

MSCI Frontier Emerging Markets Index Methodology

August 2009

1. INTRODUCTION

The MSCI Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to serve as a benchmark covering all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index.

2. CONSTRUCTING THE MSCI FRONTIER EMERGING MARKETS INDEX

The MSCI Frontier Emerging Markets Index is constructed by aggregating all the country indices in the MSCI Frontier Markets Index and some selected country indices in the MSCI Emerging Markets Indices.

At initial construction, Emerging Markets countries are included in the MSCI Frontier Emerging Markets Index if:

- The country's weight in the MSCI All Countries World Index (ACWI) is below 10bp;
and
- The country's GNI per capita is lower than the average GNI per capita of countries classified in the upper middle income category as defined by the World Bank.

3. MAINTAINING THE MSCI FRONTIER EMERGING MARKETS INDEX

The changes in the country composition of the MSCI Frontier Emerging Markets Index may result from:

- Emerging Markets Annual Eligibility Review, which coincides with November Semi-Annual Index Reviews;
- Ongoing inclusion of new countries to the MSCI Frontier Markets Indices, which may take place during November or May Semi-Annual Index Reviews;
- Country migration between the MSCI Emerging Markets Index and the MSCI Frontier Markets Index, which may take place during November or May Semi-Annual Index Reviews;
- Country deletion from the MSCI Emerging Markets Index or Frontier Markets Index, not resulting from the migration.

3.1. Emerging Markets Annual Eligibility Review

The Emerging Markets country composition of the MSCI Frontier Emerging Markets Index is reviewed once a year at the November Semi-Annual Index Review. The Annual Eligibility Review is based on the latest GNI per capita statistics and the country weights in the MSCI ACWI Index.

During the Annual Eligibility Reviews an Emerging Market country is added if:

- The country's weight in the MSCI ACWI Index has been below 10bp for at least 3 consecutive years or below 5bp for at least 2 consecutive years;
and
- The country's GNI per capita is lower than the threshold for the upper middle income categories of the World Bank.

During Annual Eligibility Review an Emerging Market country is deleted if:

- The country's weight in the MSCI ACWI Index has been above 15bp for at least 3 consecutive years or above 20bp for at least 2 consecutive years;
- or
- The country's GNI per capita is greater than the threshold for the high-income categories of the World Bank.

3.2. Ongoing Inclusion of Frontier Markets

The new countries included in the MSCI Frontier Markets Index will be simultaneously included in the MSCI Frontier Emerging Markets Index. The addition of new countries to the MSCI Frontier Markets may take place during May or November Semi-Annual Index Reviews.

3.3. Country Migration

If a country is reclassified from Frontier Markets to Emerging Markets, the country will be deleted if:

- The country's weight in the MSCI ACWI Index is above 20bp;
- or
- The country's GNI per capita is greater than the threshold for the high-income categories of the World Bank.

If a country, which was excluded from the MSCI Frontier Emerging Markets Index is reclassified from Emerging Markets to Frontier Markets, it will be simultaneously included in the MSCI Frontier Emerging Markets Index.

Such migrations between Emerging Markets and Frontier Markets Index may take place during November or May Semi-Annual Index Reviews.

3.4. Announcement Policy

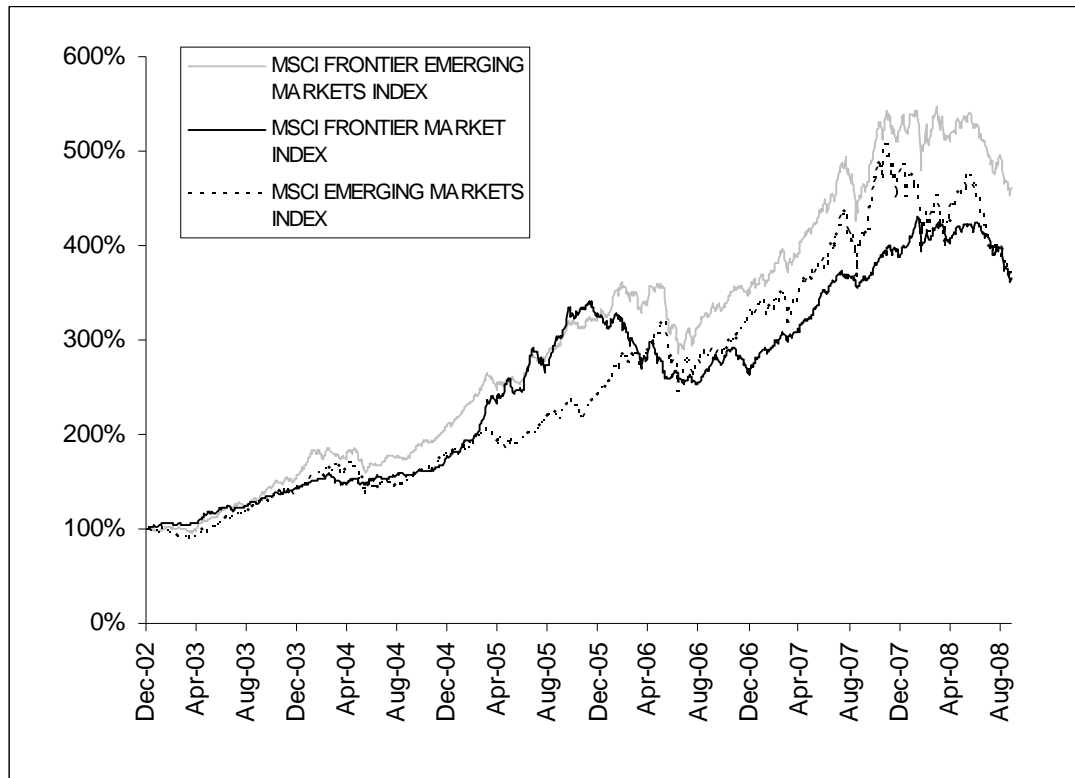
In order to give sufficient lead-time, the changes resulting from the Emerging Markets Annual Eligibility Review will be announced as part of the August Quarterly Index Review and implemented as part of subsequent November Semi-Annual Index Review.

The potential additions of countries to the MSCI Frontier Markets Index and migrations between the Emerging Markets and Frontier Markets are usually announced at least three months before the implementation.

APPENDIX I: SIMULATED INDEX HISTORY

Exhibit 1 provides a performance comparison of the MSCI Frontier Emerging Markets Index with the MSCI Frontier Markets Index and MSCI Emerging Markets Index.

Exhibit 1: USD Gross Total Return of the Simulated MSCI Frontier Emerging Markets Index, the MSCI Frontier Markets Index and the MSCI Emerging Markets Index (December 1, 2002 to September 1, 2008)



With the exception of Argentina, the simulated historical list of constituent countries remained unchanged since the simulated initial construction in December 2002. In addition to the countries from the MSCI Frontier Markets Index, the following Emerging Markets countries were included in the simulated historical index calculations at the history inception: Colombia, Egypt, Indonesia, Jordan, Morocco, Pakistan, Peru, Philippines, Thailand and Turkey. Argentina was added to the MSCI Frontier Emerging Markets Index as part of November 2004 Semi-Annual Index Review.

APPENDIX II: LIST OF ELIGIBLE COUNTRIES

In addition to the countries from the MSCI Frontier Markets Index the following countries from the MSCI Emerging Markets Index are included in the MSCI Frontier Emerging Markets Index: Egypt, Peru, Philippines, Colombia and Morocco.

Contact Information

clientservice@mscibarra.com

Americas

Americas	1.888.588.4567 (toll free)
Atlanta	+ 1.404.551.3212
Boston	+ 1.617.532.0920
Chicago	+ 1.312.706.4999
Montreal	+ 1.514.847.7506
New York	+ 1.212.804.3901
San Francisco	+ 1.415.576.2323
Sao Paulo	+ 55.11.3706.1340
Toronto	+ 1.416.628.1007

Europe, Middle East & Africa

Amsterdam	+ 31.20.462.1382
Cape Town	+ 27.21.683.3245
Frankfurt	+ 49.69.133.859.00
Geneva	+ 41.22.817.9000
London	+ 44.20.7618.2222
Madrid	+ 34.91.700.7275
Milan	+ 39.02.5849.0415
Paris	0800.91.59.17 (toll free)
Zurich	+ 41.44.220.9300

Asia Pacific

China Netcom	10800.852.1032 (toll free)
China Telecom	10800.152.1032 (toll free)
Hong Kong	+ 852.2844.9333
Singapore	+800.852.3749(toll-free)
Sydney	+ 61.2.9033.9333
Tokyo	+ 81.3.5226.8222

www.mscibarra.com

Notice and Disclaimer

- This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc., Barra, Inc. ("Barra"), or their affiliates (including without limitation Financial Engineering Associates, Inc.) (alone or with one or more of them, "MSCI Barra"), or their direct or indirect suppliers or any third party involved in the making or compiling of the Information (collectively, the "MSCI Barra Parties"), as applicable, and is provided for informational purposes only. The Information may not be reproduced or disseminated in whole or in part without prior written permission from MSCI or Barra, as applicable.
- The Information may not be used to verify or correct other data, to create indices, risk models or analytics, or in connection with issuing, offering, sponsoring, managing or marketing any securities, portfolios, financial products or other investment vehicles based on, linked to, tracking or otherwise derived from any MSCI or Barra product or data.
- **Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction.**
- **None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), or a promotion or recommendation of, any security, financial product or other investment vehicle or any trading strategy, and none of the MSCI Barra Parties endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies. None of the Information, MSCI Barra indices, models or other products or services is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.**
- The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.
- NONE OF THE MSCI BARRA PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, MSCI AND BARRA, EACH ON THEIR BEHALF AND ON THE BEHALF OF EACH MSCI BARRA PARTY, HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.
- **Without limiting any of the foregoing and to the maximum extent permitted by law, in no event shall any of the MSCI Barra Parties have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or wilful default of itself, its servants, agents or sub-contractors.**
- Any use of or access to products, services or information of MSCI or Barra or their subsidiaries requires a license from MSCI or Barra, or their subsidiaries, as applicable. MSCI, Barra, MSCI Barra, EAFE, Aegis, Cosmos, BarraOne, and all other MSCI and Barra product names are the trademarks, registered trademarks, or service marks of MSCI, Barra or their affiliates, in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.

© 2009 MSCI Barra. All rights reserved.

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 are estimated to have over USD 3 trillion benchmarked to them, 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.