

Hedgebay

GLOBAL HEDGE FUND SECONDARY MARKET INDEX

Edition 08 | April 2010

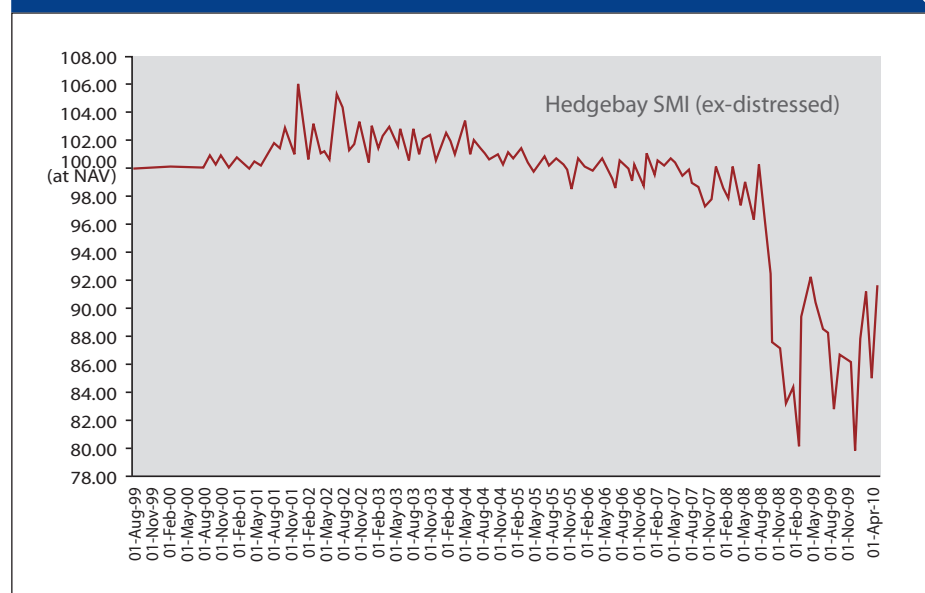
► Index Advances on Lighter Volume

Activity for the month of April was lighter than March. However, the decreased activity did not correspond to a decrease in the index value. At 91.78, the index increased by more than 670 basis points from March levels. Dispersion widened to 69 points. With the first quarter in the rearview mirror investors seemed to be less motivated to move things around. Portfolio clean up is still the primary thing on their mind and in April they tried to do things just with less conviction than they were the previous month. Premium transactions continue to occur in select hedge fund names and there are more and more discussions about those kinds of transactions, however they are still very few and very far between.

Looking into May, the pipe line of transactions that remain active, but not completed is large. In addition to single name sales, there are also numerous portfolios (some small and some large) for sale. How price action behaves will be interesting in light of what appears to be somewhat topy equity markets.

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
30-Apr-10	91.78%	7.34%
31-Mar-10	85.04%	-7.02%
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%

► Top traded strategy

Date	1st	2nd
Apr-10	Credit	Private Equity

► Highest & lowest trades (relative to NAV)

Date	Highest trade	Lowest trade
Apr-10	102.00%	33.00%

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GLOBAL HEDGE FUND ILLIQUID ASSET INDEX

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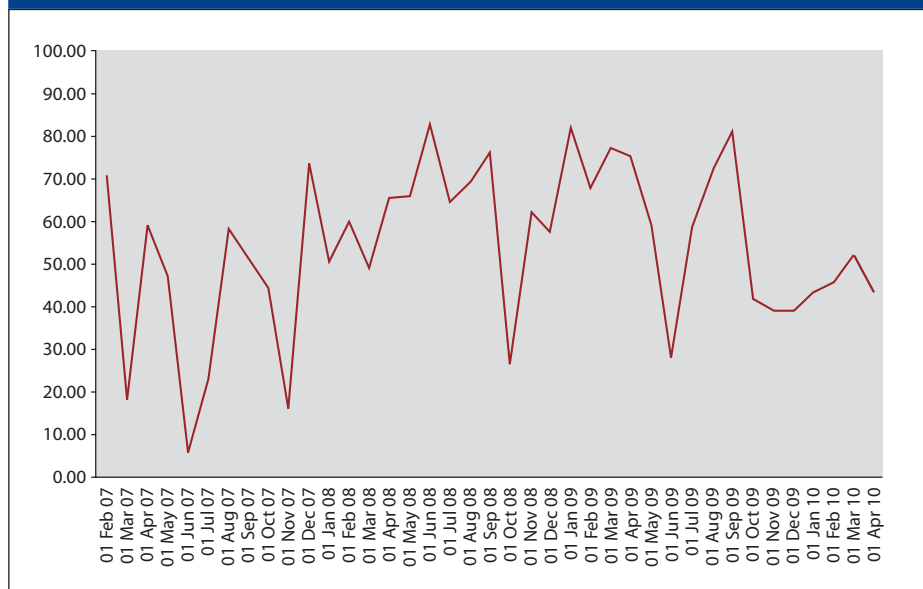
► IAI for April was 43.35

The IAI declined for the first time in five months to 43.35. Transactions were limited to private equity and credit related assets. Price action in specific names that have been traded repeatedly in successive months was interesting. In one particular name price action deteriorated materially from the previous month - not because of any negative news from the manager or the market for the underlying assets, but rather because the manager made a distribution. This is an important factor for investors who are contemplating selling. Unless the plan is to hold a side pocket or liquidating asset until the very end, there will always be a clean up trade at some point. Whenever that point is, the price for the remaining assets will be substantially lower than all of the previous transactions given that what is left is the least liquid and by definition will have the longest duration. Many investors are bedazzled by the prospect of a forthcoming distribution and are only disappointed to find out that the bid for the residual has dropped. As always, there is no free lunch.

We espouse the somewhat harder road of doing the work. Analyzing portfolio assets for their expected recovery rates and the length of time it will take to harvest those recoveries. Only then can one know what the present value is today and what an acceptable transaction price should be.

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

► Global Illiquid Assets Index (GIAI)



► GIA

Date	GIA	Monthly % change
Apr-10	43.35	-16.25%
Mar-10	51.76	10.41%
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%

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