



MSCI Inc. Quarterly Update

October 31, 2019

Strong results in third quarter; well on track for a strong 2019

Addressing client needs

- The way the world invests is changing dramatically. Investors are increasingly looking for cost-effective, customized investment strategies with differentiated, sustainable and risk-optimized returns. Correspondingly, investment managers are transforming how they operate to address these needs.
- We believe that MSCI is well positioned to deliver the mission critical content needed to implement systematic and sustainable strategies efficiently. Similarly, we can provide the frameworks and insights to help investors understand and optimize the performance and risk of a portfolio. We also deliver flexible and sophisticated technology to help investors build and manage complex portfolios across asset classes on a scalable and cost-effective basis.
- By unifying the delivery of these capabilities in an integrated fashion through solution-selling, we are bringing the full capabilities of MSCI to our clients as a strategic partner.
- Select recent client wins include:
 - A global diversified alternative asset management firm which will use MSCI's ESG tools for both equity and fixed income investments.
 - A major US university that selected an MSCI fossil fuels index as the policy benchmark for a portion of its endowment tied to public equity assets.
 - An asset owner in Asia looking to deploy MSCI's BarraOne® platform to implement enterprise risk management capabilities.
 - A long-standing user of MSCI's RiskManager who recently purchased our multi-asset-class factor analytics to enable its multi-horizon risk analysis framework.
 - A large European insurer that added MSCI's LiquidityMetrics as an additional module within its RiskManager subscription, thereby implementing liquidity risk analysis into a single workflow.

Launching innovative products

- To help drive growth and differentiate ourselves across client segments, we continue to invest in areas such as Analytics technology, as well as in content and equity index licensing for use in derivatives, ESG and Factor indexes.
- Megatrend indexes are thematic indexes constructed by systematically identifying companies based on linkage of their business lines with the theme being modeled. Examples include:
 - MSCI ACWI IMI Smart Cities Index to track companies that are positively exposed to the shift towards smart cities, including smart connectivity and smart buildings.
 - MSCI ACWI IMI Digital Economy Index to track companies that derive significant revenues from the digital economy value chain, including digital payments and robotics.

- MSCI ACWI IMI Future Mobility Index to track companies that are positively exposed to the sub-themes of electrochemical energy storage technologies, autonomous vehicles and/or electric vehicles, as well as mining companies that produce metals used to manufacture batteries.
- MSCI ACWI IMI Disruptive Technologies Index to track companies that are broadly classified under the sub-themes of 3D printing, the Internet of Things, cloud computing, fintech, digital payments, healthcare innovations, robotics, cybersecurity, clean energy and smart grids.
- MSCI ACWI IMI Millennials Index to track companies that are positively exposed to the spending power and preferences of the “millennial” generation.
- New factor indexes, including Risk Target Multi Asset Class Indexes, Adaptive Multi Factor Indexes, Factor Rotation and Mean Reversion Indexes.
- MAC Factor Model Tiers, which supports factor-based asset allocation, non-equity systematic strategies and communication with multiple audiences.
- OneMSCI Climate Solutions, including newly launched MSCI Climate Change indexes along with a robust set of MSCI Climate metrics and data to help investors manage climate change risks.

MSCI’s open architecture approach

- MSCI has always been open to working with a wide range of clients, distributors, suppliers, vendors, market participants and others in order to provide investors with choice and the solutions they need to effectively achieve their investment objectives.
 - This includes cross-licensing arrangements where MSCI and a third party license to each other the right to use and/or distribute the other party’s IP.
 - MSCI distributes our content through dozens of channels, and many of our capabilities are integrated into the largest and most widely used industry platforms.
 - This “open architecture” approach has been important to our success to date, and we believe will be integral to our future opportunities.

Extending our long-term relationship with BlackRock

- Yesterday we extended our successful relationship with BlackRock for another ten years.
 - BlackRock will continue to pay MSCI periodic license fees calculated based on the assets under management (“AUM”) and the total expense ratios (“TERs”) of licensed BlackRock ETFs.
 - The current license fee rates paid to MSCI will be reduced for ETFs with TERs below certain levels according to a phased implementation period.
 - Based on the AUM as of September 30, 2019 and the most recently confirmed TERs of the ETFs that as of today will become subject to this adjustment during the implementation period, the aggregate reduction to asset-based fees run rate as of September 30, 2019 associated with these adjustments is not material.
 - Any potential future reductions by BlackRock in the TERs of licensed BlackRock ETFs may also reduce the license fee rates payable to MSCI for those ETFs. This is balanced by the potential for incremental assets to flow into licensed BlackRock ETFs.

- We are very pleased with this arrangement, as it is intended to maximize long-term revenue growth and better align our opportunities and successes.

Developing our organizational structure

- A key part of our success is tied to our ability to deliver innovative solutions to our global clients in a flexible and efficient manner.
- MSCI recently launched an internal Innovation Center of Excellence to help prioritize: (i) cultivating a growth mindset; (ii) driving client-focused growth and innovation; and (iii) improving the overall speed of delivery to clients.
- In September 2019, we hired a Head of Lean Practices to establish a Lean Center of Excellence to provide coaching to employees on process improvement initiatives.
- We will soon be opening a new dedicated technology-centered office in Pune, India, as part of our continued enhancement of MSCI's technological capabilities.

About MSCI Inc.

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.

FORWARD-LOOKING STATEMENTS

This quarterly update contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 MSCI’s 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.

Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed with the Securities and Exchange Commission (“SEC”) on February 22, 2019 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if MSCI’s underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this quarterly update reflects MSCI’s current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI’s operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

Key Operating Metrics

MSCI has presented supplemental key operating metrics as part of this third quarter update, including Run Rate.

Run Rate estimates at a particular point in time the annualized value of the recurring revenues under our client license agreements (“Client Contracts”) for the next 12 months, assuming all Client Contracts that come up for renewal are renewed and assuming then-current currency exchange rates, subject to the adjustments and exclusions described below. For any Client Contract where fees are linked to an investment product’s assets or trading volume/fees, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and/or reported exchange fees, and for other non-ETF products, the most recent client-reported assets. Run Rate does not include fees associated with “one-time” and other non-recurring transactions. In addition, we add to Run Rate the annualized fee value of recurring new sales, whether to existing or new clients, when we execute Client Contracts, even though the license start date, and associated revenue recognition, may not be effective until a later date. We remove from Run Rate the annualized fee value associated with products or services under any Client Contract with respect to which we have received a notice of termination or non-renewal during the period and have determined that such notice evidences the client’s final decision to terminate or not renew the applicable products or services, even though such notice is not effective until a later date.

“Organic subscription Run Rate growth” is defined as the period over period Run Rate growth, excluding the impact of changes in foreign currency and the first year impact of any acquisitions. It is also adjusted for divestitures. Changes in foreign currency are calculated by applying the currency exchange rate from the comparable prior period to current period foreign currency denominated Run Rate.