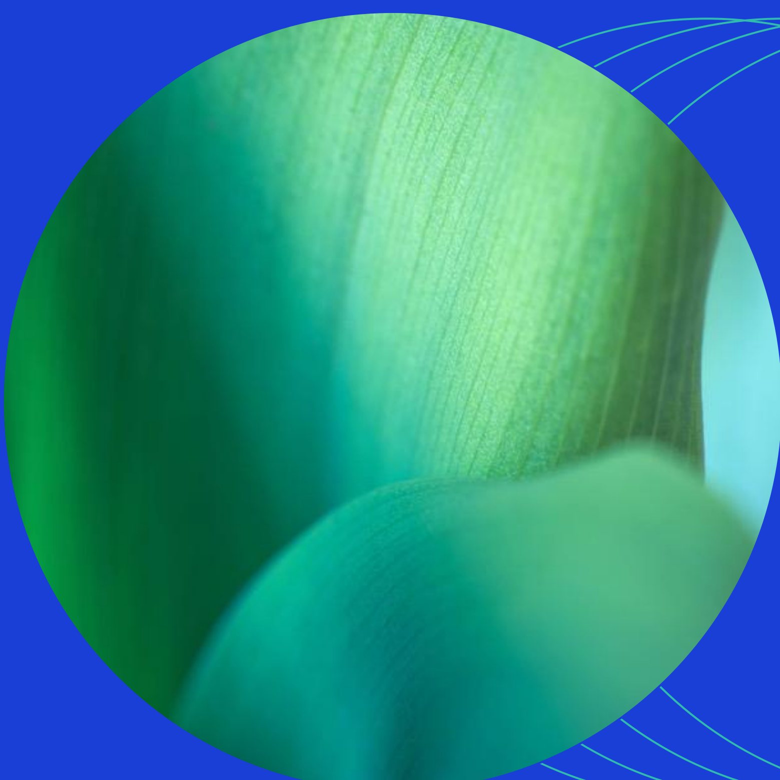
December 2025

MSCI EM Sovereign Bond Index (MESBI) Methodology



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1 General Methodology Overview

The MSCI Emerging Markets Sovereign Bond Index[1] ('the MESBI Index'; MSCI Index Code: 755660) is constructed to measure the performance of USD denominated bonds issued by the Emerging Markets (EM) sovereign and quasi-sovereign entities (100% government owned). The Index construction is rules-based and conforms to the general construction guidelines as described in this methodology document.

The spirit of the Index design is to be representative of the market, as well as to be replicable by the global institutional investors. Broadly, the Index methodology selects fix coupon paying USD 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. In addition, the Index methodology incorporates country capping at 10% to avoid concentration risk.

[1] The Index is governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document. The Methodology Set for the Indexes can be accessed from MSCI's webpage https://www.msci.com/index-methodology in the section 'Search Methodology by Index Name or Index Code'. The Methodology Set includes a document 'ESG Factors in Methodology' that contains the list of environmental, social, and governance factors considered, and how they are applied in the methodology (e.g., selection, weighting or exclusion).

2 Index Construction

Issuer Type: Each index constituent must be issued by a sovereign or quasi-sovereign[2] entity.

Issuer Country of Exposure: Each Index constituent must belong to issuers whose country of exposure is Emerging Market as per the Economic Development pillar of the MSCI Fixed Income Market Classification Framework[3].

Credit Rating[4]: Each index constituent must be rated by either by S&P, Fitch or Moody's. For bonds that are rated by two rating agencies, the lower rating will be used to determine the index inclusion criteria. For bonds that are rated by all three rating agencies, the median rating will be used to determine the index inclusion criteria.

The table below summarizes higher and lower rating thresholds for the Index.

S&P Rating		Moody's Rating		Fitch Rating	
Higher Rating Threshold	**Lower Rating Threshold**	**Higher Rating Threshold**	**Lower Rating Threshold**	**Higher Rating Threshold**	**Lower Rating Threshold**
AAA	C	Aaa	Ca	AAA	C

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 Index must have a maturity greater than or equal to 1½ years, as measured from the Rebalancing Date.

Size: Index constituents must have security size greater than or equal to USD 500 million.

Weighting: Index constituents will be weighted by market value[5] within the Index

[2] Quasi-sovereign entities are defined as government agencies or public sector corporates that are 100% owned by a sovereign entity.

[3] Please refer to MSCI Fixed Income Market Classification Framework document for further details. Available at https://www.msci.com/our-solutions/indexes/market-classification

[4] Historically, the Index utilized credit ratings only from S&P and Moody's for determining index eligibility and related criteria. However, effective April 2025, Fitch credit ratings are incorporated alongside Moody's and S&P ratings to assess index eligibility and respective distinctions

[5] Please refer to MSCI Fixed Income Index calculation methodology at www.msci.com/index-methodology for further details on security level market value calculation.

Additionally, constituent weights are capped at 10% at country of exposure to mitigate concentration risk. The excess weight after capping is redistributed across the remaining index constituent in proportion of their market value.

Note that the capping of the country weight is calculated for the pro forma Index as of the effective date, based on the closing prices as of the Index Review Cut-Off Date.

In cases where the pro-forma country weight breaches the cap because of market price movements or corporate events between the announcement date and the effective date, the capping is not applied again. Similarly, even if any country's weight breaches the cap because of market price movements or corporate events between two monthly reviews, capping is not re-applied

Pricing: Daily bond valuation utilizes bid prices from our vendors. Securities not priced by the designated pricing source are not eligible for index inclusion.

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

3 Sub-Indexes Based on Maturity, Credit Rating, Region, Country, etc.

In addition to the standard MSCI EM Sovereign Bond Index described in this document, MSCI also maintains a set of sub-indexes designed to provide more granular views of market segments. These sub-indexes are derived systematically from the main index and can be segmented across multiple dimensions (individually or in combination). Key dimensions include, but are not limited to, the following:

Time to Maturity Buckets

Sub-indexes are constructed for various maturity ranges to allow investors to analyze and manage interest rate risk across different duration exposures. Common maturity buckets include, but are not limited to:

- 1–3 years
- 3–5 years
- 5–7 years
- 7–10 years
- 10-20 years
- 20+ years

Credit Rating Buckets

To provide transparency into credit quality dynamics, MSCI also offers sub-indexes based on credit rating bands. These buckets may include, but are not limited to:

- AAA to AA
- A
- BBB
- BB
- B
- CCC & Below

Country and Regional Buckets

MSCI also constructs sub-indexes based on country classifications, or broader regional groupings. These allow investors to evaluate geographic exposures and align benchmarks with global or local investment mandates.

Examples include:

- Country-level segments (e.g., India, China, Mexico)
- Regional groupings (e.g., MENA, LATAM)

These sub-indexes follow the same general eligibility and construction principles as the MSCI EM Sovereign Bond Index with the underlying universe filtered according to the selected dimension(s). In practice, MSCI can generate sub-indexes along any single dimension or across combinations such as maturity-by-country, rating-by-region, or broader multi-dimensional frameworks to support a wide range of analytical and benchmarking needs.

4 Index Rebalancing & Maintenance

- The Index undergoes a monthly review, with the rebalancing impact taking effect on the first business day of each month (termed as Rebalancing Date). To elaborate, bonds are incorporated into the index at the close of the last business day of every month, but the impact on returns is observed on the first business day of the subsequent month.

- The rebalanced Index composition is determined by the most recent data available three days prior to the Rebalancing Date, termed as the Cut-Off Date. If a security in the universe satisfies any inclusion or exclusion criteria after the Cut-Off Date, it will typically become effective at the next monthly rebalancing, provided conditions remain constant. In extraordinary circumstances, such as cases of input data correction, MSCI has the discretion to shorten the Cut-Off Date for Index rebalancing from T-3 to T-2, T-1, or T. In such scenarios, MSCI will inform Index clients of these changes through an announcement.

- MSCI will disclose proforma index rebalancing results starting the second business day of each month. MSCI will freeze the proforma index rebalancing results as of the Cut-Off Date.

- Bonds are either added to or removed from the index solely on monthly rebalancing dates. For existing index components, any changes to index eligibility will only be reflected in the subsequent monthly rebalancing.

- Any cash that accumulates within the index each month is re-invested across the index constituents on a pro-rata basis, on the Rebalancing Date. Essentially, cash in the index is cleared out on rebalancing, and the opening index portfolio on the Rebalancing Date commences with zero accrued cash balance.

- Specific variants of total return calculation of the index on the Rebalancing Date may be adjusted for transaction costs[6] as securities are added to the index at the offer price.

For further information on index total return calculation and corporate events handling please refer to the MSCI Fixed Income Index Calculation Methodology[7].

For the holiday calendar used in the indexes, please refer to the MSCI Fixed Income Data Methodology[8].

[6] Refer to the MSCI Fixed Income Index Calculation Methodology for detail. Available at https://www.msci.com/index-methodology
[7] Refer to the MSCI Fixed Income Index Calculation Methodology for detail. Available at https://www.msci.com/index-methodology
[8] The methodologies are available at: https://www.msci.com/index-methodology.

Appendix I: Methodology Set

The Indexes are governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document as mentioned below:

- Description of methodology set – https://www.msci.com/index/methodology/latest/FIInfo
- MSCI Fixed Income Data Methodology – https://www.msci.com/index/methodology/latest/FIDATA
- MSCI Fixed Income Calculation Methodology – https://www.msci.com/index/methodology/latest/FIINDEXCALC
- MSCI Fixed Income Glossary of Terms – https://www.msci.com/index/methodology/latest/FIGLOSS
- MSCI Fixed Income Index Policies – https://www.msci.com/index/methodology/latest/FIINDEXPOLICY
- MSCI EM Sovereign Bond Index Methodology – https://www.msci.com/index/methodology/latest/MESBI

The Methodology Set for the Indexes can also be accessed from MSCI's webpage https://www.msci.com/index-methodology in the section 'Search Methodology by Index Name or Index Code'.

Appendix II: Changes to the Methodology Book

The following sections have been modified as of December 2024:

Appendix I: Methodology Set

- Added details on the Methodology Set for the Index

The following sections have been modified as of April 2025:

Amended Section 2 to reflect the integration of Fitch Credit Ratings in the index construction methodology of the MSCI EM Sovereign Bond Index.

The following sections have been modified as of December 2025:

Added Section 3 on availability of sub-indexes based on Time to Maturity, Credit Rating and Issuer Type Buckets.

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