

# MSCI<sup>®</sup> press release

## HEDGE FUND INDICES

### MSCI Hedge Fund Indices Performance – March 2004

New York, April 26, 2004. MSCI announced today its March 2004 performance figures for the MSCI Hedge Fund Indices<sup>SM</sup>. Below is a summary of performance data for selected indices.

#### MSCI HEDGE FUND INDICES

	Mar	YTD	1 Year	2003	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
<b>MSCI Hedge Fund Composite Index - Equal Weighted<sup>SM</sup></b>	<b>0.41%</b>	<b>3.41%</b>	<b>16.94%</b>	<b>14.71%</b>	<b>8.47%</b>	<b>3.04%</b>	<b>2.16</b>
<b>MSCI Hedge Fund Composite Index - Asset Weighted<sup>SM</sup></b>	<b>0.31%</b>	<b>3.59%</b>	<b>15.27%</b>	<b>13.31%</b>	<b>7.64%</b>	<b>2.72%</b>	<b>2.11</b>
<b>Process Groups</b>							
MSCI Directional Trading Index <sup>SM</sup>	0.32%	4.83%	12.47%	10.63%	9.31%	7.49%	0.99
MSCI Relative Value Index <sup>SM</sup>	0.31%	1.62%	5.68%	6.42%	6.10%	1.34%	3.12
MSCI Security Selection Index <sup>SM</sup>	0.52%	3.67%	23.67%	18.77%	8.06%	5.37%	1.15
MSCI Specialist Credit Index <sup>SM</sup>	0.23%	3.32%	23.03%	24.66%	14.57%	4.12%	3.07
MSCI Multi-Process Group Index <sup>SM</sup>	0.50%	3.89%	21.91%	19.23%	9.93%	4.24%	1.89
<b>Asset Class</b>							
MSCI Hedge Fund Equity Index <sup>SM</sup>	0.50%	3.26%	19.29%	15.22%	6.92%	4.29%	1.17
MSCI Hedge Fund Fixed Income Index <sup>SM</sup>	0.32%	3.04%	16.12%	17.37%	12.73%	2.38%	4.55
MSCI Hedge Fund Diversified Index <sup>SM</sup>	0.24%	4.68%	15.46%	13.38%	10.53%	5.43%	1.59
<b>Geography</b>							
MSCI Hedge Fund Developed Markets Index <sup>SM</sup>	0.38%	3.42%	15.90%	13.66%	7.93%	2.95%	2.04
MSCI Hedge Fund Emerging Markets Index <sup>SM</sup>	0.71%	3.90%	29.65%	27.09%	15.13%	5.90%	2.24
MSCI Hedge Fund Global Markets Index <sup>SM</sup>	0.56%	3.01%	20.74%	18.86%	10.24%	3.79%	2.20
MSCI Hedge Fund Europe Index <sup>SM</sup>	-0.44%	3.29%	10.25%	6.02%	3.80%	2.52%	0.75
MSCI Hedge Fund North America Index <sup>SM</sup>	0.04%	2.72%	18.44%	16.85%	8.06%	4.24%	1.45
MSCI Hedge Fund Japan Index <sup>SM</sup>	9.24%	11.09%	30.69%	18.29%	13.80%	7.09%	1.68
<b>Domicile</b>							
MSCI Offshore Hedge Fund Composite Index <sup>SM</sup>	0.53%	3.23%	14.23%	12.23%	7.71%	2.36%	2.46
MSCI Onshore Hedge Fund Composite Index <sup>SM</sup>	0.26%	3.44%	19.42%	17.22%	8.85%	4.01%	1.73
<b>MSCI Hedge Invest Index<sup>†</sup></b>	<b>0.15%</b>	<b>2.08%</b>	<b>11.50%</b>	<b>8.73%</b>	<b>7.61%</b>	<b>2.47%</b>	<b>2.32</b>

#### MSCI EQUITY AND FIXED INCOME INDICES

<b>MSCI World Equity Index<sup>SM</sup></b>	<b>-0.66%</b>	<b>2.62%</b>	<b>43.87%</b>	<b>33.11%</b>	<b>1.46%</b>	<b>16.57%</b>	<b>N/A</b>
<b>MSCI World Sovereign Debt Index<sup>SM</sup></b>	<b>1.42%</b>	<b>1.95%</b>	<b>13.63%</b>	<b>14.97%</b>	<b>12.67%</b>	<b>7.46%</b>	<b>N/A</b>

Data is as of March 30, 2004. All hedge fund indices listed above are equal weighted unless noted otherwise.

† MSCI Hedge Invest Index: MTD returns are based upon performance from the last Tuesday in previous month until the last Tuesday in reported month. YTD returns are from December 30, 2003 through March 30, 2004. Pro forma historical performance data for the period before July 15, 2003, relies on significant assumptions, and is provided for illustration purposes only. As with all historical performance data, it may not be used to predict future characteristics or performance of the index or relied on in making any investment decisions.

The MSCI Hedge Fund Composite Index<sup>SM</sup>, an equal weighted index, posted a 0.41% return for the month of March, outperforming the MSCI World Equity Index<sup>SM</sup>, which fell 0.66% and underperforming the MSCI World Sovereign Debt Index<sup>SM</sup>, which gained 1.42%. 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 March's index calculation.

In March, all five MSCI investment process groups were up. In contrast with the MSCI World Equity Index, which returned -0.66% in March, Security Selection posted a 0.52% gain, generating the highest return of any process group. This gain was propelled by the best performing investment process in March, Variable Bias, which rose 1.54%.

The March performance of hedge funds investing in equities, measured by the MSCI Hedge Fund Equity Index<sup>SM</sup> returned 0.50%. This positive performance was generated despite declining equity markets. The MSCI Hedge Fund Fixed Income Index<sup>SM</sup> returned a positive 0.32%, but underperformed the MSCI World Sovereign Debt Index<sup>SM</sup>, which returned 1.42%.

Hedge funds investing in various geographical locations returned positive March performance except for those investing in Europe as measured by the MSCI Hedge Fund Europe Index<sup>SM</sup>, which returned -0.44%. In March, the MSCI Hedge Fund Japan Index<sup>SM</sup> posted an exceptional 9.24% gain, as the Japanese equity markets rallied in March, rising 13.4% as shown by the MSCI Japan Index<sup>SM</sup>.

Below is a brief description of the MSCI Hedge Fund Process Groups:

The **MSCI Directional Trading Index<sup>SM</sup>** - 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>** - Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

The **MSCI Security Selection Index<sup>SM</sup>** - 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>** - Specialist Credit funds seek to lend to credit-sensitive issuers.

The **MSCI Multi-Process Group Index<sup>SM</sup>** - 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.

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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