

# MSCI Kokusai Governance-Quality Index (USD)

The **MSCI Kokusai (World ex Japan) Governance-Quality Index** is based on MSCI Kokusai index, its parent index, which includes large and mid cap stocks across 22 Developed Markets (DM) countries\* (excluding Japan). The index aims to reflect the performance of a strategy that is seeking to capture both the financial and corporate governance aspects of Quality investing. The financial aspects of the Quality factor are captured using the same fundamental data as used in the MSCI Quality Index - return on equity, financial leverage and earnings variability. The standard of corporate governance is measured through measures such as independence and diversity of board of directors, ownership and control structure of the company, accounting practices and auditor opinions.

For a complete description of the index methodology, please see [Index methodology - MSCI](#).

## CUMULATIVE INDEX PERFORMANCE – NET RETURNS (USD) (NOV 2009 – MAR 2024)



## ANNUAL PERFORMANCE (%)

| Year | MSCI Kokusai Governance-Quality | MSCI Kokusai |
|------|---------------------------------|--------------|
| 2023 | 32.54                           | 24.02        |
| 2022 | -22.75                          | -18.24       |
| 2021 | 24.91                           | 23.49        |
| 2020 | 20.13                           | 16.02        |
| 2019 | 35.92                           | 28.43        |
| 2018 | -4.15                           | -8.31        |
| 2017 | 28.50                           | 22.25        |
| 2016 | 5.40                            | 8.02         |
| 2015 | 2.28                            | -1.78        |
| 2014 | 10.22                           | 5.79         |
| 2013 | 27.44                           | 26.63        |
| 2012 | 13.21                           | 16.59        |
| 2011 | 3.91                            | -4.55        |
| 2010 | 10.86                           | 11.37        |

## INDEX PERFORMANCE – NET RETURNS (%) (MAR 29, 2024)

|                                 | 1 Mo | 3 Mo  | 1 Yr  | YTD   | ANNUALIZED |       |       |                    |
|---------------------------------|------|-------|-------|-------|------------|-------|-------|--------------------|
|                                 |      |       |       |       | 3 Yr       | 5 Yr  | 10 Yr | Since Nov 30, 2009 |
| MSCI Kokusai Governance-Quality | 2.79 | 10.49 | 33.02 | 10.49 | 11.23      | 14.80 | 12.77 | 12.96              |
| MSCI Kokusai                    | 3.23 | 8.74  | 25.06 | 8.74  | 8.98       | 12.41 | 9.61  | 10.31              |

## FUNDAMENTALS (MAR 29, 2024)

| Div Yld (%) | P/E   | P/E Fwd | P/BV |
|-------------|-------|---------|------|
| 1.39        | 26.85 | 23.11   | 8.40 |
| 1.81        | 22.41 | 18.94   | 3.61 |

## INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 2009 – MAR 29, 2024)

|                                 | Beta | Tracking Error (%) | Turnover (%) <sup>1</sup> | ANNUALIZED STD DEV (%) <sup>2</sup> |       |       | SHARPE RATIO <sup>2,3</sup> |      |       | Since Nov 30, 2009 | MAXIMUM DRAWDOWN |                       |
|---------------------------------|------|--------------------|---------------------------|-------------------------------------|-------|-------|-----------------------------|------|-------|--------------------|------------------|-----------------------|
|                                 |      |                    |                           | 3 Yr                                | 5 Yr  | 10 Yr | 3 Yr                        | 5 Yr | 10 Yr |                    | (%)              | Period YYYY-MM-DD     |
| MSCI Kokusai Governance-Quality | 0.91 | 3.85               | 24.33                     | 18.29                               | 18.15 | 14.95 | 0.54                        | 0.75 | 0.79  | 0.85               | 31.94            | 2020-02-19–2020-03-23 |
| MSCI Kokusai                    | 1.00 | 0.00               | 2.23                      | 17.35                               | 18.47 | 15.19 | 0.44                        | 0.62 | 0.59  | 0.65               | 34.82            | 2020-02-19–2020-03-23 |

<sup>1</sup> Last 12 months    <sup>2</sup> Based on monthly net returns data    <sup>3</sup> Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

\* DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US.

The MSCI Kokusai Governance-Quality Index was launched on Feb 29, 2016. Data prior to the launch date is back-tested test (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

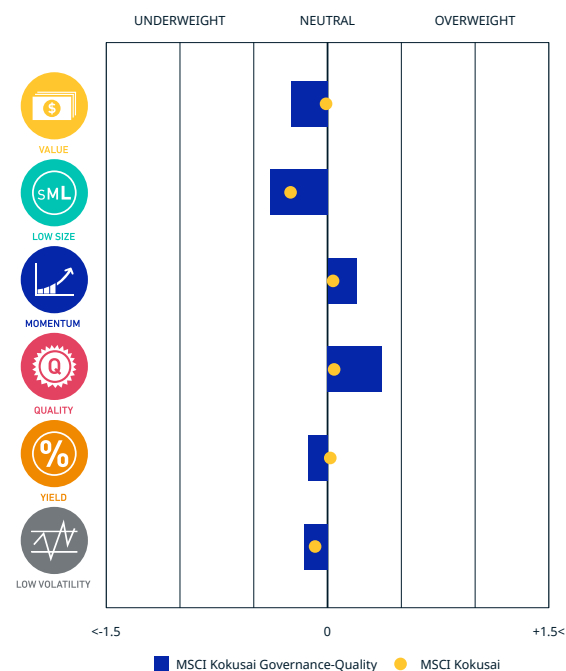
|                               | MSCI Kokusai<br>Governance-Quality | MSCI Kokusai |
|-------------------------------|------------------------------------|--------------|
| <b>Number of Constituents</b> | 223                                | 1,247        |
|                               | <b>Weight (%)</b>                  |              |
| <b>Largest</b>                | 7.76                               | 4.87         |
| <b>Smallest</b>               | 0.01                               | 0.00         |
| <b>Average</b>                | 0.45                               | 0.08         |
| <b>Median</b>                 | 0.15                               | 0.03         |

## TOP 10 CONSTITUENTS

|                       | Country | Index Wt. (%) | Parent Index Wt. (%) | Sector      |
|-----------------------|---------|---------------|----------------------|-------------|
| NVIDIA                | US      | 7.76          | 3.66                 | Info Tech   |
| MICROSOFT CORP        | US      | 4.83          | 4.87                 | Info Tech   |
| APPLE                 | US      | 3.88          | 4.13                 | Info Tech   |
| LILLY (ELI) & COMPANY | US      | 3.43          | 1.03                 | Health Care |
| NOVO NORDISK B        | DK      | 3.10          | 0.68                 | Health Care |
| BROADCOM              | US      | 3.10          | 0.97                 | Info Tech   |
| VISA A                | US      | 2.89          | 0.72                 | Financials  |
| ASML HLDG             | NL      | 2.81          | 0.64                 | Info Tech   |
| ALPHABET A            | US      | 2.54          | 1.46                 | Comm Svcs   |
| UNITEDHEALTH GROUP    | US      | 2.53          | 0.75                 | Health Care |
| Total                 |         | 36.86         | 18.92                |             |

## FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN

## MSCI FACTOR BOX



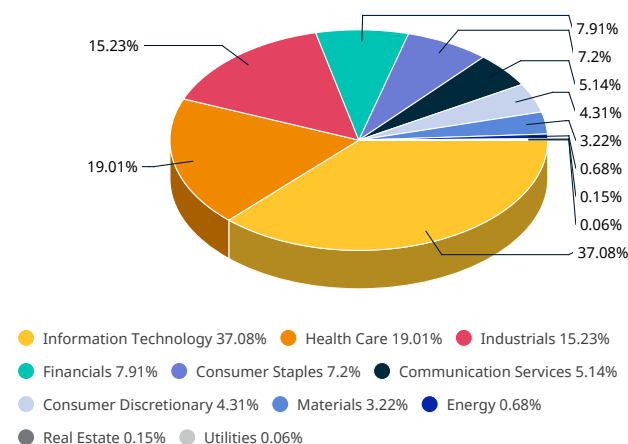
## MSCI FaCS

- 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

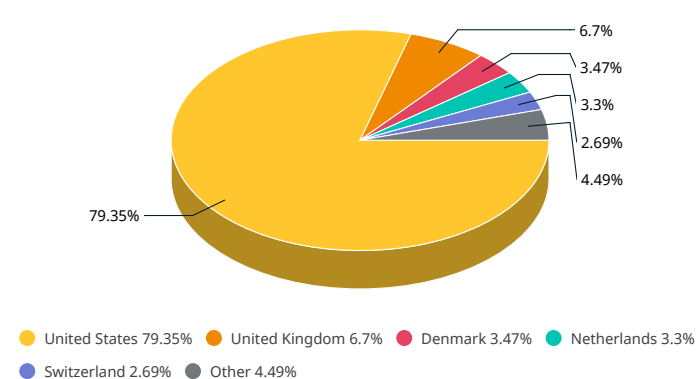
MSCI FaCS provides absolute factor exposures relative to a broad global index - MSCI ACWI IMI.

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

## SECTOR WEIGHTS



## COUNTRY WEIGHTS



## 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

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