



March 2009 Asset Flows Update

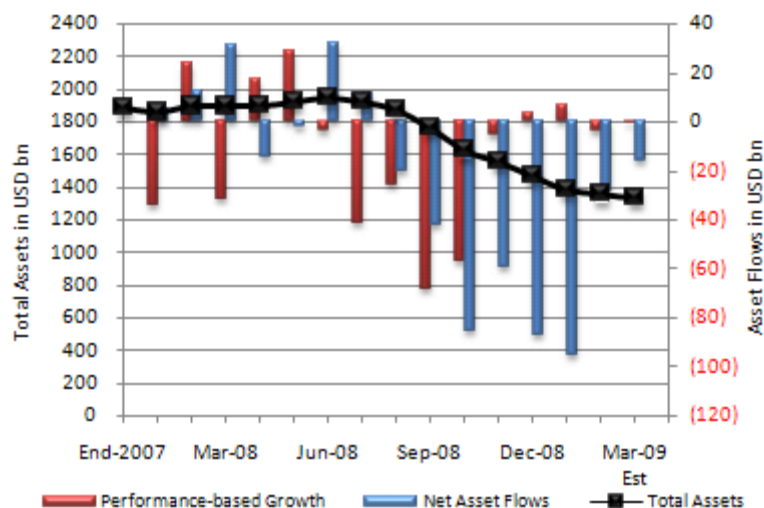
Eurekahedge

Introduction

After notable outperformance to most asset classes in recent months, the Eurekahedge Hedge Fund Index rose a healthy 1.5%¹ in March. The month's return was generated on the back of sharp reversals in the underlying market, triggered by renewed risk appetites; equities and commodities rose 7.2% and 4.4% during the month.

In terms of assets, however, the industry saw a flat performance-based change in assets (down US\$230 million), as larger² funds underperformed their relatively smaller counterparts. This, coupled with net redemptions of US\$15.7 billion, which were a mere 20% of the monthly average for 4Q2008, brought the industry's assets to US\$1.34 trillion as at the end of 1Q2009.

Figure 1: Summary Monthly Asset Flow Data for 2008-to-date



Source: Eurekahedge

Below are the highlights on asset flows for the month of March:

- Total industry assets are down 9.2% (or US\$136 billion) for 1Q2009 and 32% (US\$615 billion) from their peak of US\$1.95 trillion as at end-June 2008.
- Inflows of US\$12 billion, as compared to US\$4 billion seen at the same time last month, were overshadowed by redemptions of US\$28 billion during the month.
- Subscriptions from hedge fund savvy investors stood at US\$35 billion in 1Q2009 based on data reported to Eurekahedge so far.

¹ Based on 71.6% of the funds reporting their March 2009 return as at 20 April 2009.

² The Eurekahedge Large (>US\$500 million) Hedge Fund Index rose 0.06%, while the Eurekahedge Small (<US\$ 100 million) Hedge Fund Index rose 1.7% in March 2009.



We believe that a significant portion of the redemptions seen in March were from either funds that lifted their redemption gates or those having notification periods of over a month (meaning that redemption requests were filed by investors before February). Having said that, and otherwise too, withdrawals in March point towards a notable decline in redemption pressures, marking a sharp 75% fall from the monthly average net redemption (US\$ 66 billion) seen over the preceding 6 months.

Going forward, we expect redemptions to ...