

MSCI GDP Weighted Indices

An Alternative to Market Capitalization Weighted Indices for Global Markets

The MSCI GDP Weighted Indices are designed to reflect the size of a country's economy rather than the size of its equity market, by using country weights based on a country's gross domestic product (GDP). The MSCI GDP Weighted Indices were introduced in 1988, when Japan was perceived by many investors to be over weighted in the MSCI World Index, due to its high valuations during the asset price bubble. Using the MSCI World GDP Weighted Index enabled investors to reduce their exposure to Japan during this period.

Today, some investment professionals still prefer to weight countries in a regional index by GDP rather than by market capitalization because:

- GDP figures tend to be more stable over time compared to equity markets' performance-related peaks and troughs
- GDP weighted asset allocation tends to provide higher exposure to countries with above average economic growth, such as those in the emerging markets
- GDP weighted indices may underweight countries with relatively high valuation, compared to market-cap weighted indices

Key Features & Benefits

Alternative Approach to Capturing the Country Factor

— A GDP weighted index captures the country factor by aiming to reflect the size of a country's economy rather than the country's market capitalization. This is especially relevant for the fastest growing economies, where the market capitalization weights are smaller than their economic weights.

Relevant Benchmark for GDP Weighted Asset Allocation

— The MSCI GDP Weighted Indices are designed as a benchmark for institutional investors who prefer to allocate equity assets based on the relative importance of a country's economy rather than its equity market capitalization.

Broad Country Coverage — MSCI GDP Weighted Indices can be calculated for any regional index within the MSCI Emerging and Developed Markets, including MSCI All Country World and MSCI EAFE Indices. Coverage will be extended to the Gulf Cooperation Council (GCC) Countries in the first half of 2010 and potentially to the rest of the MSCI Frontier Markets countries.

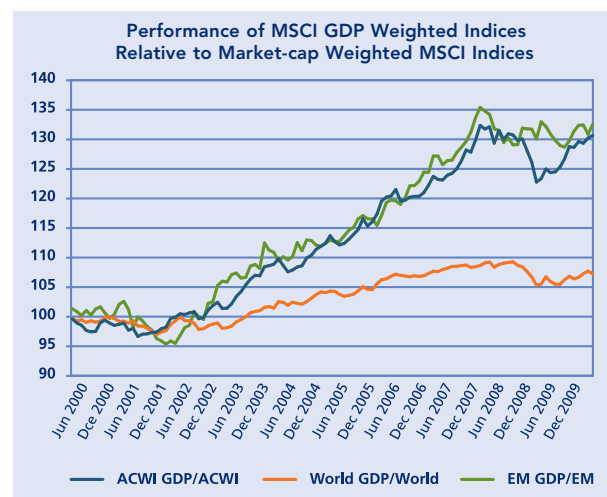
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Largest Absolute Weight Difference between the Standard Market Capitalization Weighted MSCI All Country World Index and its GDP Weighted Equivalent

Country	Market-cap Weighted	GDP Weighted	Weight Difference (GDP-Market Cap)
USA	42.95%	25.83%	-17.12%
China	2.24%	7.63%	5.40%
United Kingdom	8.66%	4.85%	-3.80%
Germany	3.19%	6.64%	3.45%
Italy	1.44%	4.19%	2.75%
Russia	0.79%	3.04%	2.25%
Switzerland	2.81%	0.89%	-1.92%
Canada	4.30%	2.73%	-1.57%
Mexico	0.50%	1.97%	1.47%
Spain	1.64%	2.92%	1.27%

Data as of June 1, 2009

- The largest overweight countries in the MSCI ACWI GDP Weighted Index are classified as emerging markets, such as China, Brazil, India, Russia and Mexico, which are some of the fastest growing economies but have market capitalization weights that are smaller than their economic weights.
- However, the list of over weighted countries also includes some developed markets, such as Germany and Italy.
- The US and the UK have the largest disparity in size between their substantial market cap weights and their smaller economic weights.



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MSCI GDP Indices – Product Information

MSCI Barra calculates the following GDP weighted indices, delivered in the MSCI Core Security and Index Modules:

- MSCI All Country World (ACWI) GDP Weighted Index
- MSCI World GDP Weighted Index
- MSCI EAFE GDP Weighted Index
- MSCI Europe GDP Weighted Index
- MSCI EMU GDP Weighted Index
- MSCI Emerging Markets GDP Weighted Index

The MSCI GDP Weighted Indices may also be calculated based on other MSCI Developed and Emerging Market regions upon client request. Coverage will be extended to the Gulf Cooperation Council (GCC) Countries in the first half of 2010 and potentially to the rest of the MSCI Frontier Markets countries.

Delivery

Aside from the flagship indices listed above, MSCI GDP Weighted Indices are delivered individually via MSCI Direct Delivery and the following vendor platforms:

- Bloomberg*, BNY/Mellon Analytical Solutions, FactSet**, Markit, Netik, Thomson Reuters* (DataStream, QAI, Vestek, 3000Xtra), RIMES, RiskMetrics, Style Research, Sungard/APT, Wilshire

* Index levels only available.

** Certain restrictions and limitations may apply.

Frequency

- Daily delivery of index and security level data
- Real-time price return index levels available upon client request

History

History for the MSCI GDP Weighted Indices is available from December 31, 1998. Additional historical index level data is available for the following flagship indices:

- Index level history for MSCI World GDP Weighted, MSCI EAFE GDP Weighted and MSCI Europe GDP Weighted Indices is available from December 31, 1969 on a monthly basis, and from December 31, 1987 on a daily basis
- Monthly and daily index level history for the MSCI EMU GDP Weighted Index is available from June 30, 1998
- Monthly and daily index level history for the MSCI Emerging Markets GDP Weighted and MSCI ACWI GDP Weighted Indices is available from June 30, 2000

About MSCI Barra

MSCI Barra is a leading provider of investment decision support tools to investment institutions worldwide. MSCI Barra products include indices and portfolio risk and performance analytics for use in managing equity, fixed income and multi-asset class portfolios. The company's flagship products are the MSCI International Equity Indices, which include over 120,000 indices calculated daily across more than 70 countries, and the Barra risk models and portfolio analytics, which cover 59 equity and 48 fixed income markets. MSCI Barra is headquartered in New York, with research and commercial offices around the world.

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