

Hedgebay

GLOBAL HEDGE FUND SECONDARY MARKET INDEX

Edition 16 | December 2010

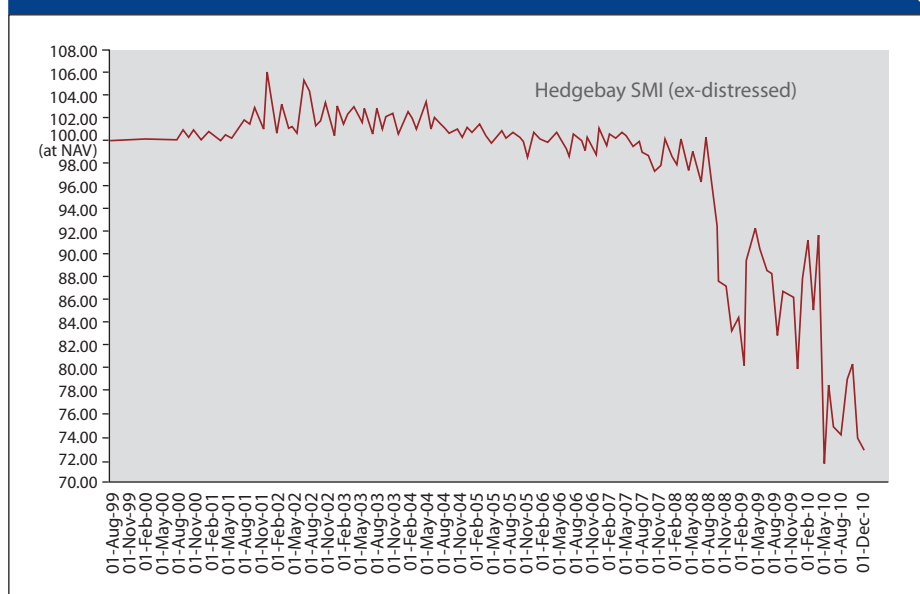
► SMI in December was 72.81

Activity for the month of December was heavy. At 72.81 the index dropped slightly from November's levels. Dispersion narrowed to 67 points. December witnessed a methodical (as opposed to chaotic or panicked) liquidation of illiquid legacy assets from investor's balance sheets, perhaps the first material purge that we have witnessed in the 10 years that Hedgebay has been in existence. Assets spanned the gamut of strategies and up and down the spectrum of time to liquidity.

Included in this update are summary statistics giving greater insight into the nature of participants in the market as well as the strategies being traded.

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-Dec-10	72.81%	-1.61%
30-Nov-10	74.00%	-7.68%
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%

► Top traded strategy

Date	1st	2nd
Dec-10	Private Equity	Credit

► Highest & lowest trades (relative to NAV)

Date	Highest trade	Lowest trade
Dec-10	90.00%	23.00%

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.

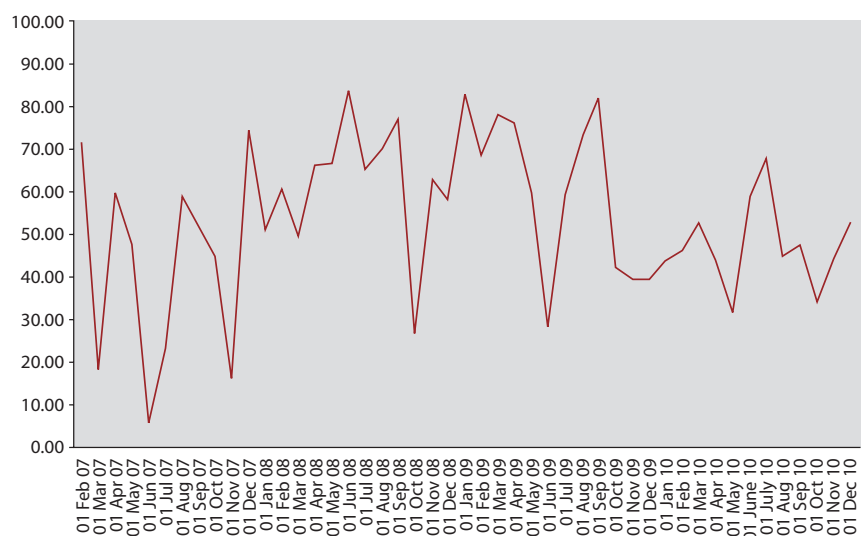
► IAI for December was 52.45

Looking forward, 2011 could be another substantial year of growth in the secondary market. In our estimation there is still a very significant amount of legacy assets residing on investor balance sheets, assets that were gated, side-pocketed or suspended altogether as a result of the credit crunch.

Further transparency will go a long way to alleviating the overhang of legacy assets and allow investors to reinvest their capital, generating more demand and growth for the industry in general.

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

► Global Illiquid Assets Index (GIAI)



► GIA

Date	GIA	Monthly % change
Dec-10	52.45	15.94%
Nov-10	44.09	21.75%
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%