MSCI GDP Weighted Indices

February 2011

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1. Introduction

The MSCI GDP (Gross Domestic Product) Weighted Indices offer an alternative to market capitalization-weighted indices for global and regional asset allocation purposes. In the MSCI GDP Weighted Indices, country weights are based on the size of the country's economy rather than the size of its equity market. While equity markets can have performance-related peaks and troughs, GDP figures are more stable over time. The MSCI GDP Indices include the following indices:

- MSCI AC World GDP Weighted Index

- MSCI World GDP Weighted Index

- MSCI EAFE GDP Weighted Index

- MSCI Emerging Markets GDP Weighted Index

- MSCI EMU GDP Weighted Index

2. Constructing the MSCI GDP Weighted Indices

The MSCI GDP Weighted Indices are constructed from the applicable MSCI Regional Indices (herein, "Parent Indices") using the GDP of the countries included in that MSCI Regional Index.

The country weights of the MSCI GDP Weighted Indices are reset every year on the basis of the previous year's GDP figures. Thereafter, the country weights fluctuate with changes in performance and market capitalization in the Parent Indices until the next rebalancing.

2.1 Sources of GDP Data

The primary sources for GDP data are the Organization for Economic Cooperation and Development (OECD), Economist Intelligence Unit (EIU), the International Monetary Fund (IMF) and other various government organizations. In some cases, GDP estimates from the aforementioned sources may be used if final figures are not available at the time of the rebalancing.

GDP figures provided by the OECD and EIU are in USD at current prices and current exchanges rates. IMF GDP figures are provided in local currency and converted in USD at the period average market rate. For GDP figures in local currency provided by other sources, MSCI applies an average of the previous year's daily exchange rates to calculate the USD-equivalent GDP figures.

2.2 Country Level Weights

The current weight of a country in the MSCI GDP Weighted Indices is determined as follows:

$$CW_{GDP\_CUR} = \frac{(CountryGDP_{INI} * McapCountry_{CUR}/McapCountry_{INI})}{SUM(CountryGDP_{INI} * McapCountry_{CUR}/McapCountry_{INI})}$$

Where:

CountryGDP $_{INI}$ initial country weight in the MSCI GDP Weighted Index at the last rebalancing

McapCountry $_{CUR}$ current country market capitalization in the MSCI Parent Index

McapCountry $_{INI}$ initial country market capitalization at the last rebalancing in the MSCI Parent Index

2.3 Security Level Weights

The weight of a security inside its country is based on its free-float adjusted market capitalization. The weight in the MSCI GDP Weighted Indices is determined by multiplying the weight of the security in its country by the current weight of the country in the MSCI GDP Weighted Index.

$$SW_{GDP} = SW_{STD} * CW_{GDP\_CUR}$$

Where:

SW $_{GDP}$ security weight in the regional MSCI GDP Weighted Index

SW $_{STD}$ security weight in the corresponding MSCI Global Standard Index

CW $_{GDP\_CUR}$ current country weight in the regional MSCI GDP Weighted Index

3. Maintaining the MSCI GDP Weighted Indices

3.1 Annual Index Review

The MSCI GDP Weighted Indices are rebalanced annually. The changes in general are implemented as of the close of the last business day of May, coinciding with the May Annual Index Review of the Parent Indices. The pro forma Indices will be announced five business days before the effective date, effective from the May 2011 Index Review.

3.2 Quarterly Index Review

There is no rebalancing for the MSCI GDP Weighted Indices at the Quarterly Index Reviews. However, additions to the corresponding Parent Indices are simultaneously added to the MSCI GDP Weighted Indices.

Constituents deleted from the Parent Indices are deleted from the MSCI GDP Weighted Indices at the same time.

Any updates to free float or number of shares of the constituents of the Parent Index are also implemented in the MSCI GDP Weighted Indices.

3.3 Ongoing Event Related Changes

In general, the MSCI GDP Weighted Indices follow the event maintenance of the Parent Index. Changes in the Parent Index are reflected simultaneously in the MSCI GDP Weighted Indices.

3.3.1 IPOs and other Early Inclusions

At every annual rebalancing a country constraint factor is calculated for each country by dividing the weight of the country in the regional MSCI GDP Weighted Index by the weight in the MSCI Regional Index.

Early inclusions of new securities to the Parent Index such as IPOs will be simultaneously added to the current MSCI GDP Weighted Index with the weight determined by multiplying the corresponding country constraint factor with the weight of the security in the respective MSCI Global Standard Index.

3.3.2 Additions and Deletions due to Corporate Events

A security added to the Parent Index following a corporate event (acquisition, spinoff or merger) will also be added to the MSCI GDP Weighted Indices.
A constituent deleted from the Parent Index following a corporate event will be simultaneously deleted from the MSCI GDP Weighted Index. Details regarding the treatment of corporate events can be found in the MSCI Corporate Events Methodology book, available at
http://www.mscibarra.com/products/indices/international_equity_indices/gimi/stdindex/methodology.html

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The company's flagship product offerings are: the MSCI indices which include over 120,000 daily indices covering more than 70 countries; Barra portfolio risk and performance analytics covering global equity and fixed income markets; RiskMetrics market and credit risk analytics; ISS governance research and outsourced proxy voting and reporting services; FEA valuation models and risk management software for the energy and commodities markets; and CFRA forensic accounting risk research, legal/regulatory risk assessment, and due-diligence. MSCI is headquartered in New York, with research and commercial offices around the world.