The MSCI Multi-Asset Class Factor Model
MAC Tier 3

The MSCI MAC Factor Model provides high to low granularity in looking at systematic strategy factors through an integrated and consistent framework.

Better manage total portfolio investment objectives

Investors are seeking outcome-oriented strategies to help balance risk profiles with return targets. The MSCI Multi-Asset Class Factor Model provides insight into factor-based asset allocation to target key drivers of risk and return. The MAC model allows for the identification of systematic strategies in equities, fixed income, commodities, and currencies and improves communication of portfolio exposures at different levels of granularity for different audiences.

MAC Tier 3 – Evaluate systematic strategies

MAC Tier 3 traverses from strategic to tactical asset allocation. Tier 3 provides additional granularity allowing for specific sector and regional biases to be understood, capturing greater detail needed for tactical asset allocation decisions. The traditional method of allocating by sectors and regions is closely matched to this tier to confirm whether the portfolio is aligned with investment beliefs.

Tier 3 in the MSCI Multi-Asset Class Factor Model

Tier 01
- Local factors
- Equities
- Risk reporting
- Portfolio management
- Asset allocation and total plan budgeting

Tier 02
- 5 factors
- Set strategic allocation
- Allocate with systematic strategies

Tier 03
- 70+ factors
- Evaluate systematic strategies

Tier 04
- 25 factors
- Strategic asset allocation
- Systematic strategies

- Equities
- Commodities
- Fixed income
- Derivatives
- Private assets
- Local factors
- ~3,000 factors
- Identify tactical positioning
- Construct portfolios and analyze specific exposures

Over 70 factors to inform tactical active management and manager analysis

Available in multiple horizons from ultra-short to extra-long

Greater granularity into systematic strategies across multiple asset classes
### Tier 3 Factors

**Equity**
- Consists of systematic strategies, regions, sectors, and the overall market

**Fixed Income**
- Emphasis on systematic strategies, including Credit Momentum, Credit Value and Rates Momentum to identify tactical asset allocation strategies, and rotation among credit styles

### Tier 3 Factor Correlations (as of May 29, 2020)

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<th>DM Americas Real Estate</th>
<th>Equity Health Care</th>
<th>Equity Momentum</th>
<th>Equities Value</th>
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<th>Rates Carry</th>
<th>United States IG Credit</th>
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Source: The MSCI Multi-Asset Class Factor Model (MAC).

### 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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