

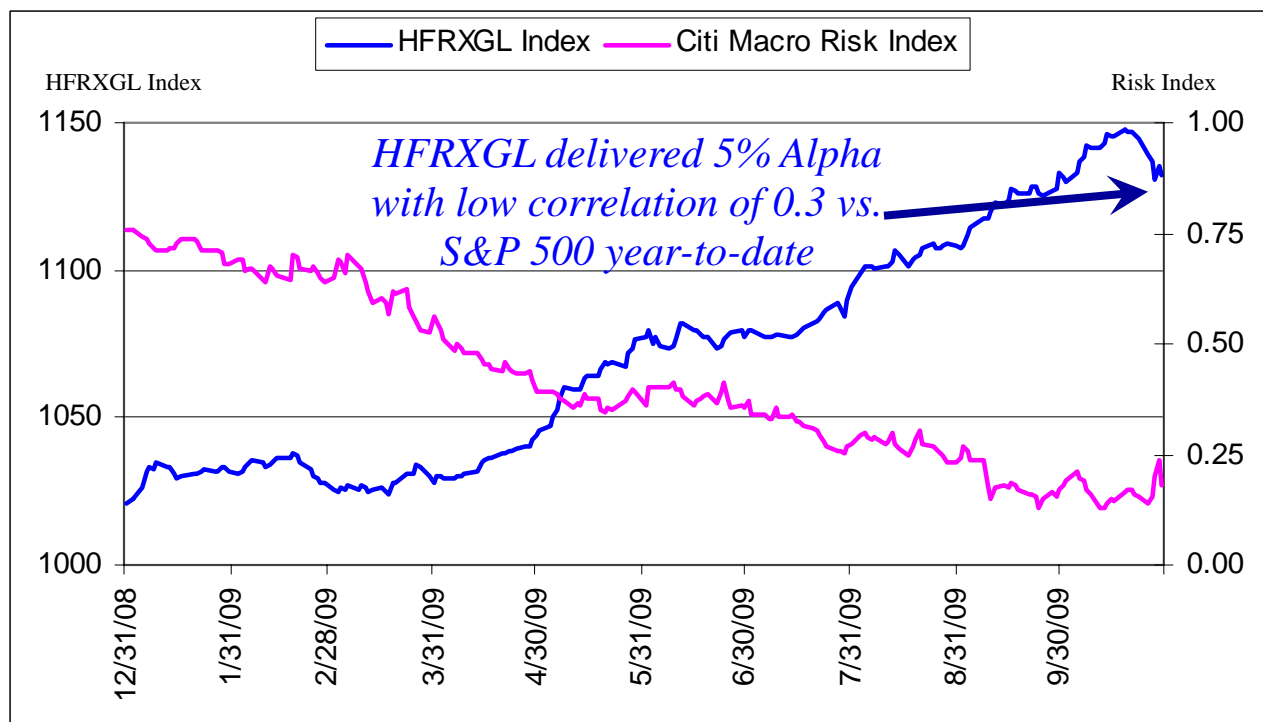
Scorecard through October 2009
Wayne D. Ryan, CAIA

Index	Oct 09	YTD	1-Year	2008
S&P 500 TR	-1.86%	17.05%	9.80%	-37.00%
HFRX HEDGE FUND INDICES				
Global Index	-0.06%	10.93%	6.25%	-23.25%
Equal Weighted Index	0.44%	9.47%	4.68%	-21.90%
Convertible Arb.	2.34%	40.49%	18.51%	-58.37%
Distressed	0.59%	-8.29%	-21.83%	-30.69%
Equity Hedge	-1.51%	9.90%	5.35%	-25.45%
Equity Market Neutral	0.48%	-5.86%	-7.22%	-1.16%
Event Driven	-0.03%	14.40%	10.39%	-22.11%
Macro	-1.33%	-8.55%	-4.17%	5.61%
Merger Arb.	0.58%	6.50%	10.56%	3.69%
Relative Value Arb.	2.39%	33.68%	19.71%	-37.60%

Hedge Fund Index Facts:

- *All of the component strategy indices of the HFRXGL outperformed the S&P 500 in October*
- *Convertible Arbitrage and Relative Value Arbitrage have continued to rebound in 2009*

Source: Bloomberg, Pelagos Capital

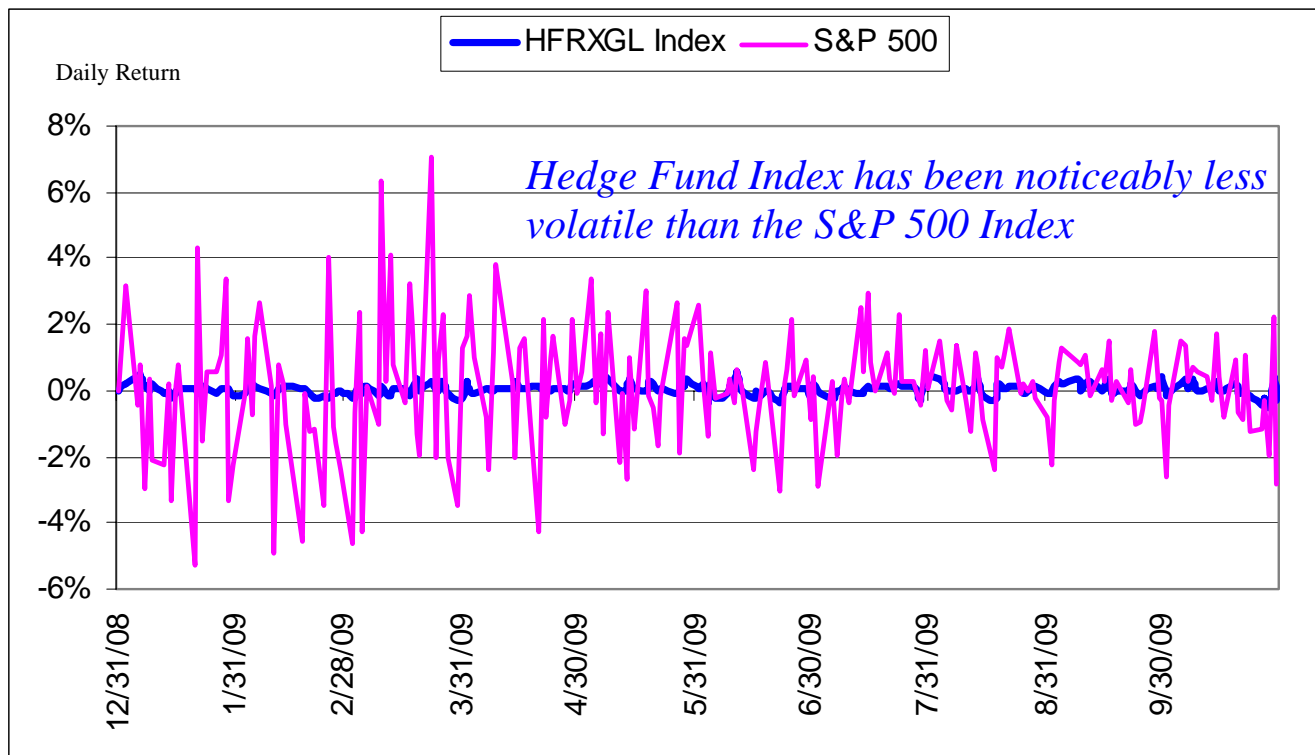
Risk Aversion Dissipated as Hedge Fund Index Delivered Uncorrelated Alpha


Source: Bloomberg, Pelagos Capital

The Citi Macro Risk Index measures risk aversion in global financial markets. It is an equally weighted index of emerging market sovereign spreads, US credit spreads, US swap spreads and implied FX, equity and swap rate volatility. The index is expressed in a rolling historical percentile and ranges between 0 (low risk aversion) and 1 (high risk aversion).



Daily percentage change of Hedge Fund Index and S&P 500



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, Citi Macro Risk 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.