

Hedgebay

GLOBAL HEDGE FUND SECONDARY MARKET INDEX

Edition 06 | February 2010

► Dispersion Widens as Index Advances

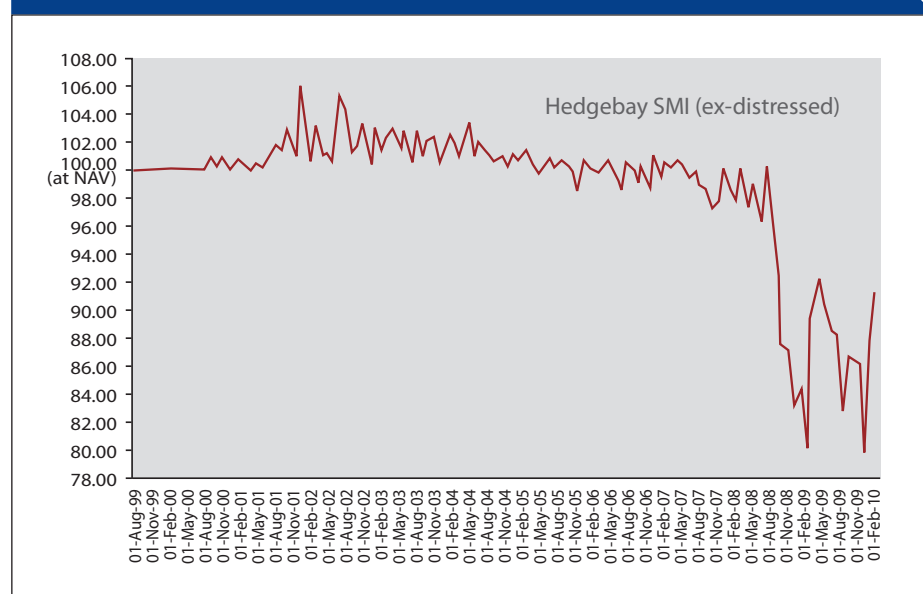
February's index value increased for the second month in a row to levels more common in pre financial crisis times. At 91.46, the index increased by almost 450 points from January levels aided by the first premium transaction in 18 months. Dispersion widened again to 70 points.

As discussed in many previous commentaries, the two-tiered market concept is here to stay for a while as a substantial number of funds deal with the illiquid assets in their portfolios. On the other end of the spectrum, investor's confidence in both the markets and certain managers has returned in sufficient strength to allow them to feel comfortable transacting close to and above NAV.

For more on this please revert to the IAI index letter

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
28-Feb-10	91.46%	3.86%
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%

► Top traded strategy

Date	1st	2nd
Feb-10	Relative Value	Directional Trading

► Highest & lowest trades (relative to NAV)

Date	Highest trade	Lowest trade
Feb-10	102.00%	32.00%

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GLOBAL HEDGE FUND ILLIQUID ASSET INDEX

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► GIA for Feb was 46.37

The IAI advanced for the third month in a row, although only by a modest 300 odd basis points to 46.37, holding steady in the range it has occupied for the last 5 months.

With the SMI witnessing its first premium transaction in a very long time, the dichotomy between the two indexes is illustrative of the very different nature of not only the assets that are trading but also the investors that trade them. On the one hand, assets that are captured in the SMI are generally liquid and are traded by investors who prefer to buy strength. On the other hand, assets captured by the IAI are very illiquid and are traded by investors who have done significant amounts of analysis on underlying holdings AND have a long term time horizon. Generally speaking, these two different investor types rarely cross over from one type to the other as that would require a fundamental change in philosophy.

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

► Global Illiquid Assets Index (GIAI)



► GIA

Date	GIA	Monthly % change
Feb-10	46.37	7.05%
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%

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