

Global Industry Classification Standard (GICS®)

With globalization, industry sectors increasingly reflect dynamic interactions across world markets. To interpret the complexity and pace of industry movements, a consistent and comprehensive global industry classification standard is critical. In 1999, MSCI and Standard & Poor's developed the **Global Industry Classification Standard (GICS)**, seeking to offer an efficient investment tool to capture the breadth, depth and evolution of industry sectors.

GICS—The Industry Standard

GICS is a common global classification standard used by thousands of market participants across all major groups involved in the investment process: asset managers, brokers (institutional and retail), custodians, consultants, research teams and stock exchanges. GICS enables clients to:

- » Capture and assess the impact of global, regional or local industry trends on a portfolio
- » Compare and report on industry sector exposures versus peers or benchmarks
- » Pinpoint industry investment opportunities across developed and emerging markets
- » Analyze sector and industry contributions to portfolio performance
- » Construct consistently defined global or regional sector-based and sector rotation strategies

GICS Structure and Methodology

- » GICS is a four-tiered, hierarchical industry classification system. It consists of 10 sectors, 24 industry groups, 67 industries and 156 sub-industries. The GICS methodology is widely accepted as an industry analytical framework for investment research, portfolio management and asset allocation.
- » Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the sub-industry level according to its principal business activity. MSCI and Standard & Poor's use revenues as a key factor in determining a firm's principal business activity. Earnings and market perception, however, are also recognized as important and relevant information for classification purposes and are taken into account during the annual review process.



Key Features of GICS

Universal

Standardized industry definitions are applied to companies globally

Reliable

The structure precisely reflects the current state of industries in global investment markets

Comprehensive

The classification consists of four levels of analysis, ranging from the most general sector to the most specific sub-industry

Evolutionary

Annual reviews are conducted to ensure that classifications remain accurate and fully reflective of the changing global economy

The GICS Advantage

Global industry coverage is comprehensive and precise. The classification system is comprised of more than 43,000 companies and over 51,000 securities across 127 markets globally, covering approximately 95% of the world's equity market capitalization.

Company classifications are regularly reviewed and maintained. Specialized teams from two major index providers—MSCI and Standard & Poor's—have defined robust review procedures, refined over nearly 15 years. The review process includes daily monitoring for corporate actions that may change a company's classification and an annual review to capture changes in a company's business activity. Additionally, consultations are held with market participants to ensure the capture of accurate and relevant changes in industry trends.

GICS Direct

- » GICS Direct is a global database maintained jointly by MSCI and Standard & Poor's.
- » Offers flexible delivery options—daily or monthly—via file transfer protocol (FTP) and through major data vendors.
- » Over 200 global institutions use GICS Direct, including nine of the top ten buy-side and sell-side firms.

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About MSCI

MSCI Inc. is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes, portfolio risk and performance analytics, and governance tools.

The company's flagship product offerings are: the MSCI indexes with approximately USD 7.5 trillion estimated to be benchmarked to them on a worldwide basis¹; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; ISS corporate governance research, data and outsourced proxy voting and reporting services; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

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¹As of March 31, 2013, as reported on July 31, 2013 by eVestment, Lipper and Bloomberg.