

Scorecard through November 2009
Wayne D. Ryan, CAIA

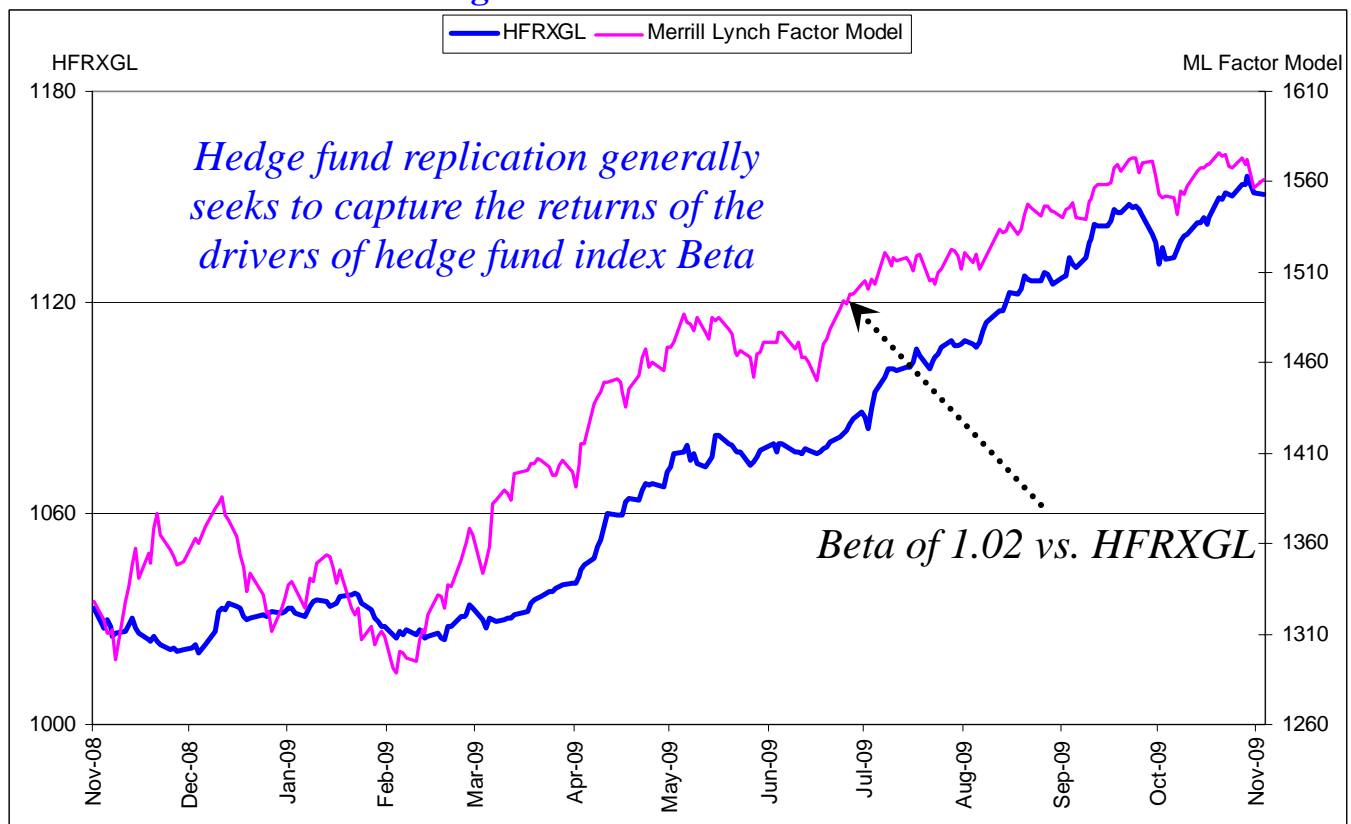
Index	Nov 09	YTD	1-Year	2008
S&P 500 TR	6.00%	24.07%	25.39%	-37.00%
HFRX HEDGE FUND INDICIES				
Global Index	1.66%	12.77%	11.39%	-23.25%
Equal Weighted Index	0.86%	10.41%	8.55%	-21.90%
Convertible Arb.	-0.94%	39.17%	31.17%	-58.37%
Distressed	-0.54%	-8.78%	-17.16%	-30.69%
Equity Hedge	3.12%	13.32%	11.41%	-25.45%
Equity Market Neutral	0.99%	-4.93%	-6.95%	-1.16%
Event Driven	0.88%	15.40%	14.50%	-22.11%
Macro	2.43%	-6.32%	-3.27%	5.61%
Merger Arb.	0.35%	6.87%	9.23%	3.69%
Relative Value Arb.	0.74%	34.67%	30.95%	-37.60%

Source: Bloomberg

Hedge Fund Index Facts:

- November HFRX returns trailed the S&P 500
- Hedge fund strategy correlations to the S&P 500 over the past year have ranged from -0.36 to 0.59
- HFRXGL delivered Alpha of 4.1% over the S&P 500 in the past year

Source: Bloomberg, correlation and alpha based on daily data

Hedge Fund Index vs. Factor Model


Source: Bloomberg, Pelagos Capital

The Merrill Lynch Factor Model (the "Model") is designed to provide a high correlation to "hedge fund beta," the portion of hedge fund returns which can be explained by exposure to certain market measures, and not individual manager skill.

FOR INFORMATIONAL PURPOSES ONLY. NOT A SOLICITATION. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Correlation of HFRX Strategy Returns
(trailing 12 months through November 2009, daily data)

Strategies demonstrated low correlation to each other in the past 12 months

	Convertible Arbitrage	Distressed	Event Driven	Equity Hedge	Equity Market Neutral	Macro	Merger Arbitrage	Relative Value Arbitrage
Convertible Arbitrage	1.00	0.13	-0.01	-0.12	-0.06	-0.03	-0.03	0.38
Distressed		1.00	-0.21	-0.21	0.09	0.09	-0.06	0.15
Event Driven			1.00	0.39	0.01	-0.05	0.14	0.08
Equity Hedge				1.00	-0.14	0.00	0.13	0.06
Equity Market Neutral					1.00	0.07	-0.17	-0.03
Macro						1.00	0.03	-0.05
Merger Arbitrage							1.00	0.11
Relative Value Arbitrage								1.00

Source: Bloomberg, Pelagos Capital

FOR INFORMATIONAL PURPOSES ONLY. NOT A SOLICITATION. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

This article contains the current opinions of the author but not necessarily those of Pelagos Capital. The author's opinions are subject to change without notice. Pelagos Capital has no obligation to inform you of when opinions or information in this report change. Actual investments or investment decisions made by Pelagos Capital, its own account, or on behalf of clients will not necessarily reflect the views expressed in this report. This article is distributed for informational purposes only. Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. There is neither representation nor warranty as to the current accuracy of, nor liability for, decisions based on such information. The information we provide does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. Pelagos Capital is not responsible for any trading decisions, damages, or losses resulting from, or relating to the information, data, analysis, commentary or opinions in this report or their use.

Index Key: Standard & Poor's 500 Index, HFRX Global Hedge Fund Index, HFRX Equal Weighted Strategies Index, HFRX Convertible Arbitrage Index, HFRX Distressed Index, HFRX Equity Hedge Index, HFRX Equity Market Neutral Index, HFRX Event Driven Index, HFRX Macro Index, HFRX Merger Arbitrage Index, HFRX Relative Value Arbitrage Index. Inclusion of indexes mentioned is for illustrative purposes only. Keep in mind that an individual can not invest directly in any index and that index performance does not include transaction costs or other fees, which will affect actual investment performance.