

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – June 2003

New York, July 24, 2003 MSCI announced today its June 2003 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES

	Jun-03	YTD	1 Year	2002	3 Year Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal WeightedSM	0.50%	7.95%	9.68%	4.72%	7.80%	3.95%	1.20
MSCI Hedge Fund Composite Index - Asset WeightedSM	0.31%	7.75%	10.85%	5.41%	7.30%	3.64%	1.16
Process Groups							
MSCI Directional Trading Index SM	-1.59%	8.65%	17.69%	13.42%	14.08%	9.07%	1.21
MSCI Relative Value Index SM	0.09%	5.37%	9.59%	8.25%	7.86%	1.81%	2.66
MSCI Security Selection Index SM	1.30%	8.23%	6.11%	-0.20%	4.63%	6.42%	0.24
MSCI Specialist Credit Index SM	1.76%	11.05%	12.13%	4.68%	10.54%	4.02%	1.86
MSCI Multi-Process Group Index SM	1.31%	9.90%	10.24%	3.24%	8.92%	4.59%	1.28
Asset Class							
MSCI Hedge Fund Equity Index SM	1.07%	7.08%	6.31%	1.14%	4.95%	5.10%	0.37
MSCI Hedge Fund Fixed Income Index SM	1.37%	10.46%	13.34%	7.94%	12.22%	2.55%	3.59
MSCI Hedge Fund Diversified Index SM	-0.93%	8.06%	14.43%	11.13%	12.78%	6.84%	1.42
Geography							
MSCI Hedge Fund Developed Markets Index SM	0.29%	7.73%	9.66%	4.69%	7.79%	3.92%	1.21
MSCI Hedge Fund Emerging Markets Index SM	2.29%	10.71%	11.00%	5.87%	7.29%	7.59%	0.56
MSCI Hedge Fund Global Markets Index SM	1.50%	8.52%	9.11%	4.33%	8.33%	4.04%	1.31
MSCI Hedge Fund Europe Index SM	-0.41%	7.79%	10.77%	9.60%	6.43%	5.91%	0.57
MSCI Hedge Fund North America Index SM	1.11%	7.68%	6.95%	-0.17%	5.86%	5.19%	0.54
MSCI Hedge Fund Japan Index SM	3.04%	5.92%	5.72%	9.13%	4.34%	5.54%	0.23
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	0.30%	7.62%	10.17%	6.39%	7.68%	3.36%	1.38
MSCI Onshore Hedge Fund Composite Index SM	0.63%	7.85%	8.60%	1.53%	6.86%	4.88%	0.78

MSCI EQUITY AND FIXED INCOME INDICES

MSCI World Equity IndexSM	1.56%	9.95%	-4.05%	-21.06%	-14.17%	17.33%	N/A
MSCI World Sovereign Debt IndexSM	-1.63%	7.19%	16.62%	19.59%	7.79%	6.86%	N/A

Data as of June 30, 2003. All hedge fund indices listed above are equal weighted and are expressed in US dollars unless noted otherwise.

The MSCI Hedge Fund Composite IndexSM, an equal weighted index, posted a 0.50% return for the month of June underperforming the MSCI World Equity IndexSM which gained 1.56% and outperforming the MSCI World Sovereign Debt IndexSM which lost -1.63%. Since last month, the MSCI Hedge Fund Database has grown to over 1,550 hedge funds. More than 99% of funds reported performance as of June's index calculation.

In contrast with May, Directional Trading was the worst performer in June at -1.59% compared with May's 5.10% gain. Systematic Trading, again, had the greatest impact with a -2.90% return in June. On a year to date basis, Directional Trading is up 8.65% while Systematic Trading has gained 8.79%. Directional Traders comprise more than 50% of the MSCI Hedge Fund Diversified IndexSM, an asset class index, largely contributing to its -0.93% June performance. Directional Traders have the highest three year standard deviation at 9.07%. Relative Value funds have continued to perform consistently with a low three year standard deviation of 1.81%, lower than any other process group. The MSCI Relative Value IndexSM gained 0.09% in June bringing its year to date return to 5.37%. Although Arbitrage was the best performer over the past year within Relative Value with a 13.82% return, it is down for the month losing -0.18%.

This month, Specialist Credit was the best performing process group at 1.76%, bringing its year to date performance to 11.05%. Consistent with the MSCI Specialist Credit IndexSM, which are funds that invest primarily in fixed income, the MSCI Hedge Fund Fixed Income IndexSM was the biggest gainer of the asset based indices in June and on a year to date basis with a return of 1.37% and 10.46%, respectively. In contrast, the MSCI Sovereign Debt Index declined for the first time this year by -1.63%. The MSCI Global High Yield Corporate Index rose 2.79% in June.

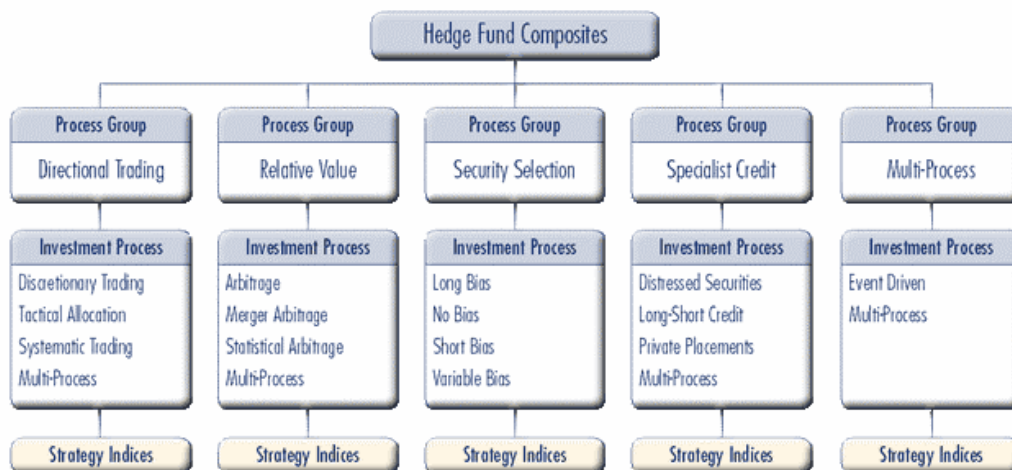
Security Selection funds gained 1.30% in June bringing its year to date return to 8.23%. Long Bias was the best performing investment process within Security Selection posting a 2.12% in contrast with Short Bias which was down -1.03%. By market cap focus, Security Selection Small Cap funds gained 2.51% outperforming Security Selection Mid and Large Cap funds 0.68% gain. This is consistent with the performance of the relevant U.S. equity market indices. The MSCI U.S. Small Cap 1750 Index rose 2.01% in June while the MSCI U.S. Prime Market 750 Index, comprised of mid-to-large cap stocks, rose 1.29%. The overall MSCI U.S. Investable Market 2500 Index gained 1.36% in June.

By geography, funds focusing on Europe fell -0.41% in June on a U.S. Dollar basis, but in Euros, the return was 2.00%. Hedge funds focused on North American markets gained 1.11%. Japanese focused hedge funds outperformed on a U.S. Dollar basis gaining 3.04%, and on a Yen basis, the return was 3.44%. The MSCI Hedge Fund Emerging Market IndexSM gained 2.29% outperforming the MSCI Hedge Fund Developed Market IndexSM, which gained 0.29%. This is consistent with the performance of equities globally as the MSCI Emerging Markets Free IndexSM gained 5.47% while the MSCI World Equity Index returned 1.56%.

The MSCI Hedge Fund Indices are composed of more than 160 indices. More than 1,700 hedge funds have agreed to participate in the database and there are over 1,550 hedge funds currently in the MSCI Hedge Fund Indices and Database.

MSCI defines Directional Trading strategies as those based upon speculating on the direction of market prices of currencies, commodities, equities, and bonds in the futures and cash markets. Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities. Security Selection managers combine long positions and short sales with the aim of benefiting from their ability in selecting investments while offsetting systematic market risks. Specialist Credit funds seek to lend to credit-sensitive issuers. The Multi-Process group comprises funds which practice a strategy whereby a single investment process does not account for more than 80% of their risk capital.

MSCI Hedge Fund Indices – Index Structure



For further information on MSCI indices or MSCI data, visit our web site at www.msci.com or contact:

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