

MSCI GOVERNMENT BOND INDEXES METHODOLOGY

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1 General Methodology Overview

MSCI Government Bond Indexes are constructed to measure the performance of eligible bonds issued by government-related¹ entities in the global fixed income markets.

The MSCI Government Bond Indexes are rules based and conform to a general construction guideline as described in this methodology document.

The indexes are designed to be representative of the targeted market and replicable from the perspective of global institutional investors.

Broadly, index methodology selects fix coupon, local currency, investment grade bonds from the relevant issuers. The eligible bonds are further screened for maturity and size cut-offs as outlined in relevant sections of this methodology document.

¹ Refers to government, supranational, and sub-sovereign entities including corporate issuers classified as government owned as per MSCI data vendors.

2 Index Construction: General guidelines

Security Type: The MSCI Government Bond Indexes (herein ‘the Indexes’) include local currency bonds issued from government-related entities in the global fixed income universe. In general, the universe includes all bullet, callable, and puttable fixed rate coupon bonds.

The table below summarizes security types eligible and ineligible for index inclusion.

| Eligible Security Types | Ineligible Security Types |
|--------------------------------------|----------------------------|
| Fixed Rate Coupon Bonds | Floating Rate Coupon Bonds |
| Bullet Bonds | Strips (IO/PO) |
| Puttable and Callable Bonds | Bills |
| Bonds with Step-up/Step-down Coupons | Inflation Protected Bonds |
| | Dual Currency |

Credit Rating: Each issuer of index constituents must be rated by either S&P or Moody's. For bonds that are rated by both S&P and Moody's, the lower rating will be used to determine the index inclusion criteria.

Index constituents that are not rated at a bond level will be considered for index inclusion based on S&P or Moody's issuer level long term credit rating.

Issuer Country of Domicile: Securities included in the MSCI Government Bond Indexes must belong to issuers domiciled in the Developed Market universe as described in Appendix I of this document.

Maturity: Each index constituent must have a maturity greater than or equal to 1 year as measured from the Rebalancing Date (defined below). New additions to the Indexes must have a maturity greater than or equal to 1 ½ years as measured from the Rebalancing Date.

Corporate Event: New additions to the Indexes must not have any known corporate events which will result in notional amount outstanding of the bond falling below the minimum bond size criteria over the next 1 month as measured from the Rebalancing Date.

Weighting: Index constituents will be weighted by market value² within the index.

Pricing: MSCI uses bid side pricing from data vendors. Securities included in the index are priced to par. Securities not priced by the designated pricing source are ineligible for index inclusion.

Settlement: MSCI applies standard same-day (T+0) index settlement convention, unless otherwise specified.

Size: MSCI calibrates and determines size-based index inclusion criteria to balance representativeness and liquidity for each relevant sub-section of the global fixed income universe.

At a security level, size is determined by its notional amount outstanding. At rebalancing, each security included in the MSCI Government Bond Indexes will have size greater than or equal to the thresholds tabulated in the table below.

| Index | Security Size Threshold |
|---|-------------------------|
| MSCI U.S. Government Bond Index | USD 2 billion |
| MSCI Eurozone Government Bond Index | EUR 2 billion |
| MSCI UK Government Bond Index | GBP 2 billion |
| MSCI Canada Government Bond Index | CAD 2 billion |
| MSCI Canada Province & Municipal Bond Index | CAD 150 million |

² Please refer to MSCI Fixed Income Index calculation methodology for further details on security level market value calculation.

3 Index Rebalancing & Maintenance

- The composition of the MSCI Government Bond Index is reviewed **monthly**, with the Rebalancing Date being first business date of the month.
- Change in the Index composition is based on latest data available as of three days prior to the Rebalancing Date, which is defined as the Cut-Off Date.
- MSCI will announce proforma index rebalancing results as of the Cut-Off Date.
- Any inclusion or exclusion criteria satisfied for a given security in the universe, after the Cut-Off Date, will generally become effective at the following monthly rebalancing; should conditions remain unchanged.
- Any cash that accrues within the index in each month is re-invested on a pro-rata basis across the index constituents, on the Rebalancing Date. In essence, cash in the index is swept out on rebalancing and the opening index portfolio on the Rebalancing Date starts with zero accrued cash balance.

For further information on index total return calculation and corporate events handling please refer to the MSCI Fixed Income Index Calculation Methodology. For the holiday calendar used in the indexes, please refer to the MSCI Fixed Income Data Methodology³.

³ The methodologies are available at: <https://www.msci.com/index-methodology>

4 Appendix I - List of developed market countries

| | |
|-----------|--------------------------|
| Australia | Japan |
| Austria | Luxembourg ⁴ |
| Belgium | Netherlands |
| Canada | New Zealand |
| Denmark | Norway |
| Finland | Portugal |
| France | Singapore |
| Germany | Spain |
| Hong Kong | Sweden |
| Ireland | Switzerland |
| Israel | United Kingdom |
| Italy | United States of America |

⁴ Luxembourg is considered a part of the developed markets universe for both fixed income and equity asset classes. In MSCI Equity Indexes, (e.g., MSCI World Index) Luxembourg is not included, because its equity market size fails to clear the minimum inclusion criteria as per MSCI Global Investable Market Indexes (GIMI) methodology.

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* = toll free

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