

# Index Performance Recap

- In market cap, EAFE outperformed USA 2025 YTD by ~6%. EMU market contributed to the performance with Spain led the DM market with 18.4%, followed by other European market. Brazil and Taiwan led EM universe in 2025 YTD and 5yr horizon, respectively.
- For sectors, health care was the best performing sector YTD in the US, financials are the best performing sector YTD in World, EAFE, and EMU universe.
- Among the factors, min. vol performed best YTD for USA and World, while value is the best performing factor in outside of US.
- Blockchain economy theme still holds the best 5yr annual return among all thematic indexes.

## 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	1.4	16.8	Min Vol 6.5	Growth 20.1	Health Care 8.0	Info Tech 23.3
World	2.8	14.4	Min Vol 7.2	Growth 16.2	Financials 8.8	Info Tech 21.9
EAFE	7.3	9.2	Value 9.1	Enhanced Value 11.7	Financials 12.7	Financials 15.1
Emerging Market	2.3	4.7	Enhanced Value 3.9	Enhanced Value 7.3	Consumer Discr 11.0	Info Tech 15.1
EMU	11.5	10.6	Value 14.1	Momentum 11.9	Financials 20.3	Financials 17.4
AC Asia Pacific	1.2	6.1	Value 2.2	Momentum 10.0	Comm Service 9.2	Info Tech 13.4

## Thematic Indexes Performance

	Best performing index (%)	
	YTD	5Yr annualized
Thematics - technology	Cybersecurity 6.5	Blockchain Economy 25.0
Thematics - other	Ageing Society Oppty 7.7	Smart Cities 19.6

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

YTD perf. (%)	5-year perf. (annualised, %)
DM: Spain 18.4	DM: USA 16.8
EM: Brazil 7.1	EM: Taiwan 19.0

# Market Trends

Investors are seeking stability amid market volatility from geopolitical uncertainties. Diversifying out of US equity is in play.

## Structured Products



Growing interest on MSCI indexes in insurance segment globally;  
Custom sector selection is getting popular

- Growing presence of MSCI USA based index in the USA FIA market: MSCI USA 10% Volatility Target and Intraday risk control on MSCI USA growth index was launched in the last two months
- US clients are looking into international exposure given the flip of market performance YTD
- In EMEA, we see momentum of new index launches: custom digital economy indexes; global brand fixed basket; sector based selection with decrements for the French market; risk control on AI indexes
- In APAC, we saw launch of the mean reversion indexes. Multi-asset ideas are in demand for insurance segment. Clients continue to look at various equity ideas that differentiate

## ETFs



Strong flow into MSCI index linked ETFs YTD  
Investors looking outside of crowded trades

- MSCI Captured over 50% of the total ETF equity flows in EMEA on a YTD basis as of end of Feb; topping other index providers
- Investor are looking into fundamentals amid rising macro uncertainty, and are looking for opportunities outside of US market, resulting in inflows to European and EM equity ETFs.
- Three product launches with Amundi capturing MSCI USA, USA Mega and USA ex Mega Caps. In addition, over the last 12 months, DWS, Amundi, BLK and UBS launched ETFs tracking the MSCI World ex USA index with the overall AUMs now exceeding \$1bn.

## Listed Futures & Options



Total Open Interest notional is \$278 billion as of Q4 2024  
World futures OI is 36 billion, India futures has grown 39% YoY for OI of 12.4 billion

- ICE Futures Abu Dhabi (IFAD) has partnered with MSCI to launch listed futures on Middle East and India indexes in Feb 2025
- Total Return Futures (TRF) on EAFE, World, EM and USA indexes were listed on ICE and EUREX in 2024. Additional TRFs will be listed on ACWI and other contracts in 2025.
- ICE has launched a suite of futures on MSCI MarketAxess Tradeable Bond Indexes for IG and HY Corporate Bonds for Europe and the US.
- MSCI became the selected index partner for LatAm [NUAM exchange](#) in August 2024.

# Index Launches and Research Insights

## Highlights



- Leveraging our new index simulation tool - Foxberry, we can run custom GICS sector based simulations at scale enhanced flexibility and quicker turnaround.

As a result, we have launched a great amount of custom indexes for structured products clients. The sectors in focus are: semi conductors, healthcare, energy, banks.

## MSCI Quarterly Index Review



- [Insights from MSCI February 2025 Index Review](#): 124 securities were added and 312 securities removed from the MSCI ACWI Investable Market Index (IMI), MSCI's flagship global equity index. The MSCI ACWI IMI is designed to represent the performance of the investment universe of large/mid and small cap companies across developed and emerging markets. It covers approximately 99% of the global equity investment opportunity by free float-adjusted market capitalization.

## Recent Research Publications Overview

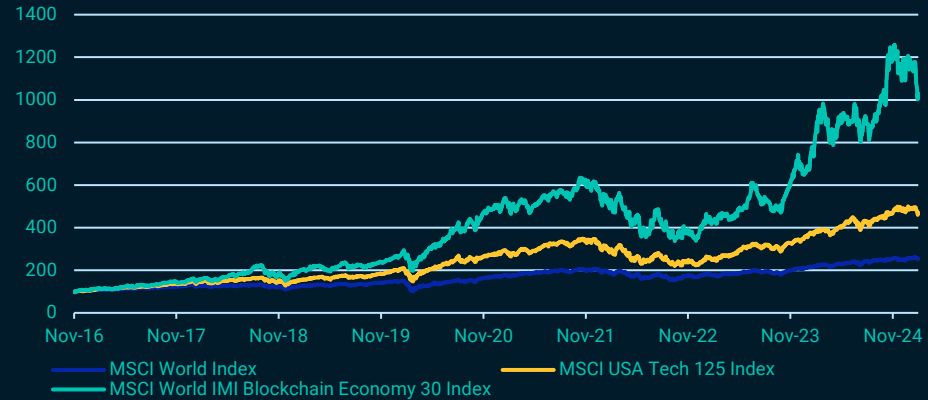


- [Keeping Up with Evolving Trade Dynamics](#): we used [MSCI Economic Exposure data](#) to [analyze company revenue streams across the destination markets for their exports](#). Our findings suggested that, in terms of absolute U.S.-dollar revenues, Japan, Germany, Canada, the U.K. and China are among the most exposed to U.S.-initiated tariffs. Conversely, the U.S. itself could be most vulnerable to counter tariffs from these same five countries. We provide an interactive chart offering more granular insights to help investors track and adapt to evolving trade dynamics. Additionally, we look at impact of tariffs and strong US dollar on different asset classes and present a [scenario analysis](#).
- [Corporate Diversification and Investment Characteristics](#): Our findings indicate that multi-industry firms have consistently achieved higher asset-turnover ratios but had lower operating margins in most sectors. We used MSCI's Business Segment Data to differentiate between single- and multi-industry firms
- [Four Key Metrics Behind Long-term EM Stock Growth](#): The report uncover Emerging market equity underperformance after global financial crisis in 2008. It largely attributable to persistent share dilution and sagging profitability. Identifying EM compounder stocks using fundamental metrics such as profitability, yield, capital control and earnings stability may suggest opportunities for active managers (fundamental or systematic), while also suggesting sensible tilts for indexed-based investors. Longer report about [Long-Term Investing in Emerging Markets](#) is also available.

## Live Index Spotlight Blockchain Economy

- The Blockchain Indexes aim to represent the performance of a set of companies that are associated with the development of new products and services for servicing digital asset markets, decentralized finance, providing payments services for cryptocurrencies as well as enabling other solutions for the blockchain economy.
- MSCI World IMI Blockchain 30 Index contains top 30 stocks belonging to Blockchain theme but also developed markets and it has historically performed better than MSCI USA Tech 125, which is taken as benchmark of high performance by many investors recently.

### Historical Cumulative Performance



### Performance Stats

	Blockchain Economy 30	USA Tech 125	MSCI World
Annualized Return (%)	32.7	20.6	12.0
Total Risk* (%)	32.5	19.0	15.5
Return / Risk	1.01	1.08	0.78

\* Realized volatility is calculated on monthly returns.

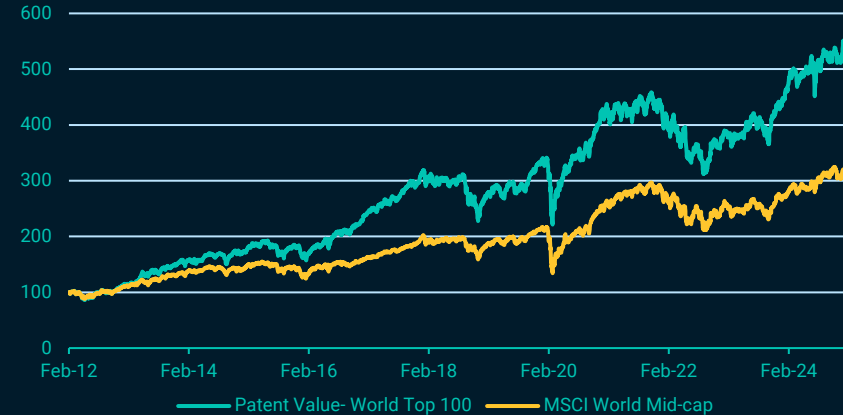
Source: MSCI. Period: Nov 30, 2016 to Feb 28, 2025. Net total returns in USD are used. Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Not investment advice.

# Index Idea Spotlight

## Patent value

- Studies have shown that companies with high-quality patents and strong intellectual Property (IP) activity have a better future prognosis than those less focused on innovation. Early indicator of possible future growth of a company: Patent's functionalities may turn into a commercial product a while after the patent is filed, with certainly exclusivity and pricing power.<sup>1</sup>
- Construction steps:
  - starting with MSCI World Mid Cap universe and apply liquidity filter
  - select top 30% of securities based on their Patent value indicator (total patent value/market cap)
  - select top 100 securities based on price momentum
  - weight the securities from step 3 with momentum tilt
  - rebalances quarterly

### Historical Backtest



### Performance Stats

	Patent Value-World Top 100	MSCI World Mid-cap
Annualized Return (%)	14.0	9.4
Total Risk <sup>2</sup> (%)	16.6	15.5
Return / Risk	0.84	0.60

<sup>1</sup>Hall, Bronwyn H, *The market value of Patent and R&D*, National bureau of Economic Research, Cambridge, MA, Sep 2007

<sup>2</sup>Realized volatility is calculated on monthly returns.

Source: MSCI. Period: Feb 29, 2012 to Jan 31, 2025. Gross Total returns in USD are used. 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.

## 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](http://www.msci.com).

# Notice and Disclaimer

The information contained herein (the "Information") may not be reproduced or disseminated in whole or in part without prior written permission from MSCI ESG Research. The Information may not be used to verify or correct other data, to create any derivative works, to create indexes, risk models, or analytics, or in connection with issuing, offering, sponsoring, managing or marketing any securities, portfolios, financial products or other investment vehicles. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. MSCI ESG Research is provided by MSCI Inc.'s subsidiary, MSCI ESG Research LLC, a Registered Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. None of the Information or MSCI index or other product or service constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy. Further, none of the Information is intended to constitute a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. MSCI ESG and climate ratings, research and data are produced by MSCI ESG Research LLC, a subsidiary of MSCI Inc. MSCI ESG Indexes, Analytics and Real Estate are products of MSCI Inc. that utilize information from MSCI ESG Research LLC. MSCI Indexes are administered by MSCI Limited (UK) and MSCI Deutschland GmbH. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF MSCI INC. OR ANY OF ITS SUBSIDIARIES OR ITS OR THEIR DIRECT OR INDIRECT SUPPLIERS OR ANY THIRD PARTY INVOLVED IN THE MAKING OR COMPILING OF THE INFORMATION (EACH, AN "INFORMATION PROVIDER") MAKES ANY WARRANTIES OR REPRESENTATIONS AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH INFORMATION PROVIDER HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING ANY OF THE FOREGOING AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL ANY OF THE INFORMATION PROVIDERS HAVE ANY LIABILITY REGARDING ANY OF THE INFORMATION FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL (INCLUDING LOST PROFITS) OR ANY OTHER DAMAGES EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing shall not exclude or limit any liability that may not be applicable law be excluded or limited. Privacy notice: For information about how MSCI collects and uses personal data, please refer to our Privacy Notice at <https://www.msci.com/privacy-pledge>. Please note that the issuers mentioned in MSCI ESG Research materials sometimes have commercial relationships with MSCI ESG Research and/or MSCI Inc. (collectively, "MSCI") and that these relationships create potential conflicts of interest. In some cases, the issuers or their affiliates purchase research or other products or services from one or more MSCI affiliates. In other cases, MSCI ESG Research rates financial products such as mutual funds or ETFs that are managed by MSCI's clients or their affiliates, or are based on MSCI Inc. Indexes. In addition, constituents in MSCI Inc. equity indexes include companies that subscribe to MSCI products or services. In some cases, MSCI clients pay fees based in whole or part on the assets they manage. MSCI ESG Research has taken a number of steps to mitigate potential conflicts of interest and safeguard the integrity and independence of its research and ratings. More information about these conflict mitigation measures is available in our Form ADV, available at <https://adviserinfo.sec.gov/firm/summary/169222>.

©2025 MSCI Inc. All rights reserved | CBR0924