

MSCI USA Factor Indices

Long-short indices based on the MSCI USA Index and designed to reflect the returns of a single Barra risk factor and the market

MSCI Factor Indices are constructed by optimizing an MSCI index to achieve a specified high level of exposure to a target Barra factor and very low exposure to all other style, industry and country factors. MSCI Barra currently offers long-short factor indices that target Momentum, Earnings Yield, Volatility, and Leverage factors for the US equity market. The index family may be expanded in the future to cover a wider range of factors.

The MSCI USA Factor Indices are long-short indices constructed using an optimization process that, based on specific constraints, aims to represent a specified exposure to a target factor, very low exposure to other factors and low tracking error relative to the MSCI USA Index. The Barra Equity Model used is the Barra US Short-Term Model (Barra USE3S).

Barra USE3 Factor Definitions

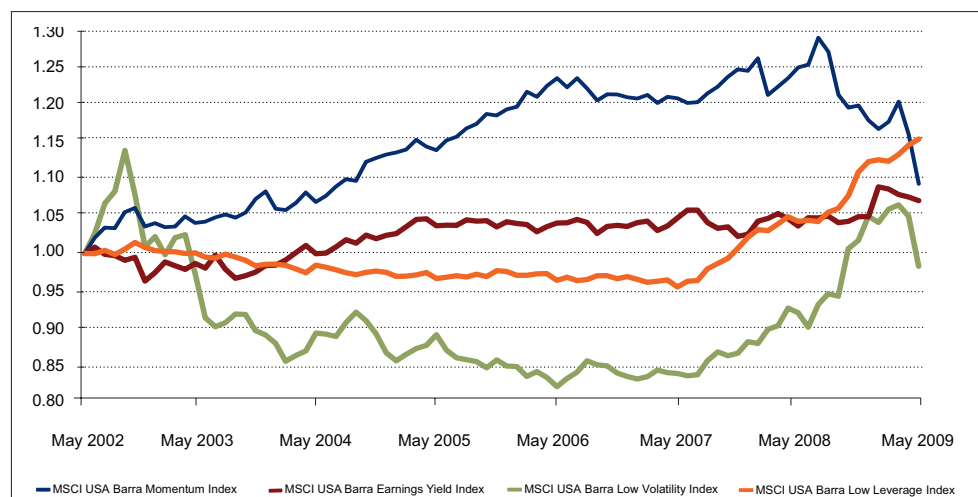
Volatility — captures relative volatility using measures of both long-term historical volatility (such as historical residual standard deviation) and near-term historical volatility (such as high-low price ratio, daily standard deviation, cumulative range over the last 12 months). Other proxies for volatility (volume beta) are also included.

Leverage — measures a firm's financial leverage.

Momentum — captures sustained relative performance and its effect on risk.

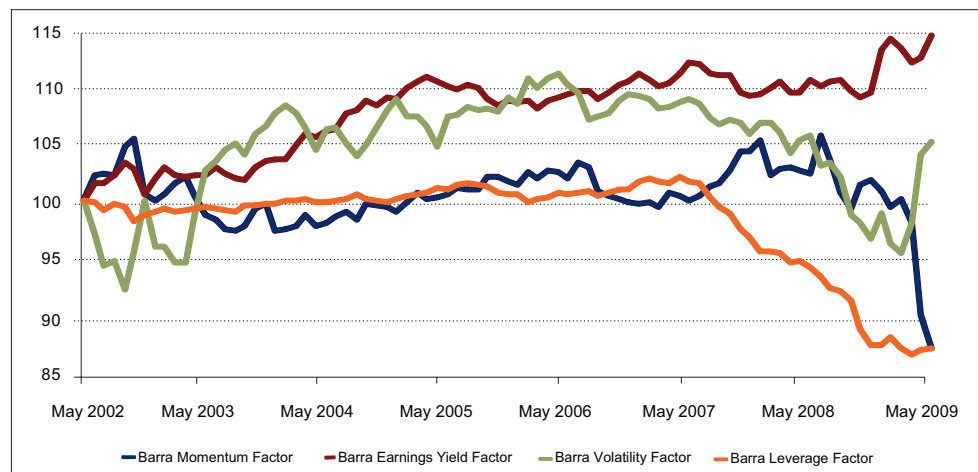
Earnings Yield — combines current and historical earnings-to-price ratios with a measure of analyst-predicted earnings-to-price ratio. Stocks with similar values of earnings yield behave in a similar fashion with respect to their returns.

Relative Performance to the MSCI USA Index



Notes:
Relative performance from May 2002 to April 2009
Factor Returns are based on research simulations using proxy methodology that does not incorporate shorting cost screening

Historical Cumulative Return of Main Barra Factors in the Barra USE3S Risk Model



Notes:
Factor returns from May 2002 to April 2009

CONTACT US

Americas
1.888.588.4567
Amsterdam
+ 31.20.462.1382
Atlanta
+ 1.404.551.3212
Boston
+ 1.617.532.0920
Cape Town
+ 27.21.673.0100
China Netcom
10800.852.1032
China Telecom
10800.152.1032
Chicago
+ 1.312.675.0545
Frankfurt
+ 49.69.133.859.00
Geneva
+ 41.22.817.9777
Hong Kong
+ 852.2844.9333
London
+ 44.20.7618.2222
Madrid
+ 34.91.700.7275
Milan
+ 39.02.5849.0415
Montreal
+ 1.514.847.7506
New York
+ 1.212.804.3901
Paris
0800.91.59.17
San Francisco
+ 1.415.576.2323
São Paulo
+ 55.11.3706.1360
Singapore
+ 65.6834.6777
Stamford
+ 1.203.325.5630
Sydney
+ 61.2.9033.9333
Tokyo
+ 813.5226.8222
Toronto
+ 1.416.628.1007
Zurich
+ 41.44.220.9300

MSCI USA Factor Index Methodology Highlights

Construction Steps	Long-Short MSCI USA Factor Indices
(1) Benchmark	MSCI USA Index
(2) MSCI Parent Index and Selection Universe	MSCI USA Investable Market Index Constituents (Large, Mid & Small Cap)
(3) Optimization Objective	The MSCI USA Factor Index aims to target 1 or -1 standard deviation of exposure and the lowest tracking error relative to the MSCI USA Index

Optimization Constraints	
(4) Target Factor Exposure	Momentum target exposure 1 standard deviations from the MSCI USA Index Earnings Yield target exposure 1 standard deviations from the MSCI USA Index Low Volatility target exposure -1 standard deviations from the MSCI USA Index Low Leverage target exposure -1 standard deviations from the MSCI USA Index
(5) Other Style Exposures	+/- 0.1 standard deviations from the MSCI USA Index
(6) Country and Industry Exposures	+/- 0.5% standard deviations from the MSCI USA Index
(7) Portfolio Leverage	MSCI USA Barra Momentum Index fixed at 130/30 MSCI USA Barra Earnings Yield Index fixed at 130/30 MSCI USA Barra Low Volatility Index fixed at 150/50 MSCI USA Barra Low Leverage Index fixed at 130/30
(8) Net Equity Exposure	100%
(9) Shorting Cost (Value Weighted Average Fee 7 Day) ¹	<100 bps Shorting Cost Cutoff for a security to be newly included into a short position <133 bps Shorting Cost Cutoff for a security currently held as a short position
(10) Max Number of Stocks	400
(11) Max Stock Weight	+/- 2% weight from the MSCI USA Index
(12) 1-Way Monthly Turnover	<5%
(13) 1-Month Average Daily Traded Value Trade Limit	<10%

¹ The MSCI Factor Indices are screened using certain short interest data sourced from Data Explorers. See www.dataexplorers.com for further information regarding short interest data.

MSCI Factor Indices – Product Information

The MSCI Factor Indices are licensed and delivered on an index-by-index basis, as requested by clients. Clients must be licensed to receive the corresponding MSCI Core Data Module.

Reporting Options

- Daily delivery of index and security level data
- Real-time price return index levels are calculated in USD and disseminated every 15 seconds during market trading hours
- End-of-day price and total return index levels are calculated in USD

History

- Daily index level history from December 31, 2002 available to licensed clients at a later date

Delivery

- MSCI Factor Indices are delivered individually via MSCI Direct Delivery or via the following vendor platforms:
 - Bloomberg*, BNY/Mellon Analytical Solutions, FactSet**, Markit, Netik, Thomson Reuters* (DataStream, QAI, Vestek, and 3000Xtra), RIMES, RiskMetrics, Style Research, Sungard/APT, Wilshire
- End of day index levels are available via www.msribarra.com

* Index levels only available.

** Certain restrictions and limitations may apply.

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.

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