

# Hedgebay

## GLOBAL HEDGE FUND SECONDARY MARKET INDEX

Edition 02 | October 2009

### ► Prices Decline as Less Liquid Issues Dominate Trading

October was a month in which there was a tremendous dispersion in transaction prices - the highest price clearing was 100 (NAV) and the lowest was 40. While a material percentage of transaction volume took place close to the low end of the range, the vast majority took place closer to the average price of almost 87 (for the average fund that hadn't suspended redemption rights); an almost 400 basis point improvement from September. Volume was heavy during the month with a number of transactions still looming.

This large dispersion in transaction prices is interesting (September's range, for comparison, was only 27 points). From our perspective, it is evidence of a two-tiered or barbell-shaped market. With some transactions taking place at NAV investors are clearly back in the market with confidence to pay up for certain high quality funds that are difficult to acquire. On the other hand, many transactions are taking place with modest discounts implying that there is still a cost to liquidity and risk taking. What is missing so far, is the buyer who is happy to purchase in the 95 type of price range. When this buyer re-appears one of two things could be signaled - the market has fully recovered or the rally from the lows in March is officially over.

ALL FIGURES BELOW ARE RELATIVE TO A TRADE AT NAV EQUALLING 100%

#### ► Average discount or premium (to NAV) 12 last months



#### ► Average price of trades

Date	Average discount to NAV	Monthly % change
30-Oct-09	86.73%	4.41%
30-Sep-09	82.90%	-6.22%
31-Aug-09	88.40%	-0.33%
31-Jul-09	88.69%	-1.84%
30-Jun-09	90.35%	-2.07%
31-May-09	92.26%	3.28%
30-Apr-09	89.33%	11.23%
31-Mar-09	80.31%	-4.80%
28-Feb-09	84.36%	1.28%
31-Jan-09	83.29%	-4.07%
31-Dec-08	86.82%	-0.77%
30-Nov-08	87.49%	-5.45%

#### ► Top traded strategy

Date	1st	2nd
Oct-09	Credit	Relative value

#### ► Highest & lowest trades (relative to NAV)

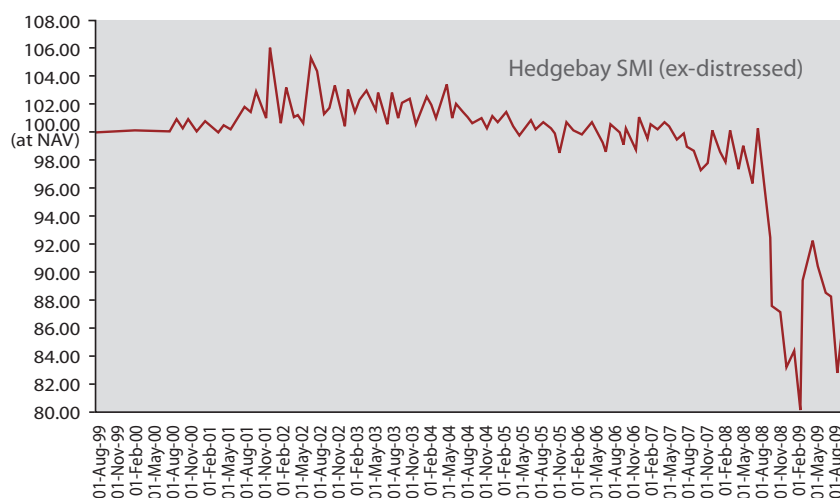
Date	Highest trade	Lowest trade
Oct-09	100.00%	40.00%

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Edition 01 | October 2009

### ► Average discount or premium (to NAV) since 1999



### ► Average price of trades

Date	Average discount to NAV	Annual % change
31-Dec-00	100.00%	N/A
31-Dec-01	105.76%	5.76%
31-Dec-02	100.46%	-5.01%
31-Dec-03	100.59%	0.13%
31-Dec-04	100.20%	-0.39%
31-Dec-05	98.53%	-1.67%
31-Dec-06	98.82%	0.29%
31-Dec-07	97.91%	-0.92%
31-Dec-08	86.82%	-11.33%
31-Oct-09	86.73%	0.10%

[www.hedgebay.com](http://www.hedgebay.com)

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