

# MSCI EUROPE RISK WEIGHTED INDEX (USD)

The MSCI Europe Risk Weighted Index is based on the MSCI Europe Index, its parent index, which includes large and mid cap stocks across 15 European Developed Markets (DM) countries\*. Constructed using a simple, but effective and transparent process, the MSCI Europe Risk Weighted Index reweights each security of the parent index so that stocks with lower risk are given higher index weights. Historically the index has exhibited lower realized volatility in comparison to its parent index, while maintaining reasonable liquidity and capacity.

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



## ANNUAL PERFORMANCE (%)

Year	MSCI Europe Risk Weighted	MSCI Europe
2019	23.38	23.77
2018	-14.14	-14.86
2017	27.05	25.51
2016	-1.21	-0.40
2015	0.54	-2.84
2014	-3.98	-6.18
2013	26.20	25.23
2012	19.70	19.12
2011	-10.98	-11.06
2010	7.26	3.88
2009	38.55	35.83
2008	-46.62	-46.42
2007	7.86	13.86
2006	43.81	33.72

## INDEX PERFORMANCE — NET RETURNS (%) (JAN 31, 2020)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED			
					3 Yr	5 Yr	10 Yr	Since Jun 30, 1994
MSCI Europe Risk Weighted	-1.92	3.43	13.23	-1.92	8.92	5.38	6.57	8.28
MSCI Europe	-2.51	2.81	13.20	-2.51	8.10	4.52	5.54	6.97

## FUNDAMENTALS (JAN 31, 2020)

Div Yld (%)	P/E	P/E Fwd	P/BV
3.34	17.48	15.39	1.85
3.51	16.92	14.30	1.84

## INDEX RISK AND RETURN CHARACTERISTICS (JUN 01, 1994 – JAN 31, 2020)

	Beta	Tracking Error (%)	Turnover (%) <sup>1</sup>	ANNUALIZED STD DEV (%) <sup>2</sup>			SHARPE RATIO <sup>2,3</sup>			Since Jun 01, 1994 (%)	MAXIMUM DRAWDOWN	
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		Period YYYY-MM-DD	
MSCI Europe Risk Weighted	0.93	4.19	15.34	11.96	12.73	15.60	0.62	0.38	0.44	0.41	62.99	2007-10-31—2009-03-09
MSCI Europe	1.00	0.00	1.83	12.24	13.07	16.26	0.55	0.31	0.37	0.32	62.99	2007-10-31—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

\* DM countries in Europe include: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

The MSCI Europe Risk Weighted Index was launched on May 05, 2011. 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.

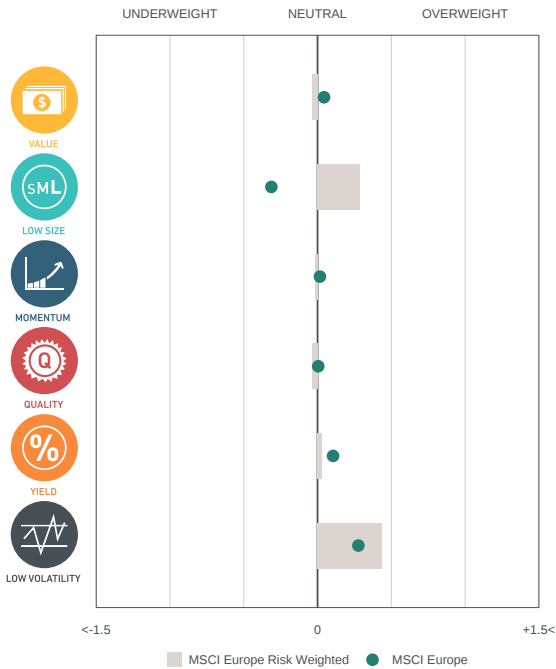
### INDEX CHARACTERISTICS

	MSCI Europe Risk Weighted	MSCI Europe
Number of Constituents	437	437
	Weight (%)	
Largest	0.84	3.59
Smallest	0.02	0.02
Average	0.23	0.23
Median	0.20	0.11

### TOP 10 CONSTITUENTS

	Country	Index Wt. (%)	Parent Index Wt. (%)	Sector
SWISS PRIME SITE	CH	0.84	0.10	Real Estate
NESTLE	CH	0.71	3.59	Cons Staples
SWISSCOM	CH	0.57	0.16	Comm Srvcs
GIVAUDAN	CH	0.55	0.33	Materials
GROUPE BRUXELLES LAMBERT	BE	0.54	0.09	Financials
COVIVIO	FR	0.53	0.06	Real Estate
ICADE	FR	0.52	0.04	Real Estate
LINDT & SPRUENGLI NAMEN	CH	0.51	0.10	Cons Staples
TRYG	DK	0.50	0.04	Financials
CARLSBERG B	DK	0.50	0.17	Cons Staples
Total		5.77	4.69	

### FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN MSCI FACTOR BOX



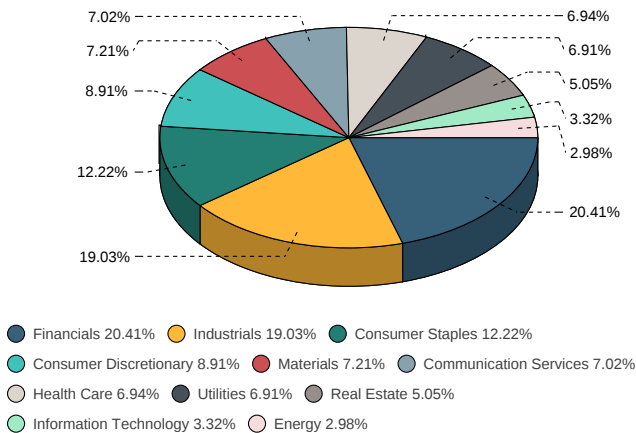
### MSCI FaCS

- 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

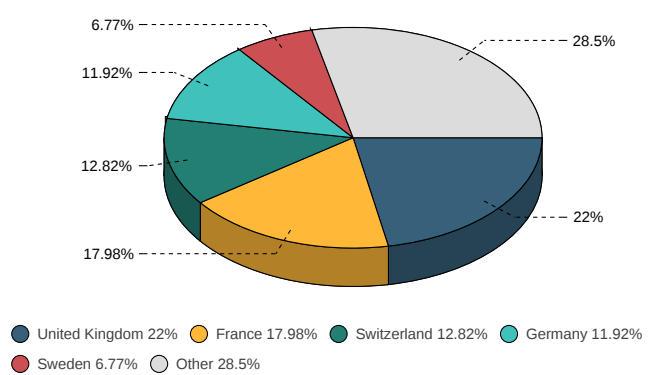
MSCI FaCS provides absolute factor exposures relative to a broad global index - MSCI ACWI IMI.

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

### SECTOR WEIGHTS



### COUNTRY WEIGHTS



## INDEX METHODOLOGY

Each MSCI Risk Weighted Index is constructed by reweighting the constituents of its market cap weighted parent index. To derive a risk weight for each security in the parent index, the security's 3-year weekly historical local return is calculated first. The risk weight is then computed as the ratio of the inverse of the security variance to the sum of the inverse of the security variances of all constituents in the parent index. The index is rebalanced semiannually in May and November.

## 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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