

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – September 2004

New York, October 25, 2004. MSCI announced today its September 2004 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES							
	September	YTD	1 Year	2003	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal WeightedSM	1.15%	1.95%	6.55%	14.72%	7.56%	3.21%	1.89
MSCI Hedge Fund Composite Index - Asset WeightedSM	0.60%	2.53%	6.86%	13.03%	6.77%	2.74%	1.92
Process Groups							
MSCI Directional Trading Index SM	1.25%	-2.84%	1.09%	10.64%	6.49%	7.82%	0.64
MSCI Relative Value Index SM	-0.04%	1.55%	3.23%	6.32%	5.11%	1.33%	2.69
MSCI Security Selection Index SM	1.75%	2.61%	8.73%	19.06%	7.97%	5.22%	1.24
MSCI Specialist Credit Index SM	0.86%	7.37%	13.40%	24.20%	13.45%	3.95%	3.02
MSCI Multi-Process Group Index SM	1.08%	4.90%	10.15%	19.03%	9.57%	4.02%	2.01
Asset Class							
MSCI Hedge Fund Equity Index SM	1.52%	2.50%	7.55%	15.35%	6.76%	4.12%	1.27
MSCI Hedge Fund Fixed Income Index SM	0.58%	6.37%	10.72%	16.72%	11.64%	2.24%	4.52
MSCI Hedge Fund Diversified Index SM	1.14%	-0.08%	4.20%	13.38%	8.03%	5.75%	1.13
Geography							
MSCI Hedge Fund Developed Markets Index SM	1.09%	1.78%	6.12%	13.63%	6.94%	3.14%	1.73
MSCI Hedge Fund Emerging Markets Index SM	2.35%	5.07%	13.84%	27.57%	16.10%	5.31%	2.75
MSCI Hedge Fund Global Markets Index SM	0.99%	1.77%	6.64%	19.10%	9.25%	3.93%	1.97
MSCI Hedge Fund Europe Index SM	0.86%	2.48%	4.57%	6.16%	2.99%	2.55%	0.58
MSCI Hedge Fund North America Index SM	1.39%	2.60%	7.87%	16.80%	7.83%	4.08%	1.55
MSCI Hedge Fund Japan Index SM	-1.68%	9.26%	13.68%	16.60%	10.63%	6.79%	1.34
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	0.90%	1.82%	5.52%	12.30%	6.55%	2.60%	1.94
MSCI Onshore Hedge Fund Composite Index SM	1.38%	2.23%	7.70%	17.15%	8.42%	3.97%	1.74
MSCI Hedge Invest Index[†]	0.49%	0.27%	3.28%	8.50%	5.52%	2.80%	1.43
MSCI EQUITY AND FIXED INCOME INDICES							
MSCI World Equity IndexSM	1.89%	2.48%	17.10%	33.11%	5.87%	14.88%	0.29
MSCI World Sovereign Debt IndexSM	1.40%	1.62%	6.85%	14.97%	10.56%	7.79%	1.16

Data is as of September 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 September 31, 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, was up by 1.15% for the month of September, which brought the year to date return to 1.95%. The MSCI World Equity IndexSM was up 1.89% while the MSCI World Sovereign Debt IndexSM was up 1.40%. The MSCI Hedge Fund Database has grown to over 1,900 hedge funds and more than 190 indices representing more than \$240 billion in assets. Over 98% of the funds in the database reported performance as of September's index calculation.

Emulating the rise in equity markets, the MSCI Security Selection IndexSM was the top performing process group in September gaining 1.75%. This brings Security Selection's year to date, 1-Year, and 3-Year return to 2.61%, 8.73%, and 7.97% respectively. Under Security Selection process group, the top performing process was Long Bias with a return of 2.31% while the Short Bias was the worst performing process with a return of -1.10%. Interestingly, the year to date returns for Long Bias and Short Bias were quite similar, 3.29% and 3.39% respectively.

The MSCI Directional Trading IndexSM reversed the downward trend of past five months gaining 1.25% in September. Systematic Trading funds were the largest contributors with a gain of 2.08% while Discretionary Trading funds posted a loss of 0.16%. The year to date for MSCI Directional Trading IndexSM still remains in negative territory with a loss of 2.84%.

Hedge funds investing in various geographical locations all had positive returns with the exception of MSCI Hedge Fund Japan IndexSM. The MSCI Hedge Fund Emerging Markets IndexSM was the best performer for the 2nd month in a row returning 2.35% for the month. In terms of year to date figures, the MSCI Hedge Fund Japan IndexSM is still the top performer with gains of 9.26%.

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:

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In June 2004, Morgan Stanley acquired Barra, a global leader in risk management technology for investment professionals. Barra's operations will be combined with MSCI to form MSCI Barra.