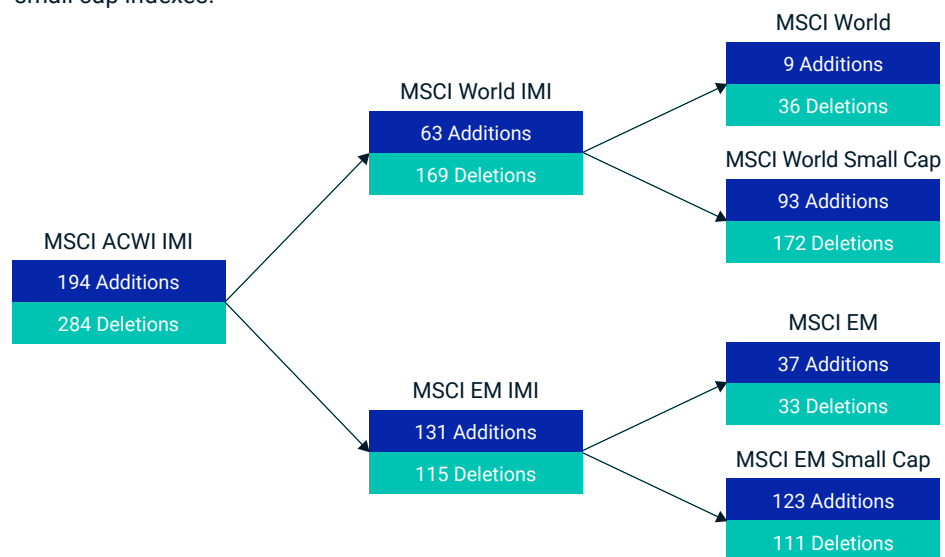


Insights from MSCI November 2023 Index Review

On **November 14th**, we communicated that **194 securities will be added** and **284 securities will be removed** from the MSCI ACWI Investable Market Index (IMI), MSCI’s flagship global equity index. The MSCI ACWI IMI is designed to represent the performance of the investment universe of Large/Mid and Small Cap companies across Developed and Emerging Market markets. It covers approximately 99% of the global equity investment opportunity by free float-adjusted market capitalization.

Further Granularity

Our methodology applies a **building block approach across geographies and company sizes**. This enables investors to assess **how the global investable opportunity has changed at a more granular level**. In this rebalance, there were more additions and deletions in emerging markets than in developed markets for both large/mid cap and small cap indexes.



In the MSCI World Index, a significant part of the turnover is driven by changes in Country of Classification. The rest of the turnover is driven by size segment migrations, particularly from downward migrations to the MSCI World Small Cap index. Size segment migrations are generally triggered by changes in the full company market capitalization of a company relative to the required size threshold. In addition, some of the turnover are resulting from changes in Country of Classification.

In the MSCI Emerging Markets Index, most of the additions and deletions are also due to size segment migrations or securities meeting (or no longer meeting) the free float adjusted market capitalization requirements. As a reminder, once a company is assigned to large cap or mid cap, its securities are subject to a free float adjusted market capitalization requirement.

Impact on the Indexes

To assess the impact of these changes on the indexes, we calculate one-way index turnover to measure the percentage change in the composition of the index. This index turnover corresponds to the proportion of assets that should be bought in a portfolio replicating the index. As a portfolio has a fixed dollar amount, the amount of assets that should be bought exactly corresponds to the amount of assets that should be sold:



Index turnover is influenced by the number and size of securities added or deleted as well as other changes impacting security index market capitalization, such as free float update.



Additional Highlights

- In light of currently observed market accessibility issues, **MSCI will not implement changes** as part of this Index Review for any securities classified in **Bangladesh, Egypt, Kenya, or Nigeria** for the MSCI Bangladesh, MSCI Egypt, MSCI Kenya and MSCI Nigeria Indexes or impacted composite indexes.
- Following feedback from market participants, confirming that liquidity in the Sri Lankan foreign exchange market has improved, **MSCI will implement index review and corporate events-related changes in the MSCI Sri Lanka Indexes effective immediately.**

What happens next?

December 1st, 2023 – Effective date of the index changes

While the index changes were announced on November 14th, they will be implemented for the market cap indexes by December 1st, 2023. MSCI's standard practice is to announce the results of the review and provided sufficient lead time prior to implementation, to allow for the market and market participants to adjust to the information.

About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 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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