# What is the MSCI World Index? A guide to global investing with ETFs

First-time investors often look for simple ways to access global markets without choosing individual shares. Existing investors may already invest through mutual funds, pension schemes or managed portfolios, but want to understand how Exchange Traded Funds (ETFs) work.

Whether you're investing £50, £150 or £1,500 a month, MSCI World Index ETFs enable you to access a broad range of global companies through a single investment.

Understanding how the MSCI World Index works is important before deciding whether this investment pathway is right for you.

## What is the MSCI World Index?

First launched in 1986, the MSCI (Morgan Stanley Capital International) World Index tracks 1,300+ large and medium-sized listed companies across 23 developed markets, such as the United States, United Kingdom, Japan, Germany, France, Canada and Australia, but not emerging markets like China, India or Brazil.

The businesses listed comprise 85% of the investable shares in the participating economies, making the MSCI World Index one of the most reliable performance benchmarks for global stock markets.

## How does the MSCI World Index work?

When the share prices of listed companies rise and fall, so does the index value.

The index is weighted by market capitalisation, meaning larger organisations make up a bigger share of the index and have a greater influence on its performance than smaller ones, with US-listed companies representing around 75% of its total value.

Regular reviews help ensure the index continues to reflect changing market conditions and company valuations.

## Which companies are included in the MSCI World Index?

The MSCI World Index includes companies across technology, healthcare, manufacturing and consumer goods, including businesses involved in artificial intelligence, pharmaceuticals, microchips and banking.

It also includes businesses that support the global infrastructure, such as freight and logistics firms, manufacturers of industrial machinery, and providers of critical services like electricity, gas, water, internet access and mobile connectivity.

## How can I invest in the MSCI World Index and what is an Exchange Traded Fund?

Investors cannot buy the MSCI World Index directly because it is a benchmark rather than an investment product. Instead, investors typically gain exposure through an Exchange Traded Fund (ETF).

ETFs are designed to track an index, such as the MSCI World Index, giving investors access to hundreds of companies across different countries and industries through a single investment.

## What are the risks of investing in an MSCI World Index ETF?

As the value of global stock markets changes based on economic conditions, company performance and investor sentiment, you can experience positive and negative returns when investing.

Here are five key risks and considerations*:

- Market risk: ETFs are pegged to global stocks and your ETFs' value will rise and fall based on market behaviour.

- Currency risk: Money earned by companies in foreign currencies can be worth more or less when converted into British Pounds.

- Concentration risk: The performance of a small number of large US-listed companies can have a noticeable effect on investment value.

- Maintenance costs: A Total Expense Ratio (TER) is taken automatically from your fund and continually reduces your net returns.

- Investment timeframe: MSCI World Index ETFs are generally better suited to long-term investing. Holding investments for five years or more can help reduce the impact of short-term market fluctuations.

## Why should I invest in an MSCI World Index ETF?

MSCI World Index ETFs are used by individual and professional investors looking for access to a diverse mix of global companies without selecting individual shares, and combine several benefits in a single investment:

- Diversification: Spreads investment across hundreds of companies in different countries and sectors.

- Portfolio building: Often used as a core long-term investment holding.

- Cost efficiency: Can be a lower-cost way to access global markets compared with actively managed funds.

MSCI World Index ETFs, powered by iShares, provide an accessible way to start your investment journey or move from actively managed funds to index-based investing.

[Try our ETF calculator]

**Disclaimer: This information is for educational purposes only and does not constitute direct investment advice. For more information, please refer to our terms and conditions and privacy policy.*

*Word count: 672*

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## Optimisation logic and content creation summary

I structured the article using clear, question-led H2 headings that reflect how the target audiences typically search for information about the MSCI World Index and ETFs. This style satisfies traditional SEO visibility and caters to AI & LLM preferences for self-contained, extractable answers whilst strengthening search clarity, reducing content duplication risks, and negating the need for FAQs.

The information gain stems from positioning ETFs as the most practical way to invest in multiple MSCI companies using a single product. This helps both beginners and existing investors understand not only what the MSCI World Index is, but also how to access it. To support this, I applied E-E-A-T principles using neutral, educational language to explain complex concepts in plain English and provide a balanced view of benefits, risks, and limitations.

Furthermore, by naturally embedding relevant internal URLs over promotional CTAs, I created an information ecosystem that supports user-led exploration without interrupting readability.

*Word count: 150*