

# MSCI EM DYNAMIC PARTICIPATION INDEXES

[Szerző]

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# 1 Introduction

The MSCI EM Dynamic Participation Indexes are designed to represent the performance of a strategy which systematically increases exposure to Emerging Markets equities to above 100% during market downturns and normalizes back to 100% exposure during market upturns. The Indexes are constructed by combining the MSCI Emerging Markets Price Return Index with the relevant SGX mean reversion index which allocates variable weight to an ETF based on MSCI Emerging Markets Index.

The MSCI EM Dynamic Participation Index is constructed by combining MSCI EM Price Return Index with EEM Mean Reversion .50x Index.

The MSCI EM Dynamic Participation Index 2 is constructed by combining MSCI EM Price Return Index with EEM Mean Reversion .25x Index

The sensitivity of change of exposure in EEM Mean Reversion .50x Index is twice the sensitivity of change of exposure in EEM Mean Reversion .25x Index.

The MSCI EM Dynamic Participation Indexes are part of the MSCI Blended Index Family. For further details on the MSCI Blended Index Family, please refer to the MSCI Blended Index Family – Benchmark statement available on [www.msci.com](http://www.msci.com).

## 2 Index Construction

The MSCI EM Dynamic Participation Indexes are constructed by combining the MSCI Emerging Markets Index, with the corresponding SGX EM Mean Reversion Index with equal weight given to each component index.

The SGX EM Mean Reversion Index systematically adjusts its exposure to an ETF which tracks the MSCI Emerging Markets Total Return Index based upon the relative difference between the spot price of the ETF versus its 10-day simple moving average. The exposure of the SGX EM Mean Reversion Indexes is floored at 0% and capped at 100%. The aggregate exposure of the MSCI EM Dynamic Participation Indexes to Emerging Markets equities can range from 100% to 200%. On any New York Stock Exchange holiday, the indexes will have 0% return.

The MSCI EM Dynamic Participation Index and MSCI EM Dynamic Participation Index 2 are constructed as shown in the table below:

	Index Name	MSCI EM Index	SGX EM Mean Reversion Indexes
1	MSCI EM Dynamic Participation Index	MSCI EM Price Return Index	EEM Mean Reversion .50x Index
2	MSCI EM Dynamic Participation Index 2	MSCI EM Price Return Index	EEM Mean Reversion .25x Index

The following methodology is employed in calculating each of the MSCI EM Dynamic Participation Indexes

$$MRIndex(t) = MRIndex(t-1) \times \{1 + 100\% \times (retMSCI(t)) + 100\% \times (retSGX(t))\}$$

Where:

MRIndex(t) = Index level of the MSCI EM Dynamic Participation Index

retMSCI(t) = return of the MSCI EM Price Return Index between t and t-1 trading day

retSGX(t) = return of the corresponding SGX EM Mean Reversion Index between t and t-1 trading day

Trading day = Any valid New York Stock Exchange trading day

## 3 Maintenance of the Index

### 3.1 ONGOING EVENT RELATED CHANGES

Further detail and illustration regarding specific treatment of corporate events relevant to the MSCI EM Price Return Index can be found in the MSCI Corporate Events Methodology book under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at:  
<https://www.msci.com/index-methodology>

## Appendix I: METHODOLOGY FOR SGX EM MEAN REVERSION INDEXES

### EEM Mean Reversion .50x Index

The EEM Mean Reversion 0.50x index systematically adjusts its exposure to an ETF tracking MSCI Emerging Markets Total Returns Index based on the closing prices of the ETF. The Index is calculated in USD and is utilized for the calculation of MSCI EM Dynamic Participation Index.

The methodology document for the index is available at:

<https://www2.sgx.com/indices/products/emreem50>

### EEM Mean Reversion .25x Index

The EEM Mean Reversion 0.25x Index systematically adjusts its exposure to an ETF tracking MSCI Emerging Markets Total Returns Index based on the closing prices of the ETF. The Index is calculated in USD and is utilized for the calculation of MSCI EM Dynamic Participation Index 2.

The methodology document for the index is available at:

<https://www2.sgx.com/indices/products/emreem25>

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