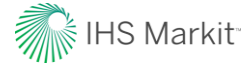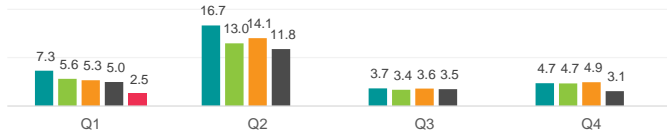# Securities Lending Returns in MSCI Europe
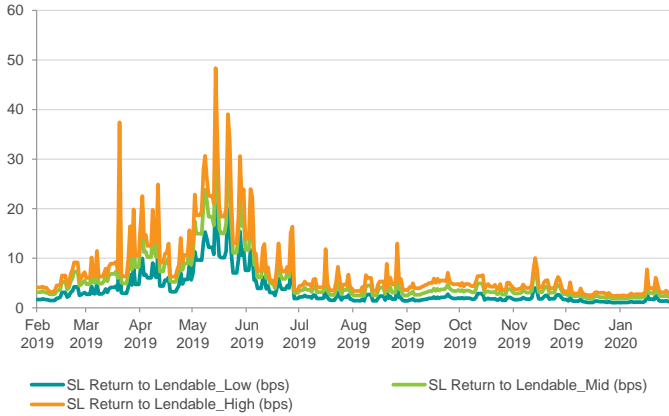
IHS Markit

The MSCI Europe Index measures the performance of the large and mid cap segments across 15 developed markets countries in Eur ope. The index covers approximately 85% of the free float-adjusted market capitalization across the European developed markets equity universe. IHS Markit provides the securities lending return made from securities in the index since 2015 and further provides a break down by fee categories, top sectors & countries as well as the level of short interes t in the index constituents. There are currently 435 securities on loan out of the 437 securities in the index

SL Returns to Lendable (bps) : Quarterly Comparison

■2016 ■2017 ■2018 ■2019 ■2020

Q1: 7.3 5.6 5.3 5.0 2.5
Q2: 16.7 13.0 14.1 11.8
Q3: 3.7 3.4 3.6 3.5
Q4: 4.7 4.7 4.9 3.1

Indexed Short Interest	2016	2017	2018	2019	2020
End of Year Levels	113.3	97.9	117.7	91.4	91.7
YOY change	4%	-14%	20%	-22%	0.3%

Index base date : 1st Jan 2015

SL Returns to Lendable : Feb 19 to Jan 20

— SL Return to Lendable_Low (bps) — SL Return to Lendable_Mid (bps)
— SL Return to Lendable_High (bps)

Period	SL Return to Lendable_Low (bps)		SL Return to Lendable_Mid (bps)		SL Return to Lendable_High (bps)	
Annualized	2020	2019	2020	2019	2020	2019
Jan	1.4	1.6	2.5	3.0	3.3	3.9
Feb	-	2.4	-	4.3	-	5.5
Mar	-	4.2	-	7.2	-	9.6
Apr	-	5.9	-	9.7	-	12.0
May	-	11.6	-	17.9	-	22.7
Jun	-	4.8	-	7.6	-	9.6
Jul	-	2.2	-	3.6	-	4.9
Aug	-	2.0	-	3.5	-	4.9
Sep	-	1.9	-	3.3	-	4.9
Oct	-	2.0	-	3.5	-	4.7
Nov	-	2.1	-	3.7	-	4.8
Dec	-	1.3	-	2.2	-	2.9
YTD	1.4	1.6	2.5	3.0	3.3	3.9
Full Year	1.4	3.5	2.5	5.9	3.3	7.9
Feb 19 - Jan 20	*3.4*		*5.8*		*7.8*	

SL Revenue Contribution by Fee Categories

Annual Contribution by Fee Categories: Feb 19 to Jan 20

20.1%
15.5%
64.4%
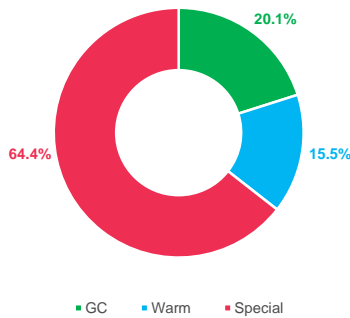
■ GC ■ Warm ■ Special

Period	GC Contribution		Warm Contribution		Special Contribution		Warm Securities		Special Securities	
Month	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Jan	44%	48%	9%	16%	47%	35%	9	18	5	5
Feb	-	32%	-	23%	-	45%	-	21	-	6
Mar	-	17%	-	14%	-	68%	-	34	-	14
Apr	-	12%	-	18%	-	69%	-	62	-	27
May	-	6%	-	14%	-	80%	-	67	-	44
Jun	-	16%	-	10%	-	74%	-	34	-	18
Jul	-	31%	-	10%	-	59%	-	17	-	10
Aug	-	32%	-	22%	-	46%	-	15	-	6
Sep	-	34%	-	10%	-	56%	-	14	-	5
Oct	-	34%	-	24%	-	42%	-	19	-	4
Nov	-	32%	-	21%	-	46%	-	19	-	6
Dec	-	51%	-	23%	-	26%	-	15	-	3

Top Sectors & Countries by SL Revenue and SL Return to Lendable for Jan 2020

Top 3 Sectors by SL Return to Lendable	SL Return to Lendable (bps)
Food & Staples Retailing	21.2
Software & Services	13.7
Telecommunication Services	8.1

Top 3 Sectors by SL Revenue	SL Revenue Contribution
Software & Services	18%
Utilities	13%
Telecommunication Services	11%

Top 3 Countries by SL Return to Lendable	SL Return to Lendable (bps)
Italy	9.5
Austria	4.6
Belgium	4.6

Top 3 Countries by SL Revenue	SL Revenue Contribution
France	30%
Germany	25%
Italy	10%

Notes

SL Return to Lendable_Low	Returns from securities lending relative to lendable value from all the lender funds who are part of the IHS Markit Securities Finance group
SL Return to Lendable_Mid	Returns from securities lending relative to lendable value from only those lender funds with active loans in respective market areas that are part of the index. Funds are classified as active on a daily basis for individual market areas. This metric is used in the report unless stated otherwise
SL Return to Lendable_High	Returns from securities lending relative to lendable value from only those lender funds with the highest loan value that represent 80% of the cumulative loan value in respective market areas that are part of the index. Funds are classified on a daily basis for individual market areas within the index.
Indexed Short Interest	Indexed Short Interest tracks the daily change in short interest relative to market capitalization calculated for the MSCI index with an index base date of 1st Jan 2015 where the index is set to a base value of 100
Fee Classification	Securities with value weighted average securities lending fee of <= 35 bps are classified as GC, > 35 bps & <= 150 bps are classified as Warm and > 150 bps are classified as Special. This fee classification is done on a daily basis