

Hedgebay

GLOBAL HEDGE FUND SECONDARY MARKET INDEX

Edition 19 | March 2011

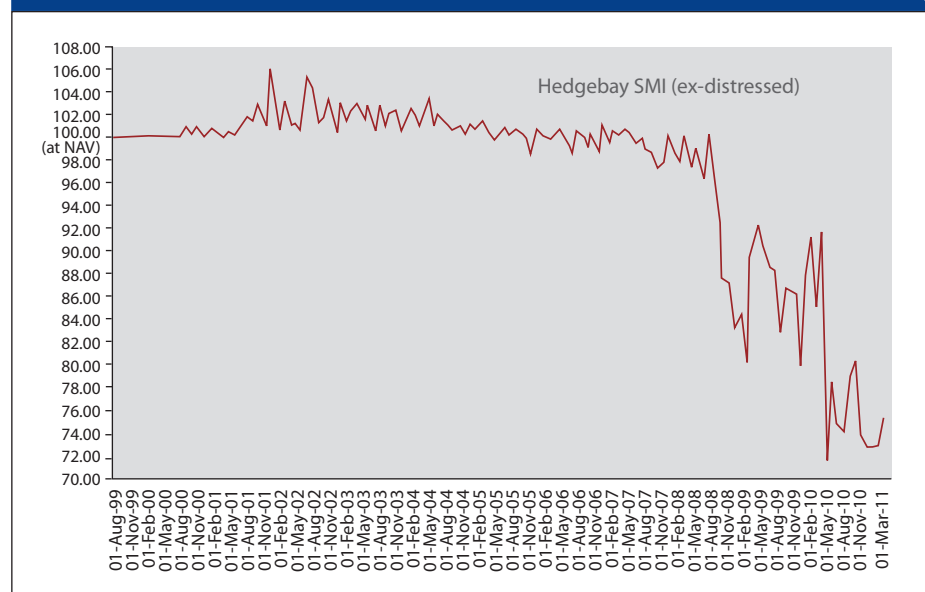
► SMI in March was 75.53

Activity for the month of March was heavy. At 75.53, the index posted its third consecutive gain, albeit a modest 250 basis points. Dispersion was 78.5 points. With a large amount of activity in March, Hedgebay surpassed the \$5 billion mark in total completed transactions by a significant margin. While this is a very significant milestone to have reached as the pioneer in the hedge fund secondary market, it is certainly not the ultimate goal. A significant amount of work remains to be done to bring the market to its logical and necessary place in the hedge fund industry.

While the market has become a touch volatile in its activity rates over the last few months, there are undoubtedly a large amount of illiquid hedge fund assets residing on hedge fund investor balance sheets. For some investors these assets represent a tiny fraction of their portfolios compared to previously, while for others they still represent a substantial percentage. What is clear is that almost none of these participants are hitting bids which will require buyers to either reassess their IRR hurdles or continue to be patient.

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-Mar-11	75.53%	3.15%
28-Feb-11	73.15%	0.23%
31-Jan-11	72.98%	0.23%
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%

► Top traded strategy

Date	1st	2nd
Mar-11	Credit	Private Equity

► Highest & lowest trades (relative to NAV)

Date	Highest trade	Lowest trade
Mar-11	81.00%	3.50%

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.

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GLOBAL HEDGE FUND ILLIQUID ASSET INDEX

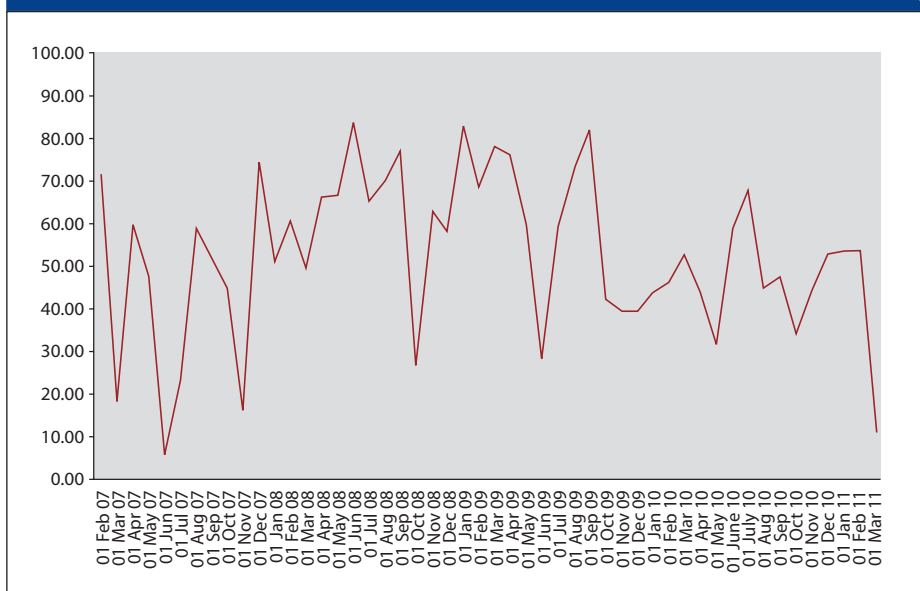
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► IAI for March was 10.53

The IAI fell dramatically to 10.53 as a result of a large transaction in a very distressed and liquidating fund. Without this transaction the index would have been down about 10 points to roughly 43. Transactions in this category covered most of the illiquid asset spectrum including credit, private equity, emerging markets and real estate.

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

► Global Illiquid Assets Index (GIAI)



► GIA

Date	GIA	Monthly % change
Mar-11	10.53	-80.20%
Feb-11	53.17	0.28%
Jan-11	53.02	1.08%
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%

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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.

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