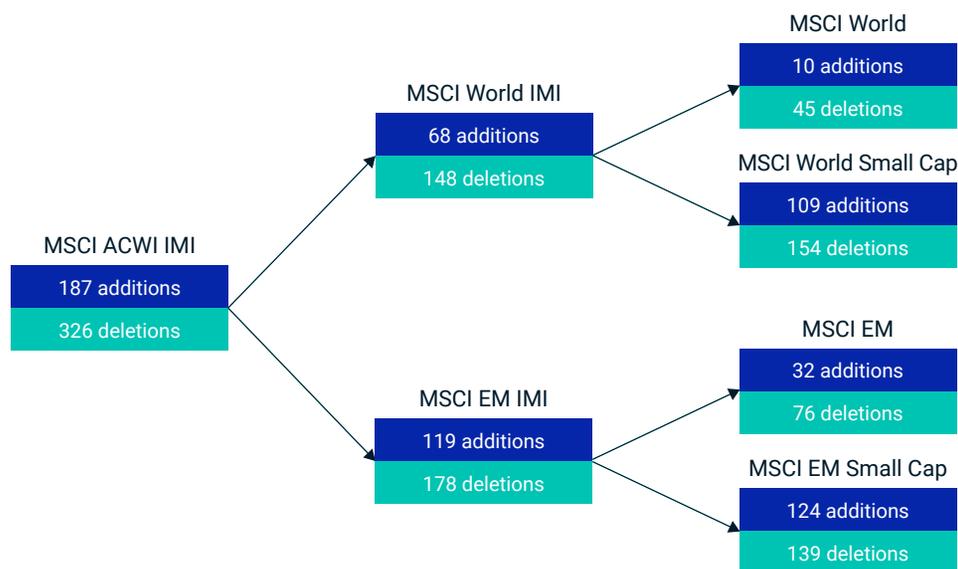


Insights from MSCI May 2024 Index Review

On **May 14th**, we communicated that **187 securities will be added** and **326 securities will be removed** from the MSCI ACWI Investable Market Index (IMI), MSCI's flagship global equity index. The MSCI ACWI IMI is designed to represent the performance of the investment universe of large/mid and small cap companies across developed and emerging markets. It covers approximately 99% of the global equity investment opportunity by free float-adjusted market capitalization.

Further Granularity

Our methodology applies a **building block approach across geographies and company sizes**. This enables investors to assess **how the global investable opportunity has changed at a more granular level**. In this rebalance, there were more additions and deletions in emerging markets than in developed markets for large/mid cap indexes.



In the MSCI World Index, most of the turnover is driven by size segment migrations, particularly from downward migrations in the MSCI USA and MSCI Japan Indexes. Size segment migrations are generally triggered by changes in the full company market capitalization of a company relative to the required size threshold.

In the MSCI Emerging Markets Index, most of the additions and deletions are due to size segment migrations.

Impact on the Indexes

To assess the impact of these changes on the indexes, we calculate one-way index turnover to measure the percentage change in the composition of the index. This index turnover corresponds to the proportion of assets that should be bought in a portfolio replicating the index. As a portfolio has a fixed dollar amount, the amount of assets that should be bought exactly corresponds to the amount of assets that should be sold:



Index turnover is influenced by the number and size of securities added or deleted as well as other changes impacting security index market capitalization, such as free float update.

Additional Highlights

- Starting from the May 2024 Index Review, MSCI will no longer apply the special treatment for the MSCI Egypt Indexes announced on May 08, 2023 and for the MSCI Kenya Indexes announced on August 08, 2022. Based on the feedback from market participants, liquidity in the Egyptian and Kenyan foreign exchange markets and the ability of foreign investors to repatriate capital from the Egyptian and Kenyan equity markets have improved.
MSCI will continue to not implement changes as part of this index review for any securities classified in Bangladesh for the MSCI Bangladesh Indexes or impacted composite indexes in light of currently observed market accessibility issues.
- As announced in November 2023 Jordan met the Foreign Listing Materiality Requirement. Hence, foreign listings will become eligible for the MSCI Jordan Indexes as part of this index Review. Jordan is currently classified as Frontier Market. Also, foreign listings will become eligible for the MSCI Brazil and the MSCI Sweden Indexes starting from the August 2024 and November 2024 Index Reviews, respectively.

What happens next?

June 3rd, 2024 – Effective date of the index changes.

While the index changes were announced on May 14th, they will be implemented for the market cap indexes by June 3rd, 2024. MSCI's standard practice is to announce the results of the review and provide sufficient lead time before implementation, allowing the market and market participants to adjust to the information.

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.

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