

# MSCI<sup>®</sup> press release

## HEDGE FUND INDICES

### MSCI Hedge Fund Indices – December 2003 - Early Reporting Funds

**New York, January 13, 2004.** MSCI announced performance figures for early reporting funds in the MSCI Hedge Fund Composite and Process Group Indices<sup>SM</sup>. The performance figures for December are based on the returns of funds that have reported through January 13, 2004. The performance figures may change significantly as returns from additional funds are received. The proportion of funds that have reported to date in each index is shown.

Below is a summary of the performance data for selected indices.

MSCI Hedge Fund Indices <sup>SM</sup>	Early Reports		YTD**	Annual	3 yr.	%
	Dec-03	Nov-03	Dec-03	2002	Sharpe	Reporting
<b>MSCI Hedge Fund Composite Index<sup>SM</sup></b>	<b>1.8%</b>	<b>0.7%</b>	<b>14.7%</b>	<b>2.5%</b>	<b>1.82</b>	<b>58%</b>
<b>Process Groups</b>						
MSCI Directional Trading Index <sup>SM</sup>	2.9%	-0.3%	10.6%	10.9%	0.99	66%
MSCI Relative Value Index <sup>SM</sup>	0.3%	0.5%	6.7%	6.2%	3.03	53%
MSCI Security Selection Index <sup>SM</sup>	1.9%	1.1%	19.0%	-2.7%	0.80	57%
MSCI Specialist Credit Index <sup>SM</sup>	2.2%	1.5%	23.4%	4.8%	3.01	51%
MSCI Multi-Process Group Index <sup>SM</sup>	1.9%	0.9%	18.1%	0.9%	1.76	68%
<b>Other Reference Indices</b>						
MSCI World Equity Index <sup>SM</sup> *	<b>6.2%</b>	<b>1.4%</b>	<b>30.9%</b>	<b>-21.1%</b>		
MSCI World Sovereign Debt Index <sup>SM</sup> *	<b>3.9%</b>	<b>1.7%</b>	<b>15.0%</b>	<b>19.6%</b>		

The MSCI World Equity Index<sup>SM</sup> is measured without dividends reinvested.

\* All numbers presented for these indices are final.

\*\*Hedge fund year-to-date returns based upon January-November finals and December early reports.

All hedge fund indices listed above are equal weighted and are expressed in US dollars unless noted otherwise.

For the month of December the early reporting funds in the **MSCI Hedge Fund Composite Index<sup>SM</sup>**, an equal weighted index, are up 1.8% with 58% of funds reporting.

The MSCI World Equity Index<sup>SM</sup> increased by 6.2% in December. The MSCI World Sovereign Debt Index<sup>SM</sup> increased by 3.9% in December while LIBOR returned 0.1% in December. The performance of the MSCI Hedge Fund Composite Index is comprised of five Process Group Indices – the 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 Indices.

Below is a brief description of the performance of select MSCI Hedge Fund Indices:

The **MSCI Directional Trading Index<sup>SM</sup>** was up 2.9% for the month of December based on 66% of funds reporting. 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.

The **MSCI Relative Value Index<sup>SM</sup>** increased by 0.3% in December based on 53% of funds reporting. Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

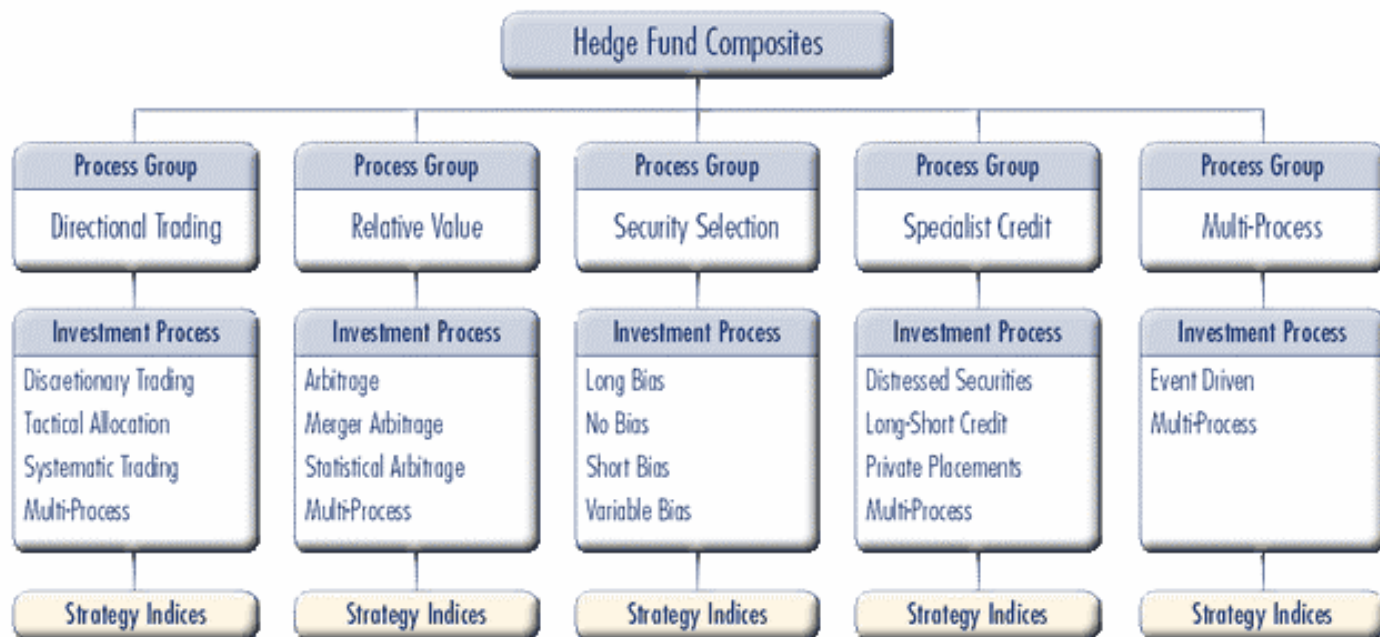
The **MSCI Security Selection Index<sup>SM</sup>** increased in December with a return of 1.9% based on 57% of funds reporting. Security Selection managers combine long positions and short sales with the aim of benefiting from their ability in selecting investments while offsetting systematic market risks.

The **MSCI Specialist Credit Index<sup>SM</sup>** increased by 2.2% in December based on 51% of funds reporting. Specialist Credit funds seek to lend to credit-sensitive issuers.

The **MSCI Multi-Process Group Index<sup>SM</sup>** increased by 1.9% in December based on 68% of funds reporting. 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.

The MSCI Hedge Fund Indices<sup>SM</sup> consist of over 190 indices based on the MSCI Hedge Fund Classification Standard. The MSCI hedge fund database currently contains more than 1600 hedge funds representing more than \$180 billion in assets.

**MSCI Hedge Fund Indices – Index Structure**



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

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