

Hedgebay

GLOBAL HEDGE FUND SECONDARY MARKET INDEX

Edition 10 | June 2010

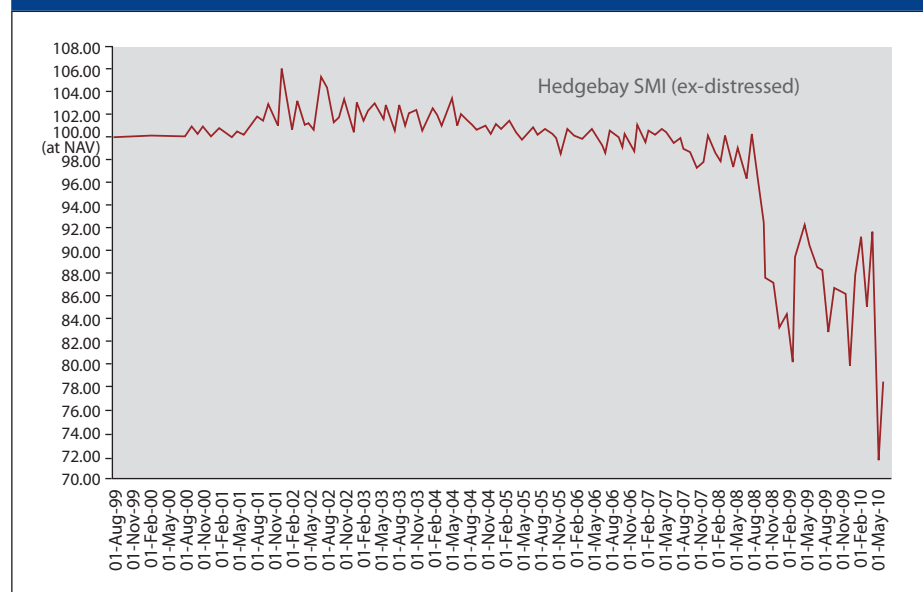
► SMI for June was 78.34

Activity for the month of June was the lightest of the year. However, the decreased activity did not correspond to a decrease in the index value. At 78.34, the index increased by almost 630 basis points from May's levels. Dispersion narrowed to 62.5 points. The modest increase in the index value this month is likely attributable to some transactions that took place in the "near par" zone - an area with noticeably little activity this year. In pre-crisis years, the near-par transaction was a huge source of secondary volume as investors looking to tactically manoeuvre within their lock ups sold high quality funds at small discounts. Since the crisis hit almost two years ago, funds' ability to raise any capital (let alone locked up capital) all but dried up. As a result, today there are very few or no locked up fund shares outstanding. Consequently, investors generally have good liquidity and have either not needed the cash or not wanted to eliminate any market risk in the short term, which has largely eliminated the near-par transaction from the secondary market.

Going forward, the extent to which funds continue to succeed in their capital raising efforts (aka have excellent performance) will largely dictate their ability to close to new investors or offer new share classes with longer locks, a trend we witnessed more than seven years ago. As that begins to happen again, the near-par trade will return in earnest.

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-Jun-10	78.34%	8.11%
31-May-10	71.99%	-21.56%
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%

► Top traded strategy

Date	1st	2nd
Jun-10	Relative Value	Private Equity

► Highest & lowest trades (relative to NAV)

Date	Highest trade	Lowest trade
Jun-10	98.50%	36.00%

The Hedgebay Global Secondary Market Index (GSMI) 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.

GSMI information is obtained through the Hedgebay website and its associated marketing licensees. There are limitations in using indices for comparison purposes because such indices may have different inclusion criteria and other material characteristics. No representation is made about the value of GSMI as a predictive or other indicator or benchmarking tool or that any investor will achieve any results shown. This information is not intended to be, nor should it be construed or used as, a recommendation, or investment or other advice, or an offer, or the solicitation of an offer, to buy or sell any security, including an interest in any hedge fund, which may only be made through delivery of a fund's confidential offering documents, which must be read carefully. There are substantial risks in investing in hedge funds. Certain information has been obtained from third party sources and, although believed to be reliable, it has not been independently verified and its accuracy or completeness cannot be guaranteed. Past performance is not indicative of future results. The GSMI may not be distributed without our consent.

Hedgebay

GLOBAL HEDGE FUND ILLIQUID ASSET INDEX

Edition 10 | June 2010

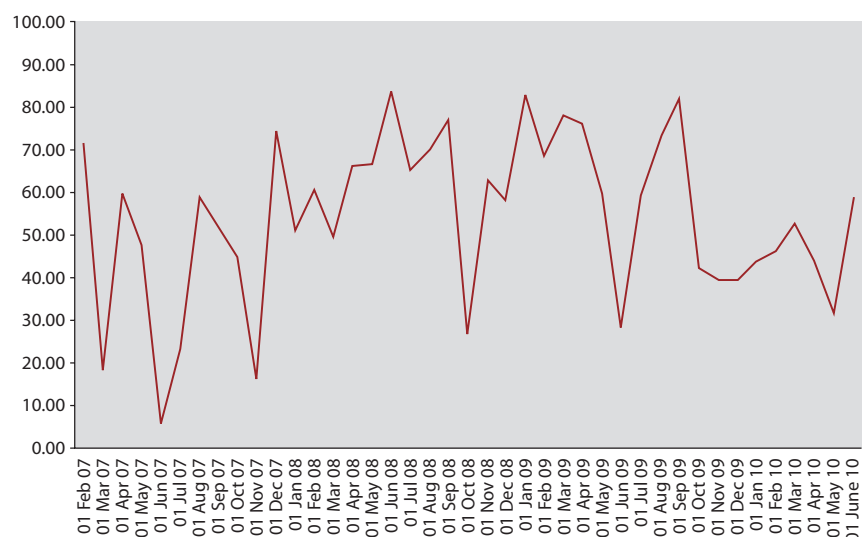
► IAI for June was 59.44

The IAI reversed a three month slide in value to 59.44. Transactions varied between emerging markets, private equity and credit and related assets. Buyers continue to emerge for assets in this category. However, the divergence of agreement on pricing continues to disappoint many sellers who are trying to clean up or close down legacy portfolios.

The summer should likely be a time of reflection for investors as they take a break from a somewhat hectic first half of the year. Come the fall, it will be interesting to see how investors on the sell side position themselves.

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

► Global Illiquid Assets Index (GIAI)



► GIA

Date	GIA	Monthly % change
Jun-10	59.44	46.80%
May-10	31.62	-27.06%
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%

www.hedgebay.com

The Hedgebay Global Illiquid Asset Index (GIAI) is a proprietary, asset-weighted index that describes the average discount paid for assets that have no contractual redemption rights to their investors (including, but not limited to hedge funds and private equity) that trade in the secondary market in any given month. An investor may wish to use the index as an indicator of the cost of liquidity or a sentiment indicator to describe investors' future expectations for illiquid assets.

GIAI information is obtained through the Hedgebay website and its associated marketing licensees. There are limitations in using indices for comparison purposes because such indices may have different inclusion criteria and other material characteristics. No representation is made about the value of GIAI as a predictive or other indicator or benchmarking tool or that any investor will achieve any results shown. This information is not intended to be, nor should it be construed or used as, a recommendation, or investment or other advice, or an offer, or the solicitation of an offer, to buy or sell any security, including an interest in any hedge fund, which may only be made through delivery of a fund's confidential offering documents, which must be read carefully. There are substantial risks in investing in hedge funds. Certain information has been obtained from third party sources and, although believed to be reliable, it has not been independently verified and its accuracy or completeness cannot be guaranteed. Past performance is not indicative of future results. The GIAI may not be distributed without our consent.

© 2004-2010 Hedgebay Trading Corporation. All rights reserved.