Index Performance Recap

- US led the DM universe with 24.9% for 2024 and 14.6% annualized in the past 5yrs. Taiwan led EM universe for both 2024 and 5yr horizon
- For sectors, communication service became the best performing sector for 2024 in the US, although information tech dominates in last 5yrs globally
- Momentum continues to be the best performing factor in 2024 and also led in 5yr horizon in EM, EMU and APAC universe; while growth led in USA and World universe respectively
- Blockchain economy theme delivered the best 5yr annual return among all thematic indexes

Market Cap, Sector and Factor Indexes Performance – Monthly Performance Report

	Benchmark performance (%)		Best performing factor (%)		Best performing sector (%)	
	2024	**5Yr annualized**	**2024 perf.**	**5Yr annualized perf.**	**2024 perf.**	**5Yr annualized perf.**
USA	24.9	14.6	Growth 35.7	Growth 19.6	Comm Service 38.7	Info Tech 23.4
World	19.0	11.7	Momentum 30.3	Growth 14.9	Comm Service 34.0	Info Tech 21.6
EAFE	4.3	5.2	Momentum 12.4	Enhanced Value 7.1	Financials 21.6	Financials 9.7
Emerging Market	8.0	2.1	Momentum 16.2	Momentum 4.5	Info Tech 20.8	Info Tech 13.9
EMU	3.4	5.6	Momentum 15.3	Momentum 8.0	Financials 18.0	Info Tech 10.8
AC Asia Pacific	9.9	3.9	Momentum 18.9	Momentum 9.0	Financials 23.2	Info Tech 11.9

Thematic Indexes Performance

	Best performing index (%)	
	2024 perf.	**5Yr annualized perf.**
Thematics - technology	USA Tech 125 39.5	Blockchain Economy 27.7
Thematics - other	Sharing Economy 30.0	Smart Cities 17.2

Best Performing Country – Country Index Report

2024 perf. (%)	5-year perf. (annualised, %)
DM: USA 24.9	**DM:** USA 14.6
EM: Taiwan 34.8	**EM:** Taiwan 17.7

MSCI

Data Source: MSCI. Gross total returns in USD as of Dec 31, 2024. Illustrative examples only. Not investment advice. Past performance not indicative of future results.

Market Trends

$16.5 Trillion* USD in AUM are benchmarked to MSCI indexes as of June 30, 2024, an increase of 5.8% or $900 Billion from December 31, 2023.

Structured Products

Growing interest of MSCI index in insurance segment globally.

Equity linked structured notes are growing as rates are coming down

- We are launching a family of mean reversion indexes for clients in APAC and EMEA
- In US FIA, we see continued interest on broad indexes with long live track record
- We launched risk control indexes for clients based on our enhanced capability
- In EMEA, the demand for simple sector strategies and local country exposures continues, in decrement and risk control formats
- In APAC, we continue to see strong demand on India, working with our partners on various customized versions. All-weather strategies are in favor given macroeconomic uncertainty.

ETFs

Equity assets linked to MSCI ETFs stands at $1.7 trillion globally, with $112.5bn net new flows in 2024

- Invesco MSCI North America Climate ETF (KLMN) launched in Dec 2024, broke the global record of largest ever ETF launch in history with $2.4bn initial seed from an asset owner, tracking MSCI Global Climate 500 North America Selection Index
- iShares Core MSCI World UCITS ETF (SWDA) gathered $15.9bn in 2024
- Invesco launched Invesco MSCI EAFE Income Advantage ETF (EFAA), seeks to provide exposure to the MSCI EAFE Index combined with derivatives overlay for income generation and downside protection
- Blackrock launched the iShares MSCI Global Quality Factor ETF (AQLT) with seed from an RIA. It tracks MSCI ACWI Quality index.

Asset Owner

MSCI hosted the flagship annual Institutional Investor Forums in Sacramento and Montreal

- Reassessment of China allocation by AOs continued to drive custom index policy and mandate activity.
- Corporate Pension plans selected MSCI Thematic indexes as mandate benchmarks around strategies that provide inflation protection.
- Pension client invested in MSCI World Quality index through total return swaps
- Energy transition investing gained interest from US AOs
- Won new custom benchmarks for AO's private equity asset classes, designed to align with their public equity benchmark in the ACWI IMI framework

*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 can now accommodate actively managed indexes, with increased flexibility on the index construction.
- With the growing interest on decrement in points indexes, we offer these indexes now to a wider group of clients globally.
- AI at MSCI: besides the Robotics and AI index suite, we have been using artificial intelligence ("AI") and natural-language processing ("NLP") to enhance our content and data collection process, transform the client experience, and drive operational efficiencies. We launched Geospatial Asset intelligence that enables drilldown insights into physical risk & nature and their financial impacts.

MSCI Mean Reversion Indexes

- Using MSCI country indexes, we identified historical mean-reverting patterns within a groups of countries and have constructed a family of mean reversion indexes where the strategy systematically allocates to the worst performer in the country group. EAFE and Four Asian Dragons (Hong Kong, Singapore, Korea, Taiwan) will be launched as the first batch.

Recent Research Publications Overview

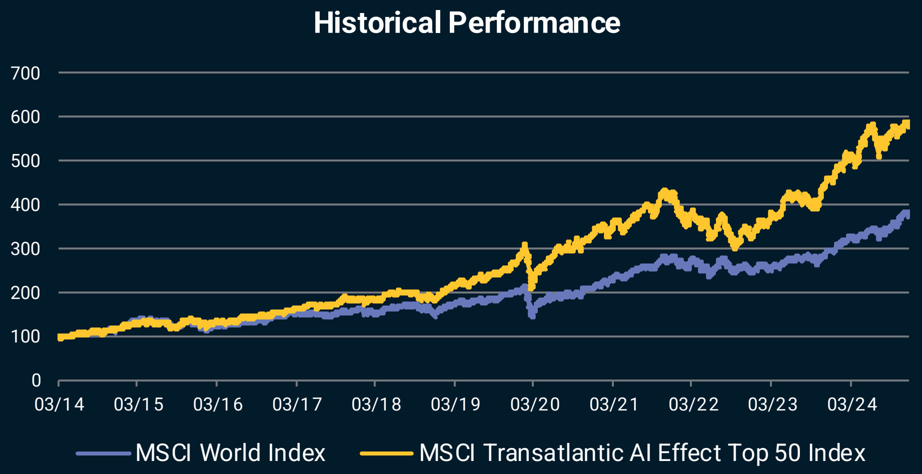
- Investment Trends in Focus: Key Themes for 2025: Regional divergence - the U.S. increasingly outpacing other major markets, yet history suggests this advantage cannot last indefinitely; Monetary divergence - regional divergence will also be reflected in monetary policies; Technology and trade will shape equity market – AI related firms are expected to deliver earning growth 30% higher than the market
- Sustainable-Finance Regulation – A Look Ahead for 2025: 2025 could mark a turning point for sustainable finance, with the EU's CSRD and global ISSB standards driving transparency. Financial institutions will need to navigate evolving frameworks, balancing compliance challenges with sustainability.
- China Exposure in Global Capital Flows: With China's opening of its domestic capital markets to the world in the early 2000s, and major index providers' adding China A shares to their global indexes in 2018, foreign participation in China's capital markets has grown rapidly, increasing their sensitivity to global fund flows and volatility. As a result, right-sizing China exposure in portfolios has become an increasingly important consideration for global investors.
- Crowd Control, Momentum and Concentrated Markets: Equity investors seeking to manage their portfolio risk in concentrated, sentiment-driven markets could use quantitative tools to help identify where the greater risk of derating lives.
- After US Election, Regional Options Reflect Changing Risks: A clear divergence in traded regional options has emerged since early November in both maturities and relative implied-volatility levels. These shifts imply changing perceptions of relative risk in the U.S., EMEA and EM equity markets.

Index Idea Spotlight # 1
AI Adopters

- Based on research from Bank of America Institute, World Economic Forum, and International Energy Agency, AI could have different impact on industries in the near future.

- Industries such as semis and software are expected to see boosted revenue margins in the next five years. As tech companies are reporting increased emissions due to running the data centres that power AI, selective companies in the energy sector are likely to benefit from this industry transition, too.

- We look at index selecting GICS industries with greater potentials to benefit from the AI effect, apply liquidity filter and select top 25 names for USA and Europe, respectively. Finally, we combine the two baskets with equal weights to generate the Transatlantic AI Effect Top 50 strategy simulation.



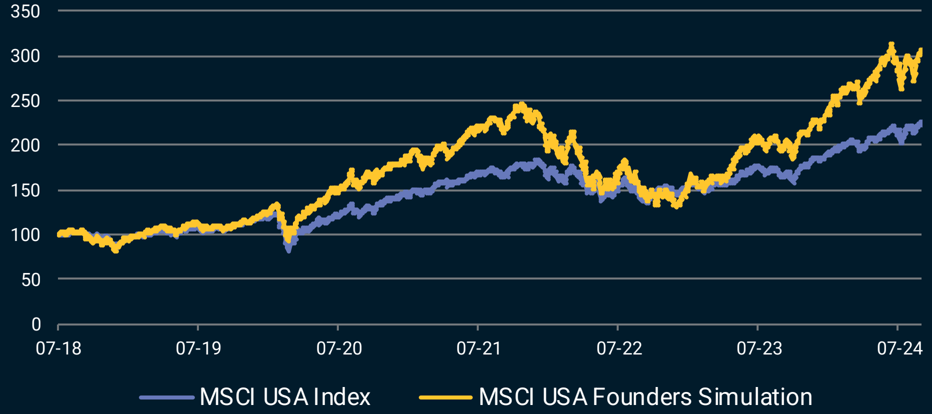
Performance Stats		
	MSCI Transatlantic AI Effect Top 50	**MSCI World**
Annualized Return (%)	17.8	13.1
Total Risk* (%)	15.5	13.4
Return / Risk	1.15	0.98

Source: MSCI, World Economic Forum, International Energy Agency, Bank of America Institute. Data from March 2014 to December 2024. Gross total return variant is used, in EUR. 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 # 2
Founder-led Companies

- Based on evidence presented by researchers, founder-CEOs are likely to introduce new changes and are more effective and efficient innovators than professional CEOs*
- The implications of the investment behavior and stock market performance of founder-CEO firms have also been studied, showing that an equal-weighted investment strategy that had invested in founder-CEO firms from 1993 to 2002 would have earned a benchmark-adjusted return of 8.3% annually**
- We look at index selecting securities where the founder is CEO or has a high influence in the company, apply liquidity filter, and thereafter compare with the benchmark

Historical Performance



Performance Stats		
	"USA Founders"	MSCI USA
Annualized Return (%)	19.9	14.2
Total Risk (%)	24.0	18.1
Return / Risk	0.83	0.78

*Lee et al. "Are Founder CEOs Better Innovators? Evidence from S&P 500 Firms" (2016)
**Fahlenbrach. "Founder-CEOs, Investment Decisions, and Stock Market Performance" Journal of Financial and Quantitative Analysis (2009)

Source: MSCI. Period: July 2018 to September 2024. 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.

Notice and Disclaimer

MSCI