



MSCI Launches Next Generation of Equity Factor Models

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Models feature new crowding, machine-learning, and sustainability factors alongside risk forecasting tools designed to adapt to market volatility

NEW YORK--(BUSINESS WIRE)--Jun. 15, 2022-- MSCI Inc. (NYSE: MSCI), a leading provider of critical decision support tools and services for the global investment community, today announces the launch of the next generation of MSCI Equity Factor Models.

Designed to help investors better understand the factors that drive portfolio risk and performance as market conditions change, the models feature three new factors:

- **Sustainability** includes both an ESG factor and a Carbon Efficiency factor that measures a company's emissions relative to its size
- **Crowding** uses multiple measures to assess how a stock is priced relative to its own history
- **Machine Learning** leverages data science and natural language processing to evaluate the relationships between different variables that impact a stock's returns

Building on MSCI's five decades of factor research and developed in consultation with some of the world's largest investors, the latest models allow institutional investors to construct portfolios across new and familiar factor dimensions; run comparisons to industry peers and benchmarks; and provide enhanced transparency into portfolio characteristics through improved handling of IPOs, improved coverage, and dynamic industry exposure analysis.

The four new models include the MSCI Global Equity Factor Model and the MSCI USA Equity Factor Model, which are designed for long-term investors. The MSCI Global Equity Factor Trading Model and the MSCI USA Equity Factor Trading Model are for investors managing strategies with shorter investment horizons. The new models will be available through multiple distribution channels, including Snowflake's Data Cloud, select third-party partners and from MSCI directly via the proprietary Barra Portfolio Manager and BarraOne® platforms.

The new MSCI Equity Factor Models also evaluate pre-merger Special Purpose Acquisition Corporations (SPACs), expanding the investment opportunity set for investors as well as improving the calculation of some existing factors.

Mark Carver, Head of Equity Portfolio Management and Equity Factors at MSCI, said: "Investors have told us repeatedly that the new risk measures in these models, combined with the introduction of sustainability factors, are crucial for an evolving investment landscape. We are excited to introduce these innovative models and believe they enable clients to better understand the drivers of their portfolio risk and return, construct differentiated portfolios, and effectively respond to changing market dynamics."

About MSCI Inc.

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.

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