

MSCI[®] press release

MSCI Launches Hedge Invest Strategy Indices *Assets linked to MSCI Hedge Invest Indices now exceed USD 3 billion*

LONDON – March 17, 2005 -- MSCI, a leading provider of international equity, US equity, fixed income and hedge fund indices, today announced the launch of the MSCI Hedge Invest Strategy IndicesSM. The release of the eight new strategy indices follows the success of the MSCI Hedge Invest IndexSM, the investable hedge fund index launched by MSCI in 2003, which now has assets of over USD 3 billion linked to it.

The MSCI Hedge Invest Strategy Indices subdivide the composite MSCI Hedge Invest Index, enabling a more granular investment exposure to the following distinct hedge fund strategies: Systematic Trading, Discretionary Trading, Event-Driven and Merger Arbitrage, Long Bias, Variable Bias, Equity Non-Directional, Convertible and Equity Arbitrage, and Fixed Income.

The MSCI Hedge Invest Index aims to reflect the overall structure and composition of the hedge fund universe from the funds available on a platform managed by Lyxor Asset Management. The funds on the platform available for the index offer weekly liquidity. The index is rebalanced quarterly and currently contains 120 funds – more than any other investable hedge fund index available today. Strategies within the index are weighted by taking into account their weights in the hedge fund universe, using the broader MSCI Hedge Fund Composite IndexSM as a reference.

MSCI's family of investable hedge fund indices is available to be licensed by broker-dealers and asset managers who may wish to issue index-linked products such as tracker funds and derivatives for investment by pension plans, banks and insurance companies, as well as by other asset managers and brokers.

"Following the success of the MSCI Hedge Invest Index and its unique construction methodology, we expect the new investable strategy indices to be licensed by many financial organizations as the basis of new index-linked products," said Charissa Smith, managing director of MSCI. "The high level of assets linked to the MSCI Hedge Invest Indices confirms the acceptance of MSCI as a leading global provider of hedge fund indices."

Index levels for the MSCI Hedge Invest Index are available via Bloomberg, Reuters, www.msci.com and other leading sources. Index levels for the new strategy indices will be available on www.msci.com from launch and via vendors shortly thereafter.

The new investable hedge fund strategy indices are:

- **MSCI Hedge Invest Systematic Trading Index**

Systematic traders use rule-based trading models implemented in a systematic fashion to identify trading opportunities, usually in the futures and currency markets. Most systematic traders implement trend-following systems, though a significant number implement fundamental models designed to forecast future movements.

- **MSCI Hedge Invest Discretionary Trading Index**

Discretionary traders seek to opportunistically participate in price changes of the market or security in which they trade, regardless of what is driving the price action. Discretionary traders may use fundamental analysis or technical analysis or a combination of both to identify profitable trades.

- **MSCI Hedge Invest Long Bias Index**

Long Bias portfolios have net long exposure to the underlying market in all conditions. These funds do not seek to have zero betas to the overall market (i.e. they are not market neutral), but they are generally aiming to provide a higher beta in rising markets and a lower beta in falling markets. The fund's portfolio must be at least partially hedged or use short sales.

- **MSCI Hedge Invest Variable Bias Index**

Variable Bias funds do not conform to a constant specific long or short market exposure, but are still focused on individual security selection. Some Variable Bias managers will alter the fund's market exposure dramatically in response to perceived opportunities, moving from a large net long position to substantial net short within a short period of time.

- **MSCI Hedge Invest Equity Non-Directional Index**

Equity Non-Directional combines managers employing a No Bias process and managers employing Statistical Arbitrage process. No Bias managers are trying to generate the majority of their returns purely from their security selection and sector exposure processes. A fund is classified as No Bias if it consistently has a near-even balance between long and short positions. Statistical Arbitrage is a model-based investment process, which aims to build long and short portfolios whose relative value is currently different from a theoretically or quantitatively predicted value. The investment process is systematized, but implementation may differ substantially in terms of the underlying models and the frequency of trading.

- **MSCI Hedge Invest Convertible and Equity Arbitrage Index**

Convertible Arbitrage typically involves taking positions in convertible bonds and hedging either the equity or credit risk or both. The equity risk is hedged by shorting the underlying stock to realize a profitable cash flow as the stock's price changes. The hedging process, in effect, realizes the cheapness of the convertible bond. Equity Arbitrage typically takes positions in option-based instruments to capture movements in market volatility. These two processes are combined in this index.

- **MSCI Hedge Invest Event-Driven and Merger Arbitrage Index**

Event-Driven encompasses a combination of investment processes targeting securities that experience a change in valuation due to corporate transactions. In general, the triggers are announced corporate events and may include mergers and acquisitions, bankruptcy announcements, proxy battles, corporate restructurings, spin-offs, litigation outcomes, leveraged buyouts, share buybacks and leveraged recapitalizations. This index also includes fund managers that focus exclusively on merger arbitrage strategies. Merger arbitrageurs seek to capture the price spread between current market prices of securities and their value upon successful completion of a takeover, merger, restructuring or similar corporate action.

- **MSCI Hedge Invest Fixed Income Index**

Fixed Income contains hedge funds that target a range of strategies with a fixed income asset class focus. These include Fixed Income arbitrage, which focuses on capturing movements or anomalies in the price spreads between related or similar fixed income instruments. Typically, spreads are narrow and returns are marginal, and leverage is often used to amplify these small returns to attractive levels, especially when the expected downside of positions is relatively low.

A strategy-level index will not be calculated for every strategy contained in the MSCI Hedge Invest Index and some of the methodology constraints and guidelines are different for the strategy indices. Therefore, the suite of strategy-level indices does not aggregate into the MSCI Hedge Invest Index.

About MSCI

MSCI (www.msci.com) is a leading provider of equity, fixed income and hedge fund indices, and related products and services. MSCI estimates that over USD 3 trillion is benchmarked to its indices on a worldwide basis. MSCI is headquartered in New York, with research and commercial offices around the world. In 2004, MSCI acquired Barra, Inc. (www.barra.com), a global leader in delivering risk analytics, performance

measurement and attribution systems and services to managers of portfolio and firm-wide investment risk. 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 Capital International Inc., part of the global investment management group of The Capital Group Companies, Inc., is the minority shareholder.

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