

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – September 2005

New York, October 25, 2005. MSCI announced today its September 2005 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	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index SM	1.73%	5.60%	10.61%	9.97%	3.53%	2.30
MSCI Hedge Fund Composite Index - Asset Weighted SM	1.80%	5.59%	10.55%	9.38%	3.13%	2.40
Process Groups						
MSCI Directional Trading Index SM	1.79%	2.90%	8.67%	6.00%	6.69%	0.62
MSCI Relative Value Index SM	0.72%	1.69%	2.94%	4.53%	1.63%	1.64
MSCI Security Selection Index SM	2.24%	8.04%	14.06%	12.72%	4.89%	2.22
MSCI Specialist Credit Index SM	1.25%	6.37%	11.85%	15.84%	3.28%	4.26
MSCI Multi-Process Group Index SM	1.51%	6.19%	12.33%	12.43%	3.39%	3.12
Geography						
MSCI Hedge Fund Developed Markets Index SM	1.49%	5.10%	9.86%	9.23%	3.45%	2.14
MSCI Hedge Fund Emerging Markets Index SM	3.36%	10.70%	17.61%	18.44%	5.14%	3.23
MSCI Hedge Fund Global Markets Index SM	2.65%	6.74%	12.82%	11.75%	4.50%	2.20
MSCI Hedge Fund Europe Index SM	1.72%	8.93%	12.45%	7.37%	2.92%	1.89
MSCI Hedge Fund North America Index SM	1.25%	4.83%	10.11%	11.08%	3.90%	2.37
MSCI Hedge Fund Japan Index SM	5.55%	14.49%	13.87%	12.31%	6.71%	1.56
Size						
MSCI Hedge Fund Core Fund Composite Index SM	1.86%	6.12%	10.77%	9.26%	3.10%	2.39
MSCI Hedge Fund Small Fund Composite Index SM	1.58%	5.01%	10.26%	10.16%	3.83%	2.17
MSCI Hedge Invest Index [†]	0.90%	2.52%	5.55%	5.43%	2.76%	1.29
MSCI EQUITY AND FIXED INCOME INDICES						
MSCI World Equity Index SM	2.60%	6.24%	18.93%	20.42%	10.96%	1.69
MSCI World Sovereign Debt Index SM	-1.91%	-5.07%	2.91%	7.98%	7.60%	0.80

Data is as of September 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 September, the MSCI Hedge Fund Composite IndexSM, an equal weighted index posted a gain of 1.73%. The MSCI World Equity IndexSM posted a gain of 2.60% while the MSCI World Sovereign Debt IndexSM lost 1.91%. The MSCI Hedge Fund Database has grown to over 2,400 hedge funds and more than 190 indices representing more than \$273 billion in assets. Over 95% of the funds in the database reported performance as of September's index calculation.

Among the process groups, the MSCI Security Selection IndexSM posted the highest gain of 2.24% followed by the MSCI Directional Trading IndexSM, which gained 1.79%. The MSCI Relative Value IndexSM posted the lowest return by posting a gain of 0.72%.

For September under the MSCI Directional Trading IndexSM, Discretionary Trading funds posted the highest gain of 2.26%, while Systematic Trading funds posted the lowest return of 1.39%. Within the MSCI Relative Value IndexSM, Convertible Arbitrage funds posted the highest return for the month by gaining 1.14%, while Statistical Arbitrage funds posted the highest return by gaining 4.66% year-to-date.

Under the MSCI Security Selection IndexSM, Short Bias funds posted the highest return for the month by gaining 2.62%, bringing the year-to-date gain to 7.81%. The Long Bias funds have the highest year-to-date return of 8.82%. Within the MSCI Specialist Credit IndexSM, the Distressed Securities funds gained 1.55% and 8.42% for the month and year-to-date respectively.

By geography, the MSCI Hedge Fund Emerging Markets IndexSM posted the largest gain of 3.36% followed by the MSCI Hedge Fund Europe IndexSM and the MSCI Hedge Fund North America IndexSM, which gained 1.72% and 1.25% respectively. In terms of year-to-date, the MSCI Hedge Fund Emerging Markets IndexSM posted the highest gain of 10.70%. 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 underperformed the MSCI Hedge Fund Core² Fund Composite IndexSM by 0.28% for the month with returns of 1.86% and 1.58% respectively. In terms of risk-adjusted returns, the Core funds had higher Sharpe ratio of 2.39, while Small funds had a Sharpe ratio of 2.17.

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:

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

Dorsey Horowitz, MSCI, New York	+ 1 212 762 5790
Sonal Patel, MSCI, London	+ 44 20 7425 6660
Sarah Chan, MSCI, Hong Kong	+ 852 2848 6740
Masao Ikeda, MSCI, Tokyo	+ 813 5424 5470

PR:

Ben Curson/Clare Rowsell, Penrose Financial, London	+ 44 20 7786 4888
Patrick Linehan/Ann Taylor Reed, Abernathy MacGregor, New York	+ 1 212 371 5999

The information contained in this document, including all text, data, graphs, charts and all other information (collectively, the "Information") is the property of Morgan Stanley Capital International Inc. (MSCI) and is provided for informational purposes only. Any use of MSCI indices, data or other information requires a license from MSCI. The Information may not be used to verify or correct other data, to create indices, or in connection with offering, sponsoring, managing or marketing any securities, portfolios, financial instruments or products. None of the Information constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy, and MSCI does not endorse, approve or otherwise express any opinion regarding any issuer, securities, financial instruments or products or trading strategies that may be described or mentioned herein. Further, none of the Information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. The user of the Information assumes the entire risk of any use it may make or permit to be made of it. NEITHER MSCI, ANY OF ITS AFFILIATES OR ANY OTHER THIRD PARTY INVOLVED IN MAKING OR COMPILING ANY OF THE INFORMATION MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND MSCI, ITS AFFILIATES AND EACH SUCH OTHER THIRD PARTY HEREBY EXPRESSLY DISCLAIM ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other third party involved in making or compiling any of the Information have any liability regarding any of the Information 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®, Barra®, MSCI Barra and all other service marks referred to herein are the exclusive property of MSCI or its affiliates, except as provided below. All MSCI indices are the exclusive property of MSCI and may not be used in any way without the express written permission of MSCI. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.