

MSCI Europe Value Tilt Index

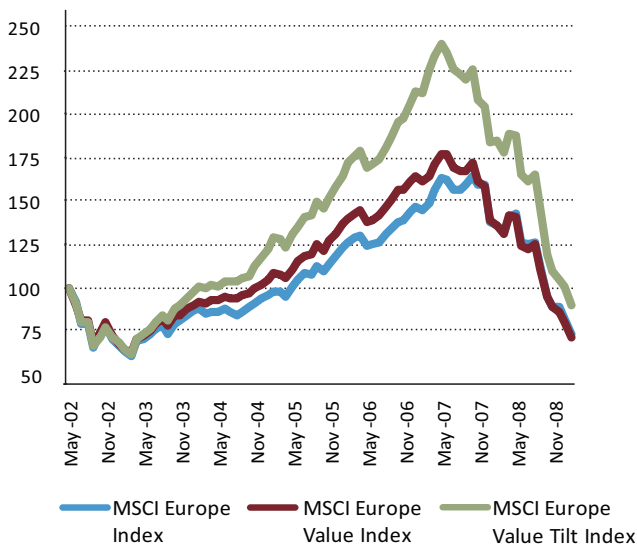
Based on MSCI Europe and constructed to maximize exposure to the Barra Value Factor

The MSCI Europe Value Tilt Index is constructed from the MSCI Europe Index, and is designed to have high exposure to the Barra Value Factor. This long-only index is constructed using an optimization process that, based on specified constraints, aims to maximize exposure to a single factor while controlling exposure to other factors and minimizing active risk (tracking error) relative to the MSCI Europe Index. "Value" is defined in the Barra EUE2 Risk Model as a factor that aims to capture "the extent to which a company's ongoing business is inexpensively priced in the marketplace", and has historically been an important driver of risk and performance in the European equity markets.

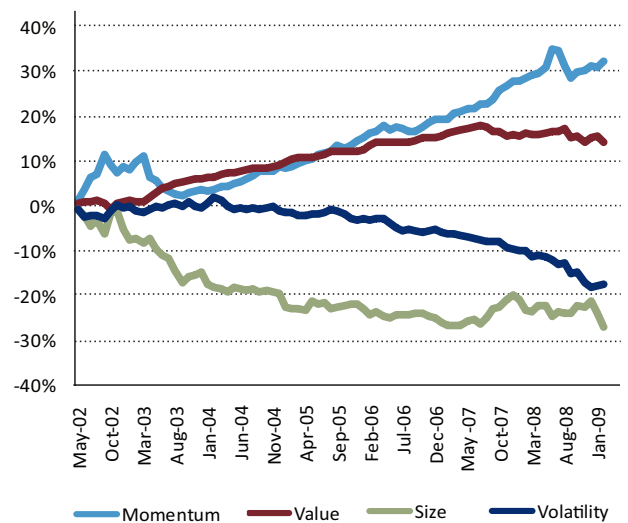
Traditional style indices, such as the MSCI Europe Value Index, identify value stocks based on stock level fundamental data; however a traditional style index will also be exposed to other factors (e.g., Size) and sectors (e.g., Financials). Using a risk model and an optimization process with specified constraints allows the MSCI Europe Value Tilt Index to maximize its exposure to the target factor while maintaining a risk profile similar to the underlying MSCI Europe Index.

The MSCI Europe Value Tilt Index is designed to support investment managers in the portfolio analysis and portfolio construction processes, and may also be licensed as the basis of index-linked investment vehicles such as structured products and ETFs.

Historical Index Performance



Historical Cumulative Return of Main Barra Factors in the Barra EUE2 Risk Model



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0800.91.59.17
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- Stamford
+1.203.325.5630
- Sydney
+ 61.2.9033.9333
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Frequency

- The MSCI Europe Value Tilt Index is calculated as a price index in EUR in real time and disseminated every 15 seconds during market trading hours.
- The index is also calculated in EUR as a price, net and gross return index on an end of day basis.

Delivery

- End of day index and security level files are available daily via FTP and vendor platforms.
- End of day index levels will be available via www.msribarra.com at a later date.
- Real time index levels are expected to be available via Bloomberg and Reuters shortly after index launch.

History

- Daily index level history from May 31, 2002 is available on client request.

Barra Value Factor

The Barra Value Factor aims to capture the extent to which a company's ongoing business is inexpensively priced in the marketplace. It is an important source of performance and also one of the most important sources of common factor risk.

Signals Used to Identify Value Are:

- Book to price
- Earnings to price
- Sales to price

MSCI Europe Value Tilt Index Methodology Highlights

Underlying index and security universe:	MSCI Europe Index
Optimization objective:	Maximize exposure to the factor while limiting tracking error to the underlying index, subject to specified constraints
Restrictions:	<ul style="list-style-type: none"> ▪ Country and industry exposure less than 5% difference from the underlying MSCI Europe Index ▪ Other style exposures less than 0.25 standard deviations to the underlying MSCI Europe Index ▪ Maximum 200 stocks ▪ Stock weights +/-2% of underlying MSCI Europe Index weight ▪ Monthly turnover <5% ▪ ADV trade limit <10%

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 56 equity and 46 fixed income markets. MSCI Barra is headquartered in New York, with research and commercial offices around the world. Morgan Stanley, a global financial services firm, is the controlling shareholder of MSCI Barra.

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