

Hedgebay

GLOBAL HEDGE FUND SECONDARY MARKET INDEX

Edition 05 | January 2010

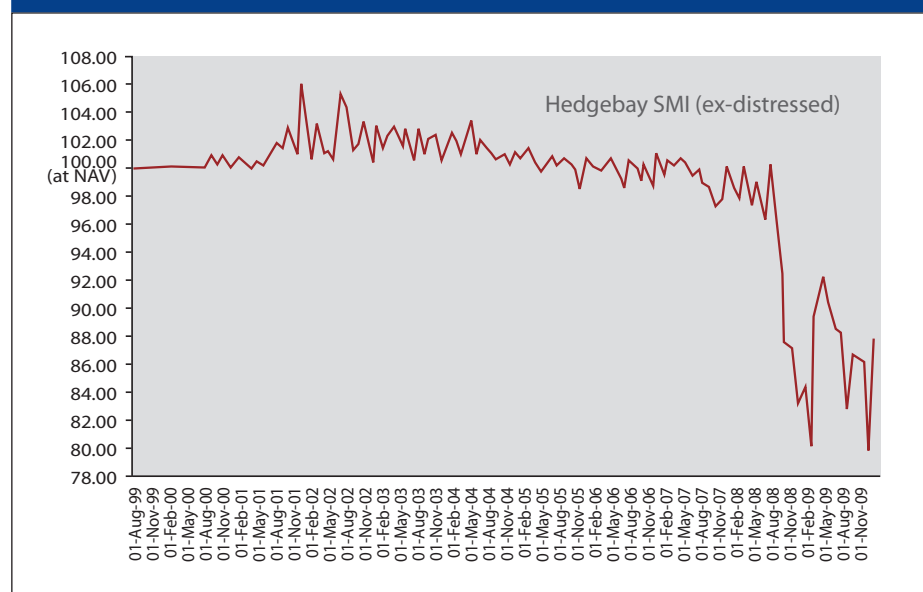
► Index rebounds in solid trade volume

January's index value increased by almost 8 points thanks in large part to some heavy trading in "more liquid" issues - funds that were not gated or impaired, but which investors found themselves still within the lock-up period. Dispersion widened again to more than 64 points with meaningful volume transacting towards the lower end of the range.

For the second month in a row activity in private equity related issues was substantial. As the quarter progresses and year end statements are delivered to investors there should be an even greater focus on this asset class. Credit is still and should continue to be heavily traded this year. While some stability has returned to these markets, most believe the underlying fundamentals have not changed all that much and that the "concept" of credit is still quite fragile. As a result, prices have been muted in what is expected to be a longer work-out time frame.

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

► Average discount or premium (to NAV) since 1999



► Average price of trades

Date	Average % of NAV	Monthly % change
31-Jan-10	87.93%	9.27%
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%

► Top traded strategy

Date	1st	2nd
Jan-10	Relative Value	Credit

► Highest & lowest trades (relative to NAV)

Date	Highest trade	Lowest trade
Jan-10	93.50%	29.00%

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GLOBAL HEDGE FUND ILLIQUID ASSET INDEX

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► GIA for Jan was 43.10

Similar to the SMI, the GIAI rose during January, although not to such a pronounced degree. Prices for assets in this category have been basically stable over the last 4 months.

We believe that the market is saying that economic fundamentals have not changed and there is substantial timing and asset price risk in these assets still. From another perspective, we see investors unwilling to invest in locked up funds or funds that invest in illiquid securities. As a result, new money that has been put to work has gone into liquid strategies and liquid assets, which is why those markets have recovered as well as they have and the others have not.

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

► Global Illiquid Assets Index (GIAI)



► GIA

Date	GIA	Monthly % change
Jan-10	43.10	10.58%
Dec-09	38.54	-0.13%
Nov-09	38.59	-5.88%
Oct-09	41.00	-49.34%
Sep-09	80.93	12.28%
Aug-09	70.99	18.21%
Jul-09	58.06	53.50%
Jun-09	27.00	-53.37%
May-09	57.90	-22.79%
Apr-09	74.99	-1.83%
Mar-09	76.40	11.92%
Feb-09	67.29	-17.00%

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