

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – April 2003

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

MSCI HEDGE FUND INDICES

	Apr-03	YTD	1 Year	3 Year 2002	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal Weighted SM	1.94%	3.68%	6.28%	4.34%	7.09%	3.86%	0.97
MSCI Hedge Fund Composite Index - Asset Weighted SM	1.78%	4.10%	8.36%	5.10%	6.47%	3.56%	0.87
Process Groups							
MSCI Directional Trading Index SM	1.21%	5.06%	22.53%	13.64%	13.67%	8.74%	1.18
MSCI Relative Value Index SM	0.94%	3.63%	9.09%	8.07%	8.22%	1.84%	2.64
MSCI Security Selection Index SM	2.60%	2.55%	-0.70%	-0.80%	3.31%	6.62%	-0.01
MSCI Specialist Credit Index SM	2.66%	6.33%	6.28%	4.03%	9.36%	4.05%	1.48
MSCI Multi-Process Group Index SM	2.36%	4.23%	4.19%	2.88%	8.23%	4.32%	1.12
Asset Class							
MSCI Hedge Fund Equity Index SM	2.15%	2.36%	0.70%	0.51%	4.08%	5.26%	0.14
MSCI Hedge Fund Fixed Income Index SM	2.22%	6.49%	9.66%	7.72%	11.21%	2.67%	2.93
MSCI Hedge Fund Diversified Index SM	1.35%	4.26%	16.24%	11.46%	12.27%	6.58%	1.35
Geography							
MSCI Hedge Fund Developed Markets Index SM	1.81%	3.55%	6.62%	4.27%	7.06%	3.77%	0.98
MSCI Hedge Fund Emerging Markets Index SM	3.24%	4.76%	2.04%	5.37%	5.73%	7.98%	0.30
MSCI Hedge Fund Global Markets Index SM	2.39%	4.18%	5.55%	4.48%	8.27%	4.01%	1.22
MSCI Hedge Fund Europe Index SM	2.71%	4.16%	11.44%	9.53%	6.05%	5.65%	0.48
MSCI Hedge Fund North America Index SM	2.11%	3.26%	0.72%	-0.65%	4.90%	5.38%	0.28
MSCI Hedge Fund Japan Index SM	0.01%	1.12%	1.75%	4.42%	4.62%	6.25%	0.20
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	1.73%	3.84%	8.11%	5.95%	7.12%	3.18%	1.18
MSCI Onshore Hedge Fund Composite Index SM	2.09%	3.43%	3.45%	1.12%	6.01%	5.03%	0.52

MSCI EQUITY AND FIXED INCOME INDICES

MSCI World Equity Index SM	8.64%	2.66%	-16.00%	-21.06%	-15.96%	17.03%	N/A
MSCI World Sovereign Debt Index SM	1.23%	4.41%	22.45%	19.59%	8.94%	6.74%	N/A

Data as of April 30, 2003. All hedge fund indices listed above are equal weighted and are expressed in US dollars unless noted otherwise.

The MSCI Hedge Fund Composite IndexSM, an equal weighted index, posted a 1.94% return for the month of April, surpassing March's -0.41%. In comparison, the MSCI World Equity IndexSM rose 8.64% in April. The MSCI Sovereign Debt IndexSM returned 1.23% for the month of April while LIBOR returned 0.11%. Over the past year, the MSCI Hedge Fund Composite Index gained 6.28% outperforming the MSCI World Equity Index, which returned -16.00%, but underperforming the MSCI Sovereign Debt Index, which gained 22.45%.

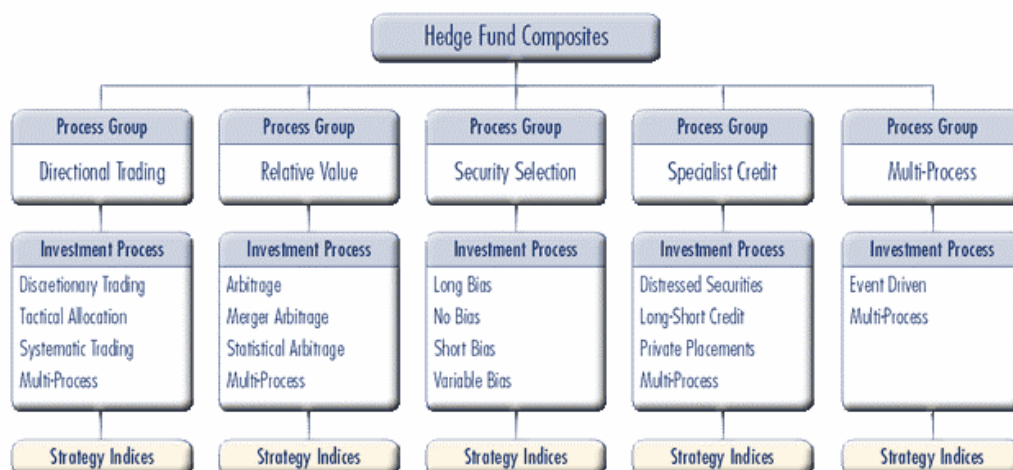
The performance of the MSCI Hedge Fund Composite Index can be analyzed further by reviewing the five Process Group Indices that comprise it: the MSCI Directional Trading, Relative Value, Security Selection, Specialist Credit and Multi-Process IndicesSM. These Process Group Indices are further subdivided into Investment Processes and Strategy Indices. The investment process is the approach that the manager uses to select investments in order to generate returns and manage risk.

The best performing process group for April was Specialist Credit which gained 2.66%. Specialist Credit funds seek to lend to credit-sensitive issuers. The biggest contributor to the performance of Specialist Credit was Distressed Securities which gained 4.00%. Security Selection gained 2.60% for the month of April. 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. Within Security Selection, Long Bias was the best performer posting a 3.95% gain followed by Variable Bias with a 1.21% gain and No Bias with a 0.60% gain. Directional Trading gained a modest 1.21% in April, but remains one of the best performing process groups on a year-to-date basis with a 5.06% return, and for the past year with a 22.53% return. Directional Trading strategies are based on anticipating the direction of market prices of currencies, commodities, equities, and bonds in the futures and cash markets. A 1.27% increase by Systematic Traders contributed to the Directional Trading Group's performance in April. Relative Value funds continued to perform modestly gaining 0.94% in April driven by a 1.33% return from Arbitrage, and more specifically, Convertible Arbitrage with a 1.63% return. Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

The best performing asset class index in April was the MSCI Hedge Fund Fixed Income IndexSM which gained 2.22%. The MSCI Hedge Fund Equity IndexSM gained 2.15%, while the MSCI Hedge Fund Diversified IndexSM only gained 1.35%. These results were consistent with the process group indices as Specialist Credit, which is comprised of mostly fixed income investment processes, slightly outperformed Security Selection funds, which is comprised of mostly equity based investment processes. The underperformance of the diversified asset class funds was impacted by the lower returns of Directional Traders which include funds that invest in commodities and currencies, as well as, equities and fixed income.

By geography, funds focusing on Europe seem to be the best performing group with a 2.71% US dollar gain in April. In Euros, the return was only 0.42%. Hedge funds investing in North American markets gained 2.11%, while funds investing in Japan gained 0.01%. The Yen return of funds investing in Japan was 0.58%.

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 1,400 hedge funds currently in the MSCI Hedge Fund Indices and Database.

MSCI Hedge Fund Indices – Index Structure


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