

Index Investor Solutions Newsletter

September 2026 →

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Index Performance Recap

- Across market-cap benchmarks, Emerging Markets (**+24.4%**) outperformed the USA (**+13.0%**) YTD by 11.4 points, with AC Asia Pacific close behind at **+23.9%**.
- Austria is the best-performing Developed Market YTD (**+29.5%**); in EM, Korea leads at **+92.2%** and Taiwan is strongest over five years (**+24.6%**).
- Sector leadership is concentrated: **Energy** tops the USA, World, EAFE and EMU YTD, while Information Technology leads EM (**+77.4%**) and APAC (**+71.1%**).
- **Enhanced Value** outperforms in every region YTD and stays the strongest U.S. factor over five years (**+17.2%**).
- In thematics, **Cybersecurity** (**+33.0%**) and Efficient Energy (**+31.3%**) lead YTD; **Blockchain Economy (+18.3%)** and Smart Cities **(+18.8%)** lead over five years.

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	13.0	12.3	Enhanced Value 49.3	Enhanced Value 17.2	Energy 44.2	Energy 26.0
World	13.4	11.7	Enhanced Value 38.2	Enhanced Value 18.2	Energy 40.3	Energy 23.9
EAFE	14.2	9.9	Enhanced Value 20.0	Enhanced Value 17.6	Energy 36.1	Energy 20.4
Emerging Market	24.4	8.7	Enhanced Value 55.5	Enhanced Value 19.1	Info Tech 77.4	Info Tech 24.6
EMU	12.4	10.7	Enhanced Value 19.5	Value 15.3	Energy 44.8	Financials 26.2
AC Asia Pacific	23.9	9.4	Enhanced Value 45.1	Enhanced Value 19.0	Info Tech 71.1	Info Tech 22.0

Thematic Indexes Performance

	Best performing index (%)	
	YTD	**5Yr annualized**
Thematics - technology	Cybersecurity 33.0	Blockchain Economy 18.3
Thematics - other	Efficient Energy 31.3	Smart Cities 18.8

Best Performing Country – Country Index Report

YTD perf. (%)	5-year perf. (annualised, %)
DM: Austria 29.5	**DM:** Spain 23.2
EM: Korea 92.2	**EM:** Taiwan 24.6

Data Source: MSCI. | Gross total returns in USD are used. Period: YTD covers the period from Jan 01, 2026 to August 31 2026. Illustrative examples only. Not investment advice. Past performance not indicative of future results.

Market Trends

Structured Products →

Demand for multi-asset indices underlying insurance products continues to grow in tandem across the Americas and Asia. Autocallable, multi-factor, and AI Value Chain thematic indexes are seeing increasing global momentum.

- **Americas:** In the US FIA market, clients are looking for enhancement on **better risk control mechanisms** to combat whipsawed market. **Multi-asset indexes** are in demand, as clients are looking for exposure in balanced portfolios including commodities and digital assets. Multi-factor indexes are getting attraction in both retail and institutional space, especially in long/short format.
- **EMEA:** Strong growing demand in **Autocallable indexes** via ETF wrappers, thematics and global including EM exposures remains the core for structured notes markets in the region. **Mega IPO-driven custom indexes** are gaining popularity, as clients are looking to get early access to pre-IPO names.
- **APAC**: Significant interest in indexes for **insurance products, mostly IUL (Indexed Universal Life)**, with interest ranges from simple risk controls on major benchmarks to advanced multi-asset indexes. Regulatory-driving indexification of China TRS market is also a topic gaining interest.



ETF Market and Direct Indexing →

MSCI's ETF, direct indexing, and custom index businesses all gained ground in H1-2026, with new index concepts and product launches tracking the same client priorities driving flows: Japan, targeted EM exposure, and factor strategies.

- **MSCI's ETF franchise keeps expanding: $2.7 trillion in linked equity assets** and **$100 billion in fixed income** as of June 30, 2026 — as new index concepts advance across the AI Value Chain, autocallables, commodities, public-private multi-asset, and alternatively weighted fixed income.
- **MSCI-linked EMEA equity ETFs** attracted $82.1Bn in H1-2026 net cash flows, representing 47.0% of total EMEA equity ETF flows and bringing linked AUM above $1.3Tr.
- **Investor demand in H1-2026 coalesced around three themes: Japan** as a core international allocation rather than a tactical trade, emerging markets accessed through precision building blocks like **EM Value and Equal Weight** rather than broad beta, and a factor rotation lifting **Quality, Value, and Equal Weight** from specialist tools into mainstream frameworks.
- **Direct Indexing momentum:** Linked AUM approaching $200 billion, several new clients signed this year, and the **MSCI ADR module** launched this week — extending coverage for tax-aware customized portfolios.



Asset Owners →

Momentum in Q2 came from three directions: benchmark wins grounded in methodology transparency, rising appetite for factor and multi-factor exposures, and broadening client engagement with MSCI's AI and data capabilities.

- **Competitive Displacements and Private Capital Momentum:** Q2 saw continued success replacing competitor benchmarks across public and private markets, including a landmark private capital mandate covering **10+ custom benchmarks.** Methodology transparency, data completeness, and independent consultant validation remain key differentiators.
- **Factor and Multi Factor Demand Builds:** Interest in quantitative strategies continued to rise as investors refine factor exposures amid market concentration and strong factor performance. New mandates across **Growth and custom EM Core Multi Factor indexes**, highlight growing appetite for quality, value, momentum, and small cap strategies.
- **AI Insights and Data Engagement Expand MSCI's Reach:** MSCI IndexAI Insights reached **110+ institutions and 150+ active users in Q2**, with persona driven dashboards gaining traction across investment, risk, and factor workflows. In parallel, inaugural **Index Data Summits** expanded conversations into trading and broader data use cases, helping position MSCI beyond traditional benchmarking.



MSCI

Data Source: As of August 31, 2026. Not investment advice. Figures sourced from National Bank of Canada, Morningstar Direct and UBS, as of 6/30/26.

Highlights and Research Insights

Highlights

MSCI Quantitative Index Module: We launched a new module delivering optimized factor exposure at scale, with 64 Quantitative Indexes across 40 long only, 12 extended long/short (130/30), and 12 market neutral (100/100) strategies. Powered by Barra Next Gen Equity Models and MSCI's proprietary optimizer, the module targets precise, risk controlled factor exposures while helping reduce unintended exposures.

MSCI Private Equity Daily Indexes: We expanded our Private Equity Daily Indexes to 14 indexes across All Country (3), North America (3), US (3), EMEA (2), and APAC (3), spanning private equity, buyout, and venture capital strategies. Powered by MSCI's proprietary nowcasting model, the indexes provide daily modeled estimates of private equity performance, helping address the reporting lag of traditional quarterly benchmarks.

Nine New Futures Launched with Eurex, alongside weekly expiry options on MSCI EM, MSCI EAFE and MSCI World, expanding the toolkit across MSCI USA and MSCI Europe single factors. We also published MSCI Index Futures Trade Metrics, analyzing proprietary ICE, Eurex and SGX data across 14 MSCI futures. The data reveals execution depth beyond the screen – including off-book activity and institutional trade sizes that headline volumes don't capture.

Recent Research Publications Overview

Investment Trends in Focus Midyear Update 2026

- MSCI's midyear research highlights AI as the dominant force driving global markets in H1 2026 despite geopolitical uncertainty, while examining whether AI led earnings can broaden, whether the venture capital IPO pipeline can translate into meaningful distributions, and what historically low equity risk premiums and bond market signals may mean for investors in H2.

The State of Private Markets 2026

- MSCI's research highlights five forces reshaping private markets, including private credit stress and liquidity challenges, growing AI exposure across private capital, the rise of evergreen funds, and the need for a total portfolio perspective, as better data, common standards and technology bring greater transparency to private markets.

Mapping AI Exposure Across Global Markets

- MSCI research finds that AI leadership is more globally distributed than commonly perceived, with different markets leading across hardware, digital infrastructure, and applications. Using a 10-component AI value chain framework, the research maps where countries compete and shows that stronger AI exposure is generally associated with more positive analyst sentiment and stronger equity returns, particularly across emerging markets.

Index Investor Solutions: Year 2 Wrapped

01 THE YEAR IN NUMBERS

11
Editions published

30+
Index launches featured

16+
Index Idea spotlights

35+
Research publications

60%
Click Through Rate in 2026

46%
New Subscribers YTD

02 MOST MENTIONED THEMES

Rank	Topic	Mentions	Issues seen
🥇	Factors	87x	11 / 11
🥈	Thematic Investing	66x	11 / 11
🥉	Gold	60x	6 / 11
#4	Global Diversification	54x	8 / 11
#5	AI	51x	10 / 11
#6	Inflation	49x	7 / 11
#7	Defense / Defensive	33x	5 / 11
#8	Multi Asset / Cross Asset	32x	8 / 11
#9	Risk Control	29x	10 / 11
#10	Options	16x	8 / 11

Source: MSCI. For more newsletters, please visit https://www.msci.com/indexes/index-licensing-for-structured-products

Index Investor Solutions: Year 2 Wrapped

03 THE INDEX HIGHLIGHTS

MOST INNOVATIVE MSCI USA Gold Navigator Select Index

Gold goes from diversifier to destination.

Gold goes from a portfolio diversifier into a major recurring theme, eventually becoming a dedicated rotation strategy. The later issues explicitly connect it with geopolitical fragmentation, inflation uncertainty and diversification.

MOST GLOBAL MSCI USA EAFE Growth and Analyst Sentiment Allocator Select Index

When geography itself becomes the strategy.

Rather than permanently choosing US or international equities, the idea dynamically decides between them using fundamentals and sentiment. It also reflects one of the biggest recurring stories across the newsletters: diversification away from concentrated US exposure.

MOST TIMELY MSCI World Gold Uranium and Rare Earth Select Index

Where AI meets the world's most critical resources.

What makes it stand out is its unconventional combination of gold mining, rare earth elements, and uranium serving as a core resource across several key themes, from AI infrastructure and EVs to clean energy, defense, and global supply chain security.

Live Index Spotlight: MSCI World GDP Weighted Index

- **World GDP Weighted Index:** A rules-based index that anchors country weights to economic size rather than equity-market size, built on the MSCI World Index as parent. The index was launched on Sep 30, 1988.
- **Eligible Universe:** MSCI World - large and mid cap across 23 Developed Markets. No additional screening is applied.
- **Weighting:** Country weight = country GDP ÷ total GDP. Within each country, securities keep their free-float parent weights.
- **Result:** US equity carries a 47.8% weight versus 72.1% in MSCI World Index — a 24% cut in single-country concentration.

Economic anchor

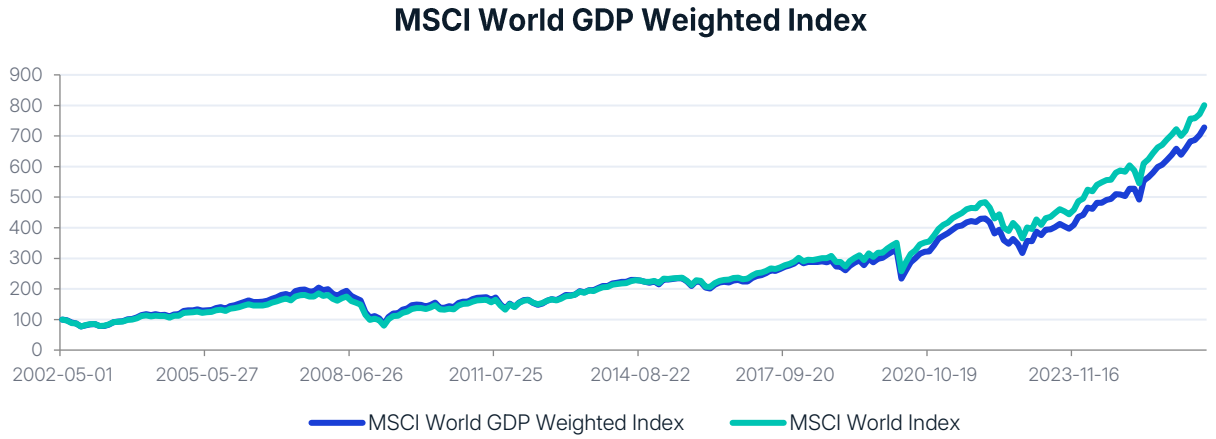
GDP share, not market cap

Country weight =
GDP ÷ total GDP
Prior-year nominal USD
Sources: OECD, EIU,
IMF and governments

Parent universe

MSCI World Index

Large and mid cap
23 Developed Markets
Free-float weights
within each country
No other filters



Metric	Since Incep.	20Y	15Y	10Y	5Y	3Y	1Y
Ann. Return — MSCI World GDP Weighted Index	+8.5%	+7.7%	+11.5%	+12.2%	+11.3%	+21.3%	+22.7%
Ann. Return — MSCI World Index	+8.9%	+8.7%	+12.3%	+12.9%	+11.2%	+20.6%	+21.7%
Realized Vol — MSCI World GDP Weighted Index	16.3%	16.8%	14.5%	14.6%	14.0%	12.0%	11.6%
Realized Vol — MSCI World Index	16.2%	16.7%	14.7%	15.3%	14.7%	12.8%	11.7%
Sharpe Ratio — MSCI World GDP Weighted Index	0.52	0.46	0.79	0.84	0.81	1.78	1.96
Sharpe Ratio — MSCI World Index	0.55	0.52	0.84	0.84	0.76	1.61	1.86

Source: MSCI, May 2002 – Jul 2026. Net 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 Bond Balanced Index

Equity Sleeve

MSCI USA / EAFE rotation on fundamental growth and analyst sentiment; monthly rebalance

Bond Sleeve

Dynamic US Treasury 10Y / 2Y / cash allocation on the 2Y yield and 10Y–2Y spread; cash-on-crash on 10Y yield drawdowns

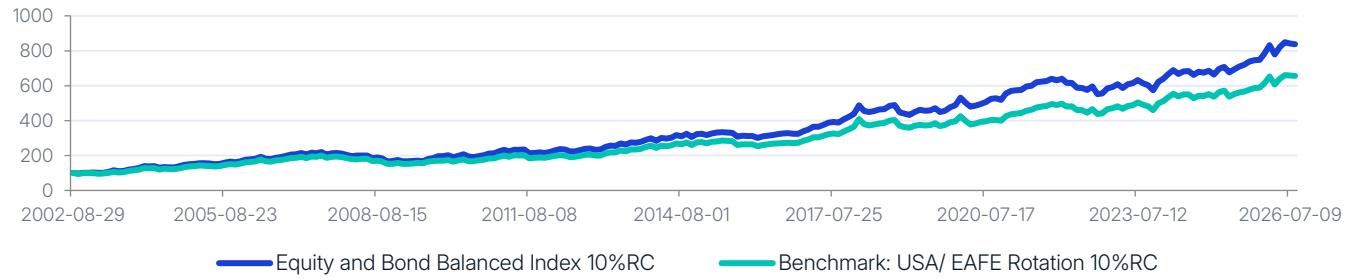
Multi-Asset Allocation

→252-day rolling drawdown monitor
→Calm regime: 80% equity / 20% bonds
→Defense regime: 30% equity / 70% bonds

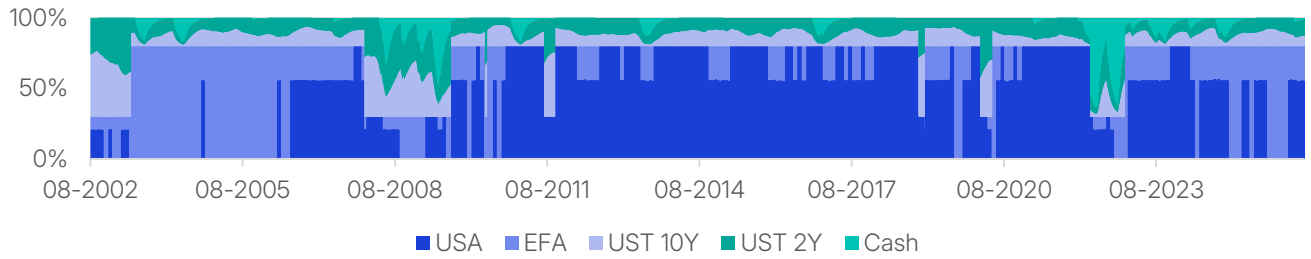
Risk Control Overlay

10% volatility target, rules-based and reviewed daily

Historical Performance



Asset weights Allocation



Metric	Since Incep.	10Y	3Y	1Y
Ann. Return — Multi Asset	+9.3%	+9.9%	+9.3%	+19.9%
Ann. Return — Benchmark	+8.2%	+9.2%	+8.6%	+18.6%
Realized Vol — Multi Asset	10.4%	10.5%	10.6%	10.6%
Realized Vol — Benchmark	10.0%	10.1%	10.4%	10.1%
Sharpe Ratio — Multi Asset	0.89	0.93	0.87	1.89
Sharpe Ratio — Benchmark	0.82	0.91	0.83	1.84

Source: MSCI. Period: June 2002 to July 2026. Index metrics shown above are annualized. 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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