

INVITATION: February 25th, 2014, NYC
**“The Use of Benchmark Indexes as Investment Guidelines:
Implications for Long-Term Risk Exposure & Finance”**

The 2° Investing Initiative and MSCI ESG Research cordially invite you to the workshop, “The Use of Benchmark Indexes as Investment Guidelines: Implications for Long-Term Risk Exposure & Finance”, at the MSCI Headquarters in New York City on February 25th, 2014. The workshop will be conducted in the context of the 2° Investing Initiative study “[Winning the long-game: Implications of using benchmark indexes for long-term investors](#)”, conducted in partnership with HSBC and Allianz. Please find the Program below and a brief note on the research project.

[Click here to register](#)

Location: MSCI Global Headquarters, 7 World Trade Center, 250 Greenwich Street, New York

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PROGRAM

12:45 **Registration & Welcome**

13:00 – 16:00 **Workshop**

The purpose of the workshop is to identify and deepen the understanding of how and why mainstream indexes are used by passive and active managers, and to explore the obstacles to the adoption of alternative indexes (fundamental, low-carbon, etc.).

ABOUT THE RESEARCH PROJECT

Study. The 2° Investing Initiative, in partnership with HSBC and Allianz, is conducting a study on the implications of using benchmark indices and related incentives on institutional investors’ decision making in relation to: i) long-term financing, specifically the financing of the energy transition; and ii) risk exposure, specifically for long-term investors. The study will cover both equity and bond indices and the corresponding mutual fund offers.

Background. A growing list of issues has given rise to an increased debate both among asset managers and policy-makers as to the role of benchmarks in finance (not limited to equity markets). Three key issues stand out in this regard:

- **Long-term and climate financing gap.** The analysis of public policies and tax regimes shows that policy-makers tend to consider financial markets as a key source of financing for long-term investments. One of the key determinants of industry and technology allocation in turn are benchmarks. As a result, benchmarks can be seen as the ‘lighthouse’ of financial markets, guiding investors toward (and potentially away) from long-term and climate-friendly investments.
- **Risk-adjusted returns.** Recent research on US stocks suggests that alternative index construction over performs cap-weighted benchmarks, but most investors feel tight to mainstream cap-weighted indices.
- **Diversity in investment strategies.** A growing chorus of observers are questioning the potential threat to financial stability of ‘everyone betting on the same horse’ and call for diversity in the use of indices and active investment strategies.