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Secondary Market Activity Summary – November 2006

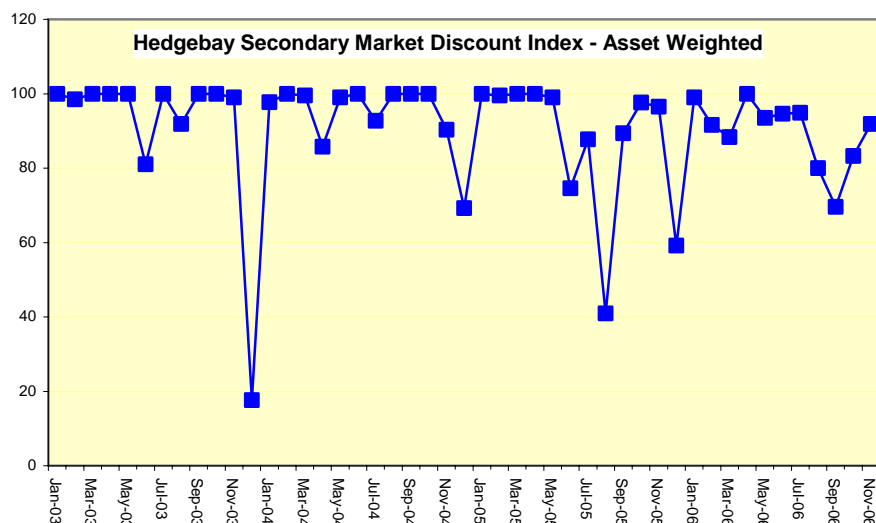
October's trading action carried over into November. Supply was strong across all sectors although the dispersion of premiums and discounts tightened noticeably during the month. Most likely this tightening is the result of temporary indecision from buyers and sellers as to which direction to take coming into the new year.

Premiums were strongest in the macro strategy with levels reaching the 1% mark during the month. Relative value and long/short saw subdued premiums ranging between NAV and 0.5%.

On the discount side, there was a slight abatement of activity compared to last month with only 40% of volume trading below NAV. Distressed and liquidation stories represent the vast majority of the activity with a small amount of private equity changing hands. Interestingly though, there were a number of transactions in high quality names that were pricing below NAV that didn't take place with only a small difference in price preventing a closing.

December is the month for balance sheet tidying and with the number of situations currently in play, it looks to be a busy month.

Secondary Market Liquidity Indices



Premium Index Values (SMPI)

Composite Index	100.33
Relative Value	100.13
Security Selection	100.40
Directional Trading	100.30

Discount Index Values (SMDI)

Composite	91.88
< 3 Months	n/a
3 to 6 Months	n/a
6 to 12 Months	99.00
12 to 24 Months	n/a
None and/or Distressed	84.71

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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