

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – October 2003

New York, November 25, 2003 MSCI announced today its October 2003 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES

	Oct-03	YTD	1 Year	2002	3 Year Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite IndexSM - Equal Weighted	1.94%	11.82%	14.03%	2.55%	7.99%	3.40%	1.72
MSCI Hedge Fund Composite IndexSM - Asset Weighted	1.86%	10.71%	13.08%	3.09%	7.35%	2.90%	1.79
Process Groups							
MSCI Directional Trading Index SM	1.50%	7.93%	11.11%	11.02%	12.43%	8.31%	1.24
MSCI Relative Value Index SM	0.84%	5.79%	7.62%	6.16%	6.64%	1.47%	3.05
MSCI Security Selection Index SM	2.75%	15.36%	16.83%	-2.61%	5.96%	6.15%	0.62
MSCI Specialist Credit Index SM	1.89%	18.75%	23.30%	4.82%	12.53%	4.18%	2.48
MSCI Multi-Process Group Index SM	1.88%	14.89%	17.52%	0.91%	9.31%	4.24%	1.69
Asset Class							
MSCI Hedge Fund Equity Index SM	2.26%	12.41%	13.76%	-1.41%	5.41%	4.84%	0.67
MSCI Hedge Fund Fixed Income Index SM	1.41%	13.80%	16.58%	7.07%	11.75%	2.35%	4.08
MSCI Hedge Fund Diversified Index SM	1.64%	9.99%	13.23%	9.16%	12.65%	5.94%	1.77
Geography							
MSCI Hedge Fund Developed Markets Index SM	1.86%	10.95%	13.18%	2.42%	7.61%	3.30%	1.65
MSCI Hedge Fund Emerging Markets Index SM	2.90%	20.45%	22.60%	5.38%	11.53%	6.87%	1.37
MSCI Hedge Fund Global Markets Index SM	2.24%	15.92%	17.86%	2.26%	9.85%	4.01%	1.92
MSCI Hedge Fund Europe Index SM	1.34%	5.25%	5.18%	-1.17%	2.61%	2.42%	0.19
MSCI Hedge Fund North America Index SM	2.13%	13.44%	16.11%	-0.17%	6.70%	4.88%	0.93
MSCI Hedge Fund Japan Index SM	3.51%	18.81%	18.43%	7.38%	11.99%	4.50%	2.19
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	1.55%	9.76%	11.64%	2.97%	7.38%	2.45%	2.13
MSCI Onshore Hedge Fund Composite Index SM	2.11%	13.03%	15.51%	1.30%	7.52%	4.46%	1.20

MSCI EQUITY AND FIXED INCOME INDICES

MSCI World Equity Index SM	5.83%	21.52%	21.57%	-21.06%	-9.11%	17.55%	N/A
MSCI World Sovereign Debt Index SM	-0.47%	8.82%	14.40%	19.59%	10.72%	7.78%	N/A

Data as of October 31, 2003. All hedge fund indices listed above are equal weighted and are expressed in US dollars unless noted otherwise.

The equal weighted MSCI Hedge Fund Composite IndexSM posted a 1.94% return for the month of October, underperforming the MSCI World Equity IndexSM which gained 5.83% and outperforming the MSCI World Sovereign Debt IndexSM which fell 0.47%. The MSCI Hedge Fund Database has grown to over 1,650 hedge funds. More than 99% of the funds in the database reported performance as of October's index calculation. The MSCI Hedge Fund Indices are composed of more than 190 indices representing more than \$175 billion in assets. As previously announced, MSCI has changed its method of calculating currency conversion for the MSCI Hedge Fund Indices. The performance of index constituent funds that are not denominated in US dollars will be converted into US dollars in a manner that presumes the currency risk to be fully hedged. As a result, the historical indices may change based on this new methodological approach.

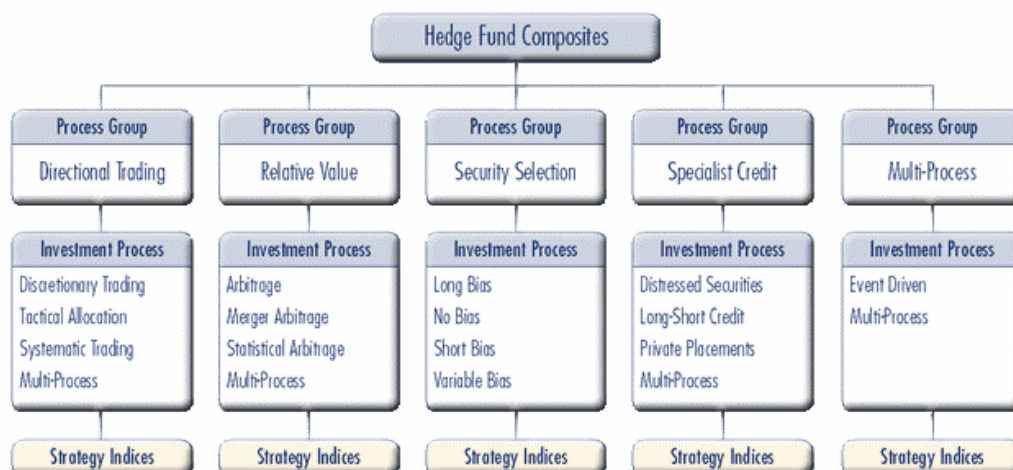
Security Selection was the best performer in October with a 2.75% gain, bringing its year to date return to 15.36%. As equity markets climbed in October, Long Bias was the best performing investment process within Security Selection posting a 3.86% gain bringing its year to date return to 22.15%. In contrast, Short Bias lost 3.95% relative to a rising equity market. By market cap focus, Security Selection Small Cap funds gained 4.88% outperforming Security Selection Mid and Large Cap funds which returned 1.94%. This small cap outperformance is consistent with the performance of the relevant U.S. equity market indices. The MSCI U.S. Small Cap 1750 Index gained 8.13% in October while the MSCI U.S. Prime Market 750 Index, comprised of mid-to-large cap stocks, gained 5.72%. The overall MSCI U.S. Investable Market 2500 Index rose 5.97% and the MSCI Hedge Fund Equity IndexSM gained 2.26% in October.

Directional Trading gained 1.50% in October bringing its year to date return to 7.93%. Directional Trading funds have the highest three year standard deviation at 8.31%, mostly driven by Systematic Trading funds with a 13.01% three year standard deviation. Relative Value funds have continued to perform consistently with a low three year standard deviation of 1.47%, lower than any other process group. Relative Value has the highest three year Sharpe ratio of 3.05.

By geography, funds focusing on Japan gained 3.51% outperforming funds investing in North America and Europe which gained 2.13% and 1.34%, respectively. The MSCI Hedge Fund Emerging Market IndexSM gained 2.90% outperforming the MSCI Hedge Fund Developed Market IndexSM, which gained 1.86%. This is consistent with the equity markets as EMF gained 8.30% and World Equity gained 5.83%.

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. Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities. 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. Specialist Credit funds seek to lend to credit-sensitive issuers. 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.

MSCI Hedge Fund Indices – Index Structure



For further information on MSCI indices or MSCI data, please visit our web site at www.msci.com or contact:

Dorsey Horowitz, MSCI, New York
Adrian Franken, MSCI, London
Jammy Chan, MSCI, Hong Kong
Olivia Vong, MSCI, Tokyo

+ 1 212 762 5790
+ 44 20 7425 6660
+ 852 2848 6740
+ 813 5424 5470

Daniel Guthrie/Beany McLean, Luther Pendragon, London
Ed Rowley/Kayt Makosy, Abernathy MacGregor, New York

+ 44 20 7618 9100
+ 1 212 371 5999

This information is the property of Morgan Stanley Capital International Inc. (MSCI). It is provided for informational purposes only, and is not a recommendation to participate in any particular trading strategy. The information may not be used to verify or correct data, or any compilation of data or index or in the creation of any indices. Nor may it be used in the creating, writing, offering, trading, marketing or promotion of any financial instruments or products. This information is provided on an “as is” basis. Although MSCI shall obtain information from sources which MSCI considers reliable, neither MSCI, its affiliates nor any other party involved in the making or compiling of the information guarantees the accuracy and/or the completeness of any of this information. Neither MSCI, its affiliates nor any other party involved in the making or compiling of the information makes any representation or warranty, express or implied, as to the results to be obtained by any person or entity from any use of this information, and the user of this information assumes the entire risk of any use made of this information. Neither MSCI, its affiliates nor any other party involved in the making or compiling of the information makes any express or implied warranties, and MSCI, its affiliates and any other party involved in the making or compiling of the information hereby expressly disclaim all warranties of merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, its affiliates or any other party involved in the making or compiling of the information have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Morgan Stanley Capital International, MSCI, ACWI, EAFE, EMF and all other service marks referred to herein are the exclusive property of MSCI and its affiliates. All MSCI indices are the exclusive property of MSCI and may not be used in any way without the express written permission of MSCI.

MSCI is a leading provider of global indices and benchmark related products and services to investors worldwide. Morgan Stanley, a global financial services firm and a market leader in securities, asset management, and credit services, is the majority shareholder of MSCI, and The Capital Group Companies, Inc., a global investment management group, is the minority shareholder.