

MSCI Factor Mix A-Series Indexes

Multi-strategy indexes that capture the quality, low volatility and value factors.

- Within multi-factor indexes, choice is critical. Through top-down and bottom-up approaches, multi-factor indexes capture optimal exposure to a diversified set of factors
- MSCI Factor Mix A-Series provide efficient and controlled exposure, low tracking error, and transparency into the underlying factors
- MSCI's multi-factor indexes offer simplicity, diversification and have historically generated premia relative to the market over long periods
- In addition to simplicity and transparency, multi-factor indexes offer seamless integration with other MSCI global and regional indexes

Why do investors use multi-factor strategies?

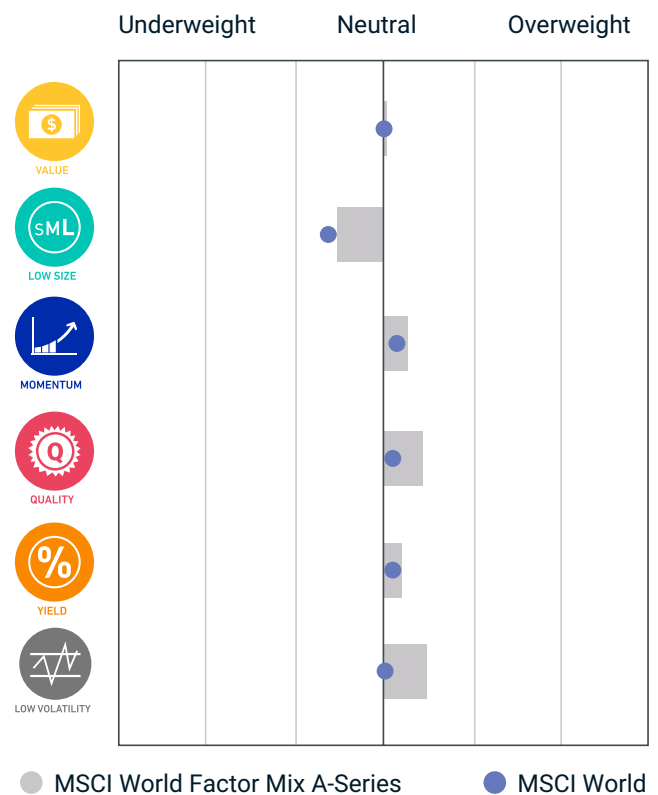
- Individual factor returns have historically demonstrated periods of dramatic cyclicality
- Diversification across factors have historically generated smoother performance and protection against periods of single factor underperformance
- Provides building blocks that offer consistent analysis of aggregate and underlying positions, exposures and risks
- Allows investors to assemble multiple-factor allocations based on their objectives for risk and return, their investment beliefs on individual factors, and their investability constraints

Key benefits of the MSCI Factor Mix A-Series indexes

- Parent index construction rules offers liquidity and free float screening
- Provides efficient and controlled exposure to targeted factors and minimizes unintended exposure dilution in a single portfolio
- Offers strong historical risk adjusted performance




MSCI Factor Box

The factor box is powered by MSCI FaCS™ and provides a visualization designed to easily compare factor exposures between indexes and benchmarks.



Combining MSCI Factor indexes

- Quality, low volatility and value have outperformed over long horizons. However, the performance of these strategies is cyclical
- A portfolio based on combining MSCI Quality Indexes with MSCI Value Weighted and MSCI Minimum Volatility Indexes creates diversification benefits, particularly significant during volatile market conditions
- Combining MSCI factor indexes in a multi-strategy index may reduce turnover by exploiting natural internal “crossing” opportunities at each rebalancing

 <p>VALUE</p>	 <p>QUALITY</p>	 <p>VOLATILITY</p>
<p>Relatively Cheap Stocks</p> <p>The foundation of value investing is the idea that cheap assets have historically outperformed expensive, on average, in the long-term. Value is pro-cyclical, meaning it has tended to perform well in periods of economic expansion.</p> <p>Graham and Dodd’s Margin of Safety: Price of the firm is less than conservative estimates of cash flow generated from the firm’s assets.</p> <p>How does MSCI target value?</p> <p>MSCI uses a combination of Price to Earnings (66%) and Price to Book descriptors (33%).</p>	<p>Sound balance sheets</p> <p>Quality aims to reflect the performance of companies with durable business models and sustainable competitive advantages.</p> <p>Quality is a defensive factor and has tended to benefit during periods of economic contraction. Quality includes dimensions of profitability, earnings stability and balance sheet strength.</p> <p>How does MSCI target quality?</p> <p>MSCI uses a comprehensive view of Investment Quality, Earnings Quality, and Profitability, among other dimensions.</p>	<p>Lower risk stocks</p> <p>MSCI Minimum Volatility Indexes aim to reflect the performance characteristics of a minimum volatility strategy by optimizing towards the lowest absolute risk within a given set of constraints to minimize unintended risks and exposures.</p> <p>How does MSCI target volatility?</p> <p>MSCI uses a comprehensive view of Historical Beta, Residual volatility and Downside risk.</p>

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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