

# MSCI<sup>®</sup> press release

## HEDGE FUND INDICES

### Currency Conversion Methodology Change for the MSCI Hedge Fund Indices<sup>SM</sup>

**New York, November 17, 2003.** MSCI, a leading provider of equity, fixed income and hedge fund indices, is changing its method of calculating currency conversion for the MSCI Hedge Fund Indices. The performance of index constituent funds that are not denominated in US dollars will be converted into US dollars in a manner that assumes that the currency risk is fully hedged. Michel Serieyssol, Global Product Manager for the MSCI Hedge Fund Indices states, "This methodology more closely represents the actions of hedge fund investors, who typically seek to mitigate currency exposures. Investors in hedge funds focus on the alpha generated by manager skill rather than the movements of currency."

According to Daniel Coker, Head of Hedge Fund Research and Operations at MSCI, "Clients expressed a near universal desire for indices that hedge the effects of currency exposure to better reflect the investment process of hedge fund investors and provide more accurate peer group comparisons." The new currency conversion methodology will use a forward rate to convert returns to US dollars in the calculations of the MSCI Hedge Fund Indices. The MSCI Hedge Invest Index is not impacted by this change in methodology because all of its constituent funds currently report returns in US dollars.

Although the effect of this change is expected to be small at the composite index level, the impact on certain, more granular, indices may be more significant. MSCI will implement this new currency conversion methodology in the index update that will take place on November 24, 2003. A complete explanation of the new currency conversion methodology can be found in the MSCI Hedge Fund Indices Methodology available on [www.msci.com](http://www.msci.com). The MSCI Hedge Fund Indices consist of over 190 indices based on the MSCI Hedge Fund Classification Standard<sup>SM</sup>, the world's most granular hedge fund classification system. The MSCI hedge fund database currently contains more than 1600 hedge funds representing more than \$160 billion in assets.

**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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