
Are Frontier Markets the 'New' Emerging Markets?

MSCI Barra Research Looks Back at the Evolution of Emerging Markets Investing

New York - September 17, 2008 - To celebrate the 20 Year Anniversary of its MSCI Emerging Markets Index, MSCI Barra (NYSE: MXB), a leading provider of investment decision support tools worldwide, including indices and portfolio risk and performance analytics, has published 'Emerging Markets: A 20-year Perspective', a new research publication which examines the evolution of the emerging markets over the past two decades. The book also features interviews with several leading emerging markets investors, providing insights into this noteworthy period in the history of international equity investing.

The research highlights how economic and political events, such as the dramatic growth in certain emerging economies, the dissolution of the Communist Bloc, and the opening up of China have played a part in the expansion of investment opportunities in the emerging markets, which has reshaped the investment universe for both institutional and retail investors.

"When we launched the MSCI Emerging Markets Index in 1988, it covered eight countries and contributed just 1% of the weight of the broader MSCI All Country World Index," said Remy Briand, Managing Director and Global Head of Index Research at MSCI Barra. "Today there are 25 countries in the MSCI Emerging Markets Index and that weight has grown to over 10%, leading to a radical change in the opportunity set available to international institutional investors."

The research also reveals that as emerging markets have become increasingly correlated with developed markets, institutional investors have started to look further afield to maximize return and provide diversification, just as they did 20 years ago when the first emerging markets funds were launched.

"Many institutional investors are wondering if frontier markets are the new emerging markets," said Mr Briand. "They certainly share several similarities with the original emerging markets back in the late 80s and early 90s, such as high economic growth potential and low correlation with other equity markets. They are also generally under-owned and under-researched by international institutional investors. However, frontier markets cannot be seen as a homogeneous block. For example, several frontier markets countries, in particular in the Middle East and Eastern Europe, have already achieved high levels of economic development, as measured by GDP per capita, while others are still at early stages of development."

For a copy of 'Emerging Markets: A 20-year Perspective' please visit MSCI Barra's website at http://www.msclub.com/products/indices/em_20/ or contact:

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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.

MSCI Barra was recently named Index Provider of the Year at the European Pensions Awards.

For further information on MSCI Barra, please visit our web site at www.msribarra.com

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