

MSCI Launches New US Equity Model Suite

Enhanced US Equity models set new standard for measuring and managing risk

New York – January 12, 2015 – [MSCI](#) Inc. (NYSE: MSCI), a leading provider of investment decision support tools worldwide, today announced the launch of its next generation equity risk models aimed at helping institutional investors in the world's largest equity market.

MSCI's new Barra US Total Market Equity Model Suite has been built to include a new set of factors and factor structures that are aligned with multiple investment horizons marking a new era for advancing the standard for measuring and managing risk in US Equity markets.

This new suite of models also include Systematic Equity Strategies (SES), which allow investment managers to better understand and monitor the sources of risk and return in equity portfolios, while capturing volatility and correlation among stocks. Using models enhanced with SES also enables institutional investors to better manage their exposures to crowded strategies and improves model performance across multiple use cases such as portfolio construction, hedging market risk and risk monitoring.

Mehmet Bayraktar, Managing Director and Head of Research for Equity Analytics at MSCI, said, "Today marks an important milestone in providing institutional investors a new level of insight into uncovering sources of risk and return in a period of high uncertainty in what remains the world's biggest and most liquid equity markets."

The MSCI Barra US Total Market Equity Model Suite targets three investment horizons: Long-Term, Medium-Term and Trading. The Long-Term model incorporates the most stable set of style factors reflecting long-term strategies that aim to keep portfolio turnover and transaction costs at low levels while the Medium-Term and Trading versions add additional style factors to improve model performance across shorter investment horizons.

Models include:

- New MSCI Barra factors with new sources of data content. Some of the new factors include Management Quality, Profitability, Earnings Quality, Prospect, News Sentiment, and Regional Momentum
- Significant enhancements to traditional MSCI Barra factors such as Liquidity, Value, Residual Volatility, Dividend Yield, and Earnings Yield
- Improved estimation methodologies that help with ability to adapt to rapid risk-on and risk-off market movements with **Volatility Regime Adjustment**, improved portfolio optimization with **Optimization Bias Adjustment** and **Robust Specific Risk Model** incorporating Bayesian Adjustments for greater forecast accuracy
- Historical **point-in-time** fundamental data with **daily** updates

The first model in this suite, the Barra US Total Market Equity Model for Long-Term Investors, is available now. The Medium-Term and Trading versions will be available shortly.

Peter Zangari, Managing Director and Head of Portfolio Management Analytics for MSCI, said, "MSCI is committed to helping investment professionals by delivering innovative, ground-breaking research, models and software to help identify sources of risk and return. The roll-out of these new enhanced models is another example of our dedication to research-enhanced innovation."

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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 ESG data and research.

The company's flagship product offerings are: the MSCI indexes with over USD 9.5 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; 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.

¹ As of June 30, 2014, as reported on September 30 2014 by eVestment, Morningstar and Bloomberg

² As of January, 2013, Institutional Investor, The Hedge Fund 100

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