



Index Client Solutions Newsletter

November 2025 →



Index Performance Recap

- Across the Global Benchmark Index spectrum, the **EMU** leads with a 35.3% YTD gain, followed by **EM** at 33.6%, driven by strong performances in Spain and Austria. **Korea** tops the EM category with a 93.3% YTD return, while Taiwan remains the 5-year performance leader.
- **Information Technology** leads YTD performance across the USA, World, and Emerging Markets. Over the 5-year horizon, however, **Energy** remains the top-performing sector in both the USA and World indexes.
- **Enhanced Value** continues to outperform year to date across all major regions, including the USA, World, EAFE, EM, EMU, and APAC, highlighting strong global momentum for value-driven strategies.
- Among thematic indexes, the **Blockchain Economy** delivered the strongest performance at 69.9% YTD as well as the best annualized returns over the five-year period, followed by **Sharing Economy** and **Smart Cities**.

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

	Benchmark returns (%)		Best performing factor returns (%)		Best performing sector returns (%)	
	YTD	5Yr annualized	YTD	5Yr annualized	YTD	5Yr annualized
USA	17.7	17.3	Enhanced Value 26.0	Growth 19.7	Information Tech 29.9	Energy 30.0
World	20.2	16.1	Enhanced Value 32.2	Enhanced Value 17.7	Information Tech 30.0	Energy 27.4
EAFE	27.2	12.9	Enhanced Value 37.5	Enhanced Value 19.8	Financials 41.0	Financials 24.3
Emerging Market	33.6	7.9	Enhanced Value 50.8	Enhanced Value 14.8	Information Tech 51.8	Information Tech 18.9
EMU	35.2	15.5	Enhanced Value 43.6	Enhanced Value 19.5	Financials 61.4	Financials 31.5
AC Asia Pacific	28.8	8.7	Enhanced Value 38.4	Enhanced Value 15.5	Comm Service 49.0	Information Tech 17.2

Thematic Indexes Performance

	Best performing index (%)	
	YTD	5Yr annualized
Thematics - technology	Blockchain Economy 69.9	Blockchain Economy 30.8
Thematics - other	Sharing Economy 34.2	Smart Cities 22.4

Best Performing Country – [Country Index Report](#)

YTD perf. (%)	5-year perf. (annualised, %)
DM: Spain 65.3	DM: Austria 25.0
EM: Korea 93.3	EM: Taiwan 21.9

Data Source: MSCI. Gross total returns in USD as of October 31, 2025. YTD covers the period from Jan 01, 2025 to October 31, 2025. Illustrative examples only. Not investment advice. Past performance not indicative of future results.

Market Trends

Growing demand for alternative assets, international benchmarks, and AI-driven investment themes is driving innovation and transforming global portfolio strategies

Structured Products →

Growing interest in gold, digital assets and rare earth globally, continued innovation on AI related exposures

- In the US, growing client interest in getting exposure to alternative assets like **digital assets (e.g., bitcoin) private equity via listed securities**. **Analyst sentiment** is also gaining attention due to its consistent outperformance
- In EMEA, apart from continued interest in **AI-related and Europe Sovereignty themes**, we see increased interest in Sustainability & Climate related topics, both in broad sense and specific topics. **Emerging markets as well as gold / rare earths / uranium** are new topics that are starting to gain traction.
- In APAC, we see continued interest in **cross-asset** offerings across client segments. There is a strong demand on **equity and gold systematic allocations**, and we see appetites on **various Islamic strategies** in selective regions



ETFs →

MSCI-linked ETFs see strong inflows and new launches, with growing demand across core, regional, and strategic exposures

- **New Launches:** Multiple MSCI-linked ETFs were introduced year to date, including the **Goldman Sachs World Private Equity Tracker**, Global X PureCap series, NEOS EAFE High Income.
- **CIBC Partnership:** CIBC selected MSCI as the new index provider for six market cap ETFs, totaling USD \$1.26B in AUM.
- Strategic & Core (S&C) strategies have seen over \$5B in net inflows YTD, with demand concentrated in low tracking error products.
- The **iShares Core MSCI World UCITS ETF** and **AMUNDI MSCI WORLD DR UCITS ETF – Acc** attracted \$11.2B and \$8B respectively so far this year.
- ETFs tracking MSCI Europe and MSCI World ex USA drew strong interest, with inflows of \$7B and \$3.7B respectively.



Asset Owners →

MSCI hosted annual AO conferences in Asia, US and Canada. AI advancements continue to reshape markets and investment insights

- The 20th MSCI Institutional Investor Forum gathered over 100 global investors managing over \$2T in assets, to discuss diversification, AI, and the energy transition, **highlighting AI's analytical role, total-portfolio strategies, and sustainability integration for long-term resilience.**
- **Strong benchmark wins** in Q3 2025, driven by strong demand from asset owners for climate and custom index solutions.
- U.S. public pensions rapidly expanded ex-China mandates in Q3, turning policy shifts into funded strategies amid rising geopolitical and compliance concerns.
- **Client Momentum:** Uptake in fixed income, sustainability, and hedged benchmarks reflects growing demand for tailored, climate-aligned strategies and deeper collaboration with major asset owners.



*The estimated AUM benchmarked to MSCI indexes is intended solely to be a helpful reference point for the investment community to better understand the scale of the use of MSCI equity indexes globally. It is not an indicator of the financial strength of MSCI. Not investment advice.

Index Launches and Research Insights

Highlights



- We are introducing the **MSCI USA Quality 8% Volatility Target Index**, which aims to represent the performance of a portfolio targeting 8% annualized volatility by dynamically adjusting exposure to the MSCI USA Index with a cash component.
- We recently launched **MSCI USA Dynamic Macro Select Index**, which offers AI-driven, volatility-controlled leveraged exposure to the MSCI USA Index. It adjusts leverage between 50% and 150% based on **QuantCube's real-time U.S. GDP Nowcast** to capture shifts in economic momentum.
- We are excited to announce the launch of seven new MSCI indexes, designed to meet the growing demand for equity-linked structured products and autocallable note strategies:
 - MSCI Euro 50 Equal Weight Select Index – *MXEM50PE*
 - MSCI Euro 70 Equal Weight Select Index – *MXEM70PE*
 - MSCI Transatlantic Top 100 Select Index – *MXTRT100*
 - MSCI Transatlantic Top 100 Equal Weighted Select Index – *MXTRT100E*
 - MSCI Euro 50 Equal Weight Select 5% Decrement Index – *MXEM50DS*
 - MSCI Euro 70 Equal Weight Select 5% Decrement Index – *MXEM70DS*
 - MSCI World 4.5% Decrement Index – *DE755221*

Recent Research Publications Overview



[To Hedge or Not to Hedge? Lessons from History for US Equity Investors](#)

Our analysis of the weakening U.S. dollar in 2025 reveals that currency hedging outcomes vary widely. There is no universal rule—optimal approaches depend on investor goals, currency behavior, and interest rate differentials. This reinforces the importance of context-specific decision-making in global portfolios.

[Rethinking Access to Private Equity](#)

The **MSCI World Private Equity Return Tracker Index** offers a quantitative, rules-based approach to capturing the key drivers of private equity performance. By leveraging liquid public equities, the index enables investors to approximate private equity exposures with greater transparency and accessibility.

[Markets in Focus: The Price of US Exceptionalism](#)

The U.S. equity market commands a growth premium due to superior fundamentals, but elevated valuations and reliance on a concentrated set of firms pose rising risks if growth slows or external conditions change.

[EAFE's Resurgence Highlights the Power of Geographic Diversification](#)

Our research highlights that in 2025 YTD, the **MSCI EAFE Index** outperformed the U.S. market, driven by currency tailwinds and globally diversified revenue streams, underscoring the value of geographic diversification in portfolios.

Data Source: MSCI. Not investment advice.

Live Index Spotlight: MSCI USA Dynamic Macro Select Index

[MSCI USA Dynamic Macro Select Index](#) offers volatility-controlled, leveraged exposure to the MSCI USA Index—adjusting leverage between 50% and 150% based on QuantCube’s real-time U.S. GDP Nowcast. This dynamic approach aims to capture shifts in economic momentum while managing downside risk

- **AI-Driven Macro Insight:** The index leverages QuantCube’s real-time GDP nowcasts to dynamically adjust exposure based on prevailing economic growth and volatility regimes
- **Performance Advantage:** Historical simulations show higher returns and Sharpe ratios compared to traditional benchmarks. MSCI USA Dynamic Macro Select delivered 18.3% annualized returns, versus 13.7% for the standard MSCI USA Index
- **Adaptive Risk Control:** Equity exposure is increased during economic expansion and reduced during contraction, helping to balance growth participation with volatility management

MSCI USA Macro Dynamic vs MSCI USA



	Since Inception	10-Year	5-Year	3-Year	1-Year
Annualized Return	16.77%	15.98%	18.50%	18.83%	21.53%
Annualized Volatility	17.87%	19.07%	19.12%	17.75%	21.32%
Sharpe	0.94	0.84	0.97	1.06	1.01

Source: MSCI, QuantCube. 1. Period: Jan 2013 to Oct 2025. Gross Total returns in USD are used. 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.

Live Index Spotlight: MSCI ACWI Rising Consumer Select Index

[Rising Consumer Select Index](#) offers diversified exposure to long-term growth themes driven by aging populations, digital innovation, and evolving consumer lifestyles. The index was launched on July 19, 2019.

- **Focus on Evolving Consumers:** Targets companies addressing the health, recreation, and lifestyle needs of aging populations worldwide
- **Digital Transformation:** Captures growth opportunities from the rising adoption of digital technologies, connectivity, and smart city infrastructure
- **Millennial Spending Trends:** Reflects shifting consumption patterns and brand preferences among younger generations

Historical Performance



	Since Inception	10-Year	5-Year	3-Year	1-Year
Annualized Return	15.19%	15.16%	14.69%	29.57%	26.36%
Annualized Volatility	15.24%	16.38%	16.29%	14.80%	16.23%
Sharpe	1.00	0.93	0.90	2.00	1.62

Source: MSCI. 1. Period: Nov 2012 to Oct 2025. Gross Total returns in USD are used. 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: Equity and Gold Rotation

Rotation Strategy: Tactically Allocating Between Gold and Equities

Gold is often cited as a key diversifier from equities. Over the past 25 years, the correlation between gold and U.S. equities has averaged near zero, making it a powerful tool for portfolio diversification, especially in periods of equity volatility.

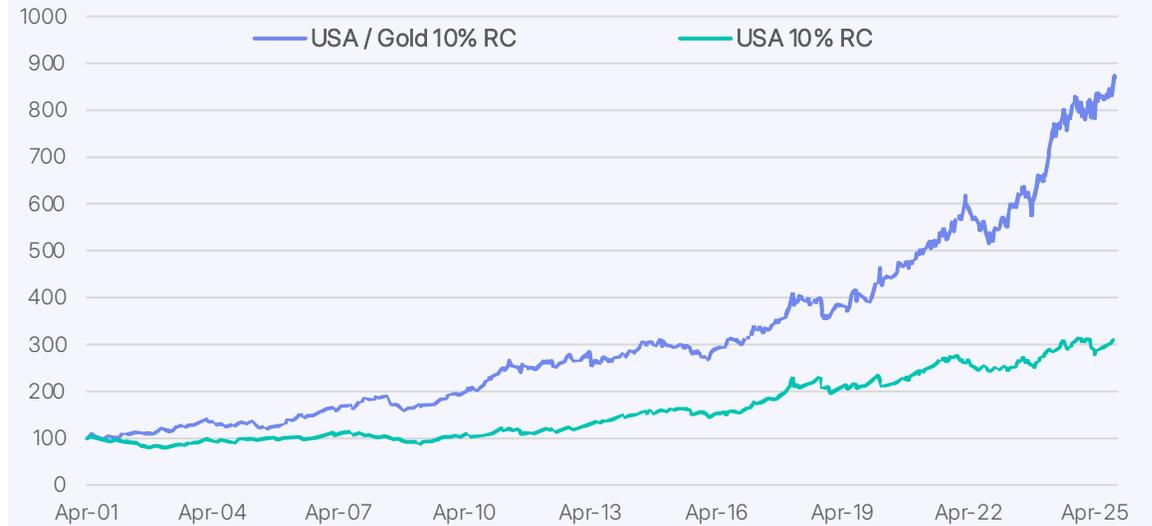
we simulate a **rotation strategy** that dynamically shifts between gold and equity exposures with the goal of enhancing returns while preserving diversification benefits.

- Allocate to MSCI USA when equity trends are positive.
- Allocate to MSCI Gold when gold trends are positive.
- Allocate to the least volatile asset when both trends are negative or neutral.

Asset Allocation

For each asset class, allocation weights are adjusted using a **volatility controlled framework**, designed to stabilize risk and simplify pricing in changing market regimes.

Historical Performance



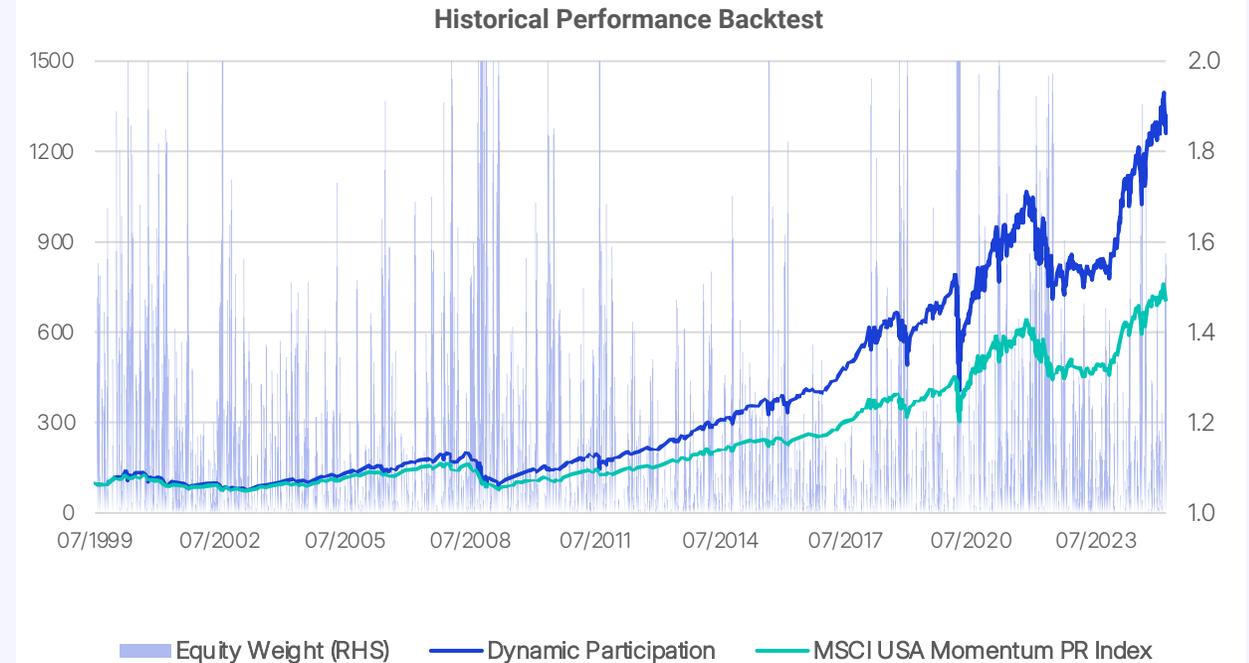
USA / Gold 10% RC	Since Inception	10-Year	5-Year	3-Year	1-Year
Annualized Return	9.30%	12.23%	13.49%	19.05%	9.18%
Annualized Volatility	10.16%	9.95%	9.98%	9.94%	9.82%
Sharpe	0.92	1.23	1.35	1.92	0.93

Source: MSCI. Period: April 2001 to Oct 2025. Simulations are indicative illustrations of the concept only and have been prepared solely for informational purposes. Any MSCI production index may differ. The strategies in the simulations have 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. Not investment advice.

Index Idea Spotlight: Buy the Dip Strategy

Momentum-Reversal-Aware Dynamic Leverage Overlay

- **Dynamic Exposure Adjustment:** A leverage overlay is applied to increase exposure when the index declines—aiming to capture potential market reversals following short-term dips
- **Momentum Enhancement:** This approach increases volatility and skew, and backtests on the MSCI USA Momentum Index show it complements momentum strategies by effectively “leveraging out of the dip”
- **Rules-Based Mechanism:** If the index level falls below its 10-day moving average, additional leverage is added and capped at 200% max weight
- **Risk Reset Rule:** If the index level rises above its 10-day moving average, leverage is reset to 100%, maintaining baseline exposure during uptrends



	Since Inception	20yr	15yr	10yr	5yr	3yr	1Y
Ann. Return	10.98%	12.73%	16.21%	15.11%	16.04%	23.39%	27.06%
Realized Vol	26.73%	27.50%	25.01%	27.56%	25.55%	22.97%	29.76%
Sharpe	0.41	0.46	0.65	0.55	0.63	1.02	0.91

Source: MSCI. Period: July 1999 to Oct 2025. Simulations are indicative illustrations of the concept only and have been prepared solely for informational purposes. Any MSCI production index may differ. The strategies in the simulations have 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. Not investment advice.

Index Idea Spotlight

Resources of Tomorrow: A Basket for the Future

Rare Earths: The Hidden Backbone of Modern Tech

Rare earth elements are emerging as a compelling investment trend, driven by their critical role in EV motors and AI infrastructure, tight supply chains, and growing global policy support.

- This new index captures exposure to the global critical mineral supply chain—featuring a fixed basket of 20 companies across [Gold](#), [Rare Earth Elements](#), and [Uranium](#)
- **Essential inputs** for EV motors, wind turbines, advanced electronics, and semiconductors
- **Surging demand** from clean energy, defense, and technology sectors
- **Supply chain realignment**, with Western economies accelerating mining and refining projects in Australia, Canada, and the U.S

2025 YTD Performance



	Since Inception	10-Year	5-Year	3-Year	1-Year
Annualized Return	29.22%	29.24%	29.64%	45.22%	95.10%
Annualized Volatility	22.96%	22.96%	22.34%	21.93%	24.05%
Sharpe	1.27	1.27	1.33	2.06	3.95

Source: MSCI. 1. Period: Sep 2015 to Oct 2025. Simulations are indicative illustrations of the concept only and have been prepared solely for informational purposes. Any MSCI production index may differ. The strategies in the simulations have 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. Not investment advice.

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