

MSCI USA 50 INDEX FAQ



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The MSCI USA 50 Index is a stock market index designed to track the performance of the largest 50 securities of the MSCI USA IMI Index based on their free float-adjusted market capitalization.

How is the MSCI USA 50 Index constructed?

This selection universe for this Index is the MSCI USA IMI Index. The constituents of the MSCI USA IMI Index are ranked in descending order of their free float-adjusted market capitalization and the largest 50 securities are selected to construct the MSCI USA 50. The resulting index constituents are weighted according to their free float-adjusted market capitalizations.

The MSCI USA 50 is fully reviewed on a quarterly basis to coincide with the regular index reviews of the MSCI Global Investable Market Indexes. These reviews occur quarterly—in February, May, August, and November—with the objective of reflecting change in the underlying equity markets in a timely manner, while limiting undue index turnover.

At each review, the number of securities in the MSCI USA 50 Index will be restored to 50. Between two Index Reviews, the number of index constituents may differ from 50 due to additions and deletions resulting from corporate events on the existing index constituents.

To minimize index turnover, additions to and deletions from the MSCI USA 50 Index during each index rebalance will be controlled by 10% buffer rules.

What are buffer rules?

Buffer rules exist to help manage the migration of constituents in and out of the index.

For the MSCI USA 50 Index, a 10% buffer rule means that during each rebalance non-constituents that satisfy all eligibility criteria and rank 45 or above will be added to the Index. The existing constituents which rank below 55 will be deleted from the Index.

If the number of securities differs from 50 after applying the buffer rules, the lowest ranked securities within the index will be deleted, or the next highest ranked securities will be added to the Index to restore the number of constituents to 50.

How has it performed over time?

The MSCI USA 50 Index returned 13.6% on an annualized basis over the last decade, while MSCI USA IMI returned 11.8% .

Returns	MSCI USA 50 Index	MSCI USA IMI Index
Year-to-date	61.4	34.9
1-year	23.1	18.6
3-years	14.8	13.6
5-years	14	11
10-years	13.6	11.8

Net returns, US, as of June 30th, 2023. Returns are annualized for periods longer than a year.

The MSCI USA 50 Index posted a positive return in eight of the last 10 years, similar to MSCI USA IMI.

Annual performance	MSCI USA 50 Index	MSCI USA IMI Index
2022	-25.1	-19.6
2021	29.3	25.6
2020	26.6	20.5
2019	31.4	30.4
2018	-3.1	-5.7
2017	22.1	20.6
2016	10.2	12
2015	4.5	0
2014	11.6	11.9
2013	27.6	32.6

Net returns, USD, as of June 30th, 2023

NB: The MSCI USA 50 Index was launched in June 2022

Past performance – whether actual or back-tested – is no indication or guarantee of future performance.

What about the businesses these companies represent?

The MSCI USA 50 Index provides exposure to a diverse set of sectors. Compared to MSCI USA IMI, it has currently a greater weight in IT, Consumer Discretionary and Communication Services.

Currently, it has no representation in the Industrials and the Real Estate sectors, which represent 12.8% in the MSCI USA IMI Index.

Sectors Weights (%)	MSCI USA 50 Index	MSCI USA IMI Index
Communication Services	12.9	7.8
Consumer Discretionary	12.5	11.1
Consumer Staples	7.1	6.2
Energy	4	4.2
Financials	9.4	12.5
Health care	12.9	13.3
IT	39.6	26.9
Industrials	0	9.9
Materials	0.9	2.8
Real estate	0	2.9
Utilities	0.7	2.5

Data as of June 30th, 2023

Sector weights change over time, as markets and economies evolve. The chart below shows the minimum and maximum weights for each sector in the MSCI USA 50 Index, over the five years ending in June 2023.

Sectors	Minimum weight (5 year-period)	Maximum weight (5-year period)
Communication Services	3.7	19
Consumer Discretionary	8.6	15.5
Consumer Staples	5.8	9.2
Energy	1.8	5.7
Financials	4.9	11.6
Health care	11.8	18.1
IT	26.8	41.8
Industrials	0	6.2
Materials	0	1.3
Real estate	0	0
Utilities	0	1

GICS® (Global Industry Classification Standard) is the global industry classification standard jointly developed by MSCI Inc. and S&P; Global Data from June 30, 2018 to June 30, 2023



Note:

- » Changes in the composition of the Communication Services, Consumer Discretionary, and IT sectors in 2018 reflected the increased integration among telecommunications, media, and internet companies.
- » Real Estate became its own sector in 2016.

What is its exposure to long-term structural trends?

At MSCI we created a Thematic Exposure Relevance Score to measure the importance of a theme or trend to a company's business activities. The table below shows top 3 themes that MSCI USA 50 has exposure to.

Thematic Exposure Relevance Score (%)	MSCI USA 50 Index	MSCI USA IMI Index
Digital Economy	46.8	27.3
Next Gen Internet	46.1	27.2
Millennials	39.8	23.5

Data as of June 30, 2023

MSCI USA IMI has the same top 3 thematic exposures, but to a lesser degree.

Is there anything else I should know about the index?

If we use our Economic Exposure dataset, we can see where revenues originate for the companies in MSCI USA 50 Index.

Economic Exposure	Emerging Markets	Europe and Middle East	North America	Pacific
MSCI USA 50 Index	27.7%	14.1%	53.1%	5.1%
MSCI USA IMI Index	21.8%	11.5%	62.8%	3.8%

Data as of June 30, 2023

Although MSCI USA 50 Index is an index that only includes companies based in the USA, this analysis shows that almost 50% of their revenues come from other regions and countries like emerging markets countries. Emerging Markets' contribution to revenues, and China in particular, has increased over the last two years.

Moreover, when comparing MSCI USA 50 Index to MSCI USA IMI Index, we can observe that the MSCI USA 50 Index presents a more geographically diversified economic exposure.

ABOUT MSCI

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