

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – May 2005

New York, June 23, 2005. MSCI announced today its May 2005 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	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal Weighted SM	0.83%	-0.31%	4.77%	7.07%	3.73%	1.45
MSCI Hedge Fund Composite Index - Asset Weighted SM	0.56%	-0.05%	4.88%	7.06%	3.23%	1.67
Process Groups						
MSCI Directional Trading Index SM	1.54%	-2.14%	1.05%	7.60%	7.19%	0.83
MSCI Relative Value Index SM	-0.17%	-0.80%	0.63%	3.87%	1.56%	1.41
MSCI Security Selection Index SM	1.09%	0.02%	6.37%	7.18%	5.70%	0.97
MSCI Specialist Credit Index SM	0.49%	1.90%	10.54%	12.73%	4.13%	2.68
MSCI Multi-Process Group Index SM	0.28%	0.88%	8.59%	8.88%	4.20%	1.72
Asset Class						
MSCI Hedge Fund Equity Index SM	0.98%	0.19%	6.08%	6.41%	4.64%	1.02
MSCI Hedge Fund Fixed Income Index SM	0.33%	2.45%	9.54%	10.95%	2.38%	3.90
MSCI Hedge Fund Diversified Index SM	1.15%	-1.28%	3.34%	8.25%	5.45%	1.21
Geography						
MSCI Hedge Fund Developed Markets Index SM	0.93%	-0.59%	4.10%	6.61%	3.62%	1.37
MSCI Hedge Fund Emerging Markets Index SM	0.56%	2.59%	13.39%	13.15%	5.78%	1.99
MSCI Hedge Fund Global Markets Index SM	0.14%	0.41%	5.83%	7.89%	4.52%	1.38
MSCI Hedge Fund Europe Index SM	0.64%	2.60%	6.48%	4.12%	2.89%	0.85
MSCI Hedge Fund North America Index SM	0.97%	-1.02%	4.90%	6.95%	4.66%	1.14
MSCI Hedge Fund Japan Index SM	-0.32%	2.19%	0.00%	8.71%	6.23%	1.13
Size						
MSCI Hedge Fund Core Fund Composite Index SM	0.72%	0.32%	5.29%	6.88%	3.13%	1.67
MSCI Hedge Fund Small Fund Composite Index SM	0.91%	-0.94%	4.25%	6.91%	4.14%	1.27
MSCI Hedge Invest Index [†]	0.04%	-0.85%	1.72%	4.32%	2.83%	0.94
MSCI EQUITY AND FIXED INCOME INDICES						
MSCI World Equity Index SM	1.78%	-1.55%	11.35%	7.45%	14.76%	0.39
MSCI World Sovereign Debt Index SM	-2.03%	-3.17%	8.47%	11.83%	7.66%	1.33

Data is as of May 31, 2005. 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. 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.

For the month of May, the MSCI Hedge Fund Composite IndexSM, an equal weighted index posted a gain of 0.83%. The MSCI World Equity IndexSM posted a gain of 1.78% while the MSCI World Sovereign Debt IndexSM lost 2.03%. The MSCI Hedge Fund Database has grown to over 2,200 hedge funds and more than 190 indices representing more than \$258 billion in assets. Over 96% of the funds in the database reported performance as of May's index calculation.

Among the process groups, the MSCI Directional Trading IndexSM posted the highest gain of 1.54% followed by the MSCI Security Selection IndexSM, which gained 1.09%. The MSCI Relative Value IndexSM posted the lowest return by posting a loss of -0.17%.

For May under the MSCI Relative Value IndexSM, the Merger Arbitrage funds posted the highest gain of 1.18%, while Convertible Arbitrage funds posted the lowest return of -1.42%. In terms of year-to-date, Statistical Arbitrage has the highest return of 2.69% and Convertible Arbitrage has the lowest return of -6.61%.

Under the MSCI Security Selection IndexSM, the Long Bias funds posted the highest return for the month by gaining 1.18%, but in terms of year-to-date numbers, the Long Bias funds are down 0.49%. The Short Bias funds have the highest year-to-date return of 4.46%. Within the MSCI Specialist Credit IndexSM, the Long Short Credit funds gained .14% and 1.22% for the month and year-to-date respectively.

By asset class, the MSCI Hedge Fund Currency IndexSM posted the highest gain of 1.19% while the MSCI Hedge Fund Fixed Income IndexSM posted the lowest gain of 0.33%. In terms of year-to-date, the MSCI Hedge Fund Fixed Income IndexSM has the highest return of 2.45%.

By geography, the MSCI Hedge Fund North America IndexSM posted the largest gain of 0.97% followed by the MSCI Hedge Fund Developed Markets IndexSM and the MSCI Hedge Fund Europe IndexSM, which gained 0.93% and 0.64% respectively. In terms of year-to-date, the MSCI Hedge Fund Europe IndexSM posted the highest gain of 2.60%.
Note: MSCI Hedge Fund indices are hedged to remove the effect of currency on fund performance.

In terms of hedge fund size, the MSCI Hedge Fund Small¹ Fund Composite IndexSM outperformed the MSCI Hedge Fund Core² Fund Composite IndexSM by 0.19% for the month. In terms of risk-adjusted returns, the Core funds had higher Sharpe ratio of 1.67, while Small funds had a Sharpe ratio of 1.27.

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.

¹ Small Fund Composite Index comprises funds with assets greater than \$15mm but less than \$100mm.

² Core Fund Composite Index comprises funds with assets greater than \$100mm.

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

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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.