



# MSCI to Acquire The Burgiss Group

EXPANDING THE FOUNDATION FOR  
THE “MSCI OF PRIVATE ASSETS”

August 14, 2023

# Today's Call Participants



**Henry Fernandez**  
Chairman & CEO



**Baer Pettit**  
President & COO



**Andy Wiechmann**  
Chief Financial Officer



**Jeremy Ulan**  
Head of IR & Treasurer

# Forward-Looking Statements and Disclaimers

- This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, MSCI's full-year 2023 guidance, long-term targets and with respect to the proposed acquisition of The Burgiss Group LLC ("Burgiss"). These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI's control and that could materially affect actual results, levels of activity, performance or achievements.
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- Measures relating to Burgiss financial results are unaudited and not presented in accordance with generally accepted accounting principles (GAAP). MSCI uses Burgiss EBITDA margin in this presentation, a non-GAAP measure. This non-GAAP measure should be viewed in addition to, and not in lieu of, the comparable GAAP measure. Burgiss EBITDA margin represents Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA) divided by revenues. EBITDA is defined by Burgiss as net income before (1) provision for income taxes, (2) other expense (income), net, (3) depreciation and amortization of property, equipment and leasehold improvements, and (4) amortization of intangible assets.
- The methodologies and calculations used to derive Burgiss' operating metrics differ from those used by MSCI. Burgiss uses Annual Contract Value (ACV), an operating metric representing estimated expected revenues to be recognized over the following twelve months as of a specified point in time. The amount is based on fees from agreements with clients as of the date of the metric and is a measure Burgiss' management deems useful to predict future revenues. The metric is prepared based on expected fees from agreements with customers, but could vary from actual revenue recognized including but not limited to fluctuations in revenues associated with new sales, modifications cancellations and non-renewals of existing client contracts subject to specified notice. The basis of the amount included in ACV may differ from the actual revenues and timing of recognition in accordance with US GAAP.

# MSCI to Acquire The Burgiss Group

## Supercharging Growth in Private Assets and Total Portfolio Solutions

### *A powerful combination of two industry standard setters*

Together, MSCI and Burgiss will drive transparency and a common language for investors in Private and Public Assets



#### **Combination enables MSCI to serve all investors and managers across all asset classes**

- MSCI's strong client base with asset owners, asset managers, banks, wealth managers, hedge funds, insurance firms and others have growing needs for private asset insights and tools
- Burgiss' deep footprint with endowments, foundations, family offices and other private asset investors unlocks strong LP client base for MSCI
- MSCI and Burgiss are well positioned to serve the needs of the General Partner (GP) client segment



#### **Driving connectivity and standardized views across public, private and total portfolios**

- MSCI and Burgiss will drive better adoption of private asset risk and performance standards leading to better transparency and understanding of private asset investments
- By combining Burgiss' comprehensive private asset data, analytics and software applications with MSCI's expertise in research, analytics, data and technology for investments across public asset classes, we are aiming to redefine total portfolio investing and build solutions that can help investors manage their complex portfolios and make better informed decisions



#### **Springboard to create next generation of private asset and total portfolio solutions for the industry**

- Enhanced performance attribution, indexes, evaluated pricing frameworks and risk analysis across private asset classes and other private asset and total portfolio solutions leveraging Burgiss' data and know-how together with MSCI's modeling, research and technology capabilities
- Accelerates ability to help private asset investors incorporate ESG & Climate, including risk management, decarbonization, and reporting use cases

# MSCI Acquisition of Burgiss: Transaction Overview



## Purchase Price

- Acquisition of remaining 66% interest at full company equity valuation of \$1.05 billion
- \$697 million to be paid at transaction close from cash on hand and existing liquidity sources (lifetime purchase price of \$913 million<sup>1</sup>)
- Tax benefit with net present value of ~\$80 million



## Financial Detail

- Expecting \$90M+ of revenue in 2023 (unaudited)
- Mid-teens operating income margin<sup>2</sup>; over time, expect gradually expanding margins
- Projecting 20% top line growth in 2024 and beyond
- Revenue base is almost entirely recurring subscriptions with retention rate of low to mid 90% range
- Certain transaction-related and integration costs will be excluded from MSCI's Adjusted EBITDA Expenses, Adjusted EBITDA and Adjusted EPS
- Post-closing, MSCI shared costs will be redistributed across MSCI's segments



## Timing/conditions

- Expected to close in fourth quarter 2023, subject to regulatory reviews and customary closing conditions
- Burgiss will be presented within MSCI's All Other – Private Assets reportable segment
- Expect to update guidance after transaction close to reflect transaction and integration costs and purchase accounting adjustments

1. Includes \$190M initial investment made in January 2020, and funding of \$26M for Burgiss' acquisition of Caissa in October 2021, and pro-forma for \$697M cash to be paid at transaction close to acquire remaining 66% stake in Burgiss.

2. Burgiss has similar EBITDA margin as operating income margin, with de minimis depreciation and amortization expense.

# Burgiss: Leading the Evolution of Private Asset Investing

35+ Years of Expertise

**Global, market-leading provider** of data and analytics solutions for **investors of private asset**

~650 Specialists

**Focused on private asset** investments across the globe

~1,000 Institutional Clients in 40 Countries

Clients include pension funds, sovereign wealth funds, endowments, foundations and family offices

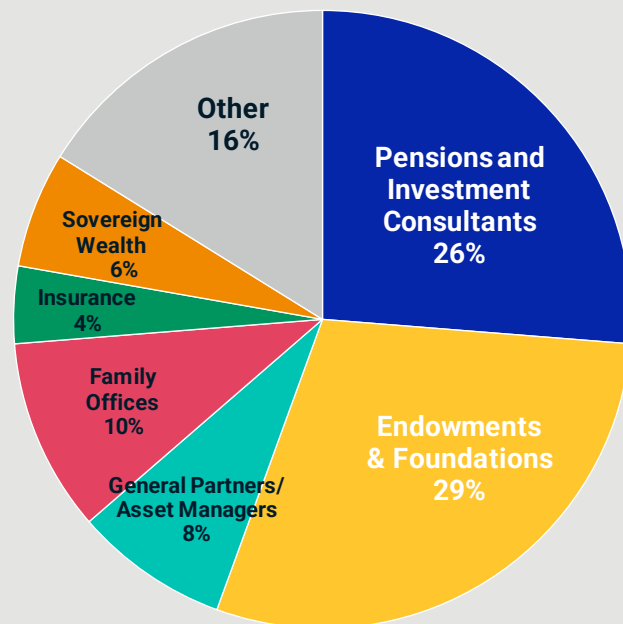
\$15T+ in Private Asset Data

**Sourced without bias from LPs, and covers 13k funds** of PE, RE, private debt, infrastructure, natural resources and other private assets **since 1978**

Comprehensive **Private Asset Portfolio Management Tools**

**Leading portfolio management, analytics and benchmarks**, powered by fund and holding-level data

## Clients that Use Burgiss



Note: Burgiss client segment mix as of July 2023 based on annualized contract value

# Burgiss has Leading Data, Analytics and Software Solutions

*Comprehensive, high quality private equity, private real assets and private debt investment data*

## Private Asset Universe Data and Analytics

Gives clients context for performance, exposure and cash flows at the portfolio, fund and underlying holding levels; provides context for both pre- and post- investment activity



- Benchmark managers and portfolios
- Due diligence and research
- Asset allocation
- Support capital raising and investor relations
- Delivered through Private I Platform: Universe Data



## Private Asset Portfolio Management Platform and Funds Transparency

Purpose-built platform to allow investment, risk and operations teams to manage, measure and report on their portfolio of private asset commitments



- Measure and monitor exposures and existing managers
- Identify sources of return and drivers of value creation
- Cash flow and liquidity management
- Investment Book of Record (IBOR) for private assets
- Delivered through Private I Platform: Portfolio Management and Transparency Data



## Multi-Asset Class Solutions For Public and Private Investments

Unique platform designed to provide a comprehensive view of both public and private investments for institutional allocators



- Exposures, risk, liquidity, performance attribution across multi-asset class portfolios
- Data inputs from custodians, investor letters, SMAs, and 13Fs for both public and private assets
- Investment Book of Record (IBOR) for total portfolio
- Delivered through Caissa Platform

# Burgiss has a Leading Research Quality Private Asset Database

Private Asset Category	# of Funds	Total Committed Capital <sup>1</sup>	Total Market Coverage <sup>2</sup>
Private Equity	8.5K	\$6.4T	\$10.3T
Private Real Assets	2.4K	\$2.1T	\$2.7T
Private Debt	1.3K	\$1.3T	\$1.6T
Generalist + Other	0.9K	\$0.7T	\$1.0T
<b>Total Private Capital</b>	<b>13K+</b>	<b>\$10.4T</b>	<b>\$15.5T</b>

## Burgiss has

- **Deep coverage** across private asset classes, fund sizes, investment vehicles and vintages, spanning 195 countries
- **Full holdings transparency**, accumulated through 7M+ documents, including fundamentals, cash flows and capital structure
- **Data sourced** through private disclosure by general partners

Note: This table shows the total number of closed-end funds in the Burgiss universe with inception-to-date cash-flows with date precision accuracy. Committed capital is the sum of commitments made to those funds when launched, and market coverage includes distributions, valuations of open investments and dry powder.

Driving Transparency in an Opaque Market



# A Powerful Combination Between Highly Complementary Franchises



- **Leading provider of data, analytics and applications for private asset investments**
- Strong relationships and **credibility with investors in private assets**, with concentration on pensions, endowments, foundations, and GPs
- Deep and **robust research-quality private asset data** set, enriched with standardized classifications, providing the foundation to develop innovative content and solutions
- **Experts in private assets**, creating thought-leading research and products
- **Unique data collection capability** with proprietary sources and tools to ensure completeness, accuracy and consistency of non-homogeneous, opaque private data

**Strategically Aligned**  
**Positioned to Drive Distribution and Standards**  
**Prepared to Accelerate Innovation**  
**Strong Cultural Fit**



- **Leading provider of data, analytics and applications across all asset classes**
- Deep relationships and **credibility with the largest investment teams in the world**, including asset owners, asset managers, hedge funds, wealth managers, insurance companies and banks
- **Market standard frameworks and mission-critical content** to the investment space across the total portfolio
- Large research team, providing cutting-edge **models, content and tools**
- Industrialized **data factory** capturing, cleansing and organizing standard and alternative data sets

**MSCI and Burgiss well poised to help investors build and manage portfolios across any and all asset-classes**



# Burgiss Combination Enhances MSCI's Strong Foundation in Data, Models and Technology to Help Investors Build Better Portfolios



## Investment Process

- Enables investors to more effectively and efficiently construct multi-asset class portfolios to better achieve their investment objectives:
- Burgiss adds extensive strategic relationships with Limited Partners, which will accelerate expansion of relationships with General Partners

## Investment Tools and Research

- Leveraging world-class research and product development teams to address mission-critical use cases:
- Asset allocation, indexes, performance attribution, portfolio construction, risk management, and ESG & Climate tools, among others

## Investment and Pricing Data

- Foundational layer for supporting clients' investment decisions:
- Burgiss' unique access to 30+ years of proprietary private asset investment and valuation data augmented with MSCI's already substantial data foundation

Comprehensive Data Foundation to Build the Next Layer of Investment Solutions

# Combination Creates a Best-in-Class Private Asset Database



- **Broad coverage** across all private equity, private real assets and private debt with fund sizes, investment vehicles and vintages, including:

- **\$15T** in investment data
- **241K+** underlying investments
- **13K+** funds & funds of funds
- **195** countries



- **Deep coverage** of private real estate providing a full 360-degree view of the landscape:

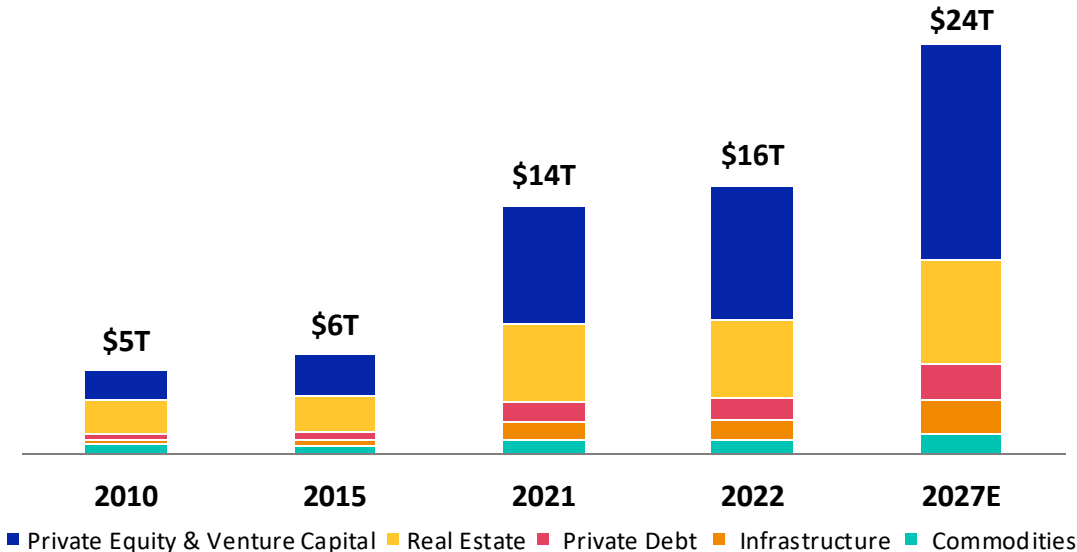
- **\$3T+** in commercial real estate open-end fund coverage
- **1M+** properties
- **\$42T+** global transactions
- **200K+** investor & lender profiles
- **170+** countries

MSCI and Burgiss together provide over \$60T+ of transactions, holdings and funds data, globally

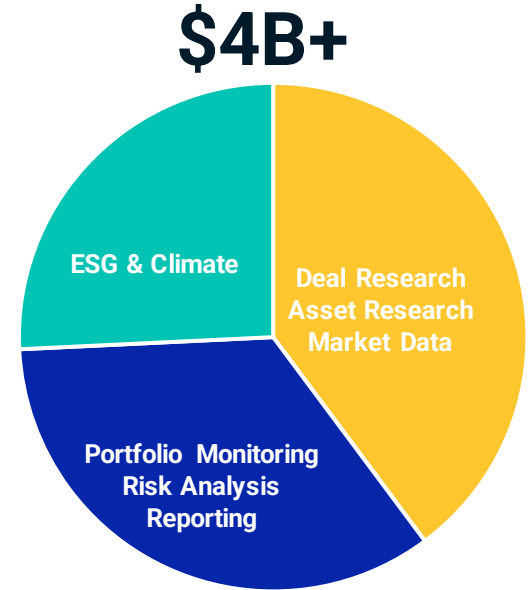
# Private Assets is A Large and Growing Opportunity

*The growth in private asset allocations increases demand for transparency, insights and analytics  
MSCI is well positioned to capitalize on this need for standards and decision tools*

### 5-Year AUM Trends and Projections by Asset Class



### Total Addressable Market



Source: BCG and MSCI Estimates.

# Significant Opportunities to Enhance Growth

## Expanded Client Reach

### Distribution and Brand

- Leverage strong MSCI Global distribution platform and brand awareness to accelerate Burgiss sales
- Deeper access to the Endowments and Foundations, and Family Offices client segments for accelerating adoption of MSCI standards



## New and Enhanced Solutions

### Models and Insights

- Suite of private asset market indexes
- Fund and Asset-level attribute benchmarks
- Enhanced multi-asset class performance attribution and risk analysis
- Investment due diligence tools



### ESG and Climate

- Consistent lens for evaluating Climate across public and private assets
- Expand forward-looking climate metrics
- Tools to engage with portfolio companies, including data collection
- Private company and fund-level ESG assessments



**MSCI and Burgiss Can Be the Common Language and Investment Standard Bearer for Private Markets**

# MSCI and Burgiss Transforming Private Asset Investing

01

## Combination Creates Comprehensive Dataset in Private Assets to Drive Standards

The powerful combination of MSCI and Burgiss is well-positioned to deliver the highest quality data and insights on private asset classes – private equity, private real estate, private debt, infrastructure, and natural resources for market activity, performance and risk

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02

## Facilitates Development of Additional Indexes and Analytics, Including Climate Risk Tools

Significant database spanning investment, transaction and pricing data enhances MSCI's ability to build new solutions to measure performance and risk; model cash flows and liquidity; and evaluate asset allocation

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03

## Deepens our Footprint with Broader Base of Institutional Investors

Unlocking Burgiss' strong client base of endowments, family offices, pension funds and sovereign wealth funds

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04

## Enables MSCI's Expansion of Solutions for the General Partner Segment

Accelerate growth with GPs through new innovative solutions to support two-way communication with LPs

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05

## Further Advances MSCI's Ability to Help Investors Build and Manage Resilient Multi-Asset Class Portfolios