

MSCI China A 50 Connect Index Methodology

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1 Introduction

The MSCI China A 50 Connect Index (the “Index”) is constructed from the MSCI China A Index (the “Parent Index”)¹. The Index aims to reflect the performance of the 50 largest securities representing each Global Industry Classification Standard (GICS®) sector and reflecting the sector weight allocation of the Parent Index.

¹ For details on the MSCI China A Index, please refer to appendix XVI: ‘MSCI China A Indexes’ of the MSCI Global Investable Market Indexes (GIMI) Methodology, available at <https://www.msci.com/index/methodology/latest/GIMI>

For details on the Corporate Events, please refer to appendix VIII: ‘Implementation for stock connect A-Share securities’ of the MSCI Corporate Events Methodology, available at <https://www.msci.com/index/methodology/latest/CE>

For details on the Index Calculation, please refer to the MSCI Index Calculation methodology book, available at <https://www.msci.com/index/methodology/latest/IndexCalc>

Definitions of standard terms used in GIMI index methodology are available at <https://www.msci.com/index/methodology/latest/IndexGlossary>

2 Index Construction Methodology

The index construction rules defined in sections 2.1 to 2.3 below are used to construct the MSCI China A 50 Connect Index.

2.1 APPLICABLE UNIVERSE

The applicable universe includes all the constituents of the Parent Index.

2.2 SECURITY SELECTION

Step 1: The Index aims to include the 2 largest securities from each GICS® sector (the “sectors”) of the MSCI China A Large Cap Index based on their free float-adjusted market capitalization.

If any of the sectors from the Parent Index are not represented in the above selection, then the largest security based on the free float-adjusted market capitalization from each of these sectors from the applicable universe is included.

Step 2: After selecting securities as described in step 1 above, the Index includes the largest securities from the MSCI China A Large Cap Index based on their free float-adjusted market capitalization until the number of securities reaches target number of constituents (50).

2.3 SECURITY WEIGHTING

The selected Index constituents are assigned weights in the proportion of their free float-adjusted market capitalization.

These weights are then adjusted to implement sector neutrality, i.e. the weight of each sector in the MSCI China A 50 Connect Index is equated with the weight of that sector in the Parent Index at the rebalancing. This is done by re-normalizing the weights of the constituents within each sector to reflect the Parent Index sector weight.

3 Maintaining the Index

3.1 QUARTERLY INDEX REVIEW

The MSCI China A 50 Connect Index is rebalanced on a quarterly basis, usually as of the close of the last business day of February, May, August and November, coinciding with the February, May, August and November Index Review of the MSCI Global Investable Market Indexes.

The pro forma Index is in general announced nine business days before the effective date.

The rules defined in sections 2.1 to 2.3 are applicable at each quarterly index reviews. If the target number of constituents is not reached in step 2 (refer section 2.2), all the remaining securities (after Step 1) from the MSCI China A Large Cap index are included in the Index.

3.1.1 BUFFER RULES

To reduce Index turnover and enhance Index stability in the MSCI China A 50 Connect Index, buffer rules are applied for 15 securities while selecting remaining securities after the selection from each sector.

For example, 22 securities are selected based on the sector representation then for the remaining 28 securities buffers are applied between rank 13 and 43. The securities in the MSCI China A Large Cap Index, which are not selected from the sector representation, with a rank based on their free float-adjusted market capitalization at or above 13 will be added to the MSCI China A 50 Connect Index on a priority basis. The existing constituents that have a rank between 14 and 43 are then successively added until the total number of securities in the MSCI China A 50 Connect Index reaches 50. If the total number of securities is below 50 after this step, the remaining securities in the MSCI China A Large Cap Index with the highest rank are added until the number of securities in the MSCI China A 50 Connect Index reaches 50.

3.2 ONGOING EVENT RELATED CHANGES

The following section briefly describes the treatment of common corporate events within the MSCI China A 50 Connect Index.

No new securities will be added (except where noted below) to the Index between Index Reviews. For cases where additions are noted below, securities will be added to the Index only if added to the Parent Index.

Parent Index deletions will be reflected simultaneously in the Index.

EVENT TYPE

EVENT DETAILS

New additions to the Parent Index

A new security added to the parent index (such as IPO and other early inclusions) will not be added to the index.

Spin-Offs

All securities created as a result of the spin-off of an existing Index constituent will be added to the Index at the time of event implementation. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review of the corresponding underlying Index.

Merger/Acquisition

For Mergers and Acquisitions, the acquirer's post event weight will account for the proportionate amount of shares involved in deal consideration, while cash proceeds will be invested across the Index.

If an existing Index constituent is acquired by a non-Index constituent, the existing constituent will be deleted from the Index and the acquiring non-constituent will not be added to the Index.

Changes in Security Characteristics

A security will continue to be an Index constituent if there are changes in characteristics (country, sector, size segment, etc.). Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review of the corresponding Parent Index.

Further detail and illustration regarding specific treatment of corporate events relevant to this Index can be found in the MSCI Corporate Events Methodology book under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at: <https://www.msci.com/index/methodology/latest/CE>

4 Appendix I: MSCI China A 50 Connect RMB Index

The MSCI China A 50 Connect RMB Index have the same constituents as the MSCI China A 50 Connect Index.

The MSCI China A 50 Connect Index is calculated using China A Stock Connect listings based on the offshore RMB exchange rate (CNH). The MSCI China A 50 Connect RMB Index is calculated using China A local listings based on the onshore RMB exchange rate (CNY).

5 Appendix II: MSCI China A 50 Connect J-Series Index and MSCI China A 50 Connect RMB J-Series Index

The MSCI China A 50 Connect J-Series Index follow the MSCI China A 50 Connect Index Methodology but with MSCI China A J-Series Index as the Parent Index, which do not apply the treatment of investment sanctions related to the U.S. Executive Order 13959 dated November 12, 2020 which Prohibits Transactions by U.S. Persons in Certain Chinese Companies (the "Order"), along with clarification from the Office of Foreign Assets Control (OFAC).

The MSCI China A 50 Connect RMB J-Series Index have the same constituents as the MSCI China A 50 Connect J-Series Index.

The MSCI China A 50 Connect J-Series Index is calculated using China A Stock Connect listings based on the offshore RMB exchange rate (CNH). The MSCI China A 50 Connect RMB J-Series Index is calculated using China A local listings based on the onshore RMB exchange rate (CNY).

The following sections have been modified since August 2021:

1. Appendix I: MSCI China A 50 Connect RMB Index
 - Addition of the MSCI China A 50 Connect RMB Index

2. Appendix II: MSCI China A 50 Connect J-Series Index and MSCI China A 50 Connect RMB J-Series Index
 - Addition of the MSCI China A 50 Connect J-Series Index and MSCI China A 50 Connect RMB J-Series Index

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