

Benchmark Trends

Industry Insights and Open Discussion

27th June 2024

Agenda

Industry Insights and Open Discussion:

- 1. Indices and Benchmarks**
- 2. In the news**
- 3. Benchmark trends according to ChatGPT**
- 4. MSCI Investment trends**
- 5. Bloomberg indexing**
- 6. Index concentration and performance**

Indices and Benchmarks

Indices are often considered to be synonymous with benchmarks – should they be?

What does the word “benchmark” mean to you?

In the news

Benchmarks

EFAMA flags ESG data concerns in EU benchmark regulatory overhaul

Proposed regulatory changes would negatively impact asset managers who rely on provider data to meet SFDR requirements.

ESG round-up: Hundreds of ESG funds 'could be misaligned with ESMA naming guidance'

The latest developments in sustainable finance: Phoenix Group launches Climate Aware Equity benchmarks; \$1.2trn investor group writes to Amazon over workers' rights.

FCA fines CGML £27,766,200 for failures in its trading systems and controls

Press Releases | First published: 22/05/2024 | Last updated: 22/05/2024

Financial regulator finds wholesale data market can be improved

Press Releases | First published: 29/02/2024 | Last updated: 29/02/2024

The FCA has today published the findings of its [wholesale data market study](#), which examined competition in the markets for credit ratings data, benchmarks and market data vendor services.

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The FCA has fined Citigroup Global Markets Limited £27,766,200.

INDUSTRY UPDATES

MSCI tightens metrics on Invesco's Paris-Aligned ETF range

Two new climate objectives have been added to MSCI's PAB methodology
Theo Andrew | 21 May 2024

FCA finds competition faults in wholesale data markets

ICE Benchmark Administration Provides Update Regarding the Cessation of Sterling LIBOR ®

2/29/2024

Benchmark trends according to ChatGPT

Sustainability and Climate Action	<ul style="list-style-type: none">• ESG and Climate Investing• Private Debt and Climate Transition
Technological Integration	<ul style="list-style-type: none">• Artificial Intelligence• Digital Assets and Blockchain
Energy Transition	<ul style="list-style-type: none">• Renewables and Clean Energy• Electrified Transport and Infrastructure
Thematic and Factor Investing	<ul style="list-style-type: none">• Thematic Investing• Factor Investing
Geopolitical and Economic Risk Management	<ul style="list-style-type: none">• Geopolitical Tensions• Economic Policy Impact
Volatility and Risk Management	<ul style="list-style-type: none">• Market Volatility
Emerging Markets	<ul style="list-style-type: none">• Growth Opportunities

MSCI Investment trends

Five key themes for 2024

Key investment themes



1. A return to directional uncertainty for interest rates



2. A brighter spotlight on private markets



3. Global power shifts



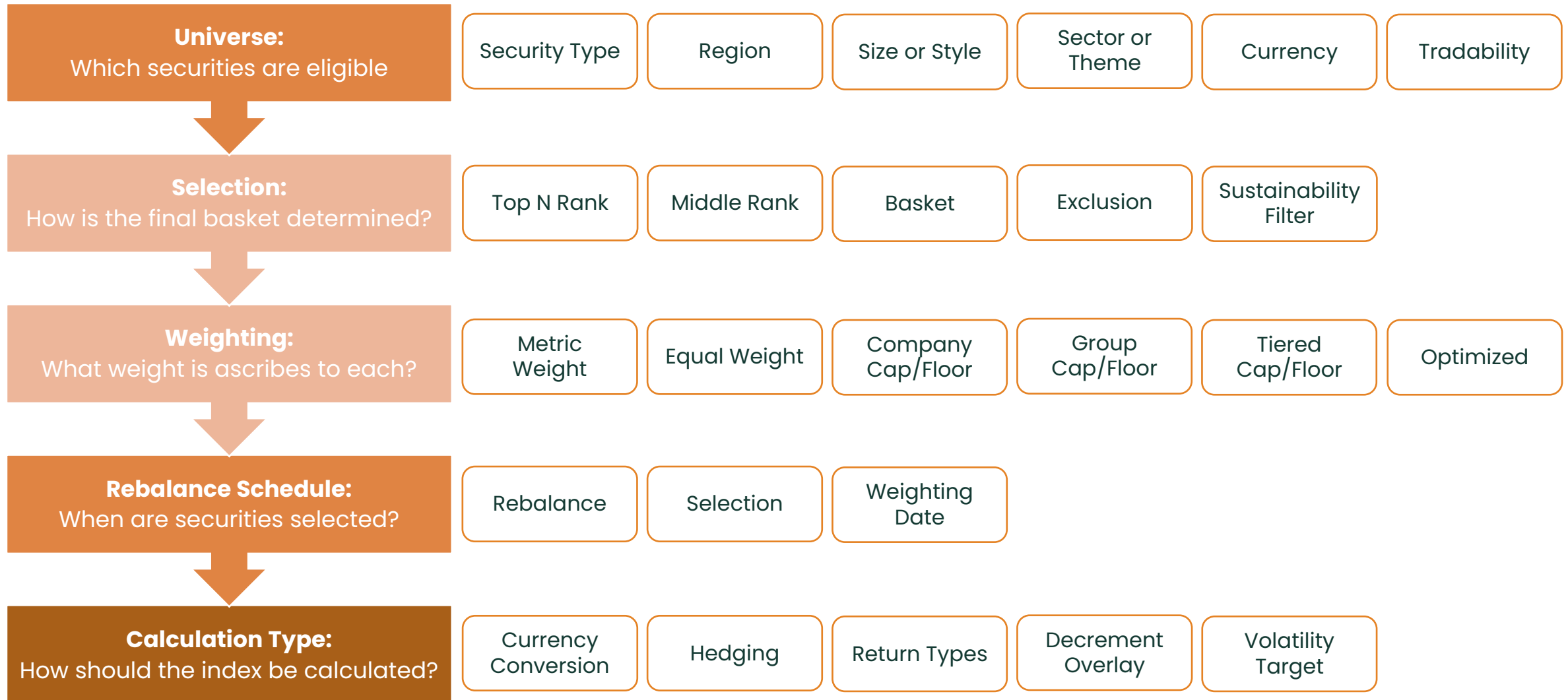
4. AI everywhere



5. Putting more energy into the climate transition

Source: MSCI

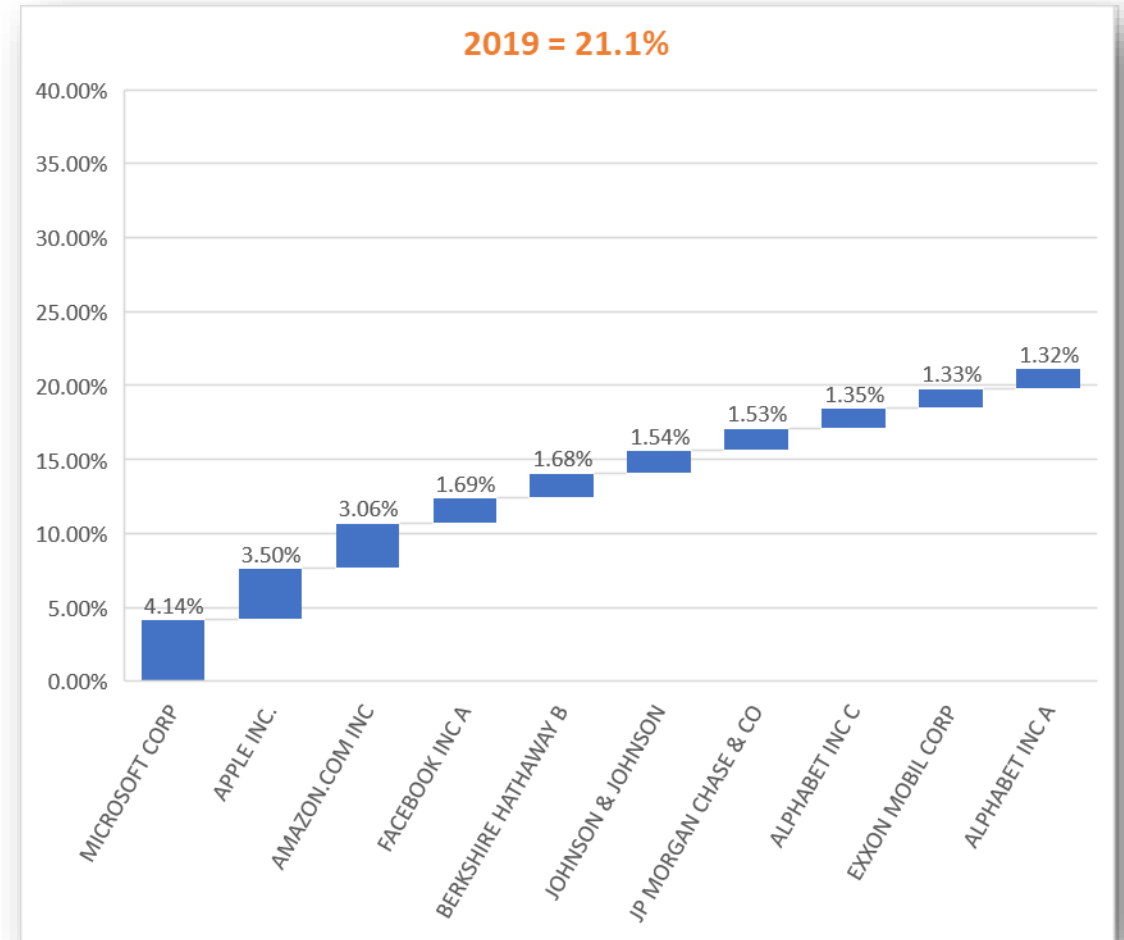
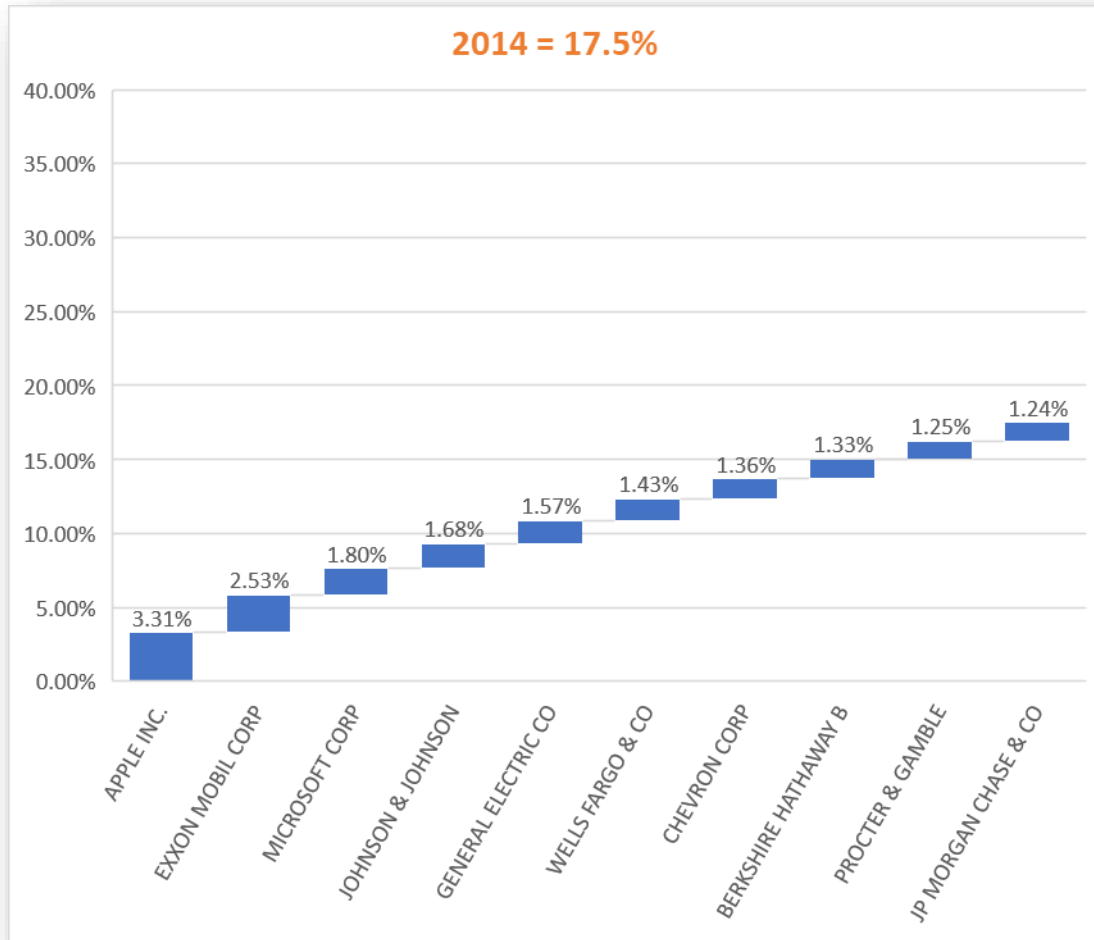
How will indexing evolve with personalized investing?



Source: Bloomberg

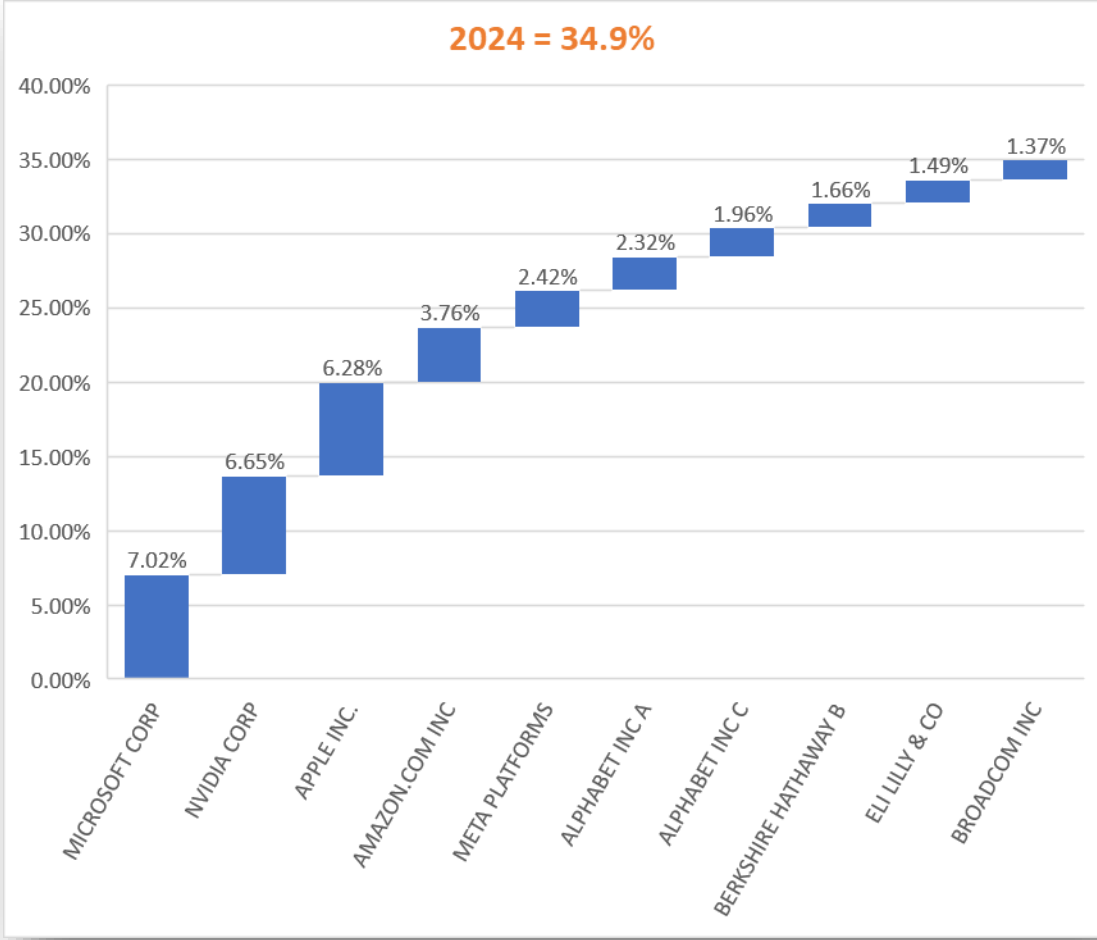
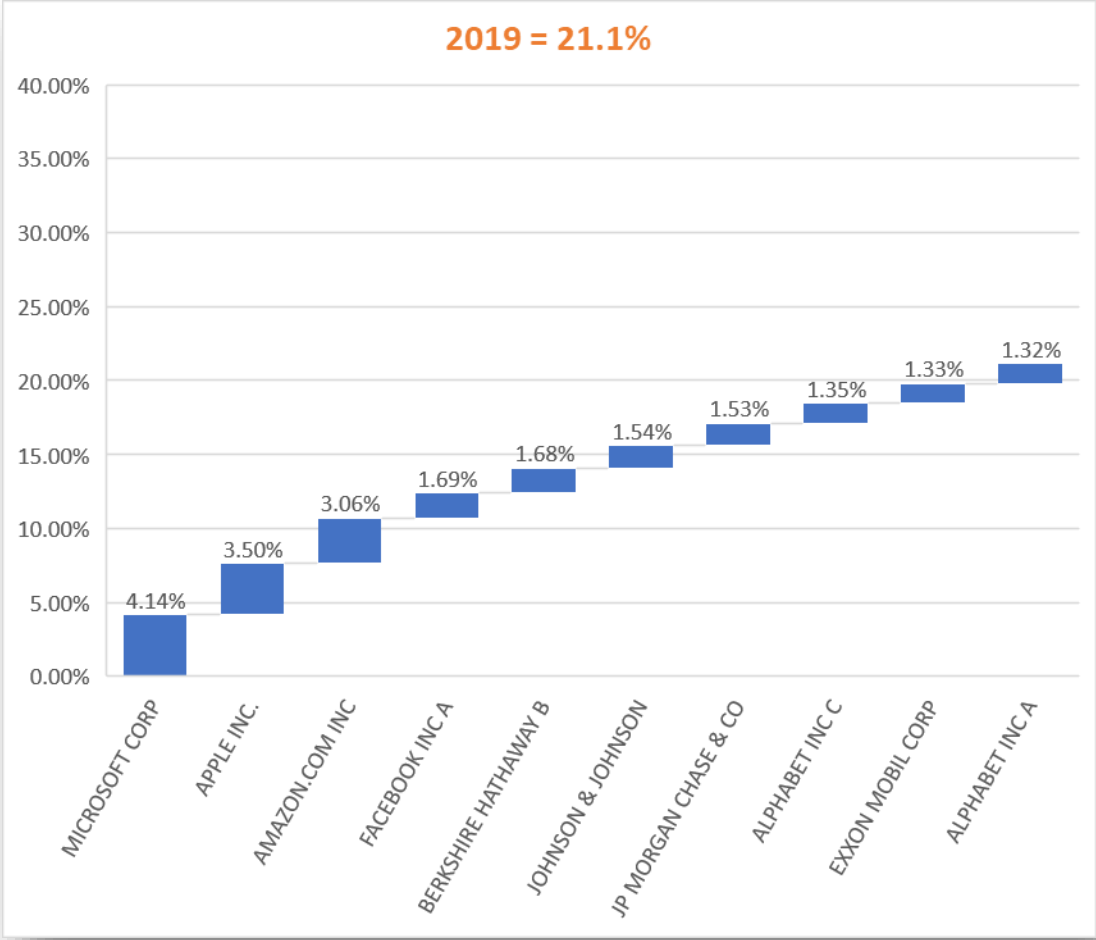
Index concentration

S&P 500 top 10 companies (2014 versus 2019)



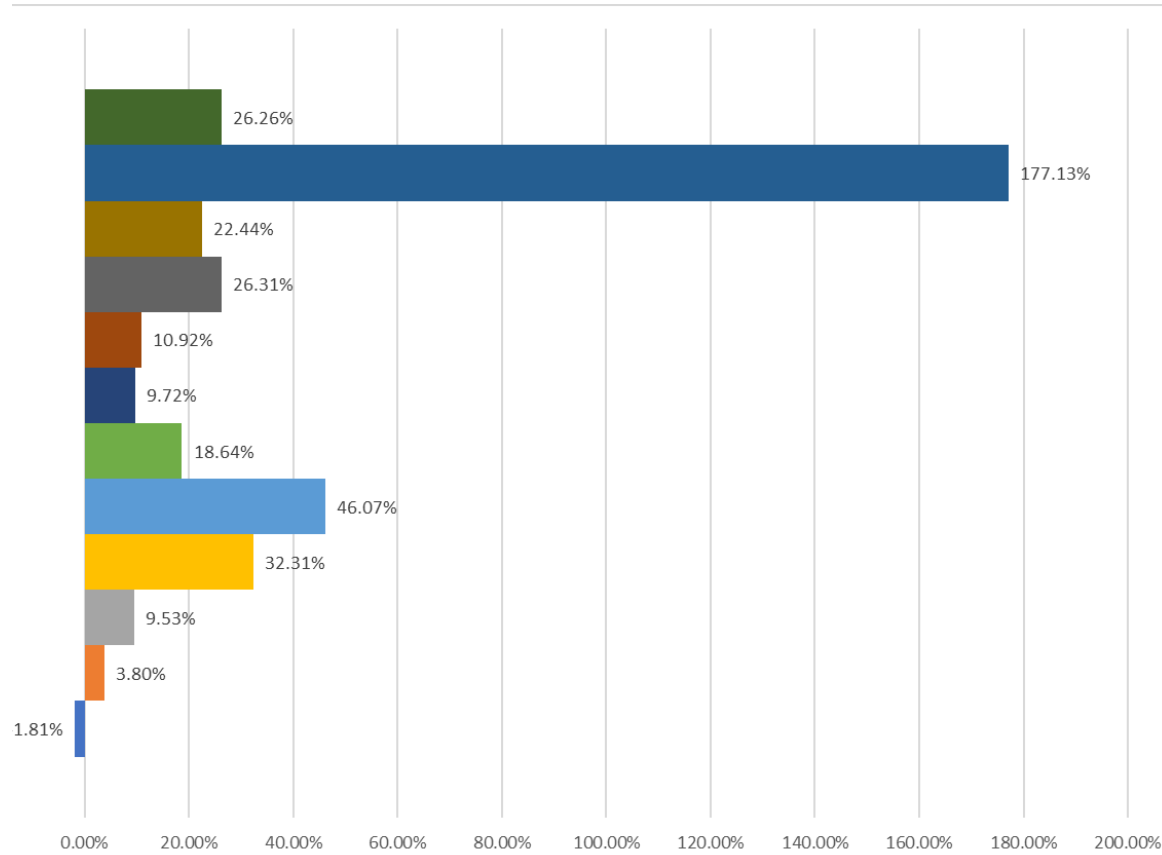
Index concentration

S&P 500 top 10 companies (2019 versus 2024)



Performance of Sector Indices

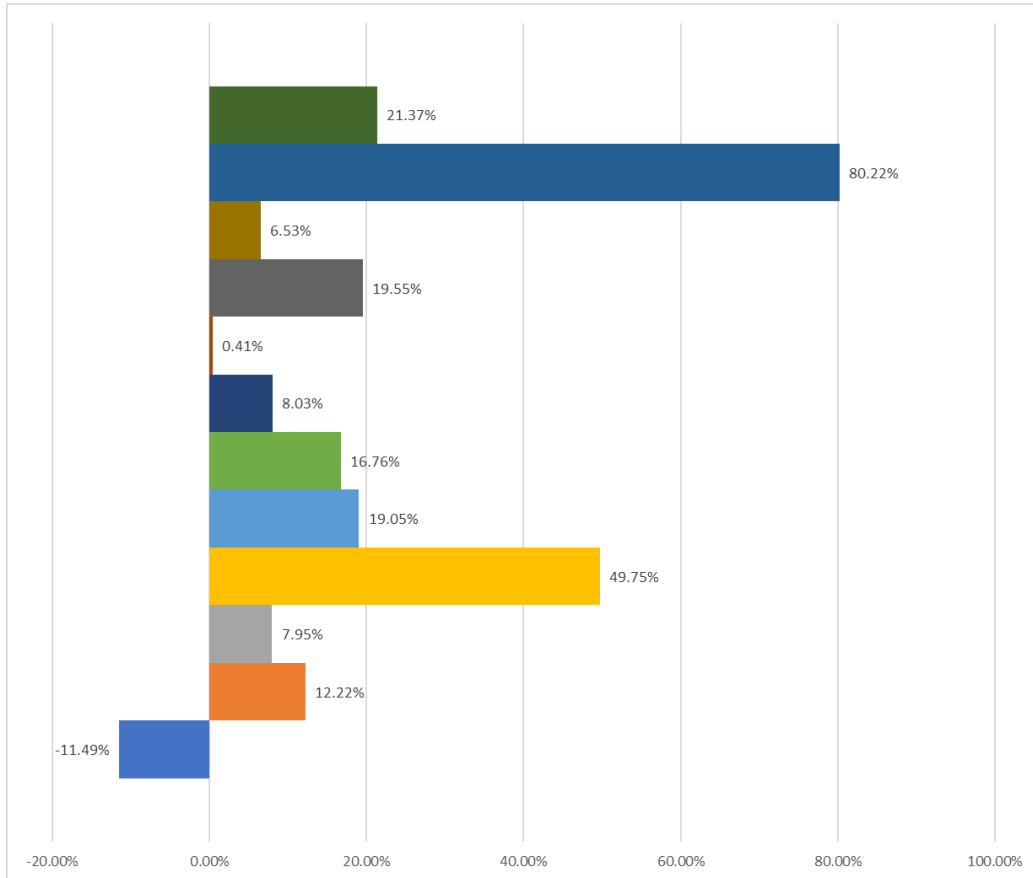
MSCI World sector performance
Energy (Oil & Gas) has outperformed all other sectors



Index Description	Sept 20 to Sept 23
MSCI WORLD	26.26%
MSCI WORLD ENERGY	177.13%
MSCI WORLD MATERIALS	22.44%
MSCI WORLD INDUSTRIALS	26.31%
MSCI WORLD CONSUMER DISCRETIONARY	10.92%
MSCI WORLD CONSUMER STAPLES	9.72%
MSCI WORLD HEALTH CARE	18.64%
MSCI WORLD FINANCIALS	46.07%
MSCI WORLD INFORMATION TECHNOLOGY	32.31%
MSCI WORLD COMMUNICATION SERVICES	9.53%
MSCI WORLD UTILITIES	3.80%
MSCI WORLD REAL ESTATE	-1.81%

Performance of Sector Indices

MSCI World sector performance (updated May 2024)
 Energy (Oil & Gas) has still outperformed all other sectors with Information Technology catching up



Index Description	May 21 to May 24
MSCI WORLD	21.37%
MSCI WORLD ENERGY	80.22%
MSCI WORLD MATERIALS	6.53%
MSCI WORLD INDUSTRIALS	19.55%
MSCI WORLD CONSUMER DISCRETIONARY	0.41%
MSCI WORLD CONSUMER STAPLES	8.03%
MSCI WORLD HEALTH CARE	16.76%
MSCI WORLD FINANCIALS	19.05%
MSCI WORLD INFORMATION TECHNOLOGY	49.75%
MSCI WORLD COMMUNICATION SERVICES	7.95%
MSCI WORLD UTILITIES	12.22%
MSCI WORLD REAL ESTATE	-11.49%



Any questions?

References:

- **MSCI Investment Trends in Focus**
<https://www.msci.com/www/research-report/investment-trends-in-focus-five/04291408135>
- **Bloomberg Indices 2024 outlook: Equity**
<https://www.bloomberg.com/professional/insights/trading/indices-2024-outlook-equity/>