

# **MSCI FRANCE SELECT 70 EQUAL WEIGHTED 5% DECREMENT INDEX**

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**CONTENTS**

- 1 Introduction ..... 3
- 2 Constructing the Indexes..... 4
  - 2.1 Security Selection ..... 4
  - 2.2 Weighting Scheme ..... 4
  - 2.3 Applying the Decrement ..... 5
- 3 Maintaining the Indexes..... 6
  - 3.1 Quarterly Index Reviews ..... 6
  - 3.2 Ongoing Event Related Changes ..... 6

## **1 INTRODUCTION**

The MSCI France Select 70 Equal Weighted 5% Decrement Index aims to represent the performance of the largest 70 stocks by free-float adjusted market capitalization from the MSCI France IMI (“Investable Market Index”). The Index aims to achieve diversification by equal weighting of the constituents. The index also applies a constant markdown (‘synthetic dividend’) of 5% on an annual basis, expressed as a percentage of performance.

## 2 CONSTRUCTING THE INDEXES

The MSCI France Select 70 Equal Weighted 5% Decrement Index is constructed from the MSCI France IMI (the “Parent Index”).

The following steps are applied at initial construction as well as subsequent Quarterly Index Reviews of the MSCI France Select 70 Equal Weighted 5% Decrement Index:

- Security Selection
- Weighting Scheme

In addition to the above steps, a daily decrement is applied to the index to reflect a constant markdown from the performance of the index.

### 2.1 SECURITY SELECTION

The largest 70 securities ranked in the descending order of their free-float adjusted market capitalization are selected for inclusion in the Index.

### 2.2 WEIGHTING SCHEME

Each selected security is then assigned an equal weight at initial construction and at every Index Review, in accordance with the MSCI Equal Weighted Indexes methodology<sup>1</sup>.

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<sup>1</sup> Please refer to the MSCI Equal Weighted Indexes methodology at [www.msci.com/index-methodology](http://www.msci.com/index-methodology)

### 2.3 APPLYING THE DECREMENT

The MSCI Decrement Indexes methodology<sup>2</sup> is applied using the following parameters, to construct the MSCI France Select 70 Equal Weighted 5% Decrement Index.

Sr. No.	Methodology Parameter	Parameter Value
1	Currency of Calculation	EUR
2	Return Variant of the Parent Index	Daily Net Total Return
3	Decrement Type	Fixed Percentage
4	Decrement Application	Geometric
5	Decrement Value	5%
6	Day-count Convention	Actual / 365
7	Index Floor	0
8	Decrement Frequency	Daily

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<sup>2</sup> Please refer to the MSCI Decrement Indexes Methodology at <http://www.msci.com/index-methodology>

### **3 MAINTAINING THE INDEXES**

#### **3.1 QUARTERLY INDEX REVIEWS**

The MSCI France Select 70 Equal Weighted 5% Decrement Index is reviewed on a quarterly basis as described in section 2, 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 in general announced nine business days before the effective date.

#### **3.2 ONGOING EVENT RELATED CHANGES**

The general treatment of corporate events in the MSCI France Select 70 Equal Weighted 5% Decrement 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. Further, changes in index market capitalization that occur as a result of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

Additionally, if the frequency of Index Reviews in the Parent Index is greater than the frequency of Index Reviews in the MSCI France Select 70 Equal Weighted 5% Decrement Index, the changes made to the Parent Index during intermediate Index Reviews will be neutralized in the MSCI France Select 70 Equal Weighted 5% Decrement Index.

The following section briefly describes the treatment of common corporate events within the MSCI France Select 70 Equal Weighted 5% Decrement 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 not be added to the index at the time of event implementation.

**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 be removed from the Index if there are changes in its characteristics (country, sector, size segment, etc.) Reevaluation for inclusion in the Index will occur at the subsequent Index Review.

Further detail and illustration regarding specific treatment of corporate events relevant to this 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>

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