

## MSCI Creates Factor Classification Standard by launching MSCI FaCS and MSCI Factor Box

*MSCI launches latest Factor innovation designed to demystify ‘smart beta’*

**New York – Jan. 18, 2018** – MSCI Inc. (NYSE: MSCI), a leading provider of research-based indexes and analytics, today launched MSCI FaCS, a factor classification standard and MSCI Factor Box, an updated style box designed to reflect a modern approach to investing.

Factor Investing is transforming the way investors construct and manage portfolios. And there is a clear gap in the market today for a single framework from which to think about factors. Our latest Factor innovation MSCI FaCS and MSCI Factor Box provide investors a common language framework, with an easily accessible and visual representation, for implementing and measuring factor investing strategies.

“We consulted with a wide base of clients across institutional and wealth who are increasingly turning to factor-based strategies. Our latest innovation is the first standard classification that allows a broader investment audience to interpret factor investing through a common language. We are leveraging our history and deep expertise in research-driven factor innovation, along with cutting-edge technology, to bring a standard measurement of factors to a broader range of investors,” said Peter Zangari, Global Head of Research and Product Development, MSCI.

MSCI FaCS is the framework and standard for evaluating, implementing and reporting factor allocations, based on commonly considered “factors” that have historically driven performance. It includes an extensive global equity factor structure – 8 factor groups and 16 factors for more than 70,000 global securities. The factor classification can be viewed at the security level for stock selection or aggregate at the fund or portfolio level to analyze and compare factor exposures – historically key drivers of risk and return behavior over time.

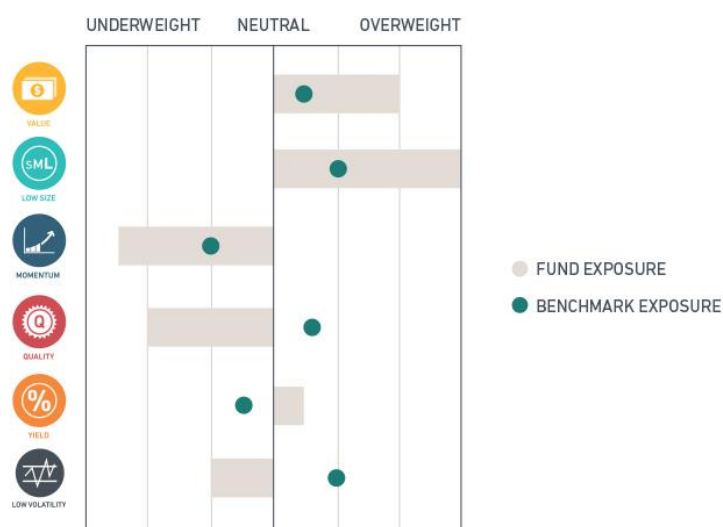
Factor-based investing continues to gain traction among investors. While widely used by institutional investors for decades, increasingly, registered investment advisors and wealth managers are looking at how they can leverage factor approaches or products on behalf of clients. MSCI Factor Box provides a simple solution accessible by a wider mainstream investment audience which has highlighted the need for industry standard measurement and classification as the traditional style box becomes too limiting.

“We believe standardization of factor definitions and measurement will allow a wider array of investors to take advantage of factor based approaches as part of a balanced and diversified portfolio,” added Zangari. “With the launch of MSCI FaCS and MSCI Factor Box, we are bringing much needed transparency as the demand for factor investing continues to grow.”



### MSCI Factor Box

MSCI Factor Box is the visual representation of factor exposures of stocks, ETFs and mutual funds. This updated style box, with a bar graph designed for easy interpretation, aims to give investors added clarity and consistency to evaluate factors as a component of their investments. MSCI Factor Box highlights six key factors, value, low size, momentum, quality, yield and low volatility, as they have historically been shown to provide risk and return premia over time. Investment managers can use the framework to analyze and report factor characteristics, while investors and consultants can use the data to compare funds using common factor standard definitions.



### Driving Innovation

MSCI has been at the forefront of driving factor innovation for over 40 years, beginning with Barra, which established a common language to explain risk and return through the lens of factors.

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### About MSCI

For more than 40 years, MSCI’s research-based indexes and analytics have helped the world’s leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research.

Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 99 of the top 100 largest money managers, according to the most recent P&I ranking.

For more information, visit us at [www.msci.com](http://www.msci.com).

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