

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – February 2003

New York, March 24, 2003 MSCI announced today its February 2003 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES

	Feb-03	YTD	1 Year	2002	3 Year Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal WeightedSM	0.81%	2.20%	6.99%	4.37%	6.59%	3.95%	0.74
MSCI Hedge Fund Composite Index - Asset WeightedSM	1.12%	2.77%	8.86%	5.18%	5.23%	3.81%	0.41
Process Groups							
MSCI Directional Trading Index SM	4.01%	7.59%	24.73%	13.38%	14.72%	8.47%	1.31
MSCI Relative Value Index SM	0.61%	2.14%	9.28%	8.03%	8.91%	2.06%	2.55
MSCI Security Selection Index SM	-0.45%	-0.13%	-0.30%	-0.73%	1.50%	6.94%	-0.31
MSCI Specialist Credit Index SM	1.06%	2.79%	4.85%	3.91%	9.48%	4.45%	1.31
MSCI Multi-Process Group Index SM	-0.12%	1.14%	3.24%	1.49%	6.33%	3.87%	0.69
Asset Class							
MSCI Hedge Fund Equity Index SM	-0.32%	0.12%	1.07%	0.59%	3.22%	5.42%	-0.08
MSCI Hedge Fund Fixed Income Index SM	1.12%	3.11%	8.99%	7.69%	10.56%	2.68%	2.57
MSCI Hedge Fund Diversified Index SM	2.76%	6.06%	19.74%	11.56%	12.42%	6.96%	1.26
Geography							
MSCI Hedge Fund Developed Markets Index SM	0.85%	2.23%	7.46%	4.36%	6.76%	3.86%	0.80
MSCI Hedge Fund Emerging Markets Index SM	0.77%	1.84%	2.14%	4.55%	4.42%	8.71%	0.09
MSCI Hedge Fund Global Markets Index SM	0.45%	2.07%	5.42%	4.32%	6.00%	4.40%	0.53
MSCI Hedge Fund Europe Index SM	-0.26%	0.79%	11.36%	9.46%	2.97%	6.22%	-0.11
MSCI Hedge Fund North America Index SM	0.40%	1.00%	0.57%	-0.76%	4.51%	5.54%	0.15
MSCI Hedge Fund Japan Index SM	0.22%	0.88%	5.14%	4.96%	6.36%	6.63%	0.41
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	1.04%	2.40%	8.83%	6.01%	6.43%	3.25%	0.85
MSCI Onshore Hedge Fund Composite Index SM	0.49%	1.69%	3.66%	1.04%	5.64%	5.11%	0.39

MSCI EQUITY AND FIXED INCOME INDICES

MSCI World Equity IndexSM	-1.90%	-4.97%	-21.80%	-21.06%	-17.50%	16.77%	N/A
MSCI World Sovereign Debt IndexSM	1.41%	2.86%	24.66%	19.59%	8.29%	7.25%	N/A

Data as of February 28, 2003. All hedge fund indices listed above are equal weighted unless noted otherwise.

The MSCI Hedge Fund Composite IndexSM, an equal weighted index, posted a 0.81% return for the month of February, slightly lower than January's 1.38%. In contrast, the MSCI World Equity IndexSM declined -1.90%. Over the past three-year period, the MSCI Hedge Fund Composite Index, which returned 6.59%, has outperformed the MSCI World Equity Index, which returned -17.50%. The MSCI Sovereign Debt IndexSM returned 1.41% for the month of February while LIBOR increased 0.11% for the month.

The performance of the MSCI Hedge Fund Composite Index can be analyzed further by reviewing the five Process Group Indices that comprise it: the MSCI Directional Trading, Relative Value, Security Selection, Specialist Credit and Multi-Process IndicesSM. 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. Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities. 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. Specialist Credit funds seek to lend to credit-sensitive issuers. The Multi-Process group comprises funds which practice a strategy whereby a single investment process does not account for more than 80% of their risk capital. These Process Group Indices are further subdivided into Investment Process and Strategy Indices.

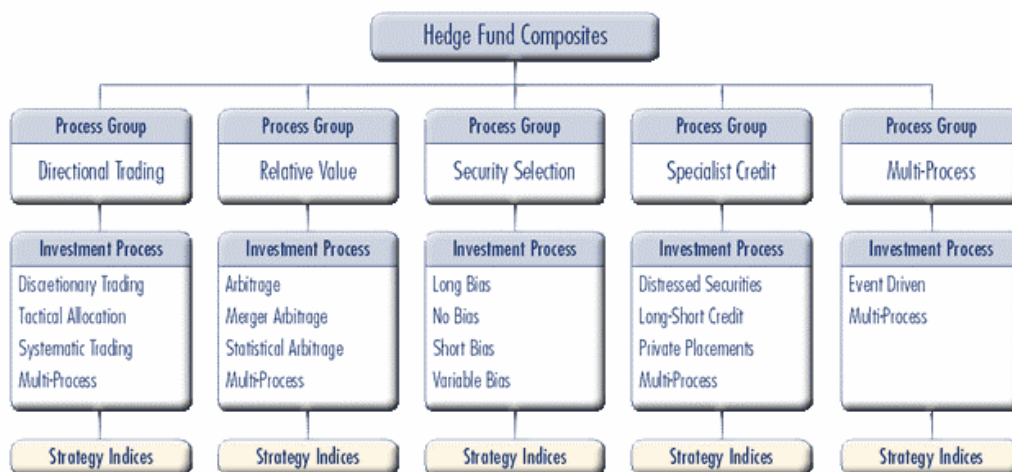
Similar to January, the best performing process group was Directional Trading, which returned 4.01% for the month of February bringing its year-to-date return to 7.59%. Both Systematic Traders, which returned 4.56% in February, and Discretionary Traders, which returned 3.79% contributed to the outperformance of the Directional Trading Group. Systematic Traders have consistently outperformed other processes with a 9.76% year-to-date return and a 34.35% one-year return. Security Selection and Multi-Process continued to underperform other process groups with a negative return of -0.45% and -0.12%, respectively. On a year-to-date basis, Security Selection is the only negative process group returning -0.13%. Within Security Selection, all processes produced negative returns for the month except for Short Bias, which gained 0.40%. On the other hand, Long Bias returned -0.70% making it the worst performing Security Selection process. Relative Value funds returned 0.61% for February mostly driven by Arbitrage at 1.05%. More specifically, Convertible Arbitrage led the way with a 1.48% return and Fixed Income Arbitrage followed behind at 0.65%. Long-Short Credit, which returned 1.29% for the month, helped Specialist Credit funds become the second best performing process group for February at 1.06%, bringing its year-to-date return to 2.79%.

The MSCI Hedge Fund Fixed Income IndexSM gained 1.12% in February, outperforming the MSCI Hedge Fund Equity IndexSM which declined -0.32%. These results were consistent with Specialist Credit funds outperforming Security Selection funds over the same period. The MSCI Hedge Fund Diversified IndexSM, which reflects hedge funds that invest in equity, fixed income, commodities and currencies, was the best performing asset class index returning 2.76% in February bringing its year-to-date return to 6.06%. Directional Traders who invest primarily in diversified asset classes, including commodities and currencies, drove the returns for this index.

The MSCI Hedge Fund Developed Market IndexSM, which returned 0.85%, slightly outperformed the MSCI Hedge Fund Emerging Market IndexSM at 0.77%, but both outperformed their relevant equity indices. These hedge fund results were consistent with equity markets given that the MSCI Emerging Markets Free IndexSM, which declined -3.20%, underperformed MSCI World Equity Index, which declined -1.90%. In contrast to last month, hedge funds investing in Europe, which returned -0.26%, underperformed those investing in North America, which returned 0.40%. Japan funds returned 0.22% in February.

The MSCI Hedge Fund Indices are composed of more than 160 indices. More than 1,700 hedge funds have agreed to participate in the database and there are over 1,300 hedge funds currently in the MSCI Hedge Fund Indices and Database.

MSCI Hedge Fund Indices – Index Structure



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

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