



Know Your Benchmark

A look at the most common global indices and their performance

Knowing how to properly benchmark an investment manager and its strategies is crucial to understanding their performance—both on an absolute and relative basis. Indices can have significantly different weightings to countries and regions depending on the investment objective. That will ultimately have an impact on their returns and exposure.

MSCI ACWI Index					
Developed Markets			Emerging Markets		
MSCI World Index			MSCI Emerging Markets Index		
Americas	MSCI EAFE				
Americas	Europe & Middle East	Pacific	Americas	Europe & Middle East	Pacific
Canada United States	Austria Belgium Denmark Finland France Germany Ireland Israel Italy Netherlands Norway Portugal Spain Sweden Switzerland United Kingdom	Australia Hong Kong Japan New Zealand Singapore	Argentina Brazil Chile Colombia Mexico Peru	Czech Republic Egypt Greece Hungary Poland Qatar Russia Saudi Arabia South Africa Turkey UAE	China India Indonesia Korea Malaysia Pakistan Philippines Taiwan Thailand

Research Bites: U.S. and International – Indices

The global markets are broken up between developed markets and emerging markets, with the MSCI ACWI Index including both. A common mistake investors make is thinking that the MSCI World or MSCI EAFE indices include emerging markets. Another oversight is not knowing which countries are defined as developing or emerging. Benchmarking an active manager to the correct index is an important element of evaluating its alpha capabilities.

U.S. Stocks Driving Global Returns

Year-to-date index performance (as of 12/31/2020)

Contribution to Return		Contribution to Return	
MSCI ACWI Performance	16.3%	MSCI World Performance	15.9%
Developed Market		Developed Market	
Americas	12.0	Americas	13.8
Europe & Middle East	1.2	Europe & Middle East	1.4
Pacific	1.1	Pacific	1.3
Emerging Markets		Emerging Markets	
Americas	-0.2	Americas	-
Europe & Middle East	-0.1	Europe & Middle East	-
Pacific	2.7	Pacific	-
Residual		Residual	
Unclassified	-0.5	Unclassified	-0.5

Contribution to Return		Contribution to Return	
MSCI EAFE Performance	7.8%	MSCI Emerging Mkt Performance	18.3%
Developed Market		Developed Market	
Americas	0.0	Americas	-
Europe & Middle East	4.4	Europe & Middle East	-
Pacific	4.0	Pacific	-
Emerging Markets		Emerging Markets	
Americas	-	Americas	-1.5
Europe & Middle East	-	Europe & Middle East	-0.7
Pacific	-	Pacific	21.2
Residual		Residual	
Unclassified	-0.55	Unclassified	-0.7

Country Index Performance

Ranked by year-to-date returns (as of 12/31/2020)

Developed Market Performance	QTR Return	YTD Return	Emerging Market Performance	QTR Return	YTD Return
MSCI Denmark	14.0%	43.7%	MSCI Korea	38.3%	44.6%
MSCI Netherlands	18.4%	24.1%	MSCI Taiwan	23.1%	41.0%
MSCI Sweden	14.4%	23.9%	MSCI China	11.2%	29.5%
MSCI USA	13.0%	20.7%	MSCI India	21.0%	15.6%
MSCI Finland	10.1%	20.4%	MSCI Argentina	21.2%	12.7%
MSCI New Zealand	13.2%	19.9%	MSCI Malaysia	10.1%	3.7%
MSCI Ireland	13.0%	15.1%	MSCI United Arab Emirates	10.6%	-0.9%
MSCI Israel	19.2%	15.0%	MSCI Mexico	31.0%	-1.9%
MSCI Japan	15.3%	14.5%	MSCI Qatar	2.4%	-2.4%
MSCI Portugal	21.6%	14.4%	MSCI Philippines	22.2%	-3.4%
MSCI Switzerland	8.2%	11.6%	MSCI South Africa	22.1%	-4.0%
MSCI Germany	11.5%	11.5%	MSCI Peru	29.8%	-4.7%
MSCI Australia	22.9%	8.7%	MSCI Chile	28.4%	-5.6%
MSCI Hong Kong	15.5%	5.8%	MSCI Indonesia	31.8%	-8.1%
MSCI Canada	13.9%	5.3%	MSCI Turkey	30.3%	-8.8%
MSCI France	20.4%	4.1%	MSCI Poland	16.5%	-11.4%
MSCI Italy	22.4%	1.8%	MSCI Hungary	39.2%	-11.7%
MSCI Norway	18.8%	-1.8%	MSCI Thailand	25.5%	-11.7%
MSCI Austria	47.3%	-3.3%	MSCI Russia	21.6%	-12.5%
MSCI Spain	27.7%	-4.8%	MSCI Pakistan	7.7%	-17.1%
MSCI Singapore	18.8%	-7.5%	MSCI Colombia	48.7%	-19.0%
MSCI Belgium	18.3%	-8.1%	MSCI Brazil	37.0%	-19.0%
MSCI United Kingdom	16.9%	-10.5%	MSCI Greece	16.4%	-26.9%

	QTR	YTD	1-Year	3-Yrs*	5-Yr*	10-Yr*
MSCI ACWI NR USD	14.68	16.25	16.25	10.06	12.26	9.13
MSCI World NR USD	13.96	15.90	15.90	10.54	12.19	9.87
MSCI EAFE NR USD	16.05	7.82	7.82	4.28	7.45	5.51
MSCI EM NR USD	19.70	18.31	18.31	6.17	12.81	3.63

Data Source: Morningstar

*Annualized

All index performance marked as “TR” is “Total Return” and is calculated based on the daily reinvestment of dividends on the ex-dividend date. The information and statistical data contained herein have been obtained from sources we believe to be reliable. Indices are unmanaged, hypothetical portfolios of securities that are often used as a benchmark in evaluating the relative performance of a particular investment. An index should only be compared with a mandate that has a similar investment objective. An index is not available for direct investment, and does not reflect any of the costs associated with buying and selling individual securities or management fees. Please read the following Glossary of Indexes for important information about each index.

Morgan Stanley Capital International, All Country World Index (MSCI ACWI) – An Index in US dollars based on companies listed on stock exchanges in 23 developed market countries and 27 emerging market countries. The Index is created by aggregating the 50 different country Indices, all of which are created separately. It is considered to be generally representative of domestic and overseas stock markets.

Morgan Stanley Capital International, World Index (MSCI World) - An Index in US dollars based on the share price of companies listed on stock exchanges in 23 developed countries including the US and Canada. This Index is created by aggregating the 23 different country Indices, all of which are created separately. It is considered to be generally representative of domestic and overseas stock markets.

Morgan Stanley Capital International, Europe, Australasia, Far East Index (MSCI EAFE) - An Index in US dollars based on the share price of companies listed on stock exchanges in 21 developed countries outside of North America. This Index is created by aggregating the 21 different country Indices, all of which are created separately. It is considered to be generally representative of overseas stock markets.

Morgan Stanley Capital International, Emerging Markets (MSCI EM) - An Index in US dollars based on companies listed on stock exchanges in 27 emerging market countries. The Index is created by aggregating the 27 different country Indices, all of which are created separately. It is considered to be generally representative of overseas stock markets of emerging market countries.

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