

# Global Industry Classification Standard (GICS®)

With globalization, industry sectors increasingly reflect dynamic interactions across world markets. To interpret the complexity and pace of industry movements, a consistent and comprehensive global industry classification standard is critical. In 1999, MSCI and S&P Dow Jones Indices jointly developed the Global Industry Classification Standard (GICS), seeking to offer an efficient investment tool to capture the breadth, depth and evolution of industry sectors.

## GICS® - The industry standard

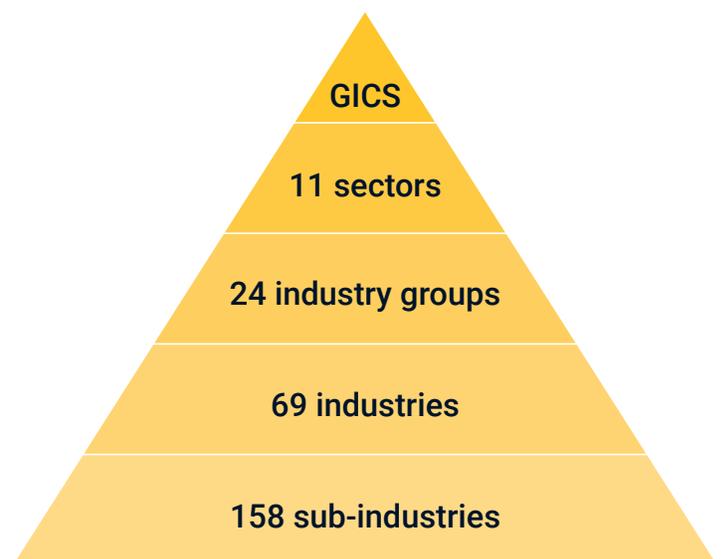
GICS is a common global classification standard used by thousands of market participants across all major groups involved in the investment process: asset managers, brokers (institutional and retail), custodians, consultants, research teams and stock exchanges.

- Capture and assess the impact of global, regional or local industry trends on a portfolio
- Compare and report on industry sector exposures versus peers or benchmarks
- Pinpoint industry investment opportunities across developed and emerging markets
- Analyze sector and industry contributions to portfolio performance
- Construct consistently defined global or regional sector-based and sector rotation strategies

## GICS Structure and methodology

GICS is a four-tiered, hierarchical industry classification system. It consists of 11 Sectors, 24 Industry Groups, 69 Industries and 158 Sub-Industries. The GICS methodology is widely accepted as an industry analytical framework for investment research, portfolio management and asset allocation.

Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the sub-industry level according to its principal business activity. MSCI and S&P Dow Jones Indices use revenues as a key factor in determining a firm's principal business activity. Earnings and market, however, are also recognized as important and relevant information for classification purposes.



## Key features of GICS

- **Universal** - The Structure applies to companies globally
- **Reliable** - The structure correctly reflects the current state of industries in the equity investment universe
- **Flexible** - The structure offers four levels of analysis, ranging from the most general sector to the most specialized sub-industry
- **Evolving** - Annual reviews are conducted by MSCI and S&P Dow Jones Indices to ensure that the structure remains fully representative of today's global market

## The GICS Advantage

Global industry coverage is comprehensive and precise. The classification system is comprised of over 58,000 trading securities across 125 countries, covering approximately 95% of the world's equity market capitalization.

Company classifications are regularly reviewed and maintained. Specialized teams from two major index providers – MSCI and S&P Dow Jones Indices – have defined robust review procedures, refined over nearly 15 years.

The review process includes daily monitoring for corporate actions that may change a company's classification and an annual review to capture changes in a company's business activity.

Additionally, consultations are held with market participants to ensure the capture of accurate and relevant changes in industry trends.

## GICS Direct

- GICS Direct is a global database maintained jointly by MSCI and S&P Dow Jones Indices.
- Offers flexible delivery options—daily or monthly—via file transfer protocol (FTP) and through major data vendors.
- Over 200 global institutions use GICS Direct, including nine of the top ten buy-side and sell-side firms.

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## 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.

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