Bringing the World into Focus

Economic development around the world had led investors to consider broadening their investment exposures.

investors start? MSCI's indexes, which are based on a disciplined approach, can help map and categorize the stock market so that investors can make better investment decisions.

But with a global universe of nearly 34,000 securities, where should



Defining the Global Universe

To construct a robust representation of the world's equity market, MSCI begins by identifying eligible securities from public stock markets.

Identifying eligible equity securities

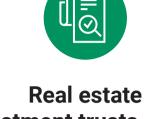






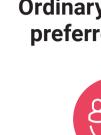






investment trusts (REITs)





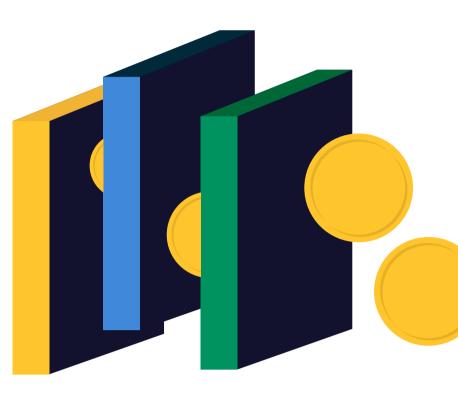






Equity derivatives such as options and futures contracts





Applying Investability Screens Next, the universe of eligible securities is

screened according to three requirements.



2 Shares must be accessible to

international investors A minimum threshold is set for a security's foreign inclusion factor

(FIF) to ensure that investors from all regions can access these securities.

The FIF of a security is the proportion of shares outstanding

that is publicly available for purchase by international investors.





Securities must demonstrate sufficient liquidity so that every MSCI index can be the basis of financial products, in addition to other applications. MSCI uses two metrics to determine how liquid a stock is:

12 and 3 month annual 3 month frequency

investable representation of the global market.

into any disruptions in a security's trading

of trading (FOT):

This metric gives MSCI insight

This metric helps MSCI identify stocks that have stable longand short-term liquidity

traded value ratio (ATVR):

After screening the global universe, what's left is an

Classifying Companies MSCI classifies every company in the global investable universe into three non-overlapping categories. This allows MSCI to create indexes that cover specific countries, regions and

Country (5)

sectors, in addition to indexes that focus on larger or smaller companies.





Country of

MSCI's criteria includes:









History



A company is assigned to the one sector that best describes its business activities. This is selected from the Global Industry Classification Standard

(GICS®)* that MSCI co-developed.





one size segment. These are:



Small Cap



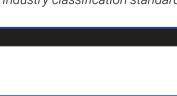
Mid Cap

GICS consists of: 11 Sectors

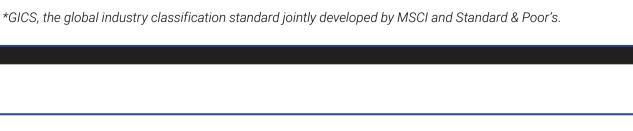
This approach enables investors to better understand the investable universe and shape their asset

allocation views and insights. This deeper understanding can be used to shape and refine

investment decisions.



74 Industries



163 Sub-Industries

25 Industry Groups



For over 50 years, MSCI indexes have provided:



Extensive coverage of the global investable universe



investability and replicability

Strong emphasis on

no gaps or overlap

Clear segmentation that seeks

Like the needs of investors, the world's equity universe is constantly changing.

MSCI's index methodology follows a transparent and objective process, giving investors the tools they need to shape and refine their investment allocations.

