

MSCI[®] press release

MSCI Hedge Fund Indices Performance – 2002

New York, January 27, 2003 MSCI announced today its 2002 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES

	Dec-02	2002	2001	3 Year	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite IndexSM – Equal Weighted	1.18%	3.73%	5.95%	7.62%	4.83%	0.74
MSCI Hedge Fund Composite IndexSM – Asset Weighted	1.66%	4.50%	4.12%	5.81%	4.42%	0.40
Process Groups						
MSCI Directional Trading Index SM	4.40%	12.27%	8.28%	13.06%	8.04%	1.12
MSCI Relative Value Index SM	1.45%	6.94%	5.40%	8.31%	2.19%	1.94
MSCI Security Selection Index SM	-0.41%	-1.07%	3.43%	4.39%	8.73%	0.04
MSCI Specialist Credit Index SM	1.64%	3.55%	13.56%	10.26%	4.91%	1.26
MSCI Multi-Process Group Index SM	1.08%	2.15%	9.85%	8.28%	4.74%	0.89
Asset Class						
MSCI Hedge Fund Equity Index SM	0.02%	-0.12%	3.05%	5.44%	6.81%	0.20
MSCI Hedge Fund Fixed Income Index SM	1.52%	7.29%	13.05%	9.95%	3.06%	1.93
MSCI Hedge Fund Diversified Index SM	3.79%	11.45%	10.59%	11.46%	7.03%	1.05
Geography						
MSCI Hedge Fund Developed Markets Index SM	1.29%	3.63%	5.43%	7.74%	4.74%	0.78
MSCI Hedge Fund Emerging Markets Index SM	-0.07%	3.84%	8.81%	4.81%	9.09%	0.08
MSCI Hedge Fund Global Markets Index SM	0.87%	4.52%	9.25%	8.00%	5.33%	0.74
MSCI Hedge Fund Europe Index SM	2.60%	9.10%	-0.63%	7.93%	9.88%	0.39
MSCI Hedge Fund North America Index SM	-0.23%	-1.56%	5.16%	5.87%	6.54%	0.28
MSCI Hedge Fund Japan Index SM	0.40%	5.03%	2.70%	5.84%	7.14%	0.25
Domicile						
MSCI Offshore Hedge Fund Composite Index SM	1.64%	5.36%	5.54%	7.44%	4.03%	0.84
MSCI Onshore Hedge Fund Composite Index SM	0.38%	0.49%	5.43%	6.69%	5.83%	0.45

MSCI EQUITY AND FIXED INCOME INDICES

MSCI World Equity IndexSM	-4.95%	-21.06%	-17.83%	-17.69%	16.96%	N/A
MSCI World Sovereign IndexSM	5.00%	19.59%	-1.13%	6.23%	7.45%	N/A

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

The **MSCI Hedge Fund Composite IndexSM** increased 1.18% for the month of December, bringing its 2002 annual performance to 3.73% compared with a -4.95% December and -21.06% annual return for the MSCI World Equity IndexSM. Comparatively, the MSCI World Sovereign Debt IndexSM increased by 5.00% in December, resulting in an annual gain of 19.59% while LIBOR increased by only 0.11% in December, an increase of 1.79% for 2002.

While equities have been struggling for the past three years with the MSCI World Equity Index declining an annualized -17.69% the hedge funds have remained positive gaining 7.62% on an equal weighted basis and 5.81% on an asset weighted basis. Although the MSCI Hedge Fund Equity IndexSM, which consists of hedge funds focusing on equities, declined -0.12% in 2002, it has gained an annualized 5.44% over the past three years.

The performance of the MSCI Hedge Fund Composite Index, an equal weighted index, can be analyzed further by reviewing the five Process Group Indices that comprise it: MSCI Directional Trading, Relative Value, Security Selection, Specialist Credit and Multi-Process IndicesSM. These Process Group Indices are further subdivided into Investment Process and Strategy Indices.

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

The **MSCI Directional Trading IndexSM** increased 4.40% in December making it the best performing process group index for 2002 with a 12.27% return. Much of the performance in this index can be attributed to systematic traders who gained 16.98% for the year. 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 IndexSM** was positive in December, up 1.45% resulting in an annual return of 6.94%. Contributing to this index's 2002 return was the MSCI Arbitrage IndexSM which gained 11.28% for year. Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

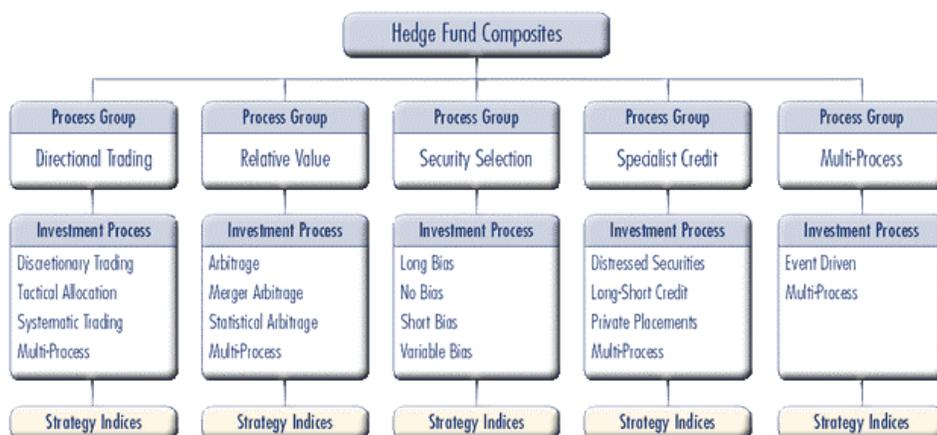
The **MSCI Security Selection IndexSM** remained the worst performing MSCI Process Group Index in December with a -0.41% return bringing its 2002 return to -1.07% also the worst annual performance. Looking at this index through its geographic sub indices, there was a clear divergence between North America and Europe. On an annual basis the MSCI Security Selection North American IndexSM declined -5.18%, while the MSCI Security Selection European IndexSM gained 9.27%. 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 IndexSM** increased 1.64% in December. On an annual basis, the index was up 3.55%. Specialist Credit funds seek to lend to credit-sensitive issuers.

The **MSCI Multi-Process IndexSM** increased by 1.08% in December resulting in an annual return of 2.15%. 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 IndicesSM 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 or contact:

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