

MSCI EFM AFRICA TOP 50 CAPPED INDEX METHODOLOGY

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1 INTRODUCTION

The MSCI EFM Africa Top 50 Capped Index aims to represent the performance of the largest 50 securities from the MSCI Emerging Frontier Market (EFM) Africa¹ Index, which meet a minimum liquidity requirement. To avoid concentration, the weight of each country is first capped, following which, the index is capped as per the MSCI 10/40 Indexes methodology.

¹ For details, please refer to index-country membership of MSCI EFM Africa at <https://www.msci.com/index-country-membership-tool>.

2 CONSTRUCTING THE MSCI EFM AFRICA TOP 50 CAPPED INDEX

The MSCI EFM Africa Top 50 Capped Index (the “Index”) is constructed from the MSCI EFM Africa Index (the “Parent Index”) in the following three steps.

2.1 LIQUIDITY SCREENING

The Eligible Universe is created by removing all securities with a 3-month Annualized Traded Value² of less than USD 200 Million from the Parent Index.

2.2 SECURITY SELECTION

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

2.3 INDEX WEIGHTING SCHEME

The weights assigned to each security are determined in a two-step process:

- First, the weight of each country is capped at 33.34%. Within the capped country, selected securities are weighted in proportion to their free float-adjusted market capitalization. The weight of securities outside of the capped country will be increased in proportion to their weight prior to such capping.
- Second, the MSCI 10/40 Indexes methodology³ is applied on the capped constituents, such that the weight of any single group entity⁴ is capped at 10% and the sum of the weights of all group entities with a weight of more than 5% is capped at a maximum of 40%.

² For details on calculation of Annualized Traded Value, please refer to MSCI Index Calculation Methodology book, available at <https://www.msci.com/index-methodology>.

³ For details, refer to the MSCI 10/40 Indexes Methodology at www.msci.com/index-methodology.

⁴ For a definition and a description of the maintenance of Group Entities, please refer to the MSCI 10/40 Indexes methodology at www.msci.com/index-methodology.

3 MAINTAINING THE MSCI EFM AFRICA TOP 50 CAPPED 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.

3.2 REBALANCING DUE TO NON-COMPLIANCE

The index is also rebalanced on an ‘as needed’ basis. This means that the Index is rebalanced at the end of any day on which the constraints defined in the MSCI 10/40 Indexes methodology are breached. The breach of the constraints can be, for example, triggered by the market performance of one constituent.

3.3 ONGOING EVENT-RELATED CHANGES

In between Index Reviews, securities deleted from the Parent Index are simultaneously deleted from the Index. Securities added to the Parent Index are not added to the Index in between 2 index reviews. These securities are evaluated for inclusion at subsequent index reviews.

The following sections have been modified since December 2017:

Section 3.1: Quarterly Index Reviews

- Updated rebalancing notification change from five days to nine days

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