

MSCI WORLD BUSINESS CYCLE FACTOR SELECT DAILY RETURN CONVERTED TO ZAR INDEX METHODOLOGY

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Introduction

The MSCI World Business Cycle Clock Factor Select Daily Return Converted to ZAR Index is designed to represent the performance of a strategy that converts only the daily returns of a given MSCI Index (parent) from the Parent Index currency to the target currency (the South African Rand or 'ZAR') using Spot rates.

1 Index Construction

The MSCI World Business Cycle Clock Factor Select Daily Return Converted to ZAR Index is constructed from the MSCI World Business Cycle Clock Factor Select Index (the “Parent Index”).

1.1 CURRENCY DATA

1.1.1 CLOSING SPOT RATES

MSCI uses the WM/Reuters closing Spot rates (the mid-point of closing bid and ask rates to five decimal places), taken at 4 p.m. UK time in the daily index calculation. The WM/Reuters closing Spot rates are provided by Thomson Reuters. MSCI may elect to use alternative sources of exchange rates if the WM/Reuters rates are not available, or if MSCI determines that the WM/Reuters rates may not reflect market conditions.

1.1.2 MISSING SPOT RATES

In case Thomson Reuters does not provide Spot rates for specific markets on given days (for example, Christmas Day and New Year Day), the Spot rates on the last weekday for which they are available will be used.

1.2 CALCULATION TIME

The MSCI World Business Cycle Clock Factor Select Daily Return Converted to ZAR Index is calculated at the same time as the underlying MSCI World Business Cycle Clock Factor Select Index.

1.3 INDEX CALCULATION FORMULA

On each index calculation date, the MSCI World Business Cycle Clock Factor Select Daily Return Converted to ZAR Index level is calculated as:

$$IL(t) = IL(t - 1) * \left(\left(\frac{BIL(t)}{BIL(t - 1)} - 1 \right) * \left(\frac{FX(t)}{FX(t - 1)} \right) \right) + 1$$

Where

t = Index Calculation date

$BIL(t)$ = MSCI World Business Cycle Clock Factor Select Index level on date t

$FX(t)$ = USDZAR WM/Reuters closing Spot Rates taken at 4 p.m. UK time

2 Maintenance of the Index

The MSCI World Business Cycle Clock Factor Select Daily Return Converted to ZAR Index is derived from the existing underlying MSCI Parent Index. As a result, corporate events are reflected in the MSCI World Business Cycle Clock Factor Select Daily Return Converted to ZAR Index as they occur and as they are captured in the underlying MSCI Parent Index.

Contact us

AMERICAS

clientservice@msci.com

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
São 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 *
Thailand	0018 0015 6207 7181 *
Tokyo	+ 81 3 5290 1555

* = toll free

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