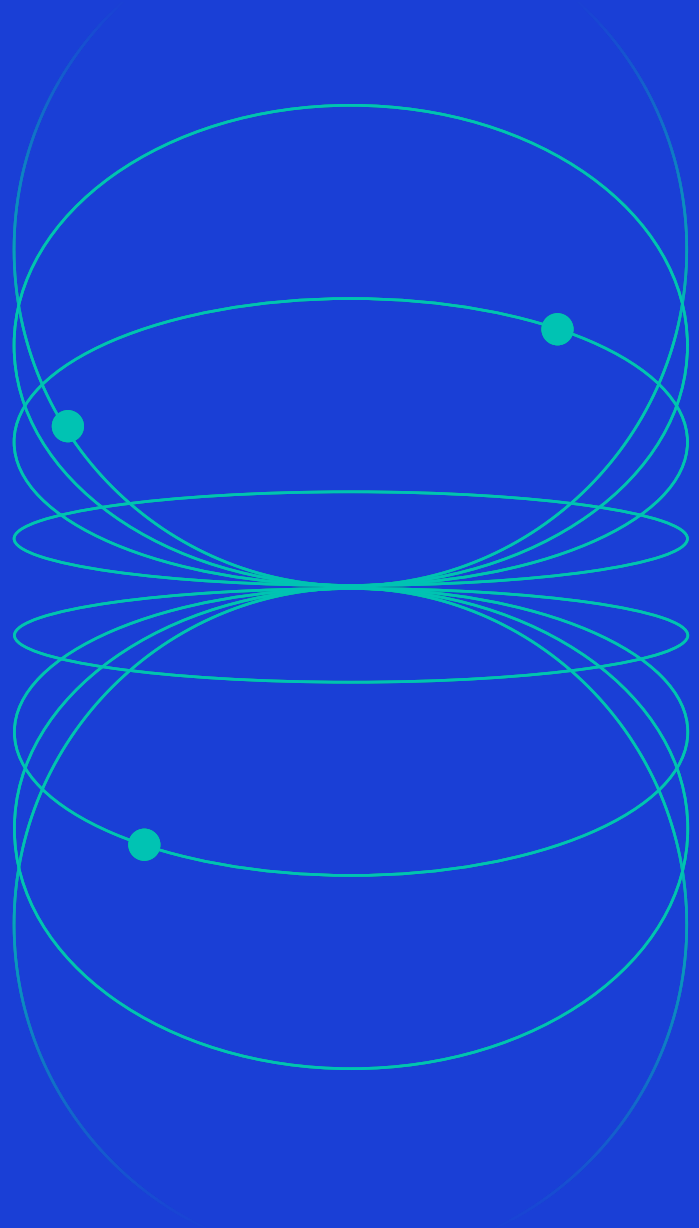
MSCI

Consultation on Potential Enhancements to the MSCI Enhanced Value Indexes

October 2026

This consultation may or may not lead to the implementation of any or all of the proposed changes in the highlighted or any other MSCI indexes. Consultation feedback will remain confidential. MSCI may publicly disclose feedback if specifically requested by specific market participants. In that case, the relevant feedback would be published together with the result of the consultation.



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Executive summary

Background

This consultation proposes enhancements to the MSCI Enhanced Value Indexes methodology, in line with the previous review of other MSCI Single-Factor Indexes.

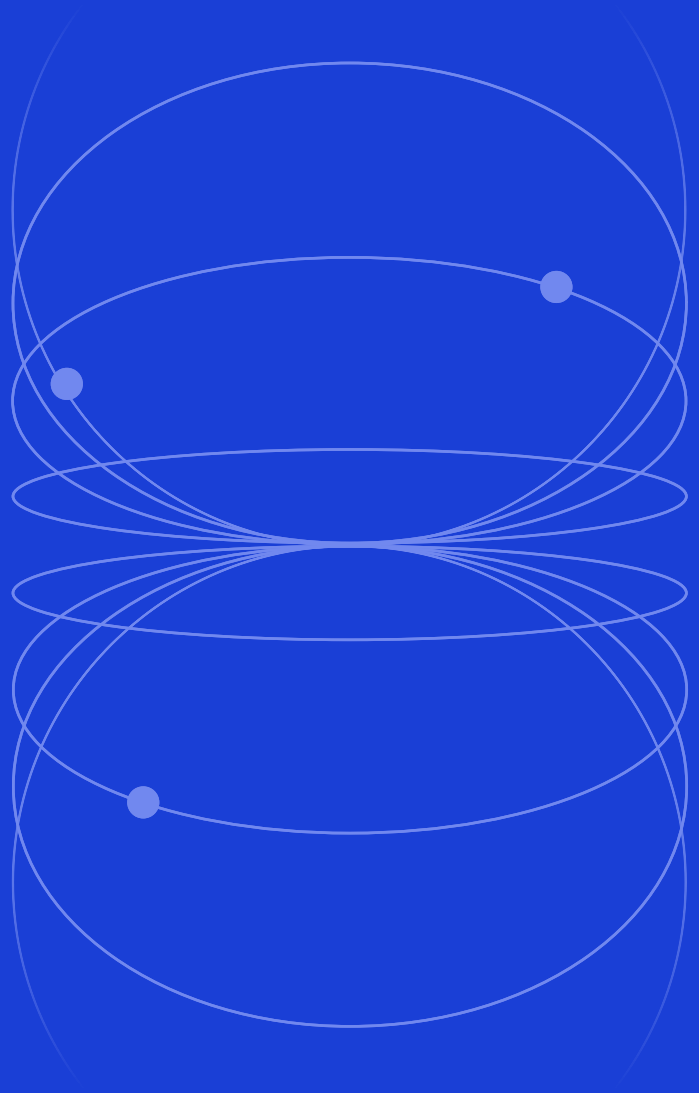
Proposals covered in 3 sections	Objective / proposal	Recommendation
1. Addressing concentration	Reduce concentration so index performance depends less on a small number of constituents with high weight.	**Box algorithm (S1):** A modified box algorithm with market cap coverage of 15% for both the ongoing level and the target (currently 10% and 30%, respectively), plus a simultaneous 10% issuer cap. **Alternative:** Sector coverage (S2). A 20% parent index coverage target per sector with a simultaneous 10% issuer cap.
2. Enhanced signals	Assess potential enhancements from additional descriptors: Intangibles and Enterprise Value (EV)/Sales, excluding Financials.	Do not incorporate the additional descriptors in the computation of the Value Score, in the context of the current methodology of Enhanced Value indexes.
3. Rebalancing frequency	Assess whether the rebalancing frequency should be increased from semi-annual to quarterly.	Continue with the semi-annual review schedule.

More details are available in the following sections.

MSCI invites feedback from market participants on or before December 18, 2026 and will announce results of the consultation and the implementation timeline on or before January 15, 2027, subject to change.

Information Classification: GENERAL

Section 1 – Addressing concentration



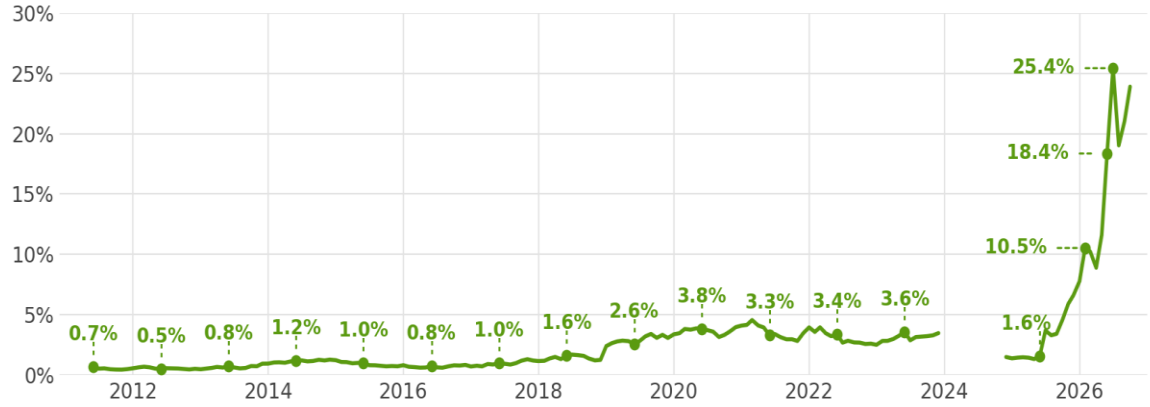
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Methodology and concentration

Background: increased concentration

- At the May 2026 Index Review, the top issuer weight (Micron Technology) reached 17.4% of the MSCI USA Enhanced Value Index as of June 1, 2026.
- The weight rose further to 25.4% by June 30, 2026, increasing issuer concentration in the index.
- MSCI announced an exceptional 25% issuer cap to the index effective September 1, 2026, and the launch of a public consultation to address the concentration.

Micron Technology weight in MSCI USA Enhanced Value Index



Period: June 30, 2011 to June 30, 2026

Current methodology overview

Attribute	Value
Applicable universe	All constituents of the relevant MSCI Parent Index (regional or country)
Value Score	Composite z-score of forward price to earnings (Fwd P/E), enterprise value to cash flow from operations (EV/CFO) and price to book (P/B); sector-relative, winsorized at ±3
Security selection	Fixed number of top-ranked securities set at launch; 50% rank buffer at each review
Weighting	Market cap tilted by value score; sector-neutral to parent; 50% turnover buffer, no issuer cap
Maintenance	Semi-annual reviews in May and November, aligned with Parent Index rebalancing

S1: Box algorithm definition

Initial construction

Update the target market cap coverage from 30% to 15%

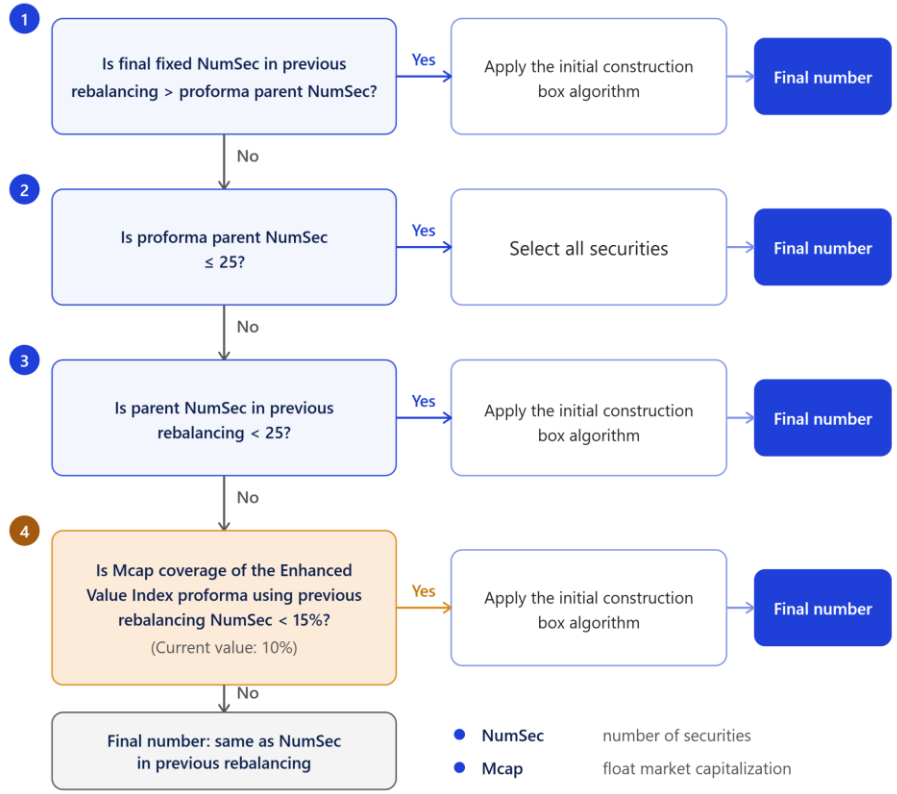
Orange steps (2, 3 and 5) carry the updated parameters



Ongoing construction

Update the ongoing market cap coverage threshold from 10% to 15%

Orange step (4) carries the updated parameter



S1: Box algorithm versus S2: Sector coverage definition

Attribute	S1: Box algorithm (recommendation)	S2: Sector coverage (alternative)
Parent universe	MSCI USA	
Value Score computation	Under the MSCI Enhanced Value Indexes Methodology	
Selection ranking	Final Value Score (Winsorized Sector Relative Value Z Score)	
Target coverage and buffers	**Target coverage[1]:** 15% Parent Index coverage	**Target coverage:** 20% Parent Index coverage **per sector**
	Ongoing minimum threshold: 15% Parent Index coverage	**Coverage buffer:** Two-sided band, 16-24%
Security weighting	Value-tilted (parent weight x value score)	
Turnover control	50% weight buffer versus current index	
Issuer cap	max(10%, max issuer weight in the parent index), sector-neutral to parent Simultaneous cap[2]	
Rebalancing frequency	Semi-annual	

[1] This is the minimum market cap coverage to compute the new number of securities for the Index. The final market cap coverage can be above 15% and there is no upper limit on the market cap coverage.
[2] See Appendix for more details on the capping mechanism

Key metrics – USA

Relative to MSCI USA Index

	MSCI USA Index	S0: Enh. Value	S1: Box algo.	S2: Sector cov.
Total return* (%)	14.3	14.4	14.4	13.4
Total risk (%)	14.5	17.5	17.0	16.7
Return / risk	0.98	0.82	0.85	0.80
Sharpe ratio	0.87	0.73	0.75	0.70
Active return (%)	0.0	0.1	0.1	-0.9
Tracking error (%) versus MSCI USA	0.0	8.1	7.5	6.6
Tracking error (%) versus S0		0.0	1.2	2.9
Information ratio		0.01	0.01	-0.13
Historical beta	1.00	1.07	1.05	1.06
Number of constituents* **	613	149	167	176
Turnover (%)**	1.6	25.1	23.2	29.9
Price to book* **	3.3	1.7	1.7	1.8
Price to earnings* **	21.2	13.1	13.4	13.8
Dividend yield* (%)**	1.8	2.6	2.6	2.5

Period: June 30, 2011 to June 30, 2026. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Performance (%)

	MSCI USA Index	S0: Enh. Value	S1: Box algo.	S2: Sector cov.
Year to date (YTD)	10.1	46.6	39.3	27.9
1 year	21.9	77.9	64.9	49.6
3 years	20.7	30.9	29.8	27.0
5 years	12.9	17.0	16.3	15.4
10 years	15.5	15.6	15.6	15.0

Gross returns for the period ending June 30, 2026. Returns are annualized for periods longer than a year. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

Key findings

- S1 and S0 had similar total returns over the historical period. S1 has a marginally better Sharpe ratio.
- S1 had lower total risk and turnover compared to S0.
- S2 had lower total returns and higher turnover compared to S0.
- Both approaches showed an increased number of constituents.
- S1 and S2 lagged S0 over the past year, as both are less concentrated in the top issuers:
    - The 10% issuer cap limited the weight of the names that rallied in 2026.
    - Both hold more constituents, which spreads weight across more names.

S0: Enh. Value = MSCI USA Enhanced Value Index which rebalances on the same day as the effective date (instead of T-9)
S1: Box algo. = S0 with 15% market cap coverage threshold and target (versus 10% and 30%, respectively); **S2: Sector cov.** = S0 with 20% coverage target per sector (16 to 24% band)

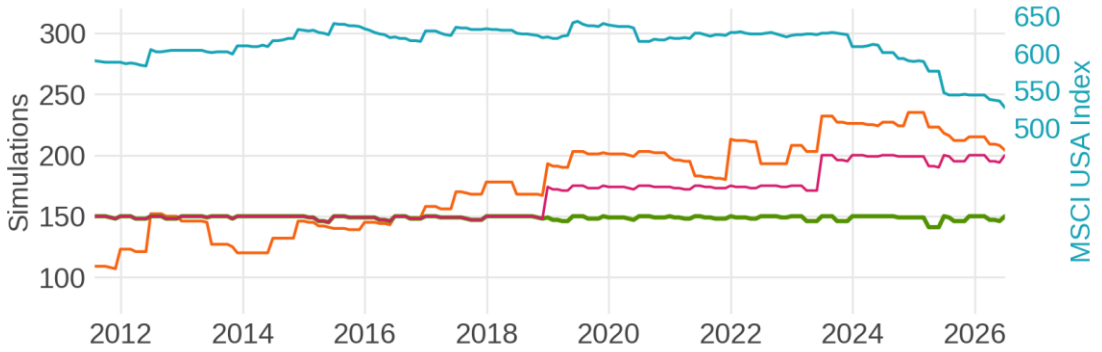
Information Classification: GENERAL

Capacity and concentration – USA

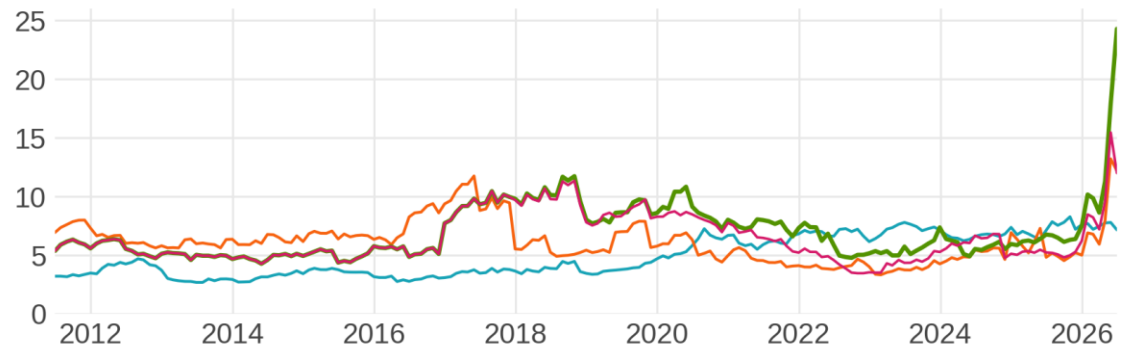
Key findings

- **S1 stepped up in the number of constituents when coverage dropped below the threshold:** from 150 to 175 in November 2018 and from 175 to 200 in May 2023.
- **S2 is the broadest since 2023:** highest number of constituents and coverage near 30%.

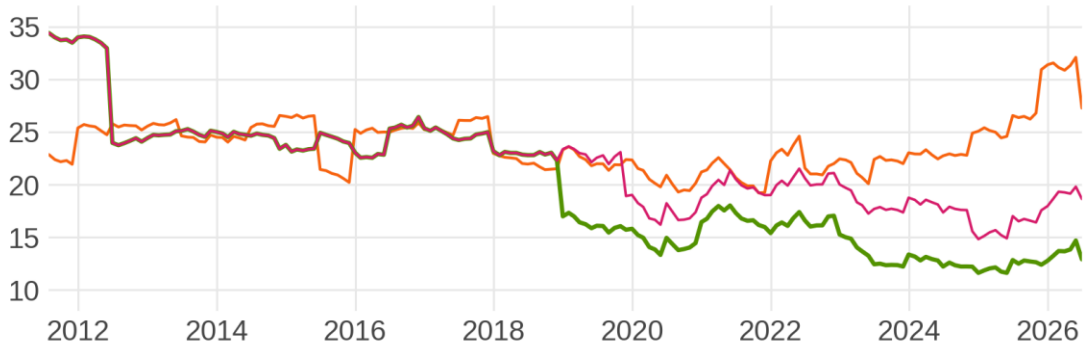
Number of Constituents



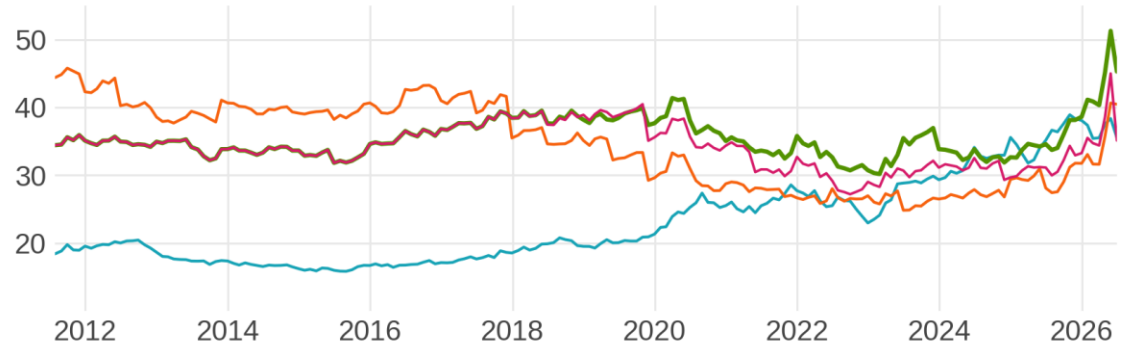
Top Constituent Weight (%)



Benchmark Coverage (%)



Top 10 Constituents Weight (%)

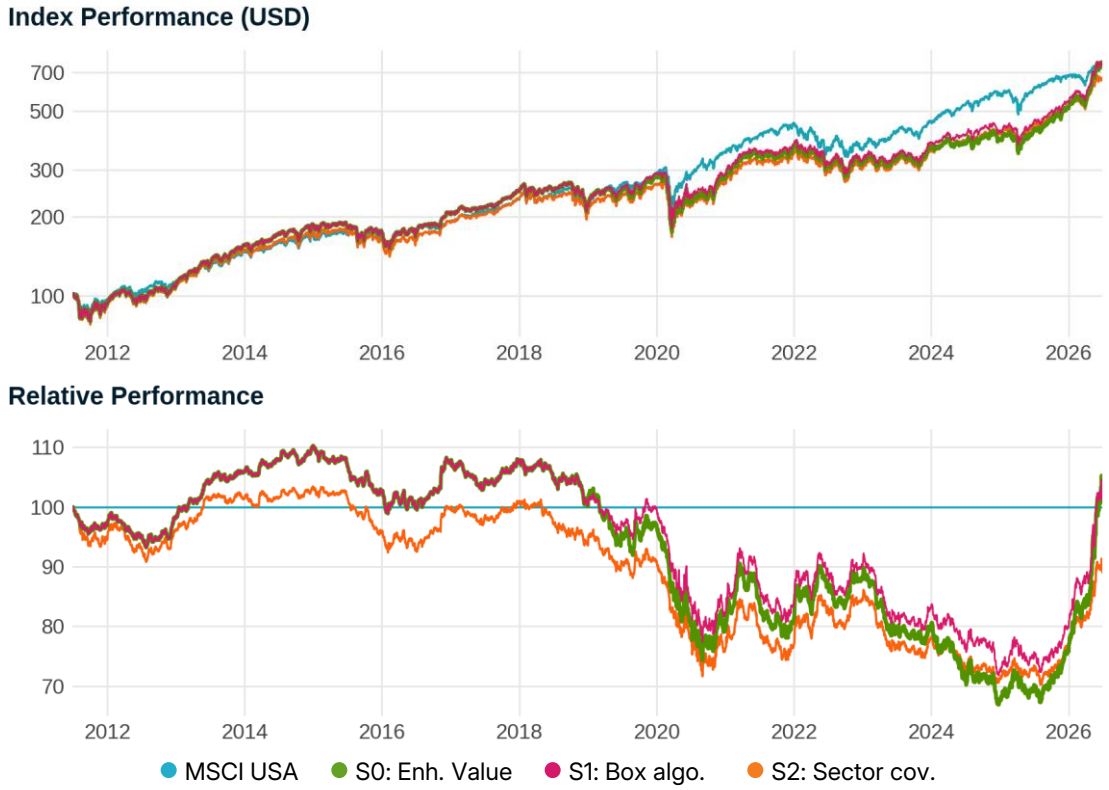


MSCI USA Index · S0: Enh. Value · S1: Box algo. · S2: Sector cov.

Information Classification: GENERAL

Performance – USA

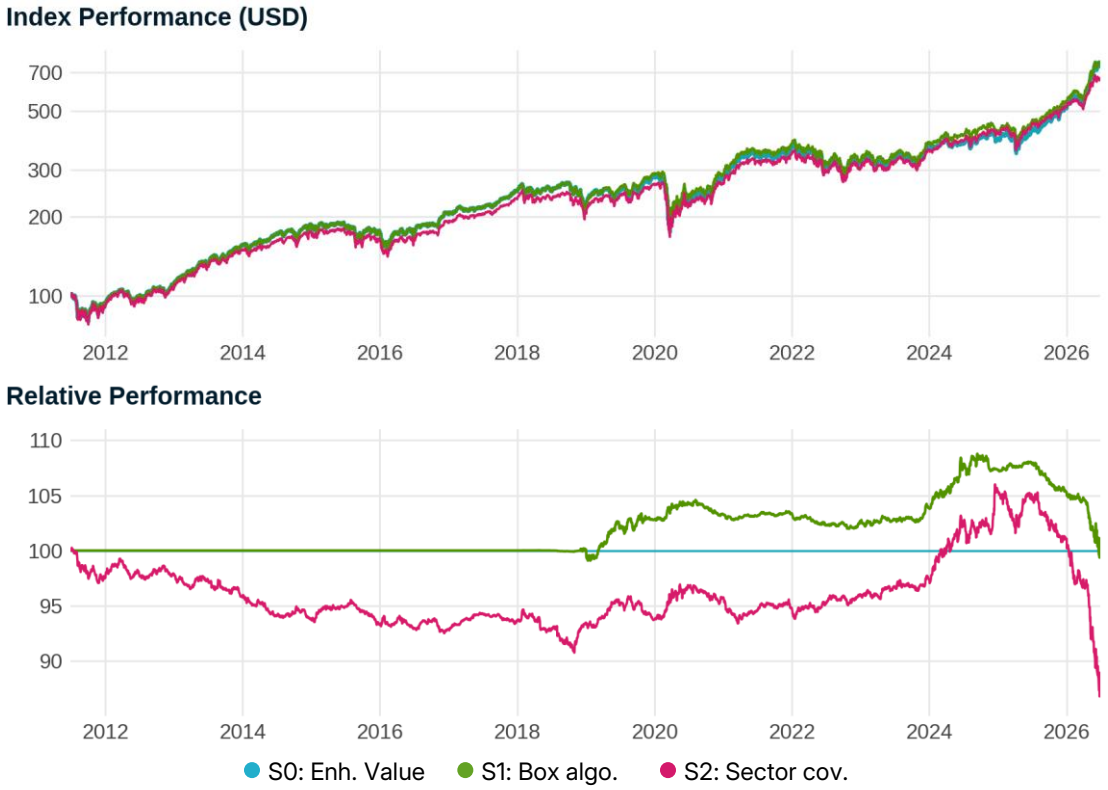
S0, S1, S2 versus MSCI USA



Key findings

- **Outperformed, then underperformed MSCI USA:** S0 and S1 led by up to 10% until about 2018, then fell about 30% behind by early 2025.
- **2026 rally closed the gap:** S0 and S1 are back at parity; S2 is still about 10% behind.

S1, S2 versus S0



Key findings

- **S1 diverged from S0 since November 2018:** market cap coverage fell below 15% and triggered the Box algorithm during November 2018 and May 2023.
- **S2 fell about 20% against S0 since mid-2025:** a large Micron underweight versus S0.

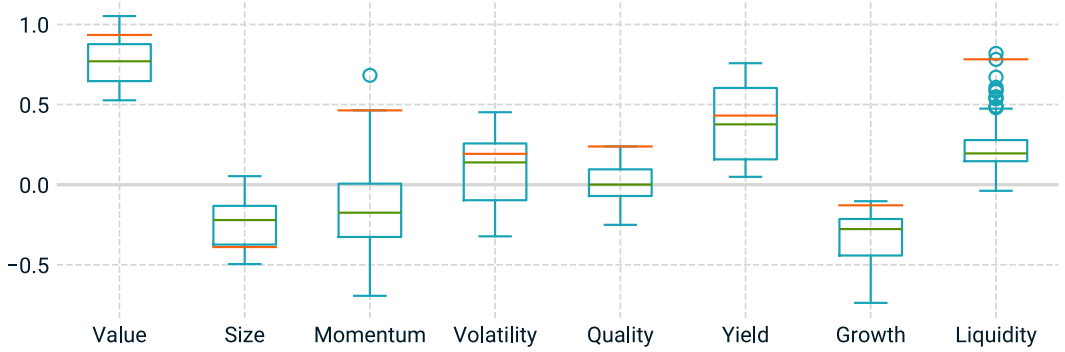
Information Classification: GENERAL

Active factor family and value exposures – USA

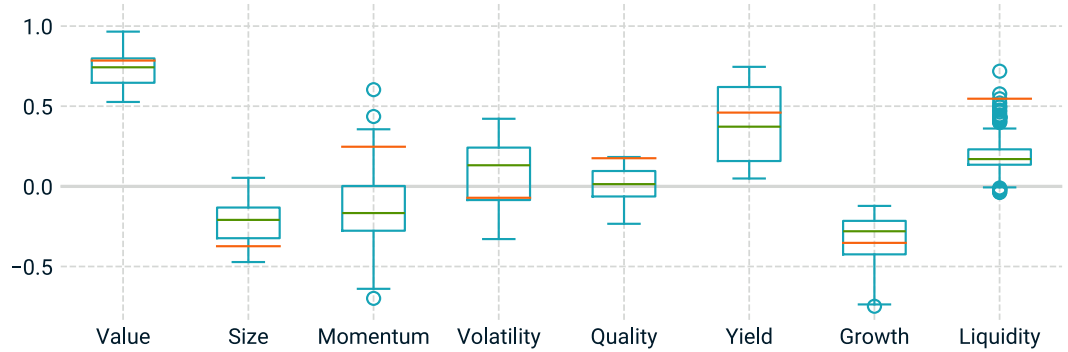
Key findings

- **Value is the dominant tilt:** medians around +0.7 on average across the three variants.
- **Same exposures on other factors in all three:** negative Size, Momentum and Growth; positive Yield and Liquidity.
- **S2 has the most diluted value exposure since 2019:** it sits below S0 and S1, with the gap widest after 2024.

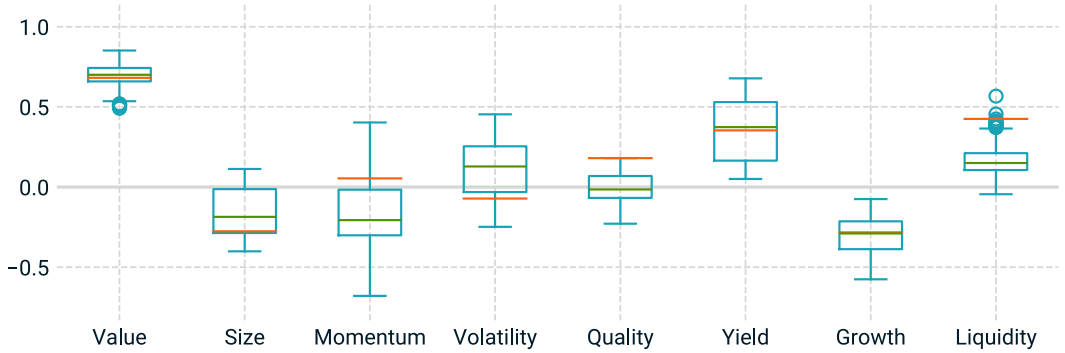
S0: Enh. Value



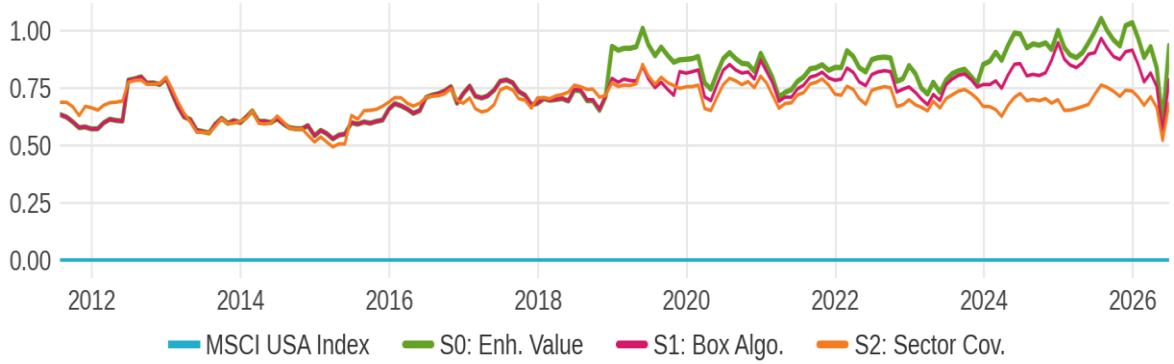
S1: Box Algo.



S2: Sector Cov.



Active Exposure vs MSCI USA Index – 15 years



Period: June 30, 2011 to June 30, 2026, monthly data.

Median Current Interquartile Range Min-Max (capped at 1.5 of IQR) Outliers

MSCI

GEMLT active performance attribution – USA

Factor group performance attribution

	Returns			Risk		
	S0: Enh. Value	S1: Box algorithm	S2: Sector coverage	S0: Enh. Value	S1: Box algorithm	S2: Sector coverage
Total	14.37	**14.38**	**13.42**	17.46	**17.01**	**16.74**
Benchmark	14.31	14.31	14.31	14.53	14.53	14.53
Active	0.07	0.07	**-0.89**	8.13	**7.48**	**6.65**
Specific	-2.60	**-2.10**	**-2.21**	4.82	**4.52**	**4.04**
Currencies	0.00	0.00	0.00	0.00	0.00	0.00
Common factor	2.66	**2.17**	**1.32**	4.74	**4.38**	**3.93**
Styles	1.56	**1.54**	**1.02**	3.66	**3.41**	**3.24**
Value	1.51	**1.44**	**1.31**	2.62	**2.47**	**2.33**
Others	0.05	**0.10**	**-0.29**	1.04	**0.94**	**0.91**
Countries	-0.01	**0.01**	**0.02**	0.34	**0.33**	**0.27**
Industries	1.10	**0.62**	**0.28**	2.16	**2.01**	**1.63**
Market	0.00	0.00	0.00	0.00	0.00	0.00

Period: June 30, 2011 to June 30, 2026, monthly data. Value = BtoP + Earn. Yield + LT Reversal; Others = Styles less Value. Coloring relative to S0. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

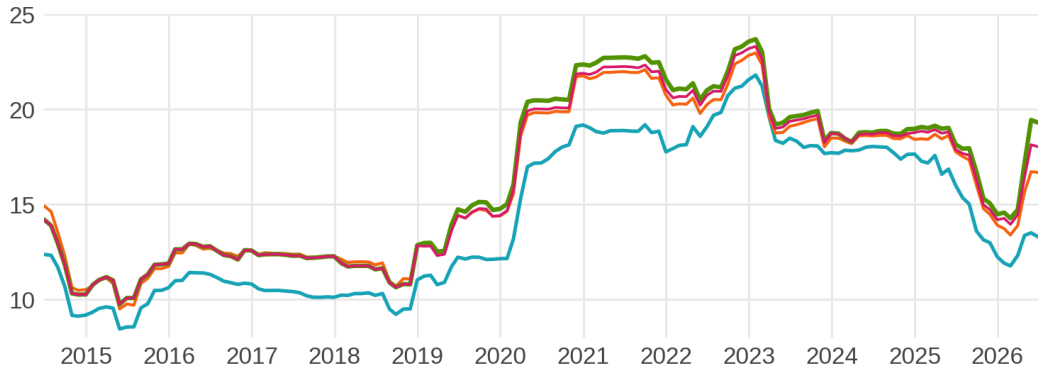
Key findings

- Value factor has driven most of the active returns from Styles. The active risk decreased from S0 to S1 to S2.
- Specific return was negative for all three variants and specific risk fell further from S0 to S1 to S2.
- S1 retained S0's active return with less risk. S2 showed reduced active risk and active returns.

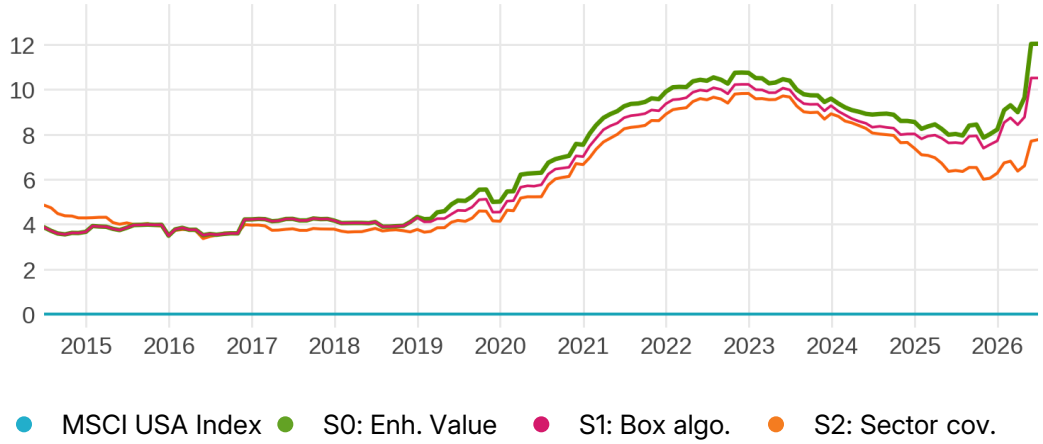
Information Classification: GENERAL

Risk profile and active risk forecast – USA

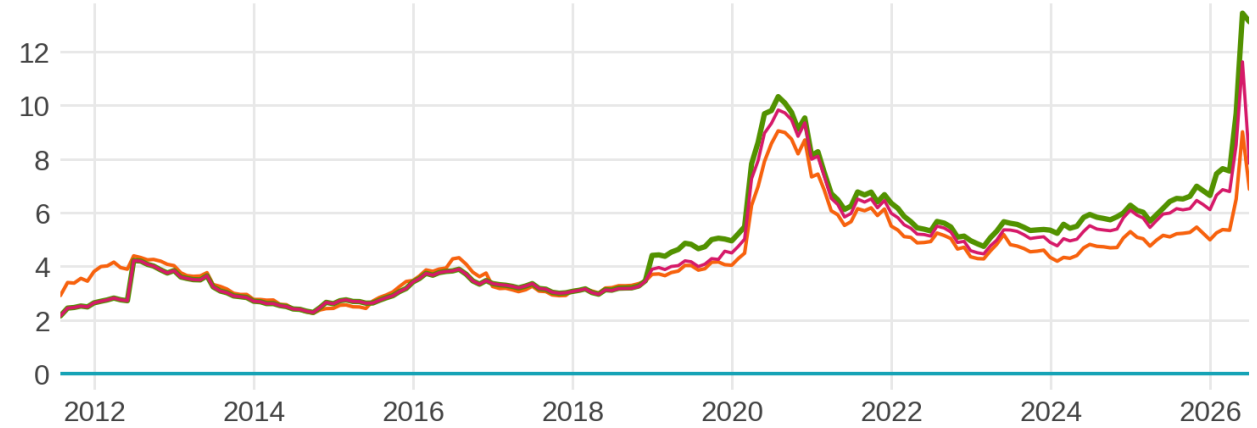
3 Year Annualized Rolling Risk (%)



3 Year Annualized Rolling Active Risk (%)



Active GEMLTL Risk Forecast (%)



Key findings

- **S2 carried the least active risk:** lowest of the three throughout; S0 is the highest and S1 sits in between.
- **Forecast risk jumped in early 2026:** after holding at 4% to 6% since 2022, forecast active risk rose above 12% before easing.

Information Classification: GENERAL

Key metrics – World, World ex USA, Europe

Key metrics

	World				World ex USA				Europe			
	MSCI World	S0: Enh. Value	S1: Box algo.	S2: Sector cov.	MSCI World ex USA	S0: Enh. Value	S1: Box algo.	S2: Sector cov.	MSCI Europe	S0: Enh. Value	S1: Box algo.	S2: Sector cov.
Total return* (%)	11.5	10.5	10.0	10.5	7.4	8.0		7.9	7.5	7.8		7.0
Total risk (%)	14.3	16.2	16.0	16.2	15.1	16.1		17.0	16.5	19.0		20.2
Return / risk	0.80	0.65	0.63	0.65	0.49	0.49		0.46	0.46	0.41		0.35
Sharpe ratio	0.69	0.55	0.52	0.55	0.38	0.39		0.37	0.36	0.32		0.26
Active return (%)	0.0	-1.0	-1.5	-1.0	0.0	0.5		0.5	0.0	0.3		-0.5
Tracking error (%)	0.0	7.1	6.8	6.5	0.0	4.7		5.9	0.0	5.2		6.6
Information ratio		-0.14	-0.22	-0.16		0.11	Identical to S0	0.08		0.06	Identical to S0	-0.08
Historical beta	1.00	1.02	1.01	1.03	1.00	1.02		1.06	1.00	1.12		1.17
Number of constituents***	1568	398	410	454	956	348		226	434	149		106
Turnover (%)**	1.7	20.8	20.3	27.4	1.8	15.3		30.2	1.8	16.2		34.7
Price to book***	2.4	1.1	1.1	1.1	1.7	1.0		0.9	1.8	1.1		1.0
Price to earnings***	19.2	11.8	11.8	12.0	16.3	11.4		10.5	16.1	11.6		10.8
Dividend yield***	2.3	3.3	3.3	3.2	3.1	3.6		3.7	3.3	4.1		4.0

Period: June 30, 2011 to June 30, 2026. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Performance (%)

	World				World ex USA				Europe			
	MSCI World	S0: Enh. Value	S1: Box algo.	S2: Sector cov.	MSCI World ex USA	S0: Enh. Value	S1: Box algo.	S2: Sector cov.	MSCI Europe	S0: Enh. Value	S1: Box algo.	S2: Sector cov.
YTD	9.9	33.7	27.9	24.4	9.6	10.8		11.4	8.3	12.9		10.7
1 year	21.8	60.3	50.9	46.7	21.6	31.8		34.8	19.3	32.4		30.9
3 years	19.8	29.3	26.4	26.6	17.5	23.4	Identical to S0	24.7	16.9	23.7	Identical to S0	23.4
5 years	12.0	17.5	15.9	16.2	9.9	15.3		16.1	10.2	14.7		14.2
10 years	13.7	13.8	13.0	13.8	10.4	12.3		12.4	10.6	12.5		11.7

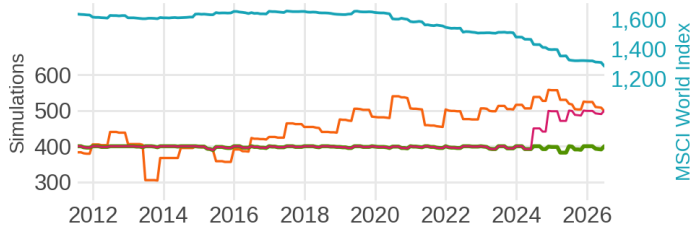
Gross returns for the period ending June 30, 2026. Returns are annualized for periods longer than a year. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

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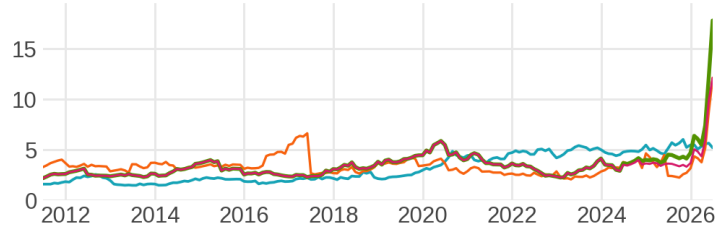
Capacity and concentration – other regions

World

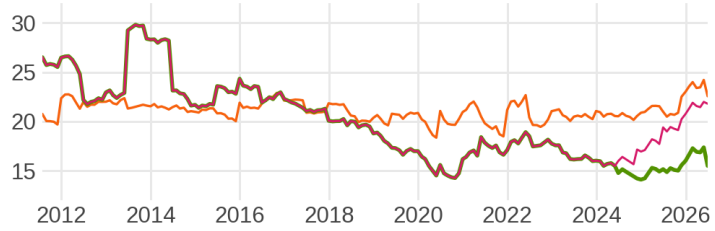
Number of Constituents



Top Constituent Weight (%)



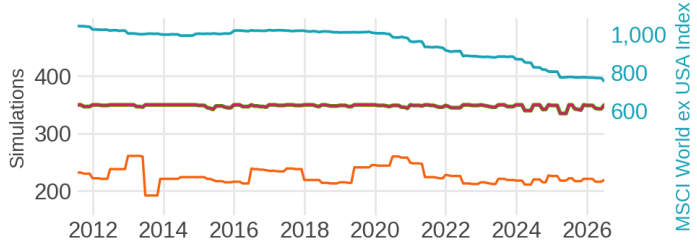
Benchmark Coverage (%)



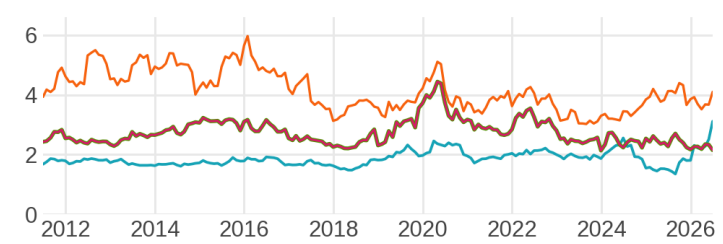
MSCI World ● S0: Enh. Value ● S1: Box algo. ● S2: Sector cov.

World ex USA

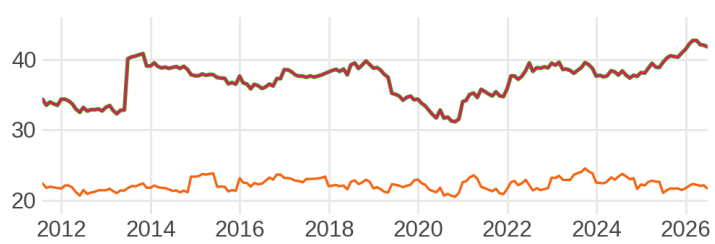
Number of Constituents



Top Constituent Weight (%)



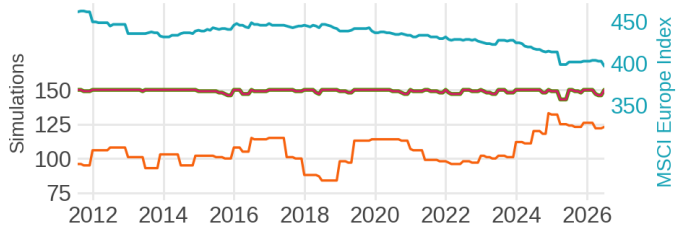
Benchmark Coverage (%)



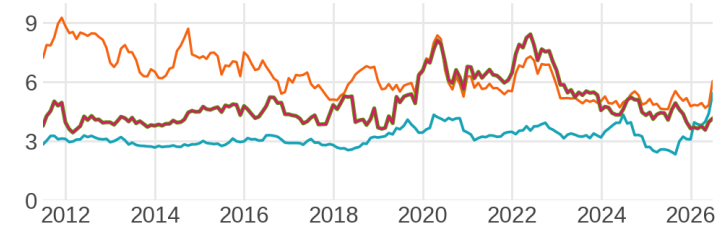
MSCI World ex USA ● S0: Enh. Value ● S1: Box algo. ● S2: Sector cov.

Europe

Number of Constituents



Top Constituent Weight (%)



Benchmark Coverage (%)



MSCI Europe ● S0: Enh. Value ● S1: Box algo. ● S2: Sector cov.

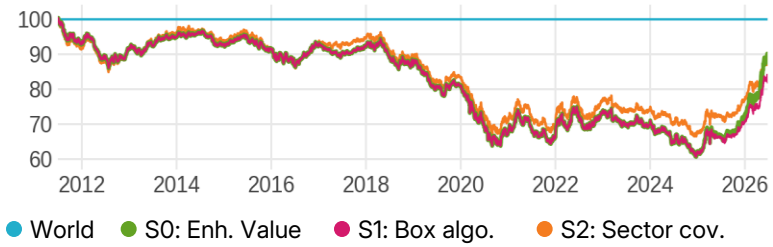
MSCI

Information Classification: GENERAL

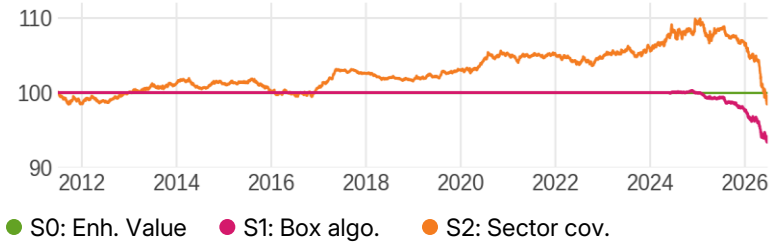
Relative performance – other regions

World

Relative performance vs MSCI World Index



Relative performance vs S0: Enh. Value

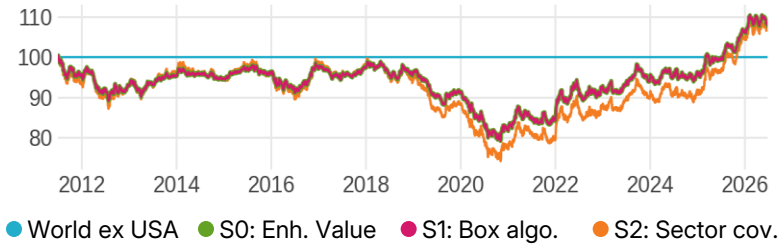


Key findings

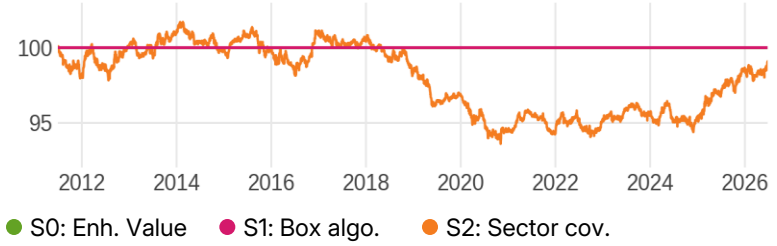
- **S1 and S2 fall back versus S0 late:** S1 drifts below from late 2024; S2 gave back a 9% lead.

World ex USA

Relative performance vs MSCI World ex USA Index



Relative performance vs S0: Enh. Value

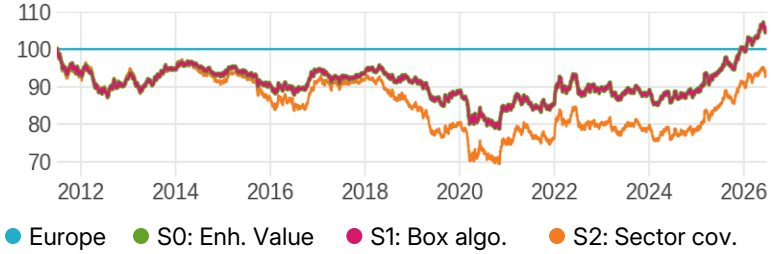


Key findings

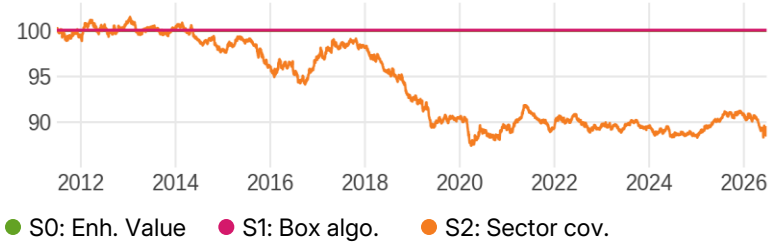
- **S2 lags S0 after 2019:** 2 to 6% below; S1 matches S0.

Europe

Relative performance vs MSCI Europe Index



Relative performance vs S0: Enh. Value



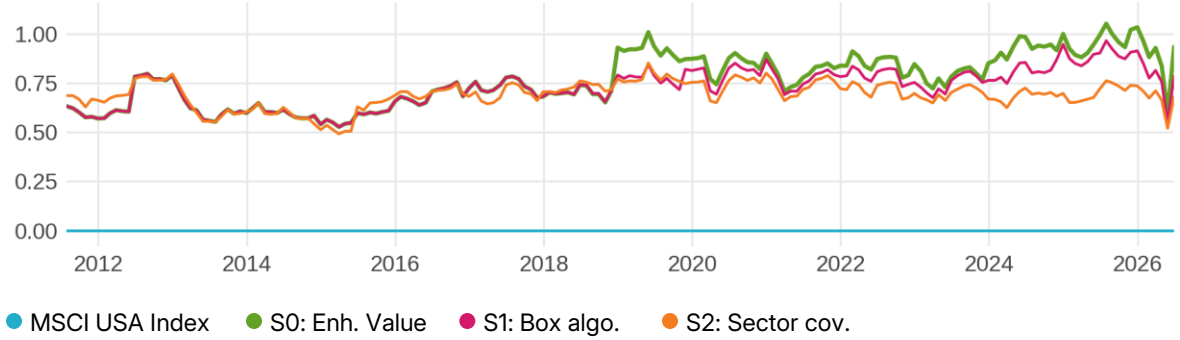
Key findings

- **S2 falls further behind S0:** from about 5% to 15% below by 2026; S1 matches S0.

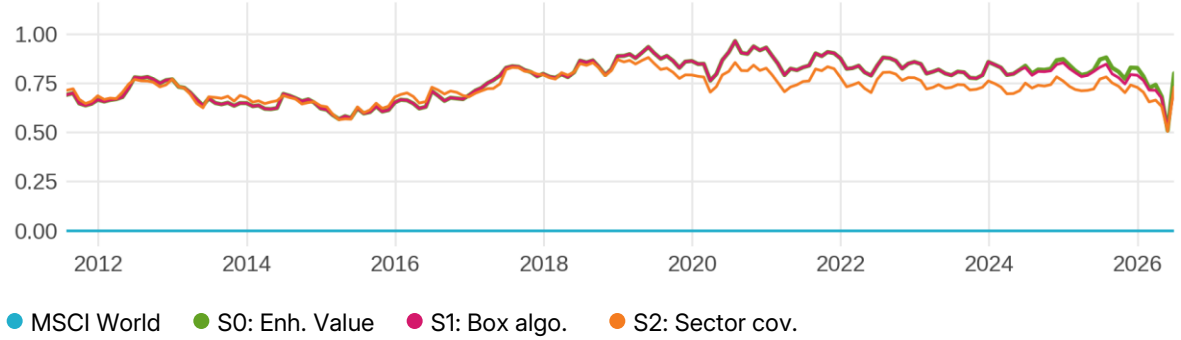
Information Classification: GENERAL

Active value exposure – all regions

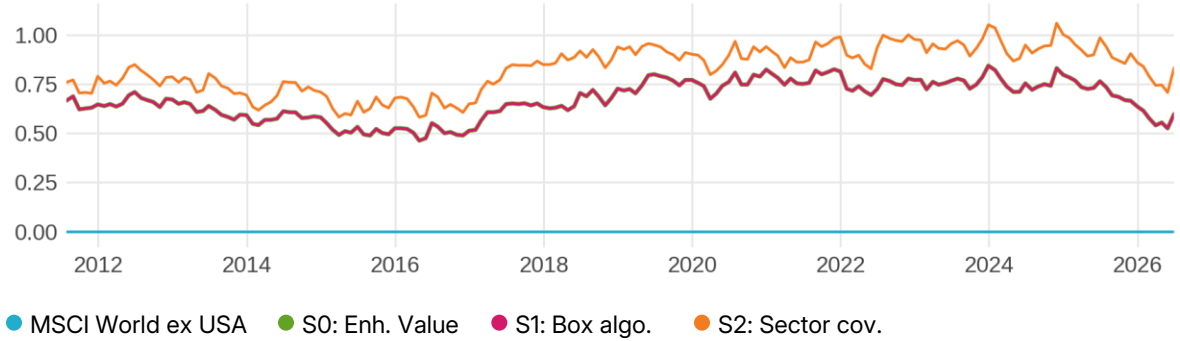
Active Exposure vs MSCI USA Index



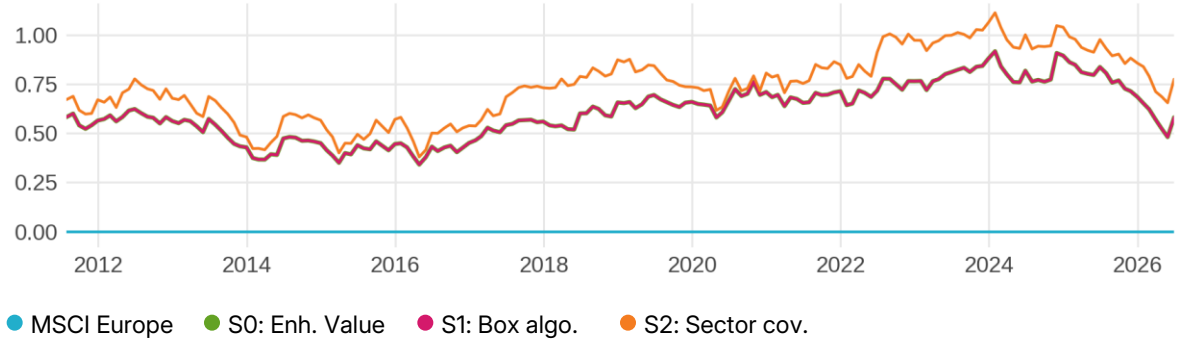
Active Exposure vs MSCI World Index



Active Exposure vs MSCI World ex USA Index



Active Exposure vs MSCI Europe Index



Key findings

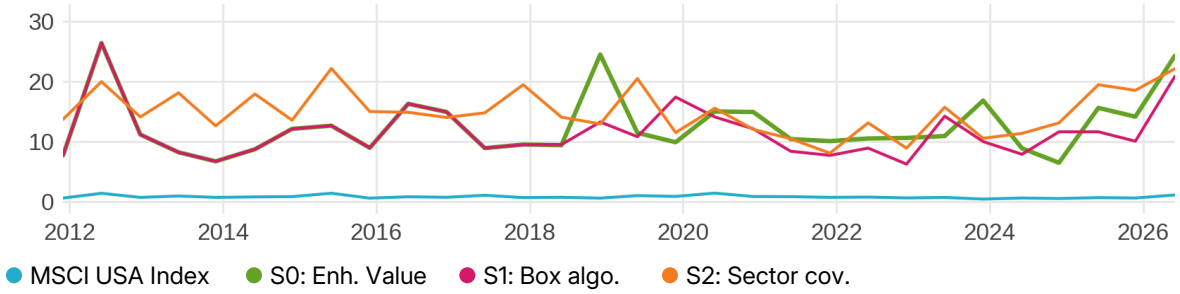
- **Value tilt was observed consistently:** active value exposure stayed between 0.4 and 1.0 in every region over 15 years.
  - **S0 highest in USA and World:** S2 runs lowest, a gap of 0.1 to 0.2.
  - **Ordering flips in World ex USA and Europe:** S2 sits about 0.2 above S1.

Information Classification: GENERAL

Liquidity and cost of replication – all regions

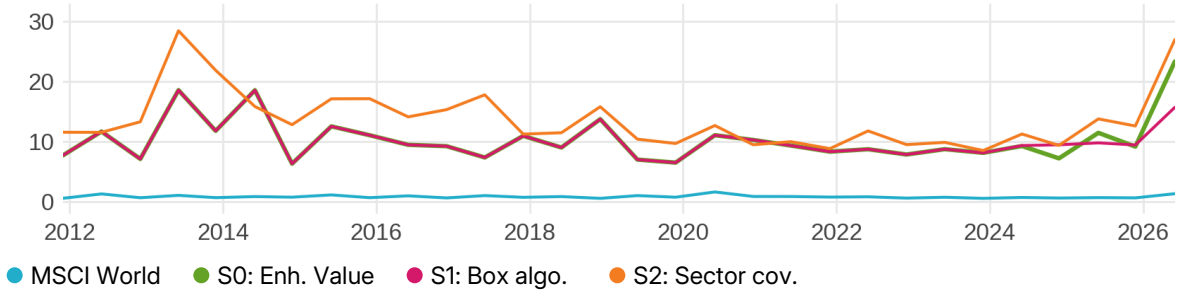
USA

One-Way Index Turnover (%)



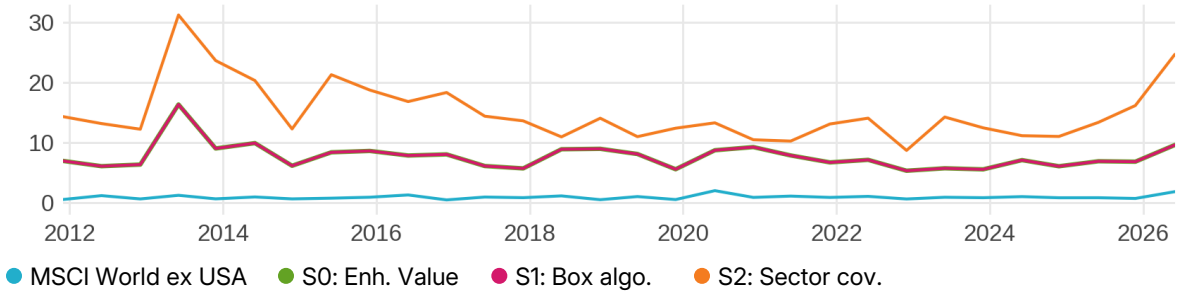
World

One-Way Index Turnover (%)



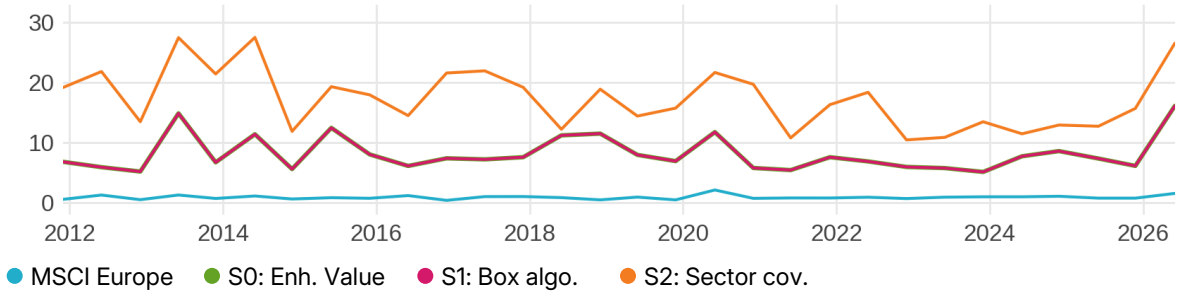
World ex USA

One-Way Index Turnover (%)



Europe

One-Way Index Turnover (%)



Key findings

- **S1 required less turnover than S0 in USA and World:** it traded the same as S0 in World ex USA and Europe.
- **S2 showed** highest turnover in all regions above.

Information Classification: GENERAL

Section 1: Recommendation

Recommendation

- **Update Box algorithm parameters:** ongoing market cap coverage threshold and target market cap coverage both at 15%.
- **Apply issuer capping:** at max(10%, max issuer weight in the parent index).

Rationale

- **Addresses low coverage issue with minimal methodology change.**
- **Controlled increases in the number of securities.**
- **No significant change in value exposure.**
- **Issuer cap limits concentration issues.**

Simulating the transition of existing indexes to S1 at the May 2026 Index Review

Universe	Parent NumSec	Prior NOC	Prior coverage	Trigger (<15%)	Rounded up target NOC	NOC applied	One-way turnover (Scenario, S1)	One-way turnover (Live)	Avg one-way turnover (S0)
USA	524	150	12.48%	Yes	200	200	21.1%	20.9%	23.2%
World	1,280	400	14.92%	Yes	450	450	17.8%	16.6%	20.3%

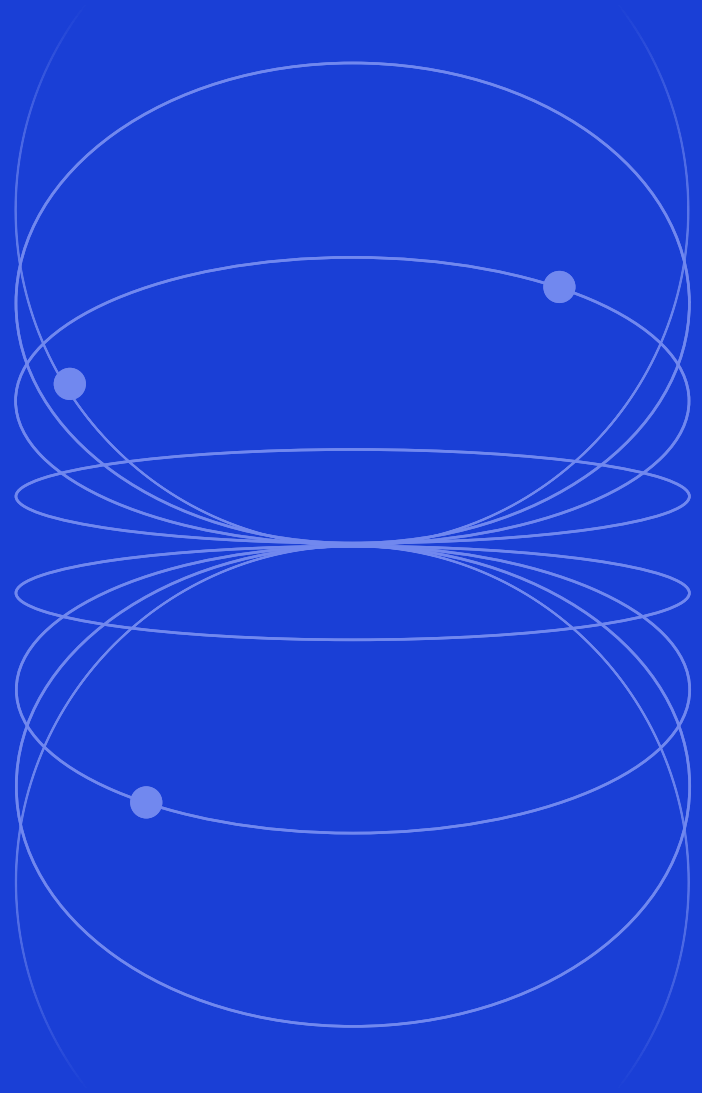
Simulated results

Discussion points

1. **Recommendation (S1: Box algorithm):** Do you agree with setting the Box algorithm ongoing market cap coverage threshold and target market cap coverage both at 15%, with issuer capping at max(10%, max issuer weight in the parent index)?
2. **Alternative (S2: Sector coverage):** Would you prefer a 20% market cap coverage target per sector (16% to 24% band) instead? If so, why?
3. **Other comments:** Are there any other comments or considerations relevant to these proposals that you would like to share with MSCI?

Information Classification: GENERAL

Section 2 – Value signals



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Intangibles and EV/Sales – overview and considerations

Intangibles[3]

Why it matters

- P/E and P/B miss intangible-driven value.
- R&D is expensed at once, so research-intensive firms look expensive.
- Capitalizing R&D lifted B/P return / risk from 1.15 to 1.39 (2001 to 2020).

Parameter calibration

- The same depreciation and growth-rate assumptions are applied across every sector, firm, country and accounting standard; *growth rate (40%), depreciation rate (20%)*

Coverage and selection bias

- The R&D adjustment only applies to companies that report R&D expense, a subset skewed toward developed-market, large-cap, tech and pharma names.

EV/Sales[4]

Why it matters

- Adds a sales dimension missing from the Value Score
- Less exposed to accounting discretion than earnings, book value, CFO
- Sales stay positive when earnings turn negative

Diversification, not outperformance

- EV/Sales ex Financials has trailed standard Enhanced Value on Sharpe and information ratio since 2000. Its case is diversification and coverage, not added return.

Note: The EV/Sales ex Financials comparison with standard Enhanced Value is based on MSCI internal analysis.

Sources:

[3] Jain, A., Alighanbari, M. and Katiyar, S. (2021). Bringing Value to the 21st Century. MSCI Research blog post.

[4] Skočir, M. and Lončarski, I. (2024). On the Importance of Asset Pricing Factors in the Relative Valuation. *Research in International Business and Finance*, 70(PB), 102366.

Information Classification: GENERAL

Key metrics – S0 + signals – USA

Key metrics

	MSCI USA Index	S0: Enh. Value	S0 + Int.	S0 + EV/S	S0 + Both
Total return* (%)	14.3	14.4	14.5	14.3	14.8
Total risk (%)	14.5	17.5	17.8	17.4	17.6
Return / risk	0.98	0.82	0.82	0.82	0.84
Sharpe ratio	0.87	0.73	0.72	0.73	0.75
Active return (%)	0.0	0.1	0.2	-0.0	0.5
Tracking error (%)	0.0	8.1	8.6	8.0	8.3
Information ratio		0.01	0.02	-0.00	0.06
Historical beta	1.00	1.07	1.07	1.06	1.07
Number of constituents* **	613	149	149	149	149
Turnover (%)**	1.6	25.1	23.8	19.5	19.2
Price to book* **	3.3	1.7	1.7	1.8	1.8
Price to earnings* **	21.2	13.1	13.2	13.1	13.2
Dividend yield* ** (%)**	1.8	2.6	2.7	2.4	2.5

Period: June 30, 2011 to June 30, 2026. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Performance (%)

	MSCI USA Index	S0: Enh. Value	S0 + Int.	S0 + EV/S	S0 + Both
YTD	10.1	46.6	49.5	42.8	44.9
1 year	21.9	77.9	81.5	70.6	73.6
3 years	20.7	30.9	32.3	30.7	32.1
5 years	12.9	17.0	17.6	17.0	18.0
10 years	15.5	15.6	15.9	15.9	16.4

Gross returns for the period ending June 30, 2026. Returns are annualized for periods longer than a year. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.
+ Int.: adds Intangibles to S0. + EV/S: adds EV/Sales to S0. + Both: adds both Intangibles and EV/Sales to S0.

Key findings

- Signals added little return compared to S0 with EV/S falling behind.
- Risk increased marginally compared to S0 with EV/S having lower risk.
- Active return was small and positive relative to S0, highest when both signals were integrated.
- Tracking error was higher than S0 with ‘Int.’ and ‘Both’, and marginally lower with EV/S.
- Turnover is lower across all signals compared to S0 with turnover being lowest for ‘Both’.

Information Classification: GENERAL

Key metrics – S1 and S2 + signals – USA

Key metrics

	MSCI USA Index	S0: Enh. Value	S1: Box algo.	S1 + Int.	S1 + EV/S	S1 + Both	S2: Sector cov.	S2 + Int.	S2 + EV/S	S2 + Both
Total return* (%)	14.3	14.4	**14.4**	14.1	14.3	14.6	13.4	14.2	14.0	14.6
Total risk (%)	14.5	17.5	**17.0**	17.1	17.1	17.2	16.7	16.8	16.9	16.9
Return / risk	0.98	0.82	**0.85**	0.82	0.84	0.85	0.80	0.84	0.83	0.86
Sharpe ratio	0.87	0.73	**0.75**	0.73	0.74	0.75	0.70	0.75	0.73	0.77
Active return (%)	0.0	0.1	**0.1**	-0.2	-0.0	0.3	-0.9	-0.2	-0.3	0.3
Tracking error (%)	0.0	8.1	**7.5**	7.7	7.5	7.9	6.6	6.6	6.6	6.7
Information ratio		0.01	**0.01**	-0.03	-0.00	0.04	-0.13	-0.02	-0.05	0.04
Historical beta	1.00	1.07	**1.05**	1.05	1.06	1.06	1.06	1.06	1.07	1.07
Number of constituents* **	613	149	**167**	166	167	167	176	174	182	181
Turnover (%)**	1.6	25.1	**23.2**	21.7	18.8	18.4	29.9	29.7	25.9	25.9
Price to book* **	3.3	1.7	**1.7**	1.7	1.8	1.8	1.8	1.8	1.8	1.8
Price to earnings* **	21.2	13.1	**13.4**	13.5	13.3	13.4	13.8	14.1	13.9	14.0
Dividend yield* ** (%)**	1.8	2.6	**2.6**	2.7	2.4	2.5	2.5	2.6	2.4	2.4

Period: June 30, 2011 to June 30, 2026. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Performance (%)

	MSCI USA Index	S0: Enh. Value	S1: Box algo.	S1 + Int.	S1 + EV/S	S1 + Both	S2: Sector cov.	S2 + Int.	S2 + EV/S	S2 + Both
YTD	10.1	46.6	**39.3**	42.7	40.1	43.4	27.9	28.6	27.5	31.2
1 year	21.9	77.9	**64.9**	69.3	65.1	70.9	49.6	53.0	48.9	54.7
3 years	20.7	30.9	**29.8**	29.7	29.8	31.2	27.0	29.1	28.0	30.3
5 years	12.9	17.0	**16.3**	16.4	17.0	17.7	15.4	17.1	16.2	17.8
10 years	15.5	15.6	**15.6**	15.3	15.9	16.2	15.0	16.1	15.7	16.5

Gross returns for the period ending June 30, 2026. Returns are annualized for periods longer than a year. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

+ Int.: adds Intangibles to S1 or S2. + EV/S: adds EV/Sales to S1 or S2. + Both: adds both Intangibles and EV/Sales to S1 or S2.

Key findings

- Except for Both, signals did not add return to S1 with risk being higher. Sharpe ratio was lower or comparable.
- When added over S1, signals reduce the turnover by about 2% to 5%.
- Signals added to overall S2 returns with marginally higher risk but better Sharpe ratio.
- When added over S2, signals also reduced the turnover especially for EV/S and 'Both'.

Information Classification: GENERAL

Performance – S0, S1 and S2 + signals – USA

Key findings

- **Signals do not change the path against MSCI USA.** Every variant leads until about 2018, trails through 2025, then recovers in 2026.
- **Adding both signals was the only variant with consistent gain,** helping S2 the most, S0 moderately and S1 only slightly.
- **Intangibles and EV/Sales alone added little.** The individual signal variants stay near the base index, except on S2 (all end ahead) and S1 (Int. ends behind).

S0: Enh. Value + signals

versus MSCI USA Index



versus S0: Enh. Value



S1: Box algorithm + signals

versus MSCI USA Index

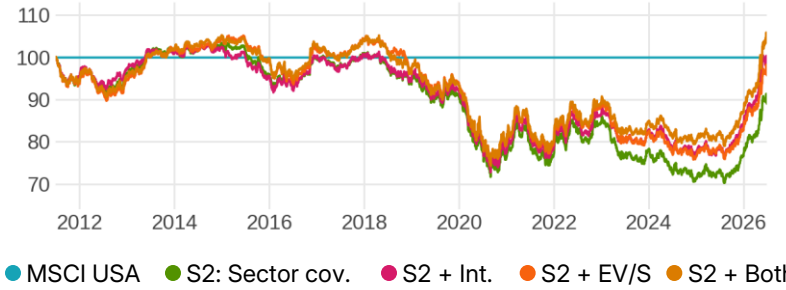


versus S1: Box algorithm

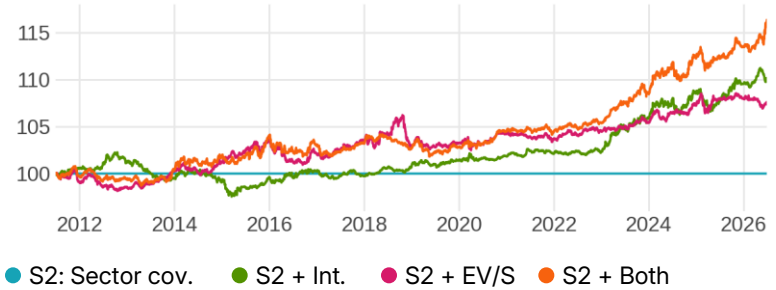


S2: Sector coverage + signals

versus MSCI USA Index



versus S2: Sector coverage



Information Classification: GENERAL

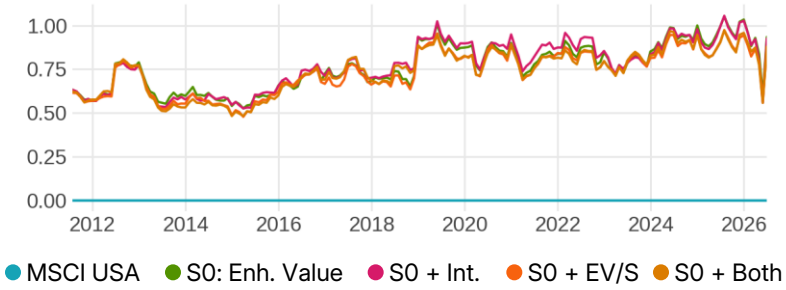
Active value exposure – S0, S1 and S2 + signals – USA

Key findings

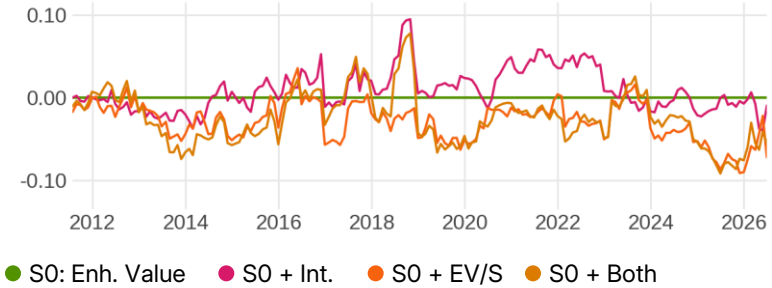
- Active value exposure stayed high and followed the same pattern over time in S0, S1 and S2.
- **Signals lowered value exposure slightly:** each signal variant has overall value exposure below the base index (except intangible in S1), and the gap widens after 2024.
- **Intangibles stayed closest to the base index in S0 and S1:** EV/Sales and 'Both' lowered exposure the most.

S0: Enh. Value + signals

Active value exposure

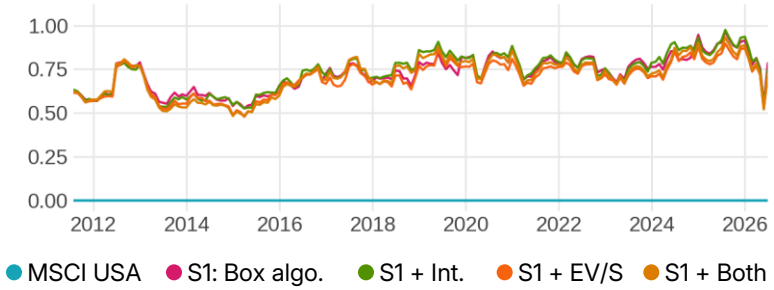


versus S0: Enh. Value

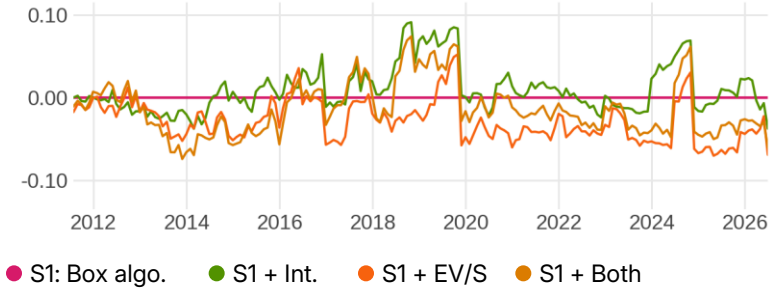


S1: Box algorithm + signals

Active value exposure

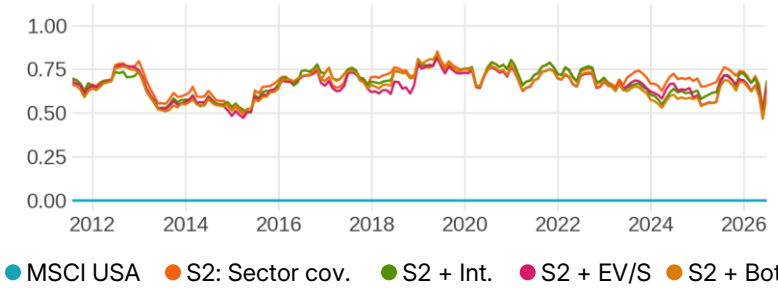


versus S1: Box algorithm

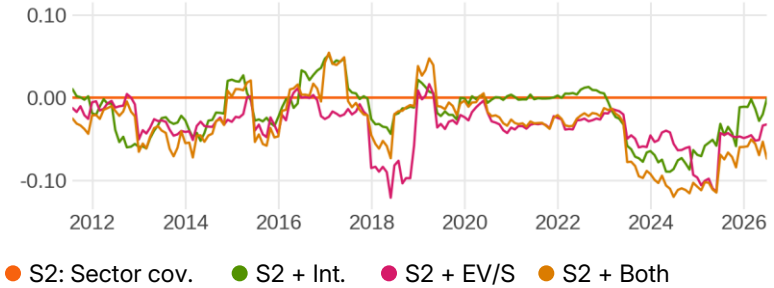


S2: Sector coverage + signals

Active value exposure



versus S2: Sector coverage



Information Classification: GENERAL

GEMLT active performance attribution – signals – USA

Factor group performance attribution

	Returns												Risk											
	S0: Enh. Value				S1: Box algo.				S2: Sector cov.				S0: Enh. Value				S1: Box algo.				S2: Sector cov.			
	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both
Total	14.37	14.52	14.30	14.80	14.38	14.09	14.30	14.64	13.42	14.16	13.97	14.57	17.46	17.76	17.39	17.56	17.01	17.09	17.07	17.23	16.74	16.78	16.85	16.89
Benchmark	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53
Active	0.07	0.21	0.00	0.50	0.07	-0.22	0.00	0.34	-0.89	-0.15	-0.33	0.27	8.13	8.57	8.05	8.30	7.48	7.66	7.53	7.86	6.65	6.56	6.63	6.67
Specific	-2.60	-2.82	-2.61	-2.45	-2.10	-2.56	-2.26	-2.24	-2.21	-1.70	-1.80	-1.62	4.82	5.07	4.99	5.14	4.52	4.63	4.61	4.78	4.04	3.95	4.06	4.05
Value	1.51	1.58	1.46	1.48	1.44	1.43	1.35	1.38	1.31	1.26	1.26	1.22	2.62	2.70	2.50	2.53	2.47	2.51	2.35	2.41	2.33	2.31	2.23	2.25

Period: June 30, 2011 to June 30, 2026, monthly data. Int. = Intangibles, EV/S = EV/Sales, Both = Intangibles + EV/Sales. Value = BtoP + Earn. Yield + LT Reversal. Coloring relative to each base (S0, S1, S2). Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

Key findings

- Value contributes to active return across each proposal.
- Signals added less total return on S1 and more on S2.
- 'Both' signals variant outperformed in both S1 and S2.
- Active risk barely moved and stayed within 0.5% of each base.

Information Classification: GENERAL

Key metrics – summary – other regions

Signals add no meaningful performance outside USA; the only exception is World with Both (+0.4% of active return relative to S0, still negative at –0.6% versus MSCI World).

Every signal variant lowered S0 turnover.

Signals weakened S0's valuation profile: P/E rose across all regions and signals.

World

- **Among the variants shown, S0 + Both had the highest active return and return / risk** for MSCI World over the period analyzed.
- **All variants had lower return / risk than the MSCI World Index,** with broadly comparable tracking errors.

World ex USA

- All variants have similar risk-return profile and tracking error as World ex USA Index

Europe

- All variants have similar risk-return profile and tracking error as Europe Index

Source (Appendix, Section 2): Key metrics – S0 + signals – other regions. Period: June 30, 2011 to June 30, 2026; gross returns annualized in USD; turnover is annualized one-way.

Information Classification: GENERAL

Section 2: Recommendation

Recommendation

- **Do not add new Intangibles or EV/Sales signals**.

Rationale

- **No consistent return / risk gain:** the signals, in the context of this methodology, do not outperform the current index across regions, and any outperformance is small.
- **No noticeable improvement in value exposure: active value exposure** from the signals, relative to the current index, was largely negative throughout the period.

Return / risk by region

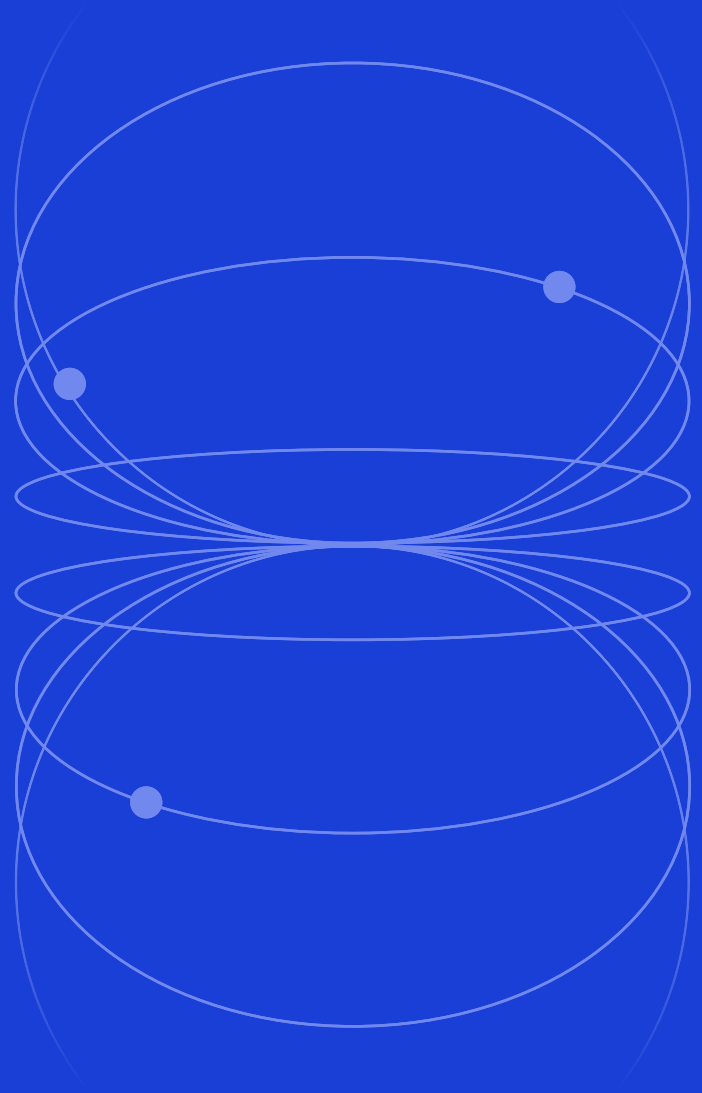
Return / risk, June 2011 to June 2026	Parent Index	S0: Enh. Value	S1: Box algorithm	S1 + Int.	S1 + EV/S	S1 + Both
USA	0.98	0.82	**0.85**	0.82	0.84	0.85
World	0.80	0.65	**0.63**	0.65	0.64	0.66
World ex USA	0.49	0.49	**0.49**	0.50	0.49	0.49
Europe	0.46	0.41	**0.41**	0.42	0.41	0.41

Discussion points

1. **Recommendation (no new signals):** Do you agree with keeping the current Value Score signals, without adding Intangibles or EV/Sales?
2. **Alternative (S1 + Int., S1 + EV/S or S1 + Both):** Would you prefer adding Intangibles, EV/Sales or both to the Value Score computation? If so, which and why?
3. **Other comments:** Are there any other comments or considerations relevant to these proposals that you would like to share with MSCI?

Information Classification: GENERAL

Section 3 – Rebalancing frequency



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Key metrics – quarterly – USA

Key metrics

	MSCI USA Index	S0: Enh. Value (SA)	S0 + QTLY	S1: Box algo. (SA)	S1 + QTLY	S2: Sector cov. (SA)	S2 + QTLY
Total return* (%)	14.3	14.4	14.3	**14.4**	14.1	13.4	13.2
Total risk (%)	14.5	17.5	17.5	**17.0**	17.2	16.7	16.7
Return / risk	0.98	0.82	0.82	**0.85**	0.82	0.80	0.79
Sharpe ratio	0.87	0.73	0.72	**0.75**	0.72	0.70	0.69
Active return (%)	0.0	0.1	-0.0	**0.1**	-0.2	-0.9	-1.1
Tracking error (%)	0.0	8.1	8.1	**7.5**	7.6	6.6	6.6
Information ratio		0.01	-0.00	**0.01**	-0.03	-0.13	-0.17
Historical beta	1.00	1.07	1.07	**1.05**	1.07	1.06	1.06
Number of constituents* **	613	149	150	**167**	167	176	180
Turnover (%)**	1.6	25.1	31.9	**23.2**	29.9	29.9	42.7
Price to book* **	3.3	1.7	1.7	**1.7**	1.7	1.8	1.8
Price to earnings* **	21.2	13.1	12.9	**13.4**	13.2	13.8	13.8
Dividend yield* (%)**	1.8	2.6	2.6	**2.6**	2.6	2.5	2.5

Period: June 30, 2011 to June 30, 2026. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Performance (%)

	MSCI USA Index	S0: Enh. Value (SA)	S0 + QTLY	S1: Box algo. (SA)	S1 + QTLY	S2: Sector cov. (SA)	S2 + QTLY
YTD	10.1	46.6	43.3	**39.3**	37.9	27.9	25.2
1 year	21.9	77.9	74.2	**64.9**	65.1	49.6	48.4
3 years	20.7	30.9	30.6	**29.8**	29.6	27.0	26.3
5 years	12.9	17.0	16.7	**16.3**	16.3	15.4	15.1
10 years	15.5	15.6	15.6	**15.6**	15.4	15.0	14.7

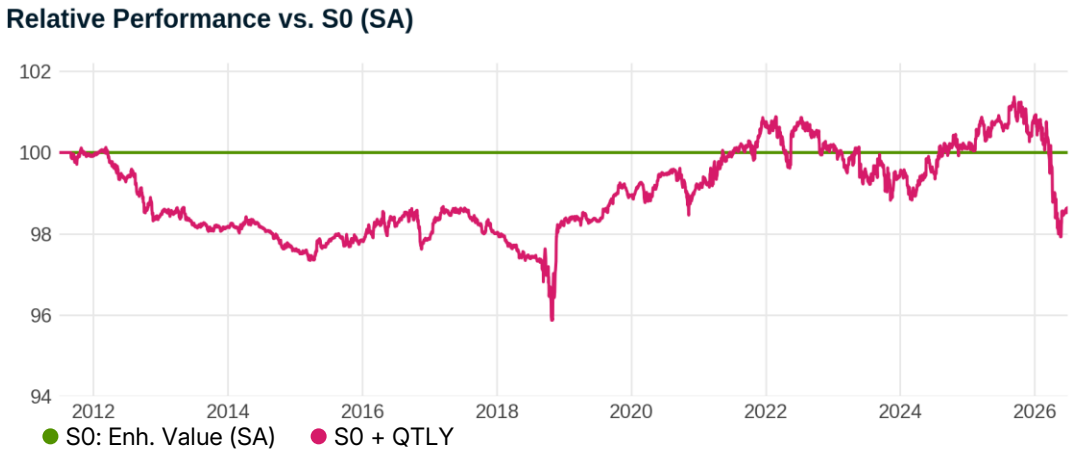
Gross returns for the period ending June 30, 2026. Returns are annualized for periods longer than a year. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

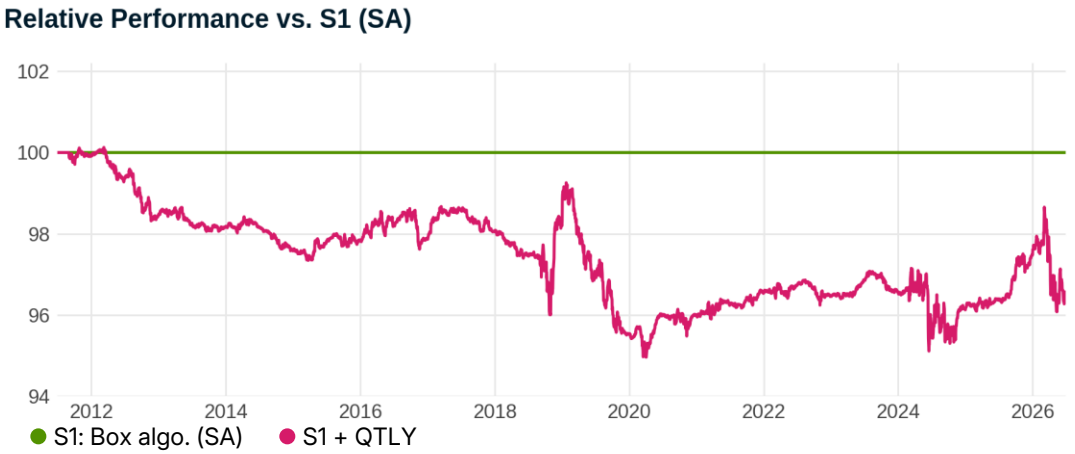
Key findings

- Quarterly added no return: total return was flat to lower compared to semi-annual variant.
- Risk and tracking error did not change when moving to quarterly.
- Turnover increased sharply when moving to quarterly.

Information Classification: GENERAL

Relative performance – quarterly versus semi-annual – USA





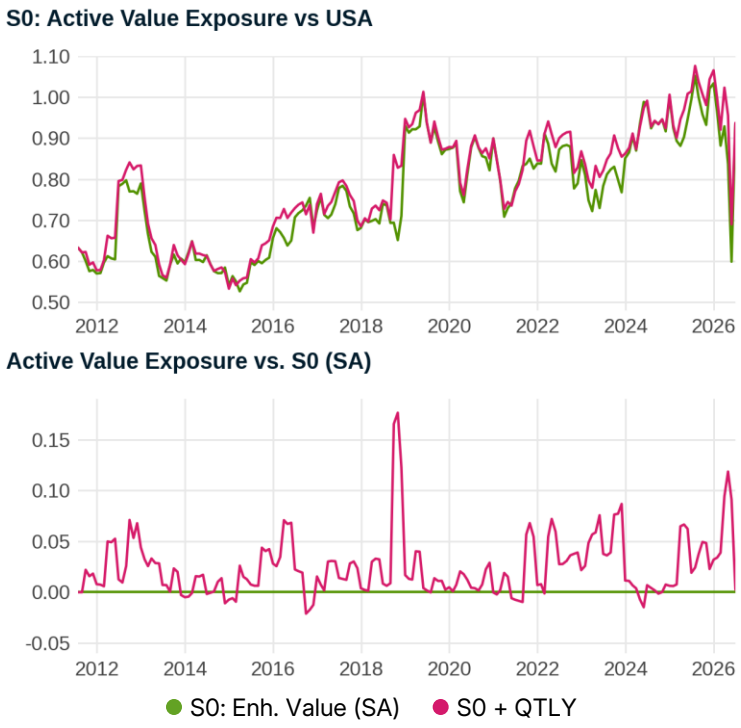


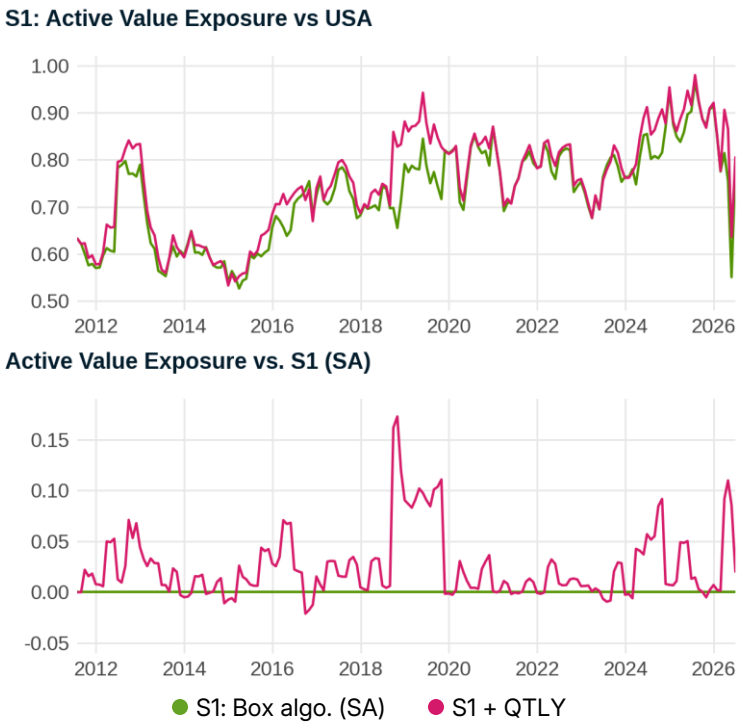
Key findings

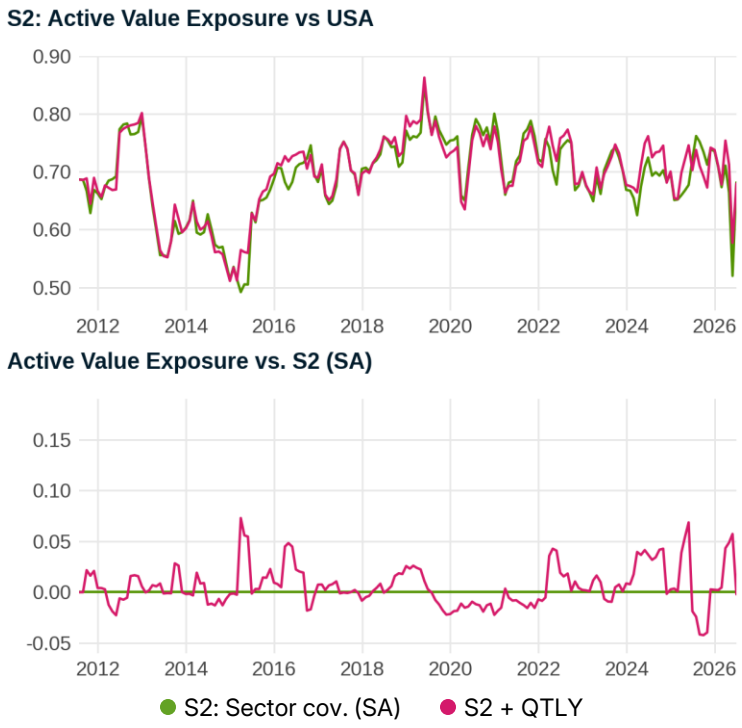
- **QTLY trailed SA in all three variants:** the drag concentrated in 2017 to 2020.

Information Classification: GENERAL

Value exposure – quarterly versus semi-annual – USA







Key findings

- **As anticipated, quarterly frequency tended to improve value exposure:** S0 and S1 added the most active value exposure and S2 the least.
- **But the extra exposure did not influence total returns:** Quarterly versions for S0 and S1 trailed their semi-annual versions in performance.

Information Classification: GENERAL

GEMLT active performance attribution – quarterly – USA

Factor group performance attribution

	Returns						Risk					
	S0 (SA)	S0 + QTLY	S1 (SA)	S1 + QTLY	S2 (SA)	S2 + QTLY	S0 (SA)	S0 + QTLY	S1 (SA)	S1 + QTLY	S2 (SA)	S2 + QTLY
Total	14.37	14.27	14.38	14.10	13.42	13.21	17.46	17.49	17.01	17.21	16.74	16.71
Benchmark	14.31	14.31	14.31	14.31	14.31	14.31	14.53	14.53	14.53	14.53	14.53	14.53
Active	0.07	-0.04	0.07	-0.20	-0.89	-1.09	8.13	8.10	7.48	7.58	6.65	6.57
Specific	-2.60	-2.44	-2.10	-2.12	-2.21	-1.93	4.82	4.89	4.52	4.62	4.04	4.07
Currencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common factor	2.66	2.40	2.17	1.92	1.32	0.84	4.74	4.66	4.38	4.38	3.93	3.92
Styles	1.56	1.39	1.54	1.28	1.02	0.65	3.66	3.70	3.41	3.51	3.24	3.24
Value	1.51	1.55	1.44	1.42	1.31	1.30	2.62	2.68	2.47	2.51	2.33	2.32
Others	0.05	-0.16	0.10	-0.14	-0.29	-0.65	1.04	1.02	0.94	1.00	0.91	0.92
Countries	-0.01	0.00	0.01	0.00	0.02	0.02	0.34	0.32	0.33	0.33	0.27	0.26
Industries	1.10	1.01	0.62	0.64	0.28	0.17	2.16	2.05	2.01	1.89	1.63	1.60
Market	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Period: June 30, 2011 to June 30, 2026, monthly data. QTLY = quarterly rebalancing. Value = BtoP + Earn. Yield + LT Reversal; Others = Styles less Value. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

Coloring relative to each SA version.

Key findings

- Quarterly rebalancing added value style return only for S0 while S1 and S2 fell behind semi-annual version.
- Quarterly rebalancing also added to risk except S2 where it is marginally lower.

Information Classification: GENERAL

Section 3: Recommendation

Recommendation

- **Maintain the semi-annual frequency of review:** index reviews stay in May and November, with no move to a quarterly cycle.

Rationale (MSCI USA, June 2011 to June 2026)[5]

- **Returns did not differ meaningfully with quarterly reviews.**
- **Annual turnover rose by 7% to 13%.**
- **No impact on concentration:** the 50% limit has never been breached, the combined weight of names above 5% peaks at less than 40%.[6]
- **Other characteristics unchanged:** no impact on tracking error, beta, constituent counts and valuation ratios.

Discussion points

1. **Recommendation (semi-annual review):** Do you agree with keeping index reviews semi-annual, in May and November, rather than moving to a quarterly cycle?
2. **Alternative (quarterly review):** Would you prefer quarterly index reviews despite the higher turnover? If so, why?
3. **Other comments:** Are there any other comments or considerations relevant to these proposals that you would like to share with MSCI?

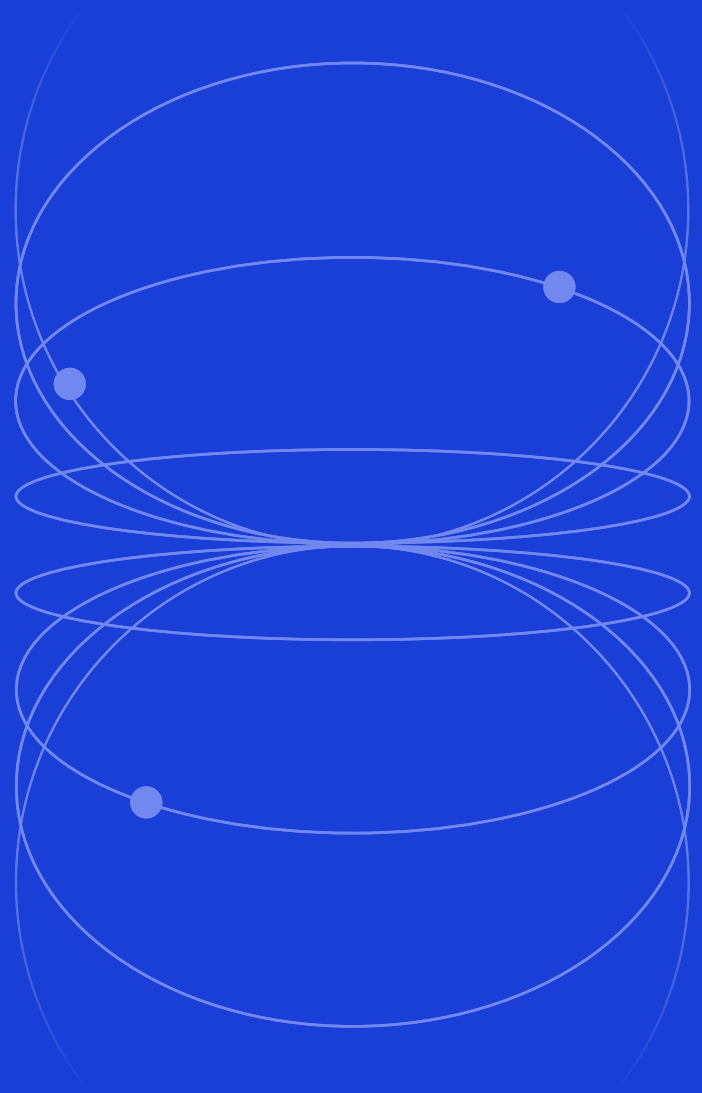
Simulated results. Period: June 30, 2011 to June 30, 2026

[5] Other regions match the MSCI USA findings (broadly similar returns, higher turnover); see Appendix, Section 3: Key metrics – quarterly versus semi-annual – other regions.

[6] For 5/50 analysis, refer to the Appendix, 5/50 rule – USA.

Information Classification: GENERAL

Appendix



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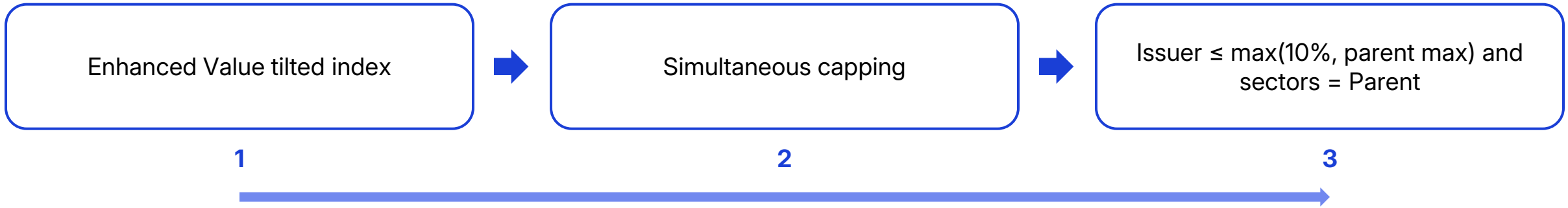
Section 1: Capping mechanism

A multi-tiered capping framework that aims to achieve diversification and limit concentration risk at both the issuer and sector levels.

Parameters for capping

- **Issuer cap:** the maximum weight of any single issuer is capped at max(10%, max issuer weight in the parent index).
- **Sector neutrality:** GICS sector weights are constrained to match their weights in the parent index.

Simultaneous: sector neutrality + issuer cap



Information Classification: GENERAL

Section 2: GEMLT active performance attribution – signals – USA

Factor group performance attribution

	Returns												Risk											
	S0: Enh. Value				S1: Box algo.				S2: Sector cov.				S0: Enh. Value				S1: Box algo.				S2: Sector cov.			
	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both	Base	+Int.	+EV/S	+Both
Total	14.37	14.52	14.30	14.80	14.38	14.09	14.30	14.64	13.42	14.16	13.97	14.57	17.46	17.76	17.39	17.56	17.01	17.09	17.07	17.23	16.74	16.78	16.85	16.89
Benchmark	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.31	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53
Active	0.07	0.21	0.00	0.50	0.07	-0.22	0.00	0.34	-0.89	-0.15	-0.33	0.27	8.13	8.57	8.05	8.30	7.48	7.66	7.53	7.86	6.65	6.56	6.63	6.67
Specific	-2.60	-2.82	-2.61	-2.45	-2.10	-2.56	-2.26	-2.24	-2.21	-1.70	-1.80	-1.62	4.82	5.07	4.99	5.14	4.52	4.63	4.61	4.78	4.04	3.95	4.06	4.05
Currencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common factor	2.66	3.03	2.60	2.95	2.17	2.34	2.25	2.58	1.32	1.55	1.46	1.88	4.74	5.02	4.48	4.64	4.38	4.55	4.32	4.51	3.93	4.00	3.87	3.92
Styles	1.56	1.68	1.87	1.88	1.54	1.47	1.77	1.74	1.02	0.92	1.26	1.23	3.66	3.89	3.50	3.64	3.41	3.62	3.29	3.50	3.24	3.30	3.18	3.24
Value	1.51	1.58	1.46	1.48	1.44	1.43	1.35	1.38	1.31	1.26	1.26	1.22	2.62	2.70	2.50	2.53	2.47	2.51	2.35	2.41	2.33	2.31	2.23	2.25
Others	0.05	0.10	0.41	0.40	0.10	0.04	0.42	0.36	-0.29	-0.34	0.00	0.01	1.04	1.19	1.00	1.11	0.94	1.11	0.94	1.09	0.91	0.99	0.95	0.99
Countries	-0.01	0.01	0.01	0.02	0.01	0.02	0.01	0.02	0.02	0.01	0.03	0.03	0.34	0.33	0.37	0.36	0.33	0.33	0.34	0.36	0.27	0.23	0.28	0.27
Industries	1.10	1.33	0.73	1.05	0.62	0.86	0.48	0.82	0.28	0.61	0.18	0.63	2.16	2.34	2.18	2.25	2.01	1.99	2.11	2.16	1.63	1.61	1.74	1.73
Market	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Period: June 30, 2011 to June 30, 2026, monthly data. Int. = Intangibles, EV/S = EV/Sales, Both = Intangibles + EV/Sales. Value = BtoP + Earn. Yield + LT Reversal; Others = Styles less Value. Coloring relative to each base (S0, S1, S2). Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

Key findings

- **Value drives style returns:** value contributed the most to the active return from Styles in every proposal.
- **Signals added less on S1 and S2:** the signals' value style return falls when combined with S1 or S2, and was the lowest on S2.

Information Classification: GENERAL

Section 2: Key metrics – S0 + signals – other regions

Key metrics

	World					World ex USA					Europe				
	MSCI World	S0: Enh. Value	S0 + Int.	S0 + EV/S	S0 + Both	MSCI World ex USA	S0: Enh. Value	S0 + Int.	S0 + EV/S	S0 + Both	MSCI Europe	S0: Enh. Value	S0 + Int.	S0 + EV/S	S0 + Both
Total return* (%)	11.5	10.5	10.6	10.7	10.9	7.4	8.0	8.1	8.0	8.0	7.5	7.8	7.9	7.8	7.7
Total risk (%)	14.3	16.2	16.2	16.3	16.3	15.1	16.1	16.1	16.2	16.2	16.5	19.0	19.0	19.1	19.0
Return / risk	0.80	0.65	0.65	0.66	0.67	0.49	0.49	0.50	0.49	0.49	0.46	0.41	0.42	0.41	0.41
Sharpe ratio	0.69	0.55	0.55	0.55	0.57	0.38	0.39	0.40	0.39	0.39	0.36	0.32	0.33	0.32	0.32
Active return (%)	0.0	-1.0	-0.9	-0.8	-0.6	0.0	0.5	0.6	0.5	0.5	0.0	0.3	0.4	0.3	0.2
Tracking error (%)	0.0	7.1	7.1	7.2	7.1	0.0	4.7	4.7	4.8	4.8	0.0	5.2	5.2	5.3	5.2
Information ratio		-0.14	-0.13	-0.11	-0.08		0.11	0.13	0.11	0.11		0.06	0.08	0.05	0.04
Historical beta	1.00	1.02	1.02	1.03	1.02	1.00	1.02	1.02	1.02	1.03	1.00	1.12	1.12	1.12	1.12
Number of constituents* **	1568	398	398	398	398	956	348	348	348	348	434	149	149	149	149
Turnover (%)**	1.7	20.8	20.3	18.6	18.5	1.8	15.3	15.0	14.2	13.9	1.8	16.2	15.7	14.6	14.3
Price to book* **	2.4	1.1	1.1	1.1	1.1	1.7	1.0	1.0	1.0	1.0	1.8	1.1	1.1	1.1	1.1
Price to earnings* **	19.2	11.8	12.1	12.0	12.3	16.3	11.4	11.8	11.7	12.0	16.1	11.6	11.8	11.9	12.1
Dividend yield* ** (%)**	2.3	3.3	3.2	3.1	3.1	3.1	3.6	3.6	3.6	3.5	3.3	4.1	4.0	4.0	3.9

Period: June 30, 2011 to June 30, 2026. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Performance (%)

	World					World ex USA					Europe				
	MSCI World	S0: Enh. Value	S0 + Int.	S0 + EV/S	S0 + Both	MSCI World ex USA	S0: Enh. Value	S0 + Int.	S0 + EV/S	S0 + Both	MSCI Europe	S0: Enh. Value	S0 + Int.	S0 + EV/S	S0 + Both
YTD	9.9	33.7	33.4	32.8	32.4	9.6	10.8	11.3	10.8	11.0	8.3	12.9	12.5	13.4	13.5
1 year	21.8	60.3	59.9	57.4	57.3	21.6	31.8	32.1	31.7	32.1	19.3	32.4	31.9	33.5	33.6
3 years	19.8	29.3	29.5	29.2	29.5	17.5	23.4	24.0	23.8	24.3	16.9	23.7	24.4	24.6	24.6
5 years	12.0	17.5	17.5	17.5	17.6	9.9	15.3	15.4	15.3	15.5	10.2	14.7	14.9	14.9	15.0
10 years	13.7	13.8	14.1	14.1	14.1	10.4	12.3	12.4	12.3	12.2	10.6	12.5	12.7	12.5	12.4

Gross returns for the period ending June 30, 2026. Returns are annualized for periods longer than a year. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

Information Classification: GENERAL

Section 2: Key metrics – S1 and S2 + signals – other regions

Key metrics

	World										World ex USA										Europe									
	MSCI World	S0	S1	S1 +Int.	S1 +EV/S	S1 +Both	S2	S2 +Int.	S2 +EV/S	S2 +Both	MSCI World ex USA	S0	S1	S1 +Int.	S1 +EV/S	S1 +Both	S2	S2 +Int.	S2 +EV/S	S2 +Both	MSCI Europe	S0	S1	S1 +Int.	S1 +EV/S	S1 +Both	S2	S2 +Int.	S2 +EV/S	S2 +Both
Total return* (%)	11.5	10.5	10.0	10.4	10.3	10.8	10.5	10.9	10.5	10.8	7.4	8.0	8.0	8.1	8.0	8.0	7.9	8.1	8.2	8.2	7.5	7.8	7.8	7.9	7.8	7.7	7.0	7.2	7.0	7.3
Total risk (%)	14.3	16.2	16.0	16.2	16.1	16.2	16.2	16.2	16.0	16.1	15.1	16.1	16.1	16.1	16.2	16.2	17.0	17.0	16.8	17.0	16.5	19.0	19.0	19.0	19.1	19.0	20.2	20.2	20.2	20.1
Return / risk	0.80	0.65	0.63	0.65	0.64	0.66	0.65	0.67	0.66	0.67	0.49	0.49	0.49	0.50	0.49	0.49	0.46	0.48	0.49	0.48	0.46	0.41	0.41	0.42	0.41	0.41	0.35	0.36	0.35	0.36
Sharpe ratio	0.69	0.55	0.52	0.55	0.54	0.56	0.55	0.57	0.55	0.57	0.38	0.39	0.39	0.40	0.39	0.39	0.37	0.38	0.39	0.39	0.36	0.32	0.32	0.33	0.32	0.32	0.26	0.28	0.27	0.28
Active return (%)	0.0	-1.0	-1.5	-1.1	-1.2	-0.7	-1.0	-0.6	-1.0	-0.7	0.0	0.5	0.5	0.6	0.5	0.5	0.5	0.7	0.8	0.8	0.0	0.3	0.3	0.4	0.3	0.2	-0.5	-0.3	-0.5	-0.3
Tracking error (%)	0.0	7.1	6.8	7.0	6.8	6.9	6.5	6.5	6.4	6.4	0.0	4.7	4.7	4.7	4.8	4.8	5.9	5.9	5.8	5.8	0.0	5.2	5.2	5.2	5.3	5.2	6.6	6.5	6.6	6.5
Information ratio		-0.14	-0.22	-0.15	-0.17	-0.10	-0.16	-0.09	-0.16	-0.10		0.11	0.11	0.13	0.11	0.11	0.08	0.11	0.13	0.13		0.06	0.06	0.08	0.05	0.04	-0.08	-0.04	-0.08	-0.04
Historical beta	1.00	1.02	1.01	1.01	1.02	1.02	1.03	1.03	1.03	1.03	1.00	1.02	1.02	1.02	1.02	1.03	1.06	1.06	1.05	1.06	1.00	1.12	1.12	1.12	1.12	1.12	1.17	1.17	1.17	1.17
Number of constituents* **	1568	398	410	404	423	416	454	448	470	469	956	348	348	348	348	348	226	227	236	239	434	149	149	149	149	149	106	104	111	111
Turnover (%)**	1.7	20.8	20.3	19.9	18.5	18.2	27.4	28.1	24.9	24.6	1.8	15.3	15.3	15.0	14.2	13.9	30.2	29.8	27.4	27.3	1.8	16.2	16.2	15.7	14.6	14.3	34.7	33.0	29.5	29.6
Price to book* **	2.4	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.7	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	1.8	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0
Price to earnings* **	19.2	11.8	11.8	12.1	12.0	12.4	12.0	12.3	12.2	12.5	16.3	11.4	11.4	11.8	11.7	12.0	10.5	10.9	10.9	11.2	16.1	11.6	11.6	11.8	11.9	12.1	10.8	11.1	11.3	11.6
Dividend yield* ** (%)**	2.3	3.3	3.3	3.2	3.1	3.1	3.2	3.2	3.1	3.1	3.1	3.6	3.6	3.6	3.6	3.5	3.7	3.6	3.6	3.6	3.3	4.1	4.1	4.0	4.0	3.9	4.0	4.0	3.9	3.9

Period: June 30, 2011 to June 30, 2026. S0 = Enh. Value, S1 = Box algorithm, S2 = Sector coverage; Int. = Intangibles, EV/S = EV/Sales. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Performance (%)

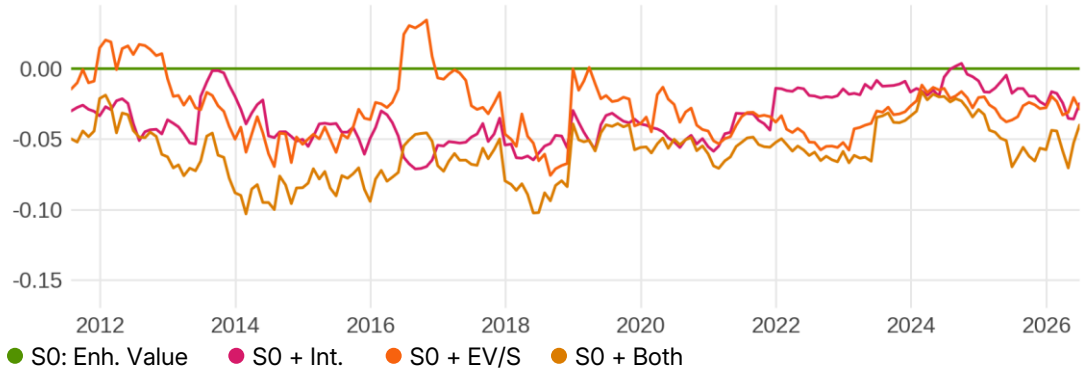
	World										World ex USA										Europe									
	MSCI World	S0	S1	S1 +Int.	S1 +EV/S	S1 +Both	S2	S2 +Int.	S2 +EV/S	S2 +Both	MSCI World ex USA	S0	S1	S1 +Int.	S1 +EV/S	S1 +Both	S2	S2 +Int.	S2 +EV/S	S2 +Both	MSCI Europe	S0	S1	S1 +Int.	S1 +EV/S	S1 +Both	S2	S2 +Int.	S2 +EV/S	S2 +Both
YTD	9.9	33.7	27.9	32.2	27.5	31.3	24.4	25.3	23.3	23.7	9.6	10.8	10.8	11.3	10.8	11.0	11.4	11.9	10.1	11.5	8.3	12.9	12.9	12.5	13.4	13.5	10.7	11.9	11.8	12.5
1 year	21.8	60.3	50.9	57.8	50.1	55.8	46.7	50.4	44.6	47.0	21.6	31.8	31.8	32.1	31.7	32.1	34.8	35.9	33.3	34.8	19.3	32.4	32.4	31.9	33.5	33.6	30.9	33.2	32.8	34.0
3 years	19.8	29.3	26.4	28.8	26.9	28.8	26.6	28.0	26.3	27.0	17.5	23.4	23.4	24.0	23.8	24.3	24.7	25.2	24.9	25.4	16.9	23.7	23.7	24.4	24.6	24.6	23.4	24.6	24.5	25.2
5 years	12.0	17.5	15.9	17.1	16.2	17.1	16.2	17.4	15.9	16.8	9.9	15.3	15.3	15.4	15.3	15.5	16.1	16.2	16.2	16.3	10.2	14.7	14.7	14.9	14.9	15.0	14.2	14.7	14.8	14.8
10 years	13.7	13.8	13.0	13.9	13.5	13.9	13.8	14.5	13.8	14.2	10.4	12.3	12.3	12.4	12.3	12.2	12.4	12.4	12.7	12.6	10.6	12.5	12.5	12.7	12.5	12.4	11.7	12.2	12.0	12.2

Gross returns for the period ending June 30, 2026. Returns are annualized for periods longer than a year. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

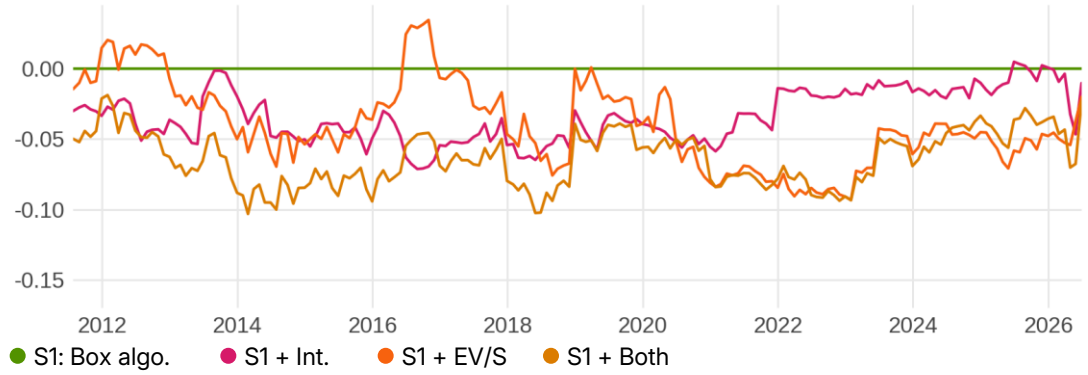
Information Classification: GENERAL

Section 2: Active value exposure – World

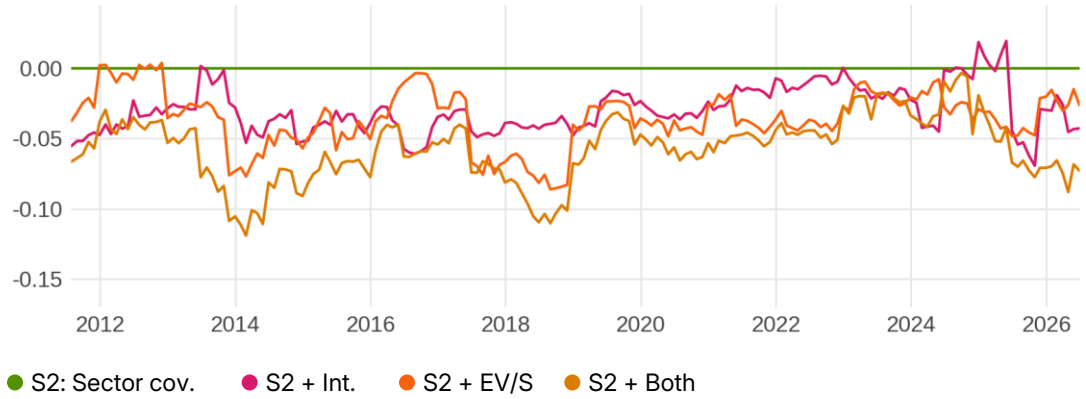
Active Value Exposure vs. S0



Active Value Exposure vs. S1



Active Value Exposure vs. S2



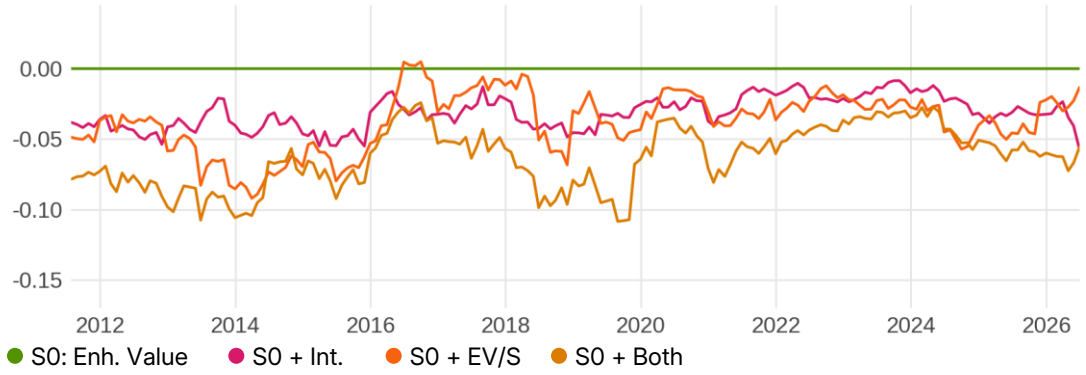
Key findings

- Signals lowered value exposure versus each base index.
- 'Both' lagged the most for active value exposure.

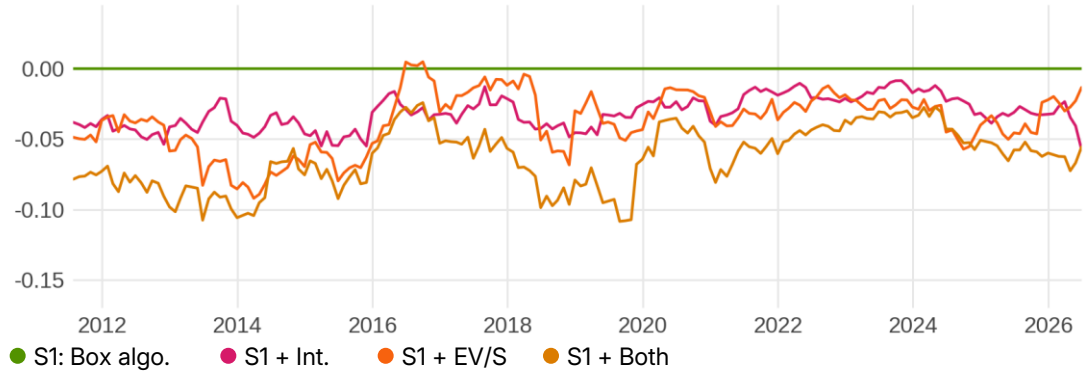
Information Classification: GENERAL

Section 2: Active value exposure – World ex USA

Active Value Exposure vs. S0



Active Value Exposure vs. S1



Active Value Exposure vs. S2



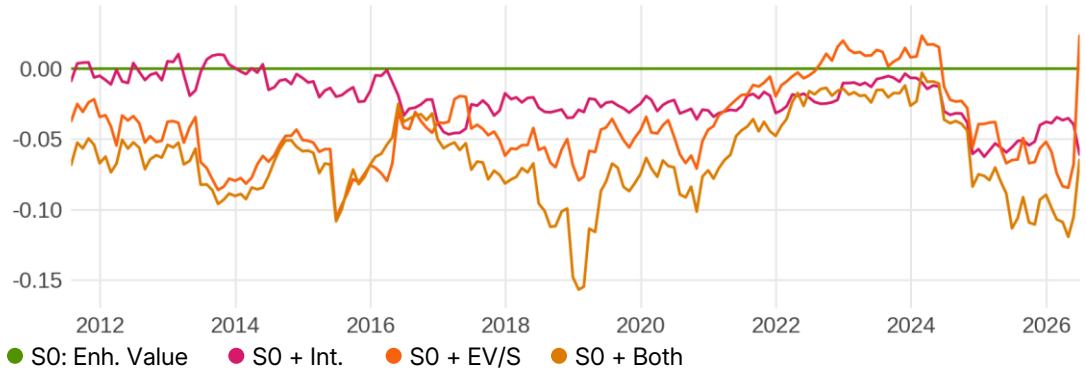
Key findings

- Signals lowered value exposure versus each base index.
- 'Both' lagged the most for active value exposure.

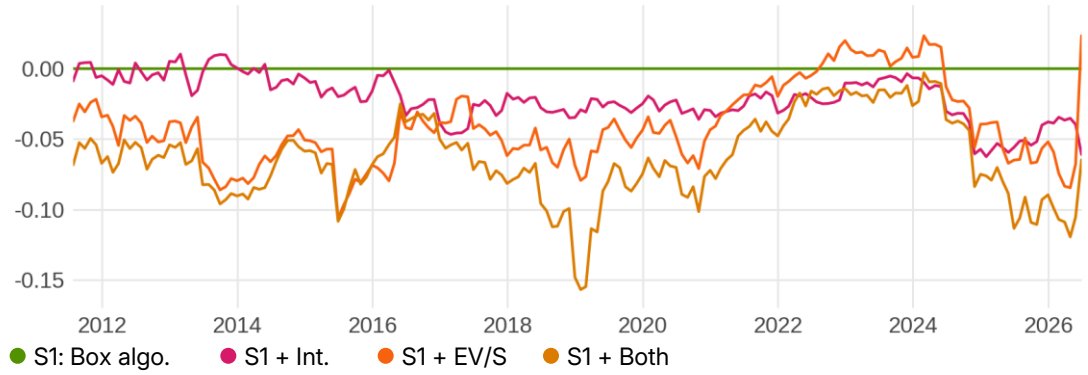
Information Classification: GENERAL

Section 2: Active value exposure – Europe

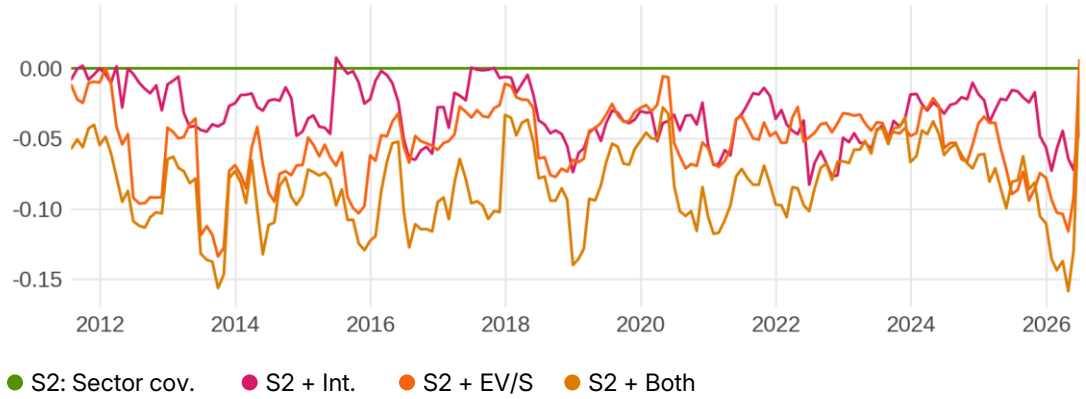
Active Value Exposure vs. S0



Active Value Exposure vs. S1



Active Value Exposure vs. S2



Key findings

- Signals lowered value exposure versus each base index for most of the period, with a sharp reversal seen in 2026.

Information Classification: GENERAL

Section 3: Key metrics – quarterly versus semi-annual – other regions

Key metrics

	World							World ex USA							Europe						
	MSCI World	S0	S0 +QTLY	S1	S1 +QTLY	S2	S2 +QTLY	MSCI World ex USA	S0	S0 +QTLY	S1	S1 +QTLY	S2	S2 +QTLY	MSCI Europe	S0	S0 +QTLY	S1	S1 +QTLY	S2	S2 +QTLY
Total return* (%)	11.5	10.5	10.5	10.0	10.1	10.5	10.2	7.4	8.0	7.9	8.0	7.9	7.9	8.0	7.5	7.8	7.6	7.8	7.6	7.0	7.1
Total risk (%)	14.3	16.2	16.3	16.0	16.2	16.2	16.2	15.1	16.1	16.4	16.1	16.4	17.0	17.2	16.5	19.0	19.2	19.0	19.2	20.2	20.2
Return / risk	0.80	0.65	0.65	0.63	0.63	0.65	0.63	0.49	0.49	0.48	0.49	0.48	0.46	0.46	0.46	0.41	0.40	0.41	0.40	0.35	0.35
Sharpe ratio	0.69	0.55	0.54	0.52	0.52	0.55	0.53	0.38	0.39	0.38	0.39	0.38	0.37	0.37	0.36	0.32	0.31	0.32	0.31	0.26	0.27
Active return (%)	0.0	-1.0	-1.0	-1.5	-1.4	-1.0	-1.3	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.3	0.1	0.3	0.1	-0.5	-0.5
Tracking error (%)	0.0	7.1	7.2	6.8	6.8	6.5	6.5	0.0	4.7	4.8	4.7	4.8	5.9	5.9	0.0	5.2	5.4	5.2	5.4	6.6	6.5
Information ratio		-0.14	-0.14	-0.22	-0.20	-0.16	-0.20		0.11	0.10	0.11	0.10	0.08	0.09		0.06	0.02	0.06	0.02	-0.08	-0.07
Historical beta	1.00	1.02	1.02	1.01	1.03	1.03	1.03	1.00	1.02	1.04	1.02	1.04	1.06	1.08	1.00	1.12	1.13	1.12	1.13	1.17	1.17
Number of constituents* **	1568	398	399	410	428	454	459	956	348	349	348	349	226	228	434	149	150	149	150	106	107
Turnover (%)**	1.7	20.8	27.2	20.3	26.6	27.4	37.6	1.8	15.3	21.4	15.3	21.4	30.2	45.5	1.8	16.2	21.7	16.2	21.7	34.7	49.6
Price to book* **	2.4	1.1	1.1	1.1	1.1	1.1	1.1	1.7	1.0	1.0	1.0	1.0	0.9	0.9	1.8	1.1	1.1	1.1	1.1	1.0	1.0
Price to earnings* **	19.2	11.8	11.7	11.8	11.8	12.0	11.9	16.3	11.4	11.3	11.4	11.3	10.5	10.4	16.1	11.6	11.4	11.6	11.4	10.8	10.7
Dividend yield* ** (%)**	2.3	3.3	3.3	3.3	3.3	3.2	3.2	3.1	3.6	3.7	3.6	3.7	3.7	3.7	3.3	4.1	4.1	4.1	4.1	4.0	4.0

Period: June 30, 2011 to June 30, 2026. S0 = Enh. Value, S1 = Box algorithm, S2 = Sector coverage; SA = semi-annual rebalancing, QTLY = quarterly rebalancing. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Performance (%)

	World							World ex USA							Europe						
	MSCI World	S0	S0 +QTLY	S1	S1 +QTLY	S2	S2 +QTLY	MSCI World ex USA	S0	S0 +QTLY	S1	S1 +QTLY	S2	S2 +QTLY	MSCI Europe	S0	S0 +QTLY	S1	S1 +QTLY	S2	S2 +QTLY
YTD	9.9	33.7	31.5	27.9	26.7	24.4	19.6	9.6	10.8	11.7	10.8	11.7	11.4	12.0	8.3	12.9	13.3	12.9	13.3	10.7	11.0
1 year	21.8	60.3	58.7	50.9	51.0	46.7	41.8	21.6	31.8	32.9	31.8	32.9	34.8	34.8	19.3	32.4	33.1	32.4	33.1	30.9	29.9
3 years	19.8	29.3	28.8	26.4	26.3	26.6	25.0	17.5	23.4	23.5	23.4	23.5	24.7	24.8	16.9	23.7	23.6	23.7	23.6	23.4	22.8
5 years	12.0	17.5	17.4	15.9	16.1	16.2	15.5	9.9	15.3	15.4	15.3	15.4	16.1	16.5	10.2	14.7	14.8	14.7	14.8	14.2	14.1
10 years	13.7	13.8	13.9	13.0	13.3	13.8	13.4	10.4	12.3	12.1	12.3	12.1	12.4	12.4	10.6	12.5	12.2	12.5	12.2	11.7	11.8

Gross returns for the period ending June 30, 2026. Returns are annualized for periods longer than a year. Source: MSCI IndexMetrics®.
Results for hypothetical methodology variants are backtested and do not represent actual index performance. Actual results may differ.

Information Classification: GENERAL

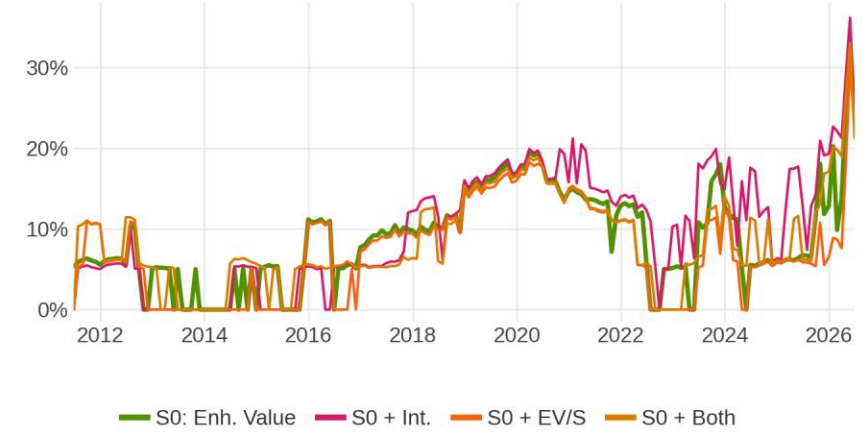
5/50 rule – USA

Combined Weight of Names > 5%

Section 1



S0 + Signals



S0: SA vs QTLY



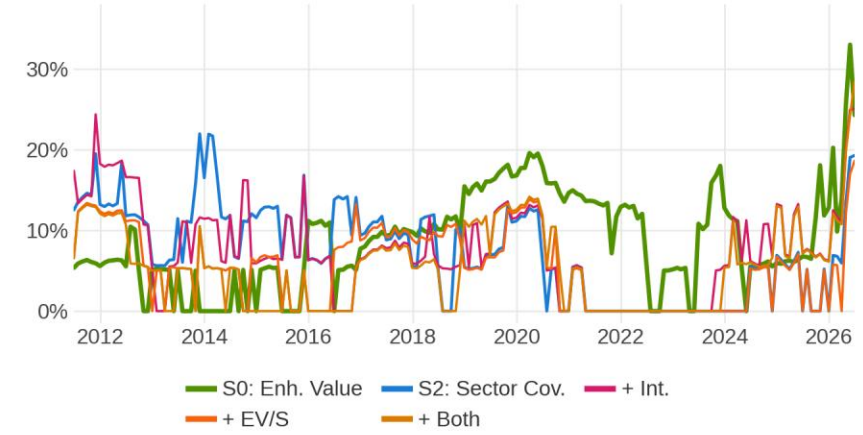
S1: SA vs QTLY



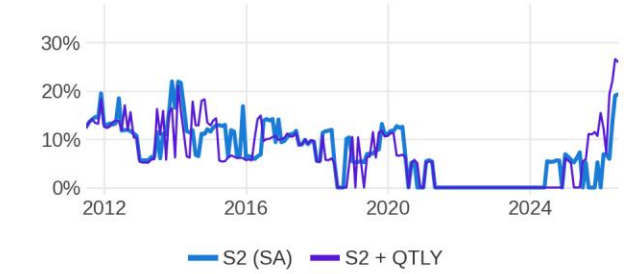
S1 + Signals



S2 + Signals



S2: SA vs QTLY



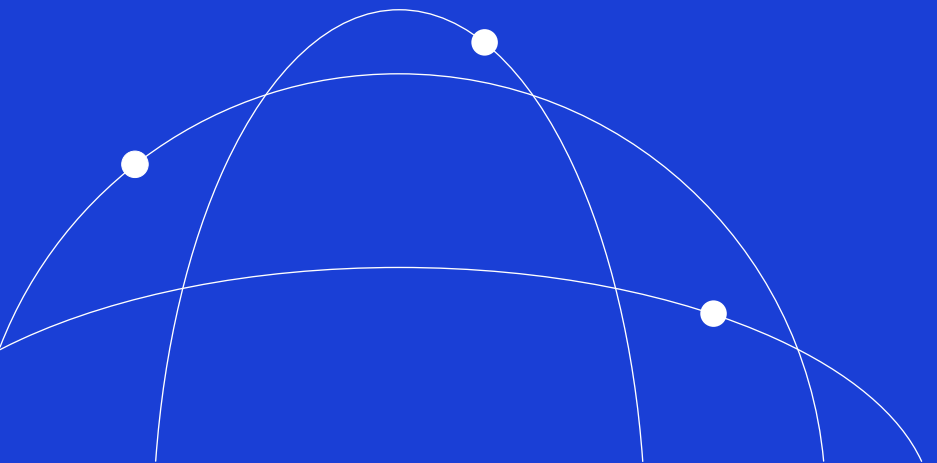
The 50% limit has never been breached: the combined weight of names above 5% peaks at less than 40%.

Simulated results. Period: June 30, 2011 to June 30, 2026

Information Classification: GENERAL

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