

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – February 2004

New York, March 24, 2004. MSCI announced today its February 2004 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES

	Feb	YTD	1 Year	2003	3 Year Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal Weighted SM	1.49%	3.08%	16.22%	14.88%	8.47%	3.10%	2.08
MSCI Hedge Fund Composite Index - Asset Weighted SM	1.54%	3.30%	14.49%	13.33%	7.62%	2.72%	2.06
Process Groups							
MSCI Directional Trading Index SM	3.57%	4.47%	8.45%	10.78%	10.68%	7.73%	1.12
MSCI Relative Value Index SM	0.42%	1.33%	6.01%	6.68%	6.29%	1.39%	3.07
MSCI Security Selection Index SM	1.30%	3.24%	23.14%	18.86%	7.45%	5.58%	0.97
MSCI Specialist Credit Index SM	0.67%	3.17%	24.06%	24.49%	14.32%	4.04%	3.05
MSCI Multi-Process Group Index SM	1.21%	3.43%	22.09%	19.43%	10.13%	4.25%	1.91
Asset Class							
MSCI Hedge Fund Equity Index SM	1.15%	2.87%	19.00%	15.49%	6.45%	4.49%	0.99
MSCI Hedge Fund Fixed Income Index SM	0.72%	2.71%	16.89%	17.29%	12.58%	2.37%	4.46
MSCI Hedge Fund Diversified Index SM	3.03%	4.45%	12.58%	13.40%	11.72%	5.61%	1.73
Geography							
MSCI Hedge Fund Developed Markets Index SM	1.50%	3.11%	15.26%	13.89%	8.04%	2.99%	2.01
MSCI Hedge Fund Emerging Markets Index SM	1.24%	3.18%	28.18%	26.30%	13.27%	6.27%	1.79
MSCI Hedge Fund Global Markets Index SM	1.53%	2.64%	19.78%	19.02%	10.30%	3.84%	2.15
MSCI Hedge Fund Europe Index SM	1.58%	3.91%	11.16%	6.23%	3.57%	2.68%	0.58
MSCI Hedge Fund North America Index SM	0.99%	2.80%	19.04%	17.12%	7.91%	4.38%	1.35
MSCI Hedge Fund Japan Index SM	0.81%	1.85%	21.72%	20.04%	12.19%	5.66%	1.80
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	1.39%	2.77%	12.95%	11.94%	7.58%	2.32%	2.39
MSCI Onshore Hedge Fund Composite Index SM	1.46%	3.21%	18.24%	16.55%	8.41%	3.92%	1.63
MSCI Hedge Invest Index SM	1.10%	1.93%	10.65%	8.73%	8.13%	2.51%	2.43
MSCI EQUITY AND FIXED INCOME INDICES							
MSCI World Equity Index SM	1.67%	3.31%	44.36%	33.11%	-0.60%	17.03%	N/A
MSCI World Sovereign Debt Index SM	0.16%	0.52%	12.36%	14.97%	11.03%	7.80%	N/A

Data is as of February 29, 2004. All hedge fund indices listed above are equal weighted unless noted otherwise.

The MSCI Hedge Fund Composite IndexSM, an equal weighted index, posted a 1.49% return for the month of February, slightly underperforming the MSCI World Equity IndexSM which gained 1.67% and outperforming the MSCI World Sovereign Debt IndexSM which gained 0.16%. The MSCI Hedge Fund Database has grown to over 1,700 hedge funds and more than 190 indices representing more than \$200 billion in assets. Over 98% of the funds in the database reported performance as of February's index calculation.

For the month of February, Directional Trading posted the strongest performance of the five process group indices with a 3.57% gain, bringing its year to date return to 4.47%. This gain was propelled by the best performing investment process in February, Systematic Trading, which rose 5.00%. Though these gains are notable relative to the performance of the other processes, they came with greater risk. Systematic Trading funds have the highest volatility of all investment processes with a three-year standard deviation of 12.37%.

Relative Value continued its relative underperformance in February returning 0.42%. This was partly attributable to Convertible Arbitrage achieving a modest 14 basis point return in February. Although Relative Value funds have achieved lower absolute performance, they continue to achieve the most consistent returns of the five process groups, with a three-year standard deviation of 1.39%, and a three-year Sharpe ratio of 3.07.

Specialist Credit turned in the second lowest gain for February of 0.67%, having been the strongest process group in 2003. Even with February's performance, Specialist Credit maintained the highest rolling one-year, 2003, and three-year annual returns of the process groups with 24.06%, 24.49%, and 14.32% respectively. The poorest performing investment process for February was Long-Short Credit gaining 0.09%.

Security Selection returned 1.30% in February, bringing its three-year Sharpe ratio to 0.97, the lowest for all process groups. Within Security Selection, Long Bias and Variable Bias had comparable gains in February with 1.41% and 1.40%, respectively. Despite rising equity markets, Short Bias reported its first positive return in five months of 90 basis points. Consistent with the historical trend, in February, Security Selection Small Cap funds continued to outperform Security Selection Mid and Large Cap funds, and did so by 10 basis points. Security Selection Small Cap funds gained 35.42% in 2003 while Security Selection Mid and Large Cap funds gained 12.19%.

The MSCI Hedge Fund Equity IndexSM, which returned 1.15% in February, outperformed the MSCI Hedge Fund Fixed Income IndexSM which returned 0.72%. The MSCI Hedge Fund Developed Market IndexSM, which returned 1.50%, outperformed the MSCI Hedge Fund Emerging Market IndexSM at 1.24%. Hedge funds investing in Europe, which returned 1.58%, performed better than those investing in North America, which returned 0.99%.

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

Dorsey Horowitz, MSCI, New York	+ 1 212 762 5790
Sara Corsaro, MSCI, London	+ 44 20 7425 6660
Jammy Chan, MSCI, Hong Kong	+ 852 2848 6740
Olivia Vong, MSCI, Tokyo	+ 813 5424 5470
Daniel Guthrie/Beany McLean, Luther Pendragon, London	+ 44 20 7618 9100
Ed Rowley/Kayt Makosy, Abernathy MacGregor, New York	+ 1 212 371 5999

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