

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – August 2003

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

MSCI HEDGE FUND INDICES

	Aug-03	YTD	1 Year	2002	3 Year Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal WeightedSM	0.94%	9.31%	11.73%	4.78%	7.44%	3.71%	1.27
MSCI Hedge Fund Composite Index - Asset WeightedSM	0.83%	8.70%	11.86%	5.56%	7.24%	3.42%	1.32
Process Groups							
MSCI Directional Trading Index SM	-0.11%	6.65%	11.22%	13.30%	12.64%	8.91%	1.11
MSCI Relative Value Index SM	-0.12%	4.60%	7.78%	8.33%	7.13%	1.91%	2.30
MSCI Security Selection Index SM	1.89%	11.96%	12.80%	-0.15%	4.82%	6.14%	0.34
MSCI Specialist Credit Index SM	0.89%	13.69%	17.16%	4.88%	10.11%	4.29%	1.72
MSCI Multi-Process Group Index SM	1.92%	12.57%	14.61%	3.16%	8.86%	4.57%	1.34
Asset Class							
MSCI Hedge Fund Equity Index SM	1.49%	9.71%	10.74%	1.16%	4.85%	4.86%	0.43
MSCI Hedge Fund Fixed Income Index SM	0.56%	11.06%	13.94%	7.77%	11.11%	2.54%	3.29
MSCI Hedge Fund Diversified Index SM	0.50%	7.98%	11.67%	11.13%	12.16%	6.54%	1.44
Geography							
MSCI Hedge Fund Developed Markets Index SM	0.72%	8.69%	11.26%	4.75%	7.31%	3.66%	1.25
MSCI Hedge Fund Emerging Markets Index SM	2.96%	15.85%	17.81%	5.88%	7.76%	7.59%	0.66
MSCI Hedge Fund Global Markets Index SM	2.07%	11.82%	12.90%	4.33%	8.68%	4.01%	1.48
MSCI Hedge Fund Europe Index SM	-0.47%	6.95%	10.61%	9.67%	6.56%	5.94%	0.64
MSCI Hedge Fund North America Index SM	1.17%	10.05%	11.66%	-0.04%	5.35%	4.83%	0.54
MSCI Hedge Fund Japan Index SM	3.35%	10.72%	10.15%	9.58%	7.14%	5.28%	0.83
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	0.59%	8.23%	11.02%	6.51%	7.53%	3.27%	1.46
MSCI Onshore Hedge Fund Composite Index SM	1.25%	9.96%	11.93%	1.51%	6.21%	4.44%	0.78

MSCI EQUITY AND FIXED INCOME INDICES

MSCI World Equity Index SM	1.98%	14.28%	9.00%	-21.06%	-13.11%	17.30%	N/A
MSCI World Sovereign Debt Index SM	-0.56%	3.43%	9.50%	19.59%	8.32%	7.30%	N/A

Data as of August 31, 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 0.94% return for the month of August underperforming the MSCI World Equity IndexSM which gained 1.98% and outperforming the MSCI World Sovereign Debt IndexSM which lost -0.56%. The MSCI Hedge Fund Database has grown to over 1,600 hedge funds. More than 99% of funds reported performance as of August's index calculation.

With equity markets rising, it is not surprising that Security Selection funds performed well in August with a gain of 1.89% bringing its year to date return to 11.96%. Long Bias was the best performing investment process within Security Selection posting a 2.51% gain in contrast with Short Bias which was down -2.43%. By market cap focus, Security Selection Small Cap funds gained 2.01% outperforming Security Selection Mid and Large Cap funds which returned 1.10%. This is consistent with the performance of the relevant U.S. equity market indices and equity asset class index. The MSCI U.S. Small Cap 1750 Index rose 4.82% in August while the MSCI U.S. Prime Market 750 Index, comprised of mid-to-large cap stocks, rose 2.02%. The overall MSCI U.S. Investable Market 2500 Index gained 2.31% and the MSCI Hedge Fund Equity IndexSM gained 1.49% in August.

Directional Trading lost -0.11% in August compared with July's -1.59% loss. Systematic Trading, again, had the greatest impact with a -0.59% return in August. On a year to date basis, Directional Trading is up 6.65% while Systematic Trading has gained 5.40%. Directional Traders comprise more than 50% of the MSCI Hedge Fund Diversified IndexSM, an asset class index, largely contributing to its 0.50% August performance. Directional Traders have the highest three year standard deviation at 8.91%. Relative Value funds have continued to perform consistently with a low three year standard deviation of 1.91%, lower than any other process group. The MSCI Relative Value IndexSM lost -0.12% in August bringing its year to date return to 4.60%. Although Arbitrage lost -0.20%, mostly contributed to by Convertible Arbitrage losing -0.79%, Fixed Income Arbitrage gained 0.30%.

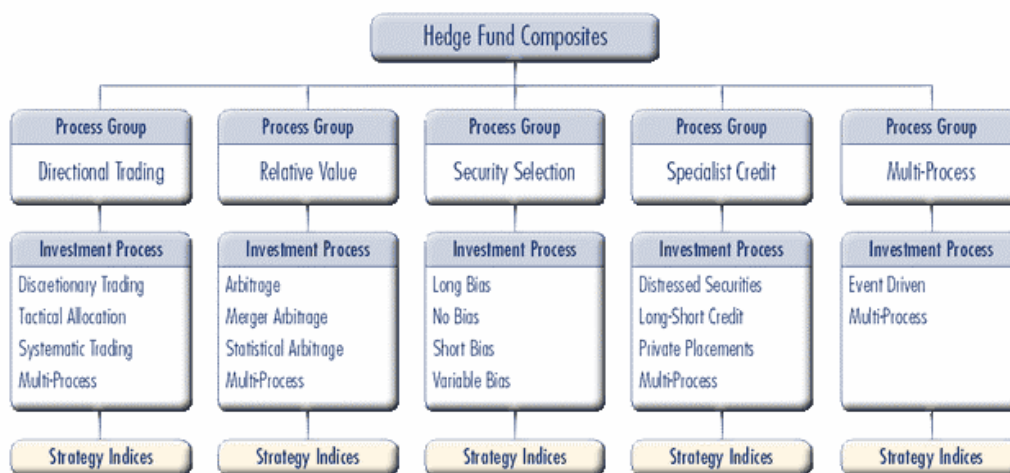
This month, Specialist Credit returned 0.89%, bringing its year to date performance to 13.69%. Consistent with the MSCI Specialist Credit IndexSM, which are funds that invest primarily in fixed income, the MSCI Hedge Fund Fixed Income IndexSM returned 0.56% in August bringing its year to date return to 11.06%. On a year to date basis, both indices are leading their respective process group and asset class indices. In contrast, the MSCI Sovereign Debt Index declined by -0.56% and the MSCI Global High Yield Corporate Index fell -0.35% in August.

By geography, funds focusing on Europe fell -0.47% in August on a U.S. Dollar basis, but in Euros, the return was 2.03%. Hedge funds focused on North American markets gained 1.17%. Japanese focused hedge funds outperformed on a U.S. Dollar basis gaining 3.35%, and on a Yen basis, the return was 0.03%. The MSCI Hedge Fund Emerging Market IndexSM gained 2.96% outperforming the MSCI Hedge Fund Developed Market IndexSM, which gained 0.72%. This is consistent with the performance of equities globally as the MSCI Emerging Markets Free IndexSM gained 6.49% while the MSCI World Equity Index returned 1.98%.

The MSCI Hedge Fund Indices are composed of more than 190 indices. More than 1,800 hedge funds have agreed to participate in the database and there are over 1,600 hedge funds currently in the MSCI Hedge Fund Indices and Database representing more than \$160 billion in assets.

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:

Dorsey Horowitz, MSCI, New York	+ 1 212 762 5790
Stephen Dunning, MSCI, London	+ 44 20 7425 6660
Jammy Chan, MSCI, Hong Kong	+ 852 2848 6740
Taiki Kimura, MSCI, Tokyo	+ 813 5424 5470

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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London	+44 20 7425 6660	New York	+1 212 762 5790	Tokyo	+813 5424 5470
Frankfurt	+49 69 2166 5325	San Francisco	+1 415 576 2323	Hong Kong	+852 2848 6740

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