



MSCI Inc. Quarterly Update

January 28, 2021

Addressing the Needs of Clients and Client Segments

- MSCI remains well-positioned to deliver the mission-critical content investors need to build better portfolios for a better world.
- We are striving to provide an index for every portfolio and tools for every investment decision.
- During the quarter:
 - Assets in equity ETFs linked to MSCI Indexes surged past \$1 trillion for the first time. This milestone reflects MSCI's position as a leading provider of index solutions to ETF providers globally. We continue to see fast adoption of our indexes as institutional investors turn to them to help understand the global investable universe; build sustainable, diversified portfolios; and identify long-term financial risks and opportunities.
 - We completed sales of our Climate Value-at-Risk products in ESG and Real Estate, reflecting a broad range of client use cases, including climate reporting, stress testing and integration into proprietary risk management processes. We also won several mandates with asset owners in Europe to use our climate indexes as benchmarks.
 - Growth in new recurring subscription sales in Real Estate reflected increased demand by EMEA clients for our Enterprise Analytics tool, which delivers fund level and enterprise wide transparency and performance analysis.

Continued Progress Across Product and Service Areas

- Climate Paris Aligned Indexes: In October we announced the launch of the [MSCI Climate Paris Aligned Index Suite](#), designed to address climate change in a holistic way by minimizing exposure to transition and physical climate risks and helping investors pursue new opportunities, while aiming to align with the Paris Agreement requirements of limiting global warming to no more than 1.5°C. The indexes are constructed using MSCI's climate metrics and models, including forward-looking data from MSCI ESG Research's enhanced Climate Value-at-Risk Transition and Physical risk models with extensive emissions capture and green revenue data, Low Carbon Transition Scores, Scope 3 emissions data and companies' carbon emission reduction targets.
- MSCI ESG Industry Materiality Map: In November, we launched the [MSCI ESG Industry Materiality Map](#), a public tool to help corporates and industry stakeholders understand MSCI's ESG Ratings model. The map is a continuation of MSCI's mission to increase transparency and educate companies, investors and industry stakeholders on the value of ESG data and ratings. The educational tool provides a window into the dynamic and industry-specific MSCI ESG Rating model and allows users to delve into key E, S and G issues that impact different industries. The Materiality Map also showcases some recent ESG Ratings model enhancements, which include a heightened focus on corporate behaviors, such as fraud and anti-competitiveness practices, across all sectors, assigning greater weight to governance, alongside environmental and social considerations. The updates take into consideration input from some of the world's largest institutional investors as part of MSCI ESG Research's annual Ratings model consultations.

- **Multi-Period Stress Testing (MPST):** Leveraging MSCI’s market leading Multi-Asset Class Factor Models and Stress Testing capabilities, in December, we introduced Multi-Period Stress Testing (MPST), which enables clients to understand the impact of market scenarios that can take years or even decades to play out. These new capabilities allow for more realistic long-horizon scenario analysis for risk management and asset allocation decisions, helping clients understand the trade-off between short-term drawdowns and long-horizon return potential. Risk-averse investors may seek to avoid short-term drawdowns, but may surrender potential market returns in the long term. MPST scenarios, which include both the initial shock and the longer-term recovery, allow investors to better assess this trade-off.

Enhancing Capabilities and Processes

- **Strategic alliance with Bolsa de Valores de Colombia:** In November we announced that MSCI entered into a strategic alliance with Bolsa de Valores de Colombia (bvc), the leading operator of the Colombian capital market infrastructure and the Colombian Securities Exchange, to launch the MSCI COLCAP Index in the first half of 2021. The strategic alliance represents a significant development for MSCI in our mission to encourage and foster the openness and interconnectivity of financial markets across Latin America and around the world. As the leading stock market index for Colombia, the new MSCI COLCAP Index is designed to bring greater transparency and consistency to the Colombia equity universe, and tracks the performance of securities that trade on the bvc.
- **Strategic alliance with IHS Markit:** MSCI formed a strategic alliance with IHS Markit to integrate MSCI's portfolio and risk analytics capabilities with thinkFolio. Through this expanded collaboration with IHS Markit, investors can enhance their risk management capabilities and improve operational efficiency across the entire investment process. The partnership enables clients to have positions/transactions sent from thinkFolio to MSCI, process the clients’ portfolios, and have results sent back for display within thinkFolio. MSCI may also use those portfolios to service the clients directly on our applications and services.
- **Our Corporate Responsibility:** MSCI released its [2020 Task Force on Climate-Related Financial Disclosures \(TCFD\) Report](#), structured around four areas recommended by TCFD including governance, strategy, risk management, and metrics and targets. The report aims to provide greater transparency regarding our approach to sustainability, facilitating sustainable investing and helping to reduce our own long-term financial risks related to climate change. Using science-based targets’ methodologies, we are committing to reduce our Scope 1 and Scope 2 emissions by 50%, and our Scope 3 emissions by 20%, by 2035. We also recently published SASB-aligned disclosures on data security, workforce diversity and engagement, and professional integrity.

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, 2019 filed with the Securities and Exchange Commission ("SEC") on February 18, 2020 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.