

# MSCI<sup>®</sup> press release

## MSCI Hedge Fund Indices Performance – November 2002

New York, December 23, 2002. MSCI announced today its November 2002 performance figures for the MSCI Hedge Fund Indices<sup>SM</sup>. Below is a summary of performance data for selected indices.

### MSCI HEDGE FUND INDICES

|  | Nov-02       | YTD          | 1 Year       | 3 Year       | 3 yr<br>Std Dev. | 3 yr<br>Sharpe |
|--|--------------|--------------|--------------|--------------|------------------|----------------|
| <b>MSCI Hedge Fund Composite Index<sup>SM</sup> - Equal Weighted</b> | <b>1.12%</b> | <b>2.50%</b> | <b>3.72%</b> | <b>9.20%</b> | <b>5.64%</b>     | <b>0.89</b>    |
| <b>MSCI Hedge Fund Composite Index<sup>SM</sup> - Asset Weighted</b> | <b>0.97%</b> | <b>2.75%</b> | <b>3.68%</b> | <b>6.84%</b> | <b>4.99%</b>     | <b>0.53</b>    |
| <b>Process Groups</b>  |              |              |              |              |                  |                |
| MSCI Directional Trading Index <sup>SM</sup>                         | -1.06%       | 7.47%        | 9.19%        | 12.32%       | 7.83%            | 1.04           |
| MSCI Relative Value Index <sup>SM</sup>                              | 0.61%        | 5.46%        | 5.59%        | 8.26%        | 2.16%            | 1.89           |
| MSCI Security Selection Index <sup>SM</sup>                          | 2.13%        | -0.74%       | 0.87%        | 7.95%        | 10.34%           | 0.36           |
| MSCI Specialist Credit Index <sup>SM</sup>                           | 1.74%        | 2.26%        | 2.78%        | 10.87%       | 5.02%            | 1.33           |
| MSCI Multi-Process Group Index <sup>SM</sup>                         | 1.79%        | 0.98%        | 2.73%        | 9.84%        | 5.51%            | 1.03           |
| <b>Asset Class</b>   |              |              |              |              |                  |                |
| MSCI Hedge Fund Equity Index <sup>SM</sup>                           | 1.60%        | -0.19%       | 1.10%        | 8.10%        | 8.00%            | 0.49           |
| MSCI Hedge Fund Fixed Income Index <sup>SM</sup>                     | 1.34%        | 6.18%        | 6.92%        | 10.26%       | 2.88%            | 2.11           |
| MSCI Hedge Fund Diversified Index <sup>SM</sup>                      | -0.55%       | 7.24%        | 8.44%        | 11.42%       | 7.01%            | 1.03           |
| <b>Geography</b>   |              |              |              |              |                  |                |
| MSCI Hedge Fund Developed Markets Index <sup>SM</sup>                | 1.12%        | 2.36%        | 3.49%        | 9.21%        | 5.48%            | 0.92           |
| MSCI Hedge Fund Emerging Markets Index <sup>SM</sup>                 | 1.08%        | 3.05%        | 5.18%        | 7.36%        | 10.12%           | 0.31           |
| MSCI Hedge Fund Global Markets Index <sup>SM</sup>                   | 1.18%        | 3.48%        | 4.94%        | 10.02%       | 6.40%            | 0.91           |
| MSCI Hedge Fund Europe Index <sup>SM</sup>                           | 0.83%        | 6.34%        | 6.86%        | 11.44%       | 12.12%           | 0.60           |
| MSCI Hedge Fund North America Index <sup>SM</sup>                    | 2.18%        | -1.24%       | 0.19%        | 7.97%        | 7.16%            | 0.53           |
| MSCI Hedge Fund Japan Index <sup>SM</sup>                            | -0.53%       | 4.51%        | 2.00%        | 5.86%        | 7.03%            | 0.24           |
| <b>Domicile</b>  |              |              |              |              |                  |                |
| MSCI Offshore Hedge Fund Composite Index <sup>SM</sup>               | 0.90%        | 3.17%        | 4.07%        | 9.29%        | 5.18%            | 0.99           |
| MSCI Onshore Hedge Fund Composite Index <sup>SM</sup>                | 1.60%        | 0.20%        | 1.98%        | 7.95%        | 6.38%            | 0.59           |

### MSCI EQUITY AND FIXED INCOME INDICES

|   |              |                |                |                |               |            |
|---|--------------|----------------|----------------|----------------|---------------|------------|
| <b>MSCI World Equity Index<sup>SM</sup></b>         | <b>5.25%</b> | <b>-16.94%</b> | <b>-16.48%</b> | <b>-14.12%</b> | <b>17.68%</b> | <b>N/A</b> |
| <b>MSCI World Sovereign Debt Index<sup>SM</sup></b> | <b>0.13%</b> | <b>13.90%</b>  | <b>10.89%</b>  | <b>4.44%</b>   | <b>6.97%</b>  | <b>N/A</b> |

Data as of November 29, 2002. All hedge fund indices listed above are equal weighted unless noted otherwise.

The equally weighted **MSCI Hedge Fund Composite Index** increased by 1.12% for the month of November, under performing the MSCI World Equity Index, which returned 5.25% and outperforming the 0.13% gain of the MSCI World Sovereign Debt Index. Year-to-date the MSCI Hedge Fund Composite Index is up 2.50%, ahead of the -16.94% decline of the MSCI World Equity Index but behind the 13.90% gain of the MSCI World Sovereign Debt Index. As an additional point of comparison, in November, LIBOR increased by 0.12% and is up 1.67% year-to-date. For the three years ending November 2002 the MSCI Hedge Fund Composite Index outperformed both global equities and sovereign debt with a 9.20% gain versus a -14.12% decline for equities and a 4.44% gain for sovereign debt as measured by the MSCI World Equity and Sovereign Debt Indices, respectively.

The performance of the MSCI Hedge Fund Composite Index may be further analyzed by reviewing the five Process Group Indices that comprise it: MSCI Directional Trading, Relative Value, Security Selection, Specialist Credit and Multi-Process Indices<sup>SM</sup>. These Process Group Indices are further subdivided into Investment Process and Strategy Indices. MSCI also calculates hedge fund indices by asset class and geographic investment focus.

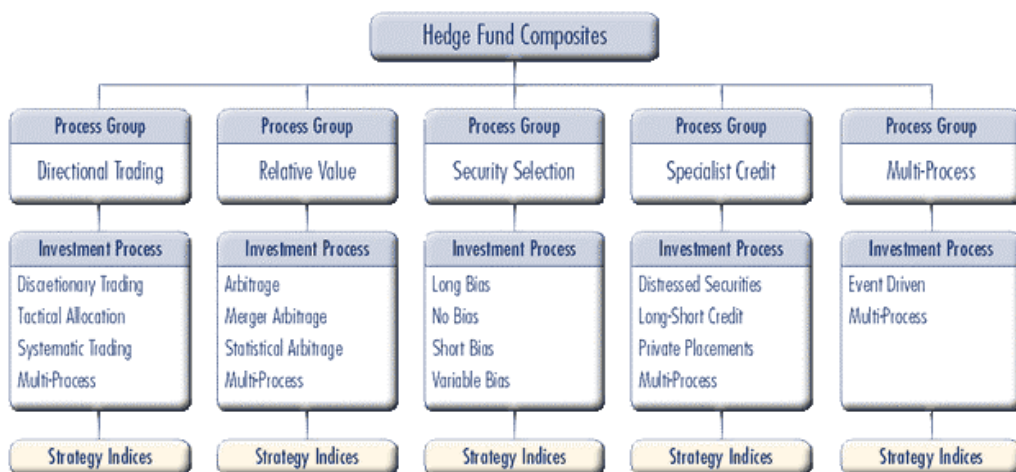
In November, the best performing Process Group Index was the MSCI Security Selection Index, which gained 2.13%, driven by the performance of funds in the Long Bias Investment Process. However, on a year-to-date basis, the MSCI Security Selection Index was the worst performing Process Group Index with a -0.74% return. Conversely, the MSCI Directional Trading Index was the worst performing Process Group Index in November with a -1.06% decline, but remains the best performing Process Group Index year-to-date, up 7.47%. This strong year-to-date performance was driven by funds in the Systematic Trading and Tactical Allocation Investment Processes.

Hedge funds focusing on equities modestly outperformed those focused on fixed income in November as indicated by the 1.60% gain in the MSCI Hedge Fund Equity Index versus the 1.34% gain for the MSCI Hedge Fund Fixed Income Index. Conversely, on a year-to-date basis, fixed income focused funds have outpaced those funds with equity linked strategies, as the MSCI Hedge Fund Fixed Income Index was up 6.18% versus a -0.19% decline of the MSCI Hedge Fund Equity Index. However, funds that invested in both equity and fixed income have fared the best year-to-date, gaining 7.24% as measured by the MSCI Hedge Fund Diversified Index.

Geographically, funds focusing on North American investments performed best in November gaining 2.18% as measured by the MSCI Hedge Fund North America Index, while the MSCI Hedge Fund Japan Index was the worst performing geographic index with a -0.53% decline. The MSCI Hedge Fund Europe Index was the best performing geographic index year-to-date with a 6.34% gain while the MSCI Hedge Fund North America Index was the worst with a -1.24% return.

The MSCI Hedge Fund Indices and fund database contain more than 160 indices. More than 1,600 hedge funds have agreed to participate in the database and there are over 1,100 hedge funds currently in the MSCI Hedge Fund Indices and database.

**MSCI Hedge Fund Indices – Index Structure**



For further information on MSCI indices or MSCI data, visit our web site at [www.msci.com](http://www.msci.com) or contact:

|  |                   |
|--|-------------------|
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| Stephen Dunning, MSCI, London                        | + 44 20 7425 6660 |
| Jammy Chan, MSCI, Hong Kong                          | + 852 2848 6740   |
| Taiki Kimura, MSCI, Tokyo                            | + 813 5424 5470   |
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| Daniel Guthrie/Emma Leeds, Luther Pendragon, London  | + 44 20 7618 9100 |
| Ed Rowley/Steve Bruce, Abernathy MacGregor, New York | + 1 212 371 5999  |

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