

MSCI RUSSIA SELECT SIZE & LIQUIDITY 10/40 INDEX METHODOLOGY

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1 INTRODUCTION

The MSCI Russia Select Size & Liquidity 10/40 Index (the “Index”) applies market capitalization and liquidity screening to the securities with a MSCI Country of Classification¹ of Russia that are listed on selected stock exchanges and reflects 10/40 constraints, i.e. the weight of any single group entity² is constrained at 10%, and the sum of the weights of all group entities with a weight of more than 5% is constrained at a maximum of 40%. The Index aims to represent the larger liquid segment of securities in the eligible Russian equity universe above the defined size and liquidity thresholds.

¹ MSCI Global Investable Market Indexes at www.msci.com/index-methodology

² 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

2 CONSTRUCTING THE MSCI RUSSIA SELECT SIZE & LIQUIDITY 10/40 INDEX

The MSCI Russia Select Size & Liquidity 10/40 Index is constructed in the following steps:

- Defining Eligible Universe
- Application of size and liquidity screening
- Application of the MSCI 10/40 Indexes methodology

2.1 DEFINING ELIGIBLE UNIVERSE

The Eligible Universe for the MSCI Russia Select Size & Liquidity 10/40 Index is derived by selecting all securities classified in Russia as per the MSCI Country of Classification. In addition, only securities trading on the stock exchanges listed below are eligible for the Index.

- Moscow Interbank Currency Exchange
- London Stock Exchange
- London International
- NASDAQ Global Market
- NASDAQ Capital Market
- NASDAQ Global Select Market
- New York Stock Exchange
- New York Stock Exchange Market LLC

2.2 APPLICATION OF SIZE AND LIQUIDITY SCREENING

The following market capitalization and liquidity screens are applied sequentially to the securities in the Eligible Universe from section 2.1:

- Include all securities with full market-capitalization greater than or equal to USD 250,000,000
- Include all securities with Domestic Inclusion Factor (DIF) adjusted 12-month Annualized Traded Value Ratio³ (ATVR) greater than or equal to 15%

³ MSCI Index calculation methodology at www.msci.com/index-methodology

- Include all securities with 6-month Annualized Traded Value⁴ (ATV) greater than or equal to USD 50,000,000
- Include all securities with 6-month Frequency of Trading⁵ (FoT) greater than or equal to 90%

Securities for which any of the above parameters is missing are not eligible for inclusion in the Index.

After the application of the above size and liquidity screens, the most liquid issue of each share class (for example: common and preferred) for each issuer is selected, ranked in the descending order of 6-month Annualized Traded Value. In case of two issues having the same 6-month Annualized Traded Value, a higher rank is given to the issue with higher DIF adjusted 12-month Annualized Traded Value Ratio. If this is also equal, then the issue with a higher 6-month Frequency of Trading is ranked higher.

The securities are weighted in proportion of their domestic free float-adjusted market capitalization.

2.3 APPLICATION OF THE MSCI 10/40 INDEXES METHODOLOGY

In the final step, the MSCI 10/40 Indexes methodology is applied so that no group entity has a weight above 10%, and the sum of weights of all group entities with weights above 5% does not exceed 40%.

Please refer to the following link for further details on the MSCI 10/40 Indexes methodology:

<https://www.msci.com/index-methodology>

⁴ MSCI Index calculation methodology at www.msci.com/index-methodology

⁵ MSCI Global Investable Market Indexes methodology at www.msci.com/index-methodology

3 MAINTAINING THE MSCI RUSSIA SELECT SIZE & LIQUIDITY 10/40 INDEX

3.1 SEMI-ANNUAL INDEX REVIEWS

The Index is reviewed on a semi-annual basis coinciding with the May and November Semi-Annual Index Reviews of the MSCI Global Investable Market Indexes. The pro forma Index is typically announced nine business days before the Index Review effective date.

At each Index Review, the constituents are selected from the pro forma Eligible Universe as described below:

For securities that are not currently a part of the Index, the size and liquidity thresholds are the same as the ones used at initial construction:

- Include all securities with full market-capitalization greater than or equal to USD 250,000,000
- Include all securities with Domestic Inclusion Factor (DIF) adjusted 12-month Annualized Traded Value Ratio (ATVR) greater than or equal to 15%
- Include all securities with 6-month Annualized Traded Value (ATV) greater than or equal to USD 50,000,000
- Include all securities with 6-month Frequency of Trading (FoT) greater than or equal to 90%

For existing constituents of the Index, the size and liquidity thresholds are relaxed slightly, as described below, in order to reduce turnover:

- Include all securities with full market-capitalization greater than or equal to USD 200,000,000
- Include all securities with Domestic Inclusion Factor (DIF) adjusted 12-month Annualized Traded Value Ratio (ATVR) greater than or equal to 10%
- Include all securities with 6-month Annualized Traded Value (ATV) greater than or equal to USD 40,000,000
- Include all securities with 6-month Frequency of Trading (FoT) greater than or equal to 80%

Securities for which any of the above parameters is missing are not eligible for inclusion in the Index.

After the application of the above size and liquidity screens, the most liquid issue of each share class (for example: common and preferred) for each issuer is selected, ranked in the descending order of 6-month Annualized Traded Value. In case of two issues having the same 6-month Annualized Traded Value, a higher rank is given to the issue with higher DIF adjusted 12-month Annualized Traded Value Ratio. If this is also equal, then the issue with a higher 6-month Frequency of Trading is ranked higher.

The pro forma Index constituents are weighted according to the MSCI 10/40 Indexes methodology as described in section 2.3.

3.2 QUARTERLY INDEX REVIEWS

Coinciding with the February and August Quarterly Index Reviews of the MSCI Global Investable Market Indexes, the Index constituents are weighted according to the MSCI 10/40 Indexes methodology relative to the weight of the constituents in the Index in the proportion of their domestic free float-adjusted market capitalization.

Additions to the Eligible Universe are not included in the Index at the Quarterly Index Reviews and are considered for inclusion only at the Semi-Annual Index Reviews.

3.3 ONGOING EVENT RELATED CHANGES

Corporate events are handled according to the MSCI Global Investable Market Indexes methodology.

Any security deleted from the Eligible Universe as a result of a corporate event will be simultaneously deleted from the Index. In addition, securities of companies that file for bankruptcy, companies that file for protection from their creditors and/or are suspended and for which a return to normal business activity and trading is unlikely in the near future will be removed from the Index as soon as practicable. Companies that fail stock exchange listing requirements with announcements of delisting from the respective stock exchanges will be treated in the same way.

New securities added to the Eligible Universe are not simultaneously added to the Index, but are reviewed for inclusion at the subsequent Semi-Annual Index Review.

The following sections have been modified since June 2016:

Section 3.1: Semi-Annual Index Reviews

- Updated rebalancing notification change from five days to nine days

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