

# EIKON – MSCI BARRA OPTIMIZER

Leverage Barra portfolio optimization, integrated into the Eikon portfolio management workflow

In today's environment, investors are demanding more transparency and a more systematic approach to portfolio construction, risk management and hedging strategies. Under pressure to outperform, asset managers are focused on ways to efficiently optimize portfolios to reduce tracking error and minimize risk.

## An industry's leading portfolio optimization tool

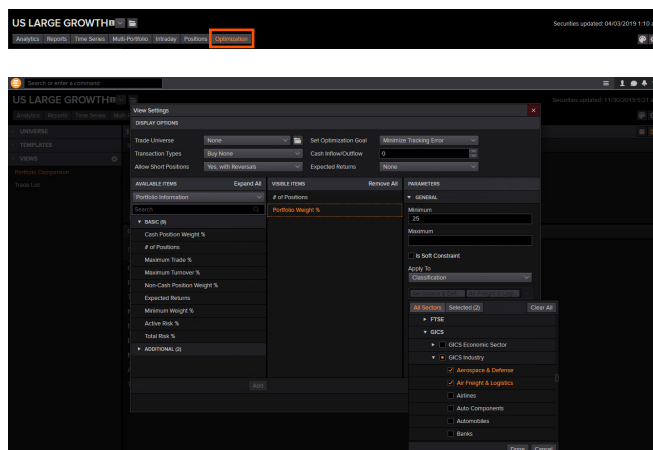
MSCI Barra Optimizer is an industry-leading optimization tool that brings with it 30+years of portfolio construction and optimization experience. The Barra capabilities have been integrated into our Eikon platform. Our platform provides a portfolio and risk management workflow for institutional asset management firms, hedge funds, asset owners, insurance companies and private banks – leveraging custodians and other platforms to source portfolio and transaction data to address a number of optimization approaches.

## Demonstrating a more systematic approach

The Barra Optimizer in Eikon combines a powerful optimization engine with Refinitiv's industry leading content, enabling fund managers to demonstrate a more quantitative approach to portfolio construction to address index tracking, stock selection and asset allocation in an effort to maximize returns while minimizing risk. Leveraging Barra's multi-factor risk model provides transparency into the underlying factor exposures used in the optimization.

## Transparency into trade-offs with practical constraints

The Barra Optimizer provides transparency into the trade-offs it makes. It also includes constraint-aware roundlotting, giving portfolio managers economically meaningful results. Importantly, the Barra Optimizer also helps control trading costs through thresholds and limits on the maximum number of names and turnover.



Constraint	Applied to	Min	Max	Initial Value	Optimized Value	Change
# of Positions	Portfolio	0.000	75.000	28.000	28.000	0.000
Minimum Weight (%)	Security	0.000	0.988	0.987	0.987	0.019
Maximum Trade (%)	Portfolio	0.000	75.000	28.000	28.000	0.000
Non-Cash Position Weight (%)	Security	0.000	75.000	0.000	0.000	0.000
Cash Position Weight (%)	Security	0.000	75.000	0.000	0.000	0.000
Expected Returns	Portfolio	0.000	75.000	0.000	0.000	0.000
Total Risk (%)	Portfolio	0.000	75.000	0.135	0.141	0.006
Active Risk (%)	Portfolio	0.000	75.000	0.041	0.023	-0.018

### Simplify portfolio optimization with Refinitiv's market data

Refinitiv® has integrated Eikon with the Barra Optimizer libraries; all our data is available for setting constraint options. Our company fundamentals are included, covering 99% of global market capitalization, including frontier markets. Our unique StarMine® stock selection factors and rankings also are available as inputs to your portfolio optimization process. Additionally, load proprietary data to use as an input to the optimization problem.

### Factoring ESG into portfolio construction and optimization

An increasing number of mandates feature socially responsible and sustainable investing criteria – measured using environmental, social and governance (ESG) metrics. Refinitiv provides standardized ESG data points (400+) and standardized analytics (70+) for nearly 70% of global market cap, enabling managers to leverage ESG factors in their investment process – including as constraints in the Barra Optimizer.

### Key Benefits

- Modern portfolio construction tools
- Minimize small trades or positions with precise control on thresholds
- Correct alpha and risk factor misalignment
- Create a flexible constraint hierarchy with the ability to set priority levels for factor constraints
- Control optimal asset allocation

Refinitiv is one of the world's largest providers of financial markets data and infrastructure, serving over 40,000 institutions in approximately 190 countries. It provides leading data and insights, trading platforms and open data and technology platforms that connect a thriving global financial markets community – driving performance in trading, investment, wealth management, regulatory compliance, market data management, enterprise risk and fighting financial crime.

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