

MSCI FaCS™ and MSCI Factor Box

MSCI FaCS™ is a classification standard and framework for evaluating, implementing and reporting style factors in equity portfolios.

Factor Box provides the visual representation of MSCI FaCS™

Factors are important drivers of risk and return. Factor Investing is transforming the way investors construct and manage portfolios. The increasing popularity of Factor Investing creates the need for standards.

MSCI FaCS™, a Factor classification standard and its visual representation, the MSCI Factor Box, are designed to provide investors the essential tools and common language for implementing Factor Investing strategies.

Key features

- Standard framework and tools for investors to easily analyze, compare, implement and report Factor Investing strategies
- Based on the MSCI Barra Global Equity Factor Model (GEMLT), benefiting from MSCI's 40+ years of Factor experience
- MSCI FaCS™ provides a consistent and comprehensive security level Factor view for 70,000+ global equities
- MSCI Factor Box provides the visualization to easily compare Factor exposures between funds and benchmarks









Key benefits

- **Analyze** equity portfolio exposures at a holdings level across style Factor dimensions
- **Compare** factor exposures vs. a factor index as a way to evaluate manager insight or skill
- **Report** factor exposures as a source of differentiation to attract investor interest

What is MSCI FaCS™?

- MSCI FaCS™ is a standard method for evaluating and reporting the Factor characteristics of equity portfolios
- MSCI FaCS™ consists of 8 Factor Groups that have been extensively documented in academic literature and validated by MSCI Research as key drivers of risk and return
- The 8 Factor Groups are constructed by aggregating 16 Factors from the latest Barra global equity factor risk model, GEMLT, designed to make fund comparisons transparent and intuitive for use
- MSCI FaCS™ is the Factor classification standard that powers Factor Box

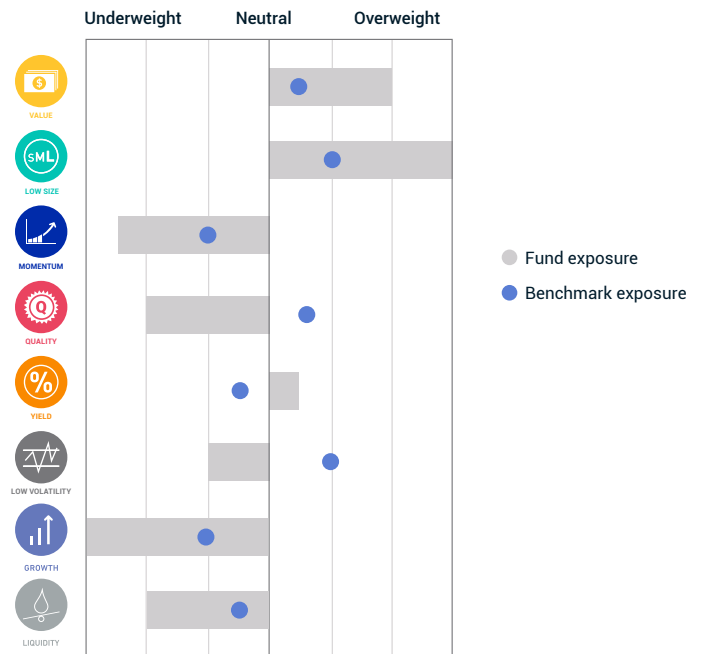
Based on MSCI's Global Equity Factor Structure, MSCI FaCS™ includes 8 Factor Groups, and 16 Factors

 VOLATILITY	 YIELD	 QUALITY	 MOMENTUM	 VALUE	 SIZE	 GROWTH	 LIQUIDITY
Beta Residual volatility	Dividend yield	Leverage Investment quality Earnings variability Earnings quality Profitability	Momentum	Book-to-price Earnings yield Reversal	Mid cap Size	Growth	Liquidity

How does Factor Box work?

The Factor Box is powered by MSCI FaCS™ and includes Factors that MSCI has identified that historically provided a return premium (MSCI Research – Foundation of Factor Investing, 2013). On the vertical axis the Factor Groups are displayed and the horizontal axis displays the Factor exposure, overweight or underweight, compared to a benchmark. The design of the Factor Box allows investors to compare Factor exposures in three different visuals:

- **Bars** shows the fund exposure across each factor
- **Circle** shows the Factor exposure of chosen benchmark (ex. MSCI USA Index)
- **Distance between circle and bar** shows difference between fund exposure and benchmark exposure = Active Factor exposure



* MSCI Factor Box neutral line (Exposure = 0) is based on the Global Equity Universe determined by MSCI IMI

About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 45 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.

The information contained herein (the "Information") may not be reproduced or disseminated in whole or in part without prior written permission from MSCI. The Information may not be used to verify or correct other data, 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. 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 or any MSCI index is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. 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 "MSCI PARTY") MAKES ANY WARRANTIES OR REPRESENTATIONS AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH MSCI PARTY 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 MSCI PARTIES 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 by applicable law be excluded or limited.

©2020 MSCI Inc. All rights reserved | CFS0820