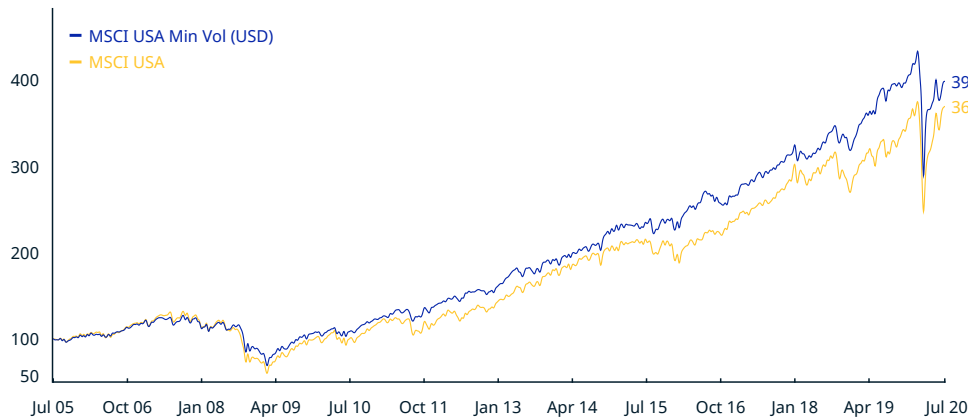


# MSCI USA Minimum Volatility (USD) Index (USD)

The MSCI USA Minimum Volatility (USD) Index aims to reflect the performance characteristics of a minimum variance strategy applied to the large and mid cap USA equity universe. The index is calculated by optimizing the MSCI USA Index, its parent index, in USD for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI USA Index.

## CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (USD) (JUL 2005 – JUL 2020)



## ANNUAL PERFORMANCE (%)

Year	MSCI USA Min Vol (USD)	MSCI USA
2019	27.96	31.64
2018	1.55	-4.50
2017	19.18	21.90
2016	10.67	11.61
2015	5.64	1.32
2014	16.54	13.36
2013	25.33	32.61
2012	11.19	16.13
2011	12.87	1.99
2010	14.70	15.45
2009	18.36	27.14
2008	-25.65	-37.14
2007	4.31	6.03
2006	14.96	15.32

## INDEX PERFORMANCE – GROSS RETURNS (%) (JUL 31, 2020)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED				Since May 31, 1988
					3 Yr	5 Yr	10 Yr	Since May 31, 1988	
MSCI USA Min Vol (USD)	4.51	7.92	3.34	-2.28	10.68	11.07	13.92	10.93	
MSCI USA	5.94	13.99	13.11	3.64	12.43	11.60	13.98	10.70	

## FUNDAMENTALS (JUL 31, 2020)

Div Yld (%)	P/E	P/E Fwd	P/BV
2.01	24.87	21.62	3.97
1.70	26.50	23.08	3.90

## INDEX RISK AND RETURN CHARACTERISTICS (MAY 31, 1988 – JUL 31, 2020)

	Beta	Tracking Error (%)	Turnover (%) <sup>1</sup>	ANNUALIZED STD DEV (%) <sup>2</sup>			SHARPE RATIO <sup>2,3</sup>			Since May 31, 1988	MAXIMUM DRAWDOWN	
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		(%)	Period YYYY-MM-DD
MSCI USA Min Vol (USD)	0.74	5.76	19.96	13.85	12.03	10.49	0.68	0.83	1.23	0.67	32.10	2020-02-06–2020-03-23
MSCI USA	1.00	0.00	3.12	17.41	15.10	13.51	0.66	0.72	0.98	0.55	34.12	2020-02-19–2020-03-23

<sup>1</sup> Last 12 months

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

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

The MSCI USA Minimum Volatility (USD) Index was launched on Jun 02, 2008. 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**

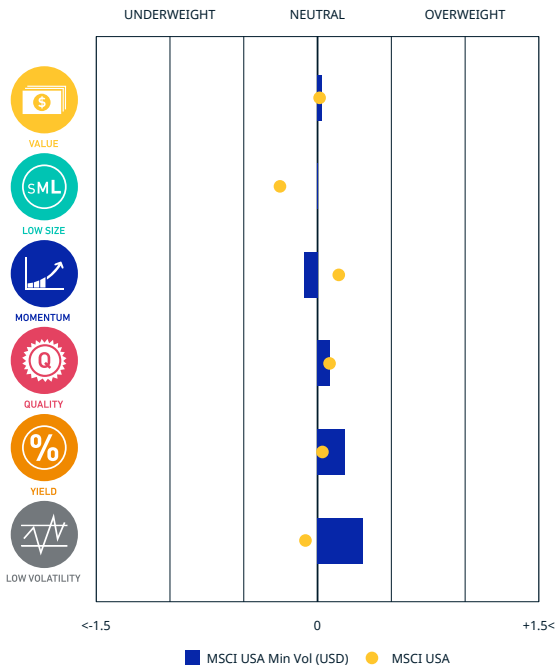
	MSCI USA Min Vol (USD)	MSCI USA
<b>Number of Constituents</b>	194	616
	Weight (%)	
<b>Largest</b>	1.70	6.41
<b>Smallest</b>	0.05	0.01
<b>Average</b>	0.52	0.16
<b>Median</b>	0.39	0.06

**TOP 10 CONSTITUENTS**

	Index Wt. (%)	Parent Index Wt. (%)	Sector
NEXTERA ENERGY	1.70	0.47	Utilities
T-MOBILE US	1.52	0.20	Comm Svcs
MCDONALD'S CORP	1.51	0.50	Cons Discr
MICROSOFT CORP	1.51	5.11	Info Tech
VERIZON COMMUNICATIONS	1.48	0.82	Comm Svcs
PEPSICO	1.46	0.66	Cons Staples
WASTE MANAGEMENT	1.45	0.16	Industrials
NEWMONT CORP	1.44	0.19	Materials
REGENERON PHARMACEUTICAL	1.43	0.22	Health Care
MERCK & CO	1.42	0.70	Health Care
<b>Total</b>	<b>14.93</b>	<b>9.04</b>	

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

**MSCI FACTOR BOX**



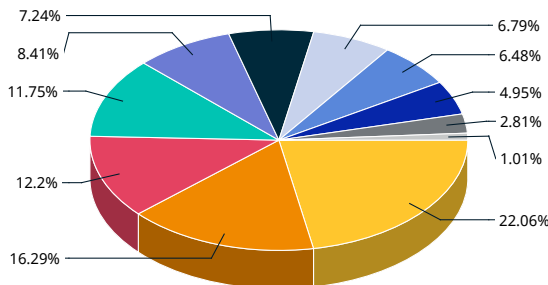
**MSCI FaCS**

- 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**



- Information Technology 22.06%
- Health Care 16.29%
- Consumer Staples 12.2%
- Financials 11.75%
- Utilities 8.41%
- Industrials 7.24%
- Consumer Discretionary 6.79%
- Communication Services 6.48%
- Real Estate 4.95%
- Materials 2.81%
- Energy 1.01%

## INDEX METHODOLOGY

The MSCI Minimum Volatility Indexes are designed to provide the lowest return variance for a given covariance matrix of stock returns. Each MSCI Minimum Volatility Index is calculated using Barra Optimizer to optimize a given MSCI parent index for the lowest absolute volatility with a certain set of constraints. These constraints help maintain index replicability and investability and include index turnover limits, for example, along with minimum and maximum constituent, sector and/or country weights relative to the parent index. Each Minimum Volatility Index is rebalanced (or is re-optimized) semi-annually in May and November. Indexes may also be optimized for various currencies.

## 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

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 45 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. To learn more, please visit [www.msci.com](http://www.msci.com).

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