

MSCI Launches New Client-Driven Index Solutions for Asset Owners

Institutional Client-Designed Indexes can adapt to changes in investment strategy at pension funds, sovereign wealth funds, and endowments

NEW YORK – Oct. 18, 2022 – MSCI Inc. (NYSE: MSCI), a leading provider of critical decision support tools and services for the global investment community, has announced the launch of Institutional Client-Designed Indexes (iCDI), furthering the abilities of institutional asset owners to customize and adapt indexes that underpin their investment strategies.

Pension funds, sovereign wealth funds, endowments, and other institutional asset owners are increasingly evolving their investment strategies to account for impacts of a fast-changing market, with adjustments ranging from shifts in factor rotation to adoption of their own unique ESG and climate investing objectives. MSCI iCDIs are designed to allow asset owners to modify an index's methodology as these changes arise instead of switching indexes completely when their investment strategies shift.

Supported by unbiased data and analysis from MSCI's solutions research team, asset owners can select initial index criteria for an iCDI, which can target ESG, Climate, Factor, Thematic, or any other considerations. Their selected iCDI solution can serve as an index for an indexed mandate managed by the asset owner internally or by a third-party asset manager.

Asset owners can leverage regularly provided insights from solutions research to pinpoint sources of performance, quantify evolving risks and opportunities, and pro-actively adjust their index methodology as needed to ensure its continuous suitability for their specific strategy. In addition to regular index check-ins, iCDI monitoring includes:

- Risk and performance analysis, including extra-financial characteristics like ESG, climate, and thematic factors;
- Topical research relevant to the iCDI;
- Stress test analysis reflecting the potential impact of the evolving economic and financial situations.

Sebastien Lieblich, Head of Indexed Licensing at MSCI, said: "Asset owners' investment mandates are moving beyond market-cap based strategies as factors like climate change, regulatory, and geopolitical developments rapidly reshape global markets and economies. With record-high inflation driving volatility across a wide range of markets, investors have also been challenged to reassess their asset allocation strategies. In working with the largest institutional investors in the world, MSCI saw the need for an index solution that asset owners could evolve over time as they adjust their investment strategies in response to new developments and changes in their performance and risk outlook. The launch of iCDIs represents a sea change in how asset owners can access MSCI's solutions, putting customization and pro-active monitoring at the forefront of index-based investing."

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About MSCI Inc.

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 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.

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