

# MSCI USA SELECT FACTOR MIX INDEX METHODOLOGY\*

\* composed of MSCI Momentum, Prime Value, Quality, Total Shareholder Yield, Dynamic 50% Risk Weighted Factor Indexes and Small Cap

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# 1 INTRODUCTION

The MSCI USA Select Factor Mix Index (the “Index”) is a combination of six MSCI Indexes and is designed to represent the performance of long-term risk factors such as Momentum, Value, Quality, Shareholder Yield, Volatility and Size. Combining factors aims to create diversification and reduce turnover due to potential crossing among the individual factors. The MSCI USA Select Factor-Mix Index, described in this methodology book, is designed to represent one specific example of combining individual MSCI Factor Indexes into a single index<sup>1</sup>.

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<sup>1</sup> MSCI Diversified Factor Mix Indexes methodology at <https://www.msci.com/index-methodology>

## 2 CONSTRUCTING THE MSCI USA SELECT FACTOR MIX INDEX

The MSCI USA Select Factor Mix Index is constructed using a combination of the following six MSCI Factor Indexes (“Component Indexes”):

- MSCI USA Select Momentum Index

The MSCI USA Select Momentum Index is constructed and maintained by applying the MSCI Momentum Indexes methodology to the MSCI USA Index.

This Index is computed using a variant of the MSCI Momentum Indexes methodology that does not incorporate a provision for conditional rebalancing.

For more information on the MSCI Momentum Indexes methodology, please refer to <https://www.msci.com/index-methodology>

- MSCI USA Prime Value Index

The MSCI USA Prime Value Index is constructed and maintained by applying the MSCI Prime Value Indexes methodology to the MSCI USA Index.

- MSCI USA Quality Index

The MSCI USA Quality Index is constructed and maintained by applying the MSCI Quality Indexes methodology to the MSCI USA Index.

- MSCI USA Total Shareholder Yield Index

The MSCI USA Total Shareholder Yield Index is constructed and maintained by applying the MSCI Total Shareholder Yield Indexes methodology to the MSCI USA Index.

- MSCI USA Select Dynamic 50% Risk Weighted Index

The MSCI USA Select Dynamic 50% Risk Weighted Index is constructed and maintained in accordance with the MSCI USA Select Dynamic 50% Risk Weighted Index methodology.

- MSCI USA Small Cap Index

The MSCI USA Small Cap Index is constructed and maintained in accordance with the MSCI Global Investable Market Indexes methodology

Each Component Index in MSCI USA Select Factor Mix Index is attributed equal weight at initial construction and each subsequent quarterly index review.

### 3 MAINTAINING THE MSCI USA SELECT FACTOR MIX INDEX

#### 3.1 QUARTERLY INDEX REVIEWS

The MSCI USA Select Factor Mix Index is rebalanced quarterly, generally as of the close of the last business day of February, May, August and November, coinciding with the Quarterly Index Reviews of the MSCI Global Investable Market Indexes. The pro forma MSCI USA Select Factor Mix Index is announced nine business days before the index review effective date.

At each rebalancing of the MSCI USA Select Factor Mix Index, the constituents and weights are determined as per Section 2 based on the underlying pro forma Component Indexes.

#### 3.2 ONGOING EVENT RELATED CHANGES

The maintenance of the MSCI USA Select Factor Mix Index follows the event related maintenance of the Component Indexes.

Any security added to a Component Index is added simultaneously to the MSCI USA Select Factor Mix Index. Any security deleted from all the Component Indexes is simultaneously deleted from the MSCI USA Select Factor Mix Index.

Daily Total Return (DTR) Index variant for the MSCI USA Select Factor Mix Index is calculated using the MSCI DTR Index Methodology<sup>2</sup>. In particular, dividends from constituents of an MSCI USA Select Factor Mix Index are reinvested in the whole Index (as opposed to being reinvested only in the particular Component Indexes to which the constituent belongs).

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<sup>2</sup> MSCI Index Calculation Methodology at <https://www.msci.com/index-methodology>

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