

## MSCI Hedge Fund Indices - July 2008

### Early Reporting Funds

**New York** - August 18, 2008 - MSCI announced performance figures for early reporting funds in the MSCI Hedge Fund Composite and Process Group Indices. The performance figures for July are based on the returns of funds that have reported through August 14, 2008. The performance figures may change significantly, as returns from additional funds are received. Below is a summary of performance data for selected indices.

MSCI Hedge Fund Indices	Early Reports		YTD 2008	Annual 2007	3 yr. Sharpe	% Reporting
	July-08	Jun-08				
<b>MSCI Hedge Fund Composite Index</b>	<b>-2.1%</b>	<b>-1.2%</b>	<b>-3.9%</b>	<b>9.7%</b>	<b>0.46</b>	<b>60%</b>
<b>Process Groups</b>						
MSCI Directional Trading Index	-2.5%	1.5%	3.3%	8.8%	0.71	68%
MSCI Relative Value Index	-1.1%	-0.9%	-2.2%	6.0%	0.17	59%
MSCI Security Selection Index	-2.4%	-2.6%	-7.5%	12.0%	0.38	57%
MSCI Specialist Credit Index	-1.8%	-0.2%	-3.3%	7.4%	0.50	63%
MSCI Multi-Process Group Index	-2.0%	-1.4%	-4.2%	9.5%	0.42	56%
<b>Other Reference Indices</b>						
MSCI World Equity Index	<b>-2.4%</b>	<b>-8.0%</b>	<b>-12.8%</b>	<b>9.0%</b>	<b>0.19</b>	<b>N/A</b>

All hedge fund indices listed above are equal weighted and are expressed in US dollars. The MSCI World Equity Index is measured with dividends reinvested.

For the month of July, the early reporting funds in the MSCI Hedge Fund Composite Index, an equal weighted index, posted a decline of 2.1% with 60% of the constituent funds reporting, while the MSCI World Equity Index declined 2.4%.

The performance of the MSCI Hedge Fund Composite Index is comprised of five Process Group Indices: the MSCI Directional Trading, Relative Value, Security Selection, Specialist Credit and Multi-Process Indices.

Below is a brief description of the performance of select MSCI Hedge Fund Indices:

The **MSCI Directional Trading Index** declined 2.5% for the month of July based on 68% of funds reporting. 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** declined 1.1% for the month of July based on 59% of funds reporting. Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

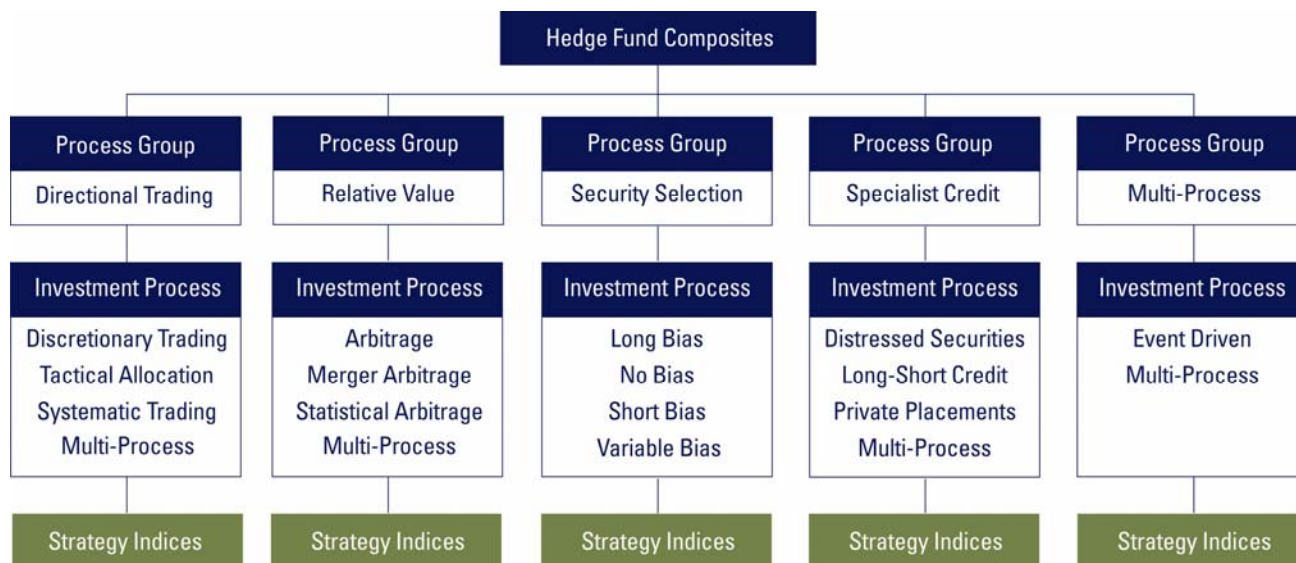
The **MSCI Security Selection Index** declined 2.4% for the month of July based on 57% of funds reporting. Security Selection managers combine long positions and short sales with the aim of benefiting from their ability in selecting investments while offsetting systematic market risks.

The **MSCI Specialist Credit Index** declined 1.8% for the month of July based on 63% of funds reporting. Specialist Credit funds seek to lend to credit-sensitive issuers.

The **MSCI Multi-Process Group Index** declined 2.0% for the month of July based on 56% of funds reporting. 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.

The MSCI Hedge Fund Database has grown to over 3,600 hedge funds. The MSCI Hedge Fund Indices are comprised of more than 190 indices representing over \$430 billion in assets.

**MSCI Hedge Fund Indices – Index Structure**



## About MSCI Barra

MSCI Barra is a leading provider of investment decision support tools to investment institutions worldwide. MSCI Barra products include indices and portfolio risk and performance analytics for use in managing equity, fixed income and multi-asset class portfolios.

The company's flagship products are the MSCI International Equity Indices, which are estimated to have over USD 3 trillion benchmarked to them, and the Barra risk models and portfolio analytics, which cover 56 equity and 46 fixed income markets. 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.

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

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