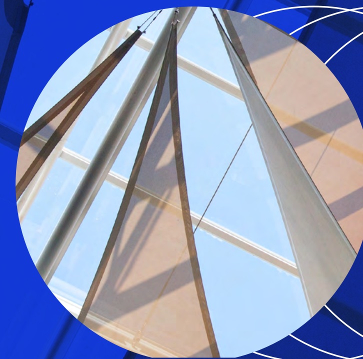
MSCI

Explore MSCI Equity Factor Model

MSCI China Equity Factor Model

The next generation of China Equity Factor Models builds on a half-century of experience constructing equity indexes and risk models for investors. Deep research, comprehensive data and computational power convene to solve modern investing's most pressing challenges. The new MSCI China Equity Factor Model is designed to help investors better understand the drivers of risk and return for China A-shares, make more informed investment decisions, and build more resilient and adaptive portfolios.



New investment insights

- Point-in-time fundamental data to facilitate more realistic back tests
- A State Ownership factor to reflect influence of state policy and regulation
- An estimation universe that more comprehensively represents the investment opportunities in the China A-share market and evolves more smoothly over time.
- Dynamic adjustment to industry exposures to capture the differences in sensitivities of stock return to industry return.
- Globally consistent industry assignment via the Global Industry Classification Standard (GICS).
- Adaptive factor covariance to help your portfolios weather changing market regimes over multiple cycles
- Stock crowding factor to assess the 'bubbliness' or level of crowding of stocks and portfolios
- Machine learning factor to understand and capture non-linear relationships between factor exposures and returns
- Peer similarity score to identify clusters of highly similar companies that may lead to "cluster risk" in your portfolio
- Sustainability factor to measure the exposures of your portfolio to Sustainability and understand its contribution to portfolio risk and return
- Carbon efficiency factor to understand the carbon intensity of your portfolio to meet your decarbonization or net zero commitments
- Enhancements to existing factors including Momentum and Residual Volatility to improve handling of IPOs, Growth and Dividend Yield to improve robustness and performance, Earning Quality to maintain consistency with other models, and Value to merge Book-to-Price and Earnings Yield into a single factor.

A factor structure aligned to multiple investment horizons

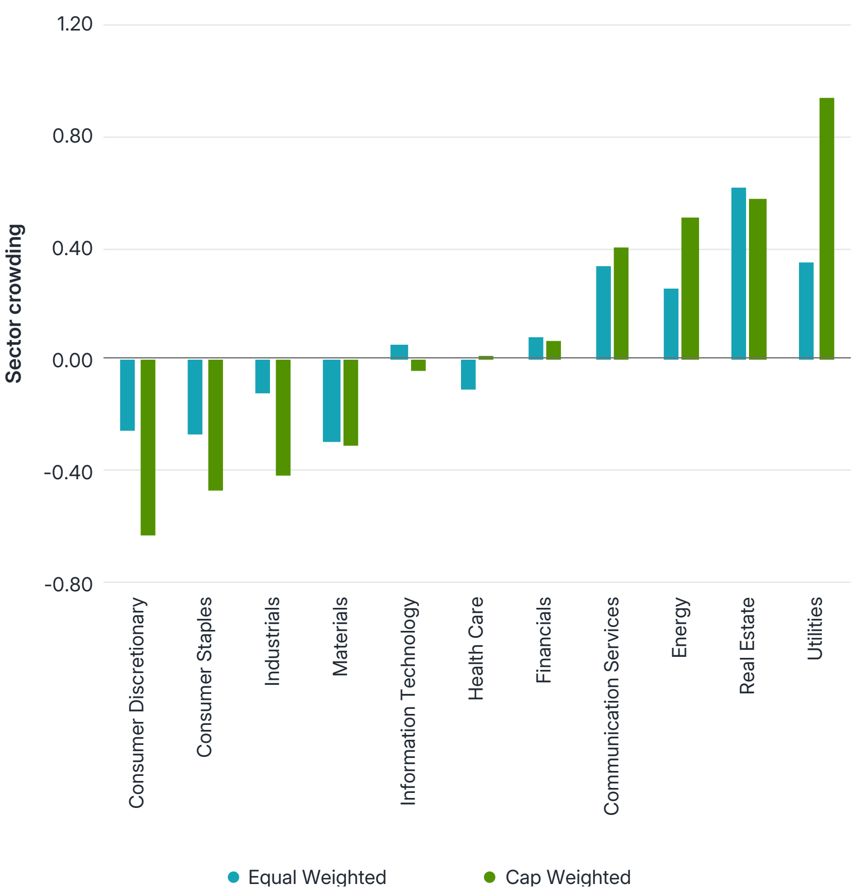
Designed for	Long-Term Models	Trading Models
	• Active and passive asset managers • Asset owners • Sell side - Banks and Market makers • Buy Side - Hedge Funds • Fundamental and quantitative managers	• Equity hedge fund managers • Quantitative asset managers • Algorithmic traders • Sell-side traders • Risk managers
Focus	• Designed with a focus on portfolio construction • Decompose complex portfolios into intuitive risk factors; provides managers, investors and regulators a clearer understanding of risk exposures and risk-adjusted performance • Available in Stable and Responsive variants	• Most responsive model in the family with a daily forecast horizon, enabling you to swiftly adapt to market disruptions • Designed for analyzing risk in short term portfolios • Constructed for short-term trading, hedging, and daily risk monitoring

Quantify the impact of state ownership on portfolio returns:

Jun 2020 – Jun 2025	Total Active (%)	Industries (%)	Dividend Yield (%)	Value (%)	Other Styles (%)	SOE (%)	Specific (%)
MSCI China A Enhanced Value	2.76	-1.77	0.16	2.66	2.67	**0.70**	-1.66
MSCI China A High Dividend Yield	4.97	-3.21	0.48	2.27	1.1	**1.22**	3.11

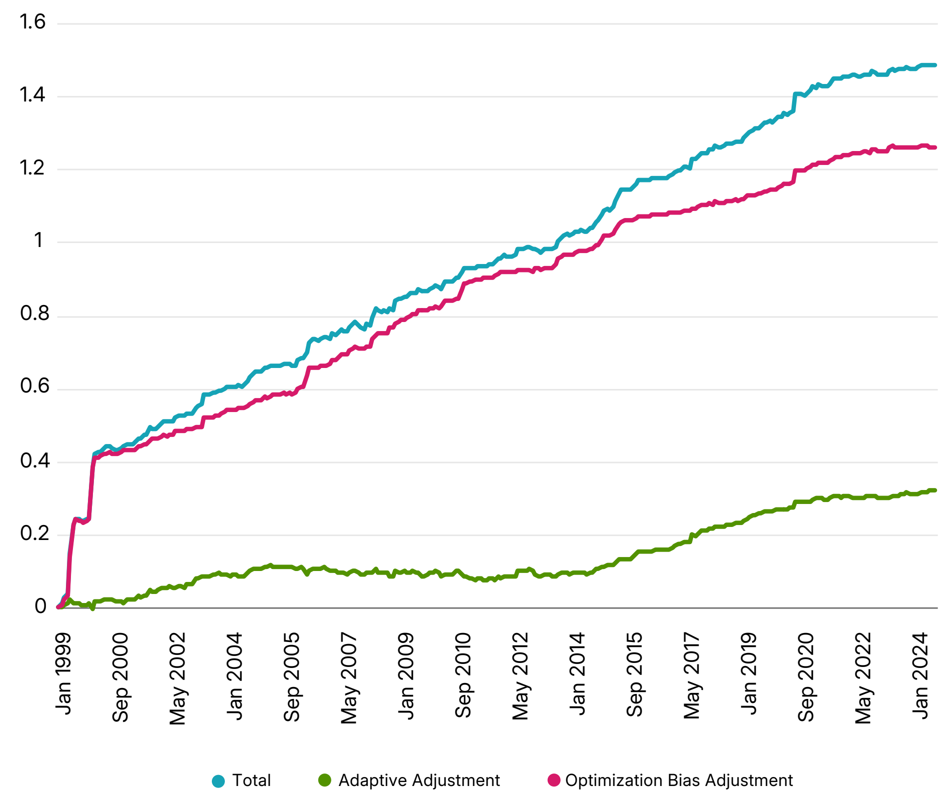
*Sample performance attribution of active returns (June 2020 – June 2025). The active returns were calculated relative to the MSCI China A Index

Understand how bubbly are your holdings, portfolio and market segments



China A sectors as of Jun 30, 2025

Improve the forecast accuracy of factor covariance



China Local equity content

Coverage	24 Style factors	5000+ Securities (8000+ with Connect Program)	31 Industry factors
Asset Classes	Depository receipts | Stocks		
Factors	VOLATILITY, YIELD, QUALITY, MOMENTUM, VALUE, SIZE, SENTIMENT, MACRO, GROWTH, LIQUIDITY, NONLINEARITY		

Model distribution and access

Access MSCI's models on cloud via Snowflake, through MSCI applications including Barra Aegis, BarraOne, Barra PortfolioManager, through direct data delivery (Models Direct), or through third-party vendor platforms.

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.

To learn more, please visit **www.msci.com.**