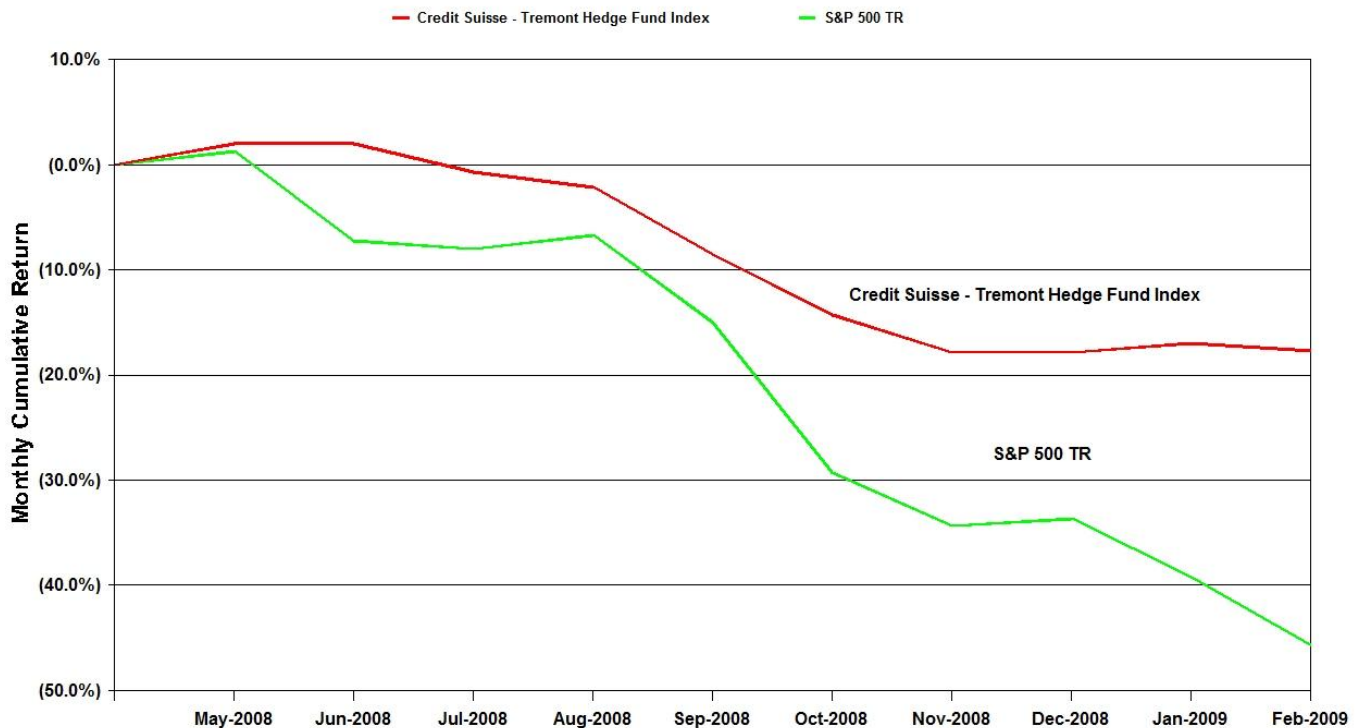


## Hedge Funds in Year 2008-2009 Correction

From May 2008 through February 2009, the S&P 500 lost 45.7% of its value. During this period, the CSFB-Tremont Hedge Fund Index lost 17.8% of its value. This means the \$1000 invested in the S&P 500 in this period would be worth \$543. In the same time frame, \$1000 invested in the hedge fund index during the same time frame, would be worth \$822. Loses are hard to make up, an initial \$1000 invested in the S&P 500 during the May 2008 through February 2009 period needs a return of 84.1% to get back to \$1000.

### Quick Stats for May 2008 through February 2009 time frame:

	S&P 500	CSFB-Tremont Hedge Fund Index
Months Positive %	30%	20%
Standard Deviation (risk)	21.4%	10.3%
Worst Drawdown	-46.4%	-19.5%
Ann. Compound Rate of Return	-51.9%	-20.9%
Average Monthly Performance	-5.7%	-1.9%
Worst Month	-16.8%	-6.6%
Worst 6-Month Period	-41.8%	-15.9%
Value of \$1000 Invested	\$543	\$822



## Downside protection of hedge funds

The chart below demonstrates the downside protection that Hedge Funds offer versus the S&P 500. During May 2008 through February 2009 the S&P reported loses seven out of the ten months during this stretch. Meanwhile, the Credit Suisse Tremont Hedge Fund Index had significantly positive differential returns in six of the seven down months for the S&P 500.

**Hedge Fund Index Performance During S&P 500 Down Months**

