

LIPPER TASS ASSET FLOWS REPORT

HEDGE FUNDS—FOURTH QUARTER 2008

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The Hedge Fund Industry Witnesses in Fourth Quarter 2008 the Largest Net Outflows Since 1994—The Cumulative Net Money Flows for 2008 Amount to a Record Negative US\$158.91 Billion

- ▶ Net outflows of the hedge fund industry in fourth quarter 2008 increased by 689% quarter on quarter to a record negative US\$146.95 billion.
- ▶ Net money flows to the hedge fund segment in 2008 amounted to a negative US\$158.91 billion—an amount more than fourfold the sum of any negative quarterly money flows to the industry since first quarter 1994.
- ▶ Global hedge fund assets are estimated to have decreased from a downwardly revised US\$1.59 trillion at the end of September 2008 to US\$1.29 trillion as of the end of December 2008.
- ▶ All hedge fund substrategies posted negative money flows in fourth quarter 2008, with cumulative net outflows for 2008 accounting for 11.43% of beginning-year assets, up from the 0.86% recorded for the first three quarters.
- ▶ The largest hedge fund substrategy outflows were experienced by Long/Short Equity (-US\$42.52 billion), Managed Futures (-US\$23.95 billion), Event-Driven (-US\$22.27 billion), and Multi-Strategies (-US\$16.64 billion).
- ▶ In absolute terms the performance of the Credit Suisse/Tremont Hedge Fund Index for fourth quarter 2008 came in at minus 10.21%—the second worst quarterly performance in the history of the index. This followed the third quarter's performance of minus 10.33%.

The Hedge Fund Industry Witnesses in Fourth Quarter 2008 the Largest Net Outflows Since 1994—The Cumulative Net Money Flows for 2008 Amount to a Record Negative US\$158.91 Billion

Executive Summary

Net outflows of the hedge fund industry in fourth quarter 2008 increased by 689% quarter on quarter to a record negative US\$146.95 billion, confirming the trend started in third quarter 2008. For all of 2008 net money flows to the hedge fund segment amounted to a negative US\$158.91 billion—an amount more than fourfold the sum of any negative quarterly money flows to the industry since first quarter 1994. The outflows reading for the fourth quarter, combined with the overall broad hedge fund index performance of minus 10.21% over the quarter, produced a decrease in global hedge fund assets from a downwardly revised US\$1.59 trillion at the end of September to US\$1.29 trillion as of the end of December 2008.

Cumulative net outflows suffered by all hedge fund substrategies in 2008 accounted for 11.43% of the beginning-year assets, up from the 0.86% recorded for the first three quarters. All hedge fund substrategies posted negative money flows in the fourth quarter as the industry faced all at once the collapse of global equity markets, a rise in volatility to record highs, liquidity issues, and the failure of a number of key institutions. The panic selling and deleveraging that followed, combined with changes in broker requirements and the enforcement of the ban on short selling in certain financial stocks, made for a tough environment for many managers—including those with net-short positions. Fourth quarter 2008 was the worst quarter of an *annus horribilis* that undermined investors' confidence—deteriorating also because of the Madoff scandal occurring in December—and marked the start of the global crisis in the real estate sector of the economy, which followed on the crisis that had affected the financial sector since mid-2007.

In U.S.-dollar terms the largest hedge fund substrategy outflows were experienced by Long/Short Equity at US\$42.52 billion, Managed Futures at US\$23.95 billion, Event-Driven at US\$22.27 billion, and Multi-Strategies at US\$16.64 billion. The combined outflows across these strategies amounted to US\$105.39 billion (72% of the overall money flows in the quarter), compared to US\$14.61 billion of outflows across the same strategies in the third quarter. Of the four substrategies posting the largest negative outflows in the fourth quarter, only Managed Futures had recorded positive inflows for third quarter 2008 (+US\$1.34 billion).

In absolute terms the performance of the Credit Suisse/Tremont Hedge Fund Index for fourth quarter 2008 came in at minus 10.21%—the second worst quarterly performance in the history of the index.

Performance Overview

The following table depicts the performance of the Credit Suisse/Tremont Hedge Fund Index, with the component subindices as well as major market indices.

Table 1 Indices' Performance, Fourth Quarter 2008

	% Growth	% Growth	% Growth	Annualized	Annualized	Annualized
	Total Return	Total Return	Total Return	Total Return	Standard Deviation	Sharpe Ratio
	3M 30/09/2008 To 31/12/2008	YTD To 31/12/2008	1Y 31/12/2007 To 31/12/2008	15Y 31/12/1993 To 31/12/2008	15Y 31/12/1993 To 31/12/2008	15Y 31/12/1993 To 31/12/2008
Credit Suisse/Tremont Hedge Fund USD	-10.21	-19.07	-19.07	8.73	7.96	0.58
Credit Suisse/Tremont Hedge Fund Cnvert Arb USD	-15.08	-31.59	-31.59	5.44	6.84	0.22
Credit Suisse/Tremont Hedge Fund Ded Sh Bs USD	11.09	14.87	14.87	-0.78	16.96	-0.27
Credit Suisse/Tremont Hedge Fund ED Dstrss USD	-12.65	-20.48	-20.48	10.57	6.76	0.92
Credit Suisse/Tremont Hedge Fund ED Mlt Strtgy USD	-7.29	-16.25	-16.25	9.13	6.50	0.76
Credit Suisse/Tremont Hedge Fund ED Rsk Arb USD	-1.53	-3.27	-3.27	7.04	4.31	0.71
Credit Suisse/Tremont Hedge Fund Emg Mkts USD	-15.06	-30.41	-30.41	6.69	15.85	0.17
Credit Suisse/Tremont Hedge Fund Eq Mkt Ntr USD	-41.30	-40.32	-40.32	5.57	11.03	0.12
Credit Suisse/Tremont Hedge Fund Evnt Drvn USD	-9.29	-17.74	-17.74	9.59	6.11	0.87
Credit Suisse/Tremont Hedge Fund Fx Inc Arb USD	-19.50	-28.82	-28.82	3.47	6.00	-0.06
Credit Suisse/Tremont Hedge Fund Global Mac USD	-2.61	-4.62	-4.62	12.46	10.57	0.76
Credit Suisse/Tremont Hedge Fund Ln/Sh Eq USD	-7.48	-19.76	-19.76	9.71	10.22	0.54
Credit Suisse/Tremont Hedge Fund Mlt Strtgy USD	-12.59	-23.63	-23.63	7.11	5.46	0.56
Credit Suisse/Tremont Hedge Fund Mngd Fut USD	10.91	18.33	18.33	7.21	11.91	0.27
JP Morgan Global GBI TR	9.73	12.00	12.00	6.65	6.55	0.40
MSCI World TR USD	-21.65	-40.33	-40.33	4.99	14.64	0.07
S&P 500 TR	-21.94	-37.00	-37.00	6.45	14.99	0.16

Note: Index data begin January 1994—excluding Multi-Strategies data, which begin April 1994—and all of the above indices include dividends.

Annualized Sharpe Ratio is calculated using 90-Day U.S. T-Bill.

Past performance as described herein is not necessarily indicative of future results.

The fourth quarter 2008 hedge fund performance of minus 10.21% echoed the third quarter's negative performance reading, representing a 1,291-basis-point (bp) swing on the negative side after a positive second quarter, which had been pushed up by a sharp run-up in commodity prices. On a relative basis the broad Credit Suisse/Tremont hedge fund index outpaced the MSCI World Index by 1,144 bps, the S&P 500 Index by 1,173 bps, the Reuters/Jefferies CRB Index by 2,335 bps, and the MSCI Emerging Markets Index by 1,734 bps, while it underperformed against the JP Morgan EMBI+ Index, the UBS Global Convertible, and the Barclays Global Aggregate Bond TR Index by 543 bps, 19 bps, and 1,547 bps, respectively.

For the whole year relative performance readings were along a similar pattern. In fact, although failing to deliver positive absolute returns, the broad hedge fund index outperformed most of the stock market indices while underperforming bond market indices. The broad hedge fund index outpaced the MSCI World Index by 2,126 bps, the S&P 500 Index by 1,793 bps, the Reuters/Jefferies CRB Index by 1,694 bps, the UBS Global Convertible Index by 1,265 bps, and the MSCI Emerging Markets Index by 3,411 bps. It underperformed against the JP Morgan EMBI+ Index and the Barclays Global Aggregate Bond TR Index by 937 bps and 2,386 bps, respectively.

The dominant swing factors during fourth quarter 2008 continued to be the "massive deleverage" and market volatility skyrocketing at record levels through which the broad index failed to generate positive absolute returns and against a number of traditional benchmarks. The VIX Index climbed above the 80 level—its highest level since the inception of the index—on two trading days, October 27 and November 20. In fact, the minus 10.21% return of the broad Credit Suisse/Tremont hedge fund index was the second worst quarterly performance in the history of the index. This followed the third quarter's performance of minus 10.33%—the worst in the history of the index. The factors above—combined with liquidity issues, changes in broker requirements, and the enforcement of the ban on short-selling in certain financial stocks—made for a tough environment for many managers—including those with net-short positions.

Fourth quarter 2008 was the worst quarter of an *annus horribilis* that undermined investors' confidence—deteriorating also because of the Madoff scandal occurring in December—and marked the start of the global crisis in the real estate sector of the economy, which followed on the crisis that had affected the financial sector since mid-2007.

The U.S. gross domestic product (GDP) reading confirmed that the economy contracted at an annual rate of 0.5% in third quarter 2008 as the largest drop in consumer spending in 28 years weighed on the final reading. The December Reuters/University of Michigan Survey of Consumers, while indicating a rise to 60.1 in December from November's reading of 55.3 on lower energy and retail prices after stores made radical markdowns to tempt shoppers, also pointed to the largest decline in consumers' price expectations since 1960. The survey signaled deflation fears and expectations about a long-lasting recession that prompted the Federal Reserve to cut the target federal funds rate to between 0 and 0.25% on December 16, entering an area of unconventional monetary policy measures to stimulate the economy. Futures prices rose sharply after the monetary easing as market participants positioned for the new, lower target range and the Fed's commitment to "exceptionally low levels of the federal funds rate for some time." While commenting on the interest rate-cut decision, the U.S. Federal Open Market Committee said its focus going forward would be on stimulating the U.S. economy "through open-market operations and other measures that sustain the size of the Federal Reserve's balance sheet at a high level."

Existing home sales in the U.S. plunged a record 8.6% in November to a 4.49-million-unit annual rate, while a separate report of new homes sales showed they retreated at a slower 2.9% pace. Inventories of new U.S. homes declined 7% to 374,000 in November. At the same time the supply of existing single-family homes increased 1.4% to 3.55 million.

With hopes for a recovery in the U.S. housing market fading away at the end of the quarter, along with a negative outlook for consumer spending and concerns about whether the recent aid package from the U.S. government will provide enough financial support for automakers to avoid bankruptcy, convictions were reinforced that the macro scenario would worsen. The U.S. economy was predicted to shrink at a 6% rate in the fourth quarter and keep contracting in the first six months of 2009 before early signs of a tepid recovery take hold in late 2009.

After expanding at healthy annual growth rates in 2006 and 2007 Eurozone GDP showed signs of contraction in Q3 2008 (0.2% decline quarter on quarter, up 0.6% year on year), with early estimates of a more severe fall in Q4 2008. Eurozone GDP and industrial production readings at the end of the year pointed to a grim outlook for the region. Eurozone domestic demand showed signs of contraction at the end of the year, remaining trapped in a global macro picture of credit availability constraints and worldwide recession. Along with expectations of domestic demand remaining depressed, investment was expected to decline against a background of low consumer confidence. According to a recent European Commission forecast, budget deficits in Eurozone countries are expected to balloon in 2009 as slower economic growth determines a decrease in government income and a boost in government spending to lift the aggregate demand, taking almost half of Eurozone members above EU deficit limits. This would cause the overall Eurozone budget deficit to rise to 4.0% of GDP in 2009 (the highest reading since the Eurozone was created) from 1.7% in 2008 and to 4.4% in 2010.

Central banks in Europe eased their benchmark interest rates by record amounts at the beginning of December as a measure to fight the global economic crisis, amidst growing concerns about deflationary price dynamics and the recession-induced impact on the macro picture. The European Central Bank dropped its benchmark rate 0.75 percentage point to 2.50%—the Eurozone's biggest cut since the start of the European Monetary Union. Sweden slashed a record 1.75 percentage points off its policy rate to 2.0%, while the Bank of England cut reference rates 1.0 percentage point to 2.0%—the lowest level since 1951. Unexpectedly, Indonesia also eased its monetary stance—cutting its key interest rate 0.25 percentage point to 9.25%, the first move since December 2007, as the government tried to enforce measures to insulate the economy from a global recessionary picture.

Adding to the gloom, some of the world's most respected companies announced thousands of job cuts in December. Among others, top U.S. phone company AT&T Inc. revealed it will eliminate 12,000 jobs—about 4% of its labor force—to cope with the economic downturn. Diversified chemical company DuPont Co. said it would cut 2,500 positions to bring costs in line with deflating demand. Additional big layoffs were announced in the financial sector by Credit Suisse (5,300 jobs) and by Japanese bank Nomura (1,000 staff), bringing total financial industry cuts to more than 100,000. Goldman Sachs Group and Morgan Stanley were expected to write down billions of dollars from commercial mortgage-backed securities and other toxic investments on their books when reporting fourth quarter results in December.

The quarterly trend in commodity prices mainly reflected the sharp downturn in global demand and the dramatic worsening of the economic outlook. The Reuters/Jefferies CRB index posted a 33.56% drop in last quarter 2008, with more than 66% of the quarterly decline recorded in October. Crude oil (WTI Crude Oil Index) suffered the most, falling 59.59%, on a surplus in inventory and excess production. Unused production capacity of OPEC's member countries, which produce about 40% of the barrels consumed every day globally, was the highest since 2006, and the group considered more output cuts to halt the drop in oil prices. In October OPEC's members agreed to cut production 1.5 million barrels a day, but so far the group has reduced production just 825,000 barrels a day.

The downward trend in commodity prices eased to some extent in December, with the broad index posting a negative 5.23% decrease. Despite overall losses in December, several commodities ended the month in the black. Nickel was the month's strongest performer, gaining 14.20%, as some gains within the equity markets triggered early optimism for industrial consumption in 2009. Corn also posted a return of 11.28% because of dry weather in Brazil and Argentina.

The world's second largest economy showed signs of slowdown at the end of the year as exports languished with the global recession dragging down demand for Japanese goods. The Bank of Japan's latest quarterly Tankan Survey, released in December, showed business sentiment worsening at its fastest pace since the 1974 oil shock. At the same time, according to Japanese government data, Japan's industrial output posted in November its sharpest decline on record, falling 8.1% month on month, while the unemployment rate rose 0.2 percentage point to 3.9% during the same period. The downturn in exports, which had heavily sustained the Japanese economy in the recent past, has been denting corporate profits, thus worsening business confidence—prompting firms to cut output—and increasing bankruptcies and unemployment.

Macroeconomic data appear to signal that Japan could face an economic contraction more severe than that experienced during its decade-long decline, which began when an asset bubble burst in the 1990s. Deflation worries also mounted in December, with the pace of the rise in the consumer price index slowing because of tapering price dynamics in commodities and energy prices globally. Japan's core CPI, which excludes volatile fresh food prices, rose 1.0% year on year in November—a pace slower than October's 1.9% increase, according to data released by the government.

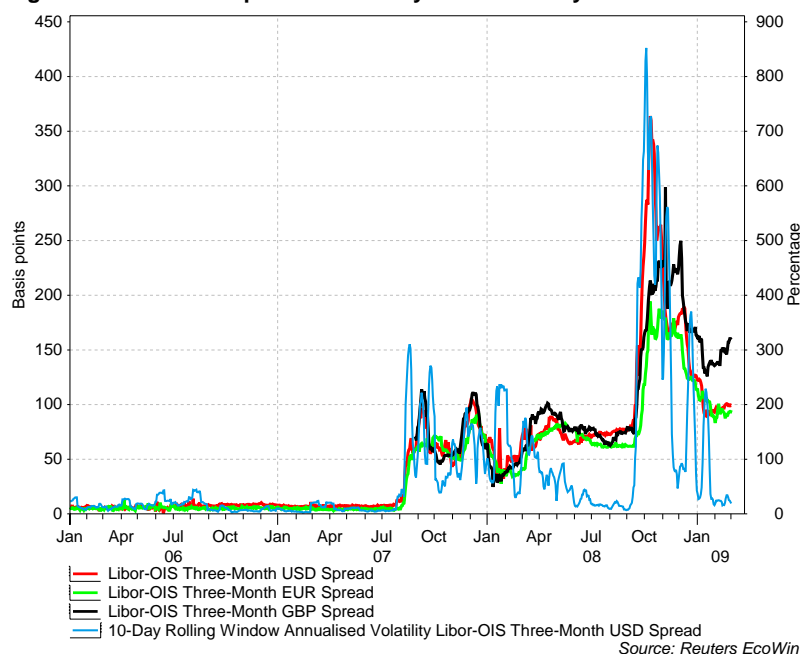
Emerging markets continued to suffer in the last quarter of the year from the drying up of global capital investment as the grim outlook for the U.S. economy and risk aversion took its toll among investors, hitting market sentiment in the region. The JP Morgan EMBI+ posted a 4.78% negative return for the quarter, with the spreads over U.S. Treasuries widening—a sign that appetite for risk is waning. The MSCI Emerging Markets Index dropped significantly for the quarter, posting a negative 27.56% return.

Credit markets continued to face an unprecedented series of developments, leading to the transformation of the banking sector in the U.S. Credit spreads on both sides of the Atlantic widened on fears some major U.S. banks could be nationalized to facilitate an orderly restructuring and on falling share prices adding to the grim news.

The spread of the 50 most liquid subinvestment-grade entities—as tracked by the Markit iTraxx Crossover index 5yr—climbed 474 bps in last quarter 2008, while the CDX North America Index 5yr and the CDX Emerging Markets Index 5yr rose 275 bps and 395 bps, respectively.

Interest rate derivatives indicated that banks remained reluctant to lend, despite central banks' trimming borrowing rates and continuing to inject liquidity into the system. The three-month LIBOR-OIS spread—the difference between the rate banks charge for loans in the interbank market and the overnight index swap rate—widened in October (peaking at month-end) and the beginning of November in all three currency regions of the U.S. dollar, the euro, and the pound sterling. The three-month LIBOR-OIS spread eased in December, although remaining at sustained levels at the end of the year, well above historical averages in all three currency regions. The ten-day rolling window annualized volatility of the LIBOR-OIS Three-Month US\$ spread peaked above the 850% mark on October 3 as it factored in the full impact of the Lehman Brothers collapse on the interbank lending market.

Figure 1 LIBOR-OIS Spreads—January 2006-February 2009



In a scenario of high volatility across credit and equity markets larger and more liquid funds were particularly vulnerable, and their positions were marked down aggressively—especially given the filing of massive redemptions by many of their fund-of-hedge-fund investors. As a result many single managers acted to reduce net exposure and deleveraging across a number of markets, including liquidating both winning and losing positions. At the same time relative-value and event-driven managers, typically holding more illiquid positions, delayed redemption payments through either gating or suspension of redemptions or by creating side pockets.

October and November in particular were rollercoaster months in terms of returns, with a majority of managers favoring continued market uncertainty across most asset classes and having firm expectations that the global economy would slide quickly into recession. Generally speaking, stocks continued along a downward trend and exhibited a high level of intra-day and intra-month volatility, tapering off to some extent only in December. Those managers with short index positions performed strongly over the period, while risk-aversion drivers and the flight to quality out of equities helped the fixed income markets. Volatility trading strategies, although posting safe returns in the last quarter of the year, suffered as volatility peaked to record levels in global markets. In fact, products such as variance swaps developed to allow dealers and hedge funds to trade volatility as an asset class were paralyzed by volatility itself because of abnormal volatility

clustering patterns. (Variance swaps are forward contracts on future realized volatility. These types of derivative contracts allow investors to take directional bets on volatility. Alternatively, variance swaps can also be used to capture the volatility spread between two correlated indices. The products can be very difficult to hedge in case of volatility jumps or volatility clustering as mark-to-market of the variance swap remains sensitive to vega [sensitivity of the option's price to changes in the market's expectations of future volatility] and skew. Further, correlation patterns across various indices may change under extreme volatility scenarios, making it hard to maintain positions on a given volatility spread.)

Throughout fourth quarter 2008 growth stocks slightly outperformed value stocks, although easing from the previous quarterly pattern, while large-caps outperformed small- and mid-caps as defensive sectors such as consumer staples and healthcare—into which investors progressively rotated in the previous quarter—suffered. The financial sector, along with the automotive sector, continued to drive underperformance.

Flows Overview—All Strategies

Net outflows in the hedge fund industry in fourth quarter 2008 increased 689% quarter on quarter to a record negative US\$146.95 billion, confirming the trend started in third quarter 2008 when the reading was minus US\$18.62 billion. For all of 2008 net money flows to the hedge fund segment amounted to a negative US\$158.91 billion—an amount more than fourfold the sum of any negative quarterly money flows to the industry since first quarter 1994.

The outflows reading in the fourth quarter, combined with the overall broad hedge fund index performance of minus 10.21% over the same quarter, produced a decrease in global hedge fund assets from a downwardly revised US\$1.59 trillion at the end of September to US\$1.29 trillion as of the end of December 2008.

The analysis of reported figures at the end of December 2008 gave evidence of the trend of shrinking of assets under management on a combination of negative quarterly performance, outflows, and write-downs of assets. Overall hedge fund assets dropped 20.12% quarter on quarter, with the Equity Market-Neutral strategy posting the largest asset contraction at 38.64%, also on the impact of write-downs of assets in some hedge fund vehicles impacted by the Madoff scandal. Managed Futures and Global Macro ranked at the bottom of the assets-drop league table as the strategies posted an 8.85% and 3.07% decline quarter on quarter, respectively. The decline in assets under management year on year was of a lower magnitude at 12.98%, given the upward trend in asset figures for the rest of the year. Resembling the picture of the last quarter of the year, Equity Market-Neutral posted the largest drop year on year at minus 44.93% as of the end of December 2008.

Cumulative net outflows suffered by all hedge fund substrategies in 2008 accounted for 11.43% of the beginning-year assets, up from 0.86% recorded for the first three quarters. All hedge fund substrategies posted negative money flows in the fourth quarter—one of the worst quarters in history for investors globally.

In U.S.-dollar terms the largest hedge fund substrategy outflows were experienced by Long/Short Equity at US\$42.52 billion, Managed Futures at US\$23.95 billion, Event-Driven at US\$22.27 billion, and Multi-Strategies at US\$16.64 billion. Combined outflows across these strategies amounted to US\$105.39 billion, or 72% of the overall money flows in the quarter, compared to US\$14.61 billion of outflows across the same strategies in the third quarter. Of the four substrategies posting the largest outflows in the fourth quarter, only Managed Futures had recorded positive inflows for third quarter 2008 (+US\$1.34 billion).

Negative performance may have been one of the drivers of the massive outflows in the sense that the negative readings likely reflected the fact that, of the four substrategies that experienced the largest negative money flows, Long/Short Equity, Event-Driven, and Multi-Strategies suffered steep performance losses in the last two quarters of the year: minus 19.38%, minus 16.80%, and minus 22.01%, respectively. More specifically, in the case of Multi-Strategies the outflows reading appeared to confirm a reversal of the historical pattern and also signaled a change of sentiment among institutional investors—for whom this is a typical core investment.

Managed Futures—the top-performing strategy in 2008—after posting a negative 7.11% performance reading in the third quarter and a positive 10.91% return in the fourth quarter—might also have suffered profit-taking by institutional investors. That may have triggered redemptions in the cash-efficient strategy amidst declining confidence and anticipating trends across a number of asset classes to taper off in 2009.

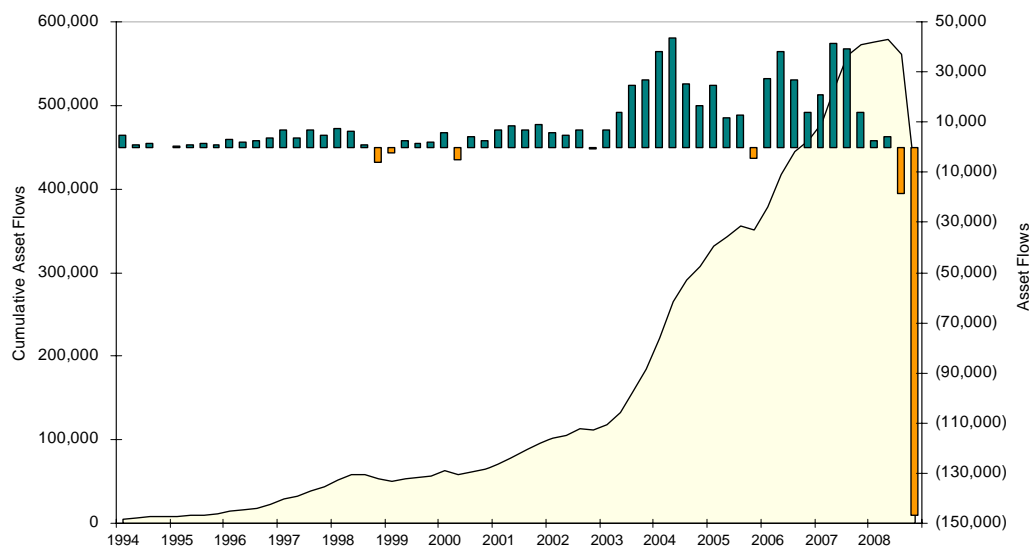
Looking at the quarterly period flows as a percentage of end-of-period assets minus quarterly flows, it is worth noting that all ratios turned negative in the fourth quarter, given the negative sign of the money flows in the quarter. The three most negative quarterly growth rates were experienced by Managed Futures at minus 16.52%, Equity Market Neutral at minus 15.41%, and Dedicated Short-Bias at minus 14.74%. Conversely, the three least negative quarterly growth rates were exhibited by Multi-Strategies at minus 7.17%, Global Macro at minus 8.56%, and Fixed Income Arbitrage at minus 8.72%.

The fourth quarter's pace of global hedge fund net flows, posting a negative 10.83% reading, edged down vertically along the downward pattern evidenced since third quarter 2008 (-1.21%). Both readings were well below the 2.29% quarterly average pace seen since January 1994. None of the ten hedge fund substrategies posted positive quarterly flows for fourth quarter 2008.

Table 2 Net Flows (US\$ Million)—Fourth Quarter 2008

Strategy	Net Asset Flow	Total Net Investments	Total Net Redemptions
All Funds	-146,949.00	23,556.63	-170,505.63
Convertible Arbitrage	-3,147.46	244.35	-3,391.81
Dedicated Short Bias	-843.62	45.73	-889.35
Emerging Markets	-10,354.16	2,101.99	-12,456.15
Equity Market Neutral	-7,171.14	497.94	-7,669.08
Event Driven	-22,267.56	5,235.12	-27,502.69
Fixed Income Arbitrage	-5,630.08	1,270.39	-6,900.47
Global Macro	-14,414.66	2,918.51	-17,333.16
Long/Short Equity Hedge	-42,525.78	5,108.31	-47,634.09
Managed Futures	-23,950.08	2,969.90	-26,919.99
Multi-Strategy	-16,644.46	3,164.39	-19,808.85

Figure 2 All Strategies' Net Flows (US\$Mil)—1994-2008 (Fourth Quarter)



Notes: Asset flows refers to money flowing into/out of the strategy. Asset growth/contraction as a result of performance is not included.

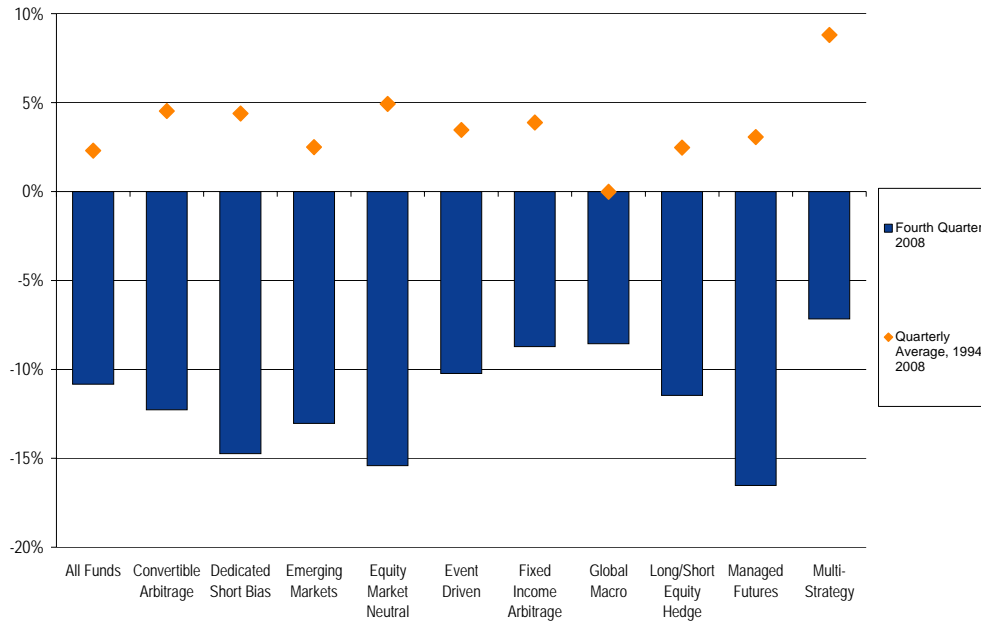
□ Cumulative Asset Flows (in \$ Millions) ■ Asset Flows, Up Quarters (\$ in Millions)

Table 3 below shows selected-period flows as a percentage (%) of end-of-period assets minus quarterly flows versus average quarterly flows as a percentage (%) of end-of-period assets minus quarterly flows from January 1994 to December 2008.

Table 3 Hedge Fund Category Average Quarterly Flows, Selected Quarters

Strategy	Quarter 4 2008	Quarter 3 2008	Quarter 4 2007	Quarterly Average
All Funds	-10.83%	-1.21%	1.00%	2.29%
Convertible Arbitrage	-12.27%	-2.89%	-0.25%	4.52%
Dedicated Short Bias	-14.74%	2.11%	5.08%	4.39%
Emerging Markets	-13.03%	-3.05%	3.11%	2.50%
Equity Market Neutral	-15.41%	0.38%	1.69%	4.92%
Event Driven	-10.22%	-0.69%	0.26%	3.46%
Fixed Income Arbitrage	-8.72%	-4.12%	2.10%	3.87%
Global Macro	-8.56%	1.86%	0.98%	-0.02%
Long/Short Equity Hedge	-11.46%	-2.47%	0.04%	2.47%
Managed Futures	-16.52%	1.02%	5.36%	3.06%
Multi-Strategy	-7.17%	-1.19%	1.52%	8.80%

Figure 3 Hedge Fund Category Flows Versus Quarterly Average—Fourth Quarter 2008



The overall pace of hedge fund flows dropped to a negative 10.83% for the fourth quarter—down from the 1.21% rate experienced for the third quarter and well below the 2.29% quarterly pace experienced since first quarter 1994.

Also, reflecting the tough market environment and the start of a potentially disruptive phase of investor redemptions, exacerbated by the deterioration in investors' confidence following the Madoff scandal, none of the hedge fund strategies enjoyed inflows in the fourth quarter above their respective quarterly inflow averages since 1994. Indeed, quarterly inflow rates declined further from the third quarter reading, turning negative for all hedge fund substrategies.

Those substrategies posting for third quarter 2008 a positive growth rate of money flows, i.e., Dedicated Short-Bias, Equity Market-Neutral, Global Macro, and Managed Futures, fell to negative readings for fourth quarter. Interestingly, with the exception of Global Macro, these strategies were the strategies posting the most negative quarterly growth rates.

After reversing to a negative 1.19% in the third quarter, which followed a pickup to a meager 0.28% for the second quarter versus a negative 0.60% for the first quarter, the quarterly inflow pace for Multi-Strategies declined to a negative 7.17% in fourth quarter—well below the 8.80% historical average quarterly inflow pace. As suggested above, this may well signal a change in allocation decisions and loss of confidence in the investment vehicle by institutional investors, following some disappointments in market performance.

Table 4 and Figure 3 below show per-annum compounded flows as a percentage (%) of beginning-period assets versus three-year compounded flows as a percentage (%) of beginning-period assets from January 1994 to December 2008.

Table 4 Hedge Fund Category Average Quarterly Flows, 1994-2008 (Fourth Quarter)

Strategy	Per Annum Compounded	Three-Year Compounded Ending December 2008
All Funds	9.31%	2.81%
Convertible Arbitrage	18.19%	2.33%
Dedicated Short Bias	17.29%	10.34%
Emerging Markets	9.67%	5.72%
Equity Market Neutral	20.01%	3.03%
Event Driven	14.21%	4.95%
Fixed Income Arbitrage	15.06%	-3.76%
Global Macro	-0.65%	3.99%
Long/Short Equity Hedge	9.96%	0.45%
Managed Futures	12.06%	1.10%
Multi-Strategy	30.44%	5.29%

Figure 4 Hedge Fund Categories Flows, 1994-2008 (Fourth Quarter)

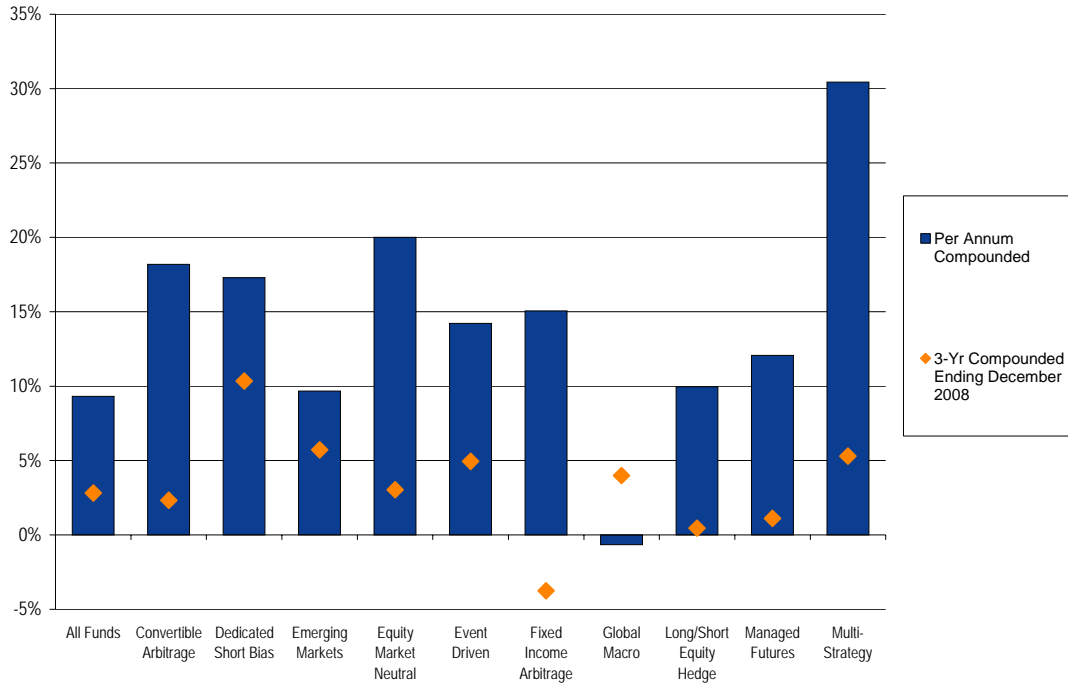


Table 5 below lists total strategy assets by percentage for each hedge fund strategy for the quarters ended December 31, 2008, and December 31, 2007.

Table 5 Total Strategy Assets by Percentage—Fourth Quarters 2008 and 2007

Strategy	December 31, 2008	December 31, 2007
Convertible Arbitrage	1.86%	2.79%
Dedicated Short Bias	0.40%	0.28%
Emerging Markets	5.71%	8.26%
Equity Market Neutral	3.26%	5.14%
Event Driven	16.17%	22.89%
Fixed Income Arbitrage	4.87%	4.26%
Global Macro	12.73%	8.79%
Long/Short Equity Hedge	27.17%	30.48%
Managed Futures	10.01%	4.09%
Multi-Strategy	17.82%	13.03%

Flows Overview—Long/Short Equity Strategy

The Long/Short Equity hedge fund substrategy posted at the end of December its fourth consecutive quarterly outflow (-11.46%)—the result of period flows as a percentage of end-of-period assets minus quarterly flows—after 19 consecutive quarters of quarterly inflows. Beating out the previous quarterly outflow, the reading at US\$42.52 billion represented the strategy's largest outflow since first quarter 1994. Interestingly, the percentage of total observed industry assets in Long/Short Equity continued to fall—from 30.14% for first quarter 2008, 29.44% for the second quarter, and 28.61% for the third quarter—to 27.17% for the last quarter. This may have confirmed some disappointment among investors in a quarter of market turmoil. At the same time it may have suggested early signs of a secular shift in portfolio allocations away from a set of trading strategies that appeared to largely benefit and produce positive absolute returns from a high-beta component that conversely failed to profit from periods of market downturn by pursuing short-sale strategies. Short-sale strategists may have struggled to either enhance or hedge portfolio returns both because of traditional long bias among long/short managers and difficulties in pursuing short-sale strategies pending the short-sale restrictions.

Long/short equity strategy hedge funds in 2008 failed to deliver alpha against most of the market indices and did not keep their promise of downside protection—insulating portfolios from market downturns through short-sale strategies. At the same time long/short managers suffered most as volatility peaked to record levels in October and November, and they were not immune from a deleveraging trend and panic selling that to some extent infected the traditional-style investing bias in portfolio management. The extension of the short-sale ban in a number of jurisdictions globally and investors' disappointment with the strategy's prolonged poor performance continued to prompt a substantial realignment of allocator portfolios away from a number of losing long/short managers throughout the quarter.

In the fourth quarter growth stocks slightly outperformed value stocks, although easing from the previous quarterly pattern, while large-caps outperformed small- and mid-caps as defensive sectors such as consumer staples and healthcare—into which investors progressively rotated in the previous quarter—suffered. The financial sector—along with building products, home builders, and the automotive sectors—continued to drive underperformance.

The Credit Suisse/Tremont Long/Short Equity Index returned minus 7.48% over the fourth quarter, compared to minus 12.86% over the third quarter and minus 19.76% for the whole year 2008.

Figure 5 Long/Short Equity Strategy Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

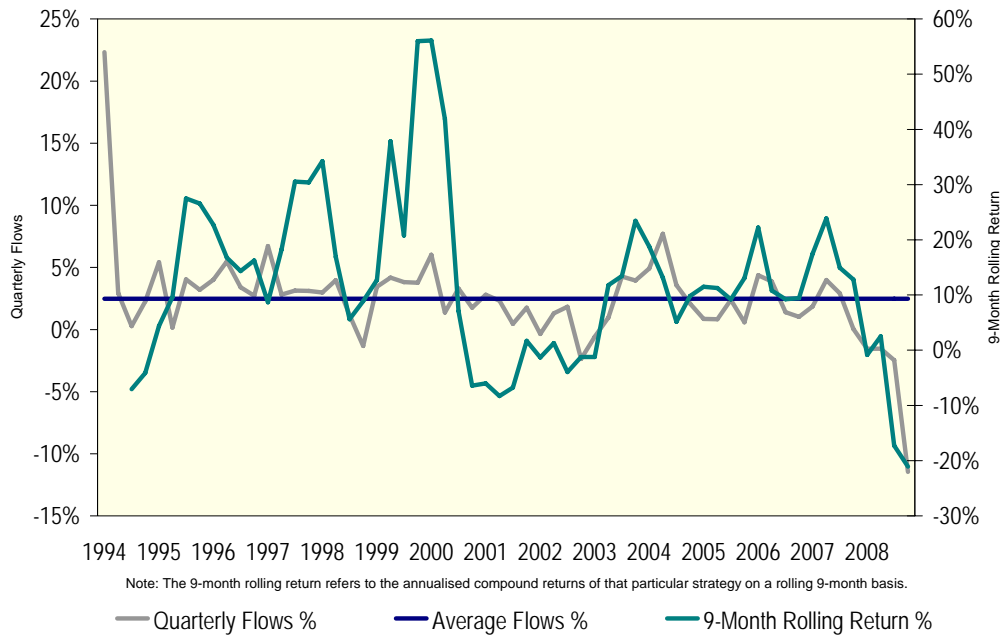
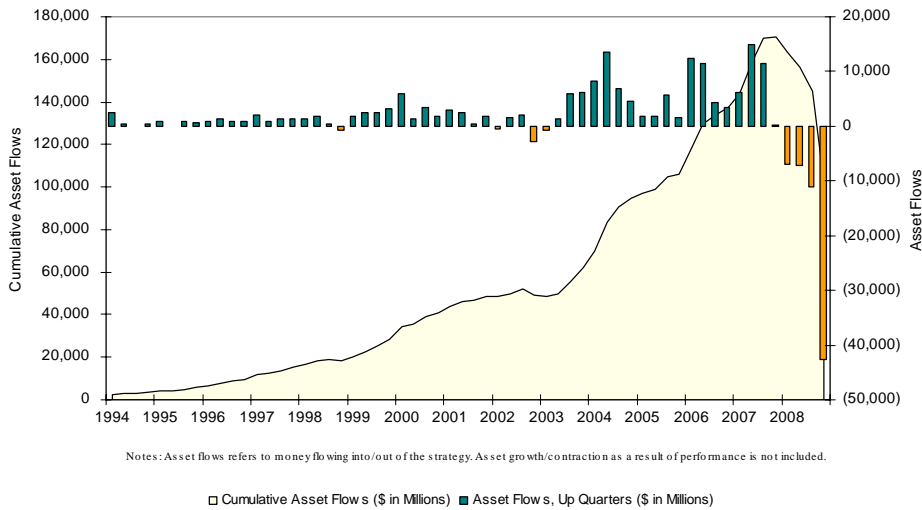


Figure 6 Long/Short Equity Strategy Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Flows Overview—Global Macro Strategy

The Global Macro substrategy reversed in the fourth quarter the trend of five consecutive months of positive money flows. The fourth quarter outflow amount was US\$14.41 billion, compared to the US\$2.89-billion inflow during the third quarter. Consequently, the quarterly pace of flows declined to a negative 8.56% from the positive 1.86% in the third quarter and was well below the historical inflow pace of minus 0.02%. The overall reading for the whole year 2008 amounted to a US\$2.02-billion outflow.

The Credit/Suisse Tremont Global Macro Index returned minus 2.61% in the fourth quarter, which followed a disappointing negative 10.34% for the third quarter and a negative 4.62% year on year at the end of December 2008.

Both October and December were positive months for Global Macro managers; the strategy posted positive returns at 1.54% and 1.11%, respectively, as both systematic and discretionary managers benefited from trend changes in some asset classes—mainly currencies and interest rates. Limited exposure of Global Macro managers to the equity sector helped them to contain performance pressure in a quarter of stock market turmoil. Macro managers were able to navigate FX market volatility, benefiting from some trends generated by the unwinding of the carry-trade. The interest rate spread between the high- and low-yielding currencies narrowed sharply as a result of aggressive rate cuts in Europe, Australia, and New Zealand. October saw a massive unwinding of carry-trades as market volatility jumped and investors discarded risky assets and scaled back leverage. (It is expected that as financial worries continue to ease, the carry-trade unwinding will continue amid a deteriorating macroeconomic outlook.) Interestingly, the Hong Kong dollar offered speculative trading opportunities, since the Asian currency was trading in recent months at the top of its fixed trading band with the U.S. dollar, prompting the Hong Kong Monetary Authority to inject massive funds into the market and to sell Hong Kong dollars for U.S. currency to keep the Hong Kong dollar within its trading band. Hong Kong dollar appreciation was largely explained by the unwinding of carry-trades, repatriation of funds from overseas, and safe-haven drivers of international funds into the generally perceived secure Hong Kong banking system.

Macro managers also benefited from short positions in energy and agricultural commodities while traditional commodity indices fell during the quarter. The Reuters/Jefferies CRB index posted a 33.56% drop in the last quarter of 2008, with more than 66% of the quarterly decline recorded in October, while year-on-year performance stood at a negative 36.01%. Crude oil (WTI Crude Oil Index) suffered the most, falling 59.59% in the last quarter on a surplus in inventory and excess production, with a negative reading of 58.35% for the whole year.

Figure 7 Global Macro Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

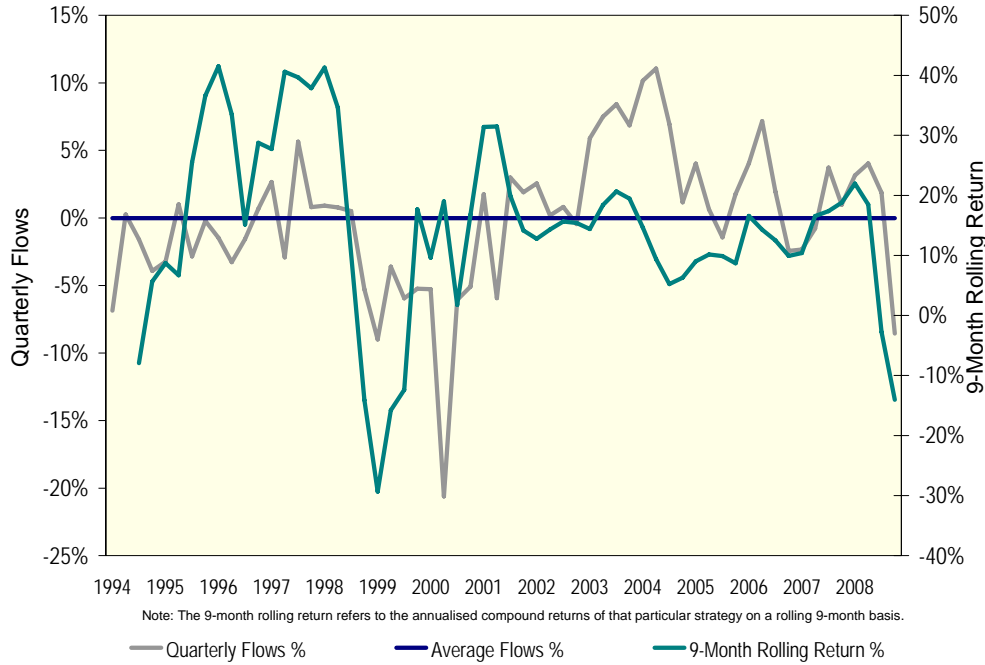
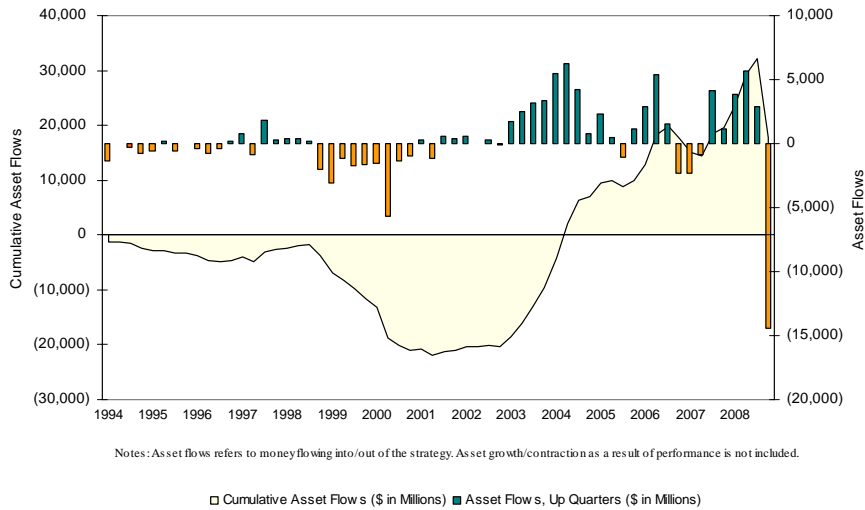


Figure 8 Global Macro Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Flows Overview—Convertible Arbitrage Strategy

The Convertible Arbitrage strategy, enduring a US\$3.15-billion outflow for the fourth quarter that followed the US\$852-million outflow in the third quarter, confirmed the pattern of negative money flows that started in the second quarter. Fourth quarter outflows amounted to a quarterly pace of minus 12.27%, which compared to the third quarter rate of minus 2.89% and its historical quarterly pace of inflows of 4.52%. The sum of the outflows in the last three quarters of the year 2008 were almost fourfold the size of the US\$1.3-billion inflow reported for the first quarter of the year.

Convertible Arbitrage posted in 2008 the worst negative annual return since the inception of the index. Half of the negative return of Convertible Arbitrage strategies for the whole year was posted in the last quarter. Convertible bond depreciation started after Lehman Brothers' collapse in September and deepened further on the deleveraging trend and the action of prime brokers to increase margin requirements. The CBOE VIX index returned minus 28.37% for December as many convertibles managers continued to endure a tough trading month. The convertible securities-underlying common stock spread trading continued to suffer as the bans on short-selling restricted managers' ability to delta-hedge their own positions. Nevertheless, the factors drying up brokerage activities on convertibles—observed since October—tapered off to some extent in December as new buyers fuelled trading activity in the segment. At the same time a number of firms were observed entering the market to buy back their outstanding convertibles.

The Credit Suisse/Tremont Convertible Arbitrage Index returned a disappointing minus 15.08% in fourth quarter 2008, after posting a negative 14.71% for the third quarter. Performance for the whole year stood at minus 31.59%. On the traditional side the UBS Convertible Index returned a positive 7.40% for December, a negative 10.03% for the fourth quarter, and minus 31.73% for all of 2008.

Figure 9 Convertible Arbitrage Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

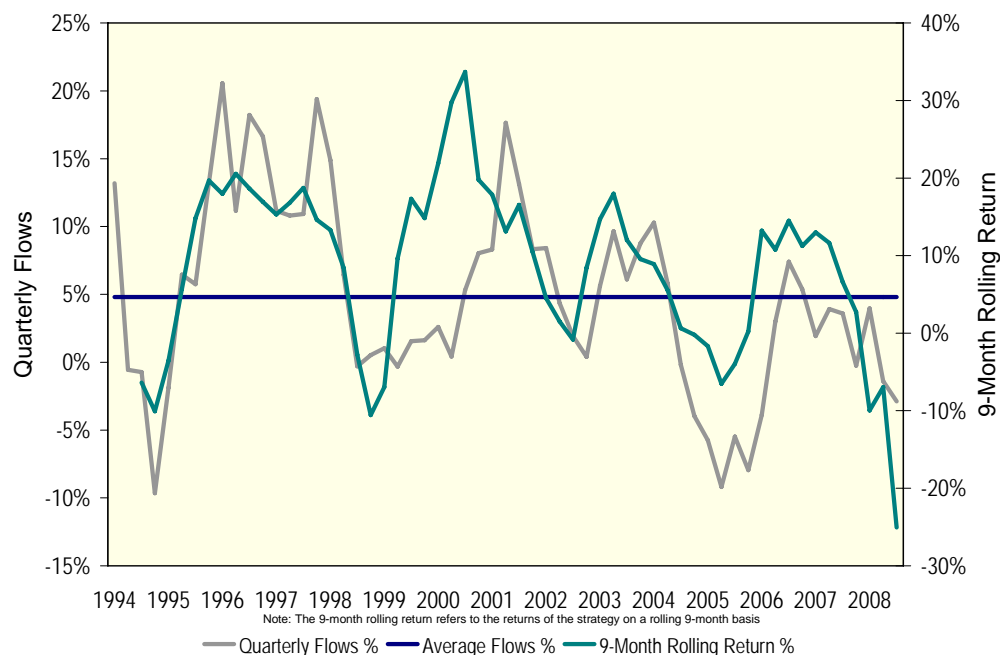
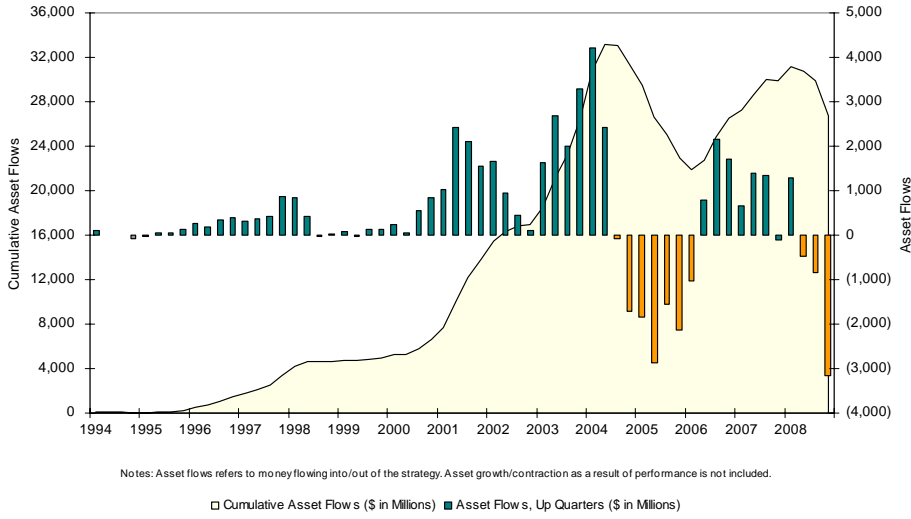


Figure 10 Convertible Arbitrage Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Flows Overview—Managed Futures Strategy

The Managed Futures substrategy reversed its positive tone in fourth quarter 2008—it had posted solid inflows in the third and second quarters of the year at US\$1.34 billion and US\$5.65 billion, respectively—to post a record US\$23.95-billion outflow reading for the fourth quarter—a record negative amount since the start of data collection in 1994. As a result the negative 16.52% fourth quarter pace dropped well below the positive 3.06% historical average quarterly rate. The quarter’s reading may have also suggested profit-taking drivers by institutional investors, triggering redemptions in a cash-efficient strategy amidst declining confidence and ahead of early expectations of trends tapering off in 2009 across a number of asset classes.

Managed Futures managers topped the hedge fund strategy performance league table in 2008, with 60% of the performance for the whole year posted in the last quarter of 2008. In fourth quarter the Managed Futures strategy benefited from directional bias across a number of asset classes (notably the FX market), which offered profitable trading opportunities throughout the quarter. Systematic trend-following strategies built on swift fluctuations in prices and signals of consolidation in trends. The British pound suffered as the U.K. economy showed macro evidence of deterioration, while the Japanese yen continued along a pattern of appreciation against the U.S. dollar and Japanese exports suffered. Also, in the energy market the trend in the oil price offered profitable opportunities for short traders.

The Credit Suisse/Tremont Managed Futures Index posted a solid 10.91% performance over the fourth quarter—after a disappointing negative 7.11% return in the third quarter—and it posted 18.33% for the whole year.

Figure 11 Managed Futures Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

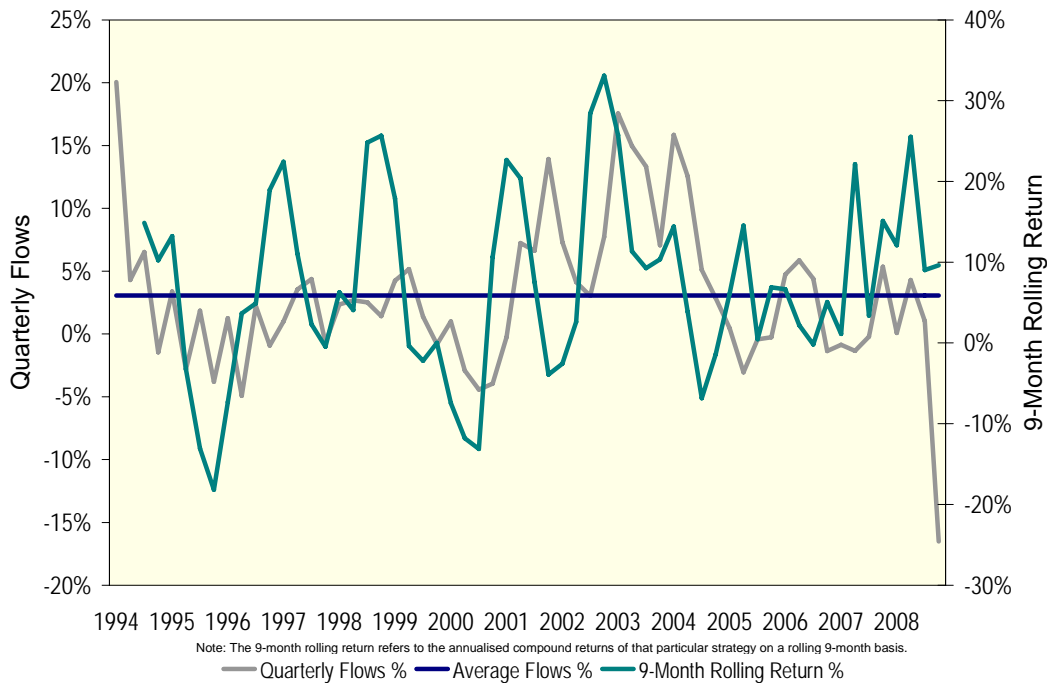
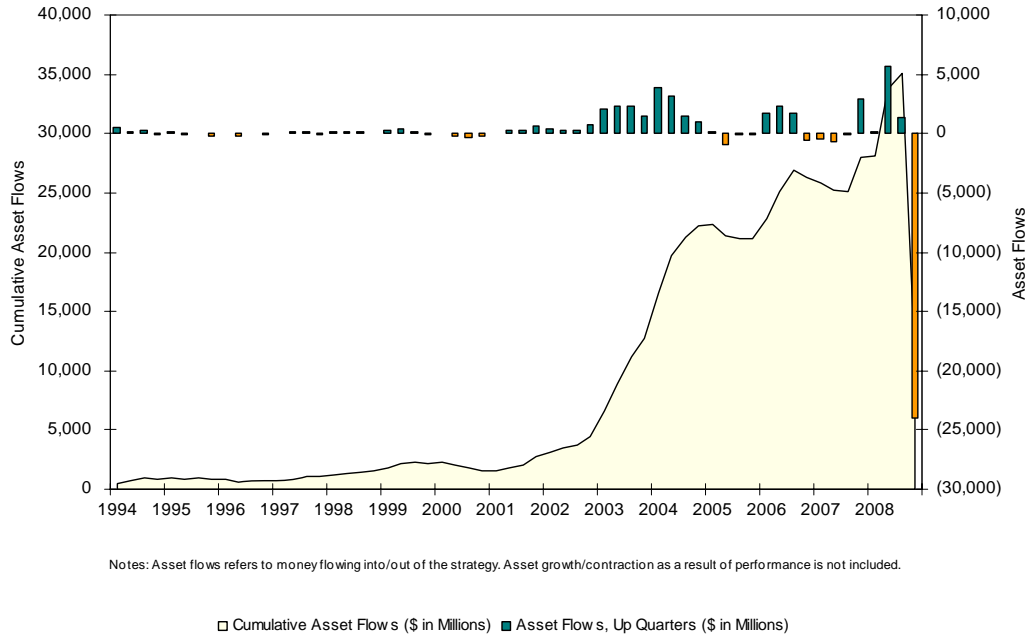


Figure 12 Managed Futures Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Flows Overview—Fixed Income Arbitrage Strategy

The Fixed Income Arbitrage substrategy experienced an outflow of US\$5.63 billion for a quarterly rate of minus 8.72%, compared to a historical inflow pace of 3.87%. Fourth quarter had the largest negative reading of the strategy's asset flows history, even exceeding that of third quarter 2007, when quarterly outflows came in at a then-record US\$5.08 billion.

The bond markets continued to be buffeted by a number of swing factors in fourth quarter 2008. Macroeconomic data pointed to progressive worsening in the U.S. and global economies; the fourth quarter marked the start of the global crisis in the real estate sector of the economy, following the crisis that had affected the financial sector since mid-2007. On the two sides of the Atlantic the government yield curve featured different yield patterns offering diverse trading strategy opportunities. Between September 30 and December 31, 2008, the U.S. 30-year/2-year spread decreased 45 basis points with yield curve flattening, while the Eurozone 30-year/2-year spread increased 66 basis points with yield curve steepening.

Fixed income managers suffered during the quarter as the difference in credit spreads prevailing in the cash bond market hit extreme values, widening mainly because of liquidity issues in the cash bond market. Liquidity drying up—as reflected in the futures market trading volume—market volatility, and deleveraging weighed on fixed income managers' performance throughout the quarter.

In this respect the announcement made in mid-December by the CME Globex electronic platforms that introduced implied predefined Treasury and swap spreads may have been supportive of fixed income arbitrageurs trying to overcome liquidity issues, since the move aims at allowing easier and more efficient execution of the most commonly traded spreading strategies. Flight-to-quality drivers triggered demand for Treasuries and sustained activity in the U.S. government market in October and November as the thermometer of investor fear and investors' engaging in the U.S. Treasury market—as represented by the VIX Index—stayed at record levels during the two months. VIX Index levels tapered off to some extent in December but remained over the 40-45 support level. At the same time early signals of an exploding budget deficit in the U.S. and ballooning budget deficits in Eurozone countries in 2009 and beyond implied a favorable trading environment for many fixed income managers. Also, in the U.S. bond markets "toxic" assets suffered in the quarter as changes in the announced TARP measures determined sell-offs in asset-backed securities and corporate debt.

The Credit Suisse/Tremont Fixed Income Arbitrage Index returned a negative 19.50% for the fourth quarter after a minus 7.79% for the third quarter, with a negative 28.82% for the 12-month period ending December 31, 2008.

Figure 13 Fixed Income Arbitrage Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

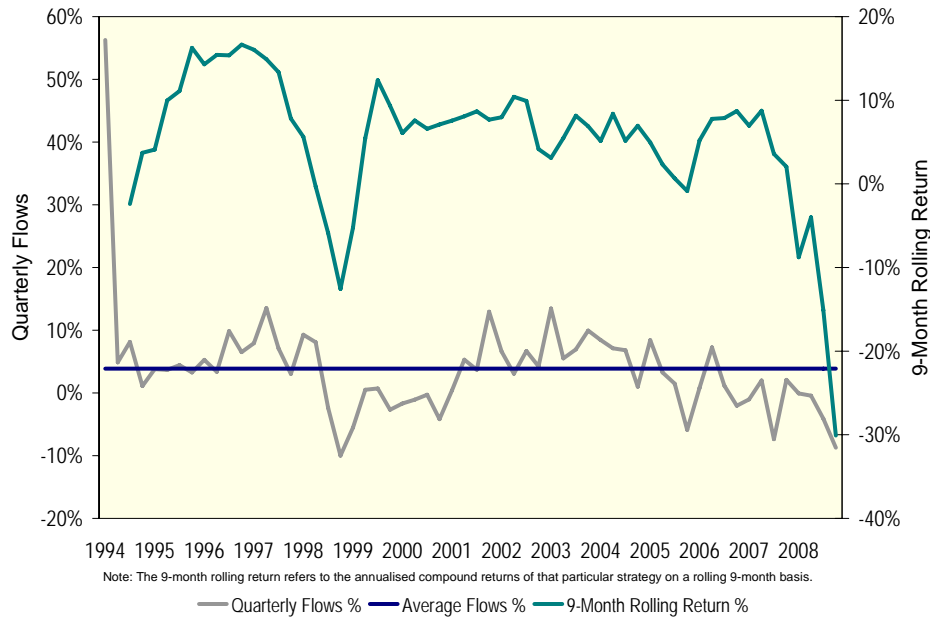
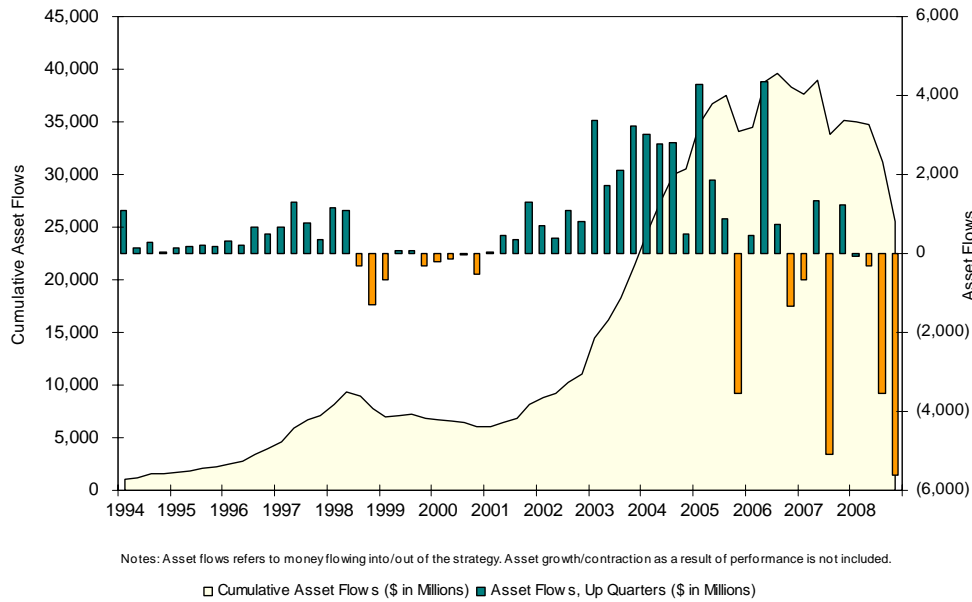


Figure 14 Fixed Income Arbitrage Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Flows Overview—Multi-Strategies Strategy

Multi-Strategies exhibited a negative US\$16.64-billion money flows reading for the fourth quarter—a record negative amount for the strategy since the start of data collection in 1994. This followed a US\$3.3-billion outflow for the third quarter and a US\$778-million inflow for second quarter 2008. The fourth quarter pace of minus 7.17% was well below the solid historical rate of Multi-Strategies at 8.80%. The overall reading for the whole year 2008 amounted to a US\$20.67-billion net outflow. The fact that these managers typically comprise the bulk of core portfolio allocations of most multi-strategies fund-of-hedge-fund products suggests they may also be the most vulnerable to sharp redemptions in the next two quarters.

The beginning of the quarter almost resembled the scenario faced in the previous quarter. The theme of deleveraging across a number of asset classes deepened the panic selling that was progressively impacting fair pricing, market sentiment, and liquidity issues in credit, convertibles, and fixed income and even in the volatility arbitrage markets. For multi-strategies managers convertibles suffered the worst performance. Convertible bonds depreciation started after the Lehman Brothers collapse in September and deepened further because of the deleveraging trend and the action of prime brokers' increasing margin requirements. Volatility arbitrage players did relatively well as they benefited from the wider implied and realized volatilities, although they suffered as abnormal volatility clustering patterns paralyzed trading activity because of difficulties in hedging and maintaining positions on a given volatility spread. Fixed income arbitrage players, despite risk-aversion drivers, suffered because of liquidity issues in the cash bond market, while equity market-neutral players fared generally better, despite the sharp volatility witnessed in October's and November's bearish equity markets.

The Credit Suisse/Tremont Multi-Strategies Index returned a disappointing minus 12.59% over the fourth quarter and minus 23.62% for the 12-month period as of the end of December. After doubling at the end of the previous quarter compared to the historical standard for the three-year period, in the fourth quarter the annualized volatility of the Credit Suisse/Tremont Multi-Strategies Index adjusted to the higher level for all of the measurement horizons.

Figure 15 Multi-Strategies Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

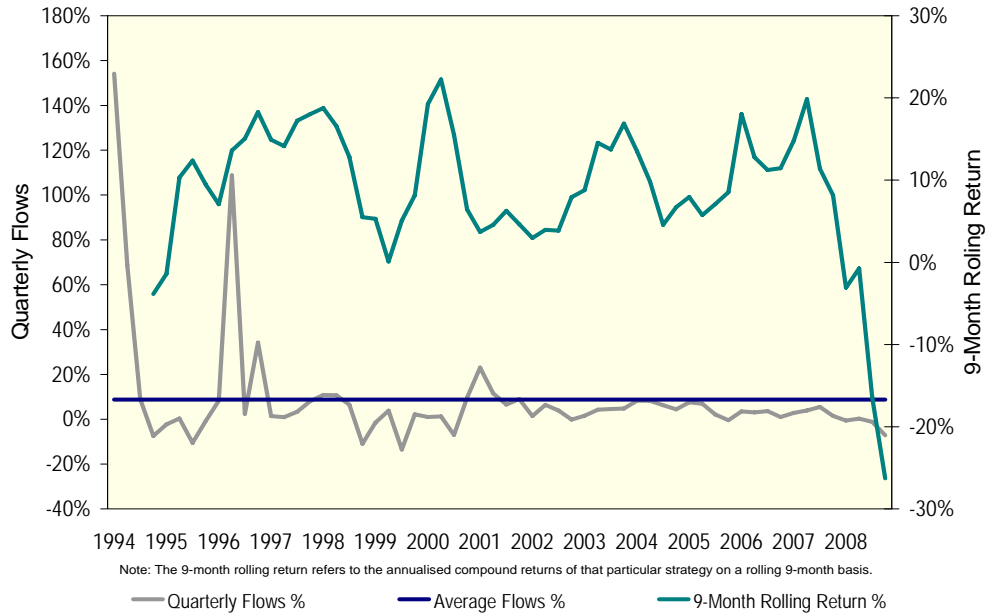
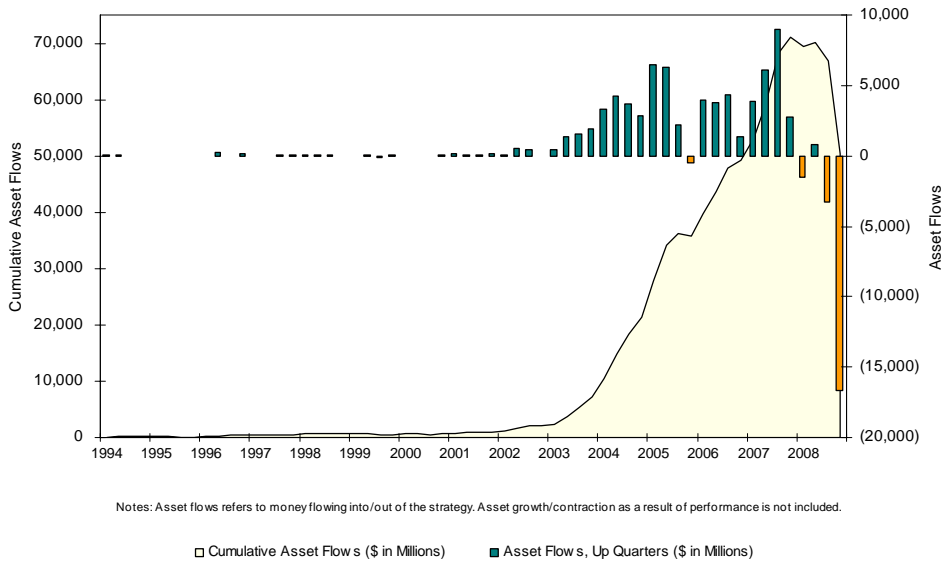


Figure 16 Multi-Strategies Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Flows Overview—Equity Market-Neutral Strategy

After posting its eleventh straight quarter of positive flows, with third quarter showing early signs of easing of the magnitude of money flows, the Equity Market-Neutral substrategy reversed the pattern seen since first quarter 2006, experiencing a large outflows reading of US\$7.17 billion for the fourth quarter—representing a negative 15.41% quarterly pace, compared to the 4.92% average pace seen since 1994. The overall reading for the whole year 2008 amounted to a US\$5.91-billion net outflow.

Among relative value strategies, which suffered most because of the extreme deleveraging wrought on the hedge fund industry and the extreme volatility levels that peaked in October and November and tapered off later in December, equity market-neutral managers suffered less in the quarter, although crowded trades and the shorting ban on financial stocks negatively hit a number of managers in this strategy. Traditional value factors, along with price-reversal models, outperformed momentum and statistical arbitrage fund traders during the quarter. In stock markets growth stocks slightly outperformed value stocks, although easing from the previous quarter's pattern, while large-caps outperformed small- and mid-caps.

The Credit Suisse/Tremont Equity Market-Neutral Index returned a negative 41.30% for the fourth quarter, reflecting the impact of write-downs of assets in some hedge fund vehicles impacted by the Madoff scandal. Fourth quarter's return compared to minus 2.04% for the third quarter and minus 40.32% year on year at the end of December 2008.

Figure 17 Equity Market-Neutral Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

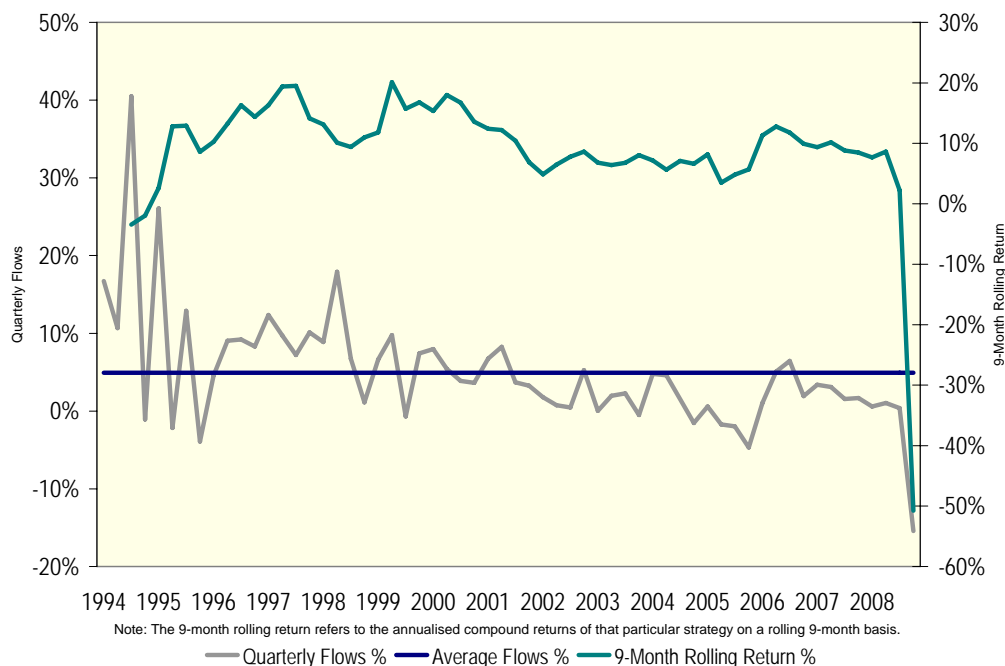
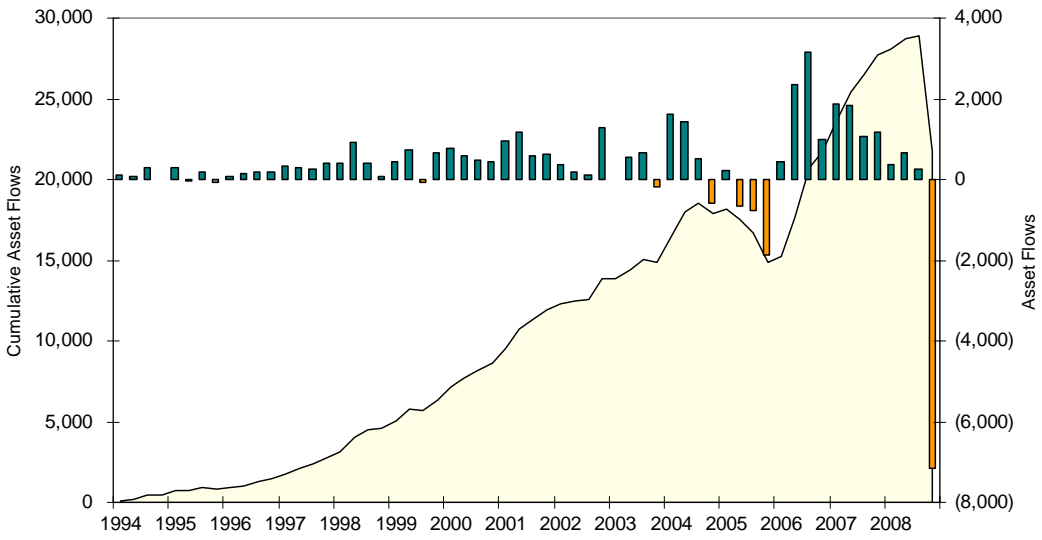


Figure 18 Equity Market-Neutral Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Notes: Asset flows refers to money flowing into/out of the strategy. Asset growth/contraction as a result of performance is not included

□ Cumulative Asset Flows (\$ in Millions) ■ Asset Flows, Up Quarters (\$ in Millions)

Flows Overview—Emerging Markets Strategy

The Emerging Markets substrategy confirmed in the last quarter of the year the breaking in the second quarter of an amazing 28-month pattern of positive money flows. After experiencing an outflow of US\$2.88 billion for the third quarter, Emerging Markets posted a US\$10.35-billion outflow reading in fourth quarter. Fourth quarter's negative money flows represented a minus 13.03% pace and compared to the historical rate of a positive 2.50%. Cumulative money flows for 2008 amounted to a negative US\$12.82 billion.

Emerging markets in fourth quarter continued to suffer from a pullback in global capital as investors turned away from so-called risky assets. The grim outlook for the U.S. economy and risk aversion took their toll among investors, hitting market sentiment in emerging country regions. The JP Morgan EMBI+ posted a 4.78% negative return for the quarter, with spreads over U.S. Treasuries widening—a sign that the appetite for risk was waning—while the MSCI Emerging Markets Index dropped significantly for the quarter, posting a negative 27.56% return. Emerging markets funds were also knocked down by stock market chaos in countries such as Russia, where wild price swings led regulators to suspend trading.

As a result the Credit Suisse/Tremont Emerging Markets Index mirrored the third quarter return of minus 15.05%, posting a negative 15.06% performance for the fourth quarter and minus 30.41% year on year at the end of December 2008.

Figure 19 Emerging Markets Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

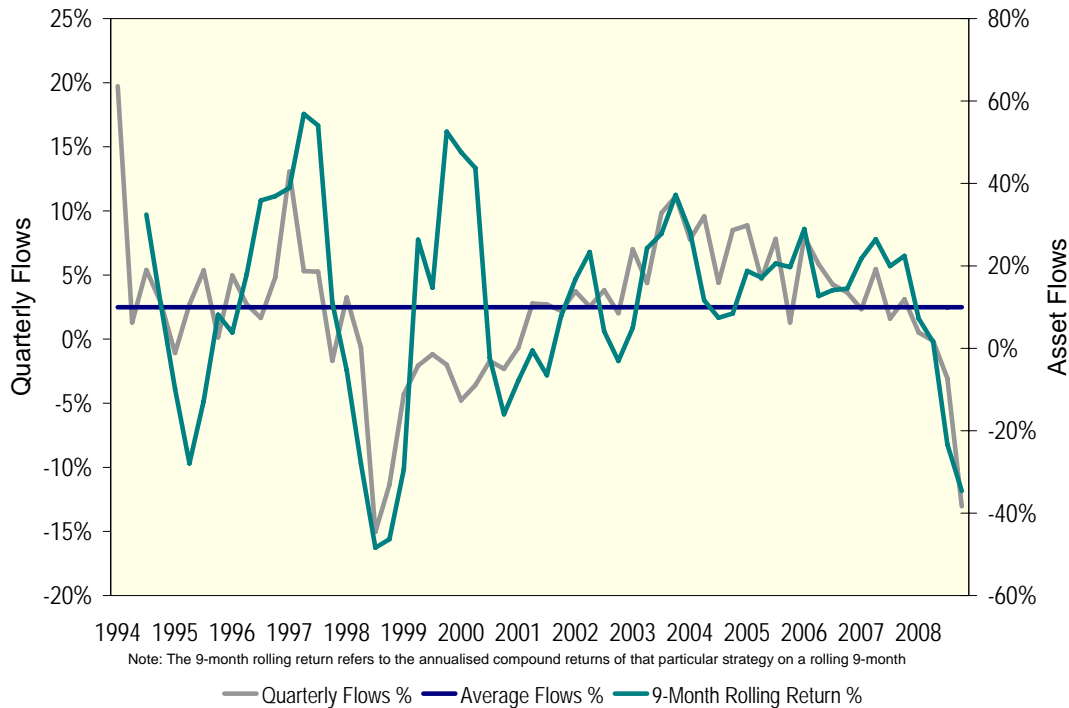
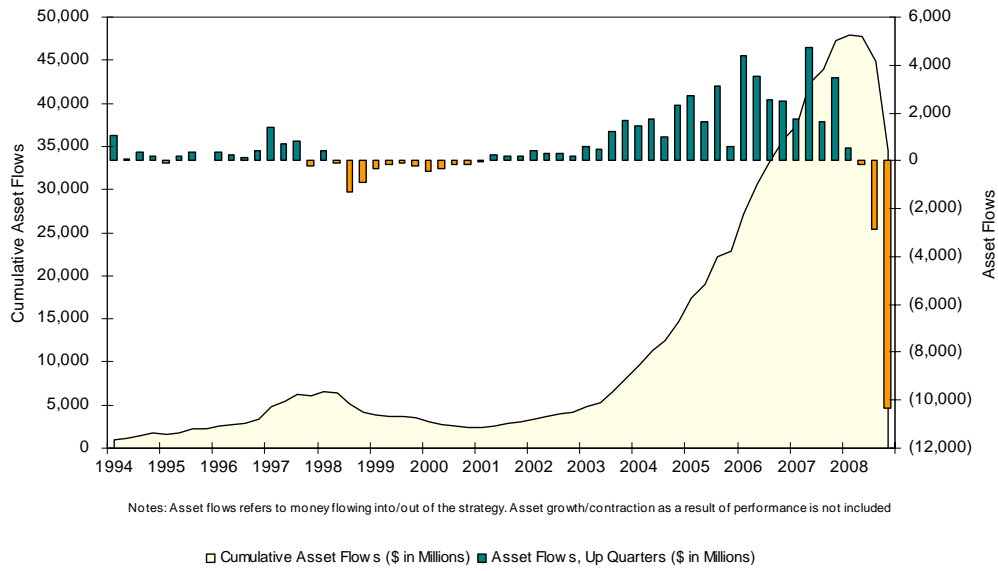


Figure 20 Emerging Markets Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Flows Overview–Dedicated Short-Bias Strategy

The Dedicated Short-Bias substrategy broke in the fourth quarter an eight-month pattern of positive money flows. The strategy exhibited outflows of US\$843.62 million at a quarterly rate of minus 14.74% for the fourth quarter, down from a positive 2.11% for the third quarter. The fourth quarter reading was well below the average quarterly pace of 4.39%. Cumulative money flows in 2008 amounted to a negative US\$194.76 million. As was the case for Managed Futures the quarterly outflows reading may also suggest profit-taking drivers in the top-ranking strategies for 2008 as well as early expectations of a market trend rebound in 2009.

Dedicated Short-Bias in fourth quarter lived up to its status as a valuable strategy inversely correlated to traditional equity markets, posting for the last quarter about 75% of its overall performance for the year. The stock market rebound in December hit the strategy; the leverage of the downside bias failed to protect investors on the upside. Dedicated Short-Bias managers returned a negative 1.68% for December 2008.

The Credit Suisse/Tremont Dedicated Short-Bias Index returned a positive 11.09% performance for fourth quarter, after a negative 7.64% for the third quarter, and 14.86% year on year at the end of December 2008.

Figure 21 Dedicated Short-Bias Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

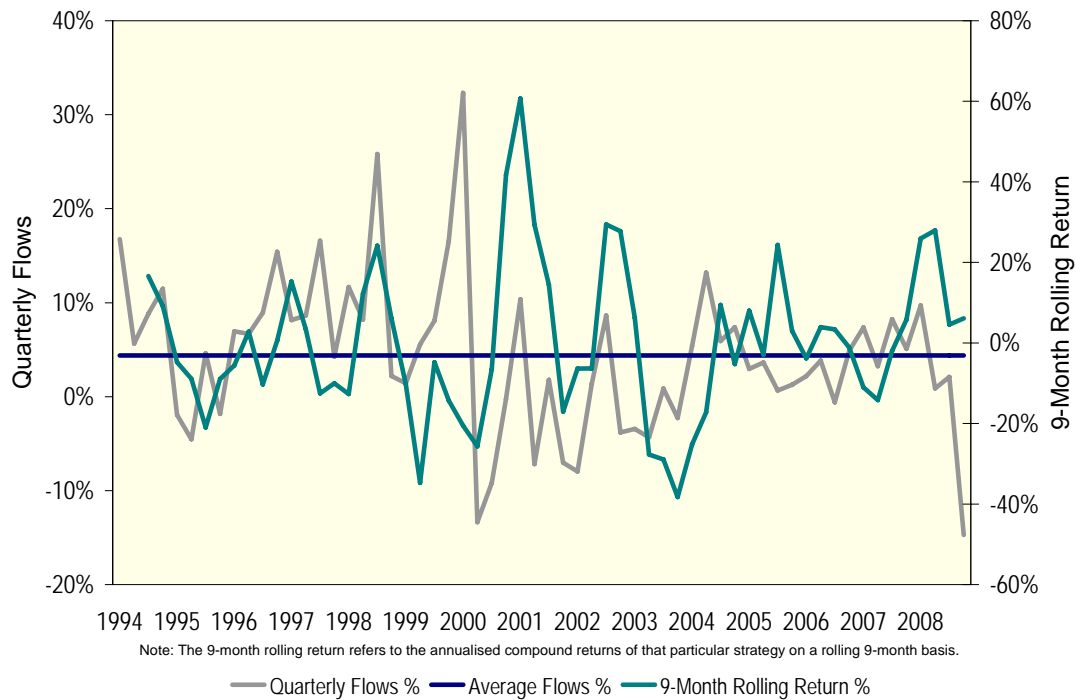
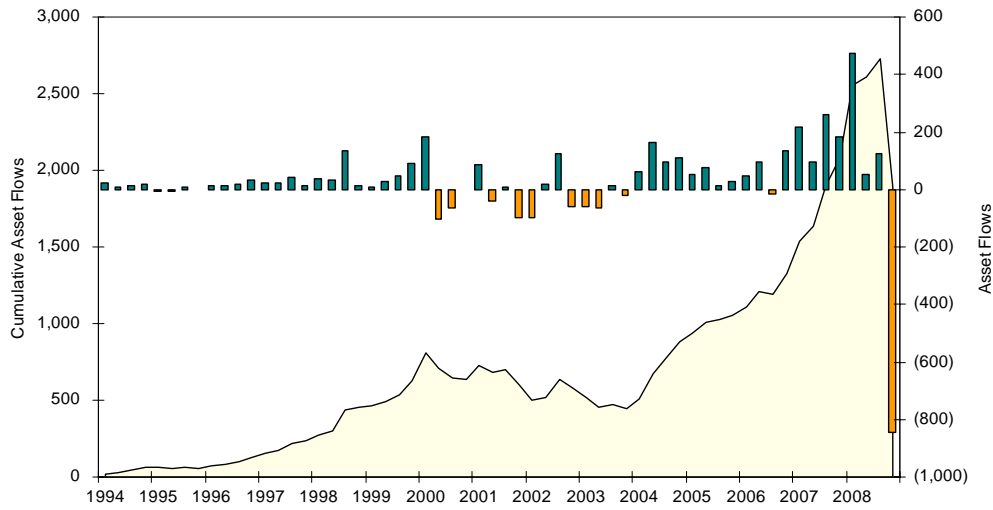


Figure 22 Dedicated Short-Bias Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Notes: Asset flows refers to money flowing into/out of the strategy. Asset growth/contraction as a result of performance is not included.

□ Cumulative Asset Flow s (\$ in Millions) ■ Asset Flow s, Up Quarters (\$ in Millions)

Flows Overview–Event-Driven Strategy

The Event-Driven substrategy confirmed in fourth quarter the significant change it underwent in the second quarter. After posting a quarterly outflow of US\$739 million at a minus 0.31% pace at the end of June (the first net outflow after 20 consecutive quarters of inflows), the substrategy posted a US\$1.69-billion outflow in the third quarter, followed by a record US\$22.27-billion net outflow in the fourth quarter. Money flows for the whole year amounted to a negative US\$20.05 billion. The reading came in at a quarterly pace of minus 10.22%, down from a negative 0.69% in the third quarter and against a historical average quarterly growth rate of 3.46%. (The reading appeared to signal a secular portfolio shift among allocators, given the larger negative outflow compared with the previous quarter's figure.)

The Event-Driven substrategy produced negative returns across all investment approaches throughout the quarter. Only Risk Arbitrage managers reversed the negative pattern at the end of the quarter; they posted a healthy 1.60% positive return in December.

The financial crisis took its toll and a number of M&A deals were canceled globally. Nevertheless, despite the announced cancellations of M&A transactions, merger arbitrage opportunities grew toward the end of the year, with the Asia-Pacific region expanding its share of global transactions in 2008. According to data published by Mergermarket, total M&A volume for the U.S. in the fourth quarter was \$100 billion, its lowest level since 2003 and 67% down quarter on quarter. In Asia-Pacific M&A volume was \$100.5 billion, 35% up on the previous quarter. This compared to a total volume of \$102.7 billion in the region for the whole of 2003.

Japanese stock market trading sessions in early December were dominated by announced M&A activity as the relative strength of the yen led to a resurgence of activity in Japan at the end of the year. Nippon Oil and Nippon Mining Holdings rose after the firms agreed to merge, in a deal that will create one of the world's top-ten listed oil companies. At the same time Panasonic revised its bid for Sanyo. The level of M&A activity in Europe was sustained mainly by bailouts in the banking sector in 2008, with the region retaining almost 30% of the global deals in the last three years. The Volkswagen Porsche deal in October was the main story of the quarter in the European region. Hedge funds were estimated to have suffered losses of up to US\$30 billion from spread trades and outright shorts. Hedge funds shorted Volkswagen's shares in the belief that the company was overvalued. However, news of Porsche's takeover and the small proportion of stock available to trade (only 5.8%) quintupled the share price.

Distressed securities managers continued to suffer from volatile credit spreads. Credit markets continued to face an unprecedented series of developments, leading to the transformation of the banking sector in the U.S. Credit spreads on both sides of the Atlantic widened on fears some major U.S. banks could be nationalized to facilitate an orderly restructuring and on falling share prices, adding to the grim news.

The spread of the 50 most liquid subinvestment-grade entities—as tracked by the Markit iTraxx Crossover Europe index 5yr—climbed 474 bps in last quarter 2008, while the CDX North America Index 5yr and the CDX Emerging Markets Index 5yr rose 275 bps and 395 bps, respectively.

The current macroeconomic conditions and the acceleration of the distressed cycle made a tough environment for many distressed managers as the restructuring phase was bypassed by companies in difficulty that most likely filed for bankruptcy directly.

The Credit Suisse/Tremont Event-Driven Index returned minus 9.29% over the quarter, the Credit Suisse/Tremont Event-Driven: Distressed Securities Index returned minus 12.65%, the Credit Suisse/Tremont Event-Driven: Risk Arbitrage Index returned a negative 1.53%, and the Credit Suisse/Tremont Event-Driven: Multi-Strategies Index returned minus 7.29% for the quarter.

Year on year at the end of December 2008 the Credit Suisse/Tremont Event-Driven Index returned minus 17.74%, the Credit Suisse/Tremont Event-Driven: Distressed Securities Index posted a negative 20.48%, the Credit Suisse/Tremont Event-Driven: Risk Arbitrage Index returned minus 3.27%, and the Credit Suisse/Tremont Event-Driven: Multi-Strategies Index delivered a negative 16.25% performance.

Figure 23 Event-Driven Flows as Percentage of Beginning-Period Assets Versus Performance, 1994-2008 (Fourth Quarter)

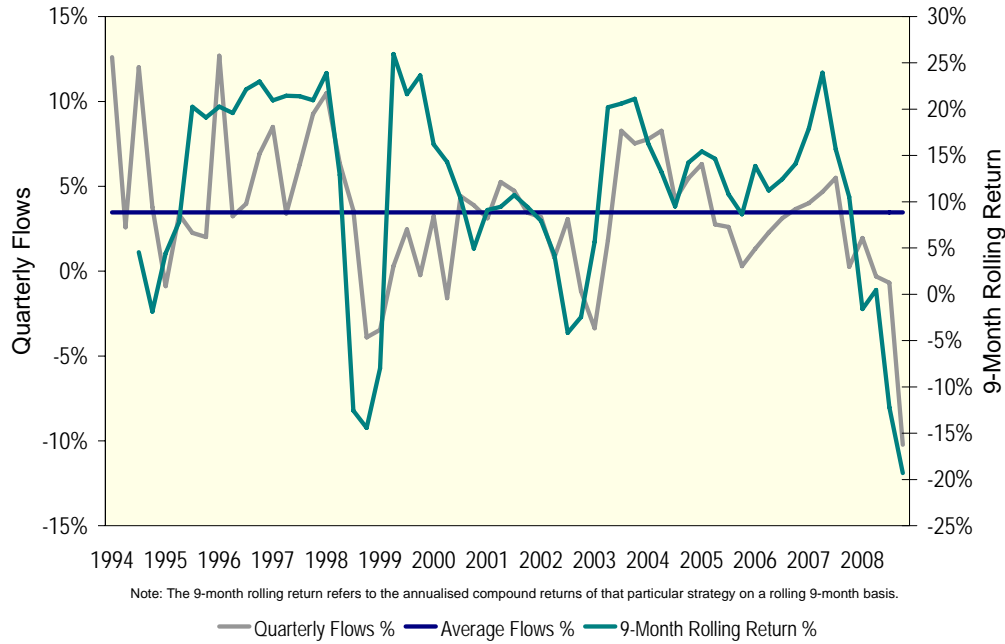
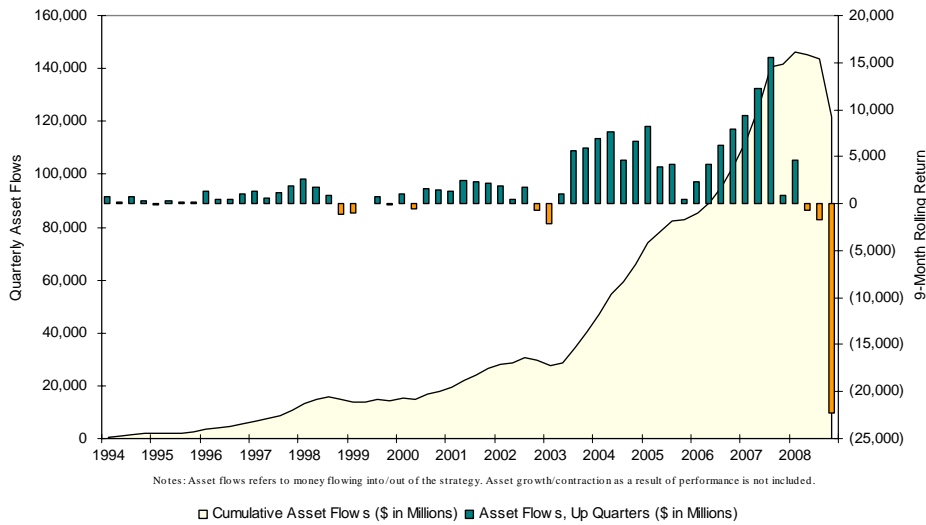


Figure 24 Event-Driven Asset Flows (US\$Mil), 1994-2008 (Fourth Quarter)



Appendix A–Methodology

The foregoing information is derived from single-manager hedge fund data collected by Lipper TASS for fourth quarter 2008, which includes performance and other information on 4,794 actively reporting funds with assets under management totaling US\$1.209 trillion.

This research includes information from Third-party sources. Only assets invested through a fund structure are included in the report. Investor assets managed via separate or managed accounts are specifically excluded. Funds of hedge funds have not been included to avoid double-counting assets. The period covered in this report begins January 1994, since asset information prior to that time does not provide meaningful results at a strategy level.

When the universe was initially constructed in June 2000, a positive fund flow was used if the inception date of the fund was after December 1993.

For dates prior to the first reported assets, it was assumed that no fund flows took place. Thus, for funds having no initial asset information available, the initial assets of the fund were set to the first reported assets less the growth in assets, indicated by the performance figures since inception. See the note below.

- In any month when there were no reported assets, a zero fund flow was assumed.
- In any month where the assets were reported to be exactly equal to the assets reported in the prior month, a zero fund flow was assumed.
- A negative fund flow was implied in the month following the last reported data from each fund equal to the initial assets figure reported by the fund.
- When a new fund was added to the universe with less than 12 months of data from the start of the reporting quarter, the initial results of the fund were taken as a positive asset flow.
- At the end of each month the relevant data were the NAV and the assets. The asset value was assumed to be the end-of-month value of assets under management for the whole month.
- Asset flows quoted in percentage terms equal the flows for the quarter as a percentage of the beginning-period assets.

Methodology

Given the NAV and assets in the table below:

Date	NAV	Assets	Units
May-00	100	100,000,000	1,000,000
Jun-00	105	115,000,000	1,100,000

The number of units in the fund is calculated by dividing the assets by the NAV. For June we then have:

Asset Flow (units):	100,000	(100,000 units at \$102.5 – Average of NAV at May-00 and NAV at Jun-00)
Asset Flow (\$):	\$10,250,000	
Assets on 1st June:	\$110,250,000	
Growth from performance:	\$5,500,000	(5.5% of \$100M)
Assets on 30th June:	\$115,750,000	

The asset flow, performance growth, and assets for June are as highlighted in the table above.

Note

If asset information was not available at the inception of the fund, the following assumption was made:
Given the following data:

Date	NAV	Assets
Jan-99	100	
Feb-99	103	
Mar-99	102	
Apr-99	104	104,000,000

The initial assets of the fund were set as $104,000,000 \times 100 / 104 = 100,000,000$. Thus, the data used for processing were:

Date	NAV	Assets	Fund Flow
Jan-99	100	100,000,000	1,000,000
Feb-99	103	103,000,000	
Mar-99	102	102,000,000	
Apr-99	104	104,000,000	

The figures in italics result from setting the initial assets according to rule "A."

Appendix B – Asset Flows History

Quarterly Asset Flows - January 1994 to December 2008 (US\$)											
Date	All Funds	Convertible Arbitrage	Dedicated Short Bias	Emerging Markets	Equity Market Neutral	Event Driven	Fixed Income Arbitrage	Global Macro	Long/Short Equity Hedge	Managed Futures	Multi-Strategy
1Q 1994	4,847,370,206	111,105,749	20,886,161	1,031,375,593	91,766,019	677,033,022	1,093,605,538	-1,344,730,286	2,573,777,816	532,505,516	60,045,077
2Q 1994	1,133,562,272	-5,149,535	9,049,650	78,557,478	68,916,044	155,054,627	150,357,391	47,968,806	407,320,028	146,944,480	74,543,303
3Q 1994	1,701,669,880	-6,629,666	13,976,938	383,902,418	295,111,948	765,318,915	274,158,963	-304,770,002	41,243,341	224,065,257	15,291,769
4Q 1994	-47,071,218	-85,229,742	20,436,224	197,469,088	-11,136,739	264,128,705	41,587,073	-735,734,635	328,429,290	-53,175,667	-13,844,815
1Q 1995	650,534,735	-15,524,005	-3,803,820	-67,672,549	280,827,957	-65,940,173	149,315,224	-608,501,511	847,019,551	138,743,403	-3,929,343
2Q 1995	715,900,045	55,708,818	-8,178,629	184,236,753	-30,717,030	263,053,114	158,077,108	183,640,330	28,526,310	-118,930,907	484,177
3Q 1995	1,276,065,351	55,773,956	7,384,496	372,254,820	185,916,098	195,087,678	211,879,723	-590,912,581	784,110,939	73,356,522	-18,786,302
4Q 1995	895,440,405	144,057,498	-3,309,142	9,481,747	-64,529,907	183,813,577	170,937,046	-46,943,047	664,496,008	-161,338,288	-1,225,088
1Q 1996	2,913,670,642	268,000,417	12,021,604	364,055,738	75,430,762	1,265,661,518	301,138,329	-341,035,281	904,054,279	50,268,213	14,075,062
2Q 1996	1,769,641,864	184,035,951	12,164,268	230,496,136	162,660,429	390,653,196	217,262,995	-799,853,362	1,357,596,503	-201,719,922	216,345,670
3Q 1996	2,525,003,006	347,798,492	17,179,072	145,683,378	190,022,922	507,606,481	680,298,489	-367,840,615	905,515,183	89,135,265	9,604,339
4Q 1996	3,579,110,610	389,107,649	33,127,519	437,255,998	196,297,602	506,832,228	506,916,591	173,875,107	794,154,005	-40,408,382	131,952,293
1Q 1997	6,881,847,499	315,457,384	22,569,021	1,411,522,712	333,092,079	1,300,432,856	676,535,989	745,006,921	2,024,853,675	45,261,091	7,115,772
2Q 1997	3,538,004,090	358,299,540	23,348,434	722,345,690	305,542,583	590,568,324	1,284,468,228	-884,507,343	974,299,862	158,595,870	5,042,902
3Q 1997	6,868,965,875	421,921,610	43,358,296	802,468,377	260,501,388	1,201,164,638	787,759,119	1,861,318,368	1,265,963,655	207,084,422	17,426,003
4Q 1997	4,924,529,872	857,055,354	14,576,960	-237,190,458	402,204,904	1,945,595,831	361,960,571	299,418,691	1,275,867,269	-36,175,803	41,215,826
1Q 1998	7,368,014,076	829,367,555	37,392,008	447,096,898	406,580,671	2,567,299,550	1,157,218,782	366,717,800	1,373,475,040	120,578,358	62,287,416
2Q 1998	6,580,366,405	423,002,931	32,033,809	-77,392,566	914,556,598	1,721,633,202	1,097,348,612	344,424,385	1,913,957,646	142,040,081	68,761,706
3Q 1998	717,729,526	-20,234,670	135,975,377	-1,325,367,460	407,042,161	914,551,510	-329,090,072	205,526,809	538,366,231	151,067,338	39,892,303
4Q 1998	-5,847,353,825	35,939,040	11,783,024	-902,729,795	75,863,708	-1,071,664,038	-1,290,304,501	-2,032,550,129	-687,489,836	88,112,071	-74,314,392
1Q 1999	-2,382,702,010	75,062,427	7,563,129	-316,611,841	455,092,202	-948,090,860	-663,518,747	-3,118,981,726	1,879,109,547	257,793,425	-10,119,586
2Q 1999	2,459,177,093	-25,004,542	28,813,239	-169,725,558	741,943,225	87,426,936	59,055,096	-1,184,777,812	2,556,930,231	335,596,870	28,919,429
3Q 1999	1,551,831,521	122,318,894	47,324,346	-88,512,738	-59,010,748	722,209,312	83,332,636	-1,766,402,226	2,511,156,178	94,033,994	-114,618,126
4Q 1999	1,815,105,487	134,917,424	91,279,320	-185,157,265	651,625,555	-73,133,789	-324,237,239	-1,657,621,025	3,217,229,072	-56,110,645	16,314,080
1Q 2000	5,996,680,169	239,623,680	182,532,169	-454,166,425	781,921,598	1,073,751,334	-198,286,276	-1,572,275,798	5,868,351,546	67,011,969	8,216,382
2Q 2000	-4,905,895,347	41,639,572	-100,717,012	-298,145,719	599,758,134	-551,029,690	-123,342,265	-5,639,226,727	1,350,567,772	-195,962,821	10,563,408
3Q 2000	4,188,677,898	563,229,625	-66,561,535	-133,069,878	460,903,039	1,603,283,497	-32,195,176	-1,352,925,873	3,471,142,908	-272,329,207	-52,799,502
4Q 2000	2,718,896,361	853,215,713	-2,028,574	-157,328,650	446,658,516	1,467,133,510	-515,102,194	-957,571,464	1,754,232,471	-249,787,833	79,474,865
1Q 2001	6,910,372,480	1,018,530,994	84,722,898	-64,306,910	940,689,790	1,370,616,106	49,620,790	332,436,057	3,030,332,895	-15,581,511	163,311,451
2Q 2001	8,483,062,385	2,427,541,018	-38,993,376	248,968,017	1,183,503,924	2,494,887,314	461,374,307	-1,151,332,456	2,484,042,517	276,160,547	96,910,572
3Q 2001	6,877,891,601	2,092,223,825	9,826,480	213,164,473	581,778,282	2,289,161,499	342,323,672	542,664,603	485,081,540	287,664,409	34,002,819
4Q 2001	8,816,913,158	1,561,867,619	-98,168,207	216,637,894	627,404,702	2,142,088,009	1,283,860,917	371,471,005	1,901,876,081	686,053,648	123,821,670
1Q 2002	5,603,091,043	1,655,424,003	-100,109,980	407,479,012	353,295,838	1,952,573,751	709,591,533	534,843,717	-407,259,364	396,482,729	100,769,804
2Q 2002	4,566,816,636	935,133,287	17,371,840	283,560,205	181,434,257	469,649,083	370,916,810	40,988,721	1,471,724,131	300,024,167	496,014,134
3Q 2002	6,808,307,484	459,484,143	125,584,051	286,674,779	112,920,227	1,719,585,687	1,079,331,257	244,592,821	2,114,998,356	273,983,657	391,152,506
4Q 2002	-695,732,837	100,146,386	-60,322,931	165,354,828	1,273,469,217	-703,043,295	793,468,374	-142,190,693	-2,824,624,082	724,725,649	-22,716,291
1Q 2003	6,984,827,535	1,625,241,819	-57,886,697	616,138,005	9,465,871	-2,094,861,806	3,372,780,160	1,730,648,065	-720,902,531	2,103,164,364	401,040,285
2Q 2003	13,827,725,550	2,683,291,051	-64,389,829	475,465,164	536,674,229	1,067,500,814	1,706,989,606	2,478,554,418	1,345,997,335	2,280,824,442	1,316,818,321
3Q 2003	24,599,808,037	1,989,727,666	11,680,875	1,223,575,508	643,403,560	5,609,255,441	2,122,324,867	3,125,644,045	5,983,187,865	2,300,539,557	1,590,468,651
4Q 2003	26,793,665,883	3,279,045,889	-20,746,134	1,708,096,532	-169,949,303	5,871,880,144	3,217,986,541	3,318,305,853	6,156,082,810	1,529,870,683	1,903,092,869
1Q 2004	38,151,928,428	4,222,048,895	62,631,573	1,458,386,091	1,632,834,869	6,851,621,288	3,005,741,192	5,495,403,443	8,177,868,359	3,895,932,029	3,349,460,690
2Q 2004	43,340,671,040	2,408,049,624	165,045,685	1,771,629,566	1,439,961,002	7,658,072,455	2,758,419,782	6,269,820,819	13,546,608,856	3,105,327,752	4,217,735,500
3Q 2004	25,130,809,644	-78,624,651	97,113,452	980,612,592	523,562,948	4,588,743,884	2,792,721,146	4,196,021,757	6,853,848,567	1,524,130,742	6,652,679,208
4Q 2004	16,345,820,461	-1,707,572,809	109,251,009	2,335,316,699	-569,774,602	6,588,901,584	480,955,875	772,173,699	4,471,127,666	776,657,639	2,888,783,700
1Q 2005	24,559,029,590	-1,830,252,832	53,728,390	2,712,510,231	232,295,638	8,237,109,961	4,282,840,806	2,324,479,070	1,895,049,833	145,742,729	6,514,525,764
2Q 2005	11,591,619,060	-2,874,828,405	76,742,907	1,631,933,681	-659,015,161	3,943,564,713	1,847,787,001	438,369,105	1,870,887,785	-988,389,057	6,304,566,490
3Q 2005	12,665,313,720	-1,556,059,494	15,231,021	3,116,387,387	-782,411,069	4,220,373,535	891,090,733	-1,073,381,124	5,790,321,835	-143,065,219	2,186,826,114
4Q 2005	-4,299,969,799	-2,138,524,310	30,297,571	602,852,477	-1,872,960,929	517,634,657	-3,537,584,342	1,172,931,106	1,513,267,783	-94,069,826	-493,813,985
1Q 2006	27,565,362,035	-1,027,012,176	49,492,061	4,407,207,433	435,224,742	2,365,255,903	469,043,254	2,912,520,763	12,308,244,446	1,725,779,944	3,919,605,666
2Q 2006	38,324,236,869	790,780,119	97,867,856	3,547,683,611	2,331,929,195	4,256,308,328	4,365,489,171	5,369,905,233	11,443,073,636	2,311,995,690	3,809,204,028
3Q 2006	26,550,727,323	2,166,863,451	-15,520,252	2,529,529,419	3,154,612,060	6,134,530,330	731,502,306	1,577,749,772	4,231,295,103	1,747,190,846	4,292,974,288
4Q 2006	13,630,927,336	1,705,478,702	134,274,669	2,510,411,698	992,016,668	7,913,203,035	-1,326,449,789	-2,349,853,769	3,337,931,182	-629,225,116	1,343,140,055
1Q 2007	20,751,787,698	663,144,675	215,167,732	1,745,676,097	1,871,848,301	9,381,855,935	-655,168,106	-2,263,008,017	6,281,306,528	-401,424,013	3,912,388,566
2Q 2007	41,113,129,382	1,394,074,559	98,026,218	4,749,902,021	1,817,146,176	12,203,507,194	1,336,561,616	-848,258,659	14,907,522,346	-686,744,781	6,141,392,690
3Q 2007	39,328,848,036	1,342,985,248	258,782,517	1,607,921,921	1,056,209,445	15,474,805,604	-5,077,976,934	4,171,484,681	11,579,591,351	-105,128,651	9,020,172,854
4Q 2007	13,709,854,119	-98,752,218	185,013,876	3,458,007,036	1,185,093,207	821,685,620	1,214,383,544	1,181,038,018	157,933,520	2,890,612,530	2,714,838,987
1Q 2008	2,623,509,011	1,291,556,925	474,343,701	546,145,809	358,705,208	4,652,334,797	-58,675,571	3,819,100,566	-7,028,555,987	99,503,347	-1,530,949,785
2Q 2008	4,027,874,207	-461,013,145	50,120,372	-135,647,193	655,449,658	-738,881,720	-317,116,036	5,682,985,683	-7,135,400,958	5,648,915,507	778,462,040
3Q 2008	-18,616,992,251	-852,406,117	124,394,754	-2,877,994,953	244,021,974	-1,694,192,707	-3,539,601,876	2,894,976,458	-10,980,680,090	1,340,978,808	-3,276,488,502
4Q 2008	-146,949,002,445	-3,147,459,619	-843,619,441	-10,354,160,370	-7,171,138,439	-22,267,561,908	-5,630,084,705	-14,414,656,988	-42,525,779,101	-23,950,083,374	-16,644,458,501

Appendix C – Cumulative Asset Flows

Cumulative Asset Flows - January 1994 to December 2008 (US\$Mil)											
Quarter Ending	All Funds	Convertible Arbitrage	Dedicated Short Bias	Emerging Markets	Equity Market Neutral	Event Driven	Fixed Income Arbitrage	Global Macro	Long/Short Equity Hedge	Managed Futures	Multi Strategy
1Q 1994	4,847	111	21	1,031	92	677	1,094	-1,345	2,574	533	60
2Q 1994	5,981	106	30	1,110	161	832	1,244	-1,297	2,981	679	135
3Q 1994	7,683	99	44	1,494	456	1,597	1,518	-1,602	3,022	904	150
4Q 1994	7,636	14	64	1,691	445	1,862	1,560	-2,337	3,351	850	136
1Q 1995	8,286	-1	61	1,624	725	1,796	1,709	-2,946	4,198	989	132
2Q 1995	9,002	54	52	1,808	695	2,059	1,867	-2,762	4,226	870	133
3Q 1995	10,278	110	60	2,180	881	2,254	2,079	-3,353	5,010	944	114
4Q 1995	11,173	254	56	2,190	816	2,438	2,250	-3,400	5,675	782	113
1Q 1996	14,087	522	68	2,554	892	3,703	2,551	-3,741	6,579	832	127
2Q 1996	15,857	706	81	2,784	1,054	4,094	2,768	-4,541	7,937	631	343
3Q 1996	18,382	1,054	98	2,930	1,244	4,601	3,449	-4,909	8,842	720	353
4Q 1996	21,961	1,443	131	3,367	1,441	5,558	3,956	-4,735	9,636	679	485
1Q 1997	28,843	1,759	154	4,779	1,774	6,859	4,632	-3,990	11,661	725	492
2Q 1997	32,381	2,117	177	5,501	2,079	7,449	5,917	-4,874	12,635	883	497
3Q 1997	39,250	2,539	220	6,303	2,340	8,650	6,704	-3,013	13,901	1,090	514
4Q 1997	44,174	3,396	235	6,066	2,742	10,596	7,066	-2,714	15,177	1,054	555
1Q 1998	51,542	4,225	272	6,513	3,148	13,163	8,223	-2,347	16,551	1,175	618
2Q 1998	58,123	4,648	304	6,436	4,063	14,885	9,321	-2,002	18,465	1,317	686
3Q 1998	58,840	4,628	440	5,111	4,470	15,800	8,992	-1,797	19,003	1,468	726
4Q 1998	52,993	4,664	452	4,208	4,546	14,728	7,701	-3,829	18,316	1,556	652
1Q 1999	50,610	4,739	460	3,891	5,001	13,780	7,038	-6,948	20,195	1,814	642
2Q 1999	53,069	4,714	488	3,722	5,743	13,867	7,097	-8,133	22,752	2,149	671
3Q 1999	54,621	4,836	536	3,633	5,684	14,589	7,180	-9,900	25,263	2,243	556
4Q 1999	56,436	4,971	627	3,448	6,336	14,516	6,856	-11,557	28,480	2,187	572
1Q 2000	62,433	5,211	809	2,994	7,118	15,590	6,658	-13,130	34,348	2,254	581
2Q 2000	57,527	5,252	709	2,696	7,717	15,039	6,534	-18,769	35,699	2,058	591
3Q 2000	61,716	5,816	642	2,562	8,178	16,642	6,502	-20,122	39,170	1,786	538
4Q 2000	64,435	6,669	640	2,405	8,625	18,109	5,987	-21,079	40,924	1,536	618
1Q 2001	71,345	7,687	725	2,341	9,566	19,480	6,037	-20,747	43,955	1,521	781
2Q 2001	79,828	10,115	686	2,590	10,749	21,975	6,498	-21,898	46,439	1,797	878
3Q 2001	86,706	12,207	696	2,803	11,331	24,264	6,840	-21,355	46,924	2,084	912
4Q 2001	95,523	13,769	598	3,020	11,958	26,406	8,124	-20,984	48,826	2,771	1,036
1Q 2002	101,126	15,424	497	3,427	12,312	28,359	8,834	-20,449	48,418	3,167	1,137
2Q 2002	105,693	16,360	515	3,711	12,493	28,828	9,205	-20,408	49,890	3,467	1,633
3Q 2002	112,501	16,819	640	3,997	12,606	30,548	10,284	-20,164	52,005	3,741	2,024
4Q 2002	111,805	16,919	580	4,163	13,879	29,845	11,078	-20,306	49,180	4,466	2,001
1Q 2003	118,790	18,544	522	4,779	13,889	27,750	14,450	-18,575	48,460	6,569	2,402
2Q 2003	132,618	21,228	458	5,254	14,425	28,818	16,157	-16,097	49,806	8,850	3,719
3Q 2003	157,218	23,217	469	6,478	15,069	34,427	18,280	-12,971	55,789	11,150	5,310
4Q 2003	184,012	26,497	449	8,186	14,899	40,299	21,498	-9,653	61,945	12,680	7,213
1Q 2004	222,163	30,719	511	9,644	16,532	47,150	24,503	-4,157	70,123	16,576	10,562
2Q 2004	265,504	33,127	676	11,416	17,972	54,808	27,262	2,113	83,669	19,681	14,780
3Q 2004	290,635	33,048	774	12,397	18,495	59,397	30,055	6,309	90,523	21,206	18,432
4Q 2004	306,981	31,340	883	14,732	17,926	65,986	30,536	7,081	94,994	22,182	21,321
1Q 2005	331,540	29,510	937	17,444	18,149	74,223	34,818	9,405	96,889	22,328	27,836
2Q 2005	343,131	26,635	1,013	19,076	17,490	78,167	36,666	9,844	98,760	21,340	34,140
3Q 2005	355,797	25,079	1,028	22,193	16,707	82,387	37,557	8,770	104,551	21,197	36,327
4Q 2005	351,497	22,941	1,059	22,796	14,834	82,905	34,020	9,943	106,064	21,102	35,833
1Q 2006	379,062	21,914	1,108	27,203	15,270	85,270	34,489	12,856	118,372	22,828	39,753
2Q 2006	417,386	22,705	1,206	30,750	17,602	89,526	38,854	18,226	129,815	25,140	43,562
3Q 2006	443,937	24,871	1,191	33,280	20,756	95,661	39,586	19,803	134,046	26,887	47,855
4Q 2006	457,568	26,577	1,325	35,790	21,748	103,574	38,259	17,454	137,384	26,258	49,198
1Q 2007	478,320	27,240	1,540	37,536	23,620	112,956	37,604	15,190	143,666	25,857	53,111
2Q 2007	519,433	28,634	1,638	42,286	25,437	125,159	38,941	14,342	158,573	25,170	59,252
3Q 2007	558,762	29,976	1,897	43,894	26,493	140,634	33,863	18,513	170,153	25,065	68,272
4Q 2007	572,472	29,767	2,082	47,352	27,814	141,456	33,983	19,695	170,311	27,955	70,987
1Q 2008	575,095	31,059	2,556	47,898	28,173	146,108	33,925	23,514	163,282	28,055	69,456
2Q 2008	579,123	30,598	2,606	47,762	28,828	145,369	33,608	29,197	156,147	33,704	70,235
3Q 2008	560,506	29,745	2,731	44,884	29,072	143,675	30,068	32,092	145,166	35,045	66,958
4Q 2008	413,557	26,598	1,887	34,530	21,901	121,408	24,438	17,677	102,640	11,095	50,314

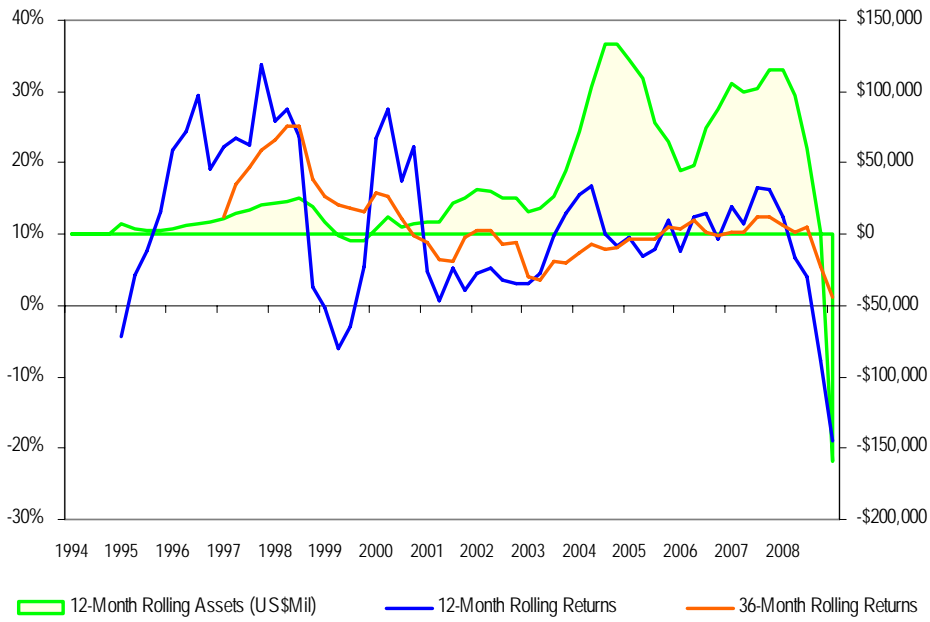


Appendix D – Total Asset History

Total Asset History - December 1993 to December 2008 (US\$Mil)											
Date	All Funds	Convertible Arbitrage	Dedicated Short Bias	Emerging Markets	Equity Market Neutral	Event Driven	Fixed Income Arbitrage	Global Macro	Long/Short Equity Hedge	Managed Futures	Multi Strategy
Dec-93	49,955	838	114	5,156	534	5,331	1,967	21,417	11,944	2,614	39
Mar-94	52,717	953	146	6,260	640	6,050	3,037	18,242	14,102	3,188	99
Jun-94	53,967	919	170	6,068	715	6,157	3,230	18,665	14,295	3,565	183
Sep-94	57,883	908	172	7,490	1,024	7,136	3,639	18,816	14,851	3,663	185
Dec-94	57,016	798	198	7,172	1,032	7,262	3,807	18,026	14,956	3,594	171
Mar-95	59,159	810	194	6,219	1,359	7,451	4,077	18,164	16,480	4,242	165
Jun-95	62,685	919	172	6,990	1,386	8,147	4,459	18,573	17,768	4,103	169
Sep-95	68,423	1,026	167	7,318	1,627	8,827	4,957	20,156	20,164	4,019	160
Dec-95	72,331	1,232	179	6,980	1,584	9,326	5,404	21,993	21,398	4,071	165
Mar-96	78,756	1,571	185	7,689	1,734	11,235	6,005	22,652	23,473	4,027	185
Jun-96	85,860	1,834	194	8,736	1,963	12,436	6,665	23,572	26,148	3,895	415
Sep-96	89,640	2,257	210	8,919	2,252	13,271	7,575	23,098	27,553	4,097	409
Dec-96	99,150	2,727	248	9,542	2,563	14,776	8,302	26,147	29,990	4,336	517
Mar-97	110,587	3,142	299	12,220	3,026	16,607	9,207	28,850	32,198	4,533	505
Jun-97	120,639	3,675	293	14,345	3,453	17,941	10,780	29,437	35,532	4,625	557
Sep-97	138,664	4,282	305	16,046	3,873	20,287	11,862	34,853	41,655	4,953	547
Dec-97	144,636	5,276	358	13,788	4,384	22,951	12,271	37,656	42,343	5,055	554
Mar-98	160,992	6,400	358	14,157	4,984	27,056	13,618	40,988	47,531	5,264	637
Jun-98	169,712	7,002	423	11,740	6,021	28,828	14,641	44,740	50,155	5,450	711
Sep-98	157,008	6,651	663	7,493	6,446	26,492	13,502	41,902	47,058	6,146	655
Dec-98	153,831	6,861	548	7,049	6,755	26,453	11,611	36,374	51,320	6,255	605
Mar-99	154,891	7,316	542	7,055	7,309	26,532	11,326	31,512	56,296	6,331	671
Jun-99	167,943	7,668	547	8,057	8,328	28,529	11,650	31,658	63,882	6,844	779
Sep-99	170,109	8,005	633	7,461	8,502	29,943	11,833	27,881	68,183	6,933	735
Dec-99	197,218	8,486	644	9,073	9,423	31,491	11,758	29,965	88,885	6,743	751
Mar-00	214,696	9,434	747	9,063	10,597	34,182	11,615	28,179	103,303	6,767	808
Jun-00	205,202	9,959	653	7,987	11,658	34,047	11,610	21,720	100,220	6,521	827
Sep-00	218,210	11,150	658	7,686	12,299	37,783	12,650	20,949	108,443	5,889	702
Dec-00	209,373	11,467	772	6,650	12,799	39,198	11,800	17,828	101,881	6,072	905
Mar-01	233,794	13,290	902	9,693	14,905	45,432	12,105	19,398	111,143	6,053	871
Jun-01	233,087	16,185	503	9,228	15,526	49,956	9,142	18,222	109,293	4,093	939
Sep-01	233,667	18,016	558	8,094	16,279	50,646	9,555	18,679	106,658	4,627	555
Dec-01	264,263	20,309	1,301	10,004	19,775	64,393	11,187	19,957	110,220	5,614	1,504
Mar-02	273,638	21,349	1,159	11,338	20,158	63,323	11,453	21,520	110,270	5,827	7,241
Jun-02	283,142	22,460	1,298	11,436	24,149	59,315	12,437	22,196	113,993	7,562	8,295
Sep-02	299,676	24,222	1,580	7,811	23,696	57,679	17,215	30,432	117,431	9,277	10,333
Dec-02	310,288	25,647	1,527	8,298	25,450	58,654	19,527	30,590	116,557	10,116	13,922
Mar-03	348,219	30,529	1,628	9,414	23,777	60,359	28,393	31,140	123,450	14,089	25,441
Jun-03	389,176	30,509	1,420	11,335	27,985	59,593	32,642	35,595	140,386	17,531	32,180
Sep-03	426,862	34,544	1,395	13,665	28,873	73,441	32,653	40,255	146,195	19,561	36,281
Dec-03	489,528	40,699	893	17,045	33,037	83,811	35,576	51,724	161,757	23,189	41,795
Mar-04	542,403	45,224	1,226	20,214	35,712	94,864	38,520	59,617	174,640	28,466	43,920
Jun-04	575,827	43,670	1,415	20,274	32,673	100,204	41,400	63,016	189,296	27,860	56,017
Sep-04	615,380	41,823	1,738	23,310	34,429	113,887	43,684	64,617	198,923	31,365	61,603
Dec-04	673,848	41,330	1,587	29,785	36,623	126,897	47,579	67,706	218,915	35,119	68,307
Mar-05	705,442	30,019	1,876	33,300	37,979	138,607	55,046	60,151	224,501	31,207	92,756
Jun-05	734,986	28,403	2,194	36,385	37,568	147,256	58,341	71,378	224,592	31,388	97,481
Sep-05	800,335	26,837	2,334	43,007	39,049	166,309	60,614	73,304	248,832	33,610	106,438
Dec-05	812,826	24,760	2,426	46,767	38,188	170,793	56,618	67,610	262,128	34,427	109,110
Mar-06	895,331	25,424	2,318	59,736	43,496	180,547	58,660	75,036	293,840	38,186	118,088
Jun-06	953,686	27,106	2,647	64,408	48,358	190,866	64,342	80,380	307,569	41,693	126,318
Sep-06	969,255	31,400	2,611	61,891	52,082	203,050	62,976	83,047	306,772	41,459	123,966
Dec-06	1,050,478	33,393	2,892	71,722	52,876	224,245	64,171	94,079	326,552	45,530	135,017
Mar-07	1,107,187	34,947	3,143	76,192	56,888	243,516	64,777	94,440	345,468	45,569	142,248
Jun-07	1,244,332	36,939	3,121	91,806	60,217	273,492	68,548	107,322	390,052	50,474	162,359
Sep-07	1,323,139	38,670	3,395	101,469	69,208	297,128	63,754	116,079	408,983	50,426	173,997
Dec-07	1,389,998	38,789	3,826	114,776	71,504	318,199	59,156	122,129	423,649	56,796	181,174
Mar-08	1,476,073	33,771	5,366	105,912	61,877	242,499	76,830	125,090	444,897	128,006	251,825
Jun-08	1,545,679	32,540	5,730	109,749	64,216	237,374	74,568	146,547	455,026	137,029	282,900
Sep-08	1,514,203	28,653	6,030	91,357	64,177	245,140	82,461	158,868	433,275	132,778	271,464
Dec-08	1,209,575	22,506	4,882	69,119	39,377	195,531	58,935	153,995	328,648	121,032	215,551



Appendix E – Rolling Returns Versus Rolling Asset Flows–Rolling 12- and 36-Month Annualized Returns Versus Rolling 12-Month Asset Flows–December 1994 to December 2008



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