

# 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.

## ABOUT MSCI

For more than 40 years, MSCI's research-based indexes and analytics have helped the world's leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research. Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research. MSCI serves 99 of the top 100 largest money managers, according to the most recent P&I ranking. For more information, visit us at [www.msci.com](http://www.msci.com).

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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.