



### Scorecard through August 2010

Please refer to index key on Page 2

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### Commentary

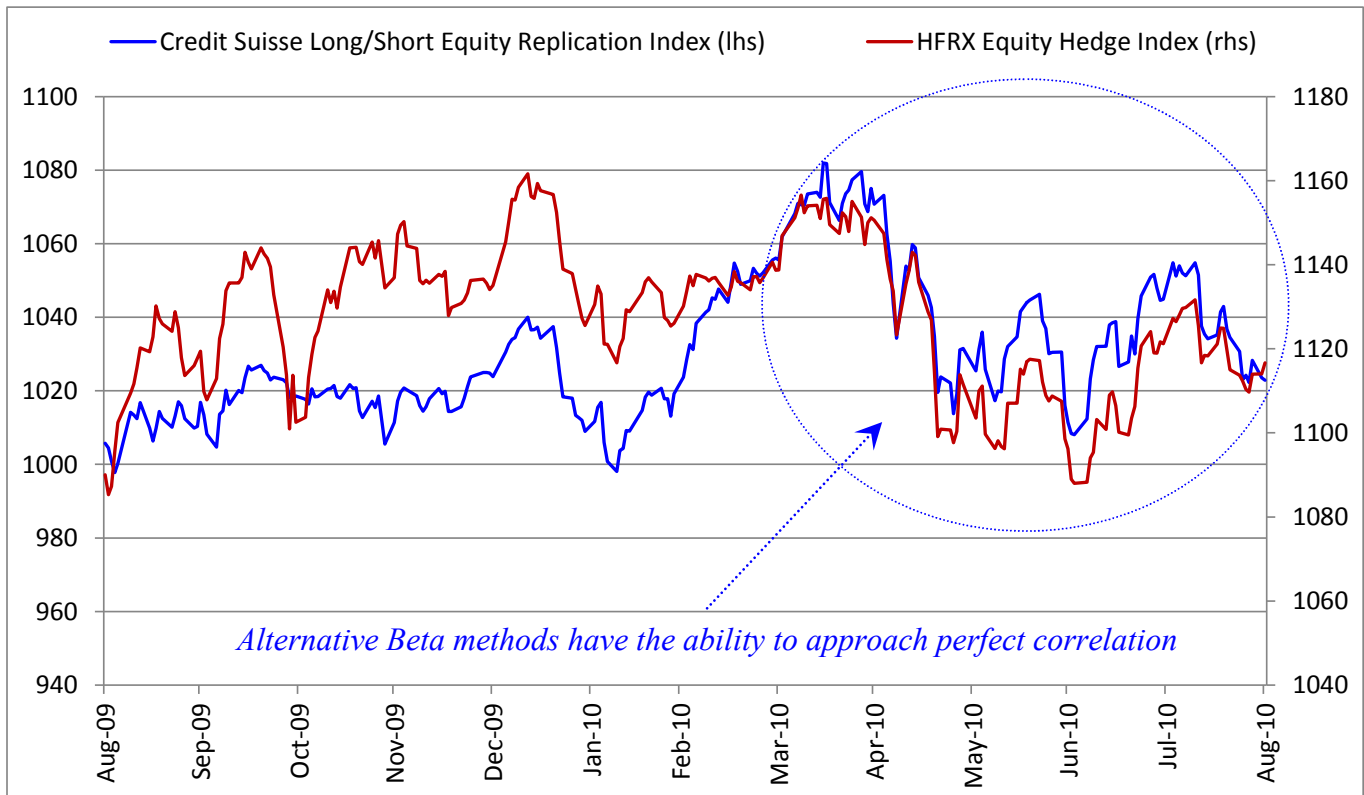
Index	Aug 10	YTD	2009	2008
S&P 500 TR	-4.51%	-4.62%	26.46%	-37.00%
<b>HFRX HEDGE FUND INDEXES</b>				
Global Index	0.17%	0.18%	13.40%	-23.25%
Equal Weighted Index	-0.12%	0.84%	11.44%	-21.90%
Convertible Arb.	1.56%	5.14%	42.46%	-58.37%
Distressed	-0.09%	1.92%	-5.60%	-30.69%
Equity Hedge	-0.40%	-1.62%	13.14%	-25.45%
Equity Market Neutral	-3.78%	-1.81%	-5.56%	-1.16%
Event Driven	-0.43%	-0.27%	16.59%	-22.11%
Macro	1.45%	-1.53%	-8.78%	5.61%
Merger Arb.	0.02%	1.19%	8.14%	3.69%
Relative Value Arb.	0.70%	3.57%	38.47%	-37.60%

Source: Bloomberg

- In August, many hedge fund indexes once again demonstrated that diversified hedge fund exposure may buffer investors from negative equity returns
- Each of the eight HFRXGL constituent strategies outperformed the S&P 500 in August
- As of August 31, the 30 day historical volatility of the HFRXGL index (annualized) was 1.97%, coming in at the low-end of its range

Source: Bloomberg, volatility based on daily returns

### Examining Alternative Beta

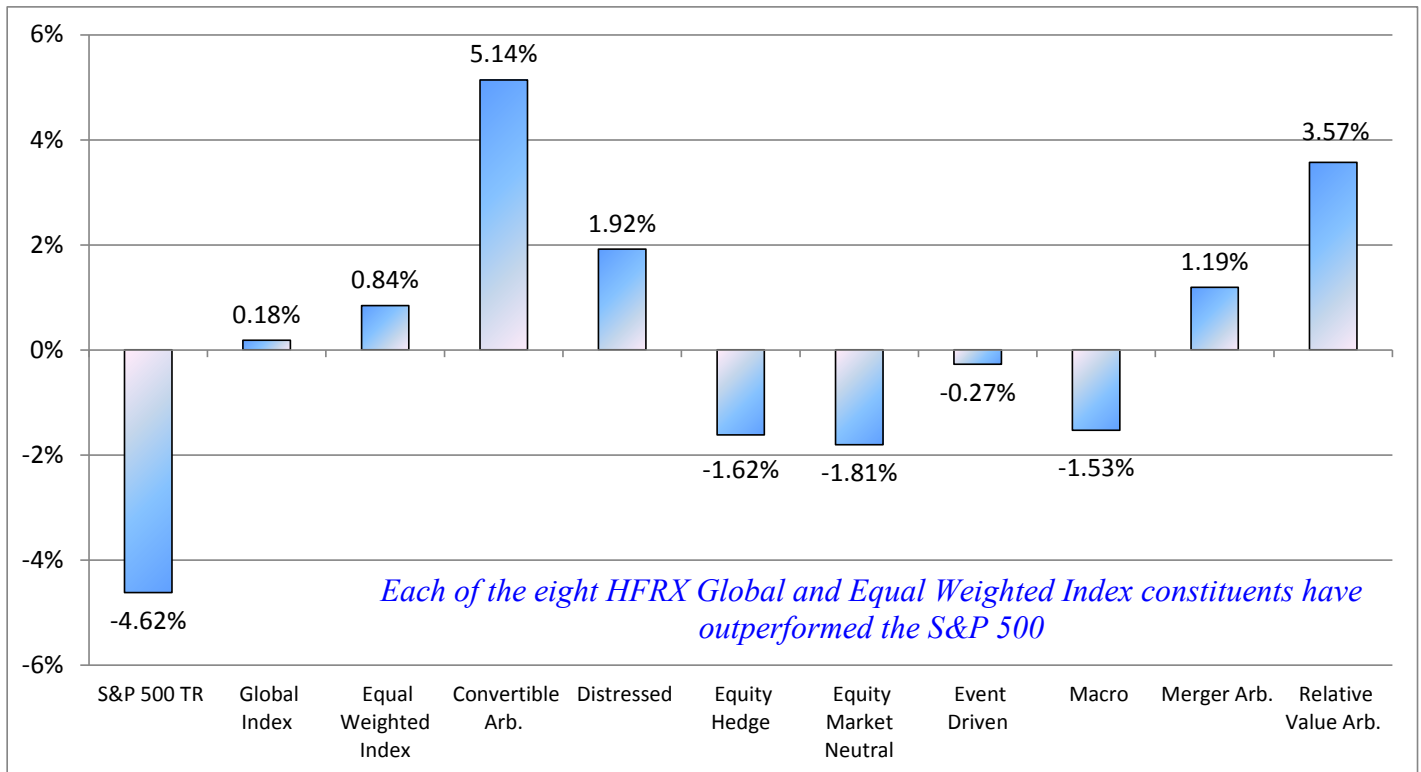


The Credit Suisse Long/Short Equity Replication Index reflects the return of a dynamic basket of liquid, investable market factors selected and weighted in accordance with an algorithm that aims to approximate the aggregate returns of the universe of long/short equity hedge fund managers, as represented by the Long/Short Equity sector of the Credit Suisse/Tremont Hedge Fund Index. The index is valued daily and is constructed using objective and transparent rules-based methodology. Source

Source: Bloomberg, Pelagos Capital



**S&P 500 and HFRX Hedge Fund Indexes Year to Date Performance  
(through August 2010)**



Source: Bloomberg, Pelagos Capital

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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.