

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – November 2003

New York, December 23, 2003 MSCI announced today its November 2003 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES

	Nov-03	YTD	1 Year	2002	3 Year Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite IndexSM - Equal Weighted	0.72%	12.65%	13.51%	2.45%	8.41%	3.35%	1.90
MSCI Hedge Fund Composite IndexSM - Asset Weighted	0.68%	11.49%	12.72%	2.98%	7.55%	2.90%	1.90
Process Groups							
MSCI Directional Trading Index SM	-0.27%	7.54%	12.07%	10.87%	10.90%	8.06%	1.10
MSCI Relative Value Index SM	0.53%	6.35%	7.54%	6.16%	6.81%	1.44%	3.32
MSCI Security Selection Index SM	1.09%	16.68%	15.56%	-2.74%	7.18%	5.92%	0.87
MSCI Specialist Credit Index SM	1.46%	20.69%	22.56%	4.82%	13.81%	3.88%	3.04
MSCI Multi-Process Group Index SM	0.94%	15.93%	16.34%	0.91%	9.65%	4.22%	1.81
Asset Class							
MSCI Hedge Fund Equity Index SM	0.93%	13.56%	13.06%	-1.52%	6.31%	4.72%	0.91
MSCI Hedge Fund Fixed Income Index SM	1.14%	15.35%	16.95%	7.07%	12.32%	2.28%	4.51
MSCI Hedge Fund Diversified Index SM	0.07%	10.02%	13.37%	9.10%	11.77%	5.89%	1.65
Geography							
MSCI Hedge Fund Developed Markets Index SM	0.74%	11.81%	12.78%	2.31%	8.00%	3.27%	1.83
MSCI Hedge Fund Emerging Markets Index SM	1.54%	22.30%	22.20%	5.38%	12.76%	6.70%	1.60
MSCI Hedge Fund Global Markets Index SM	0.09%	16.02%	16.22%	2.26%	10.22%	3.90%	2.10
MSCI Hedge Fund Europe Index SM	0.67%	5.97%	5.31%	-1.17%	2.73%	2.43%	0.29
MSCI Hedge Fund North America Index SM	1.31%	15.00%	15.16%	-0.29%	7.91%	4.65%	1.27
MSCI Hedge Fund Japan Index SM	-1.67%	16.81%	17.27%	7.38%	11.10%	4.75%	1.91
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	0.46%	10.29%	11.34%	2.92%	7.49%	2.47%	2.21
MSCI Onshore Hedge Fund Composite Index SM	0.93%	14.00%	14.49%	1.19%	8.31%	4.32%	1.46

MSCI EQUITY AND FIXED INCOME INDICES

MSCI World Equity IndexSM	1.38%	23.20%	17.10%	-21.06%	-6.73%	17.27%	N/A
MSCI World Sovereign Debt IndexSM	1.67%	10.64%	16.17%	19.59%	10.61%	7.76%	N/A

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

The equal weighted MSCI Hedge Fund Composite IndexSM posted a 0.72% return for the month of November, underperforming both the MSCI World Equity IndexSM which gained 1.38% and the MSCI World Sovereign Debt IndexSM which rose 1.67%. The MSCI Hedge Fund Database has grown to over 1,675 hedge funds. More than 98% of the funds in the database reported performance as of November's index calculation. The MSCI Hedge Fund Indices are composed of more than 190 indices representing more than \$180 billion in assets.

Specialist Credit was the best performing process group in November posting a 1.46% return, bringing its year to date performance to 20.69%. Within Specialist Credit and all investment processes, Distressed Securities was the best performer on a year to date basis with a 27.08% return. Consistent with the MSCI Specialist Credit IndexSM, which are funds that invest primarily in fixed income, the MSCI Hedge Fund Fixed Income IndexSM returned 1.14% in November bringing its year to date return to 15.35%. On a year to date basis, both indices are leading their respective process group and asset class indices.

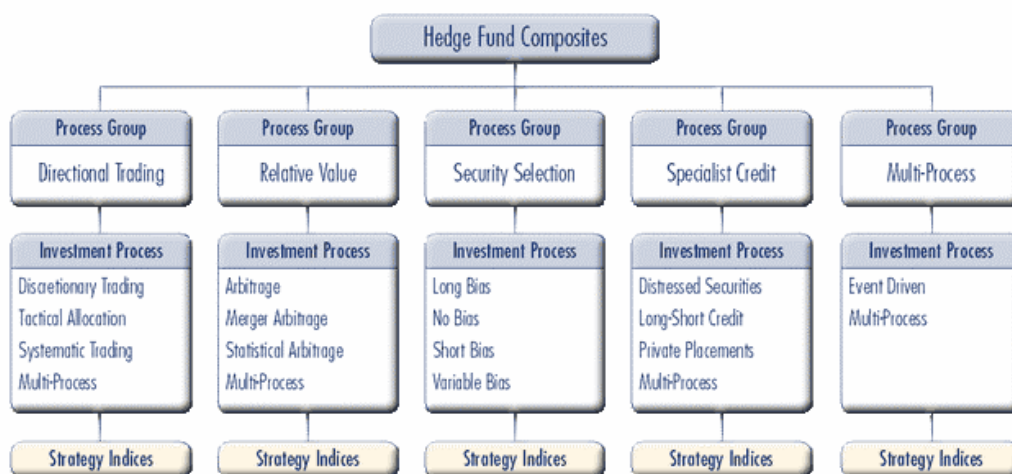
Security Selection was the next best performer in November with a 1.09% gain, bringing its year to date return to 16.68%. No Bias was the best performing investment process within Security Selection posting a 1.14% gain bringing its year to date return to 6.85%. However, on a year to date basis, Long Bias is the best performing investment process within Security Selection gaining 23.51%, which compares well with the MSCI World Equity IndexSM which gained 23.20% through November. In contrast, Short Bias lost -0.05% in November bringing its year to date return to -13.67%. By market cap focus, Security Selection Small Cap funds which gained 2.41% continue to outperform Security Selection Mid and Large Cap funds which returned 0.57%. This small cap outperformance is consistent with the performance of the relevant U.S. equity market indices. The MSCI U.S. Small Cap 1750 Index gained 3.75% in November while the MSCI U.S. Prime Market 750 Index, comprised of mid-to-large cap stocks, gained 1.13%. On a year to date basis, Security Selection Small Cap funds are up 33.02% which compares with the MSCI U.S. Small Cap 1750 Index which is up 43.91% through November.

Within Directional Trading which lost -0.27% in November, Discretionary Traders gained 0.28% while Systematic Traders lost -0.54%. Directional Trading funds have the highest three year standard deviation at 8.06% mostly driven by Systematic Trading funds with a 12.67% three year standard deviation. Relative Value funds have continued to perform consistently with a low three year standard deviation of 1.44%, lower than any other process group. Relative Value has the highest three year Sharpe ratio of 3.32. Within Relative Value, Merger Arbitrage which has a year to date return of 4.67% continues to underperform Convertible Arbitrage and Fixed Income Arbitrage which returned 9.73% and 8.47% on a year to date basis, respectively.

By geography, funds focusing on Japan fell -1.67% underperforming funds investing in North America and Europe which gained 1.31% and 0.67%, respectively. However, on a year to date basis, fund focusing on Japan which returned 16.81% outperformed funds focusing on North America and Europe with year to date returns of 15.00% and 5.97%, respectively. On a year to date basis, the MSCI Hedge Fund Emerging Market IndexSM continued to outperform the MSCI Hedge Fund Developed Market IndexSM, which gained 22.30% and 11.81%, respectively.

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, please visit our web site at www.msci.com or contact:

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