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## press release

## MSCI Hedge Fund Indices Performance – December 2005

**New York - January 26, 2006.** MSCI Barra, a leading provider of benchmark indices and risk management analytics products, announced today its December 2005 performance figures for the MSCI Hedge Fund Indices. Below is a summary of performance data for selected indices.

## MSCI HEDGE FUND INDICES

	December	YTD	1 Year	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
<b>MSCI Hedge Fund Composite Index<sup>SM</sup></b>	<b>1.69%</b>	<b>8.11%</b>	<b>8.11%</b>	<b>10.08%</b>	<b>3.78%</b>	<b>2.12</b>
<b>MSCI Hedge Fund Composite Index - Asset Weighted<sup>SM</sup></b>	<b>1.64%</b>	<b>7.67%</b>	<b>7.67%</b>	<b>9.47%</b>	<b>3.37%</b>	<b>2.19</b>
<b>Process Groups</b>						
MSCI Directional Trading Index <sup>SM</sup>	1.26%	6.91%	6.91%	7.22%	6.26%	0.82
MSCI Relative Value Index <sup>SM</sup>	0.77%	2.77%	2.77%	3.98%	1.52%	1.24
MSCI Security Selection Index <sup>SM</sup>	2.38%	10.92%	10.92%	12.98%	5.12%	2.13
MSCI Specialist Credit Index <sup>SM</sup>	0.85%	7.34%	7.34%	14.84%	3.22%	3.95
MSCI Multi-Process Group Index <sup>SM</sup>	1.98%	7.99%	7.99%	11.99%	3.58%	2.77
<b>Geography</b>						
MSCI Hedge Fund Developed Markets Index <sup>SM</sup>	1.49%	7.43%	7.43%	9.34%	3.65%	1.99
MSCI Hedge Fund Emerging Markets Index <sup>SM</sup>	2.55%	13.75%	13.75%	17.49%	5.40%	2.85
MSCI Hedge Fund Global Markets Index <sup>SM</sup>	2.87%	10.50%	10.50%	12.52%	4.82%	2.16
MSCI Hedge Fund Europe Index <sup>SM</sup>	2.19%	11.36%	11.36%	8.28%	3.36%	1.84
MSCI Hedge Fund North America Index <sup>SM</sup>	1.15%	6.10%	6.10%	10.45%	4.00%	2.09
MSCI Hedge Fund Japan Index <sup>SM</sup>	5.85%	26.88%	26.88%	16.64%	7.12%	2.04
<b>Size</b>						
MSCI Hedge Fund Core Fund Composite Index <sup>SM</sup>	1.76%	8.66%	8.66%	9.56%	3.37%	2.22
MSCI Hedge Fund Small Fund Composite Index <sup>SM</sup>	1.61%	7.52%	7.52%	10.17%	4.07%	1.98
<b>MSCI Hedge Invest Index<sup>†</sup></b>	<b>0.91%</b>	<b>4.71%</b>	<b>4.71%</b>	<b>5.46%</b>	<b>2.86%</b>	<b>1.18</b>

## MSCI EQUITY AND FIXED INCOME INDICES

<b>MSCI World Equity Index<sup>SM</sup></b>	<b>2.22%</b>	<b>9.49%</b>	<b>9.49%</b>	<b>18.69%</b>	<b>9.80%</b>	<b>1.69</b>
<b>MSCI World Sovereign Debt Index<sup>SM</sup></b>	<b>1.08%</b>	<b>-6.92%</b>	<b>-6.92%</b>	<b>5.64%</b>	<b>7.34%</b>	<b>0.48</b>

Data is as of December 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 December, the MSCI Hedge Fund Composite Index<sup>SM</sup>, an equal weighted index, posted a gain of 1.69%. The MSCI World Equity Index<sup>SM</sup> and the MSCI World Sovereign Debt Index<sup>SM</sup> posted gains of 2.22% and 1.08% respectively. The MSCI Hedge Fund Database has grown to over 2,500 hedge funds and more than 190 indices representing more than \$265 billion in assets. Over 95% of the funds in the database reported performance as of December's index calculation.

Among the process groups, the MSCI Security Selection Index<sup>SM</sup> performed the best gaining, 2.38% followed by the MSCI Multi-Process Index<sup>SM</sup> which gained 1.98%. The MSCI Relative Value posted the lowest return gaining 0.77%.

For December under the MSCI Directional Trading Index<sup>SM</sup>, Discretionary Trading funds gained 2.47%, while Systematic Trading funds posted a decline of 0.03%. Within the MSCI Relative Value Index<sup>SM</sup>, Merger Arbitrage Funds posted the highest return for the month by gaining 1.25% while Multi Process (RV) Funds posted the highest year-to-date return by gaining 4.96%.

Under the MSCI Security Selection Index<sup>SM</sup>, Variable Bias funds posted the highest return for the month by gaining 3.35% bringing the year-to-date to 13.05%. Short Bias funds posted the lowest return for the month declining 0.14%. Within the MSCI Specialist Credit Index<sup>SM</sup>, Distressed Securities funds outperformed Long-Short Credit funds with returns of 1.56% and 0.40% respectively.

By geography, the MSCI Hedge Fund Japan Index<sup>SM</sup> posted the highest return of 5.85% followed by the MSCI Combined Asia Pacific Index<sup>SM</sup> and the MSCI Hedge Fund Global Market Index<sup>SM</sup>, which gained 4.58% and 2.87% respectively. The MSCI Hedge Fund Developed Market, Diversified Index<sup>SM</sup> posted the lowest return gaining 1.06%. In terms of year-to-date, the MSCI Hedge Fund Japan Index<sup>SM</sup> posted the highest gain of 26.88%. 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 Core<sup>2</sup> Fund Composite Index<sup>SM</sup> outperformed the MSCI Hedge Fund Small<sup>1</sup> Composite Index<sup>SM</sup> by 0.15% for the month and 1.14% for the year with monthly returns of 1.76% and 1.61% and year-to-date returns of 8.66% and 7.52% respectively. In terms of risk-adjusted returns, the MSCI Hedge Fund Core<sup>2</sup> Fund Composite Index<sup>SM</sup> had a higher Sharpe Ratio of 2.22, while the MSCI Hedge Fund Small<sup>1</sup> Composite Index<sup>SM</sup> had a Sharpe Ratio of 1.98.

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.

**About MSCI Barra**

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