



March 2009 Hedge Fund Performance Commentary

Eurekahedge

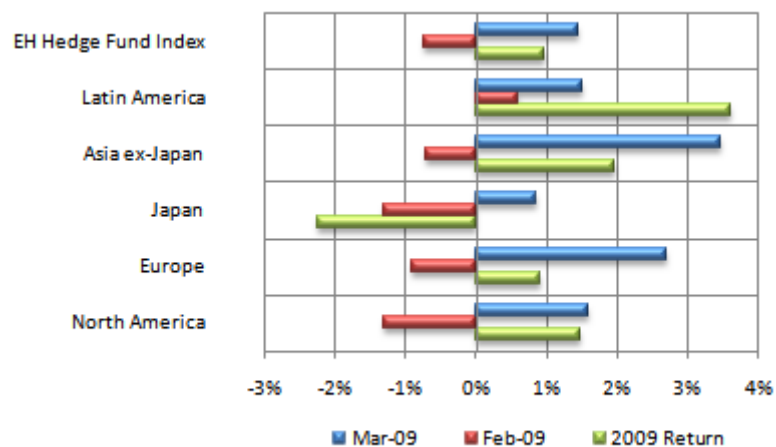
Introduction

The composite Eurekahedge Hedge Fund Index rose a strong 1.4%¹ in March, finishing 1Q2009 up 1%, in contrast to the MSCI World Index which is down 12.5% for the quarter. The month's gains were delivered against a backdrop of sharp reversals in the underlying markets – equities rose 7.2% during the month, due to action from governments and policy-makers across the board, coupled with encouraging news about the profitability of major US banks. Commodities rose 4.4%, as measured by the Continuous Commodity Index, with crude oil, energy and agricultural commodities driving the markets, during the month.

Gains across most regional investment mandates were realised from long exposure to the equity markets. Asia ex-Japan investing funds were up 3.5%, as equities in regional markets like China, India, Taiwan and Korea, among others, rose dramatically during the month; the MSCI Asia Pacific ex-Japan Index was up 14.6%. European managers returned 2.7% on average, as impressive gains averaging 13.5% for Eastern Europe- and Russia-investing funds, on the back of a 19% rise in regional equities, positively skewed the region's average.

Both Latin American and North American managers were up 1.5% and 1.6% respectively in March, as their conservatively positioned portfolios only captured a part of the upturn in the underlying markets. Furthermore, not all managers participated in what is termed by many market participants as a bear market rally, owing to mixed immediate- and near-term outlooks, resulting in mixed returns across the regions.

Eurekahedge Performance Indices - Regions



Source: Eurekahedge

Coming into April, the markets continue to be volatile but positive month-to-date. Analyst opinions are divided on whether or not the recent upturn, which has lasted nearly six weeks for some major markets, is a bear market rally. Reports by financial institutions somewhat suggest that this is an inflection point, while independent analysts point that the fundamentals are still poor and that this may well be a bear market rally.

One way or another, we believe that hedge funds ...

¹ Based on 65% of the funds reporting their March 2009 returns as at 17 April 2009.