

Hedgebay

GLOBAL HEDGE FUND SECONDARY MARKET INDEX

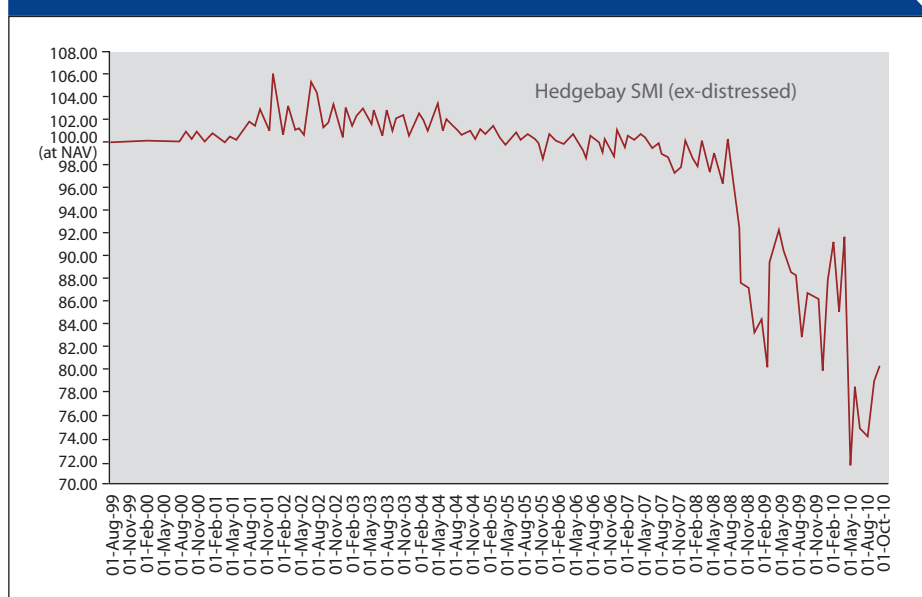
Edition 14 | October 2010

► SMI in October was 80.16

Activity for the month of October was brisk again. At 80.16, the index gained slightly from September's levels. Dispersion expanded to 81 points. October continued on from September's hectic pace, which might give some insight into how investors are managing their year end positioning. With asset class transactions spanning the gamut again, it seems likely that investors want to move on from old legacy issues. Pricing remains firm for assets and buyers and sellers seem to be on the same page about ultimate recovery times. However, many investors admit that they don't have the capability to ascertain a fair trading price as they have no insight into an appropriate valuation of their underlying positions. In these cases, investors prefer to hold. Therefore, what is needed is more transparency from the manager to enable their investors the opportunity to make an informed decision.

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-Oct-10	80.16%	1.53%
30-Sep-10	78.93%	5.98%
31-Aug-10	74.21%	-1.05%
31-Jul-10	75.00%	-4.26%
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%

► Top traded strategy

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

► Highest & lowest trades (relative to NAV)

Date	Highest trade	Lowest trade
Oct-10	100.00%	19.00%

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GLOBAL HEDGE FUND ILLIQUID ASSET INDEX

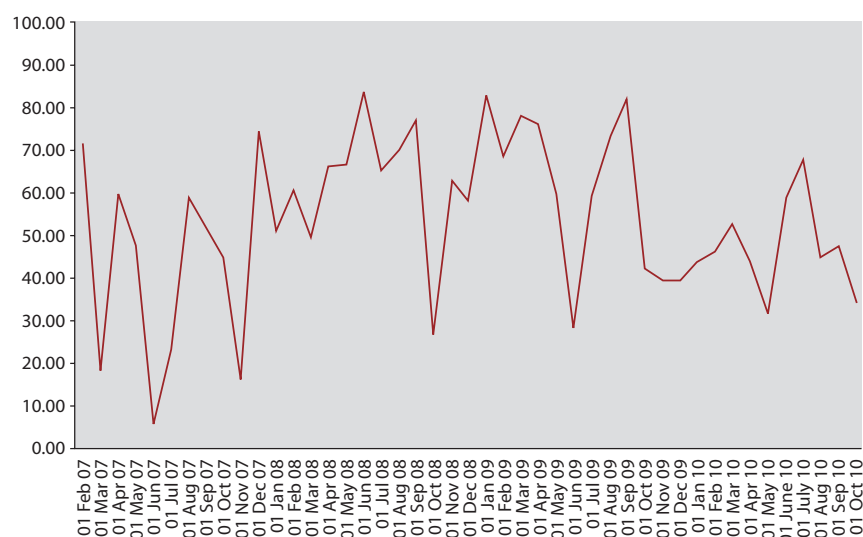
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► IAI for October was 34.50

The IAI fell markedly to 34.50. Transactions were widely varied between all of the usual asset classes, especially private equity. After a couple of months of relative price stability, the index drop seems to be indicating a lower than expected future recovery for what are now the least liquid assets in hedge fund side pockets. Clearly the presence of leverage (whether direct or implied - in the form of future required commitments) is having a negative impact on several names that transacted this month.

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

► Global Illiquid Assets Index (GIAI)



► GIA

Date	GIA	Monthly % change
Oct-10	34.50	-27.49%
Sep-10	47.58	6.94%
Aug-10	44.28	-34.83%
Jul-10	67.95	12.52%
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%

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