

# MSCI Index Explainers: Types of Indexes

## Transcript

So, you know what an index is and maybe you also know some of the more famous indexes (images of MSCI World Index and other MSCI indexes)... These are classic equity market indexes, and they rank companies based on their size or market capitalization – the larger the company, the larger their size in the index.

But there are other types of indexes available that will have different rules and other ways to select and rank companies.

Factor indexes zoom in on specific characteristics or “factors”. These rules might include elements like value, growth, yield or volatility.

ESG indexes, standing for Environmental, Social, and Governance, assess companies across multiple dimensions like employees, stakeholders, and growth, equality, sustainability or gender diversity.

For those who want to delve even further into companies that focus more on their climate impact there are Climate indexes. These rank companies on rules like their carbon emissions or positive environmental impact.

Lastly, Thematic Indexes focus on specific trends or industries, like robotics, healthcare, or clean energy, enabling investors to participate in exciting sectors shaping the future.

All of these rules and topics can also be applied on the fixed income market and cover securities like corporate or government bonds.

So, whether you're tracking equities, diving into bonds, seeking factor advantages, supporting sustainability, addressing climate concerns, or exploring cutting-edge themes, indexes are your compass.

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