

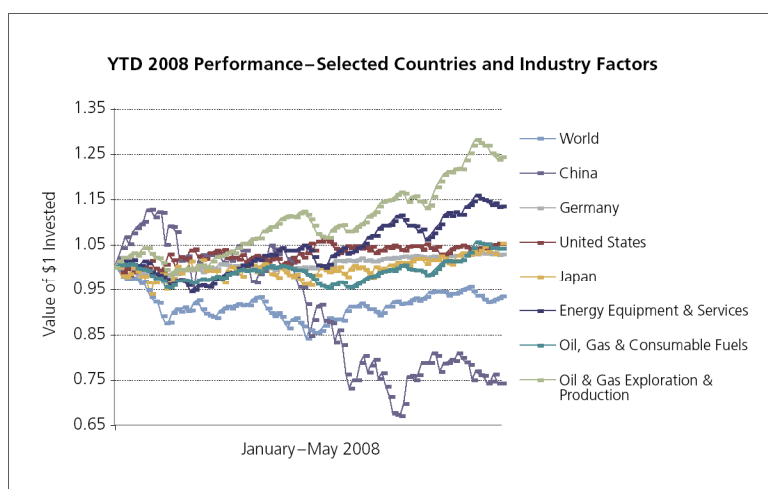
Barra Global Equity Model (GEM2)

The GEM2 global multi-factor model is an investment decision support tool designed to help fund managers construct and manage global equity portfolios.

Product Highlights

GEM2 is the latest Barra global multi-factor equity model, and provides the foundation for decision support tools via a broad range of insightful analytics for developed and emerging market portfolios. With its extensively researched, intuitive fundamental factors, GEM2 identifies independent sources of global equity returns that are common across a broad set of securities and estimates their associated risks.

Unlike many other risk models, GEM2 has been specifically developed for global equity portfolio management and construction. GEM2 leverages the decades of experience that MSCI Barra has in developing and maintaining global equity multi-factor models and indices, and offers important enhancements over Barra's GEM Model, which is utilized by hundreds of institutional fund managers worldwide.

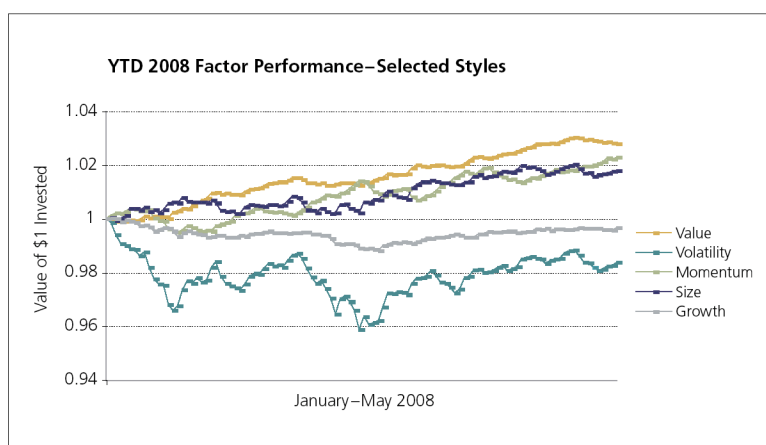


This chart provides cumulative returns for several GEM2 factors. It shows that developed market returns have been closely linked during 2008, while equity returns in China have been relatively uncorrelated and far more volatile.

The chart also shows that Oil and Gas Exploration and Production stocks have performed much better than other industries in the Energy sector. The use of the Global Industry Classification Standard (GICS®) is one of the many new features in GEM2.

GEM2 also isolates the common returns from global styles. Style factors explain a significant amount of relative performance, particularly with country-neutral and sector-neutral investment strategies.

The chart on the right shows that large cap and value stocks performed relatively well during the period, while stocks with higher price volatility did not. Four new styles have been added to GEM2: Growth, Liquidity, Financial Leverage and Size Non-linearity, joining the Value, Volatility, Momentum and Size factors.



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Portfolio Risk Analysis

Global equity managers can use GEM2 to gain a detailed understanding of the risks they are taking across countries, industries, styles (also called risk indices), and currencies over short- or long-term investment horizons. By analyzing their portfolios using GEM2, managers can confirm that their investment views are being reflected in their portfolio holdings.

Risk Decomposition		
	Risk (% Std Dev)	Contribution (% Active Risk)
Market Timing	0.00	0.00
Risk Indices	3.30	34.39
Momentum	0.13	0.05
Volatility	3.05	29.37
Value	0.14	0.06
Size	0.28	0.24
Size Nonlinearity	0.08	0.02
Growth	0.14	0.06
Liquidity	0.64	1.27
Financial Leverage	0.07	0.01
RI Covariance*2	N/A	3.30
+ Industries	2.02	12.83
+ Country	1.41	6.22
+ Currency	0.79	1.96
World Equity	0.00	0.00
Covariance *2	N/A	29.23
Asset Selection	2.21	15.37
Active	5.64	
Benchmark	10.82	
Total	14.97	

This table shows a sample analysis attributing portfolio risk relative to a global benchmark.

The GEM2 risk decomposition shows that the highest single contributing factor to active risk is Global Volatility, which as shown previously has been underperforming during 2008.

If the manager has no view that the factor will outperform, he or she can take action to reduce the portfolio's exposure to the factor.

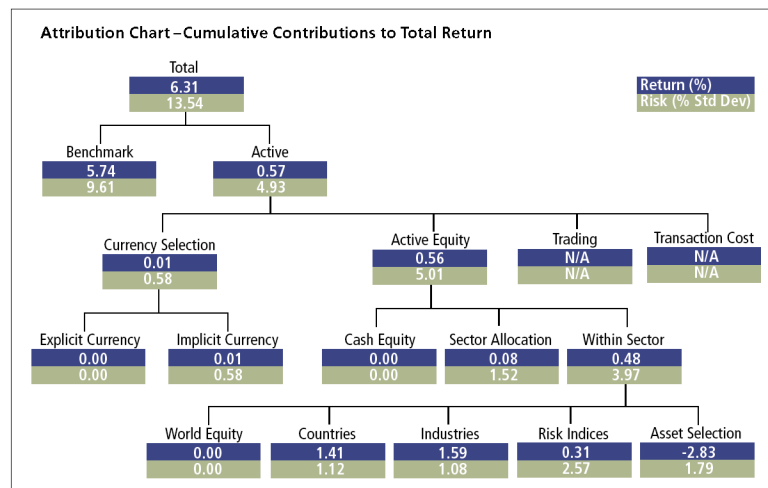
Performance Attribution

GEM2 helps global equity managers understand the factors that contributed to their past performance. The flexible GEM2 factor structure enables portfolio managers to view performance according to their investment process.

This chart shows a GEM2 performance attribution analysis for a sector allocation strategy.

The analysis shows that the manager's industry bets within each sector have been paying off (+1.59%), while individual stock picks have not (-2.83%).

The consistent risk and return framework allows managers to demonstrate whether past bets paid off, and how they differ from current risks.



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 majority shareholder of MSCI Barra.

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