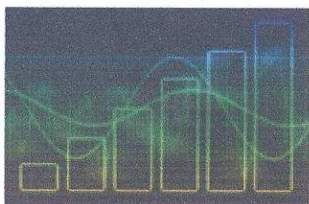


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Hedge Fund Secondary Market Sees First Trade Above NAV In Almost Two Years

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Secondary hedge fund market provider Hedgebay Trading Corporation's February index has revealed the first trade above NAV on the hedge fund secondary market in almost two years.

According to Hedgebay, the premium trade, which took place at 102% of the hedge fund share's value, is an indication that high-quality hedge fund assets are becoming more attractive to investors.

"February's data is very good news for the hedge fund market, or at least for the part of the market that trades in liquid assets," said Elias Tueta, co-founder of Hedgebay. "The first premium trade in quite some time is a highly significant event for the industry. It shows that investors are not just confident about buying hedge fund assets; they are now willing to pay over NAV to secure the most sought after funds."

The Hedgebay Secondary Market Index has also shown that the average trade price rose in February to 91.4%, a level more commonly seen before the financial crisis struck. This is the second consecutive month that the average price has risen.

However, Tueta warned that no matter how encouraging the Secondary Market Index results are, they only tell half the story. The dispersion between the highest and lowest trades widened to 70 points, with the lowest trade occurring at 32% of NAV. This has made the two-tiered market more pronounced, as investors continue to struggle to remove illiquid assets from their portfolios.

"The two-tiered phenomenon is here to stay for the time being, as a substantial number of funds still have illiquid assets in their portfolios," said Tueta. "The two-tiered market is being driven partly by the nature of the funds, but also by the type of investors. There is an essential difference between the outlook of investors trading in liquid assets and the outlook of those trading in illiquid ones, and what we are seeing at the moment is, in essence, two different markets – a liquid one and an illiquid one."

The February results for the Illiquid Asset Index has shown a small rise in the average price for assets that have no contractual redemption rights to investors (such as "side-pockets" or for hedge funds that have suspended redemptions). The average price stands at 46.3% of NAV.

- [See Hedgebay's Report \[1\]](#)