

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – June 2004

New York, July 23, 2004. MSCI announced today its June 2004 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES							
	June	YTD	1 Year	2003	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal Weighted SM	0.15%	1.61%	8.98%	14.78%	7.02%	3.30%	1.63
MSCI Hedge Fund Composite Index - Asset Weighted SM	0.19%	2.31%	8.91%	13.30%	6.71%	2.88%	1.75
Process Groups							
MSCI Directional Trading Index SM	-1.84%	-2.68%	0.69%	10.96%	7.61%	7.99%	0.74
MSCI Relative Value Index SM	-0.25%	1.08%	3.48%	6.51%	5.43%	1.35%	2.80
MSCI Security Selection Index SM	0.89%	2.68%	13.85%	18.79%	6.30%	5.44%	0.85
MSCI Specialist Credit Index SM	1.27%	5.25%	15.28%	24.53%	13.40%	4.07%	2.89
MSCI Multi-Process Group Index SM	0.66%	3.51%	13.57%	19.15%	8.60%	4.35%	1.60
Asset Class							
MSCI Hedge Fund Equity Index SM	0.78%	2.39%	11.51%	15.27%	5.49%	4.35%	0.88
MSCI Hedge Fund Fixed Income Index SM	0.90%	4.44%	11.28%	17.29%	11.90%	2.47%	4.16
MSCI Hedge Fund Diversified Index SM	-1.12%	-0.64%	4.81%	13.62%	8.99%	5.85%	1.25
Geography							
MSCI Hedge Fund Developed Markets Index SM	0.17%	1.67%	8.30%	13.70%	6.58%	3.20%	1.54
MSCI Hedge Fund Emerging Markets Index SM	0.04%	1.45%	16.05%	27.05%	12.77%	6.20%	1.79
MSCI Hedge Fund Global Markets Index SM	0.08%	1.07%	12.10%	19.20%	8.20%	4.09%	1.60
MSCI Hedge Fund Europe Index SM	0.46%	2.63%	6.23%	6.07%	2.92%	2.57%	0.50
MSCI Hedge Fund North America Index SM	0.80%	2.43%	10.88%	16.81%	6.73%	4.29%	1.18
MSCI Hedge Fund Japan Index SM	2.27%	14.89%	29.20%	18.13%	13.31%	7.12%	1.64
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	0.05%	1.59%	7.74%	12.42%	6.52%	2.62%	1.86
MSCI Onshore Hedge Fund Composite Index SM	0.32%	1.75%	10.14%	17.15%	7.23%	4.21%	1.33
MSCI Hedge Invest Index [†]	-0.24%	0.38%	5.14%	8.50%	6.31%	2.78%	1.67
MSCI EQUITY AND FIXED INCOME INDICES							
MSCI World Equity Index SM	2.05%	3.52%	24.00%	33.11%	0.87%	15.98%	N/A
MSCI World Sovereign Debt Index SM	0.04%	-1.61%	5.53%	14.97%	11.92%	7.94%	N/A

Data is as of June 30, 2004. All hedge fund indices listed above are equal weighted unless noted otherwise.

† MSCI Hedge Invest Index: MTD returns are based upon performance from the last Tuesday in previous month until the last Tuesday in reported month. YTD returns are from December 30, 2003 through June 29, 2004. Pro forma historical performance data for the period before July 15, 2003, relies on significant assumptions, and is provided for illustration purposes only. As with all historical performance data, it may not be used to predict future characteristics or performance of the index or relied on in making any investment decisions.

The MSCI Hedge Fund Composite IndexSM, an equal weighted index, posted a 0.15% return for the month of June, underperforming the MSCI World Equity IndexSM, which rose 2.05% and outperforming the MSCI World Sovereign Debt IndexSM, which rose 0.04%. The MSCI Hedge Fund Database has grown to over 1,700 hedge funds and more than 190 indices representing more than \$230 billion in assets. Over 98% of the funds in the database reported performance as of July's index calculation.

The MSCI Specialist Credit IndexSM was the top performing process group for the month of June, returning 1.27%. Specialist Credit has experienced only one down month, since October 2002. This brings Specialist Credit's YTD, 1-Year, and 3-Year returns above all other process groups, 5.25%, 15.28%, and 13.40% respectively. In risk-adjusted terms, Specialist Credit reports the highest 3-Year Sharpe ratio of 2.89.

The worst performing process group in June was the MSCI Directional Trading IndexSM, which returned -1.84%, down for the third consecutive month. Among all process groups, Directional Trading reports the highest annualized 3-Year standard deviation of 7.99% and offers the lowest 3-year Sharpe of 0.74. Within Directional Trading, looking to the process level, Systematic Trading contributed negatively, returning -3.24%, while Discretionary Trading was up 0.45%.

Hedge funds investing in various geographical locations all returned positive June performance, sharply contrasting May when they were all down. The top performer was the MSCI Hedge Fund Japan IndexSM, which returned 2.27%, bringing the YTD figure to 14.89%, far above the YTD figures of other geography focused indices. The positive returns are in line with the rise in Japanese equity markets. The MSCI Japan IndexSM returned 5.40% for the month of June and 10.70% YTD. The worst performing geography focused hedge fund index was MSCI Hedge Fund Emerging Markets IndexSM, which returned 0.04%.

Below is a brief description of the MSCI Hedge Fund Process Groups:

The **MSCI Directional Trading IndexSM** - 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** - Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

The **MSCI Security Selection IndexSM** - 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** - Specialist Credit funds seek to lend to credit-sensitive issuers.

The **MSCI Multi-Process Group IndexSM** - Multi-Process Group comprises funds that practice a strategy whereby a single investment process does not account for more than 80% of their risk capital.

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

Amy Davidson, MSCI, New York	+ 1 212 762 5790
Sara Corsaro, MSCI, London	+ 44 20 7425 6660
Jammy Chan, MSCI, Hong Kong	+ 852 2848 6740
Olivia Vong, MSCI, Tokyo	+ 813 5424 5470
Daniel Guthrie/Beany McLean, Luther Pendragon, London	+ 44 20 7618 9100
Ed Rowley/Kayt Makosy, Abernathy MacGregor, New York	+ 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 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.