

Index Performance Recap

- Italy led the DM universe with 20.5% YtD performance while Taiwan had the highest performance within the EM universe (28.6% YtD)
- Among factor indexes, Momentum was the best performing factor YtD, across regions except in LatAm.
- On the back of the AI rally, Information Technology has been the best performing sector in US, EM and World; Financials led in EMU and Asia Pacific; while Healthcare led in EAFE.
- In thematic indexes, our USA Tech 125 Index 25.2% YTD performance, while Smart Cities was the best-performing megatrend in the ex-technology space.

Market Cap, Sector and Factor Indexes Performance – [Monthly Performance Report](#)

	2024 YtD perf	Best performing factor (2024 YtD performance)	Best performing sector (2024 YtD performance)
USA	19.1%	Momentum (26.6%)	Information Technology (26.0%)
World	17.1%	Momentum (27.9%)	Information Technology (24.4%)
EAFE	12.4%	Momentum (13.7%)	Healthcare (22.5%)
Emerging Market	9.9%	Momentum (19.0%)	Information Technology (20.3%)
EMU	11.5%	Momentum (20.3%)	Financials (23.2%)
AC Asia Pacific	12.1%	Momentum (21.8%)	Financials (20.0%)
LatAm.	-12.3%	Minimum Volatility (-7.7%)	Energy (-0.9%)

Thematic Indexes Performance

	Best performing index (2024 YtD performance)	Best Performing Country	2024 YtD perf
Thematics - technology	USA Tech 125 (25.2%)	Italy (DM)	20.5%
Thematics - other	ACWI IMI Smart Cities (24.2%)	Taiwan (EM)	28.6%



Data Source: MSCI. Gross total returns in USD as of August 30, 2024. YtD means "year to date" and covers the period from January 01, 2024 to August 30, 2024. Illustrative examples only. Not investment advice. Past performance not indicative of future results.

Market Trends

\$15.6 Trillion* USD in AUM are benchmarked to MSCI indexes as of December 31, 2023, an increase of 4.7% or \$700 Billion from June 30, 2023.

Structured Products

Equity linked structured notes are growing as rates are coming down.

Growing interest of MSCI index in insurance segment globally

- Strong clients' interest in AI related thematic indexes globally.
- For US FIA, market is looking for diversification from existing offerings and efficient risk control.
- In EMEA, we see strong demand for simple and well-performing indexes, with Ricardo in the lead and some return of demand on ESG and AI ideas.
- In APAC, we saw client demand in various ideas, including our Ricardo indexes, mean reversion ideas, as well as cross-asset strategies leveraging Economic Regime signals.
- We saw an elevated interest into India and Japan, where we have launched multiple custom indexes for a variety of use cases.

ETFs

Equity assets linked to MSCI ETPs hit a new high at the end of June 30, 2024 with \$1.6 Trillion globally, of which \$900 Million is in the Americas.

- DM ETPs garnered the greatest amount of inflows, however, EM ETPs benefited the most from market movement.
- Global X Canada launched 8 new ETF including non-linear strategies on MSCI EAFE and MSCI Emerging Market Indexes.
- Invesco MSCI Global Climate ETF 500 launched with \$1.6 Billion of seed capital
- BlackRock converted the former growth ETF to iShares MSCI USA Quality GARP ETF, tracking MSCI USA Quality GARP Select Index. The US iShares MSCI Factor Franchise has reached \$118bn AUM as of June 30, 2024.
- We celebrated 20yr anniversary on Vanguard US sector ETFs tracking MSCI indexes - \$180bn AUM as of July 31, 2024.

Asset Owner

AO added EM and EM ex-China exposures; DM; factors - quality, momentum and value; and with climate-focused considerations

- Geopolitical themes and risk management continues to be of focus with discussions across custom indexes, deep index history and alternative data sets such as economic exposure.
- The down-weighting of China has introduced new risk into the portfolio given the increasing weights of India and other markets (Mexico and Brazil). AO look for solutions to help measure/benchmark tax costs from overweighted India equities.
- AO look to increase active risk in EM and non-US equity allocations by implementing country, thematic and stock specific bets.

Index Launches and Research Insights

Indexes of Rolling Futures for Equity and Fixed Income Exposures

- We have launched a suite of rolling futures indexes on popular MSCI equity indexes, as well as other asset classes as multi-asset indexes building blocks.

Index Name	Bloomberg Ticker	Refinitiv RIC	Futures Exchange
MSCI EAFE Futures Index	MXEAFTR	.MXEAFTR	ICE
MSCI Emerging Market Futures Index	MXEFFTR	.MXEFFTR	ICE
MSCI World Futures 5 Days Roll Index	MXWOFTRE	.MXWOFTRE	Eurex
MSCI India Futures 5 Days Roll Index	MXINFTR	.MXINFTR	Eurex

MSCI Resilient Future Indexes

- We have launched [MSCI Resilient Future Indexes](#), which include companies associated with the development of products or the provision of services focused on the following themes:
 - Clean Energy Solutions
 - Alternative Food & Agriculture
 - Water Solutions
 - Natural Capital Protection

Systematic Option Strategies Linked to Regional Indexes

- The [research paper](#) focuses on options strategies related to MSCI EAFE and MSCI Emerging Markets (EM) Indexes. We consider buy-write, put-write and protective-put strategies in three use cases: to explore the benefits of adding options positions to a balanced portfolio, help navigate equity-market drawdowns and summarize our earlier findings about options strategies' performance across various macroeconomic environments.

Business Segment Data Product

- This comprehensive dataset provides a breakdown of a firm's Sales, Assets, and Operating Income according to the GICS sector classification framework down to the Sub-industry level both as of today and back through time. For firms whose business mix cuts across multiple sectors and industries, this dataset can provide a valuable & granular breakdown of a firm's sales & operations in one convenient offering. Please find more details in the product [brochure](#).

Index Idea Spotlight # 1

Upcoming innovators

Global equity markets bounced back strongly in 2023. However, the market returns have been driven by “Magnificent 7” and the rise of artificial intelligence.¹ It could be questioned how long will this continue or if some other stocks will drive performance in the future.

To help with such search, we look at MSCI ACWI IMI Innovation Index, developed with ARK invest, asset manager focusing solely on solutions capturing disruptive technologies. This index focuses on four innovation platforms: Next Generation Internet, Autonomous Technology and Industrial Innovation, Fintech and Genomics. We additionally screen the index as per below:

- Step 1: only **Mid Caps are selected** from the Innovation index, as the purpose is to identify Innovation leaders in an early stage of development;
- Step 2: the assumption is made that a strong innovative ecosystem contributes to companies’ success, so that **only the 2 most represented countries are selected**.
- Step 3: a momentum layer is applied to overweight companies already performing in price terms.
- Step 4: a dynamic leverage overlay is applied to further improve the risk profile

Historical Backtest



Performance Stats		
	"Upcoming Innovators"	MSCI USA Tech 125
Total Return* (%)	20.0	16.2
Total Risk (%)	19.3	20.6
Sharpe Ratio	1.03	0.78

¹ <https://www.msci.com/research-and-insights/global-market-trends-and-the-magnificent-7>

Source: MSCI. Data from Jan 2014 to May 2024. Excess return variant is used, in USD. Simulations are indicative illustrations of the concept only. Any MSCI production index may differ. This simulation has been prepared solely for informational purposes. The strategy in the simulation has not been adopted or endorsed by MSCI, and it may or may not be adopted, in whole or in part, by MSCI. Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results. Not investment advice.

Index Idea Spotlight # 2

Value & Growth Rotation

The foundation of value investing is the notion that cheaply priced stocks outperform pricier stocks in the long term.¹ The Growth factor captures company growth prospects using historical earnings, sales and predicted earnings.²

Historically value outperformed growth stocks during high inflation

- Inflation usually happens when demand exceeds supply. During this time, earnings growth is commonly available, so investors are less willing to pay a growth premium³;
- When inflation is rising, it often leads to higher interest rates, which in turn often hurts growth stocks as their longer dated earnings will be further discounted compared to value stocks^{4,5}

Each month, the index checks if past 3-month average of yoy CPI is greater than its past 1-year and 3-year averages - if so, the index allocates 100% to MSCI World Value Index; otherwise, it allocates 100% to MSCI World Growth Index.

¹ [Factor Focus: Value](#)

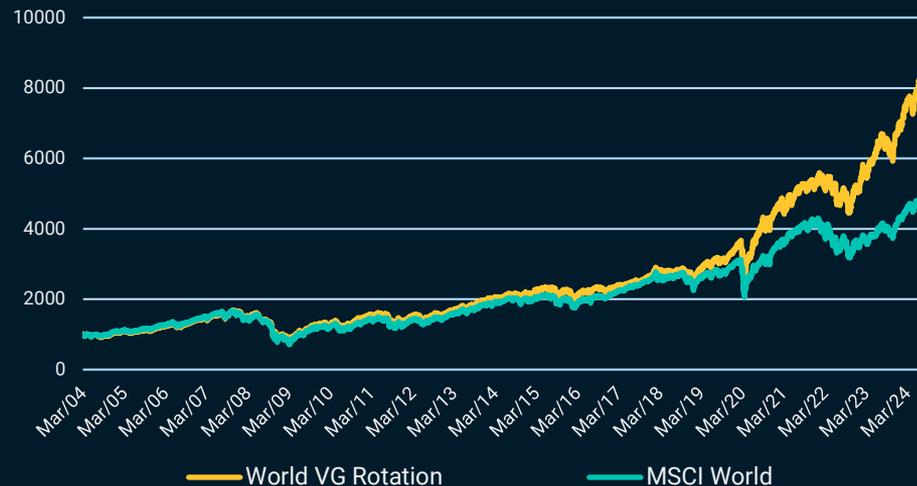
² [Factor Focus: Growth](#)

³ [Growth vs. Value: Rethink your investment style](#) GSAM, Apr 20, 2023;

⁴ [Impact of Inflation on Style Factors](#) MSCI Research, Oct 2, 2020;

⁵ [Hedging Inflation with Equities](#) MSCI Research, Jul 16, 2021

Historical Performance



Performance Stats		
	World VG Rotation	MSCI World
Total Return (%)	11.5	8.9
Total Risk* (%)	15.2	15.4
Return / Risk	0.76	0.58

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