MSCI USA Sector Neutral Quality Index (USD)

The **MSCI USA Sector Neutral Quality Index** captures large and mid-cap representation across the US equity markets. The index aims to capture the performance of securities that exhibit stronger quality characteristics relative to their peers within the same GICS® sector by identifying stocks with high quality scores based on three main fundamental variables: high Return-on-Equity (ROE), low leverage and low earnings variability.

For a complete description of the index methodology, please see Index methodology - MSCI.

CUMULATIVE INDEX PERFORMANCE — GROSS RETURNS (USD) (MAR 2009 – MAR 2024)

— MSCI USA Sector Neutral Quality   881.39
— MSCI USA   872.39

ANNUAL PERFORMANCE (%)

Year	MSCI USA Sector Neutral Quality	MSCI USA
2023	31.09	27.10
2022	-20.28	-19.46
2021	27.22	26.97
2020	17.14	21.37
2019	34.40	31.64
2018	-5.64	-4.50
2017	22.49	21.90
2016	9.37	11.61
2015	4.61	1.32
2014	10.74	13.36
2013	34.30	32.61
2012	12.77	16.13
2011	7.48	1.99
2010	14.20	15.45

INDEX PERFORMANCE — GROSS RETURNS (%) (MAR 29, 2024)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED 3 Yr	5 Yr	10 Yr	Since Nov 30, 1998
MSCI USA Sector Neutral Quality	2.68	11.86	34.26	11.86	12.23	15.07	13.06	8.84
MSCI USA	3.18	10.41	30.26	10.41	10.80	15.02	12.88	8.02

FUNDAMENTALS (MAR 29, 2024)

	Div Yld (%)	P/E	P/E Fwd	P/BV
MSCI USA Sector Neutral Quality	1.27	26.97	23.29	7.65
MSCI USA	1.35	26.20	21.42	4.82

INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 1998 – MAR 29, 2024)

	Beta	Tracking Error (%)	Turnover (%) [1]	ANNUALIZED STD DEV (%) [2] 3 Yr	5 Yr	10 Yr	SHARPE RATIO [2,3] 3 Yr	5 Yr	10 Yr	Since Nov 30, 1998	MAXIMUM DRAWDOWN (%)	Period YYYY-MM-DD
MSCI USA Sector Neutral Quality	0.95	2.98	39.61	18.84	19.07	15.54	0.57	0.73	0.78	0.50	47.34	2007-10-31—2009-03-09
MSCI USA	1.00	0.00	2.00	17.82	18.68	15.38	0.52	0.74	0.77	0.44	54.91	2007-10-09—2009-03-09

[1] Last 12 months   [2] Based on monthly gross returns data   [3] Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

INDEX CHARACTERISTICS

	MSCI USA Sector Neutral Quality	MSCI USA
Number of Constituents	125	610
	Weight (%)	
Largest	6.87	6.45
Smallest	0.02	0.01
Average	0.80	0.16
Median	0.38	0.06

TOP 10 CONSTITUENTS

	Index Wt. (%)	Parent Index Wt. (%)	Sector
NVIDIA	6.87	4.85	Info Tech
VISA A	4.55	0.96	Financials
META PLATFORMS A	4.43	2.34	Comm Srvcs
MICROSOFT CORP	4.27	6.45	Info Tech
MASTERCARD A	4.16	0.88	Financials
BROADCOM	3.83	1.28	Info Tech
LILLY (ELI) & COMPANY	3.81	1.36	Health Care
APPLE	3.43	5.47	Info Tech
CONOCOPHILLIPS	2.39	0.33	Energy
NIKE B	2.17	0.25	Cons Discr
Total	39.91	24.16	

FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN

MSCI FACTOR BOX

■ MSCI USA Sector Neutral Quality   ● MSCI USA
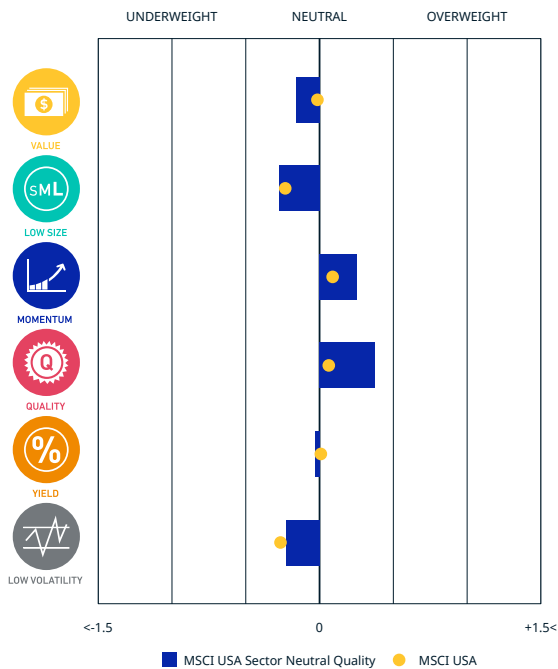
MSCI FaCS

VALUE
Relatively Inexpensive Stocks

LOW SIZE
Smaller Companies

MOMENTUM
Rising Stocks

QUALITY
Sound Balance Sheet Stocks

YIELD
Cash Flow Paid Out

LOW VOLATILITY
Lower Risk Stocks

MSCI FaCS provides absolute factor exposures relative to a
broad global index - MSCI ACWI IMI.

Neutral factor exposure (FaCS = 0) represents MSCI ACWI IMI.

SECTOR WEIGHTS

● Information Technology 31.15%   ● Financials 12.13%   ● Health Care 12.08%
● Consumer Discretionary 10.55%   ● Communication Services 9.47%   ● Industrials 8.3%
● Consumer Staples 5.8%   ● Energy 3.84%   ● Real Estate 2.39%   ● Materials 2.27%
● Utilities 2.02%
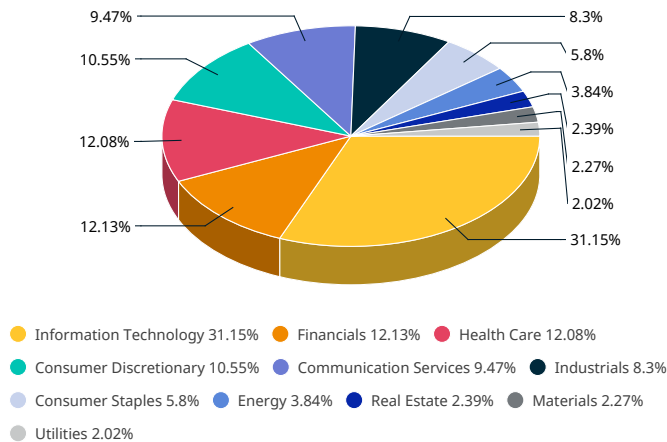
MSCI FACTOR BOX AND FaCS FRAMEWORK (Please refer to complete description of the MSCI FaCS methodology here)

MSCI FaCS is a standard method for evaluating and reporting the Factor characteristics of equity portfolios. MSCI FaCS consists of Factor Groups (e.g. Value, Size, Momentum, Quality, Yield, and Volatility) that have been extensively documented in academic literature and validated by MSCI Research as key drivers of risk and return in equity portfolios. These Factor Groups are constructed by aggregating 16 factors (e.g. Book-to-Price, Earnings/Dividend Yields, LT Reversal, Leverage, Earnings Variability/Quality, Beta) from the latest Barra global equity factor risk model, GEMLT, designed to make fund comparisons transparent and intuitive for use. The MSCI Factor Box, which is powered by MSCI FaCS, provides a visualization designed to easily compare absolute exposures of funds/indexes and their benchmarks along 6 Factor Groups that have historically demonstrated excess market returns over the long run.

ABOUT MSCI