

# MSCI Europe Sector Neutral Quality Index (USD)

The **MSCI Europe Sector Neutral Quality Index** captures large and mid-cap representation across 15 Developed Markets (DM) countries\*. The index aims to capture the performance of securities that exhibit stronger quality characteristics relative to their peers within the same GICS® sector by identifying stocks with high quality scores based on three main fundamental variables: high Return-on-Equity (ROE), low leverage and low earnings variability.

For a complete description of the index methodology, please see [Index methodology - MSCI](#).

## CUMULATIVE INDEX PERFORMANCE – NET RETURNS (USD) (DEC 2010 – DEC 2025)



## ANNUAL PERFORMANCE (%)

Year	MSCI Europe Sector Neutral Quality	MSCI Europe
2025	24.30	35.41
2024	-2.14	1.79
2023	19.10	19.89
2022	-17.53	-15.06
2021	17.71	16.30
2020	10.39	5.38
2019	28.39	23.77
2018	-11.11	-14.86
2017	25.40	25.51
2016	-4.03	-0.40
2015	4.18	-2.84
2014	-3.26	-6.18
2013	21.87	25.23
2012	18.61	19.12

## INDEX PERFORMANCE – NET RETURNS (%) (DEC 31, 2025)

	ANNUALIZED								Div Yld (%)	P/E	P/E Fwd	P/BV
	1 Mo	3 Mo	1 Yr	YTD	3 Yr	5 Yr	10 Yr	Since Nov 30, 1998				
MSCI Europe Sector Neutral Quality	3.25	4.55	24.30	24.30	13.15	7.06	7.87	6.14	2.78	18.13	16.96	4.06
MSCI Europe	3.90	6.20	35.41	35.41	18.22	10.30	8.52	5.43	2.89	17.18	15.03	2.40

## FUNDAMENTALS (DEC 31, 2025)

## INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 1998 – DEC 31, 2025)

	Beta	Tracking Error (%) <sup>1</sup>	Turnover (%) <sup>1</sup>	ANNUALIZED STD DEV (%) <sup>2</sup>			SHARPE RATIO <sup>2,3</sup>			Since Nov 30, 1998	MAXIMUM DRAWDOWN		
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		(%)	Period	YYYY-MM-DD
MSCI Europe Sector Neutral Quality	0.92	3.60	19.53	13.40	16.21	15.55	0.63	0.31	0.42	0.31	58.74	2007-10-31–2009-03-09	
MSCI Europe	1.00	0.00	2.98	13.21	15.58	16.05	0.97	0.51	0.45	0.26	62.99	2007-10-31–2009-03-09	

<sup>1</sup> Last 12 months

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

<sup>3</sup> Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

\* DM countries in Europe include: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

The MSCI Europe Sector Neutral Quality Index was launched on Sep 23, 2014. Data prior to the launch date is back-tested test (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

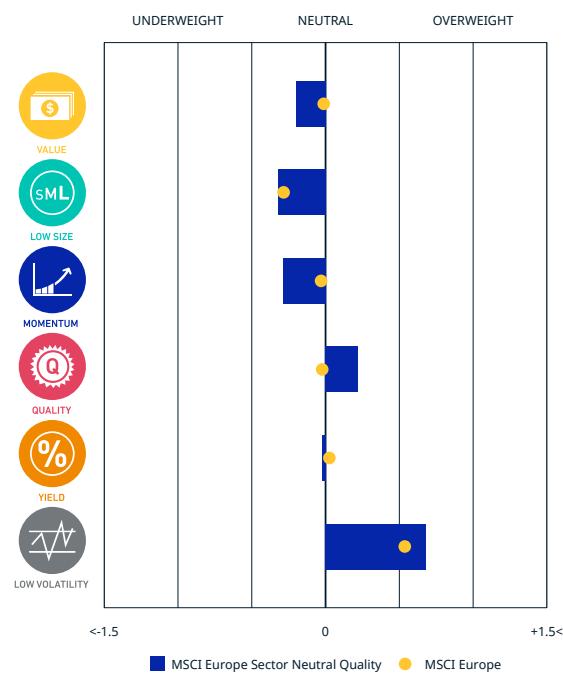
	MSCI Europe Sector Neutral Quality	MSCI Europe
<b>Number of Constituents</b>	125	403
	<b>Weight (%)</b>	
<b>Largest</b>	6.40	3.08
<b>Smallest</b>	0.03	0.02
<b>Average</b>	0.80	0.25
<b>Median</b>	0.39	0.11

## TOP 10 CONSTITUENTS

	Country	Index Wt. (%)	Parent Index Wt. (%)	Sector
ASML HLDG	NL	6.40	3.08	Info Tech
ALLIANZ	DE	4.33	1.30	Financials
ABB LTD	CH	3.39	0.86	Industrials
SHELL	GB	3.33	1.57	Energy
ROCHE HOLDING GENUSS	CH	3.32	2.14	Health Care
NOVARTIS	CH	3.22	1.93	Health Care
ASTRAZENECA	GB	3.20	2.11	Health Care
NESTLE	CH	3.13	1.88	Cons Staples
ZURICH INSURANCE GROUP	CH	3.00	0.82	Financials
IBERDROLA	ES	2.78	1.01	Utilities
<b>Total</b>		<b>36.10</b>	<b>16.70</b>	

## FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN

## MSCI FACTOR BOX



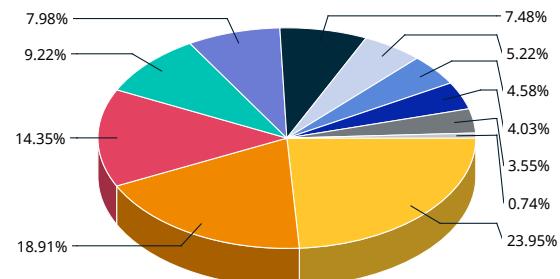
## MSCI FaCS

 <b>VALUE</b> Relatively Inexpensive Stocks
 <b>LOW SIZE</b> Smaller Companies
 <b>MOMENTUM</b> Rising Stocks
 <b>QUALITY</b> Sound Balance Sheet Stocks
 <b>YIELD</b> Cash Flow Paid Out
 <b>LOW VOLATILITY</b> Lower Risk Stocks

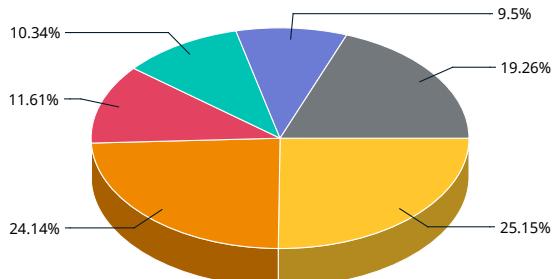
MSCI FaCS provides absolute factor exposures relative to a broad global index - MSCI ACWI IMI.

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

## SECTOR WEIGHTS



## COUNTRY WEIGHTS



● Financials 23.95%   ● Industrials 18.91%   ● Health Care 14.35%  
 ● Consumer Staples 9.22%   ● Consumer Discretionary 7.98%  
 ● Information Technology 7.48%   ● Materials 5.22%   ● Utilities 4.58%   ● Energy 4.03%  
 ● Communication Services 3.55%   ● Real Estate 0.74%

● United Kingdom 25.15%   ● Switzerland 24.14%   ● Germany 11.61%  
 ● Netherlands 10.34%   ● France 9.5%   ● Other 19.26%

## MSCI FACTOR BOX AND FaCS FRAMEWORK (Please refer to complete description of the MSCI FaCS methodology [here](#))

MSCI FaCS is a standard method 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

MSCI (NYSE: MSCI Inc.) strengthens global markets by connecting participants across the financial ecosystem with a common language. Our research-based data, analytics and indexes, supported by advanced technology, set standards for global investors and help our clients understand risks and opportunities so they can make better decisions and unlock innovation. We serve asset managers and owners, private-market sponsors and investors, hedge funds, wealth managers, banks, insurers and corporates. To learn more, please visit [www.msci.com](http://www.msci.com).

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