

## Norway's Ministry of Finance Engages MSCI for Research on Risk Premia Indices

### Risk Premia Investing: Practical Considerations for Large Scale Portfolios

London – May 29, 2013 – [MSCI](#) Inc. (NYSE: MSCI), a leading provider of investment decision support tools worldwide, announced today that it has authored a new research report, [Harvesting Risk Premia in Large Scale Portfolios](#), which was commissioned by the [Norwegian Ministry of Finance](#) to explore whether [risk premia indices](#) could be used in connection with allocating to factor strategies in large funds like the [Government Pension Fund Global](#). The paper examines equity risk factor strategies, such as value, size, low volatility and momentum, with a focus on practical implementation issues and investability.

The MSCI research team evaluated the performance and investability of risk premia indices across global and regional developed markets over a twenty-year period (1992 – 2012). The results suggested the potential for risk premia allocations in portfolios with sizeable assets. The study indicates that for large equity portfolios, particularly portfolios of USD\$100 billion and greater, investability should be given explicit consideration along with the more familiar return and risk components important in the evaluation and potential design of risk factor strategies.

“For decades, academic research has demonstrated that risk factors can deliver substantial excess returns in comparison to cap-weighted equity market portfolios over a long horizon,” said Remy Briand, Managing Director and Global Head of MSCI Index and ESG Research. “However, these academic studies remain largely theoretical. In this report, we investigate for the first time implementation issues for risk premia strategies and their investability for very large scale portfolios.”

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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 indices, portfolio risk and performance analytics, and governance tools.

The company's flagship product offerings are: the MSCI indices with close to USD 7 trillion estimated to be benchmarked to them on a worldwide basis<sup>1</sup>; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indices and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; ISS governance research 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.

<sup>1</sup>As of September 30, 2012, as published by eVestment, Lipper and Bloomberg on January 31, 2013

For further information on MSCI, please visit our web site at [www.msci.com](http://www.msci.com)

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