

## MSCI Hedge Fund Indices Performance

July 2007

**New York - August 28, 2007** - MSCI Barra, a leading provider of benchmark indices and risk management analytics products, announced today its July performance figures for the MSCI Hedge Fund Indices. Below is a summary of performance data for selected indices.

<b>MSCI HEDGE FUND INDICES</b>						
	July	YTD	1 Year	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
<b>MSCI Hedge Fund Composite Index</b>	<b>0.30%</b>	<b>7.51%</b>	<b>13.82%</b>	<b>11.05%</b>	<b>3.74%</b>	<b>1.82</b>
<b>MSCI Hedge Fund Composite Index - Asset Weighted</b>	<b>0.00%</b>	<b>7.49%</b>	<b>14.09%</b>	<b>10.84%</b>	<b>3.56%</b>	<b>1.85</b>
<b>Process Groups</b>						
MSCI Directional Trading Index	-0.55%	4.10%	8.73%	8.25%	4.81%	0.83
MSCI Relative Value Index	0.24%	4.83%	8.31%	6.25%	1.56%	1.28
MSCI Security Selection Index	0.81%	9.91%	18.34%	13.96%	5.11%	1.90
MSCI Specialist Credit Index	-0.81%	6.45%	12.30%	11.36%	2.48%	2.87
MSCI Multi-Process Group Index	0.82%	9.36%	15.45%	12.30%	3.56%	2.26
<b>Geography</b>						
MSCI Hedge Fund Developed Markets Index	-0.41%	5.83%	11.26%	9.65%	3.56%	1.51
MSCI Hedge Fund Emerging Markets Index	2.48%	13.44%	24.02%	18.44%	5.67%	2.50
MSCI Hedge Fund Global Markets Index	2.90%	13.72%	23.41%	16.39%	5.21%	2.33
MSCI Hedge Fund Europe Index	-0.62%	6.06%	13.50%	11.80%	3.96%	1.90
MSCI Hedge Fund North America Index	-0.47%	6.18%	11.82%	10.01%	3.73%	1.54
MSCI Hedge Fund Japan Index	0.58%	3.96%	5.29%	6.85%	6.16%	0.42
<b>Size</b>						
MSCI Hedge Fund Core Fund Composite Index	0.45%	8.10%	14.66%	11.46%	3.57%	2.02
MSCI Hedge Fund Small Fund Composite Index	0.14%	6.95%	13.03%	10.59%	3.91%	1.62
<b>MSCI EQUITY AND HEDGE INVEST INDICES</b>						
<b>MSCI World Equity Index</b>	<b>-2.21%</b>	<b>6.75%</b>	<b>20.10%</b>	<b>17.15%</b>	<b>7.65%</b>	<b>1.70</b>
<b>MSCI Hedge Invest Index<sup>†</sup></b>	<b>0.01%</b>	<b>4.67%</b>	<b>9.42%</b>	<b>6.80%</b>	<b>2.89%</b>	<b>0.88</b>

Data is as of July 31, 2007. All hedge fund indices listed above are equal weighted unless noted otherwise.

<sup>†</sup> MSCI Hedge Invest Index: Monthly returns are based upon performance from the last Tuesday in previous month until the last Tuesday in reported month. 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 July, the MSCI Hedge Fund Composite Index, an equal weighted index, gained 0.30%. The MSCI World Equity Index declined 2.21%. The MSCI Hedge Fund Database has grown to over 3,100 hedge funds and more than 190 indices representing over \$350 billion in assets. More than 95% of the funds in the database reported performance as of this index calculation.

Among the process groups, the MSCI Multi-Process Group Index performed the best by gaining 0.82%, followed by the MSCI Security Selection Index which gained 0.81%. The MSCI Specialist Credit Index posted the lowest return declining by 0.81%.

For July under the MSCI Directional Trading Index, Discretionary Trading funds gained 0.72% and Systematic Trading funds lost 1.69%. Within the MSCI Relative Value Index Statistical Arbitrage funds posted the highest return for the month by gaining 0.74% while Merger Arbitrage funds posted the lowest return for the month declining by 1.55%.

Under the MSCI Security Selection Index, Short Bias funds posted the highest return for the month by gaining 1.38%. No Bias funds posted the lowest return for the month gaining 0.73%. Within the MSCI Specialist Credit Index, Long-Short Credit funds underperformed Distressed Securities funds with returns of -1.92% and 0.39% respectively.

Among geographic areas (Developed Markets, Emerging Markets & Global Markets), the MSCI Hedge Fund Global Markets Index posted the highest return for the month gaining 2.90%, while the MSCI Hedge Fund Developed Markets Index posted the lowest return declining by 0.41%. Note: MSCI Hedge Fund indices are hedged to remove the effect of currency on fund performance.

In terms of hedge fund size, the MSCI Security Selection, Core Funds Index<sup>1</sup> posted the highest return for the month by gaining 1.12%, while the MSCI Specialist Credit, Small Funds<sup>2</sup> Index posted the lowest return of the month by losing 2.04%.

In terms of risk-adjusted returns, the MSCI Hedge Fund Special Credit, Core Funds Index had the highest 3 year Sharpe Ratio of 3.65 with a return of 0.13% for the month, while the MSCI Hedge Fund Short Bias, All Fund Sizes Indicative Index<sup>3</sup> had the lowest 3 year Sharpe Ratio of -0.86 with a return of 1.38% for the month.

Below is a brief description of the MSCI Hedge Fund Process Groups:

The **MSCI Directional Trading Index** - 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** - Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

The **MSCI Security Selection Index** - 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** - Specialist Credit funds seek to lend to credit-sensitive issuers.

The **MSCI Multi-Process Group Index** - 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.

<sup>1</sup>Core Fund Composite Index comprises funds with assets greater than \$100mm.

<sup>2</sup>Small Fund Composite Index comprises funds with assets greater than \$15mm but less than 100mm.

<sup>3</sup>Short Bias of all Fund Sizes Indicative Index includes all short bias funds regardless of their level of asset under management.

## About MSCI Barra

MSCI Barra develops and maintains equity, hedge fund, and REIT indices that serve as benchmarks for an estimated USD 3 trillion on a worldwide basis. MSCI Barra's risk models and analytics products help the world's largest investors analyze, measure and manage portfolio and firm-wide investment risk. MSCI Barra is headquartered in New York, with research and commercial offices around the world. Morgan Stanley, a global financial services firm, is the majority shareholder of MSCI Barra, and Capital Group International, Inc. is the minority shareholder.

MSCI Barra was recently voted "Index Provider of the Year" at the 2007 Global Pensions Magazine Awards.

**For further information on MSCI Barra, please visit our web site at [www.msribarra.com](http://www.msribarra.com)**

### For media enquiries please contact:

Sally Todd   Clare Milton, Penrose Financial, London	+ 44.20.7786.4888
Pen Pendleton   Ann Taylor Reed, Abernathy MacGregor, New York	+ 1.212.371.5999

### MSCI Barra Global Client Service:

Aatish Suchak, MSCI Barra, London	+ 44.20.7618.2222
Dorsey Horowitz, MSCI Barra, New York	+ 1.212.762.5790
Jackson Wang, MSCI Barra, San Francisco	+ 1.415.576.2323
Alick Lei, MSCI Barra, Hong Kong	+ 852.2848.7333
Pavithra Ramasubban, MSCI Barra, Sydney	+ 61.2.9220.9333
Jun Nishiyama, MSCI Barra, Tokyo	+ 813.5424.5470

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. ("MSCI"), Barra, Inc. ("Barra"), or their affiliates (including without limitation Financial Engineering Associates, Inc.) (alone or with one or more of them, "MSCI Barra"), or their direct or indirect suppliers or any third party involved in the making or compiling of the Information (collectively, the "MSCI Barra Parties"), as applicable, and is provided for informational purposes only. The Information may not be reproduced or disseminated in whole or in part without prior written permission from MSCI or Barra, as applicable. The Information may not be used to verify or correct other data, to create indices, risk models or analytics, or in connection with issuing, offering, sponsoring, managing or marketing any securities, portfolios, financial products or other investment vehicles based on, linked to, tracking or otherwise derived from any MSCI or Barra product or data. **Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), or a promotion or recommendation of, any security, financial product or other investment vehicle or any trading strategy, and none of the MSCI Barra Parties endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies. None of the Information, MSCI Barra indices, models or other products or services 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 the Information. In particular, historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis or prediction. NONE OF THE MSCI BARRA PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, MSCI AND BARRA, EACH ON THEIR BEHALF AND ON THE BEHALF OF EACH MSCI BARRA PARTY, HEREBY EXPRESSLY DISCLAIMS 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 and to the maximum extent permitted by law, in no event shall any of the MSCI Barra Parties have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited. Any use of or access to products, services or information of MSCI or Barra or their subsidiaries requires a license from MSCI or Barra, or their subsidiaries, as applicable. MSCI, Barra, MSCI Barra, EAFE, Aegis, Cosmos, BarraOne, and all other MSCI and Barra product names are the trademarks, registered trademarks, or service marks of MSCI, Barra or their affiliates, in the United States and other jurisdictions. 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. The governing law applicable to these provisions is the substantive law of the State of New York without regard to its conflict or choice of law principles.