

# MSCI<sup>®</sup> press release

## HEDGE FUND INDICES

### MSCI Hedge Fund Indices Performance – OCTOBER 2002

New York, November 27, 2002. MSCI announced today its October 2002 performance figures for the MSCI Hedge Fund Indices<sup>SM</sup>. Below is a summary of performance data for selected indices.

#### MSCI HEDGE FUND INDICES

	Oct-02	YTD	1 Year	3 Year	3 yr Std Dev.	3 yr Sharpe
<b>MSCI Hedge Fund Composite Index – Equal Weighted</b>	<b>0.07%</b>	<b>1.27%</b>	<b>2.90%</b>	<b>10.09%</b>	<b>5.94%</b>	<b>0.97</b>
<b>MSCI Hedge Fund Composite Index – Asset Weighted</b>	<b>-0.38%</b>	<b>2.02%</b>	<b>2.63%</b>	<b>7.66%</b>	<b>5.08%</b>	<b>0.66</b>
<b>Process Groups</b>						
MSCI Directional Trading Index <sup>SM</sup>	-2.16%	8.73%	5.83%	13.75%	8.16%	1.16
MSCI Relative Value Index <sup>SM</sup>	0.19%	4.66%	4.98%	8.33%	2.30%	1.75
MSCI Security Selection Index <sup>SM</sup>	0.88%	-2.98%	0.42%	9.39%	10.85%	0.47
MSCI Specialist Credit Index <sup>SM</sup>	0.11%	0.53%	2.91%	10.61%	5.32%	1.19
MSCI Multi-Process Group Index <sup>SM</sup>	0.62%	-1.77%	1.47%	9.30%	5.52%	0.90
<b>Asset Class</b>						
MSCI Hedge Fund Equity Index <sup>SM</sup>	0.74%	-1.92%	0.77%	9.18%	8.31%	0.59
MSCI Hedge Fund Fixed Income Index <sup>SM</sup>	-0.01%	4.43%	6.04%	10.11%	3.29%	1.77
MSCI Hedge Fund Diversified Index <sup>SM</sup>	-2.34%	7.86%	5.17%	12.68%	7.14%	1.17
<b>Geography</b>						
MSCI Hedge Fund Developed Markets Index <sup>SM</sup>	0.10%	1.12%	2.24%	9.98%	5.76%	0.99
MSCI Hedge Fund Emerging Markets Index <sup>SM</sup>	0.44%	2.17%	8.64%	9.33%	10.67%	0.47
MSCI Hedge Fund Global Markets Index <sup>SM</sup>	-0.45%	2.03%	5.53%	11.29%	6.49%	1.08
MSCI Hedge Fund Europe Index <sup>SM</sup>	0.35%	5.47%	6.46%	13.19%	11.99%	0.74
MSCI Hedge Fund North America Index <sup>SM</sup>	1.12%	-3.73%	-0.99%	8.43%	7.53%	0.55
MSCI Hedge Fund Japan Index <sup>SM</sup>	-1.42%	5.02%	1.58%	6.76%	7.07%	0.35
<b>Domicile</b>						
MSCI Offshore Hedge Fund Composite Index <sup>SM</sup>	0.04%	2.10%	3.34%	10.18%	5.41%	1.09
MSCI Onshore Hedge Fund Composite Index <sup>SM</sup>	0.45%	-1.29%	1.17%	8.63%	6.69%	0.65

#### MSCI EQUITY AND FIXED INCOME INDICES

<b>MSCI World Equity Index</b>	<b>7.28%</b>	<b>-21.09%</b>	<b>-16.04%</b>	<b>-14.81%</b>	<b>17.43%</b>	<b>N/A</b>
<b>MSCI World Sovereign Debt Index</b>	<b>-0.39%</b>	<b>13.75%</b>	<b>9.22%</b>	<b>4.03%</b>	<b>7.01%</b>	<b>N/A</b>

\*Data as of October 31, 2002. All indices listed above are equal weighted unless noted otherwise.

The **MSCI Hedge Fund Composite Index**<sup>SM</sup> increased 0.07% for the month of October, bringing its year-to-date performance to 1.27%. As a point of comparison for the performance of hedge funds versus other investment areas, the MSCI World Equity Index increased by 7.28% in October, bringing its year-to-date performance to -21.09%. Conversely, the MSCI World Sovereign Debt Index declined by -0.39% in October, but remains up 13.75% year-to-date, while LIBOR increased by 0.15% in October, for a year-to-date increase of 1.55%.

The performance of the MSCI Hedge Fund Composite Index, an equal weighted index, may be further analyzed by reviewing the five Process Group Indices that comprise it: MSCI Directional Trading, Relative Value, Security Selection, Specialist Credit and Multi-Process Indices<sup>SM</sup>. These Process Group Indices are further subdivided into Investment Process and Strategy Indices, allowing for more refined peer group comparison and performance and risk analysis.

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

The **MSCI Directional Trading Index**<sup>SM</sup> had the greatest decline in October with a -2.16% return. However, the MSCI Directional Trading Index remained the best performing MSCI Process Group Index year-to-date with an 8.73% return.

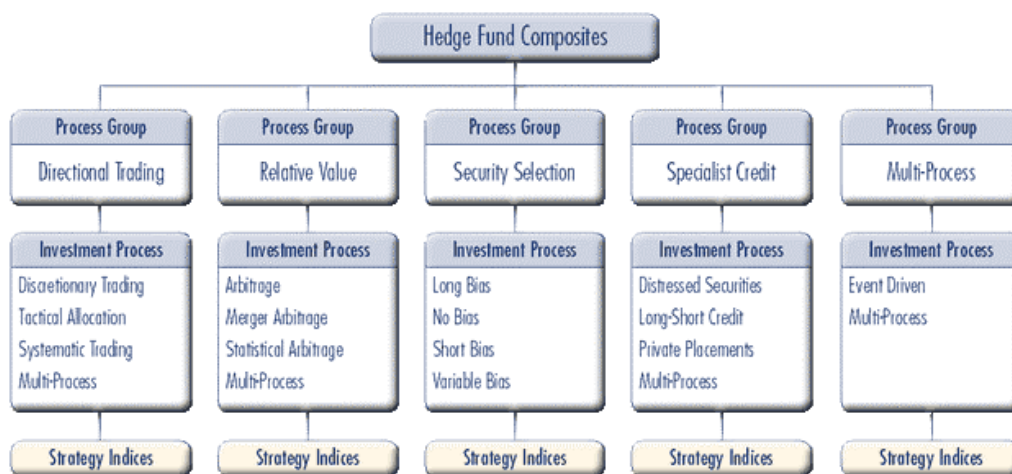
The **MSCI Relative Value Index**<sup>SM</sup> was positive in October, up 0.19%, which brought its year-to-date performance to 4.66%. Contributing to this Index's return was the MSCI Arbitrage Index<sup>SM</sup> which gained 0.88% in October 2002 for a 7.17% year-to-date return. Also contributing to the return was the 0.21% October return of the MSCI Merger Arbitrage Index<sup>SM</sup> which was up 0.51% year-to-date. Conversely, the MSCI Statistical Arbitrage Index<sup>SM</sup> returned -1.06% in October, but is still up year-to-date by 4.95%.

The **MSCI Security Selection Index**<sup>SM</sup> remained the worst performing MSCI Process Group Index on a year-to-date basis with a -2.98% return despite an 0.88% gain in October. Looking at this index through its geographic sub indices, there was a clear divergence between North America and Europe. On a year-to-date basis the MSCI Security Selection North American Index<sup>SM</sup> declined -6.90%, while the MSCI Security Selection European Index<sup>SM</sup> gained 5.46%.

The **MSCI Specialist Credit Index**<sup>SM</sup> increased 0.11% in October, after falling -0.91% in September. On a year-to-date basis it was up 0.53%. Contributing to the Index's performance were the MSCI Long-Short Credit Index<sup>SM</sup>, which was up 2.88% year-to-date, partially offset by the MSCI Distressed Securities Index<sup>SM</sup>, which declined -1.62% year-to-date.

The MSCI Hedge Fund Indices<sup>SM</sup> and fund database contain more than 160 indices. More than 1,600 hedge funds have agreed to participate in the database and there are over 1,100 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](http://www.msci.com) or contact:

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