

METHODOLOGY BOOK FOR:

- MSCI USA SELECT QUALITY YIELD INDEX**
- MSCI EMERGING MARKETS SELECT QUALITY YIELD INDEX**
- MSCI UNITED KINGDOM SELECT QUALITY YIELD INDEX**
- MSCI EUROPE EX UK SELECT QUALITY YIELD INDEX**

September 2015

CONTENTS

- 1 Introduction 3
- 2 Index Construction Methodology 4
 - 2.1 Defining the eligible Universe 4
 - 2.2 Security Selection 4
 - 2.3 Weighting Scheme 4
- 3 Maintaining the Indexes..... 6
 - 3.1 Semi-Annual Index Reviews 6
 - 3.2 Ongoing Event Related changes..... 6
 - 3.2.1 IPOs and other early inclusions.....6
 - 3.2.2 Additions and Deletions due to corporate events.....6

1 INTRODUCTION

The methodology book applies to the construction and maintenance of the following indexes:

Index	Parent Index
MSCI USA Select Quality Yield Index	MSCI USA Index
MSCI Emerging Markets Select Quality Yield Index	MSCI Emerging Markets Index
MSCI United Kingdom Select Quality Yield Index	MSCI United Kingdom Index
MSCI Europe ex UK Select Quality Yield Index	MSCI Europe ex UK Index

These Indexes are designed to represent the performance of companies that have relatively higher dividend yield and high Quality scores within the Parent Index universe of securities.

2 INDEX CONSTRUCTION METHODOLOGY

2.1 DEFINING THE ELIGIBLE UNIVERSE

All securities belonging to the underlying Parent Index are eligible for inclusion in the Index, with the exception of Real Estate Investment Trusts (REITs). REITs have structurally very high dividend yield and, if included, would represent a very significant proportion of the Index.

2.2 SECURITY SELECTION

The security selection is a two-step process:

- In the first step, rank all constituents of the Parent Index in descending order of their Quality Scores and select the top 50% by number of securities.

The quality score for each security is calculated by combining the z-scores of three winsorized fundamental variables, Return on Equity, Debt to Equity and Earnings Variability for all Parent Index constituents. A given variable z-score for a security is calculated using the mean and standard deviation of the corresponding variable computed within the MSCI Parent Index. After calculating component variable z-scores, a composite z-score for each security is computed by taking an equal-weighted average of the component z-scores.

For further details on the Quality Scores calculations, please refer to the MSCI Quality Indexes methodology¹.

- In the second step, rank all securities selected in the first step in descending order of their dividend yield², and select the top 50% by number of securities for inclusion in the index.

2.3 WEIGHTING SCHEME

The constituents in the Index are first free float-adjusted market capitalization weighted.

The cumulative weight for each issuer in the Index is capped at 5% at initial construction and each subsequent Semi-Annual Index Review of the Index. The excess weight of such issuers is distributed among the remaining constituents in proportion to their free float market capitalization.

¹ <https://www.msci.com/index-methodology>

² For definition, please refer to MSCI Fundamental Data Methodology at <https://www.msci.com/index-methodology>

If any issuer weight breaches the cap as a result of market price movements or corporate events between two Semi-Annual Index Reviews, no capping is applied.

3 MAINTAINING THE INDEXES

3.1 SEMI-ANNUAL INDEX REVIEWS

The Index is rebalanced on a semi-annual basis, usually as of the close of the last business day of May and November, coinciding with the May and November Semi-Annual Index Reviews (SAIRs) of the MSCI Global Investable Market Indexes. Fundamental variables as of the end of April and October respectively are used for the Index Review. The pro forma Index is typically announced nine business days before the effective date.

To reduce Index turnover and enhance index stability, buffer rules are applied. A security selection buffer of 20% is applied in the second step during the on-going Index Reviews.

For example, if the pro forma Parent Index includes 1600 securities, then the pro forma Index will include 400 securities. Buffer rules are then applied to securities ranked between 321 and 480 based on dividend yield after the first step described in section 2.2. The securities with a dividend yield rank at or above 320 will be included in the Index on a priority basis. The existing constituents that have a final dividend yield rank between 321 and 480 are then successively added until the number of securities in the Index reaches 400. If the number of securities is below 400 after this step, the remaining securities with the highest dividend yield are added until the number of securities in the Index reaches 400.

The 5% issuer level capping is applied at each Semi-Annual Index Review.

The capping of the issuer weights is done for the pro forma index as of the effective date, based on the closing prices as of the Index Review announcement date. In cases where any issuer weight breaches the cap as a result of market price movements or corporate events between the announcement date and the effective date, the capping is not applied again.

3.2 ONGOING EVENT RELATED CHANGES

In general, the Index follows the event maintenance of the Parent Index.

3.2.1 IPOs AND OTHER EARLY INCLUSIONS

IPOs and other newly listed securities will only be considered for inclusion in the Index at the next SAIR, even if they qualify for early inclusion in the Parent Index.

3.2.2 ADDITIONS AND DELETIONS DUE TO CORPORATE EVENTS

A constituent deleted from Parent Index following a corporate event will be simultaneously deleted from the Index. There will be no additions of new securities to the Index in between rebalances.

CONTACT US

clientservice@msci.com

AMERICAS

Americas	1 888 588 4567 *
Atlanta	+ 1 404 551 3212
Boston	+ 1 617 532 0920
Chicago	+ 1 312 675 0545
Monterrey	+ 52 81 1253 4020
New York	+ 1 212 804 3901
San Francisco	+ 1 415 836 8800
Sao Paulo	+ 55 11 3706 1360
Toronto	+ 1 416 628 1007

EUROPE, MIDDLE EAST & AFRICA

Cape Town	+ 27 21 673 0100
Frankfurt	+ 49 69 133 859 00
Geneva	+ 41 22 817 9777
London	+ 44 20 7618 2222
Milan	+ 39 02 5849 0415
Paris	0800 91 59 17 *

ASIA PACIFIC

China North	10800 852 1032 *
China South	10800 152 1032 *
Hong Kong	+ 852 2844 9333
Mumbai	+ 91 22 6784 9160
Seoul	00798 8521 3392 *
Singapore	800 852 3749 *
Sydney	+ 61 2 9033 9333
Taipei	008 0112 7513 *
Tokyo	+ 81 3 5290 1555

* = toll free

ABOUT MSCI

For more than 40 years, MSCI's research-based indexes and analytics have helped the world's leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research.

Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 98 of the top 100 largest money managers, according to the most recent P&I ranking.

For more information, visit us at www.msci.com.

NOTICE AND DISCLAIMER

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the “Information”) is the property of MSCI Inc. or its subsidiaries (collectively, “MSCI”), or MSCI’s licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the “Information Providers”) and is provided for informational purposes only. The Information may not be modified, reverse-engineered, reproduced or disseminated in whole or in part without prior written permission from MSCI.

The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or sub-contractors.

Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.

The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.

None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, “Index Linked Investments”). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.

Index returns do not represent the results of actual trading of investable assets/securities. MSCI maintains and calculates indexes, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an Index Linked Investment to be different than the MSCI index performance.

The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.

Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.

Data and information produced by various affiliates of MSCI Inc., including MSCI ESG Research Inc. and Barra LLC, may be used in calculating certain MSCI indexes. More information can be found in the relevant index methodologies on www.msci.com.

MSCI receives compensation in connection with licensing its indexes to third parties. MSCI Inc.’s revenue includes fees based on assets in Index Linked Investments. Information can be found in MSCI Inc.’s company filings on the Investor Relations section of www.msci.com.

MSCI ESG Research Inc. is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Except with respect to any applicable products or services from MSCI ESG Research, neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and MSCI’s products or services are not intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.

Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD, FEA, InvestorForce, and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor’s. “Global Industry Classification Standard (GICS)” is a service mark of MSCI and Standard & Poor’s.