 3.3.2: Additions and Deletions due to corporate events.....	4
	Appendix I: Index Parameters for the MSCI Dividend Masters Indexes.....	5
	Appendix II: Rules for Security Selection.....	6
	Appendix III: Corporate Events Treatment.....	8
	Client Service Information is Available 24 Hours a Day.....	10
	Notice and Disclaimer.....	10
	About MSCI	11

1 Introduction

The MSCI Dividend Masters Indexes are designed to represent the performance of companies that have increased dividends consecutively for a specific number of consecutive years.

MSCI categorizes the MSCI Dividend Masters Indexes as part of the family of MSCI Factor Indexes, which reflect the systematic elements of particular investment styles or strategies. While capitalization weighted indexes represent the broad market beta, additional sources of systematic return associated with particular investment styles and strategies, such as value, momentum, volatility, etc. could be represented through alternatively weighted indexes.

2 Index Construction Methodology

Section 2.1: Applicable Universe

The applicable universe includes all the existing constituents of an underlying MSCI parent index (herein, a “Parent Index”). This approach aims to provide an opportunity set with sufficient liquidity and capacity. The relevant Parent Index would be any MSCI Regional or Country Index.

Section 2.2: Security Selection

The MSCI Dividend Masters Indexes are constructed by targeting a minimum number of securities that have consistently increased dividends every year for a specific number of consecutive years (“Dividend Increase Period”). The security selection process begins by selecting all securities that have increased dividends consecutively over the Dividend Increase Period. If the number of securities which have increased dividends consecutively over the Dividend Increase Period is less than the minimum number of securities, then the Dividend Increase Period is progressively reduced in steps of one year to select companies which have increased dividends consecutively over shorter Dividend Increase Periods. The additional securities are selected in the descending order of dividend yield until the minimum number of constituents is selected.

Please refer to Appendix I for the specific details of the MSCI Dividend Masters Indexes.

The selected constituents in the Index are then equally weighted. At each annual rebalancing, the Global Industry Classification System (GICS®) sector weights and country weights are capped at the defined sector/country thresholds. To do so, if the resulting sector or country weights in the Index exceed the thresholds defined for the Index, additional securities from other sectors and/or countries are added to the Index until the sector/country weights are within the capping thresholds, subject to all the Index constituents being equally weighted.

Rules for additional security selection for compliance with sector/country thresholds are explained in Appendix II.

Section 2.3: Weighting Scheme

At each Quarterly and Semi-Annual Index Review, the Index is rebalanced so that all constituents are equally weighted.

3 Maintaining the Indexes

Section 3.1: Annual Index Review

Index is rebalanced annually based on the methodology described above, coinciding with the November Semi-Annual Index Review of the Parent Index.

The pro forma MSCI Dividend Masters Indexes are announced nine business days before the effective date.

Section 3.2: Quarterly Index Reviews

Coinciding with the February and August Quarterly Index Reviews as well as with the May Semi-Annual Index Review of the Parent Indexes, the constituent weights are reset to equal weights.

Deletions from the respective Parent Index at the time of the Quarterly Index Reviews are simultaneously reflected in the Index. Additions to the Parent Index are not included in the Index at the Quarterly Index Reviews. Additions to the Parent Index are considered for inclusion only at the Annual Index Reviews.

Section 3.3: Ongoing Event Related changes

In general, the MSCI Dividend Masters Indexes follow the event maintenance of the Parent Index.

Section 3.3.1: IPOs and other early inclusions

IPOs and other newly listed securities will only be considered for inclusion at the next MSCI Dividend Masters Annual Index Review in November, even if they qualify for early inclusion in the Parent Index.

Section 3.3.2: Additions and Deletions due to corporate events

A constituent deleted from Parent Index following a corporate event will be simultaneously deleted from the MSCI Dividend Masters Index.

Additions to the Index are only made at the Annual review in November.

Please refer to Appendix III for more details on the treatment of corporate events.

Appendix I: Index Parameters for the MSCI Dividend Masters Indexes

This appendix specifies the Index parameters for the MSCI Dividend Masters Indexes

Index	Parent Index	Minimum Number of Securities	Dividend Increase Period	GICS® Security Percentage Cap	Country Security Percentage Cap
MSCI EAFE Dividend Masters Index	MSCI EAFE	40	10 years	30	50
MSCI EM Dividend Masters Index	MSCI EM	40	7 years	30	50

Appendix II: Rules for Security Selection

This appendix describes the rules which are followed for security selection in the Index.

1. Select all securities that have increased Dividends consecutively for the Dividend Increase Period ("DivPeriod")
2. If number of Index Constituents is less than minimum number of securities ("MinSec"), reduce Dividend Increase Period progressively in steps of one year to select securities that have increased dividends consecutively over the shorter Dividend Increase Period. Select additional securities in descending order of dividend yield until Index includes minimum number of securities
3. Security selection is stopped if the sector weights and country weights comply with the defined thresholds - GICS® security percentage cap ("SectorLimit") and Country security percentage cap ("CountryLimit")
4. If either sector weights or country weights don't comply with the defined thresholds as explained in point 3 above, additional securities in the Index from other sectors and/or countries are included such that the respective sector and/or country weights comply with the thresholds. Since the portfolio is equal-weighted, for capping the weight of the sectors/countries, the final number of constituent securities in the Index need to be increased so that the weight of the respective sectors/countries comply with the threshold
5. For including additional securities, calculate number of securities in each sector and country. Also calculate current number of securities in Index ("NumSec"), maximum number of securities in a sector ("MaxSector") and maximum number of securities in a country ("MaxCountry"). Extra securities that need to be added to satisfy sector condition ("Extra_Sector") can be calculated by the formula : $Extra_Sector = (MaxSector/SectorLimit) - NumSec$ and similarly extra securities that need to be added to satisfy country condition ("Extra_Country") can be calculated by the formula: $Extra_Country = (MaxCountry/CountryLimit)$
6. Round up both Extra_Sector and Extra_Country to next Integer. Securities that need to be added to Index (Extra_Sec) so that the sector and country weights comply with the thresholds is the maximum of Extra_Sector and Extra_Country. Final number of securities in Index ("FinalNumSec") = $NumSec + Extra_Sec$
7. Maintain an array of the maximum number of securities which can be added back for each sector ("maxSecAdd_Sector") and country (maxSexAdd_Country). For each sector, this can be calculated using the formula, $maxSecAdd_Sector(j) = SectorLimit * FinalNumSec - \text{number of securities in the sector where } j \text{ is the unique sector ID}$. Subsequently for each sector, these values are then rounded down to the previous integer value. Similarly, for each country, this can be calculated using the formula, $maxSecAdd_Country(j) = CountryLimit * FinalNumSec - \text{number of securities in the country where } j \text{ is the unique country ID}$ and then for each country, these values are then rounded down to the previous integer value
8. Reduce DivPeriod by one year to give the new interim Dividend Increase Period ("InterimDivPeriod") for which securities would be evaluated
9. Check for securities that have increased dividends for the InterimDivPeriod and are currently not a part of the Index. Sort these companies in descending order of last reported dividend yield. Securities would have to be added back sequentially. Check the sector and country of the security whose dividend yield is highest. If maxSecAdd_Sector array value for the corresponding sector and maxSecAdd_Country array value for the corresponding country are greater than zero,

then the security can be added and the respective maxSecAdd_Sector and maxSecAdd_Country array values are decreased by 1. Else move onto the next security until Extra_Sec securities have been added to the Index

10. If all securities have been evaluated using the InterimDivPeriod, keep progressively reducing InterimDivPeriod in steps of one year to select securities which have increased dividends consecutively over these shorter Dividend Increase Periods and select additional securities in descending order of dividend yield until Extra_Sec securities have been added to the Index

Appendix III: Corporate Events Treatment

This appendix describes the treatment of the most common corporate events in the MSCI Indexes. Details regarding the treatment of all other corporate events not covered in this appendix can be found in the MSCI Corporate Events Methodology book, available at

http://www.msci.com/eqb/methodology/meth_docs/MSCI_May2014_CorporateEventsMethodology.pdf

Event Type	Event details	Action
Acquisition	Dividend Masters Index constituent acquires another Dividend Masters Index constituent	Maintain acquiring company and remove acquired company
	Dividend Masters Index constituent acquires non Dividend Masters Index constituent	Maintain acquiring company
	Non Dividend Masters Index constituent acquires Dividend Masters Index constituent	Remove acquired company without adding acquiring company
Merger	Dividend Masters Index constituent merges with Dividend Masters Index constituent	Add new company with a constraint factor that is the weighted average of the two constituents
	Dividend Masters Index constituent merges with non Dividend Masters Index constituent	Add new company if MSCI links its price history to the Dividend Masters Index constituent. New company not added if price history is linked to the non Dividend Masters Index constituent
IPO	IPO added to Parent Index	Security will be considered for inclusion in the Dividend Masters Index at the Annual Index Reconstitution Review in November
Spin-off	Dividend Masters Index constituent spins off security	Spun-off security will not be added to the Dividend Masters Index, even if it is included in the Parent Index
Conversion	Security A converted to B, A deleted from Parent Index, B added	B inherits constraint factors from A

Event Type	Event details	Action
Country Reclassification	Domicile of company reviewed: Security A deleted from country A, security B added to country B	B inherits constraint factors from A if it is added to the Parent Index
Stock exchange reclassification	Stock exchange (price source) of company reviewed: Security A deleted, security B added	B inherits constraint factors from A if it is added to the Parent Index
Other Events Resulting in Changes in Number of Shares and Foreign Inclusion Factors (FIF)	Changes in number of shares and subsequent FIF resulting from other events such as share placements and offerings, and debt-to-equity-swaps	No change in Constraint Factor

Client Service Information is Available 24 Hours a Day

clientservice@msci.com

Americas

Americas	1.888.588.4567 (toll free)
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
Sao 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 (toll free)

Asia Pacific

China North	10800.852.1032 (toll free)
China South	10800.152.1032 (toll free)
Hong Kong	+ 852.2844.9333
Seoul	00798.8521.3392 (toll free)
Singapore	800.852.3749 (toll free)
Sydney	+ 61.2.9033.9333
Taipei	008.0112.7513 (toll free)
Tokyo	+ 81.3.5290.1555

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 indices, 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 ESG Research Inc. and Barra LLC, may be used in calculating certain MSCI equity indexes. More information can be found in the relevant standard equity index methodologies on www.msci.com.
- MSCI receives compensation in connection with licensing its indices to third parties. MSCI Inc.'s revenue includes fees based on assets in investment products linked to MSCI equity indexes. Information can be found in MSCI's company filings on the Investor Relations section of www.msci.com.
- MSCI ESG Research Inc. 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 neither MSCI nor any of its products or services is 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, FEA, InvestorForce, 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.

About MSCI

MSCI Inc. is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes, portfolio risk and performance analytics, and ESG data and research.

The company's flagship product offerings are: the MSCI indexes with over USD 9 trillion estimated to be benchmarked to them on a worldwide basis¹; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

¹ As of March 31, 2014, as reported on June 25, 2014, by eVestment, Lipper and Bloomberg

July 2014