

# MSCI ACWI Low Carbon Target Index (GBP)

The MSCI ACWI Low Carbon Target Index is based on the MSCI ACWI Index, its parent index, and includes large and mid-cap stocks across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries\*. The Index is a benchmark for investors who wish to manage potential risks associated with the transition to a low carbon economy. The index aims for a tracking error target of 0.3% (30 basis points) while minimizing the carbon exposure. By overweighting companies with low carbon emissions (relative to sales) and those with low potential carbon emissions (per dollar of market capitalization), the index reflects a lower carbon exposure than that of the broad market. It uses MSCI ESG CarbonMetrics data from MSCI ESG Research Inc.

## CUMULATIVE INDEX PERFORMANCE – NET RETURNS (GBP) (NOV 2010 – SEP 2020)

## ANNUAL PERFORMANCE (%)



Year	MSCI ACWI Low Carbon Target	MSCI ACWI
2019	22.76	21.71
2018	-4.17	-3.78
2017	12.89	13.24
2016	27.96	28.66
2015	3.87	3.29
2014	10.92	10.64
2013	20.65	20.52
2012	12.02	11.03
2011	-6.51	-6.66

## INDEX PERFORMANCE – NET RETURNS (%) (SEP 30, 2020)

## FUNDAMENTALS (SEP 30, 2020)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED				Since Nov 30, 2010	Div Yld (%)	P/E	P/E Fwd	P/BV
					3 Yr	5 Yr	10 Yr	na					
<b>MSCI ACWI Low Carbon Target</b>	0.23	3.54	6.02	4.46	8.76	13.90	na	10.86	2.02	23.34	18.86	2.52	
<b>MSCI ACWI</b>	0.23	3.35	5.27	3.87	8.45	13.85	na	10.62	2.04	24.03	19.20	2.48	

## INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 2010 – SEP 30, 2020)

	Beta	Tracking Error (%)	Turnover (%) <sup>1</sup>	ANNUALIZED STD DEV (%) <sup>2</sup>			SHARPE RATIO <sup>2,3</sup>			Since Nov 30, 2010	MAXIMUM DRAWDOWN (%)	Period YYYY-MM-DD
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr			
<b>MSCI ACWI Low Carbon Target</b>	1.00	0.41	16.29	13.57	12.00	na	0.65	1.11	na	0.92	24.92	2020-02-20–2020-03-16
<b>MSCI ACWI</b>	1.00	0.00	3.77	13.57	12.03	na	0.63	1.10	na	0.90	25.36	2020-02-20–2020-03-16

<sup>1</sup> Last 12 months

<sup>2</sup> Based on monthly net returns data

<sup>3</sup> Based on ICE LIBOR 1M

\* DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. EM countries include: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The MSCI ACWI Low Carbon Target Index was launched on Sep 23, 2014. Data prior to the launch date is back-tested data (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**

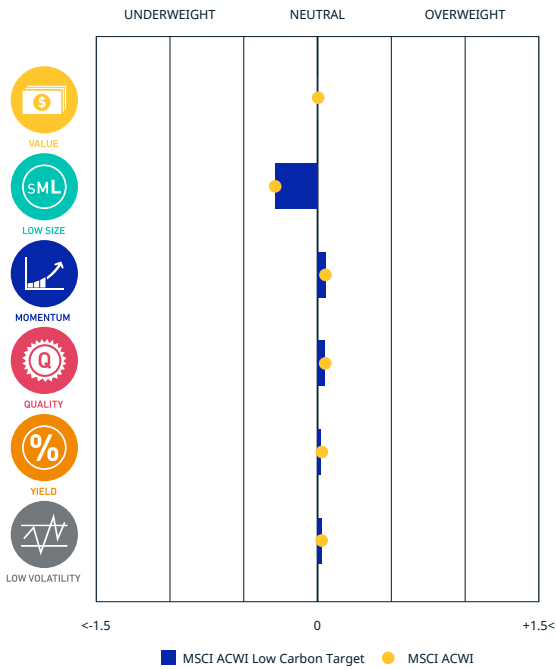
	MSCI ACWI Low Carbon Target	MSCI ACWI
<b>Number of Constituents</b>	2,034	2,994
<b>Weight (%)</b>		
<b>Largest</b>	3.96	3.91
<b>Smallest</b>	0.00	0.00
<b>Average</b>	0.05	0.03
<b>Median</b>	0.02	0.01

**TOP 10 CONSTITUENTS**

	Country	Index Wt. (%)	Parent Index Wt. (%)	Sector
APPLE	US	3.96	3.91	Info Tech
MICROSOFT CORP	US	2.96	2.95	Info Tech
AMAZON.COM	US	2.61	2.60	Cons Discr
FACEBOOK A	US	1.23	1.23	Comm Svcs
ALIBABA GROUP HLDG ADR	CN	1.08	1.08	Cons Discr
ALPHABET C	US	0.92	0.87	Comm Svcs
ALPHABET A	US	0.82	0.86	Comm Svcs
JOHNSON & JOHNSON	US	0.78	0.76	Health Care
TAIWAN SEMICONDUCTOR MFG	TW	0.75	0.72	Info Tech
TENCENT HOLDINGS LI (CN)	CN	0.75	0.74	Comm Svcs
<b>Total</b>		<b>15.88</b>	<b>15.70</b>	

**FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN**

**MSCI FACTOR BOX**



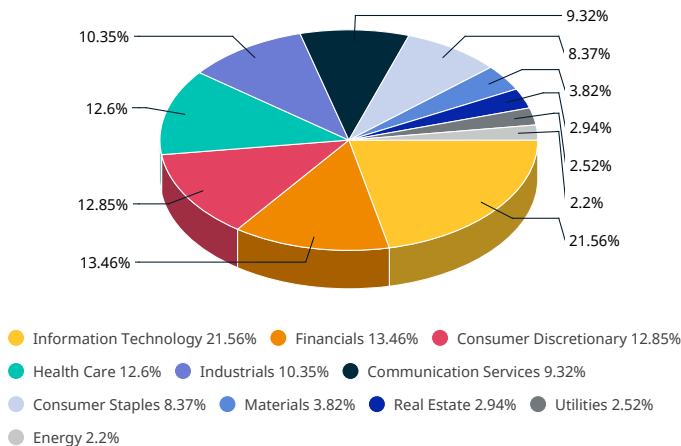
**MSCI FaCS**

- 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

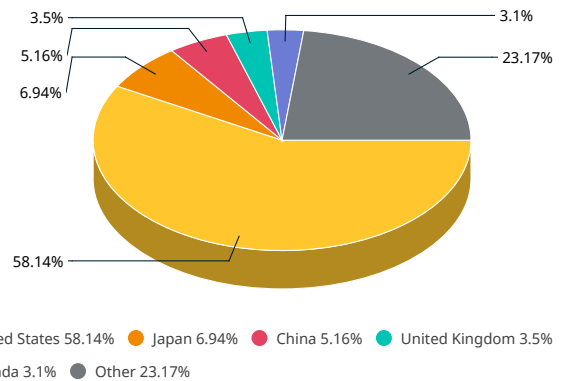
MSCI FaCS provides absolute factor exposures relative to a broad global index - MSCI ACWI IMI.

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

**SECTOR WEIGHTS**



**COUNTRY WEIGHTS**



## INDEX METHODOLOGY

At each semi-annual index review, the MSCI Global Low Carbon Target Indexes are constructed using an optimization process that aims to achieve replicability and investability, subject to the following optimization objective and constraints:

- Minimize the Carbon Exposure subject to a tracking error constraint of 30 basis points relative to the Parent Index
- The maximum weight of an index constituent will be restricted to 20 times its weight in the Parent Index
- The country weights in the MSCI Global Low Carbon Target Index will not deviate more than +/-2% from the country weights in the Parent Index
- The sector weights in the MSCI Global Low Carbon Target Index will not deviate more than +/-2% from the sector weights in the Parent Index, with the exception of the Energy Sector where no constraint is applied

## FACTOR BOX AND FaCS METHODOLOGY

MSCI FaCS is a standard method ([MSCI FaCS Methodology](#)) 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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