MSCI USA Sector Neutral Quality Index (USD)

The **MSCI USA Sector Neutral Quality Index** captures large and mid-cap representation across the US equity markets. 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 — GROSS RETURNS (USD) (AUG 2011 – AUG 2026)

ANNUAL PERFORMANCE (%)

Year	MSCI USA Sector Neutral Quality	MSCI USA
2025	12.92	17.75
2024	22.42	25.08
2023	31.09	27.10
2022	-20.28	-19.46
2021	27.22	26.97
2020	17.14	21.37
2019	34.40	31.64
2018	-5.64	-4.50
2017	22.49	21.90
2016	9.37	11.61
2015	4.61	1.32
2014	10.74	13.36
2013	34.30	32.61
2012	12.77	16.13

INDEX PERFORMANCE — GROSS RETURNS (%) (AUG 31, 2026)

					ANNUALIZED			
	1 Mo	3 Mo	1 Yr	YTD	3 Yr	5 Yr	10 Yr	Since Nov 30, 1998
MSCI USA Sector Neutral Quality	1.55	3.51	19.25	12.62	18.36	11.03	14.50	9.33
MSCI USA	2.76	1.78	20.02	13.04	21.11	12.32	15.35	8.89

FUNDAMENTALS (AUG 31, 2026)

	Div Yld (%)	P/E	P/E Fwd	P/BV
MSCI USA Sector Neutral Quality	0.98	26.68	22.21	7.68
MSCI USA	1.10	25.80	20.06	5.69

INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 1998 – AUG 31, 2026)

				ANNUALIZED STD DEV (%) [2]			SHARPE RATIO [2,3]				MAXIMUM DRAWDOWN	
	Beta	Tracking Error (%)	Turnover (%) [1]	3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr	Since Nov 30, 1998	(%)	Period YYYY-MM-DD
MSCI USA Sector Neutral Quality	0.95	3.12	31.97	12.28	16.29	15.63	1.07	0.50	0.79	0.52	47.34	2007-10-31—2009-03-09
MSCI USA	1.00	0.00	2.67	13.15	16.05	15.59	1.19	0.58	0.84	0.49	54.91	2007-10-09—2009-03-09

[1] Last 12 months [2] Based on monthly gross returns data [3] Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

The MSCI USA Sector Neutral Quality Index was launched on Dec 12, 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

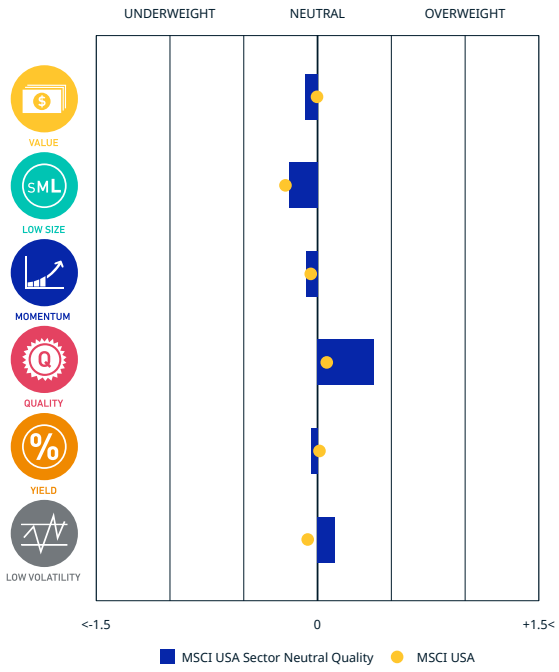
	MSCI USA Sector Neutral Quality	MSCI USA
Number of Constituents	123	525
	Weight (%)	
Largest	7.73	7.70
Smallest	0.03	0.01
Average	0.81	0.19
Median	0.35	0.06

TOP 10 CONSTITUENTS

	Index Wt. (%)	Parent Index Wt. (%)	Sector
MICROSOFT CORP	7.73	5.41	Info Tech
APPLE	6.74	7.03	Info Tech
NVIDIA	6.36	7.70	Info Tech
META PLATFORMS A	3.75	1.90	Comm Srvcs
LILLY (ELI) & COMPANY	3.65	1.40	Health Care
LAM RESEARCH CORP	3.55	0.57	Info Tech
TJX COMPANIES	3.35	0.22	Cons Discr
VISA A	3.24	0.96	Financials
APPLIED MATERIALS	2.77	0.55	Info Tech
KLA CORPORATION	2.34	0.35	Info Tech
Total	43.48	26.10	

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

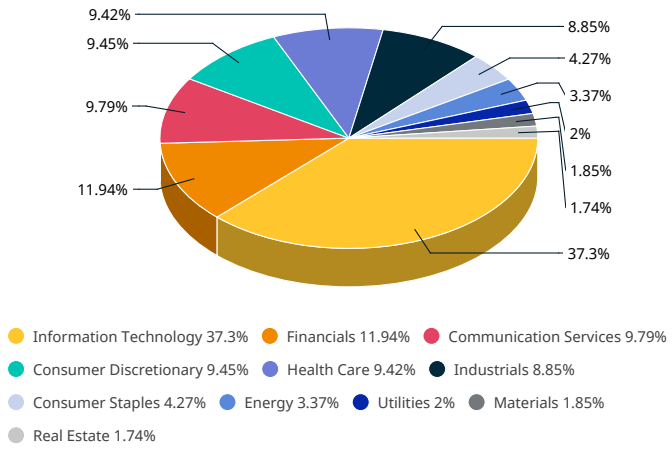
YIELD
Cash Flow Paid Out

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



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

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