

## Frequently asked questions

# MSCI BofA US Dualcast Index

### 1. What is the MSCI BofA US Dualcast Index?

The MSCI BofA US Dualcast Index (the “Index”) applies real-time economic data estimates with an aim to select assets ahead of the curve. MSCI collaborated with Bank of America and QuantCube Technology to develop this innovative index. It is designed to adapt to the current economic regime by allocating to index components that represent 5 asset classes.

### 2. What is the GDP growth and inflation nowcast data?

Nowcast, a combination of the terms “now” and “forecast,” systematically analyzes big data to build an estimate of economic indicators in the present. QuantCube Technology, a premier alternative data provider to institutional investors<sup>1</sup>, analyzes billions of data points in real-time through partnerships in satellite imaging, shipping logistics, and flight data to provide daily economic growth and inflation nowcasts, or current estimates, up to three months before their official releases.

### 3. How is the index constructed?

Each day, the Index identifies four economic regimes using a GDP Growth Indicator and an Inflation Indicator: Stagflation, Heating Up, Slow Growth and Goldilocks. The GDP Growth Indicator leverages the daily US GDP growth nowcast, a current estimate of GDP, with the goal of identifying whether the US economy is growing or weakening.

The Inflation Indicator leverages the daily inflation nowcast, a current estimate of US inflation, with the goal of identifying whether inflation is relatively high or low.

Second, the Index seeks to capitalize on its dynamic exposure across asset classes, including US equities, US Treasuries, commodities and US dollar based currency pairs. For each regime, the Index is designed to overweight the assets that historically provided the best risk-adjusted returns. Third, the index applies an 8% volatility target daily.<sup>2</sup>

### 4. Why MSCI?

MSCI is a leading provider of indexes, analytical tools and data services for the global investment community. We launched the first set of global equity indexes in 1969. With over USD 15.6<sup>3</sup> trillion benchmarked to MSCI Indexes and over 1,380<sup>4</sup> Equity ETF's track MSCI Indexes globally, we're the premium index provider for global institutional investors.

MSCI indexes are powered by our strong research, data and analytics franchise. With over 50 years of expertise, we continue to focus on our clients' investment needs and on delivering the quality and innovation they need to navigate increasingly complex financial markets.

<sup>1</sup> Relevant awards include Energy Risk Award by Risk.net for 2023 Data and Analytics Firm of the Year; Best Data Science Solution by A-Team Data Management Insight Award 2022; Best Alternative Data Provider to the Buy Side by Waters Technology Buy-Side Technology Awards 2022. See quant-cube.com for additional details.

<sup>2</sup> The index is an excess return index, cash allocation is not interest bearing. The performance of the Index includes a 50bps p. a. embedded cost, as well as turnover and financing costs, and does not include fees or costs of any financial instrument referencing the Index. Because this Index applies a volatility control mechanism, the range of both positive and negative performance of the Index is limited.

<sup>3</sup> Data as of December 31, 2023

<sup>4</sup> Data as of December 31, 2023 and sourced from Refinitiv; defined as each share class of an exchange traded fund, as identified by a separate Lipper ID. Only primary listings, and not cross-listings, are counted. MSCI does not guarantee the accuracy of third-party data.



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