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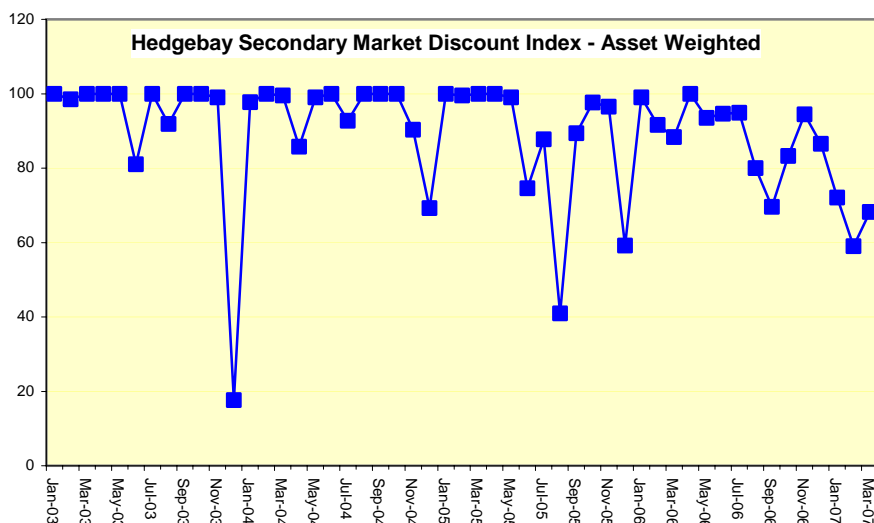
Secondary Market Activity Summary – March 2007

March was noticeably quieter than the first two months of the year from the supply side of the market. Our take is that February was not as bad as some had feared, particularly when compared with the results of equities (the sub-prime sector and emerging markets specifically). As a result the need to make changes was greatly reduced and investors could focus on buying. With this backdrop, the demand for liquidity was significantly less than in recent memory, with only 20% of transactions taking place at a discount. Those transactions that did take place were all in the distressed or liquidation category.

As in February, all strategies traded last month, with relatively equal representation across them. Long/short was the most active strategy, with premiums reaching the 1% level. The directional trading strategy also attained premium levels of 1%, while relative value trailed, as can be seen from this month's SMPI values.

The announcement on the bell that San Diego commenced legal action against Amaranth has brought life back to that market. The interest in shares of Ritchie also picked up in the last few days as news of Ritchie's deal with Reservoir came to light.

Secondary Market Liquidity Indices



Premium Index Values (SMPI)

Composite Index	100.50
Relative Value	100.50
Security Selection	100.31
Directional Trading	101.00

Discount Index Values (SMDI)

Composite	68.34
< 3 Months	n/a
3 to 6 Months	n/a
6 to 12 Months	n/a
12 to 24 Months	n/a
None and/or Distressed	68.24

The Hedgebay Secondary Market Premium Index (SMPI) is a proprietary, asset-weighted index that describes the average premium paid for hedge funds that trade in the secondary market in any given month. An investor may wish to use the index as a sentiment indicator to describe hedge fund investors' future expectations for performance as well as a benchmarking tool for hedge fund investors to assess latent value in their portfolios.

The Hedgebay Secondary Market Discount Index (SMDI) is a proprietary, asset-weighted index that describes the average discount required to liquidate hedge funds in the secondary market in any given month. An investor may wish to use the index and sub-indices as indicators of the cost of liquidity.

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