

The Hedgebay Chronicle

Vol IV...No 11

December 4th, 2007

Secondary Market Activity Summary – November 2007

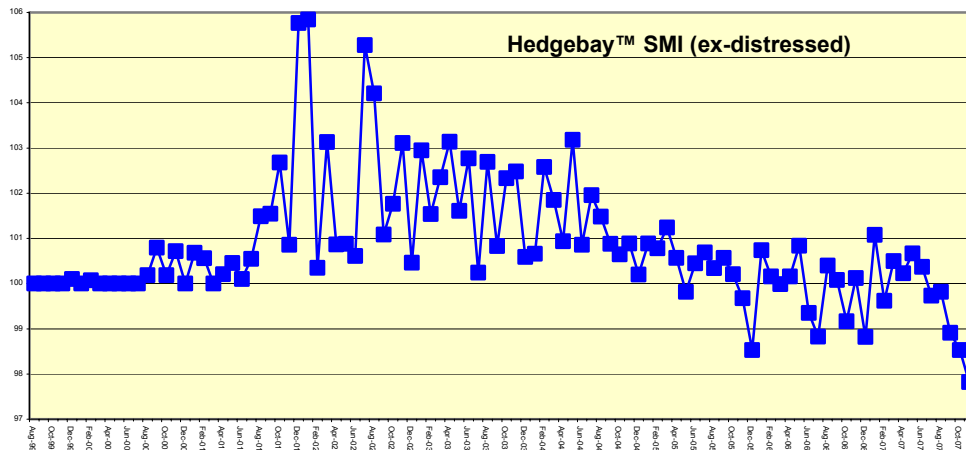
November appeared to be a month where balance sheets with longer liquidity were addressed. Fully 85% of all trades that took place did so at a discount and all had at least 12 months remaining before a regular redemption could be executed. The SMI dropped to its lowest level ever as a lack of premium trades could not absorb the strong demand for liquidity.

On the premium side, relative value was the only strategy that saw a premium paid and it was muted at that. On the discount side, prices ranged from -2% to -5% for normally operating funds.

Investor flows appeared to be balanced between in-flows and redemptions that alleviated the need to sell. However, market sentiment, was less than positive in November. Jittery might be a better word, as certain strategies were heavily offered at deep discounts.

December should be another busy month as investors continue to clean house and hope to close the books on what has been a volatile and generally difficult year.

Secondary Market Liquidity Indices



Secondary Market Index Values (SMI)

Composite Value 97.82

Premium Index Values (SMPI)

Relative Value 100.20
Security Selection 100.00
Directional Trading 100.00
Specialist Credit 100.00

Discount Index Values (SMDI)

< 3 Months n/a
3 to 6 Months n/a
6 to 12 Months n/a
12 to 24 Months 97.45
None and/or Distressed 15.56

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