

EXPOSURE OF GLOBAL PORTFOLIOS TO THE RUSSIAN/UKRAINE CRISIS

With the recent geopolitical crisis in the Ukraine making headlines, institutional investors are questioning how they can evaluate their economic exposure to the affected countries.

MSCI has a complete set of investment decision support tools that institutional investors can use to gain greater insight into their portfolios revenue exposure.

MSCI Economic Exposure Security Data Modules

Developed Markets and Emerging Markets (DM/EM)
Economic Exposure Security Data Modules

The MSCI Economic Exposure Security Modules apply a simple and transparent method for quantifying a firm's economic exposure to the range of countries and regions that it generates its revenues from. This approach is reliable and consistent, despite significant disparities in the way companies report their revenues across geographic segments. In general, MSCI estimates a firm's economic exposure using its reported revenues and the corresponding GDP weights for each geographic segment

Covering 99% of the equity universe, the MSCI Economic Exposure Security Data Modules have coverage of over 8700 companies across the large, mid and small cap segments within the developed, emerging and frontier markets. The economic exposure data offer fresh insights on the geographic exposures of stocks to various regions and can significantly enhance the investment decision process for constructing and managing global portfolios and potentially support multiple needs of Asset Owners, Investment Consultants, Asset Managers, Broker-Dealers and Risk Managers in the investment process including:

- » Understanding Economic Exposures of Policy Benchmarks
- » Active Portfolio Management
- » Risk Management

MSCI Tools to Evaluate Economic Exposure to Russia

MSCI Barra Portfolio Manager

Geopolitical Risk Management

MSCI's next generation in portfolio analytics tools leverages MSCI Index, ESG and Barra Analytics to help institutional investors to:

- » Measure, compare and analyze over time a portfolio's revenue exposure to a country or region.
- » Manage macro or thematic risks arising from a portfolio's revenue exposure at a country, industry or regional level.
- » Implement macro views and themes by gearing a portfolio's revenue exposure towards (or away from) target regions or countries.

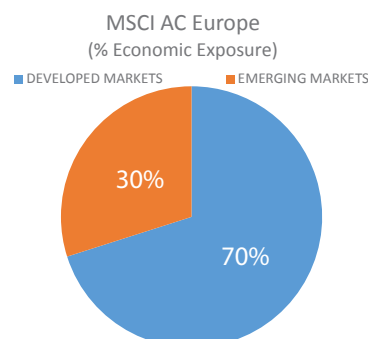
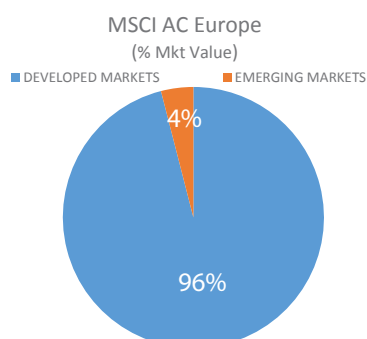
In the example on the next page, we demonstrate how the MSCI All Country Europe Index can be used to help identify companies with significant exposure to Russia.

Russian Economic Exposure Analysis

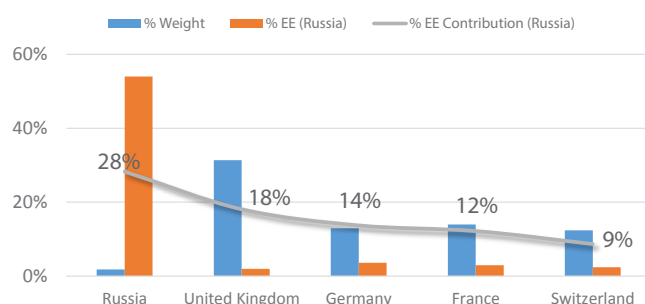
Weights vs. Economic Exposure

PORTFOLIO: MSCI AC Europe
Economic Exposure(Russia) CASH

ANALYSIS DATE: Jun 30, 2014
MARKET VALUE:



Top Countries by contribution to Economic Exposure(Russia)



- MSCI AC Europe has an overall exposure* to Russia of 3.41%
- U.K., Germany and France are the largest contributors to Economic Exposure to Russia.

* Exposure in revenue terms

MSCI ESG Research – Another Lens to Your Portfolio

Deep Insight on Environmental, Social and Governance Factors

Over 200 global investors utilize MSCI ESG Research to screen for countries under sanction. MSCI ESG Research is monitoring developments related to the Russia and Ukraine situation and is continually updating our tools and analysis to reflect the changing regulatory environment.

MSCI ESG Research Global Sanctions

MSCI ESG Global Sanctions research is designed to aid institutional investors interested in screening for companies that have involvement in countries including Cuba, North Korea, Sudan, Syria, and now Russia. These screens are designed to assist MSCI ESG clients to meet their local legislation (I.e. OFAC for U.S. Companies), as well as mandates issued by other Federal Governments.



Sources

- Government agencies and disclosure
- Media search services
- Proprietary web-crawling technology
- Company Annual reports and regulatory filings
- Company websites
- NGO Reports and websites
- Financial data providers
- Direct communication with company

Additional tools to monitor portfolio's exposure to Russia and the Ukraine

- » ESG Sovereign Ratings research helps institutional investors to analyze the reliance of European countries on oil and gas supplies from Russia.
- » With the combination of energy source data against political instability, energy reserves, consumption trends, and renewable energy investment targets, MSCI's ESG Research has identified countries it believes are well positioned to weather sudden political disruptions to energy supply and those who may be more energy vulnerable.

For details of the analysis, please see [MSCI ESG Research Issue Brief, Oil Thirst and Political Instability: Energy Security in Europe](#).

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About MSCI

MSCI Inc. is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes, portfolio risk and performance analytics, and ESG data and research.

The company's flagship product offerings are: the MSCI indexes with over USD 9 trillion estimated to be benchmarked to them on a worldwide basis¹; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

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¹ As of March 31, 2014, as reported on June 25, 2014, by eVestment, Lipper and Bloomberg