

THE HIDDEN SIDE OF INDEX INVESTING

Investing in major global indexes like the MSCI World or the S&P 500 is often presented as a smart strategy: low cost, broad diversification, and steady returns. However, behind this apparent neutrality lies a deeper ethical issue.

By replicating the market indiscriminately, the investor becomes—whether consciously or not—a co-participant in companies and activities that may violate their own moral, social, or religious values.

The following analysis, supported by the systematic and rigorous GoodWay™ ethical-screening methodology—based on the Church's Social Doctrine and the document *Mensuram Bonam*—highlights the magnitude of the ethical compromise that goes unnoticed within major stock market indexes.

Composition of the MSCI World as of April 15, 2025

SECTOR	Nº de COMPAÑÍAS	% MARKET CAP
Industrials	250	10.24%
Financials	239	16.33%
Information Technology	158	24.48%
Consumer Discretionary	154	12.01%
Health Care	138	10.13%
Materials	111	3.21%
Consumer Staples	107	6.57%
Real Estate	97	2.19%
Communication Services	97	8.72%
Utilities	78	2.53%
Energy	55	3.60%
TOTAL	1,474	100%

Did you know?

Many of the companies that make up global stock market indexes do not adequately meet Christian ethical criteria. This means that many investors end up financially supporting activities that go against their values. One case that illustrates this reality is the MSCI World index:

227

COMPANIES EXCLUDED FOR GoodWay™

Or put another way...

If we apply the GoodWay™ methodology to the MSCI World index, 15% of the companies would be excluded from the universe.

85%

COMPANIES ELIGIBLE FOR GoodWay™

That 85% of eligible companies represents 74% of the index's market capitalization.

So, how would the GoodWay methodology evaluate the MSCI World index?

GoodWay™ Rating takes into account both ethical companies and the positive initiatives of other companies. In this way, the index would achieve a score of 69 out of 100.



Seals of Virtue: in this case, the index does not hold a GoodWay™ recognition certifying compliance with ethical criteria. To earn at least one of the three seals, a minimum score of 75 is required.

