

MSCI USA Index

The MSCI USA Index is a stock market index that measures the performance of large- and mid-cap companies in the U.S.

With 625 constituents, the index covers approximately 85% of the market capitalization in the U.S.^{1, 2}

¹ As of July 31, 2021

² Free-float-adjusted

What companies does it include?

The MSCI USA index focuses on large- and mid-cap companies.

The way we define large- and mid- is based on a percentile approach, rather than a fixed number of companies. If we rank the companies in the U.S. stock markets, large-cap companies would be those that capture (approximately) the highest 70% of the total market capitalization, while mid-cap companies would capture the subsequent 15% (approximately).

What has this meant over time?

Number of Names	July 2 011	July 2016	July 2021
MSCI USA	590	620	625
Large-Caps	279	295	292
Mid-Caps	311	325	333

Data as of July 31, 2021

By going beyond large-caps, the index almost doubles in the number of names it includes, providing a much larger investable universe.

What has been the performance impact?

From a performance perspective, including a mid-cap exposure has helped deliver positive returns over certain periods. To illustrate this, we include in the table below the performance of the MSCI USA Index, alongside the performance of MSCI USA Large Cap and MSCI USA Mid Cap Indexes, which are subsets of the MSCI USA Index.

Returns	MSCI USA	MSCI USA Large Cap	MSCI USA Mid Cap
Year to Date	17.3	17.3	17.4
1 Year	38.1	37.3	43.6
3 Years	18.5	18.8	16.7
5 Years	17.2	17.5	15.3
10 Years	14.8	15.0	13.6

Data as of July 31, 2021

In the recent past, the inclusion of mid-caps has led MSCI USA to outperform an index that would focus purely on large-caps.



What about the businesses these companies represent?

MSCI USA provides exposure to a diverse set of sectors.

Sector	Current Weights (%)
Energy	2.3
Materials	2.5
Industrials	8.4
Consumer discretionary	11.8
Consumer staples	5.7
Health care	13.4
Financials	10.7
IT	28.6
Communication Services	11.4
Utilities	2.4
Real estate	2.7

Data as of July 31, 2021

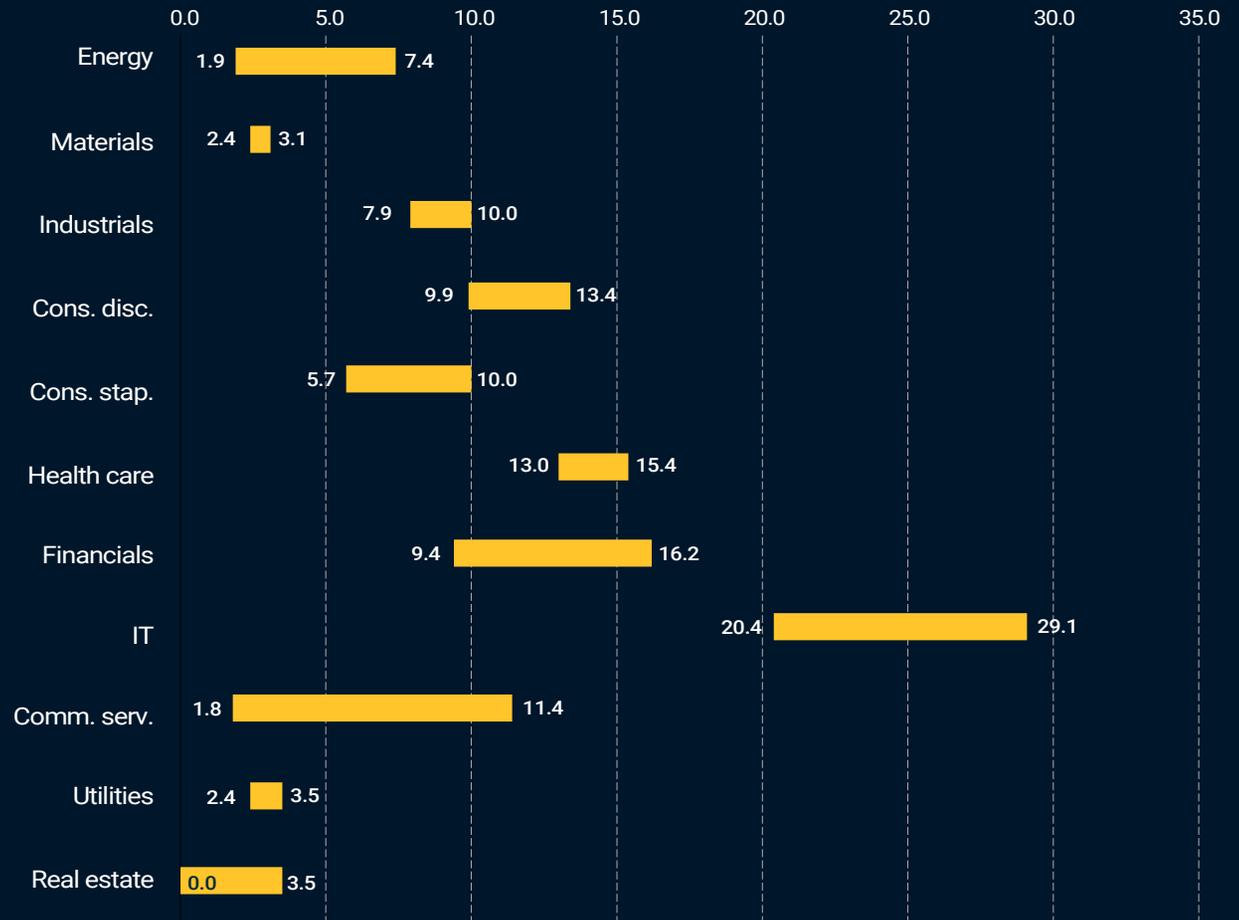
By incorporating mid-caps, the MSCI USA Index becomes more diversified, from a sector perspective, than if it were to only focus on large-caps.

For example, while a large-cap index would currently be mostly concentrated on IT and Healthcare companies, the MSCI USA gets more exposure to Industrials and Real Estate through its allocation to mid-caps.

Sector weights do change over time, as markets and economies evolve. By having an index construction not bound by a fixed number of constituents, our indexes can better capture that evolution. The chart below shows the minimum and maximum weights for each sector over the last five years.

IT was the largest sector through this whole period, while both Energy and Financial Services consistently lost ground in terms of size, reflecting changes in the economy and consumer behaviors.

MSCI USA - Minimum and Maximum Weights by Sector



Data as of July 31, 2021

Note:

- » Real Estate was defined as a separate sector in late 2016.
- » In 2018, there were composition changes in the Communication Services, Consumer Discretionary and IT sectors to reflect the increased integration among telecommunications, media and internet companies.

Anything else I should know about this index?

Investing in U.S. equities means having access to companies that are increasingly playing a role in a global economy. This level of participation in the global economy traditionally has been a characteristic of larger companies, but we are seeing that participation also grow in the mid-cap space.

If we use our Economic Exposure dataset, we can see where revenue originates for all the companies in MSCI USA.³

Economic Exposure	North America	Emerging Markets	Europe and Middle East	Pacific
MSCI USA	62.0%	21.1%	12.7%	4.2%

Data as of July 31, 2021

MSCI USA companies are increasingly more international, but they still serve a domestic market that is extensive and drives the largest share of their revenue.

³ As of July 31, 2021

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