

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – May 2004

New York, June 23, 2004. MSCI announced today its May 2004 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES							
	May	YTD	1 Year	2003	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal Weighted SM	-0.56%	1.50%	9.61%	14.71%	7.06%	3.29%	1.62
MSCI Hedge Fund Composite Index - Asset Weighted SM	-0.53%	2.16%	9.40%	13.29%	6.59%	2.90%	1.68
Process Groups							
MSCI Directional Trading Index SM	-1.27%	-0.82%	1.15%	10.69%	8.02%	7.91%	0.80
MSCI Relative Value Index SM	-0.28%	1.36%	3.85%	6.42%	5.36%	1.38%	2.63
MSCI Security Selection Index SM	-0.60%	1.79%	14.56%	18.83%	6.18%	5.41%	0.82
MSCI Specialist Credit Index SM	0.50%	4.39%	16.89%	24.52%	14.02%	4.08%	3.01
MSCI Multi-Process Group Index SM	-0.56%	2.84%	14.79%	19.14%	8.46%	4.36%	1.55
Asset Class							
MSCI Hedge Fund Equity Index SM	-0.45%	1.63%	12.03%	15.24%	5.26%	4.33%	0.82
MSCI Hedge Fund Fixed Income Index SM	0.52%	3.92%	12.51%	17.36%	12.23%	2.41%	4.35
MSCI Hedge Fund Diversified Index SM	-1.06%	0.51%	5.43%	13.42%	9.40%	5.78%	1.33
Geography							
MSCI Hedge Fund Developed Markets Index SM	-0.45%	1.57%	8.77%	13.64%	6.60%	3.19%	1.53
MSCI Hedge Fund Emerging Markets Index SM	-1.46%	1.39%	18.75%	27.07%	13.19%	6.19%	1.85
MSCI Hedge Fund Global Markets Index SM	-1.12%	0.92%	13.39%	19.12%	8.32%	4.02%	1.64
MSCI Hedge Fund Europe Index SM	-0.84%	2.22%	6.48%	6.02%	2.78%	2.56%	0.41
MSCI Hedge Fund North America Index SM	-0.04%	1.71%	11.39%	16.82%	6.59%	4.27%	1.14
MSCI Hedge Fund Japan Index SM	-1.23%	12.40%	29.72%	18.13%	12.78%	7.08%	1.56
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	-0.73%	1.57%	8.31%	12.19%	6.58%	2.60%	1.87
MSCI Onshore Hedge Fund Composite Index SM	-0.33%	1.47%	10.75%	17.22%	7.20%	4.21%	1.30
MSCI Hedge Invest Index [†]	-1.09%	0.62%	5.55%	8.50%	6.62%	2.75%	1.78
MSCI EQUITY AND FIXED INCOME INDICES							
MSCI World Equity Index SM	0.91%	1.43%	23.60%	33.11%	-0.87%	16.05%	N/A
MSCI World Sovereign Debt Index SM	0.76%	-1.65%	3.76%	14.97%	11.54%	8.00%	N/A

Data is as of May 31, 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 May 25, 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 IndexSM, an equal weighted index, posted a -0.56% return for the month of May, underperforming both the MSCI World Equity IndexSM, which rose 0.91% and the MSCI World Sovereign Debt IndexSM, which rose 0.76%. The MSCI Hedge Fund Database has grown to over 1,700 hedge funds and more than 190 indices representing more than \$215 billion in assets. Over 98% of the funds in the database reported performance as of May's index calculation.

The May performance of hedge funds investing in fixed income, measured by the MSCI Hedge Fund Fixed Income IndexSM returned 0.52%, while both the hedge funds investing in equities or diversified assets were down for the month. The MSCI Hedge Fund Fixed Income index has had higher returns and lower risk, thus yielding a higher three-year Sharpe. Fixed income focused hedge funds generated 3.92%, 12.51%, and 12.23%, for the year-to-date, one-year, and three-year period, respectively, with a three-year standard deviation of 2.41% and a three-year Sharpe of 4.35.

Nearly all hedge funds classified by process groups were down for the month. The MSCI Specialist Credit IndexSM was the only process group that returned a positive figure of 0.50%. All other process group indices were down, the worst performer was the MSCI Directional Trading IndexSM, which returned -1.27%.

Hedge funds investing in various geographical locations all returned negative May performance. The worst performer was the MSCI Hedge Fund Emerging Markets IndexSM, which returned -1.46%. The best performer was MSCI Hedge Fund North America IndexSM, which returned -0.04% for May.

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

The **MSCI Directional Trading IndexSM** - 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 IndexSM** - Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

The **MSCI Security Selection IndexSM** - 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 IndexSM** - Specialist Credit funds seek to lend to credit-sensitive issuers.

The **MSCI Multi-Process Group IndexSM** - Multi-Process Group comprises funds that 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 or contact:

Amy Davidson, 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

This information is the property of Morgan Stanley Capital International Inc. (MSCI). It is provided for informational purposes only, and is not a recommendation to participate in any particular trading strategy. The information may not be used to verify or correct data, or any compilation of data or index or in the creation of any indices. Nor may it be used in the creating, writing, offering, trading, marketing or promotion of any financial instruments or products. This information is provided on an "as is" basis. Although MSCI shall obtain information from sources which MSCI considers reliable, neither MSCI, its affiliates nor any other party involved in the making or compiling of the information guarantees the accuracy and/or the completeness of any of this information. Neither MSCI, its affiliates nor any other party involved in the making or compiling of the information makes any representation or warranty, express or implied, as to the results to be obtained by any person or entity from any use of this information, and the user of this information assumes the entire risk of any use made of this information. Neither MSCI, its affiliates nor any other party involved in the making or compiling of the information makes any express or implied warranties, and MSCI, its affiliates and any other party involved in the making or compiling of the information hereby expressly disclaim all warranties of merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, its affiliates or any other party involved in the making or compiling of the information have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Morgan Stanley Capital International, MSCI, ACWI, EAFE and all other service marks referred to herein are the exclusive property of MSCI and its affiliates. All MSCI indices are the exclusive property of MSCI and may not be used in any way without the express written permission of MSCI.

MSCI is a leading provider of global indices and benchmark related products and services to investors worldwide. Morgan Stanley, a global financial services firm and a market leader in securities, asset management, and credit services, is the majority shareholder of MSCI, and The Capital Group Companies, Inc., a global investment management group, is the minority shareholder.