

March Index Performance Recap

- Amongst Market Cap indexes, EAFE continues to outperform USA YTD, specifically EMU which is now leading USA by ~17% as of Mar 31. Within EMU, Spain and Italy were the best performer YTD with 22.5% and 17.4% respectively followed by Germany, Austria, Switzerland, France, UK. Brazil and India led EM universe in 2025 YTD and 5yr horizon, respectively.
- For sectors, Energy is the best performing sector in USA, World and EAFE YTD. Financials are leading the EMU universe YTD and 5yr horizon.
- Among the factors, minimum volatility continues to outperform YTD in USA and World, while value is the best performing factor outside of US.
- Our USA Inflation Sentiment Select index is holding well amongst thematic indexes and Blockchain economy theme still holds the best 5yr annual performance.

Market Cap, Sector and Factor Indexes Performance – [Monthly Performance Report](#)

	Benchmark returns (%)		Best performing factor returns (%)		Best performing sector returns(%)	
	YTD	5Yr annualized	YTD	5Yr annualized	YTD	5Yr annualized
USA	-4.5	18.6	Min Vol 5.9	Momentum 18.6	Energy 10.1	Energy 31.4
World	-1.7	16.7	Min Vol 8	Quality 17	Energy 10.4	Energy 25.5
EAFE	7	12.3	Value 11.8	Enhanced Value 16	Energy 15.5	Financials 21.7
Emerging Market	3	8.4	Enhanced Value 5.5	Enhanced Value 10.6	Consumer Discr 13.2	Info Tech 16.3
EMU	12.3	15	Value 18.9	Enhanced Value 18.2	Financials 27.8	Financials 27.2
AC Asia Pacific	1	8.7	Value 3.2	Momentum 11.3	Comm Service 10.5	Financials 15.4

Thematic Indexes Performance

	Best performing index (%)	
	YTD	5Yr annualized
Thematics - technology	Fintech Innovation -0.1	Blockchain Economy 26.0
Thematics - other	Ageing Society Oppty 5.3	USA Inflation Sentiment 22

Best Performing Country – [Country Index Report](#)

YTD perf. (%)	5-year perf. (annualised, %)
DM: Spain 22.5	DM: Austria 24
EM: Brazil 14.1	EM: India 21.2

April YTD Performance Recap (As of April 21st)

- The week ending April 11th was one of the most volatile weeks ever on Wall Street. The trend is overall Risk-Off. Trade tensions had a varying impact on markets with some regions and sectors showing more resilience. US Markets have been broadly the worst performer YTD whilst Latin America, Europe and EAFE (World ex-US) have delivered the best performance YTD. Within Europe, Germany is the best performer (12.5%) followed by Switzerland, France and Sweden. Within sectors, the defensive Consumer Staples and Utilities sectors benefitted from a flight to safety whilst, unsurprisingly, Info Tech and Cons Discretionary sold-off more heavily. The trend is similar with Factors with Min Vol and Value outperforming Momentum and Quality.

Market Cap, Sector and Factor Indexes Performance – Daily Insights

	Top 4 & Bottom 2 regions (%)		Top 3 & Bottom 3 factor returns (%)		Top & 3 Bottom sector returns(%)	
	YTD	5Yr annualized	YTD	5Yr annualized	YTD	5Yr annualized
EM Latin America	13.9	11.7	Min Vol 3.9	Quality 14	Consumer Staples 7.8	Energy 20.4
Europe IMI	11.6	13.8	Enhanced Value 3.6	Momentum 12.6	Utilities 7.1	Financials 19
Europe Small Cap	9.3	11.5	Risk Weighted 3.1	Enhanced Value 12.3	Materials 2.7	Info Tech 17.8
EAFE IMI	7.7	12	DMF -5.1	Risk-Weighted 10.4	Comm Services -7.3	Consumer Staples 8.4
USA IMI	-12.5	15.1	Momentum -6.3	Equal Weighted 8.9	Cons Discr -13.5	Healthcare 6
USA Small Cap	-15.8	13.1	Quality -8.8	Min Vol 8.8	Info Tech -18.7	Real Estate 5.3

Thematic Indexes Performance

	YTD Performance (%)	
	Best Performing	Worst Performing
	Thematics - technology	Ageing Society Oppty -1.3
Thematics - other	Cybersecurity -5.4	Future Mobility -14.5

Country YTD Performance (%)

Best Performing	Worst Performing
DM: Germany 7.1	DM: USA IMI -12.5
EM: Mexico 16.2	EM: Taiwan -17.1

Market Trends

As illustrated previously in the April YTD performance tables, the sell-off induced by trade tensions has disproportionately affected the US and Tech sectors. Investors are seeking stability from safe havens and defensive sectors (gold, consumer staples, CHF, yield), and continue to diversify out of US equity. Inflation, Yield Curve, Defense and trade war plays have attracted attention and flows.

Structured Products



Growing interest on MSCI indexes in insurance segment globally; Trade War and Defense plays are getting popular

- In the US, clients are looking into global or dynamic allocations between US and international exposures amid continued international outperformance
- In EMEA, we see continued demand for new custom indexes (with Decrement and risk control) with a focus on Defense, European Sovereignty and Trade War (Ref Economic Exposure Indexes on Page 5). Our rotation and multi-asset indexes (Inflation and Economic Regime) fared well during the sell-off and had a lot of interest.
- In APAC, we continue to see client demand for multi-asset strategies. We see demand for China-related thematic ideas for selective clients. In Japan we see certain sectors (e.g. semiconductors) in favor.

ETFs



Q1 2025 saw strong flows in MSCI Index linked ETFs.
Investors looking for safe haven beyond US Treasuries

- MSCI Captured \$32.2Bn on Net Cash Flows in EMEA topping other index providers
- Investors have been focusing on defensive factors (MinVol and Value) and defensive sectors (Staples and Utilities) and continue to look for opportunities outside US, with Europe, EAFE and EM Europe attracting more inflows later in the quarter. On fundamentals, Inflation, Economic Exposure and Europe Defence are top of mind in light of the ongoing trade and geopolitical tensions.
- The three product launches with Amundi capturing MSCI USA, USA Mega and USA ex Mega Caps is very successful with over \$1Bn raised so far. Similarly, the MSCI World ex-USA is now tracked by 4 major ETF providers DWS, Amundi, iShares and UBS.

Listed Futures & Options



Total Open Interest notional is \$275 billion as of Dec 2024.
MSCI- Linked Futures and Options
Volatility Tremors Spread After Tariff Shock - MSCI

- Heightened volatility and unusual yield curve moves prompted investors to re-assess their risk exposure and use derivatives to hedge portfolios against tariff shocks.
- This has resulted in a sharp increase in volume activity for index futures and indexed options (2x-3x more than average) with April 7, seeing 804K contracts traded in MSCI F&O products.
- In EM, ADV in futures in ICE US is up 139% YoY (vs April 2024) whilst options volumes in CBOE are up 75% YoY.
- In DM, EAFE futures volume is up 159% YoY and USA futures on Eurex has seen a 21x increase YoY.
- On World, MinVol and Quality factors saw respectively 32x and 36x volumes in April 2025 vs April 2024. Overall

Index Launches and Research Insights

Highlights



- The rotation indexes that we launched by leveraging on smart signals from Quantcube (Economic Regime, 2s/10s Treasuries Rotation) and MKT (USA Inflation Indexes) have fared well YTD and had a reduced drawdown.
- We continue to see strong demand for custom indexes for structured products clients. The sectors/themes in focus are Defence, Inflation, Economic Exposure and Patent Indexes

MSCI Quarterly Index Review



- [Insights from MSCI February 2025 Index Review](#): 124 securities were added and 312 securities removed from the MSCI ACWI Investable Market Index (IMI), MSCI's flagship global equity index. The MSCI ACWI IMI is designed to represent the performance of the investment universe of large/mid and small cap companies across developed and emerging markets. It covers approximately 99% of the global equity investment opportunity by free float-adjusted market capitalization.

Recent Research Publications Overview

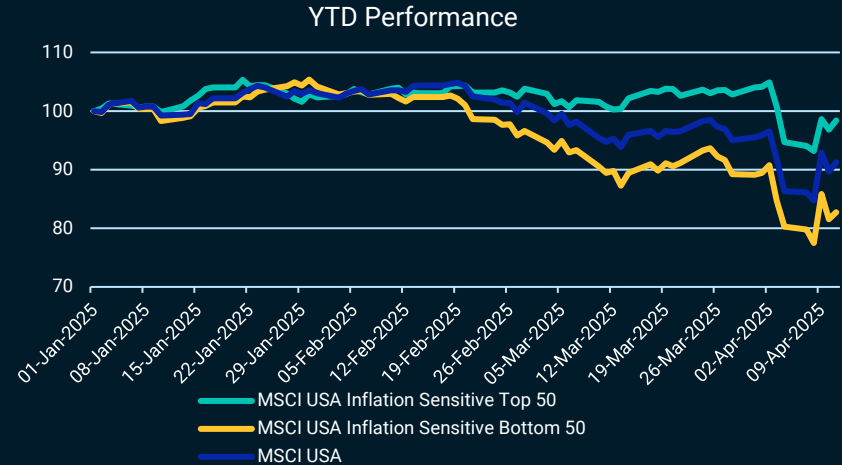


- [Navigating Uncertainty: Tariff Implications](#): MSCI dedicated page with research updates on the impact of tariffs
- [Nowhere to Hide? Opportunities for Multi Asset Portfolios amid the Tariff Mayhem](#): As of April 10, gold, govies and high grade credit offered a safe haven against volatility. Investors may find opportunities in Equities by rotating into EM and markets less affected by trade tensions, defensive sectors (consumer staples and utilities) and the protection from MinVol Indexes. In Bonds, a recession scenario could favor TIPS, High Grade Bonds and Treasuries whilst TIPS would work best in a stagflation scenario. Across currencies and commodities, safe currencies such as CHF, JPY and precious metals offer potential opportunities.
 - We offer Multi-Asset indexes (Economic Regimes indexes) which rotate daily between Equities, Bonds, Gold and STIPs based on the prevailing economic regime signalled by Quantcube.
 - Our innovative Risk Control strategies can allocate into bonds and safe assets (CHF/Gold) in periods of high volatility
- [Rethinking EM Equity Investing as EM ex-China and China diverge](#): Asset owners and managers are increasingly considering a split framework EM/EM-ex China when allocating to EM. Correlations between the 2 blocks dropped to historical lows since the pandemic. China has been shaped by domestic policies and geopolitics whilst EM ex China growth is driven by commodities and supply chain.
- [How Tariffs could impact equity markets: Building Scenarios](#): using [MSCI Economic Exposure data](#), the research finds that Europe capital goods and autos, Japan autos and Canada staples are most at risk.
 - Using the same data, we developed Economic Exposure Indexes by selecting 1) World ex US companies with the lowest economic exposure to the US and 2) US companies with the highest economic exposure to the US.

Live Index Spotlight:

US Inflation Sensitive Indexes: positioning for tariff-induced inflation

- Starting from MSCI USA, the MSCI USA Inflation Sensitive Top 50 Index captures the performance of a quarterly rebalanced, equally-weighted portfolio of 50 US stocks with the highest inflation-sensitivity scores provided by **MKT MediaStats**.
- MKT MediaStats uses a proprietary AI text analysis algorithm to scan roughly 100,000 distinct US and international media sources (about one million articles per week) and derives insights on inflation sentiment and intensity of inflation in the news. The inflation sensitivity scores are constructed by doing a regression of individual stock returns vs 5 inflation variables: gold, oil, inflation breakeven scaled with inflation attention, Fed policy as well as inflation direction expectations collected from media sources.
- The inflation sensitive top 50 index outperformed USA by 7% while the bottom 50 index underperformed by 8.6%, reflecting a great divergence among the USA stocks amid the market sell-off led by tariff worries.
- The Inflation theme can also be implemented with an index that rotates between MSCI USA and Inflation Top 50, based on Momentum.



Performance Stats (%)			
	USA Inflation Sensitive Top 50	USA Inflation Sensitive Bottom 50	MSCI USA
YTD Return	-1.6	-17.3	-8.7
Annualised Return ¹	9.9	8.9	13
Risk	19.1	18.1	14.4

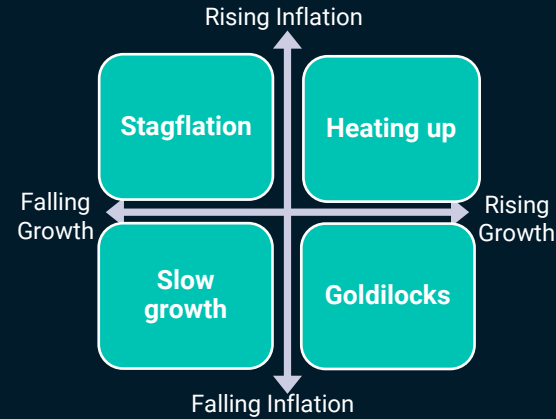


Please Refer to [USA Inflation Sensitive Indexes methodology](#) for details. Source: MSCI. 1. Period: Feb 2012 to April 2025. Gross Total returns in USD are used. Simulations are indicative illustrations of the concept only and have been prepared solely for informational purposes. Any MSCI production index may differ. The strategies in the simulations have not been adopted or endorsed by MSCI, and it may or may not be adopted, in whole or in part, by MSCI. Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Not investment advice.

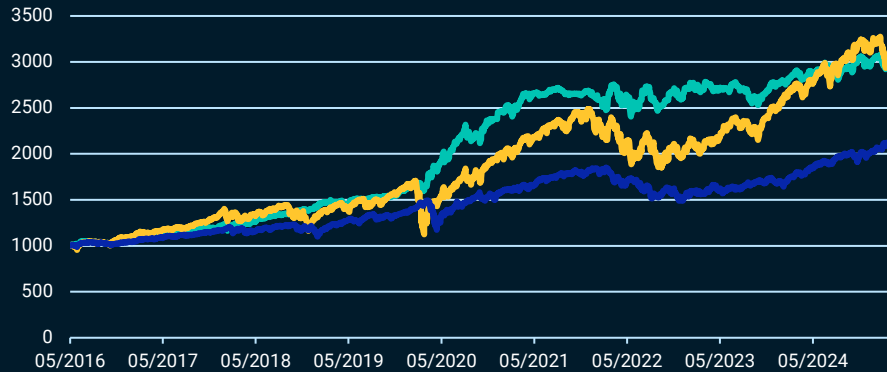
Live Index Spotlight: Rotation Indexes

USA Economic Regime Sector Allocator

- MSCI uses real time estimations of GDP and CPI provided by [Quantcube Ltd](#) called “NowCasts” (e.g ahead of official data and economists’ forecasts) to identify on each day, the applicable economic regime amongst 4 regimes (Stagflation, Heating-up, Slow growth and Goldilocks).
- The MSCI USA Economic Regime Asset Allocator Index represents the performance of a strategy that allocates varying proportions to equities, cash and US treasuries in each of the four Economic Regimes. Within equities, the performance is further broken down by sector.
- This Multi-asset index outperformed MSCI USA since inception and showed a reduced drawdown from the April 2025 sell-off in comparison to MSCI USA.

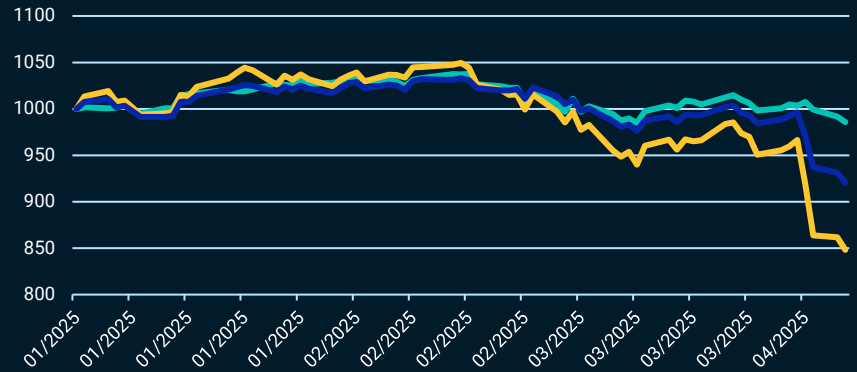


Historical Performance



— MSCI USA Economic Regime Allocator — MSCI USA — 60:40

YTD Performance



— MSCI USA Economic Regime Allocator — MSCI USA — 60:40



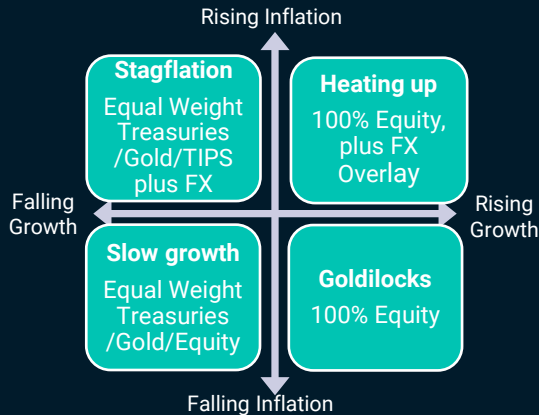
* Please Refer to [MSCI Economic Regime Allocator Indexes Methodology](#) for details. Source: MSCI. Period: May 2016 to Jan 2025. Net Total returns in USD are used. Simulations are indicative illustrations of the concept only and have been prepared solely for informational purposes. Any MSCI production index may differ. The strategies in the simulations have not been adopted or endorsed by MSCI, and it may or may not be adopted, in whole or in part, by MSCI. Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Not investment advice.

Index Idea Spotlight: Multi-Asset Indexes

Economic Regime Allocator: Asset Class Diversification at Index level

The proposed methodology relies on two simple steps:

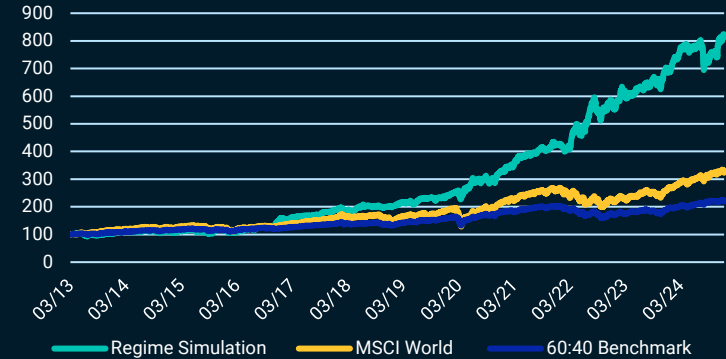
- Calculating short-term (one week) and long term (three months) moving average of [Quantcube Ltd](#) USA GDP and CPI nowcasts. If the short term average is above the long term for either GDP or CPI, we determine that the relevant parameter is going up. Based on this, we determine the economic regime.
- Based on the regime, we allocate to a fixed split of assets as per the framework below and compare the performance of regime simulation to equity (MSCI World) and 60:40 benchmark (60% MSCI World + 40% IEF).



Asset allocation to the four regimes is based on:

- MSCI World index representing Equity
- iShares 7-10 Year Treasury Bond ETF (IEF) representing Treasuries
- iShares Gold Trust (IAU) representing Gold
- iShares 0-5 Years TIPS Bond ETF (STIP) representing TIPS
- FX Overlay which consists of:
 - 100% USD/JPY through rolling futures
 - 100% USD/EUR through rolling FX futures

Historical Performance



	Regime Simulation	MSCI World	60:40 Benchmark
Ann. Return	19.58%	10.10%	6.74%
Risk	14.52%	15.44%	9.28%
Return/Risk	1.35	0.65	0.73

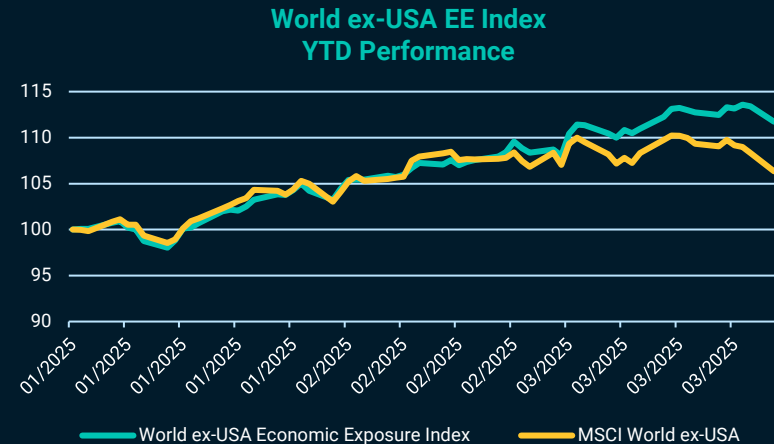
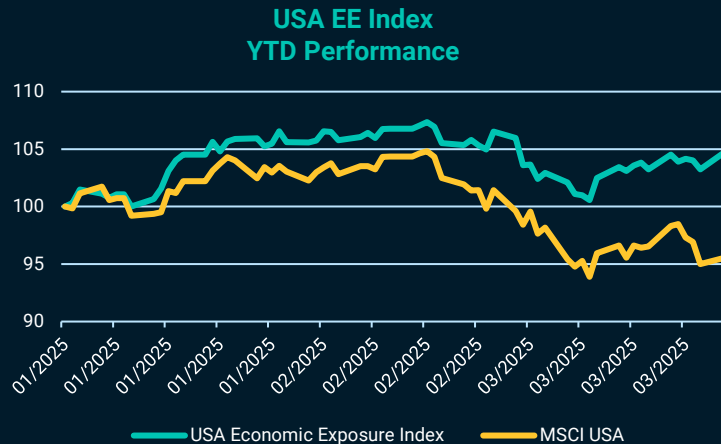


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Index Idea Spotlight: Economic Exposure Indexes

Positioning for a de-globalized world

- MSCI [Economic Exposure dataset](#) provides us with exclusive visibility on the revenue exposure of a company to the USA (proportion of its revenues coming from the USA) . We have used this dataset to develop 2 Economic Exposure Indexes:
 - The World ex-USA Economic Exposure index is a quarterly rebalanced, market cap index which represents the performance of the top 50 non-US companies with the **lowest** economic exposure to the USA
 - Conversely, The USA Economic Exposure index captures the performance of the 50 US companies with the **highest** economic exposure to the USA.
- Both indexes are defensive plays for tariffs. Historically, all constituents in the USA EE Index only had revenue exposure to the US (with a focus on Financials and Utilities) whilst all constituents in the World ex-US EE Index had historically no revenue exposure to the USA (Financials and Comm Services). So other custom indices using Economic Exposure data can be considered.
- Both indexes have significant outperformance versus their benchmarks YTD:



Source: MSCI. Period: Jan,1 2025 to March 31, 2025. Gross Total returns in USD are used. Simulations are indicative illustrations of the concept only and have been prepared solely for informational purposes. Any MSCI production index may differ. The strategies in the simulations have not been adopted or endorsed by MSCI, and it may or may not be adopted, in whole or in part, by MSCI. Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Not investment advice.

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