

# MSCI<sup>®</sup> Barra<sup>®</sup> press release

## MSCI Hedge Fund Indices – December 2005 - Early Reporting Funds

**New York, January 13, 2006.** MSCI announced performance figures for early reporting funds in the MSCI Hedge Fund Composite<sup>SM</sup> and Process Group Indices<sup>SM</sup>. The performance figures for December are based on the returns of funds that have reported through January 12, 2006. The performance figures may change significantly, as returns from additional funds are received. Below is a summary of performance data for selected indices.

|   | Early Reports |              |              | Annual       | 3 yr.       | %          |
|---|---------------|--------------|--------------|--------------|-------------|------------|
| MSCI Hedge Fund Indices <sup>SM</sup>               | Dec-05        | Nov-05       | YTD          | 2004         | Sharpe      | Reporting  |
| <b>MSCI Hedge Fund Composite Index<sup>SM</sup></b> | <b>1.8%</b>   | <b>1.9%</b>  | <b>8.2%</b>  | <b>6.9%</b>  | <b>2.21</b> | <b>65%</b> |
| <b>Process Groups</b>                               |               |              |              |              |             |            |
| MSCI Directional Trading Index <sup>SM</sup>        | 1.2%          | 3.2%         | 6.8%         | 3.2%         | 0.85        | 77%        |
| MSCI Relative Value Index <sup>SM</sup>             | 1.0%          | 0.3%         | 2.9%         | 3.0%         | 1.31        | 65%        |
| MSCI Security Selection Index <sup>SM</sup>         | 2.4%          | 2.2%         | 11.0%        | 8.4%         | 2.23        | 64%        |
| MSCI Specialist Credit Index <sup>SM</sup>          | 0.9%          | 0.6%         | 7.3%         | 13.1%        | 4.11        | 57%        |
| MSCI Multi-Process Group Index <sup>SM</sup>        | 2.1%          | 1.2%         | 8.1%         | 10.1%        | 2.89        | 52%        |
| <b>Other Reference Indices</b>                      |               |              |              |              |             |            |
| MSCI World Equity Index <sup>SM</sup>               | <b>2.2%</b>   | <b>3.3%</b>  | <b>9.5%</b>  | <b>14.7%</b> | <b>1.77</b> | <b>N/A</b> |
| MSCI World Sovereign Debt Index <sup>SM</sup>       | <b>1.1%</b>   | <b>-1.2%</b> | <b>-6.9%</b> | <b>10.2%</b> | <b>0.50</b> | <b>N/A</b> |

All hedge fund indices listed above are equal weighted and are expressed in US dollars.  
The MSCI World Equity Index<sup>SM</sup> is measured with dividends reinvested.

For the month of December, the early reporting funds in the MSCI Hedge Fund Composite Index<sup>SM</sup>, an equal weighted index, posted a gain of 1.8% with 65% of the constituent funds reporting.

For the month of December, the MSCI World Equity Index<sup>SM</sup> gained 2.2% and the MSCI World Sovereign Debt Index<sup>SM</sup> gained 1.1%. The performance of the MSCI Hedge Fund Composite Index<sup>SM</sup> is comprised of five Process Group Indices: the MSCI Directional Trading, Relative Value, Security Selection, Specialist Credit and Multi-Process Indices.

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

The **MSCI Directional Trading Index<sup>SM</sup>** gained 1.2% for the month of December based on 77% of funds reporting. 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 Index<sup>SM</sup>** gained 1.0% for the month of December based on 65% of funds reporting. Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

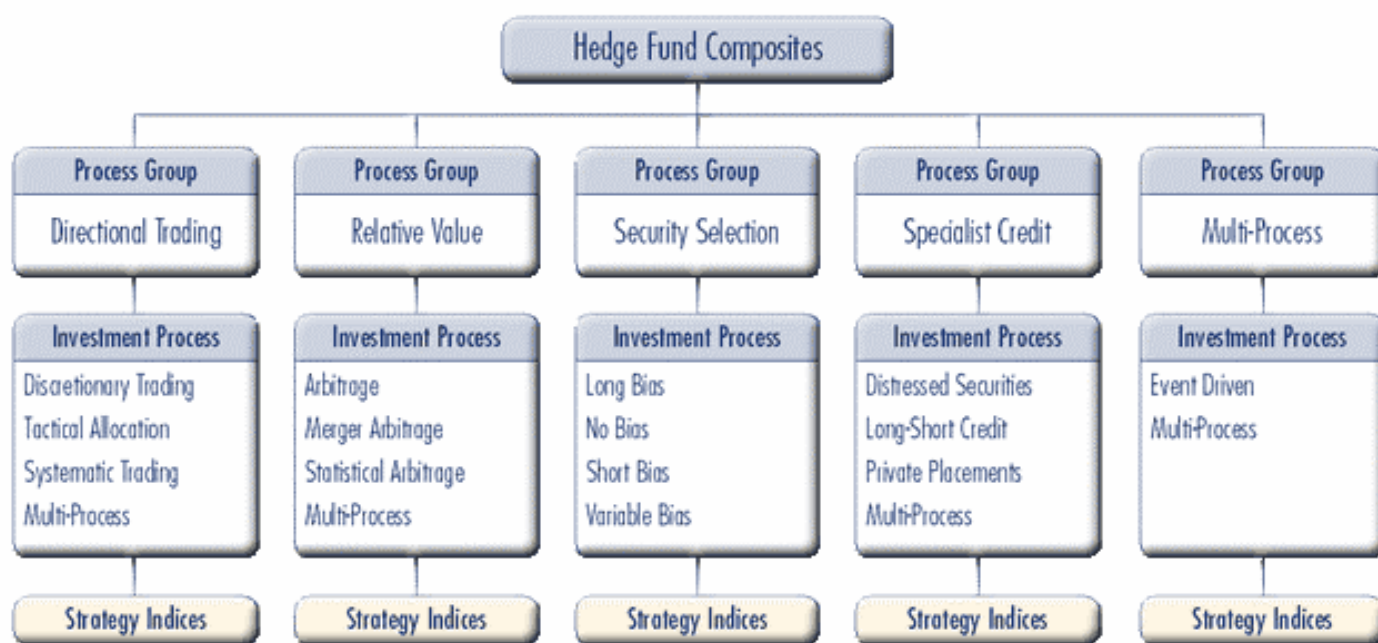
The **MSCI Security Selection Index<sup>SM</sup>** gained 2.4% for the month of December based on 64% of funds reporting. Security Selection managers combine long positions and short sales with the aim of benefiting from their ability in selecting investments while offsetting systematic market risks.

The **MSCI Specialist Credit Index<sup>SM</sup>** gained 0.9% for the month of December based on 57% of funds reporting. Specialist Credit funds seek to lend to credit-sensitive issuers.

The **MSCI Multi-Process Group Index<sup>SM</sup>** gained 2.1% for the month of December based on 52% of funds reporting. 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 Database has grown to over 2,500 hedge funds. The MSCI Hedge Fund Indices are composed of more than 190 indices representing more than \$265 billion in assets.

### MSCI Hedge Fund Indices – Index Structure



**About MSCI Barra**

MSCI ([www.msci.com](http://www.msci.com)) develops and maintains equity, REIT, fixed income, multi-asset class and hedge fund indices that serve as the benchmark for an estimated USD 3 trillion on a worldwide basis and owns Barra, Inc. ("Barra"). Barra analytics ([www.barra.com](http://www.barra.com)) help the world's largest investors analyze, measure and manage portfolio and firm-wide investment risk. MSCI Barra is headquartered in New York, with research and commercial offices around the world. 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 Capital International Inc., part of the global investment management group of The Capital Group Companies, Inc., is the minority shareholder. MSCI Barra is a service mark of Morgan Stanley Capital International Inc. ("MSCI" or "MSCI Barra").

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**Or contact:**

|  |                          |
|--|--------------------------|
| <b>Dorsey Horowitz, MSCI Barra, New York</b> | <b>+ 1 212 762 5790</b>  |
| <b>Sonal Patel, MSCI Barra, London</b>       | <b>+ 44 20 7425 6660</b> |
| <b>Sarah Chan, MSCI Barra, Hong Kong</b>     | <b>+ 852 2848 6740</b>   |
| <b>Masao Ikeda, MSCI Barra, Tokyo</b>        | <b>+ 813 5424 5470</b>   |

**PR:**

|  |                          |
|--|--------------------------|
| <b>Ben Curson/Clare Rowsell, Penrose Financial, London</b> | <b>+ 44 20 7786 4888</b> |
| <b>Ann Taylor Reed, Abernathy MacGregor, New York</b>      | <b>+ 1 212 371 5999</b>  |

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