



MSCI USA EAFE Growth and Analyst Sentiment Allocator Select Index Methodology



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1 Introduction

The MSCI USA EAFE Growth and Analyst Sentiment Allocator Select Index¹ (the "Index") aims to represent the performance of a strategy that dynamically allocates between the MSCI USA Index² and the MSCI EAFE Index³ based on relative factor exposures to Analyst Sentiment and Growth.

¹ The index is governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document. Please refer to Appendix I for more details.

² The variant used for MSCI USA Index is Gross Total Return.

³ The variant used for MSCI EAFE Index is Net Total Return.

2 Index Construction

2.1 MSCI USA EAFE Growth and Analyst Sentiment Allocator Select Index

The Index uses the Growth and Analyst Sentiment Signals calculated as per Section 2.2 and 2.3 to rotate between the following two component indexes:

- MSCI USA Index
- MSCI EAFE Index

At initial construction and at each monthly rebalance, the weights to the component indexes are assigned as follows:

Analyst Sentiment Signal	Growth Signal	MSCI USA Index Weight	MSCI EAFE Index Weight
≥ 0	≥ 0	100%	0%
< 0	< 0	0%	100%
≥ 0	< 0	50%	50%
< 0	≥ 0	50%	50%

The allocation logic is summarized as follows:

- When both signals are greater or equal to 0, the Index allocates 100% to MSCI USA Index and 0% to MSCI EAFE Index.
- When both signals are less than 0, the Index allocates 0% to MSCI USA Index and 100% to MSCI EAFE Index.
- When the signals have opposite signs (mixed signal — one ≥ 0 and the other < 0), the Index allocates 50% to MSCI USA Index and 50% to MSCI EAFE Index.

2.2 Calculating the Analyst Sentiment Signal

At each Index Review, the Analyst Sentiment⁴ Signal is calculated as the difference between the index-level weighted average Analyst Sentiment factor exposures of the MSCI USA Index and the MSCI EAFE Index.

For each component index, the index-level Analyst Sentiment exposure is calculated as:

$$\text{Index Analyst Sentiment} = \sum (w_{i,t-1} * AS_{i,t-1})$$

Where:

⁴ Please refer to Appendix II for more information on factor definitions

- $w_{i,t-1}$ = closing weight of security i in the component index as of one day before the proforma date
- $AS_{i,t-1}$ = Analyst Sentiment factor exposure of security i from the Barra GEMTR model as of one day before the proforma date

The Analyst Sentiment Signal is then calculated as:

$$\text{Analyst Sentiment Signal} = \text{Index Analyst Sentiment}_{USA} - \text{Index Analyst Sentiment}_{EAFE}$$

Securities with missing Analyst Sentiment factor data are assigned to a factor exposure of zero for the purpose of this calculation.

2.3 Calculating the Growth Signal

At each Index Review, the Growth Signal⁵ is calculated as the difference between the index-level weighted average Growth factor exposure of the MSCI USA Index and the MSCI EAFE Index.

For each component index, the index-level Growth exposure is calculated as:

$$\text{Index Growth} = \sum (w_{i,t-1} * G_{i,t-1})$$

Where:

- $w_{i,t-1}$ = closing weight of security i in the component index as of one day before the proforma date
- $G_{i,t-1}$ = Growth factor exposure of security i from the Barra GEMTR model as of one day before the proforma date

The Growth Signal is then calculated as:

$$\text{Growth Signal} = \text{Index Growth}_{USA} - \text{Index Growth}_{EAFE}$$

Securities with missing Growth factor data are assigned a factor exposure of zero for the purpose of this calculation.

⁵ Please refer to Appendix II for more information on factor definitions

3 Maintenance of the Indexes

3.1 Monthly Index Reviews

The Index is reviewed on a monthly basis and rebalanced on the 1st business day of each month. The pro forma Index is announced three business days before the effective date which is the 1st business day of each month.

3.2 Ongoing Event Related Changes

The Index is derived from the existing MSCI USA Index and MSCI EAFE Index. As a result, corporate events are reflected in the Index as they occur and as they are captured in the underlying indexes..

Appendix I: Methodology Set

The Indexes are governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document as mentioned below:

- Description of methodology set – <https://www.msci.com/index/methodology/latest/ReadMe>
- MSCI Corporate Events Methodology – <https://www.msci.com/index/methodology/latest/CE>
- MSCI Fundamental Data Methodology – <https://www.msci.com/index/methodology/latest/FundData>
- MSCI Index Calculation Methodology – <https://www.msci.com/index/methodology/latest/IndexCalc>
- MSCI Index Glossary of Terms – <https://www.msci.com/index/methodology/latest/IndexGlossary>
- MSCI Index Policies – <https://www.msci.com/index/methodology/latest/IndexPolicy>
- MSCI Global Investable Market Indexes Methodology – <https://www.msci.com/index/methodology/latest/GIMI>

The Methodology Set for the Indexes can also be accessed from MSCI's webpage [Index Methodology](#) in the section 'Search Methodology by Index Name or Index Code'.

Appendix II: Factor Definitions

The methodology presently uses MSCI Barra Global Total Market Equity Trading Model⁶ ("GEMTR") for the signals calculation. A new release of the relevant Barra Equity Model may replace the former version within a suitable timeframe.

The Analyst Sentiment factor exposure captures the sentiment of sell-side analysts toward a company. It is based on changes in analyst recommendations and earnings estimate revisions. Securities with improving analyst sentiment have a positive exposure to this factor, , while those with deteriorating sentiment have negative exposures.

The Growth factor exposure measures the historical and expected growth characteristics of a company. It incorporates measures such as historical earnings growth, sales growth, and expected earnings growth. Securities with higher growth characteristics have a positive exposure to this factor.

⁶ For more information related to the MSCI Barra Global Total Market Equity Trading Model please refer to [Barra Global Total Market Equity Models - MSCI](#)

Contact us

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AMERICA

United States	+ 1 888 588 4567 *
Canada	+ 1 416 687 6270
Brazil	+ 55 11 4040 7830
Mexico	+ 52 81 1253 4020

EUROPE, MIDDLE EAST & AFRICA

South Africa	+ 27 21 673 0103
Germany	+ 49 69 133 859 00
Switzerland	+ 41 22 817 9777
United Kingdom	+ 44 20 7618 2222
Italy	+ 39 02 5849 0415
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China	+ 86 21 61326611
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