

TRANSACTION RATIONALE

Sale

MSCI Inc.: Sell MSCI as valuation looks stretched

Since our first purchases back in 2019, MSCI stock has more than doubled, driven by strong growth of owner’s earnings but also by an expansion of the valuation multiple. After its run-up in 2021, we trimmed some of our positions in the broader based portfolios on valuation concerns. While the stock has come down since, other quality names have lost significantly more in this year’s correction. Due to the still high multiple of 34.5x next year’s owner’s earnings, the long-term return outlook for MSCI stock looks less attractive than what other high quality names currently offer. Therefore, we sell the remaining positions as the still stretched valuation makes the stock vulnerable in an environment where investors grow increasingly wary of higher valuations.

However, given the heightened uncertainties we keep the sales proceeds in cash with view to take advantage of future investment opportunities that the current volatile market environment might create.

Chart since initial purchase: MSCI inc. vs. the MSCI World and the Sector



Source: Bloomberg Data range: 06.08.2019 – 11.10.2022
 Total return in USD Note: past performance is not a reliable indicator of future results

With kind regards,

Emerald Wealth Partners AG, Investment Office

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