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press release

## MSCI Hedge Fund Indices Performance – June 2005

New York, July 26, 2005. MSCI announced today its June 2005 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						
	June	YTD	1 Year	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal Weighted <sup>SM</sup>	1.52%	1.23%	6.26%	7.91%	3.71%	1.67
MSCI Hedge Fund Composite Index - Asset Weighted <sup>SM</sup>	1.36%	1.30%	6.13%	7.79%	3.17%	1.92
<b>Process Groups</b>						
MSCI Directional Trading Index <sup>SM</sup>	2.01%	0.05%	5.12%	6.98%	6.89%	0.77
MSCI Relative Value Index <sup>SM</sup>	0.44%	-0.31%	1.27%	4.29%	1.62%	1.59
MSCI Security Selection Index <sup>SM</sup>	1.85%	1.84%	7.51%	8.67%	5.52%	1.26
MSCI Specialist Credit Index <sup>SM</sup>	1.31%	3.12%	10.74%	13.93%	3.73%	3.28
MSCI Multi-Process Group Index <sup>SM</sup>	1.08%	1.90%	8.88%	9.91%	3.91%	2.10
<b>Geography</b>						
MSCI Hedge Fund Developed Markets Index <sup>SM</sup>	1.59%	1.01%	5.57%	7.35%	3.64%	1.55
MSCI Hedge Fund Emerging Markets Index <sup>SM</sup>	1.34%	4.11%	14.75%	15.64%	5.58%	2.50
MSCI Hedge Fund Global Markets Index <sup>SM</sup>	1.02%	1.36%	7.39%	8.66%	4.40%	1.58
MSCI Hedge Fund Europe Index <sup>SM</sup>	1.57%	4.20%	7.73%	5.11%	2.83%	1.20
MSCI Hedge Fund North America Index <sup>SM</sup>	1.56%	0.52%	5.66%	8.10%	4.52%	1.42
MSCI Hedge Fund Japan Index <sup>SM</sup>	1.51%	3.72%	-0.36%	9.42%	6.21%	1.24
<b>Size</b>						
MSCI Hedge Fund Core Fund Composite Index <sup>SM</sup>	1.42%	1.73%	6.68%	7.56%	3.11%	1.88
MSCI Hedge Fund Small Fund Composite Index <sup>SM</sup>	1.57%	0.69%	5.75%	7.87%	4.12%	1.50
MSCI Hedge Invest Index <sup>†</sup>	1.04%	0.18%	3.02%	4.56%	2.86%	1.00
<b>MSCI EQUITY AND FIXED INCOME INDICES</b>						
MSCI World Equity Index <sup>SM</sup>	0.87%	-0.70%	10.05%	10.04%	14.20%	0.59
MSCI World Sovereign Debt Index <sup>SM</sup>	-0.87%	-4.01%	7.48%	9.77%	7.38%	1.09

Data is as of June 30, 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 June, the MSCI Hedge Fund Composite Index<sup>SM</sup>, an equal weighted index posted a gain of 1.52%. The MSCI World Equity Index<sup>SM</sup> posted a gain of 0.87% while the MSCI World Sovereign Debt Index<sup>SM</sup> lost 0.87%. The MSCI Hedge Fund Database has grown to over 2,200 hedge funds and more than 190 indices representing more than \$270 billion in assets. Over 97% of the funds in the database reported performance as of June's index calculation.

Among the process groups, the MSCI Directional Trading Index<sup>SM</sup> posted the highest gain of 2.01% followed by the MSCI Security Selection Index<sup>SM</sup>, which gained 1.85%. The MSCI Relative Value Index<sup>SM</sup> posted the lowest return by posting a gain of 0.44%.

For June under the MSCI Directional Trading Index<sup>SM</sup>, the Systematic Trading funds posted the highest gain of 2.90%, while Discretionary Trading funds posted the lowest return of 0.82%. Within the MSCI Relative Value Index<sup>SM</sup>, the Merger Arbitrage funds posted the highest return for the month by gaining 0.82%, while Statistical Arbitrage funds posted the highest return by gaining 3.22% year-to-date.

Under the MSCI Security Selection Index<sup>SM</sup>, the Long Bias funds posted the highest return for the month by gaining 2.26%, bringing the year-to-date gain to 1.70%. The Short Bias funds still have the highest year-to-date return of 3.94%. Within the MSCI Specialist Credit Index<sup>SM</sup>, the Distressed Securities funds gained 1.67% and 3.92% for the month and year-to-date respectively.

By geography, the MSCI Hedge Fund Developed Markets Index<sup>SM</sup> posted the largest gain of 1.59% followed by the MSCI Hedge Fund Europe Index<sup>SM</sup> and the MSCI Hedge Fund North America Index<sup>SM</sup>, which gained 1.57% and 1.56% respectively. In terms of year-to-date, the MSCI Hedge Fund Europe Index<sup>SM</sup> posted the highest gain of 4.20%.

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 Small<sup>1</sup> Fund Composite Index<sup>SM</sup> outperformed the MSCI Hedge Fund Core<sup>2</sup> Fund Composite Index<sup>SM</sup> by 0.15% for the month. In terms of risk-adjusted returns, the Core funds had higher Sharpe ratio of 1.88, while Small funds had a Sharpe ratio of 1.50.

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 that practice a strategy whereby a single investment process does not account for more than 80% of their risk capital.

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

<sup>2</sup> 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](http://www.msci.com) or contact:**

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