

# MSCI Quantitative Investment Solutions

## ► Enabling customization at scale

MSCI Quantitative Investment Solutions (QIS) offers hosted, scalable, and easy-to-integrate optimization toolkit that portfolio managers can use to help efficiently and effectively construct tax-optimized and personalized portfolios in line with their clients' financial objectives.

### Rule-based strategies for customized portfolios



#### Deliver tax aware portfolio construction

Portfolio managers can use our standard templates to help them manage tax implications across different scenarios.

- **Tax Advantaged Model Tracking** – Track a model portfolio or index within a provided tracking error cap while minimizing gains and maximizing losses
- **Tax Neutral** – Avoid any capital gains while tracking towards a model portfolio or index
- **Gain Budget** – Track as close as possible to a model portfolio or index within a capital gain cap
- **Max Loss Harvesting** – Realize as many capital losses as possible, allowing for as much deviation from the model portfolio or index as necessary
- **Gain Realization** – Realize capital gains during rebalance while continuing to track the model or index
- **Blank Tax Template** – Flexibility to define your tax-optimization problem
- **Non-taxable** – Personalize your non-tax portfolio optimization to your specifications



#### Enable portfolios reflecting personal values, preferences, and constraints

In addition to tax aware optimization features, QIS also enables portfolio managers to use rule-based strategies to help implement personalization reflecting investors' preferences and investment requirements.

- Unlimited exclusions of individual securities
- Filter assets based on country or industry
- Screen assets by ESG score or business involvement
- Screen companies by carbon transition category
- Factor based tilts

## Tax Portfolio Management screens

**Portfolio Manager Input: Provide tax lots, benchmark index or model, and tax templates**

Ticker	Acquisition Date	Cost Basis	Shares
AAPL	12/21/2018	\$40/share	500
TSLA	11/5/2021	\$407/share	200
MSCI	2/8/2019	\$172.29/share	100

Benchmark Name	Customization	Additional Notes
MSCI USA	N/A	Standard US client - minimize gains/ harvest losses where possible

### Templates

TaxAdvantagedModelTracking (50bps)

GainBudgeting (\$10,000)

TaxNeutral

**Solution Output: Transition template options, from close tracking, gain budget, and tax neutral**

### Option 1 - Full Rebalance (w/ subsequent Loss Harvesting)

Post-Initial Rebalance TE	50 bps
Realized ST Gains	\$ -
Realized ST Losses	\$ -
Realized LT Gains	\$74,421.46
Realized LT Losses	\$(41,237.17)
Net Realized Gain/Loss	\$33,184.29
Tax Cost	\$7,897.86
Initial turnover	88%
# Names in Portfolio	262

### Option 2 - \$10K Annual Gain Budget

Post-Initial Rebalance TE	296 bps
Realized ST Gains	\$-
Realized ST Losses	\$-
Realized LT Gains	\$53,220.00
Realized LT Losses	\$(43,220.00)
Net Realized Gain/Loss	\$10,000.00
Tax Cost	\$2,380.00
Initial turnover	70%
# Names in Portfolio	196

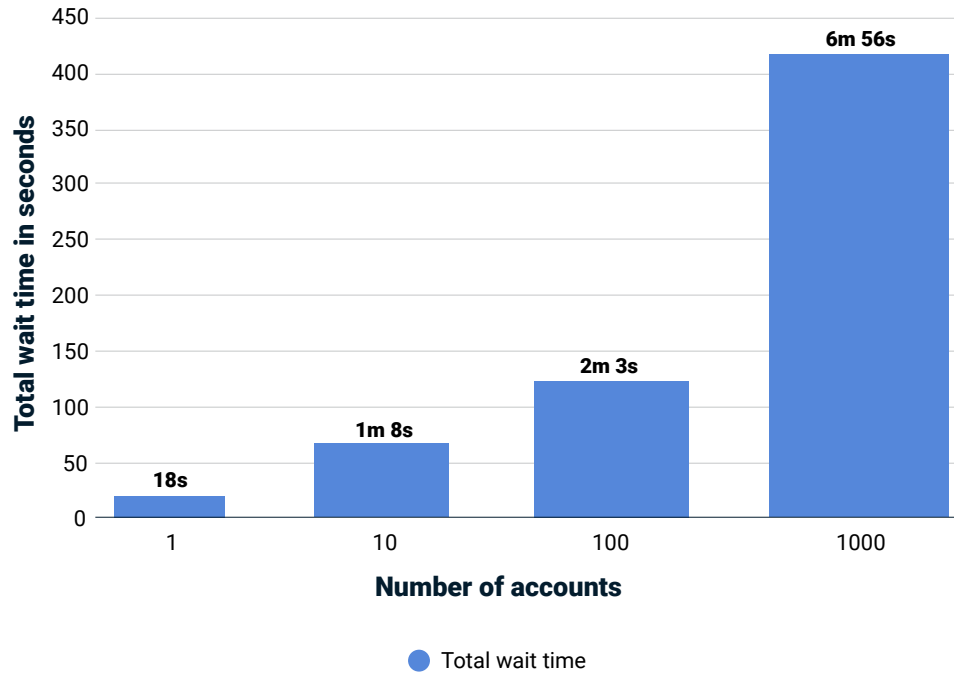
### Option 3 - Tax Neutral

Post-Initial Rebalance TE	412 bps
Realized ST Gains	\$-
Realized ST Losses	\$-
Realized LT Gains	\$43,219.91
Realized LT Losses	\$(43,220.00)
Net Realized Gain/Loss	-\$0.09
Tax Cost	\$0.00
Initial turnover	61%
# Names in Portfolio	156

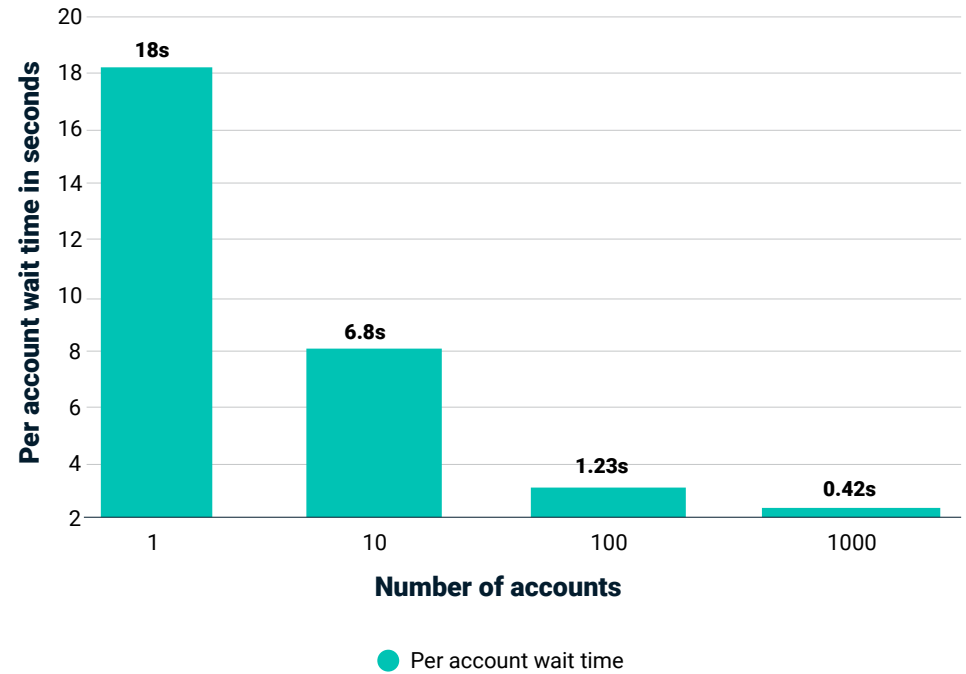
## Gain scalability to help you optimize thousands of accounts in minutes

MSCI QIS enables portfolio managers to quickly scale from a single account to hundreds or even thousands of accounts. As shown below, an exponential increase in the number of accounts has resulted in just a minimal increase in the total wait time and significant decrease in the wait time per account.

### Total wait time



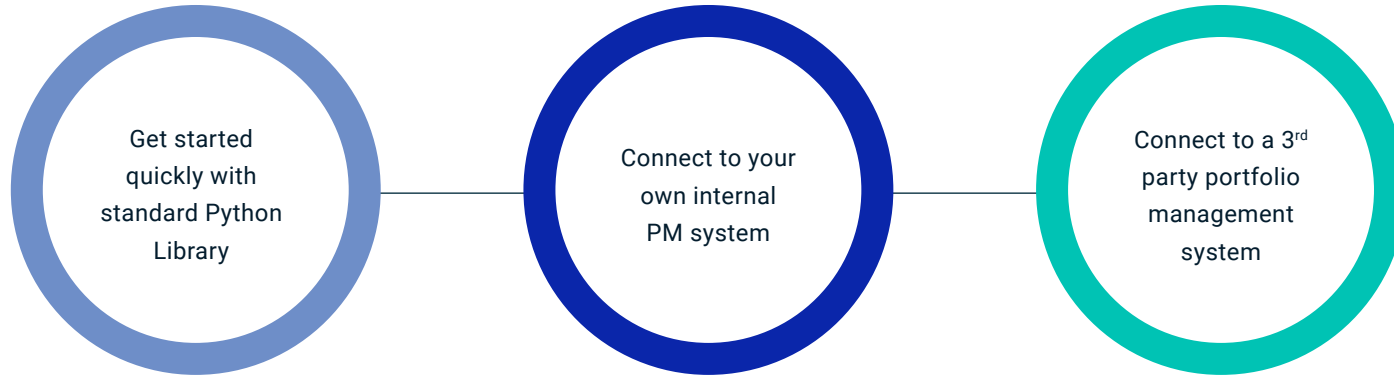
### Per account wait time



Typical time taken to run an optimization job using the Tax Advantaged Model Tracking Template, for tax lots simulated from MSCI USA, as of 13-Nov-2022

## Highly flexible and frictionless delivery mechanisms to meet your needs

Rapidly onboard by leveraging our cloud-scalable optimization API in multiple ways:



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## About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 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](https://www.msci.com).

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