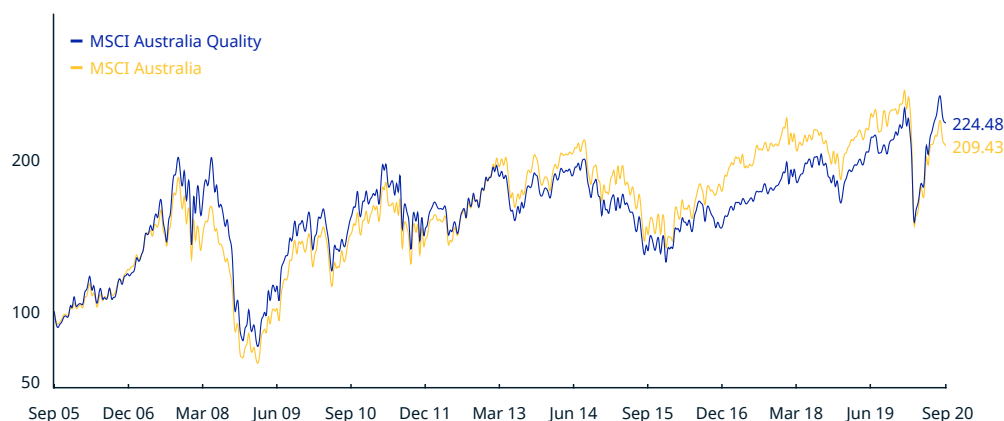


# MSCI Australia Quality Index (USD)

The MSCI Australia Quality Index is based on the MSCI Australia Index, its parent index, which includes large and mid cap stocks of the Australian equity market. The index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage. The MSCI Quality Indexes complement existing MSCI Factor Indexes and can provide an effective diversification role in a portfolio of factor strategies.

## CUMULATIVE INDEX PERFORMANCE – NET RETURNS (USD) (SEP 2005 – SEP 2020)



## ANNUAL PERFORMANCE (%)

Year	MSCI Australia Quality	MSCI Australia
2019	26.41	22.92
2018	-7.85	-11.99
2017	20.02	19.93
2016	5.71	11.45
2015	-12.99	-9.95
2014	-5.02	-3.41
2013	-0.24	4.16
2012	17.09	22.07
2011	-13.58	-10.95
2010	12.64	14.52
2009	64.52	76.43
2008	-47.30	-50.67
2007	44.57	28.34
2006	27.80	30.86

## INDEX PERFORMANCE – NET RETURNS (%) (SEP 30, 2020)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED				Since Nov 30, 1998
					3 Yr	5 Yr	10 Yr	Since Nov 30, 1998	
MSCI Australia Quality	-6.52	6.05	9.44	1.51	8.22	10.19	3.31	8.35	
MSCI Australia	-6.81	2.82	-7.72	-11.52	0.73	7.06	3.30	7.67	

## FUNDAMENTALS (SEP 30, 2020)

Div Yld (%)	P/E	P/E Fwd	P/BV
3.38	20.10	19.53	3.84
3.51	20.63	18.15	1.88

## INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 1998 – SEP 30, 2020)

	Beta	Tracking Error (%)	Turnover (%) <sup>1</sup>	ANNUALIZED STD DEV (%) <sup>2</sup>			SHARPE RATIO <sup>2,3</sup>			Since Nov 30, 1998	MAXIMUM DRAWDOWN (%)	Period YYYY-MM-DD
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr			
MSCI Australia Quality	0.92	6.27	53.52	20.66	17.77	18.65	0.40	0.56	0.23	0.39	62.59	2008-05-19–2009-03-02
MSCI Australia	1.00	0.00	3.98	22.19	19.51	20.11	0.07	0.39	0.23	0.36	65.60	2007-11-01–2009-03-09

<sup>1</sup> Last 12 months

<sup>2</sup> Based on monthly net returns data

<sup>3</sup> Based on ICE LIBOR 1M

The MSCI Australia Quality Index was launched on Jul 12, 2013. Data prior to the launch date is back-tested data (i.e. calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Past performance – whether actual or back-tested – is no indication or guarantee of future performance.

### INDEX CHARACTERISTICS

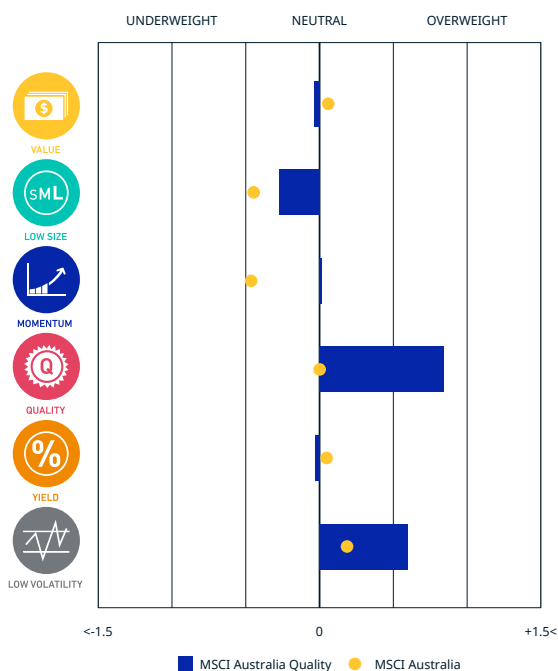
	MSCI Australia Quality	MSCI Australia
<b>Number of Constituents</b>	25	64
	Weight (%)	
<b>Largest</b>	12.31	10.39
<b>Smallest</b>	0.44	0.14
<b>Average</b>	4.00	1.56
<b>Median</b>	2.50	0.78

### TOP 10 CONSTITUENTS

	Index Wt. (%)	Parent Index Wt. (%)	Sector
WESFARMERS	12.31	4.02	Cons Discr
CSL	10.30	10.39	Health Care
WOOLWORTHS GROUP	10.09	3.67	Cons Staples
RIO TINTO LTD (AU)	9.05	2.79	Materials
COLES	8.66	1.81	Cons Staples
FORTESCUE METALS GROUP	8.18	2.20	Materials
GOODMAN GROUP	5.89	2.35	Real Estate
ARISTOCRAT LEISURE	4.25	1.37	Cons Discr
ASX	3.45	1.25	Financials
BRAMBLES	3.11	1.27	Industrials
<b>Total</b>	<b>75.29</b>	<b>31.12</b>	

### FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN

#### MSCI FACTOR BOX



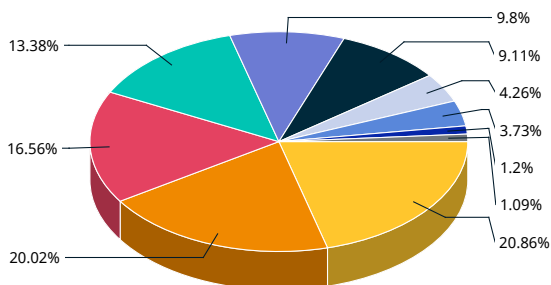
#### MSCI FaCS

- 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



- Consumer Staples 20.86%
- Materials 20.02%
- Consumer Discretionary 16.56%
- Health Care 13.38%
- Financials 9.8%
- Real Estate 9.11%
- Industrials 4.26%
- Communication Services 3.73%
- Information Technology 1.2%
- Energy 1.09%

## INDEX METHODOLOGY

The MSCI Quality Indexes aim to capture the quality factor with a simple and transparent methodology that ensures reasonably high trading liquidity and investment capacity of constituent companies, as well as moderate index turnover. A quality score for each security is calculated by combining Z scores of three winsorized fundamental variables—Return on Equity, Debt to Equity and Earnings Variability. MSCI then averages the Z scores of each of the three fundamental variables to calculate a composite quality Z score for each security, and then ranks all constituents of the parent index based on their quality scores.

The MSCI Quality Indexes are constructed with a fixed number of securities approach. A fixed number of securities with the highest positive quality scores is determined for each MSCI Quality Index with the goal of achieving high exposure to the quality factor while maintaining sufficient index market capitalization and number of securities coverage. All securities eligible for inclusion in the MSCI Quality Indexes are weighted by the product of their market cap weight in the parent index and their quality score. Issuer weights are capped at 5%.

The Quality indexes are rebalanced semi-annually, as of the close of the last business day of November and May.

## FACTOR BOX AND FaCS METHODOLOGY

MSCI FaCS is a standard method ([MSCI FaCS Methodology](#)) 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

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 45 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process. To learn more, please visit [www.msci.com](http://www.msci.com).

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