

# Hedgebay

## GLOBAL HEDGE FUND SECONDARY MARKET INDEX

Edition 04 | December 2009

### ► New Lows on Index as Investors Clean Up Balance Sheets

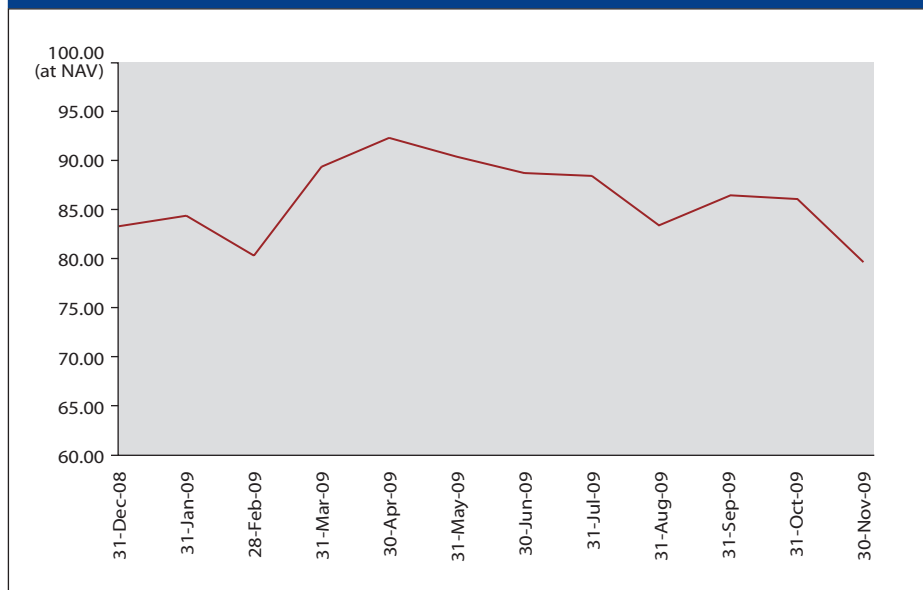
December saw a narrowing of the dispersion between the highest and lowest transaction prices from 68 points to 41 points. Moreover, the Index set a new low, just under 80, for the average fund that hadn't suspended redemption rights.

The month witnessed the vast majority of transactions taking place around the average price with only one taking place anywhere close to par. Our supposition is that investors who traded during the month strongly desired starting 2010 with a clean slate. To that point, the fact that private equity was the second most active strategy for the month shows a particular determination.

During 2009 there was substantial liquidity in the secondary market for hedge funds as evidenced by the record number of transactions closed. Looking forward into 2010, it seems clear that with capacity constraints still largely a non-issue, activity in the first quarter of 2010 should be concentrated in less liquid or no liquidity names.

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 % of NAV	Monthly % change
31-Dec-09	79.78%	-7.34%
30-Nov-09	86.10%	-0.72%
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%

#### ► Top traded strategy

Date	1st	2nd
Dec-09	Credit	Private Equity

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

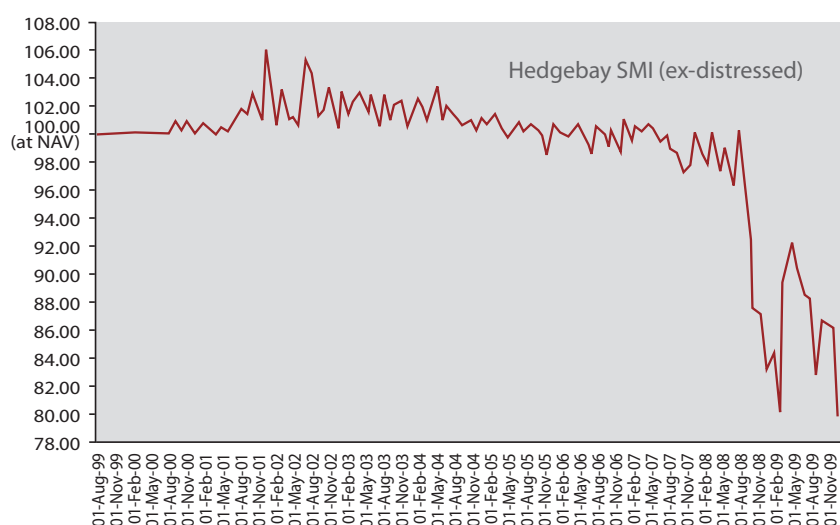
Date	Highest trade	Lowest trade
Dec-09	97.00%	56.00%

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



### ► Average price of trades

Date	Average % of 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-Dec-09	79.78%	-8.12%

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

**The Hedgebay Secondary Market Index (SMI) is a proprietary, asset-weighted index that describes the average premium or discount 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, a benchmarking tool for hedge fund investors to assess latent value in their portfolios or as indicators of the cost of liquidity.**

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