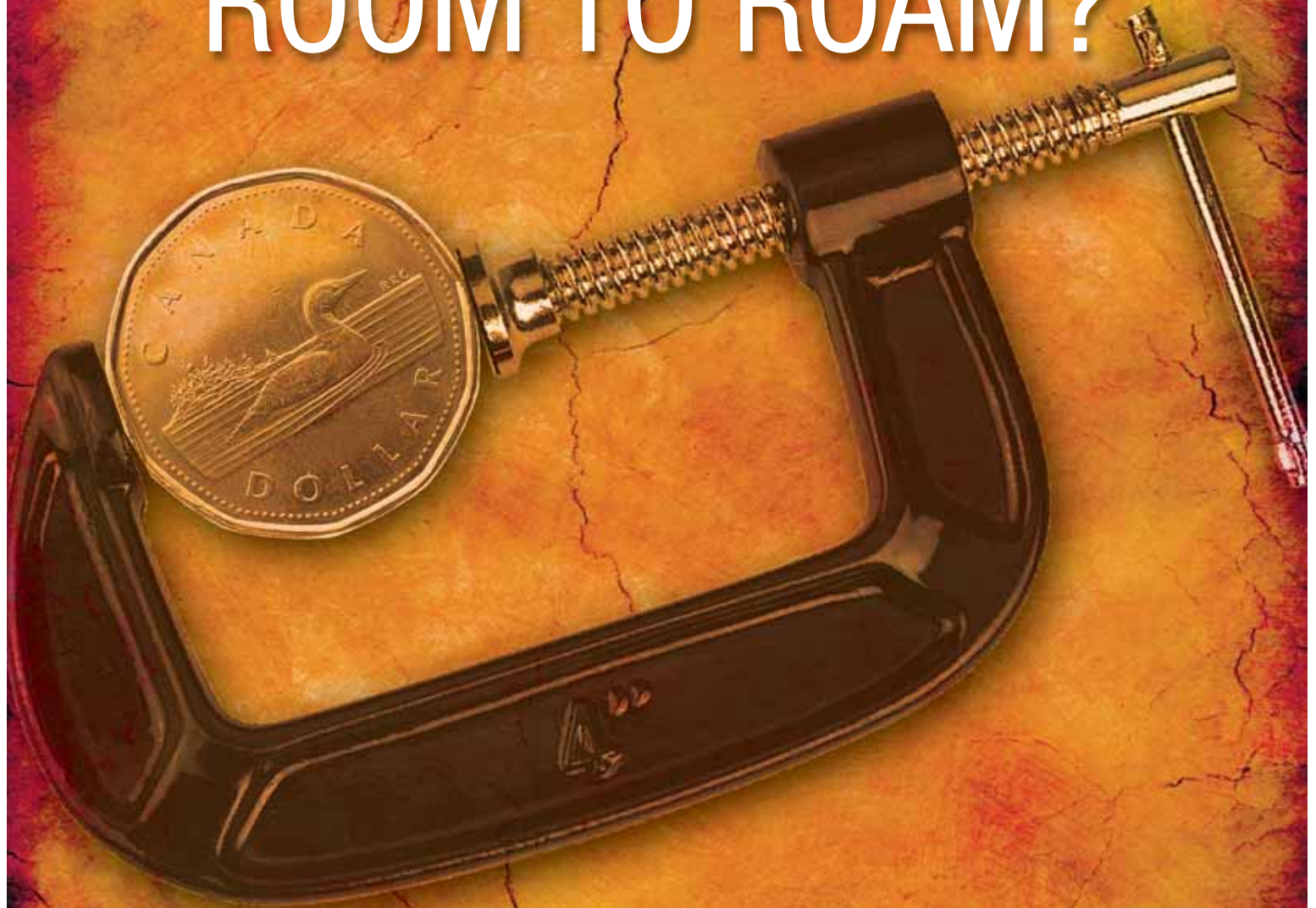


# canadian hedgewatch

QUARTERLY REVIEW OF HEDGE FUNDS & ALTERNATIVE INVESTING

JULY 2011 VOLUME 11 ISSUE 7

## DISTRESSED DEBT: ROOM TO ROAM?



- \* 'MORE MONEY THAN GOD' ~ AUTHOR, SEBASTIAN MALLABY
- \* A LOOK AT CLOUD COMPUTING
- \* NIAGARA INSTITUTIONAL DIALOGUE 2011
- \* HEDGE FUNDS – LIMITED PARTNERS' RIGHT OF ACCESS
- \* MONEY CAN'T BUY YOU HAPPINESS, BUT ....
- \* AIMA CANADA'S HEDGE FUND INVESTOR CHECKLIST



**Tony Sanfelice**, *President*  
Canadian Hedge Watch Inc.

## Appetite for hedge funds remains strong despite weak June

Investors still like hedge funds, but not quite as much as they did earlier this year.

According to data released on Tuesday July 19 by Hedge Fund Research, investors put \$30 billion in new money into hedge funds during the second quarter, down slightly from the \$32 billion they added in the first quarter.

The firm, which tracks asset flows and performance figures, said hedge funds now oversee \$2.04 trillion in assets.

While demand remained robust, performance in the second quarter, especially at some of the world's biggest funds, was disappointing.

"Strong (second-quarter) inflows offset a modest performance-based asset decline, and extended the record level of capital invested in the global hedge fund industry to \$2.04 trillion".

Despite volatile negative performance, investors poured \$29.5 billion into hedge funds in the second quarter, nudging industry wide assets up 1.1% on a quarter by quarter basis.

For the six months ended June 30, net inflows to hedge funds totaled \$62 billion, the highest half-year inflows since the second half of 2007, when net asset inflows were \$75 billion. By way of comparison, net inflows in calendar 2010 totaled \$55.5 billion.

"The many catalysts in this environment, including the European sovereign debt crisis, the debate surrounding the U.S. debt ceiling, accelerating Asian inflation, fallout from bank stress tests, and mixed U.S. employment and housing statistics suggest risk is changing faster and more dynamically than ever before."

Hedge funds have sharply cut back on bets and are less willing to make punts on market moves after a tough June in which turbulence over Greece's debt crisis left managers nursing further losses.

Hedge funds found few bets – calling market direction or trying to buy cheap stocks and go short on expensive ones – worked in a month dominated by worries over Greece's attempts to push through austerity measures needed to secure a bailout.

"It's not been a good month," said one prime broker who asked not to be named. "Some strategies that were a bit crowded – long commodities, long gold, short dollar – didn't perform well."

"During May and June, things definitely turned round and there was fairly indiscriminate selling. That made it a fairly tough environment to deliver returns".

## Performance Summary

	June 2011	YTD
<b>CHW HEDGE FUND INDICES (CHW-HF)</b>		
	%	%
CHW-HF Composite Index	-2.52	-5.07
CHW-HF Equity Hedged Index	-2.56	-5.22
CHW-HF Notes Index	0.03	3.73
CHW-FOHF Index	-1.97	-4.08
<b>Scotia Capital Canadian Hedge Fund Performance Index</b>		
SC CDN HF Index Asset Weighted	-3.86	-3.98
SC CDN HF Index Equal Weighted	-3.08	-3.60
<b>Dow Jones Credit Suisse Hedge Fund Indices</b>		
Dow Jones Credit Suisse Core Hedge Fund Index	-1.95	-1.10
Convertible Arbitrage	-1.45	0.42
Emerging Markets	-0.11	2.38
Event Driven	-2.69	-1.71
Fixed Income Arbitrage	0.20	2.38
Global Macro	-3.12	-4.04
Long/Short Equity	-1.66	0.14
Managed Futures	-2.92	-4.44
<b>HEDGE FUND INDICES</b>		
Hennessee Hedge Fund Index	-1.20	1.45
HFRI Fund Weighted Composite Index	-1.18	0.77
HFRI Equity Market Neutral Index	0.09	1.61
HFRI Fund of Funds Composite Index	-1.38	-0.33
<b>MARKET INDICES</b>		
MSCI World Index (C\$)	-2.04	2.30
MSCI World Index (US\$)	-1.54	5.62
MSCI Emerg Markets Free Index (C\$)	-2.00	-2.15
Dow Jones 30 Industrial Average (US\$)	-1.24	7.23
NASDAQ Composite Index (C\$)	-2.67	1.26
NASDAQ Composite Index (US\$)	-2.18	4.55
S&P 500 Total Return Index (C\$)	-2.17	2.69
S&P 500 Total Return Index (US\$)	-1.67	6.02
S&P/TSX Composite Index Total Return	-3.64	-1.06



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# 'More Money Than God'

Excerpted from  
*More Money Than God:  
Hedge Funds and the  
Making of a New Elite*

by **Sebastian Mallaby**



Don't miss your opportunity  
to hear Keynote Speaker,  
**Sebastian Mallaby**,  
speak at WAISC 2011.



The first hedge-fund manager, Alfred Winslow Jones, did not go to business school. He did not possess a PhD in quantitative finance. He did not spend his formative years at Morgan Stanley, Goldman Sachs, or any other incubator for masters of the universe. Instead, he took a job on a tramp steamer, studied at the Marxist Workers School in Berlin, and ran secret missions for a clandestine anti-Nazi group called the Leninist Organization. He married, divorced, and married again, honeymooning on the front lines of the civil war in Spain, traveling and drinking with Dorothy Parker and Ernest Hemingway. It was only at the advanced age of fortyeight that Jones raked together \$100,000 to set up a "hedged fund," generating extraordinary profits through the 1950s and 1960s. Almost by accident, Jones improvised an investment structure that has endured to this day. It will thrive for years to come, despite a cacophony of naysayers.

Half a century after Jones created his hedge fund, a young man named Clifford Asness followed in his footsteps. Asness did attend a business school. He did acquire a PhD in quantitative finance. He did work for Goldman Sachs, and he was a master of the universe. Whereas Jones had launched his venture in his mature, starched-collar years, Asness rushed into the business at the grand old age of thirty-one, beating all records for a new start-up by raising an eye-popping \$1 billion. Whereas Jones had been discreet about his methods and the riches that they brought, Asness was refreshingly open, tearing up his schedule to do TV interviews and confessing to the New York Times that "it doesn't suck" to be worth millions. By the eve of the subprime mortgage crash in 2007, Asness's firm, AQR Capital Management, was running a remarkable \$38 billion and Asness himself personified the new globe-changing finance. He was irreverent, impatient, and scarcely even bothered to pretend to be grown up. He had a collection of plastic superheroes in his office. Asness freely recognized his debt to Jones's improvisation. His hedge funds, like just about all hedge funds, embraced four features that Jones had combined to spectacular effect. To begin with, there was a performance fee: Jones kept one fifth of the fund's investment profits for himself and his team, a formula that sharpened the incentives of his lieutenants. Next, Jones made a conscious effort to avoid regulatory red tape, preserving the flexibility to shape-shift from one investment method to the next as market opportunities mutated. But most important, from Asness's perspective, were two ideas that had framed Jones's investment portfolio. Jones had balanced purchases of promising shares with "short selling" of unpromising ones, meaning that he borrowed and sold them, betting that they would fall in value. By being "long" some stocks and "short" others, he insulated his fund at least partially from general market swings; and having hedged out market risk in this fashion, he felt safe in magnifying, or "leveraging," his bets with borrowed money. As we will see in the next chapter, this combination of hedging and leverage had a magical effect on Jones's portfolio of stocks. But its true genius was the one that Asness emphasized later: The same combination could be applied to bonds, futures, swaps, and options – and indeed to any mixture of these instruments. More by luck than by design, Jones had invented a platform for strategies more complex than he himself could dream of.

No definition of hedge funds is perfect, and not all the adventures recounted in this book involve hedging and leverage. When George Soros and Stan Druckenmiller broke the British pound, or when John Paulson shorted the mortgage bubble in the United States, there was no particular need to hedge – as we shall see later. When an intrepid commodities player negotiated the purchase of the Russian government's entire stock of non-gold precious metals, leverage mattered less than the security around the armored train that was to bring the palladium from Siberia. But even when hedge funds are not using leverage and not actually hedging, the platform created by A. W. Jones has proved exceptionally congenial. The freedom to go long and short in any financial instrument in any country allows hedge funds to seize opportunities wherever they exist. The ability to leverage allows hedge funds to size each bet to maximum effect. Performance fees create a powerful incentive to coin money. \*

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# WAISC 2011

September 19-21

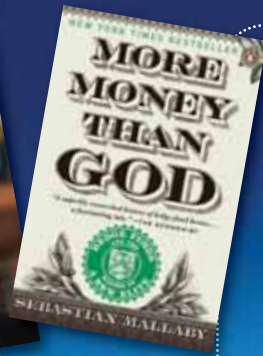
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KEYNOTE SPEAKER



**Sebastian Mallaby**

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# Distressed Debt: Room to Roam?

Alternative investment funds which specialize in distressed debt have done exceedingly well over the past few years.

Philip Niles  
Butterfield Fulcrum

Alternative investment funds which specialize in distressed debt have done exceedingly well over the past few years. The credit crisis, which hit its apex in late 2008 and early 2009, created an incredible amount of opportunities for investment managers in this sphere. With the market rebounding substantially over the last 24 months, these assets have shown tremendous returns. Distressed companies have emerged from bankruptcy protection and have returned to viability, while otherwise healthy companies whose valuations were unjustly punished by indiscriminate selling have recovered to more rational levels.

With such outsized gains generated by distressed debt and credit funds recently, it is reasonable to ask: is there room left for healthy gains? Or has the money been made and it's time to move on to other investment strategies? This author would argue that there is still room to run in the distressed debt and credit realm, but investors would be wise to focus their investments in this area with a few established, capable investment managers.

## The Recent History

As mentioned in the opening, the last few years have been very good for investors in distressed debt. Just how good were those returns? To some extent it depends on the source, but by almost any metric, the results were phenomenal. For the year 2009, the LSTA Leveraged Loan index gained approximately 52% and the CCC index was up more than 100%. Going beyond just a couple of the broad-based indices, some individual issues did even better. Household names like General Motors, Six Flags, Abitibi, Capmark, and Nortel all saw their bonds increase five to ten fold throughout the year. Perhaps most telling, the net inflows into distressed debt funds amounted to tens of billions of dollars.

In addition to the success of 2009, 2010 proved to be quite lucrative as well. Returns on broad-based indices were generally in the high teens or low 20's as far as a percentage annual return is concerned. For instance, distressed securities as defined in the CSFB High Yield Index were up about 17.6% for 2010. And again, as in 2009, individual issues performed very well for those investment managers, ranging from basically anything in the stressed financials sector to airline debt. These were two landmark years for distressed debt hedge funds, but as the old saying goes, past results are no guarantee of future success. Fortunately, as mentioned previously, there is sufficient reason for continued optimism in distressed debt investing.



## The Foreseeable Future

The frequent and long-term reader of *Canadian Hedge Watch* may remember an article from late 2008 by this author on the subject of distressed debt. Specifically, it was articulated that favourable investment prospects were evident, even in the midst of the carnage that engrossed capital markets around the world (in light of the aforementioned results in 2009 and 2010 for distressed debt, the “see, I told you so” comments will be kept to a minimum). One of the core arguments in this treatise was the performance of distressed debt following periods of economic contraction; the years 1991 and 2003 each saw annual returns in excess of 60% on distressed debt and both these performance periods followed phases of financial turmoil.

Many would argue that the United States, and indeed many developed economies, is still teetering on the edge of economic recovery with full revival still very much in doubt. Depending on the figures one has at hand, there are any number of reasons to remain pessimistic about the near-term future of America; high unemployment, a weakening dollar, an ever-increasing national debt, and increased competition from foreign jurisdictions are just a few of the issues one could cite. The point is that the United States has a ways to go in its resurgence and, as such, there is likely still room for companies to improve. There is even the potential for a double-dip recession, one which would likely push more companies back to valuations where distressed debt managers begin to lick their chops. This leaves the door wide open for distressed debt investing; should America right the ship in the medium to long term, its businesses should improve as well.

## The Mortgage Market

Despite the performance of distressed debt in 2009 and 2010, there would appear to still be encouraging investment prospects for distressed debt money managers. Drawing from the corporate side, a number of major organizations went into default in 2010, and though the pickings are slimmer in 2011 as compared to 2010, there are still ripe opportunities. However, beyond the typical corporate opportunities, many distressed debt managers are turning their heads towards the ugly step-sister of distressed debt, mortgage backed securities (MBS).

In recent months, pools of mortgages have become increasingly attractive to distressed debt fund managers. The logic for the opportunities is the same as it has been in the past for any distressed asset: there is an incredibly large market, there are many distressed sellers, and there are few buyers of the assets. As it currently stands, many holders of MBS simply want out and do not have the energy, patience, or risk appetite to continue to hold and manage mortgages. Many financial institutions are still trying to shed risk from their portfolios and, generally speaking, American mortgages are a good place to start that process.

Another plus for alternative investments as a whole in this area is that sophisticated hedge funds with specialized knowledge of distressed debt and financial modelling have a distinct advantage in the market for MBS these days. The math that underlies these assets can be complex, often downright mind-boggling, and the quantitative reasoning required to properly evaluate these securities is possessed by very few individuals and groups. Hedge funds generally swim in that pool of talent and, as such, are well situated to take advantage of the renaissance in the MBS market.

## Sovereign (Distressed) Debt

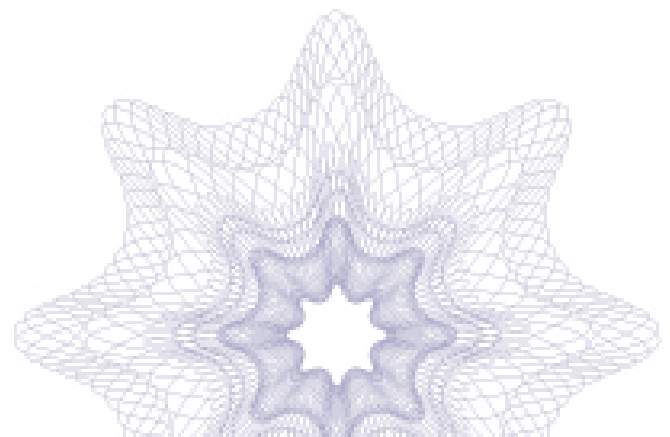
Rarely is there a sizeable opportunity for distressed debt investors in sovereign debt, but the world right now seems to be filled with both financial danger and bureaucratic red tape, two items which tend to create substantial opportunities for diligent distressed debt investment managers. One cannot pick up the newspaper without reading about renewed fears of default in Europe, South America, or a host of other jurisdictions. There are even Republican murmurings from south of the border of a temporary United States default on its debt obligations (please tell us you are kidding, America). Quite obviously, to say there are opportunities in the world of sovereign debt would be a gross understatement.

That being said, despite the opportunities in this sphere, it is a field of landmines best navigated by an investment manager with both experience and expertise in the area. Greek sovereign debt yields might look attractive at 16.25%, but countries that default on their debts do not kick off cash flow for their bond holders, negating the yield no matter how large the number might be. Does the yield in Greece, or in so many other struggling nations around the world, justify the risks? This rhetorical question best typifies the trouble with investing in distressed sovereign debt. The lesson here is that, if one does not understand the investment products, one has no business investing in the products. Leaving it to the professionals is one of the most logical, and likely profitable, choices an investor could make.

## Conclusion

Despite the outsized gains that have been experienced by distressed debt and credit investment managers over the last few years, there still appears to be plenty of opportunities in the marketplace. Most notably, pools of US mortgages as well as sovereign debt offer some unique prospects to investors around the globe. That being said, there are extremely profound risks associated with distressed debt, as much now as ever before. The economic recovery of the United States, as well as the developed nations of the world, is still very much in doubt and even a moderate setback could easily derail the finances of both consumers and governments.

As with any investment, requisite due diligence is not only prudent but effectively required. Experienced, capable distressed debt managers have both the experience and the infrastructure to successfully implement what can often be a risky, but lucrative strategy such as this. Even attempting to keep track of the day-to-day undulations in the markets, as well as the ever-evolving macroeconomy and governmental negotiations, is a full-time job. Distressed debt investing can often be credited as being closer to an art than a science; those who cannot paint are thus advised to stay away from the canvas. \*



# A Look at Cloud Computing

What is the best way  
for an investment  
firm to save on  
IT costs but without  
sacrificing efficiency  
and performance?



**Bob Guilbert**  
Managing Director

**EzeCastle**  
INTEGRATION

With IT budgets tightened over the past year, many investment firms have had to make changes to their businesses. Personnel changes, budget adjustments, and other tough decisions had to be made along the way. Both staff and systems were often being closely evaluated. Beyond existing firms, new startups are entering an investor market that expects them to have sophisticated processes and operations day one.

More than any other industry, investment firms rely on premier technology for swift trade execution, secure data protection and much more. If it is determined that the IT budget needs to be reduced, the question is “how?” What is the best way for an investment firm to save on IT costs but without sacrificing efficiency and performance? Alternatively, how can an investment start-up have enterprise-level technology day one with a small firm operating budget?

The answer is cloud computing, and believe it or not, cost isn’t the only reason firms are making the switch.

## **What is Cloud Computing?**

Cloud computing has become popular in recent years, however many hedge funds and investment firms still do not understand what it is and how it works. Cloud computing is when a service (i.e. infrastructure) or application (i.e. order management system) is hosted in a central repository made up of multiple servers – known as the “cloud.” The service is hosted by a third-party provider who then provides access to that service to users on an on-demand basis. In essence, a firm’s data and applications are hosted, alleviating that firm from having to purchase and maintain costly infrastructure in-house.

## **Why Use the Cloud?**

Cloud computing can support front-, middle- and back-office functions – everything from business applications and client relationship management systems to data management solutions and accounting systems.

There are a number of advantages to using this model, notably:

- Low infrastructure investment
- Increased flexibility
- Less maintenance
- Positive environmental contributions



## Minimize Capital Expenditures

There is no question that migrating to a cloud computing model can render significant cost-savings for an investment firm. Rather than purchasing costly infrastructure and relying on multiple servers in a crowded Communications room (comm. room), firms can outsource that infrastructure to a third-party and manage all of their data and applications from a simple web address on the Internet. This system is particularly beneficial to start-up firms who may not have the upfront capital to invest in their own infrastructure or the staff to maintain and monitor a comm. room.

## Flexibility & Scalability

One of the most beneficial aspects of cloud computing is that firms are only required to pay for the resources and capabilities they need. With traditional infrastructure models, firms must invest in advanced servers and storage devices that generally come at fixed costs. Cloud computing is uniquely flexible and scalable, operating on a utility basis – allowing firms to pay as they go and only for the resources they will use.

Because the cloud computing solution is virtualized, there are other distinct advantages not offered by traditional infrastructure models. Computing resources including space, storage, and RAM are quick and easy to add. There is no need to wait for quotes to be drafted and equipment to be ordered and shipped. Instead of taking days, your firm's needs are fulfilled in a matter of hours. Cloud computing also supports a sharing of resources among multiple users, which allows for increased utilization and efficiency.

Another flexibility benefit of cloud computing is that employees can access their hosted applications and data from virtually anywhere at any time, providing both productivity and disaster recovery advantages.

## Less Maintenance

Unlike traditional infrastructure models where the firm is solely responsible for its own IT needs, the cloud computing model puts the responsibility on the third-party provider to ensure everything operates at peak performance and availability. Firms are no longer tasked with managing constant server updates, hardware installs and other computing issues. This allows the firms' internal IT staffs to focus on more business-critical matters and spend less time on mundane and time-consuming maintenance issues. Or in the case of many smaller firms without internal IT staffs, it saves them from having to hire and train additional employees.

## Green Benefits

The idea of using the Internet as a gateway to technology has significant environmental benefits. The resources and energy needed to maintain and manage a dedicated comm. room can be astronomical. Power, cooling, and basic energy supply equipment must be at peak performance at all times in order to facilitate maximum uptime for investment firms. In the case of cloud computing, however, firms don't need to host internal equipment, thereby saving on all-around energy costs.

The reduction of overall energy consumption is also multiplied with third-party providers utilizing custom data centers specifically designed for better energy efficiency. Additionally, many new computers are now optimized for virtualization, adding another layer of efficiency and using significantly less power for operation.

## Concerns and Challenges of Cloud Computing

Despite its clear advantages, the notion of cloud computing is still meeting some resistance in the financial services industry. Investment firms tend to be concerned with data security and performance. Many firms are reluctant to migrate to virtualized platforms because they don't fully understand the system and its benefits.

Privacy and security concerns are common among financial firms given the sensitivity of their data. The idea of hosting this sensitive information on the Internet is not always a comfortable one. Third-parties that provide cloud computing services, however, are quick to point out that the system is just as secure as maintaining one's own equipment, with comparable data protection measures, firewalls, security checkpoints and passwords as traditional infrastructure models. Performance concerns, as well, seem to be easily thwarted by third-parties, who insist cloud computing is just as efficient and effective as non-web hosted systems.

Despite concerns, firms are becoming more comfortable with the idea of cloud computing, particularly given its advantages around simplifying IT management, adding flexibility and reducing capital expenditures

When considering cloud computing, a firm must rely on its own needs and resources in order to determine which technologies are best for them. There are a number of factors to be considered: cost, efficiency, maintenance, etc. Firms should assess their individual needs and determine the best strategy based on their current resources and requirements.

Now let's look at differences between public, private and hybrid clouds.

## Understand Public, Private and Hybrid Cloud Infrastructures

As we have discussed, cloud computing offers many advantages for investment firms. Cloud computing technology enables the sharing of resources in a way that dramatically simplifies infrastructure planning. In this section, we will explore various types of cloud computing and the methods in which they are deployed.

With cloud computing technology, large pools of resources can be connected via private or public networks, to provide dynamically scalable infrastructure for application, data, and file services. These models give us the three types of commonly deployed clouds – Public, Private, or Hybrid clouds.

Let's look at the fundamental elements of each of these cloud types.

### Public Clouds

Public clouds are owned and operated by third party service providers. Customers benefit from economies of scale, because infrastructure costs are spread across all users, thus allowing each individual customer to operate on a low-cost, "pay-as-you-go" model. Another advantage of public cloud infrastructures is that they are typically larger in scale than an in-house enterprise cloud, which provides clients with seamlessly, on demand scalability.

It is important to understand that all public cloud customers share the same infrastructure pool with limited configuration, security protections, and availability variances, as these factors are completely managed and supported by the service provider. Additionally, most public clouds do not provide dedicated computing resources to customers so there is always the possibility that the cloud will be oversubscribed during peak usage times and result in poor service.

### Private Clouds

Private clouds are those that are built exclusively for an individual enterprise. They allow a firm or its customers to host infrastructure services and applications in the cloud, while addressing concerns regarding data security and control, which is often lacking in a public cloud environment. There are two types of private clouds:

**1. On-Premise Private Cloud** This format, also known as an “Internal Cloud,” is hosted within an organization’s own data center. It provides a more standardized process and protection, but is often limited in size and scalability. With this model a firm’s IT department incurs the capital and operational costs for the physical resources. Internal clouds are typically best for large enterprises that have applications that require complete control and configurability of the infrastructure and security.

**2. Externally Hosted Private Cloud** This private cloud model is hosted by an external cloud computing provider. The service provider facilitates an exclusive cloud environment with full guarantee of privacy and service levels. An advantage of this model is that many service providers will dedicate compute resources to customers, which ensures resources are always available and mitigates concerns around oversubscription and poor performance.

This format is recommended for organizations that prefer not to use a public cloud infrastructure due to the risks associated with the sharing of physical resources.

### Hybrid Clouds

Hybrid Clouds combine the advantages of both the public and private cloud models. In a hybrid cloud, a company can leverage third party cloud providers in either a full or partial manner. This increases the flexibility of computing. The hybrid cloud environment is also capable of providing

on-demand, externally-provisioned scalability. Augmenting a traditional private cloud with the resources of a public cloud can be used to manage unexpected surges in workload.

### Questions on the Service Provider’s Practices

Now let’s look at some questions to ask a cloud service provider to help guide your evaluation process.

- Are compute resources shared across all clients or are resources dedicated to each client to ensure optimal performance?
- What are your backup and retention procedures? How long is data retained?
- What is your disaster recovery strategy and how frequently is it tested?
- What security standards are used to ensure data and application integrity?
- How are support requests handled, and what is the expected response time?
- Have you ever experienced a security breach? If so, how was it resolved and what safeguards were implemented to prevent a repeat experience?
- Is your service SAS 70 compliant? \*

*Bob Guilbert is Managing Director, Marketing & Products for Eze Castle Integration. With more than 20 years of IT experience, Bob is responsible for leading all of their marketing, partnership, and product development functions. Prior to joining Eze Castle, Bob was vice president of business development at Virtual Iron Software – a venture-backed start-up offering enterprise-class data center virtualization software. Bob has also held senior marketing and business development positions at Double-Take Software (formerly NSI), EMC Corporation, and Digital Equipment Corporation.*

*Mr. Guilbert is fluent in German and graduated from Northeastern University in Boston with a Bachelor of Science degree in computer science.*



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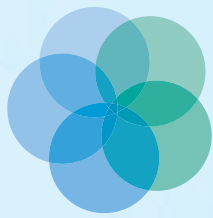
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# Niagara Institutional Dialogue

An Exchange of  
New Ideas Knowledge Practices  
For Institutional Investors



June 13 ~ June 15 \* 2011 | QUEEN'S LANDING, NIAGARA-ON-THE-LAKE

## Waiting for The Other Shoe To Drop...

The unprecedented financial upheaval of 2008 was a wakeup call for institutional investors. Panic gave way to relief during the ensuing years as markets rallied and government stimulus programs took effect around the globe. The subsequent rebound was so pronounced that some felt it might even risk erasing the important memories and lessons from the crisis. Thus, in their June 2010 annual symposium, members of the **Niagara Institutional Dialogue** pointedly asked themselves *"Have we learned anything?"*

A year later, relief had turned to unease in many quarters as fears grow that the volatility experienced by global financial markets may have been the first ominous signs of deeper structural faults. Despite the common belief that booms invariably lead to busts, could the financial crisis of 2008 have been a symptom of longer-term secular, rather than classical cyclical, pressures on the global financial system? Should policy makers intervene with sweeping new measures to "protect" pension plans? These questions and others were addressed at the 2011 Annual Meeting of the **Niagara Institutional Dialogue**.



Moderator, **Tristram Lett**

### Geopolitical and Macroeconomic Threats

The gathering began with a review of major threats to the world economy with University of Chicago's **Dr. Raghuram Rajan**, chosen by readers of *The Economist* as having the "most important ideas in the post-crisis world." Rajan's book *"Fault Lines: How Hidden Fractures Still Threaten the World Economy"* (2010) was the recent winner of the Financial Times/Goldman Sachs Business Book Award.

**David Rosenberg**, the Chief Economist at Gluskin Sheff & Associates echoed Professor Rajan's warnings and applied them to various investment themes facing Canadian institutions.

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One of these threats is a dramatic demographic transition facing pension plans. Over the next 40 years, demographic shifts will have implications for economic growth and living standards, as well as influencing government policies on tax, labour markets and the broader regulatory framework. However, in spite of the potential magnitude of these changes, the complex impact of demographic change on the global economy is often poorly understood. **Virginie Maisonneuve**, Head of Global & International Equities at Schroders Investment Management explained to the gathering that these demographic trends are regarded as very long-term in nature, thus most investors neglect to include them in their analysis of companies' operating environments and earnings sustainability.

Similarly, climate change has traditionally been viewed as a social or geo-political issue. But as consumers adjust their behaviours and policymakers respond to growing social pressures, economic and financial issues that once seemed distant now confront investors head-on. **Dr. Ron Dembo**, founder of ZeroFootprint and **Dr. Elisabeth Bourqui**, head of Mercer's Responsible Investing Practice in Canada discussed whether traditional approaches to strategic asset allocation adequately integrate these changes.

### Alternative Investments

As institutional investors seek new sources of alpha, the topic of alternative investments was a recurring theme at this year's annual gathering.

Often policymakers defer to somewhat biased research in their deliberations on hedge funds, resulting in policies that often appear to be motivated by populist rhetoric rather than sound analysis. Hence the popular perception of hedge funds as "locusts" that strip companies to the bare stalks before moving on for another meal elsewhere.

**Sebastain Mallaby**, the Paul A. Volcker senior fellow for international economics at the Council on Foreign Relations took a somewhat contrarian view that hedge funds weren't actually locusts, they were "firefighters" that help allocate capital efficiently. Mallaby also discussed his latest book on the history of the hedge fund industry.

**Deepak Gurnani**, the head of hedge funds at Investco, the largest alternative investment manager in the Middle East reviewed proprietary research showing tantalizing signs that hedge funds can be mechanically replicated.

Global economic and geopolitical volatility gives rise to new risks for traditional fund managers. But it also gives rise to new opportunities for managers who rely on alpha (such as hedge funds), not beta for their returns. **Lionel Erdely**, the CEO of Lyxor Asset Management USA was joined by **Barry Allan**, founder of Marret Asset Management, one of Canada's largest hedge fund managers, **David Franklin**, CEO of Sprott Private Wealth and **Rob Jackson**, Chief Risk Officer of Highstreet Asset Management, to explore investment themes that both mitigate against, and exploit, these new risk factors.



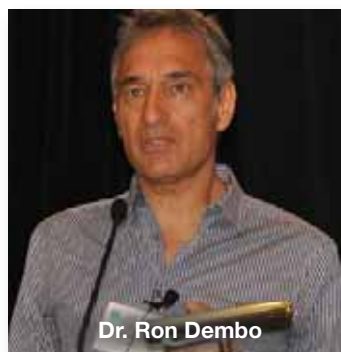
Rob Jackson



Virginie Maisonneuve



Sebastain Mallaby



Dr. Ron Dembo



Dr. Raghuram Rajan



Dr. Elisabeth Bourqui



Christopher Holt



David Rosenberg

continued on page 12 >>>

One strategy that often received little attention is currency management. Currency management is often an afterthought in the decision process of global investors. This is both a missed opportunity and a serious peril. Global opportunities imply currency risk to which an investor must decide if and how it wishes to manage this exposure. An active approach to this one quadrillion dollar per annum market has often been a rewarding strategy. **Dr. Adnan Akant**, Head of Currencies, Fischer, Francis Tress & Watts, told the gathering that recent analysis of long-run currency manager performance shows evidence of alpha and beta factors in excess returns, and suggests approaches for selecting active managers. **Adrian Hussey**, Director, Portfolio Research & Analysis at University of Toronto Management (UTAM) joined him and provided a framework for dynamic hedging of the Canadian dollar.

**Jeff Pentland**, Managing Director at Canada's largest private equity firm, Northleaf Capital Partners, reviewed recent developments in private equity and **Joshua Parker** of Gargoyl, one of the largest options trading firms in the United States discussed tail risk management using various options strategies.

### Challenging Financial Orthodoxy

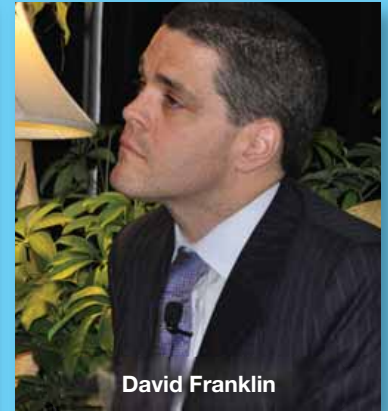
Several sessions at this year's Dialogue challenged traditional financial theory. Blackrock's **Dr. Kevin Kneafsey** challenged one of the foundations of Modern Portfolio Theory – diversification. **Doug Gratz** of Research Affiliates presented several reasons to reject the typical 60/40 allocations made by institutional investors. And **Dr. William Shadwick**, creator of the widely-used "Omega Statistic" suggested that while market-timing may not be possible, "risk-timing" could dramatically reduce tail risks.



Dr. Kevin Kneafsey



Deepak Gurnani



David Franklin



Jeff Pentland



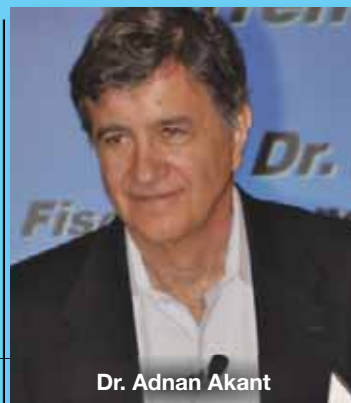
Barry Allan



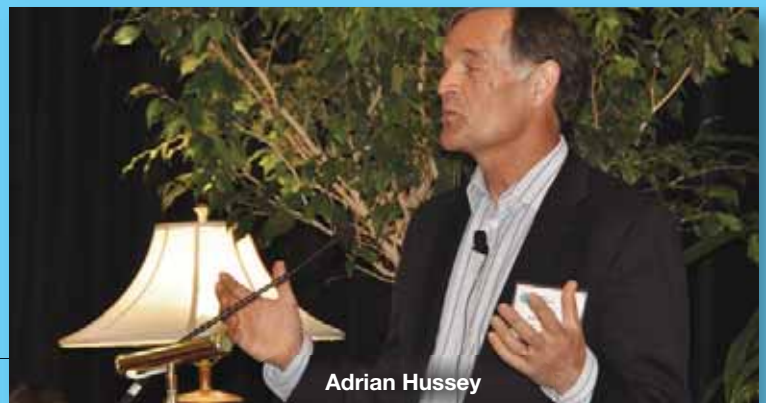
Doug Gratz



Lionel Erdely



Dr. Adnan Akant



Adrian Hussey

### Systemic Risk

There seems to be almost universal contempt for the performance of risk management in the 2008 crisis, though much of the blame rests with a failure on the one hand to understand the objectives and the limitations of risk management and with an unwillingness to take action to rein in risks when there were recognized. **Dr. Richard Bookstaber**, author of *“Demon of Our Own Design”* (2008) reflected on his experiences as both a regulator and a hedge fund manager to present ideas on how we can better apply risk management techniques to respond to ongoing systemic threats.

**Dr. Larry Harris**, of the University of Southern California’s Marshall School of Business and noted financial commentator **Steve Wunsch** followed Bookstaber’s remarks by engaging in a spirited debate over the SEC’s attempts to mitigate systemic risk through its National Market System.

### Tying it All Together

In keeping with the objectives of the **Niagara Institutional Dialogue**, **Bill Moriarty**, CEO of UTAM integrated many of the themes covered in the meeting when he proposed a “Yale Model” of endowment management tailored to the Canadian environment.

Noted pension researcher, author and consultant **Keith Ambachtsheer** draws on his 40 year career to share his views on how Canadian pension plans can adapt to a changing landscape. Ambachtsheer was interviewed by **Don Ezra**, Co-Chair, Global Consulting, Russell Investments.

Following each day’s sessions, participants took full advantage of structured evening social activities to further explore the ideas, theories and proposals presented in the official program. \*



Dr. Richard Bookstaber



Dr. Larry Harris



Steve Wunsch



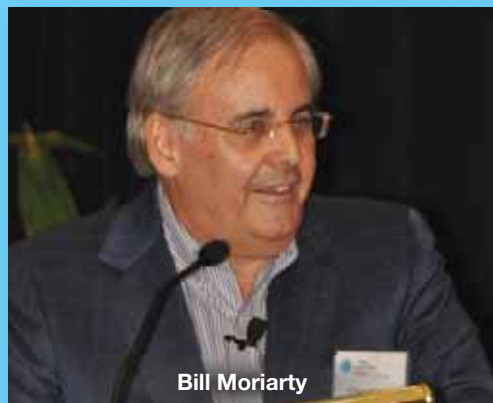
Keith Ambachtsheer



Joshua Parker



Dr. William Shadwick



Bill Moriarty



Don Ezra

# Bob Farrell's 10 Market Rules To Remember



## 1 Markets tend to return to the mean over time

This is especially noteworthy now, for the housing market is returning to its mean by plunging, as are equity market, the dollar, the Yen, et al.

## 2 Excesses in one direction will lead to an opposite excess in the other direction

They always do, and the excesses of the housing bubble and excessive, lenient bank lending, are living way to the housing collapse and inordinately tight lending practices.

## 3 There are no new eras – excesses are never permanent

And how strongly does that speak to us now, for the supposed era of unending housing price increases and of globalization has given way to weak housing and growing protectionism.

## 4 Exponential rapidly rising or falling markets usually go further than you think, but they do not correct by going sideways

Markets correct by going in the opposite direction, falling sharply after sustained, broad rallies, and rallying after sustained broad weakness. The world ebbs and the world flows; it has always been thus, and shall always be thus.

## 5 The public buys the most at the top and the least at the bottom

Of course they do; they always have and they always shall. The public buys when euphoria reigns, and it sells when depression does years later.

## 6 Fear and greed are stronger than long-term resolve

We are human beings dealing with rational and irrational markets; to believe that "fear" and "greed" can ever be lost is naive for they are the most fundamental of human traits.

## 7 Markets are strongest when they are broad and weakest when they narrow to a handful of blue chip names

Just as volume must follow the trend, so too must good markets have broad support and weak markets have broad weakness... and at the moment, the market is very, very broadly weak.

## 8 Bear markets have three stages

i) sharp down ii) reflexive rebound, and iii) a drawn-out fundamental downtrend

This really is how this bear market shall end; not with a hoped for "V" bottom, but with a great washing-out... a capitulation... and then months, or even years, of base building.

## 9 When all the experts and forecasts agree, something else is going to happen

"When they are yellin', you should be sellin,' and when they are cryin,' you should be buyin.' "

## 10 Bull markets are more fun than bear markets

"Bears don't eat; bulls party!"



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# Hedge Funds – Limited Partners’ Right of Access After Parkcentral Global, L.P., v. Brown Investment Management, L.P.



Jim Brennan compares the statutory language found at Title 6, Subtitle II, Chapter 17, Subchapter III, Section 17-305 (a)-(f) (the “Statute”) with the Court’s decision, and reaches a more cautionary conclusion about re-writing LPA Agreements.



**Jim Brennan**  
Juris Doctor

**CAPITAL MANAGEMENT  
SERVICES GROUP**

As a result of the decision of the Supreme Court of Delaware in *Parkcentral Global, L.P., v. Brown Investment Management, L.P.* (“P-G case”), the general consensus by the legal/financial community appears to be that General Partners who wish to bar access to confidential information between Limited Partners (“LPs”) can do so by simply inserting appropriate language into the original or amended Limited Partner Agreement (“LPA”). If the reasoning for this consensus is limited to a reading of the P-G case, there would be no reason to disagree. However, when you compare the statutory language found at Title 6, Subtitle II, Chapter 17, Subchapter III, Section 17-305 (a)-(f) (the “Statute”) with the Court’s decision, you should reach a more cautionary conclusion about re-writing LPA Agreements. This writer proposes that the issue is not settled and will be revisited.

## **The Statute**

The statutory language that created the right of access to information by Limited Partners can be found at Section 17-305 of Title 6, Subtitle II, Chapter 17, Subchapter III, of the Delaware Code. Section 17-305 (a) states in pertinent part:

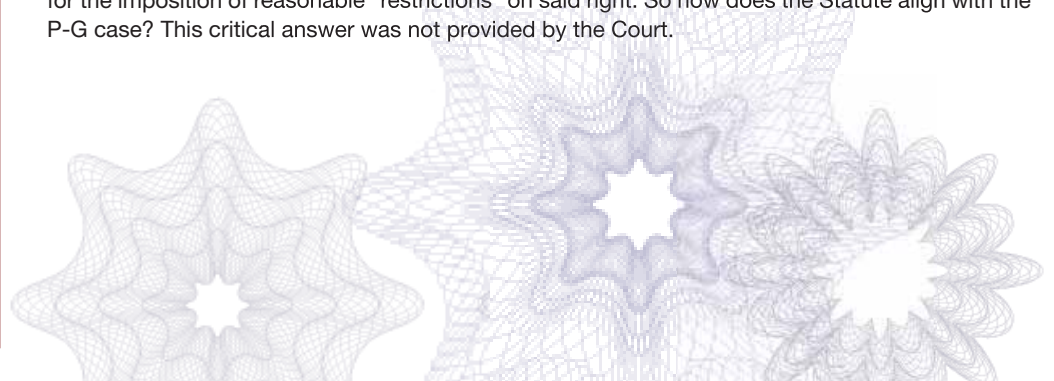
Each limited partner has the right, subject to such reasonable standards (including standards governing what information and documents are to be furnished, at what time and location and at whose expense) as may be set forth in the partnership agreement or otherwise established by the general partners, to obtain from the general partners from time to time upon reasonable demand for any purpose reasonably related to the limited partner’s interest as a limited partner...

So far, so good. Nothing in the above provision serves to completely “bar” access to information, it simply provides for “reasonable standards” to be applied to the statutorily created right of access to certain information.

Section 17-305 (f) states:

The rights of a limited partner to obtain information as provided in this section may be restricted in an original partnership agreement or in any subsequent amendment approved or adopted by all of the partners or in compliance with any applicable requirements of the partnership agreement. The provisions of this subsection shall not be construed to limit the ability to impose restrictions on the rights of a limited partner to obtain information by any other means permitted under this chapter.

Again, nothing in the above provision serves to completely bar the right of access. It simply allows for the imposition of reasonable “restrictions” on said right. So how does the Statute align with the P-G case? This critical answer was not provided by the Court.



## The Court's Reasoning in P-G

Keep in mind that the Court rejected all of the arguments posited for denying or barring access to information by LPs under the guise of "reasonable restrictions"; so, the case remains a victory for LPs who wish to exercise their statutory right of access to information. Furthermore, setting aside the Court's contradictory, but incidental, reference to denying access to information by way of inserting more explicit language in Partnership Agreements, the decision still stands for the proposition that the Courts have taken the right of access seriously and will apply a presumption in favor of the right.

The problem with the decision in the P-G case is not about the evidence presented at trial, or the arguments raised on appeal; rather, it resides in the Court's incidental language noted above, and the potential for misinterpreting the law by assuming that the Court opened a door for effectively eviscerating the statutorily created right in the future by simply allowing for the insertion of more explicit language in Partnership Agreements so as to deny LPs the right of access to certain information. In what should be more appropriately interpreted as obiter dictum (an incidental or passing remark), the Court, after rejecting one of the arguments for denying access on the basis that "The General Partner's policy [went] beyond reasonably governing access to information; [because] it purports to deny completely a right granted in the Partnership Agreement," then injected the entirely unnecessary comment that "[i]f the General Partner wished to bar access to the names and addresses of partners, it could have done so explicitly in the Partnership Agreement under 17-305(f)" of the Statute. In any event, nothing in Section 17-305(f) of the Statute provides for the complete denial of access to the right created by the General Assembly.

If the Court's comment is taken as authoritative and controlling, then what previously seemed to be a clearly worded substantive right has now been made illusory because it can be easily voided by the mere "stroke of the pen" when writing an LP Agreement. Under the circumstances, is it reasonable to assume that Delaware's General Assembly would agree that it was their intent, after first articulating the right in one provision of the statute, only to have it so easily taken away through a series of purportedly reasonable "restrictions" found in another provision of the same statute? This writer doesn't think so.

## How Can the Apparent Conflict Between the Statute and the Court be Resolved?

"Delaware's rules of statutory construction are straightforward. A court must first determine whether or not the statute is ambiguous. If the statute is found to be clear and unambiguous, then the plain meaning of the statutory language controls. The fact that the parties disagree does not create ambiguity. Rather, a statute is ambiguous only if it is reasonably susceptible to different interpretations, or if a literal reading of the statute would lead to an unreasonable or absurd result not contemplated by the legislature. When confronting an ambiguous statute, a court should construe it in a way that will promote its apparent purpose and harmonize [it] with other statutes within the statutory scheme." See *Insurance Commissioner of the State of Delaware v. Sun Life Assurance Company of Canada (U.S.)*, S. Ct. of Delaware (May 13, 2011).

As discussed above, the Statute unambiguously created a right of access, subject only to reasonable standards or restrictions. When the issue of whether the right could be completely barred or denied reached the courts, all of the arguments presented for denying access were rejected. Furthermore, the Court never reached the issue raised by its own incidental comment because there was no explicit language barring access to information in the Partnership Agreement. In other words, the Court merely offered a hypothetical that had no actual bearing on the facts and arguments necessary to reach its decision.

In conclusion, practitioners involved in writing or interpreting Partnership Agreements need to consider and decide how to deal with the Court's incidental remark in the P-G case. If the language is not viewed as merely an incidental observation that is not legally binding (obiter dictum), then it is difficult to see how one can square the competing authorities because the Court's decision doesn't supply the reasoning for such an apparent *non sequitur*. This writer believes that the better course is to embrace the P-G decision as one that stands for protecting and defending the statutory right; not eviscerating it. Reasonable restrictions on access to information between LPs are certainly permissible to protect the confidentiality of information, but when such restrictions effectively deny any and all access, the Partnership Agreement may very well violate a statutorily created right of access that remains the law in Delaware. \*

*Jim Brennan is an experienced trial attorney and has been practicing law for 30 years. Mr. Brennan provides risk analysis and other advice and professional services to the global hedge fund community. He has served with the United States Department of Justice in Washington, D.C. as a Trial Attorney from 1982 through 2006. There he handled all phases of complex litigation. From 1975 through 1982, Jim was an analyst in the Counter-Intelligence Division of Federal Bureau of Investigation in Washington, D.C. Mr. Brennan is a welcome addition to Capital Management Services Group and brings a wealth of expertise, counsel, and wisdom to our practice.*

*Jim received his Juris Doctor in 1982 from George Mason University School of Law, located in Arlington, Virginia. He graduated from King's College, located in Wilkes-Barre, Pennsylvania, in 1975 with a B.A. in Government.*

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# Money Can't Buy You Happiness, But....



“Money can't buy you happiness, but it can buy you a yacht big enough to pull up right alongside it.”

- David Lee Roth



**Walter Gallwas**  
Partner



It turns out that the lifestyles of the rich and the famous extend far beyond access to Bugatti Roadsters, yachts to pull up alongside happiness, and expensive caviar. Wealth, in and of itself, also grants those with it the ability to access sophisticated investment opportunities. Turns out the regulators believe, for better or worse, that sophistication is highly correlated to the number of zeros at the end of your net worth, and as such believe that the more money you have, the more sophisticated of an investor you are.

We can think of many, many examples where that is decidedly not the case (anyone who invested with Madoff would be exhibit A), but suffice it say that in the regulators eyes, money equals sophistication, and sophistication equals knowledge about investments, and knowledge of investments equals a lack of need to have details of the investment disclosed to you.

Now, in a perfect world – all investors would be interested in reading as much disclosure as a manager has to give, and all managers would be willing to disclose and keep updated all of the information they have. But in the real world, most sophisticated investors skip over the dozens of pages of disclosure; and most managers hate having to write up the disclosure documents and keep their documents up to date (for registered CTAs with disclosure documents, they need to submit the D-Docs to the NFA every nine months).

There is also a desire on the part of managers to only accept well heeled investors because of suitability reasons. In short, a manager is a lot more likely to get sued by an investor who lost \$100,000 following their program out of a net worth of \$200,000, than an investor who lost \$100k out of \$2 million.

So, in the real world – there is a great desire from both the manager and investor side to reduce disclosure, suitability risk, and paperwork; which paves the way for the seemingly simple acronym QEP and removal of a lot of the stuff neither side wants to do.

## QEP

The acronym you will run into a lot in the managed futures space is QEP, or qualified eligible participant. These letters define a type of investor who is sophisticated enough, by virtue of how much money they have (again, money equals sophistication to the regulators); to not have to have the terms and risks of their investment dictated to them by the manager of the investment.

In practice, what this means is that a CTA program which only accepts QEP investors can file for an exemption from the requirements put forth by the NFA which require investors to receive and sign off on a disclosure document prior to investing with a CTA and for that disclosure document to be updated and filed with the NFA at least once every nine months.

This type of CTA is also referred to as a 4.7 exempt CTA, as the rules governing who is and isn't a QEP are outlined in rule 4.7 in the Commodity Exchange Act, and they are not required to have their investors sign off on a disclosure document nor are they required to file a disclosure document with the regulators – behind the logic that the investors are sophisticated enough to ascertain the risks and suitability of the investment on their own.

If you're asking 'who cares' at this point, take a minute to consider that approximately 40% of CTAs Attain works closely with are flagged as QEP only investments – meaning that only QEPs can invest in these. If you have interest in one of those programs now, or hope to in the future – it pays to know if you can consider them for your portfolio. It pays to know whether you are a QEP or not.

## Am I a QEP?

In the questionnaire used by many managers putting forth questions to potential investors to determine whether they are QEPs or not, there are over 30 questions; making this determination of whether or not you are a QEP even more difficult.

We took it upon ourselves to simplify the process and came up with the following guidelines:

*If you live outside of the U.S....* Congrats. You're automatically a QEP. Turns out, the US regulations are only concerned with protecting American consumers, and whether or not it is wise to consider any and every non US citizen a QEP, that is how it works.

*If you are in the industry...* If you are a clearing firm, CTA, Pool operator, Broker/Dealer, or Registered Investment Advisor; you are likely a QEP.

*If you are an entity...* If you have an LLC, trust, or similar entity used to invest, if all the members of the entity are QEP, then the entity likely qualifies as QEP. [some minimum asset levels do apply here]

Which begs the question once more, what does it take to be a QEP on the individual level? And this is where it gets a little more confusing, as you must meet one portfolio requirement, AND meet a net worth or suitability requirement (essentially equal to the requirements of an accredited investor).

If you are an individual, you must have....

**One of the following portfolio requirements:**

A portfolio of securities and other types of investments (including pool participations) with an aggregate market value of \$2 million or more

OR

had at least \$200,000 in an account with a clearinghouse for futures and options for at least 6 months preceding the investment considered

OR

Have a combination of the two scenarios above in which the percentage of the requirement for each equals at least 100%. For example, if you have \$1.5 million in investments, and \$50,000 in a futures account for the past 6 months, you have 75% of the first requirement (\$1.5mm/\$2mm) and 25% of the second option (\$50k/\$200k), which equals 100% (it qualifies).

**AND one of the following net worth requirements:**

Have an individual net worth, or joint net worth with your spouse, that exceeds \$1 million at the time of the investment

OR

Have income exceeding \$200,000 in each of the two most recent years (or joint income with a spouse exceeding \$300,000) and a reasonable expectation of the same income level in the current year.

And that was the simplified version... yuck.

So now that you see what it takes to be a QEP, we'll tell you that this all relies solely on your representations to the manager. There is no test to ensure that you are a QEP. Brokers and CTAs are not going to run a credit or background check on you, so there's nothing stopping you from presenting yourself as a QEP except for some common sense. Even if your role play was convincing, you'd still have to come up with the minimums for the investment being discussed, so it's not as though you can really stretch reality too far.

Even so, stretching reality is likely not in your best interest. The idea here is that people with more money can afford to lose more; they're "qualified" to not only take on a certain amount of risk, but to not have the risks required to be disclosed to them. If you're not "qualified", there is a real chance you will invest in something in which you don't completely understand the risks involved.

**Benefits of QEP status**

What's in a name, anyway? Who needs labels? Turns out, having the money to qualify as a QEP comes with some marked benefits.

**Access to QEP-only programs**

Many programs are set up as QEP only – especially the programs with larger minimums and longer track records. Why the exclusivity? As touched on before, in many ways it's about making life easier on the managers involved. If they're only dealing with QEPs, they don't have to be constantly writing and updating disclosure documents and can focus their time on their trading and research. Perhaps more importantly for established programs that have had past success, it's about peace of mind. Many managers simply get to a point where the risk of a lawsuit or complaint is not worth the small addition to assets under management possible from an investor without deep pockets.

**Access to high minimum programs**

While it is pretty obvious, it does bear repeating. Being a QEP with a portfolio of \$2 million in investable assets quite clearly opens up the possibility of many more CTA programs which have \$1 to \$2 million minimums (or even \$3 or \$5 million minimums via notional funding). While bigger isn't necessarily better, there is no doubting the math that you have to pay to play with many of the large minimum CTA programs out there, and if you aren't QEP you just can't access the higher minimum programs.

**Diversification**

Being able to achieve QEP status likely means you have more capital to properly diversify your portfolio as well. Just imagine the investor with \$1 million who can diversify herself into 5 to 10 programs, versus the investor with just \$100,000 who is likely looking at just a single program or two. The first investor can capture the benefits of diversification, while the second is going to see performance highly correlated to the lone program or two in her portfolio.

This problem often comes into sharp relief for those new to the managed futures space. Whether QEPs or not, many new investors to managed futures look to smart small and dip a \$50,000 to \$100,000 toe into the water. With just \$50K to invest, the universe of investable programs is greatly diminished, and more often than not these investors wind up investing in an option selling manager whom has a low minimum because they are selling deep out of the money options which earn pennies at a time. To make those pennies look like a real return, the minimum investment amounts need to be brought way down.

Problem is, these option selling programs do not have the classic managed futures performance profile of performing well in crisis periods, and instead take on a long stock market profile where losses are brought about by a down move in stocks and resulting volatility spike.

Next thing you know, our poor newbie to managed futures loses a great deal when the stock market tanks, and is asking why they invested in managed futures if it is just going to lose money alongside stocks. Inevitably, this results in them having a sour taste in their mouth regarding managed futures and dismissing them as an investment opportunity without ever even getting exposure to true managed futures.

So before dismissing a program because it is QEP only, please consider whether you meet the QEP criteria; as you may end up missing out on what makes managed futures great by limiting yourself to only those programs which carry low minimums.

Money may not be able to buy you love (or happiness), but in the managed futures world, at least, it does seem to make the world go 'round. Being wealthy enough to be considered a QEP comes with a wide variety of perks outside of the bobbles and luxuries that come with the bankroll. \*

*Mr. Gallwas has been working in the futures industry for over 16 years, having first started out in the famed Chicago Trading Pits. His extensive knowledge of futures and the investment opportunities they present lead him to establish Attain with his partner, Jeff Malec, with the goal of creating a firm where personal contact with every client and in-depth education were a top priority. His passion for managed futures is evident in everything he does, and his jovial and informed approach to life makes him an industry favorite.*

# The Chilean Investors Forum

Where the Global Investor and Alternative Fund  
Manager Communities Meet

## About The Event:

The Chilean Investors Forum, organized by Latin Markets, is an international meeting of hedge, real estate, infrastructure & private equity fund managers and investors. The Forum brings together leading investors, funds, and advisors to discuss investment strategies, due diligence, asset allocation and alternative investment opportunities in Chile and around the world.

## A Global Meeting of Investors and the World's Leading Alternative Investment Managers

The meeting also provides a due diligence forum for global and South American investors interested in direct research on liquid alternative investment opportunities.

**Event:** The Chilean Investors Forum

**Date:** September 9 - 2011

**Location:** Santiago, Chile

**Venue:** W Hotel

**Organizer:** Latin Markets

**Contact:** info@latinmarkets.org

## About Latin Markets:

Latin Markets Brazil (LMB) is a South America focused investor & manager advisory firm. Our services include institutional investor due diligence support and regional initiatives to enhance education, networking and global development of alternative investments in South America.

## Featured Speakers:

**Ana Lei Ortiz**, Principal, **Hamilton Lane**



**Alper Ince**, Managing Director, **PAAMCO**



**Linda Lynch**, Managing Director, **Fisher Lynch Capital**



**Manuel Carvallo**, Senior Consultant, **Towers Watson**



**Chris Davison**, Principal, **Permira Advisors**



**David Braman**, Senior Partner, **Pantheon**



*Event Host*

Latin Markets

[www.latinmarkets.org](http://www.latinmarkets.org)

**September 9<sup>th</sup>**  
**W Hotel**  
**Santiago, Chile**

# The Chilean Investors Forum

Friday, September 9<sup>th</sup>, 2011

## 8:00 Registration Opens & Welcome Coffee

## 8:50 Opening Remarks

*Speaker*

Pablo Zalaquett Said, Mayor, City of Santiago (Chile)

## 8:55 Opening Remarks

*Speaker*

Cristian Labbe, Mayor, City of Providencia (Chile)

## 9:00 Urban Development in the Santiago Metropolitan Area

*Speaker*

Fernando Echeverría Vial, Governor, Región Metropolitana de Santiago (Chile)

## 9:20 Keynote: Global Private Equity Investments

*Speaker*

Chris Minter, Global Head of Deutsche Bank Private Equity, Deutsche Bank (UK)

## 9:50 Keynote: Global Private Equity Investments

*Speaker*

Claudius (Bud) E. Watts IV, Managing Director-US Buyout Fund, Carlyle Group (US)

## 10:20 Keynote: Global Hedge Fund Investments

*Speaker*

CEO, Global Hedge Fund

## 10:40 Pension Fund Executive Forum

*Moderator*

Felipe Held, Managing Partner, HMC Capital (Chile)

*Panelists*

Speaker, Portfolio Manager, Chilean Pension (Chile)

Speaker, Chief Investment Officer, International Pension

Speaker, Chief Investment Officer, Latin American Pension

## 11:10 Institutional Investors Roundtable

*Moderator*

Adam McNicol, Partner, Fintan Partners (US)

*Panelists*

Ana Lei Ortiz, Principal, Hamilton Lane (US)

Mary Jo Palermo, Managing Director, Cambridge Associates (US)

Manuel Carvallo, Senior Consultant, Towers Watson (US)

Michael D. Newton, Senior Vice President, Kovack Advisors (US)

## 11:50 Morning Networking Break

## 12:10 Hedge Fund Executive Forum

*Moderator*

Jorge Valencia, Portfolio Manager, Larrain Vial (Chile)

*Panelists*

Alper Ince, Managing Director, PAAMCO (US)

Claudio Waller, Vice President, Morgan Stanley (US)

Thomas Carter, CEO, Capital Window (US)

Miklos Nagy, President, Quadrex Asset Management (Canada)

Erik Mayo, Partner, Fintan Partners (US)

## 12:50 Private Equity Fund Executive Forum

*Moderator*

Moderator, Partner, Private Equity Firm

*Panelists*

Chris Minter, CEO, DB Private Equity (Germany)

Mina Pacheco Nazemi, Director, Credit Suisse (US)

Linda Lynch, Managing Director, Fisher Lynch Capital (US)

Chris Davison, Principal, Permira Advisers (UK)

David Braman, Senior Partner, Pantheon (US)

Speaker, Managing Director, Silver Lake (US)

## 1:50 Networking Luncheon

## 2:35 Chilean Private Equity Investments

*Moderator*

Matias Mori, Executive Vice President, Foreign Investment Committee

*Panelists*

Matias Gutierrez, Principal, Linzor Capital (Chile)

Luca Molinari, Managing Director, Warburg Pincus (Brazil)

Álvaro González, Director of Investments, Altamar Private Equity (Spain)

## 3:05 Real Assets Executive Forum

*Moderator*

Moderator, Partner, Private Equity Fund

*Panelists*

Bill Cisneros, Senior Managing Director, GTIS Partners (Brazil)

Douglas Herzbrun, Global Head of Research, CB Richard Ellis (US)

Fernando Sánchez, President, Independencia (Chile)

Oscar Decotelli, Partner, Vision Brazil Investments (Brazil)

## 3:25 Session TBA

*Speaker*

Julio Babecki, Partner, L Capital (Spain)

## 3:45 Session: Global Fund

## 4:05 Session: Global Pension Allocations to Alternatives

## 4:35 Case Study - Latin American Currency Investments: The Larrain Vial Perspective

*Speaker*

Antonio Fortes, Managing Director, Larrain Vial

*Panelists*

Speaker, Chief Investment Officer, Chilean Pension Fund

## 5:05 Legal & Regulatory Aspects of Chilean Alternative Allocations

*Presenters*

Rob Ellis, Managing Director, Amicorp Fund Services (Chile)

Speaker, Partner, Law Firm (Chile)

Speaker, Partner, Law Firm (US)

## 5:25 Keynote Presentation: Chilean Public Equity Investments

Speaker, Partner, Fund Manager (Chile)

## 5:45 Chilean Chief Executive Forum

*Moderator*

Moderator, Managing Director, Investment Bank

*Panelists*

Luis Contreras Iglesias, CEO, Cia Electrica del Litoral (Chile)

Alvaro Romero Iduya, CEO, Blanco y Negro SA (Chile)

## 6:05 Latin American Family Office Allocations to Alternatives

*Moderator*

Moderator, Partner, Fund Manager

*Panelists*

Speaker, Partner, Clarmond House (UK)

Ricardo Latta, Senior Vice President, Kovack Advisors (US)

Andres Segú, Portfolio Manager, Megeve Investments (Chile)

## 6:30 Drinks at the W Hotel



# AIMA Canada's Hedge Fund Investor Checklist

## Note on Using The Checklist:

This checklist is designed for you, the investor, to use once you and your financial advisor have determined that an allocation to hedge funds is suitable for your portfolio, given your overall investment objective. This *basic* checklist focuses on the key practical issues you should consider prior to investing in any specific hedge fund product. It is not designed to be an all-encompassing checklist. You should consult with your financial advisor when using this checklist. Also, you may wish to consult with your professional legal and tax advisors for specific legal and tax questions. For simplicity, except where noted, 'fund' will mean both hedge fund and fund of hedge funds (FoHF).

### 1. Due Diligence

- Is there a qualified individual or team that evaluates hedge funds for your financial advisor?
- What specific issues are assessed in the due diligence process? What is the depth and quality of the assessment? Is there ongoing monitoring and how often is the product assessed?
- Has the product issuer completed AIMA's due diligence questionnaire (DDQ) for hedge funds or fund of hedge funds (FoHFs) as part of the due diligence process?<sup>1</sup>

### 2. Manager and Organization

- What relevant hedge fund experience does the fund manager have?
- What other experience, qualifications and registration does the fund manager have?
- What is the depth and quality of the fund manager's corporate business infrastructure, including staffing, and what is the hedge fund management entity's capital structure? Is it a viable business?
- What is the fund management entity's ownership structure? Is there any key-person risk (e.g., such as might be present if the founder is the sole owner of the management entity)?
- How have the principal(s) invested in the fund? What conflicts of interest might be present (e.g., family and inter-corporate relationships with suppliers and related parties)?

### 3. Strategies and Risks

- What is the strategy of the fund or the strategy composition of the FoHF?
- What is the fund manager's 'edge' and is it sustainable?
- Do you understand the fund's investment objective, how the strategy/ies work(s) and how the manager generates returns?
- Do you clearly understand the key risks associated with the hedge fund investment? Specifically:
  - What is the fund's volatility of returns, leverage risk, concentration risk, market risk, and liquidity risk?
  - What has been the fund's maximum drawdown (loss from peak to trough) and in what circumstances did this occur? Repeat, as applicable, for drawdowns of lesser magnitude for greater understanding.
  - How might the fund react in times of stress such as those in 1998 (LTCM), 2000-2002 (TMT meltdown) and 2007-2009 (Global Credit Crisis) or bouts of trendless markets or those with higher or lower volatility than typical.

### 4. Performance

- How are the fund's returns presented (i.e., are they actual trading returns or pro-forma returns)?
- Are the fund's returns stated gross or net of all fees and charges?
- How do the risks and returns of the fund compare to other similar funds?
- If the fund outperformed its peers, how was this achieved? For example, was leverage used?
- If the fund underperformed its peers, what contributed to this and how might the manager have rectified the problem or explained how it was typical (and possibly expected) based on the salient factors of the fund?

### 6. Risk Management

- Does the hedge fund manager have a separate risk manager?
- How does the hedge fund manager measure and manage risks during volatile periods?
- What systems does the fund manager use to perform this function?

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<sup>1</sup> The AIMA DDQ, with AIMA logo, is available for logoed use only by AIMA (including AIMA Canada) members and is viewed by many as the industry standard for due diligence questionnaires, although investors are encouraged to perform more investigation of funds and their managers.





# AIMA Canada's Hedge Fund Investor Checklist

## 5. Liquidity

- What are the subscription and redemption terms of the fund? What is the frequency, notice period and expected payout period (for redemptions)?
- What further redemption restrictions may be in place or allowed by the constitutive documents (e.g., lock-up periods, gates and/or redemption fees)?
- Are the liquidity terms of the fund consistent with that of the underlying investments, the markets the investments trade in and the typical market participants in those instruments?

## 7. Fees and Commissions

- Is the hedge fund's fee structure clearly disclosed? Do you understand the mechanics of the fee structure?
- What compensation will your financial advisor receive for selling the hedge fund product? Is this compensation consistent with similar products?
- Do you understand who is being compensated, when and in what amounts?

## 8. Taxes

- Are there any distributions from the hedge fund investment? If so, how are they taxed (i.e., income versus capital gains, or both)?
- How will the hedge fund investment be taxed upon redemption (i.e., income or capital gains)?

## 9. Offering Documents

- Has your financial advisor read the key reference document for the hedge fund product, whether a prospectus, offering memorandum or information statement?
- Have you received and read the key reference document for the hedge fund product?
- Can your financial advisor provide you with reasonable explanations for any items that are unclear or you are concerned about?

## 10. Other Issues

- Have you asked your financial advisor about all of the issues relating to the specific hedge fund product that may be unclear?

## Additional Information and Notes

- For additional information on hedge funds, please see the *AIMA Canada Hedge Fund Primer*, available on the AIMA Canada website at [www.aima-canada.org](http://www.aima-canada.org).

## About AIMA Canada and Important Disclaimer

AIMA Canada is the Canadian National Group of the Alternative Investment Management Association (AIMA), comprised of approximately 70 corporate members and 250 active individuals and five committees. To learn more about AIMA Canada, please visit [www.aima-canada.org](http://www.aima-canada.org) or call (416) 453-0111 and ask for James Burrton, COO of AIMA Canada.

None of AIMA, AIMA Canada, its officers, employees or agents make any representation or warranty, express or implied, as to the adequacy, completeness or correctness of this checklist. No liability whatsoever is accepted by AIMA or AIMA Canada, its officers, employees or agents for any loss arising from any use of the checklist, or otherwise arising in connection with the issues addressed in this checklist.

July 2011

## Investment Research Practitioners and Academics Can Compete in Canadian Capital Markets Research with the Toronto CFA Society Hillsdale Research Award



**Toronto CFA Society** and **Hillsdale Investment Management** announce the second year of the **Toronto CFA Society & Hillsdale Canadian Investment Research Award** with a deadline for submission of November 30th, 2011.

"This award is a great way for academics and industry practitioners to get exposure and recognition for their research in Canadian Capital Markets." said Peter S. Jarvis, CFA, executive director, Toronto CFA Society.

Applications are judged on the potential contribution of their applied research to topics of interest related to Canadian capital markets. Areas of research interest include any aspect of investment management, such as portfolio management, asset valuation, risk management, compliance and performance evaluation. Investment fields include traditional and alternative investments, as well as all asset classes and investment vehicles (e.g., fixed income, equities, derivatives, etc.). Papers that have been published or accepted for publication, or simultaneously submitted for awards with other organizations will not be considered.

"Hillsdale and Toronto CFA Society share the same vision for high quality research. In recent years, Canadian capital markets have earned the confidence of domestic and global investors. We must build on this and continue to offer a unique value proposition to investors in the global context. We believe that excellent research is a driver of continuous improvement in our field. Hillsdale is thrilled to support this very meaningful initiative once again this year", said Chris Guthrie, CFA, president and CEO, Hillsdale.

The award is open to global researchers conducting research related to Canadian capital markets including both academics (e.g., professors and students) and practitioners. Toronto CFA Society reserves the right not to grant an award in a given year. The winner will receive one research award of \$10,000 CAD and will be announced at a reception hosted by Toronto CFA Society.

"We at Hillsdale have always been very keen on applied investment research for the practitioner on Canadian Markets. Teaming up with the premiere organization that leads such causes is a great honour." Harry Marmer, CFA, executive vice president, Hillsdale.

Dr. Pauline Shum was the first recipient of the Toronto CFA Society & Hillsdale Canadian Investment Research Award, for her research paper entitled "The Long and Short of Leveraged ETFs: the Financial Crisis and Performance Attribution."

### Toronto CFA Society

Toronto CFA Society is a not-for-profit organization supporting the professional and business development of CFA charterholders. The society provides members with a local perspective on a global designation including: educational programs, sponsored events, job postings, quarterly newsletters, a comprehensive affinity program and networking opportunities.

Celebrating its 75th anniversary in 2011, the society is affiliated with CFA Institute, the global body that administers the Chartered Financial Analyst curriculum and sets voluntary, ethics-based performance-reporting standards for the investment industry. With over 7,300 members, Toronto CFA Society is the 2nd largest CFA Society in the world. Our members are leaders in ethics within the financial community. For more information, please refer to [www.torontocfa.ca](http://www.torontocfa.ca).

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### Hillsdale Investment Management

Founded in 1996, Hillsdale is a leading Canadian independent investment boutique, providing a full range of traditional equity and alternative investment strategies to both institutional and individual investors.

## Investor Confidence Index Drops From 104.3 to 99.2 June

**Boston - June 28, 2011** – State Street Global Markets, the investment research and trading arm of State Street Corporation (NYSE:STT), today released the results of the State Street Investor Confidence Index® for June 2011.

After a brief recovery in May, Global Investor Confidence fell back below 100 to settle at 99.2. This represents a decline of 5.1 points from May's revised reading of 104.3. The decline was most pronounced among North American investors, whose confidence fell 5.8 points to 100.4 from May's revised level of 106.2. Asian investors also reduced their risk appetite with investor confidence falling 3.7 points to 93.2 from a revised May reading of 96.9. Perhaps somewhat surprisingly, European investor confidence rose 8.5 points from May's revised level of 79.4 to reach 87.9.

The State Street Investor Confidence Index was developed by Harvard University professor Kenneth Froot, and Paul O'Connell of State Street Associates. It measures investor confidence or risk appetite quantitatively by analyzing the actual buying and selling patterns of institutional investors. The index assigns a precise meaning to changes in investor risk appetite: the greater the percentage allocation to equities, the higher risk appetite or confidence. A reading of 100 is neutral; it is the level at which investors are neither increasing nor decreasing their allocations to risky assets. The index differs from survey-based measures in that it is based on the actual trades, as opposed to opinions, of institutional investors.

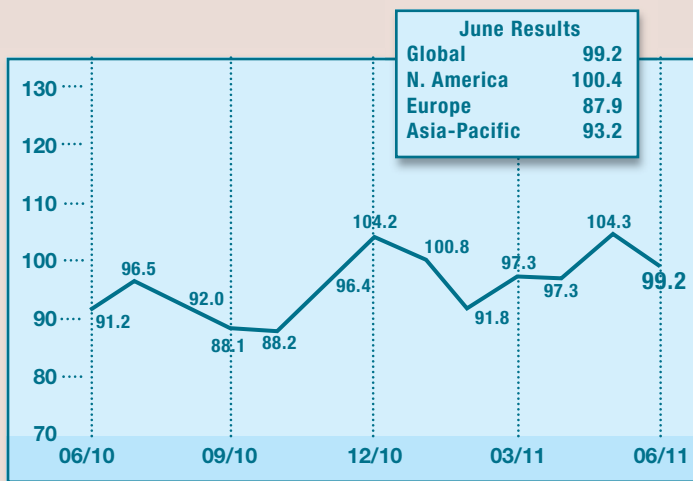
"This month saw the release of a number of indicators that offered further confirmation that global growth has slowed," commented Froot. "In the US, policy makers pointed to Japanese supply disruption and elevated natural resource prices as potential culprits, but beyond these concerns there is the prospect of further slowdown in China to consider as well as the difficulties surrounding Greek

# AROUND THE HEDGE



sovereign debt. Institutional investors have responded to these worries and suspended for now the accumulation of risky assets that they began in May.”

“Looking regionally, we see a continuation of the improvement in confidence among European investors that began in March,” added O’Connell. “Cumulatively the European Investor Confidence Index is up 21 points over the quarter, albeit a substantial gain from extremely low levels. A level of 87.9 still signifies risk aversion and the sales of equity positions persist, but European institutions have tempered the pace of such sales recently, perhaps in recognition of the fact that recent price moves have created more attractive valuations in certain sectors.”



## State Street Vision Report Examines Reinvention in the Hedge Fund Industry

**Boston - July 14, 2011** – State Street Corporation (NYSE: STT), one of the world’s leading providers of financial services to institutional investors, released a new Vision Report today, entitled “Hedge Funds: Rebuilding on a New Foundation.” The report examines the re-emergence of the hedge fund industry and the new dynamic between investors, hedge funds, and hedge fund administrators that has emerged to address sweeping regulatory changes and investor demands for enhanced fund transparency, liquidity and efficiency.

According to State Street’s Vision paper, today’s post-crisis environment fund selection will emphasize six critical operational and risk management elements: investment strategy and performance, portfolio liquidity, portfolio transparency, reconsideration of pricing and lockup periods, operational due diligence and the independence of custodians and administrators.

“The theme of transparency in the hedge fund and fund of hedge funds market continues to grow,” said Jim Tomeo, chief operating officer and senior portfolio manager at SSARIS Advisors, LLC, an affiliate of State Street Global Advisors. “Across the alternative investment industry, institutional investors are driving the evolution of all investment

channels, from direct hedge fund investment, funds of funds, to managed accounts and other structures. Improved investor sentiment and positive inflows suggest reviving confidence across the board.”

The Vision report is broken into three main sections:

### 1. Technology with a Purpose: The Next Generation Today

Discusses the integration of risk and return technology by investment service providers to address asset managers and asset owners’ growing need for more detailed portfolio analytics, process transparency, risk management and dashboards to improve the speed and kind of information they are receiving and their access to it.

### 2. Using Technology to Adapt to the New Regulatory Environment

Examines the review of electronic trading by regulators following the start of the financial crisis in 2008. Technology has been at the forefront in enabling the exponential growth of electronic trading and has become the only solution to effectively meet the challenges inherent in new trading regulations.

### 3. Portfolio Allocation and Modelling – A Technological Arms Race?

Explores technology’s solutions to meet today’s leading global asset management challenges, including market crowding, pricing inefficiencies, risk and rebalancing.

“Institutional investors are increasingly taking great interest in how hedge funds manage operational infrastructure, choose administrators and provide for governance and best practices,” said George Sullivan, executive vice president and head of State Street’s alternative investment solutions group. “Escalating client demand for operational control and transparency is driving funds to outsource many responsibilities to administrators experienced in all asset types and investment strategies. By hiring administrators to assume a range of services, including data management, asset class coverage and portfolio risk analysis, fund managers can concentrate on generating alpha and distributing investment products.”

For nearly a decade, State Street has provided hedge fund servicing to help meet the needs of hedge fund clients with programs such as targeted hedge fund-only implementation and broad enterprise mandates across all investment types. State Street has provided traditional asset managers, hedge fund managers, institutional investors, insurance companies, and fund platforms with comprehensive risk services that include exposure reporting and position-based analytics including stress testing, VaR and what-if analysis, and risk decomposition. State Street also provides a suite of reporting tools to help investment managers maintain compliance with the changing regulatory environment globally.

State Street’s Vision Series addresses key trends and developments impacting the financial services industry. Previous reports have focused on technology innovation, pensions, UCITS IV, exchange-traded funds and sovereign wealth funds. To download a copy of this Vision Focus report or others in State Street’s Vision series of in-depth reports, please visit [www.statestreet.com/vision](http://www.statestreet.com/vision).

continued on page 26 >>>

## AROUND THE HEDGE - A Review of Hedge Fund Happenings

>>> Around The Hedge (continued from page 25)

### AlphaNorth Asset Management Announces Launch of AlphaNorth Growth Fund

**Toronto - July 26, 2011** – AlphaNorth Asset Management (the "Manager") is pleased to announce the launch of the ALPHANORTH GROWTH FUND (the "Fund") on Monday July 25th, 2011. The AlphaNorth Growth Fund is launching at \$10 per unit and with a minimum initial investment of \$1,000. It is eligible for registered tax plans.

The objective of the AlphaNorth Growth Fund is to generate industry leading long-term returns by providing investors with diversified exposure to primarily small and mid-capitalization Canadian companies that offer attractive risk-reward characteristics. These will typically be companies with market capitalizations between \$100 million and \$5 billion.

The AlphaNorth Growth Fund employs a similar investment style and methodology to the AlphaNorth Partners Fund. AlphaNorth believes that superior long term equity returns are achievable by exploiting inefficiencies in the Canadian small cap universe through careful selection of securities. The firm combines technical analysis with bottom-up and top-down strategy in the selection of investments offering the best reward versus risk opportunities.

The FundSERV code for the AlphaNorth Growth Fund Series A shares is ANF010 and the Series F shares is ANF011. The AlphaNorth Growth Fund is available to Canadian individuals and institutional investors. The Fund can be purchased through approved dealers across Canada, including investment advisors, brokers and financial planners.

➤ Stronger governance. Reduced risk.



➤ Specialized support for ETFs

**Asset servicing expertise.** For today's investor, there is no room for error. Imprecision, or delay. To succeed in this demanding environment, you need an asset servicing partner who is committed to the business. CIBC Mellon provides the stability and resources you need. With the financial strength of two industry leaders, we deliver unparalleled tools and expertise. All designed to help you meet your operational needs efficiently.

For more information, contact:  
Barbara Barrow at 416-643-6361  
or visit us at [cibcmellon.com](http://cibcmellon.com)

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## Jeffrey Strauss Returns to Butterfield Fulcrum to Head U.S. Operations

**New York and London - July 13, 2011** – Senior industry executive Jeffrey Strauss has returned to Butterfield Fulcrum, a leading top five independent fund services provider, to head US operations. As President of Butterfield Fulcrum Group (US) Inc, Mr. Strauss will be responsible for all aspects of the US market for the company including sales, marketing, operations and growth.

“Jeff is a senior and seasoned industry executive and we are delighted to welcome him back to Butterfield Fulcrum, where he will be responsible for further strengthening our client relationships and our industry presence,” said Glenn Henderson, CEO of Butterfield Fulcrum. “With Jeff’s return our focus will be to strengthen our middle office offering as part of our whole services solution. Jeff brings extensive experience with full service client solutions both for fund administration and the alternative asset management sector that will be of immediate benefit to our clients.”

“Butterfield Fulcrum is poised to build on its reputation as a leading independent fund administrator and I am extremely pleased to be re-joining the team to help lead that effort,” said Mr. Strauss, who will report directly to Mr. Henderson. “This senior management team has many years of joint experience and under Glenn’s leadership we are again directing all of our efforts to providing our clients with an unrivalled full service fund administration service model.”

Mr. Strauss brings more than 30 years experience in financial services and the alternative asset management sector with a focus on client services, fund administration, prime brokerage, hedge funds and broker dealers. Most recently, he was Global Head of Sales of HedgeServ Corp. and before that was Managing Director of Business Development at Butterfield Fulcrum. Prior, he was a consultant to Sierra Global, a European long short hedge fund. Mr. Strauss retired from Goldman Sachs in March 2006 after 23 years at the investment banking firm. At the time of his retirement he was the Chief of Staff for the US Client Services Group. Before being named Chief of Staff, he managed the Prime Brokerage Sales and Marketing team focused on fundamental long/short hedge funds.

## Caledonian Group Being Acquired by New World Holdings

**Grand Cayman, Cayman Islands - July 18, 2011** – International financial services firm, **The Caledonian Group**, announced today that it has been acquired by New World Holdings Inc. a privately held investment company in the Cayman Islands.

The new company will be known as **Caledonian Global Financial Services** and form one of the largest, specialised financial services providers in the jurisdiction. Under the terms of the agreement, which was unanimously approved by both companies’ boards of directors, New World will invest additional capital into the Caledonian Group of Companies creating a financially strong and well diversified business. Regulatory approval has been obtained in the Cayman Islands and is pending approval in the Isle of Man and the British Virgin Islands.

As a result of the acquisition, New World’s principals **Kobi Dorenbush** and **Barry McQuain** have been appointed as joint CEO’s of Caledonian Global Financial Services. Caledonian was founded 40 years ago by the late William Walker O.B.E. whose vision was to build and grow the business into a leading international financial services group. Mr. Dorenbush and Mr. McQuain share that vision and intend to support and grow all aspects of Caledonian’s business lines. “This is an exceptional strategic fit for Caledonian and it will position us to become a greater global force with diversified service offerings, customer mix and geographic presence,” stated Caledonian’s Global Managing Director David Walker. “We look forward to building on our current focus, expanding our services and global reach to meet the growing needs of our clients. We are confident the new principals bring an outstanding level of expertise and resources to our company and our jurisdictions.”

New World’s principals have extensive experience in financial services - including but not limited to, private equity, hedge funds, investment banking, private banking, investment management and trust administration. They will work closely with Caledonian’s existing management team to grow the business to enhance its existing service offerings and develop new lines of business. “The combination of New World and Caledonian is extremely compelling. We expect to realise great synergies, increase our range of services and create a powerful leader in the financial industry,” concluded Kobi Dorenbush. “We look forward to working with the Caledonian team to continue the firm’s successful legacy of being a pioneer in the Cayman Islands financial services industry. With Caledonian’s respected brand and a high profile network of international experts, we plan to strengthen the firm, it’s resources and people, in order to surpass the already premium quality service our clients expect and enjoy,” stated Barry McQuain.

The combined company will not only enhance service to its customers but also make valuable contributions to the communities in which they operate. The new business will be characterized by its unique ethical policies and its commitment to support worthy community endeavors.



**Kobi Dorenbush**

**Barry McQuain**



CRYSTALLINE MANAGEMENT Inc.  
1002 Sherbrooke St. West, Suite 2110  
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Tel (001) 514.284.0248  
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## AMETHYST ARBITRAGE FUND (CANADA)

June, 2011

<b>LAST MONTH</b>		
<b>Return</b>	<b>0.40 %</b>	
<b>NAV per Unit (\$CA)</b>	<b>8.3395</b>	
Including Current Distrib. (\$CA)	none	
<b>Fund Assets (\$CA MM)</b>	<b>140.6</b>	
Inception Date	July 1998	

### STRATEGY DESCRIPTION

The Amethyst Arbitrage Fund is a dual-strategy hedge fund investing in event driven opportunities and convertible securities arbitrage with a Canadian market focus. The Fund's investment objectives are: a) a return 5 to 10% above T-Bills, and; b) annualized standard deviation in the 5 to 7% range. Embedded objectives are capital protection and near zero correlation with traditional Canadian asset classes. Strategy capacity is estimated at \$CA 225 million.

From July 1998 to Sept. 2008, Amethyst endured various types of "crises" found in typical economic cycles with remarkable consistence and resilience. During this 10-year period, the Fund exhibited an annualized return of 10.7%, a volatility of 4.8%, and near zero correlation with all asset classes, including same strategy comparables as proxied by CSFB or HFR sub-indices.

While M&As have picked up over the last months, margins remain somewhat tight. At the same time, and although credit spreads have enjoyed a healthy contraction, the Canadian market is still experiencing a lag in matching its US neighbor. Wider credit spreads together with market/int. rates protective measures leave the Fund with an extra cushion against potential external shocks, while its intrinsic carry should continue to provide a decent base return.

- Niche arbitrage fund on the Canadian market
- Asset base primarily institutional
- Team with 50 yrs of investment experience
- 12 years of compelling track record
- No lock-up, full transparency for institutions

### MONTHLY HIGHLIGHTS

#### M&As

- Slower M&A activity, with 5 transactions added — 2 cash (1 CAN + 1 US) + 3 share deals, all Canadian. Last month's volatility however allowed for some increases to existing US M&A positions at better margins.
- No deal failure recorded. Only 1 other market event opportunity added, a CAN stock subscription receipt.

#### CONVERTIBLE SECURITIES

- Highly volatile interest rate environment ended with a recovery on corporate debt. Portfolio weighted credit spread nonetheless widened by about 20 bps. Protective warrant positions have been increased.
- 2 new issues added—1 warrant and 1 convertible bond. Limited number of opportunities to profit from stock volatility as we erred on the side of prudence.

### COMPARATIVE PERFORMANCE SUMMARY, SINCE INCEPTION

As of Jun. 30, 2011	Return (%)				Annualized Return (%)				Ann volat. (%)	% mth > 0	Max Draw-down	Sortino Ratio	Correlation
	Last month	3 mth	6 mth	YTD	1 yr	3 yr	5 yr	Inception					
Amethyst	0.40	0.4	3.0	3.0	14.0	7.6	8.0	10.2	9.0	78.8	-34.5	0.55	-
HFR Convert. Arb.	-1.01	-1.9	1.5	1.5	10.8	8.8	6.0	7.4	8.2	76.3	-31.5	0.43	0.68
HFR Risk Arb.	-0.25	0.5	2.0	2.0	6.1	4.4	4.9	6.6	3.9	76.9	-6.2	0.88	0.36
HFR Event Driven	-1.09	-0.4	3.6	3.6	13.1	5.2	5.2	8.7	7.3	69.2	-21.0	0.84	0.49
HFR Global	-1.22	-0.7	0.7	0.7	11.5	3.1	4.8	7.9	7.5	67.9	-19.1	0.80	0.41

### RETURN SERIES SINCE INCEPTION, net of all fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
1998	-	-	-	-	-	-	-0.32	2.69	2.60	1.79	0.44	1.45	8.92
1999	-1.22	0.84	1.25	-2.11	3.11	0.75	2.35	1.34	-1.00	-0.32	1.41	0.91	7.43
2000	0.98	0.21	3.01	2.81	3.06	1.95	-0.22	3.98	3.21	-0.45	-0.57	0.40	19.82
2001	3.27	-1.62	-0.80	1.82	4.36	0.35	0.12	-1.08	-0.97	0.04	1.16	0.70	7.42
2002	1.73	0.88	1.75	0.42	0.27	-2.44	-1.37	1.30	-0.38	0.20	0.39	1.39	4.12
2003	2.41	1.81	0.54	0.57	0.90	-0.16	0.61	2.88	1.34	0.91	1.29	1.32	15.35
2004	1.41	2.19	1.48	0.34	0.17	-0.15	0.44	-0.45	1.82	0.38	0.47	1.41	9.89
2005	0.91	1.36	-1.49	-0.37	0.23	1.91	0.72	1.75	0.24	0.28	2.28	-0.76	7.21
2006	1.49	3.03	3.96	2.50	0.47	0.98	0.29	0.98	-0.51	0.84	-2.71	2.43	14.49
2007	1.59	1.70	0.02	1.19	-0.28	0.38	0.74	0.54	1.57	0.91	-0.63	2.58	10.77
2008	-1.67	1.63	1.37	1.11	1.79	0.98	1.70	1.46	-3.51	-20.08	-13.25	-2.04	-28.81
2009	2.75	2.74	4.71	8.24	7.27	0.57	5.25	4.10	2.05	3.90	0.90	2.75	55.45
2010	0.95	0.75	0.96	1.32	-0.60	0.40	1.66	1.91	1.40	2.58	1.37	1.28	14.87
2011	2.39	-0.50	0.72	0.33	-0.32	0.40							3.04

### CORRELATIONS, SINCE INCEPTION

CAN Tbills 91d	-0.08	
S&P/TSX	0.43	EAFE Equities 0.42
CAN Long Bonds	0.01	MSCI Bonds -0.26

### TIME SEGMENTED HISTORICAL DATA (Onshore) - PRE/FALL 2008

	FROM INCEPTION TO SEPTEMBER 2008						FALL 2008 Return (%)
	Ann. Return (%)	Ann. volat. (%)	% mth > 0	Max Draw-down	Sortino Ratio	Correlation	
Amethyst ON	10.7	4.8	78.0	-3.8	2.19	-	-32.1
Amethyst OFF	11.0	4.8	82.6	-2.4	1.76	-	-29.2
HFR Convert.	5.2	5.6	74.8	-16.6	0.20	0.26	-17.4
HFR Risk Arb.	6.7	4.1	75.6	-6.2	0.72	0.35	-1.6
HFR Event Drv.	8.6	6.9	68.3	-10.0	0.80	0.25	-12.9
HFR Global	8.0	7.5	69.1	-10.8	0.75	0.23	-9.2

### FUND INVESTMENT VEHICLE

- **CUSIP** 03111T106      **ISIN** CA03111T1066
- Pool Fund Trust, Registered Pension Plan eligible
- RRSP, RRIF and DPSP eligible
- Prime-Broker BMO Nesbitt Burns
- Administrator RBC Dexia Trust - Investor Services
- Auditor PricewaterHouse Coopers LLC

### FUND INFORMATION

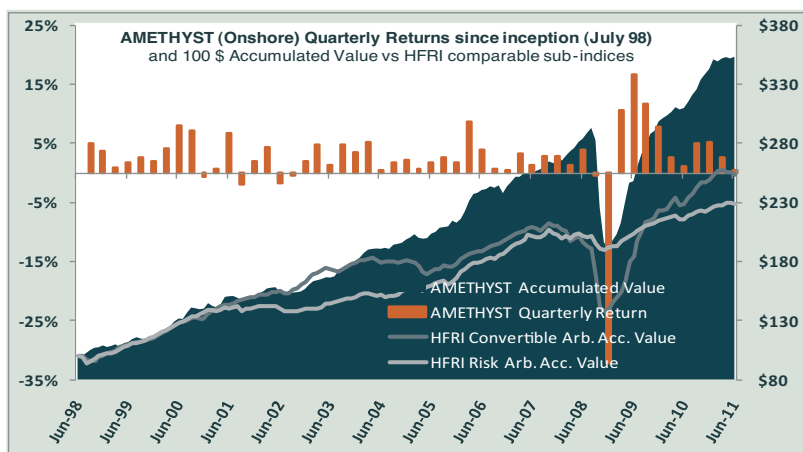
- FEES**
- Management 2%
  - Performance 20% above Hurdle Rate
  - Hurdle Rate CAN 91day T-Bill
  - Highwater Mark Yes
  - Early redemption fee none
  - Lock-up period none

- LIQUIDITY**
- Offered in QC, ON
  - Valuation currency \$CA
  - Minimum subscription \$150,000 (or \$100,000 for accredited investors)
  - Dealing frequency Monthly
  - Valuation Monthly
  - Redemption notice 15 days

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The Fund's strategies involve convertible securities arbitrage (a), merger arbitrage (b) and to a much lesser extent, other event-driven arbitrage opportunities (c). Although an average representation of the relative strategy weights through time would be 50/45/5% respectively, there is no single hedge fund index depicting this strategy mix. The returns of the following benchmarks are presented: the HFR (Hedge Fund Research Index) Convertible Arbitrage, Merger Arbitrage and Event Driven sub-indices, all of which are comparable to some aspect of the Fund's strategies. Correlation are presented based on traditional market indices / asset classes for additional analysis in a portfolio construction context.

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HEDGE FUND PERFORMANCE (as of June 30, 2011)

Fund Name	Asset Size (\$MM)	1 Month	3 Month	6 Month	YTD	1 Year	3 Year (Ann.)	Since Inception (Ann.)	Best 6 Mo. (3 Year)	Worst 6 Mo. (3 Year)	Max. Draw Down	Std. Dev. (1 Year)	Std. Dev. (3 Year)	Beta (1 Year, TSX)	Alpha (%) (1 Year, TSX)	Correl. (1 Year, TSX)	Correl. (1 Year, S&P500)	% High Water-mark	% Pos. Month Since Inc.
360 Global Fund A	7.752	-1.16	-0.33	-1.86	-1.86	-2.96	-4.00	3.63	3.92	-10.71	-13.15	7.74	6.29	-0.12	-0.83	-0.15	0.13	88.20	53.85
360 Global Fund Class U	-	-1.18	-	-	-1.18	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
360 Global Fund F	-	-1.05	-0.02	-1.25	-1.25	-1.78	-3.14	3.90	4.43	-10.49	-10.97	7.75	6.30	-0.12	0.35	-0.15	0.13	90.78	53.85
Absolute Return Fund Class B	-	-0.57	-0.11	1.66	1.66	3.61	-	2.75	4.68	-0.64	-1.32	2.77	-	0.07	2.37	0.25	-0.01	98.68	58.82
Acorn Diversified Program	25.000	-7.01	-4.30	3.23	3.23	13.55	-	2.20	15.81	-8.65	-10.28	15.09	-	0.40	6.44	0.25	0.41	90.16	52.17
Act II New Media Fund A	7.849	1.24	4.39	10.27	10.27	21.68	8.38	9.51	18.32	-5.12	-10.03	8.81	10.25	0.30	16.35	0.33	0.64	100.00	57.14
Act II New Media Fund Class U	-	1.22	-	-	1.22	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00
Act II New Media Fund F	-	1.35	4.77	10.97	10.97	23.80	9.60	10.74	18.99	-4.64	-9.70	8.70	10.36	0.32	18.12	0.34	0.67	100.00	61.90
AFC Capital Fund A	40.409	0.63	-6.59	-3.98	-3.98	0.73	-2.29	3.04	17.94	-17.52	-19.94	11.19	12.42	0.64	-10.64	0.54	0.78	91.36	53.66
AFC Capital Fund Class U	-	0.58	-	-	-4.86	-	-	-	-	-	-5.41	-	-	-	-	-	-	95.14	50.00
AFC Capital Fund F	-	0.13	-6.29	-3.40	-3.40	1.80	-1.36	4.03	18.40	-17.08	-19.60	10.87	12.30	0.66	-9.92	0.57	0.80	91.74	58.54
Agilith North American Diversified Fund	-	-2.30	-5.07	1.47	1.47	12.31	25.80	13.93	95.21	-34.93	-46.04	12.85	26.30	0.76	-1.19	0.56	0.59	92.03	55.56
Alpha Macro Strategies Fund Series A	-	-2.28	14.79	22.12	22.12	146.20	-	50.43	101.60	-25.06	-26.66	34.93	-	1.74	115.29	0.47	0.78	97.72	61.11
AlphaNorth Partners Fund	-	-5.70	-0.67	30.42	30.42	157.86	38.95	43.41	151.77	-63.08	-63.33	39.60	45.22	2.89	106.52	0.69	0.61	88.92	67.44
Altairis Long/Short Series A	-	0.18	1.37	2.14	2.14	5.44	-	8.34	16.32	-3.02	-4.41	3.58	-	0.11	3.49	0.29	0.85	100.00	74.29
Altairis Long/Short Series F	-	0.26	1.59	2.59	2.59	6.24	-	9.28	16.71	-2.46	-3.99	3.43	-	0.10	4.46	0.28	0.85	100.00	74.29
Amethyst Arbitrage Fund	-	0.40	0.41	3.04	3.04	14.00	7.55	9.65	33.96	-32.38	-34.47	3.44	16.98	0.12	11.87	0.32	0.18	100.00	83.10
Anson Investments Master Fund LP	132.300	4.21	11.16	20.72	20.72	32.69	22.02	19.10	20.72	0.33	-7.05	5.58	8.97	-0.36	39.09	-0.61	-0.42	100.00	77.08
Arrow Diversified Fund Class A	73.234	-2.00	-4.52	-4.15	-4.15	2.79	-1.56	3.02	8.46	-15.38	-18.13	4.96	6.25	0.47	-5.56	0.89	0.65	92.51	63.96
Arrow Diversified Fund Class A US	-	-2.10	-4.85	-4.68	-4.68	1.80	-2.04	4.67	7.95	-15.62	-18.40	5.00	6.26	0.47	-6.55	0.89	0.66	90.98	62.73
Arrow Diversified Fund Class F C\$	-	-1.88	-4.23	-3.53	-3.53	3.89	-0.67	4.53	8.96	-15.02	-17.21	4.89	6.24	0.46	-4.28	0.89	0.65	94.76	65.00
Arrow Diversified Fund Class F US	-	-1.99	-4.59	-4.14	-4.14	2.84	-1.19	3.51	8.49	-15.28	-17.48	4.97	6.25	0.47	-5.51	0.89	0.65	94.11	62.79
Arrow East Coast Investment Grade Fund Class A	49.136	-0.42	-1.52	-0.35	-0.35	-	-	-	-	-	-1.80	-	-	-	-	-	-	98.20	33.33
Arrow East Coast Investment Grade Fund Class F	-	-0.34	-1.29	0.21	0.21	-	-	-	-	-	-1.29	-	-	-	-	-	-	98.71	50.00
Arrow Enhanced Income Fund A C\$	10.583	-1.04	-2.49	-2.53	-2.53	0.47	0.23	0.13	8.76	-11.02	-19.99	2.71	5.47	0.24	-3.79	0.84	0.66	91.07	53.85
Arrow Enhanced Income Fund A US	-	-1.12	-2.70	-2.98	-2.98	-0.36	-0.52	0.32	13.33	-11.17	-16.83	2.72	6.33	0.24	-4.62	0.84	0.67	92.62	52.56
Arrow Enhanced Income Fund F C\$	-	-0.95	-2.17	-1.96	-1.96	1.46	1.17	0.97	10.01	-10.63	-19.28	2.66	5.50	0.24	-2.80	0.84	0.66	94.16	60.26
Arrow Enhanced Income Fund F US	-	-1.03	-2.99	-3.54	-3.54	-0.46	0.05	1.07	10.18	-10.81	-15.82	9.50	8.74	0.44	-8.28	0.44	0.82	95.02	56.41
Arrow Focus Fund A2 C\$	5.671	-2.09	-3.91	-4.36	-4.36	7.37	-0.92	2.06	12.40	-18.63	-24.27	6.47	8.13	0.54	-2.22	0.78	0.63	91.02	58.33
Arrow Focus Fund A2 US	-	-2.17	-8.37	-4.88	-4.88	6.39	-1.38	9.40	12.67	-18.77	-24.78	8.42	8.86	0.60	-4.27	0.67	0.36	89.50	65.38
Arrow Focus Fund F2 C\$	-	-2.01	-3.66	-3.85	-3.85	8.39	-0.03	3.15	12.89	-18.28	-23.35	6.44	8.12	0.54	-1.20	0.78	0.63	94.04	65.67
Arrow Focus Fund F2 US	-	-2.08	0.57	-4.30	-4.30	7.50	-0.48	2.92	13.92	-18.43	-23.86	10.02	9.75	0.47	-0.85	0.44	0.51	92.50	62.69
Arrow Maple Leaf Canadian Fund A2 C\$	8.961	-1.60	-3.63	-2.39	-2.39	6.15	-3.52	1.78	11.21	-21.50	-27.14	5.48	7.90	0.46	-2.02	0.79	0.52	83.89	58.33
Arrow Maple Leaf Canadian Fund F2 C\$	-	-1.52	-3.39	-1.92	-1.92	7.06	-2.71	2.89	11.68	-21.17	-26.17	5.46	7.90	0.46	-1.11	0.79	0.52	86.69	63.95
Arrow Maple Leaf Canadian Fund G2	-	-1.59	-3.59	-2.31	-2.31	6.33	0.46	4.99	11.28	-18.49	-26.71	5.46	8.90	0.46	-1.84	0.79	0.52	85.44	63.95
Arrow Maple Leaf Canadian Fund U2	-	-1.71	-3.95	-3.01	-3.01	5.08	-4.00	3.53	10.70	-21.71	-27.63	5.52	7.90	0.47	-3.27	0.79	0.52	82.44	59.09
Aurion Global Opportunities Fund	1.470	0.47	-0.38	0.62	0.62	1.98	-	3.86	3.50	0.62	-0.84	1.65	-	0.08	0.56	0.45	0.59	99.62	75.00
Aurion II Equity Fund	51.038	-5.07	-8.20	-3.62	-3.62	22.40	8.21	11.78	48.63	-38.09	-41.81	11.87	21.29	1.21	0.90	0.96	0.73	91.67	67.69
Aurion II Equity Fund Series D	14.864	-5.15	-8.46	-4.16	-4.16	21.64	7.41	8.32	48.28	-38.34	-42.05	11.92	21.34	1.22	-0.03	0.96	0.73	91.34	65.38
Aurion Income Opportunities Fund	27.131	-0.07	2.49	3.15	3.15	4.34	-	2.45	5.21	-11.50	-13.79	2.80	-	0.01	4.16	0.04	0.10	94.63	66.67
Aurion Income Opportunities Fund Class D	4.685	-0.11	2.39	2.91	2.91	3.75	-	-1.43	4.96	-11.66	-13.74	2.80	-	0.01	3.57	0.04	0.11	93.94	59.09
Auspice Diversified Trust Class A	-	-1.63	0.91	4.00	4.00	15.73	-	7.01	16.01	-4.93	-6.75	9.72	-	0.42	8.27	0.40	0.46	97.04	61.90
Auspice Diversified Trust Class F	-	-1.55	1.11	4.42	4.42	16.38	-	8.07	16.19	-4.02	-6.19	9.67	-	0.41	9.10	0.40	0.46	97.19	61.90
Auspice Diversified Trust Class S	-	-1.61	0.88	3.91	3.91	-	-	-	-	-	-2.93	-	-	-	-	-	-	97.07	50.00
Auspice Managed Futures LP.	-	-1.62	1.06	4.29	4.29	18.19	8.90	6.60	29.72	-8.24	-19.32	11.11	12.34	0.46	10.02	0.39	0.46	97.09	52.38
Barometer Long Short Equity Pool Class A	-	-1.35	-9.64	-13.85	-13.85	0.87	1.08	6.98	39.85	-32.07	-32.59	25.98	20.86	0.67	-11.03	0.24	0.05	85.03	60.38
Barometer Long Short Equity Pool Class F	-	-1.26	-9.37	-13.31	-13.31	2.00	0.81	8.01	38.95	-31.46	-32.16	26.00	20.45	0.67	-9.90	0.24	0.05	85.35	62.00
Barometer Tactical Exchange Traded Fund Pool	-	0.34	-2.67	1.84	1.84	-	-	-	-	-	-4.86	-	-	-	-	-	-	95.46	90.00
Barometer Tactical Exchange Traded Fund Pool F	-	0.43	-2.37	2.36	2.36	-	-	-	-	-	-4.72	-	-	-	-	-	-	95.69	90.00
Blackheath Futures Fund LP Class A	3.005	-2.93	-3.56	-2.72	-2.72	12.21	-	2.38	17.27	-13.87	-13.87	20.01	-	0.95	-4.67	0.45	0.70	88.53	65.00



**HEDGE FUND PERFORMANCE (as of June 30, 2011)**

Fund Name	Asset Size (\$MM)	1 Month	3 Month	6 Month	YTD	1 Year	3 Year (Ann.)	Since Inception (Ann.)	Best 6 Mo. (3 Year)	Worst 6 Mo. (3 Year)	Max. Draw Down	Std. Dev. (1 Year)	Std. Dev. (3 Year)	Beta (1 Year, TSX)	Alpha (%) (1 Year, TSX)	Correl. (1 Year, TSX)	Correl. (1 Year, S&P500)	% High Water-mark	% Pos. Month Since Inc.
Blackheath Futures Fund LP Class B	5.670	-2.78	-3.39	-2.43	-2.43	13.64	-	3.34	18.41	-13.84	-13.94	20.42	-	0.96	-3.41	0.44	0.69	88.36	65.00
Blackheath Volatility Arbitrage Fund, LP	-	0.26	-6.37	-5.55	-5.55	-	-	-	-	-	-8.82	-	-	-	-	-	-	91.42	44.44
BluMont Hirsch Performance Fund	59.837	-2.65	-3.64	-4.20	-4.20	17.02	-0.25	10.59	22.15	-33.14	-41.19	8.51	16.04	0.58	6.72	0.64	0.15	88.71	61.82
BSP Absolute Return Fund US\$	-	-0.90	0.31	3.18	3.18	10.65	2.06	6.60	9.34	-15.21	-15.21	3.05	6.24	0.23	6.56	0.70	0.81	98.92	74.29
Burlington Capital Fund	1.358	-2.84	-6.09	-3.42	-3.42	-	-	-	-	-	-7.31	-	-	-	-	-	-	92.69	45.45
Burlington Capital Fund F	-	-2.75	-5.77	-2.76	-2.76	-	-	-	-	-	-6.88	-	-	-	-	-	-	93.12	45.45
Burlington Partners1 LP	-	-1.60	-3.23	-2.44	-2.44	2.12	-2.90	3.75	6.61	-12.37	-13.27	4.75	5.40	0.40	-4.99	0.79	0.87	90.94	59.74
ChapelGate Credit Opportunity Fund Ltd.	-	0.03	2.82	9.13	9.13	19.48	17.06	14.32	15.21	-0.47	-4.23	3.73	4.80	0.22	15.57	0.55	0.60	100.00	89.55
CI Global Opportunities Fund C\$	16.445	-0.66	-0.13	-2.94	-2.94	-6.49	3.20	17.97	27.74	-5.86	-39.28	5.05	9.13	-0.09	-4.89	-0.17	-0.49	84.47	58.25
CI Global Opportunities Fund US	-	-0.21	0.43	0.39	0.39	3.05	4.39	7.45	20.85	-6.92	-46.22	7.85	15.91	0.29	-2.10	0.35	0.60	95.65	51.45
Creststreet Energy Opportunities Fund Series 2009	-	-1.41	4.47	20.26	20.26	67.34	-	66.70	54.25	-6.91	-12.08	16.10	-	1.00	49.57	0.58	0.50	98.59	76.00
Creststreet Energy Opportunities Fund Series 2010	-	-1.41	4.46	-6.88	-6.88	29.57	-	24.76	54.24	-6.88	-22.65	31.51	-	1.47	3.46	0.44	0.38	80.80	69.23
Creststreet Energy Opportunities Fund Series A	-	-1.42	3.32	15.27	15.27	57.95	-	16.23	59.79	-50.80	-52.21	14.85	-	0.92	41.61	0.58	0.50	98.58	69.70
Creststreet Energy Opportunities Fund Series F	-	-1.34	3.47	-11.86	-11.86	20.92	-	6.06	47.35	-11.86	-23.84	31.49	-	1.41	-4.13	0.42	0.37	78.81	66.67
Curvature Market Neutral Fund A	9.644	0.91	1.21	5.06	5.06	10.59	-	10.59	11.65	5.06	-2.13	6.12	-	0.11	8.64	0.17	0.00	100.00	75.00
Curvature Market Neutral Fund F	-	1.01	1.49	5.71	5.71	12.00	-	12.00	12.46	5.71	-1.87	6.17	-	0.11	10.05	0.17	0.00	100.00	75.00
DFS DGAM Alternative Investments Fund	8.545	-1.12	-1.20	-1.86	-1.86	4.11	1.36	0.61	9.00	-6.38	-8.48	4.42	5.31	0.31	-1.40	0.66	0.84	97.86	53.06
DKAM Capital Ideas Fund LP Class A	-	-3.33	1.09	8.02	8.02	31.64	-	36.35	52.11	-3.06	-8.96	8.85	-	0.59	21.16	0.63	0.68	96.68	75.76
DKAM Capital Ideas Fund LP Class A	27.000	-3.32	2.63	13.86	13.86	29.45	-	37.34	52.13	-3.06	-8.96	9.36	-	0.20	25.90	0.20	-0.17	96.68	75.00
DKAM Capital Ideas Fund LP Class F	-	-3.25	1.32	8.51	8.51	33.47	-	20.55	25.36	-2.66	-9.27	8.92	-	0.61	22.63	0.64	0.70	96.75	76.47
DPF India Opportunities	-	3.15	-2.32	-11.96	-11.96	-3.44	-6.60	-11.33	70.12	-53.54	-73.89	22.59	37.95	0.21	-7.17	0.09	0.32	46.89	54.35
Dynamic Alpha Performance Fund Series A	134.746	1.25	0.50	4.39	4.39	8.80	8.96	8.36	11.97	-4.84	-15.50	5.64	8.41	0.08	7.38	0.14	-0.22	100.00	64.22
Dynamic Alpha Performance Fund Series F	186.998	1.28	0.71	4.72	4.72	9.66	9.87	9.01	12.39	-4.55	-15.12	5.47	8.28	0.09	8.06	0.15	-0.20	100.00	64.62
Dynamic Alpha Performance Fund Series T	6.570	1.25	0.59	4.33	4.33	9.01	-	10.51	8.11	1.34	-1.64	5.58	-	0.09	7.41	0.15	-0.21	100.00	66.67
Dynamic Contrarian Fund	91.611	-7.45	-13.87	-14.40	-14.40	16.04	-4.33	9.50	52.05	-61.79	-63.12	19.77	35.24	1.54	-11.32	0.73	0.51	84.53	59.15
Dynamic Contrarian Fund Series F	19.947	-7.39	-13.58	-13.93	-13.93	16.50	-3.53	10.50	52.76	-61.53	-62.39	19.51	35.22	1.52	-10.50	0.73	0.51	86.07	59.15
Dynamic Income Opportunities Fund	30.086	-0.14	0.73	4.07	4.07	23.43	5.82	8.81	18.73	-24.85	-29.50	6.91	13.63	0.46	15.26	0.63	0.37	99.86	67.80
Dynamic Income Opportunities Fund Series F	20.670	-0.08	0.93	4.61	4.61	24.00	6.75	9.76	19.17	-24.46	-28.39	6.58	13.58	0.45	16.01	0.65	0.36	99.92	69.49
Dynamic Power Emerging Markets Fund Series A	5.512	-3.77	-6.58	-8.75	-8.75	13.81	-19.37	0.74	46.71	-69.44	-74.27	13.96	35.26	0.89	-2.00	0.60	0.61	44.13	65.71
Dynamic Power Emerging Markets Fund Series C	20.268	-3.90	-6.59	-8.84	-8.84	18.62	-16.53	2.55	50.00	-69.44	-74.27	17.04	36.16	1.01	0.68	0.56	0.58	48.96	65.71
Dynamic Power Emerging Markets Fund Series F	2.687	-3.83	-6.22	-8.33	-8.33	15.03	-18.27	1.71	48.36	-69.29	-73.99	14.35	35.38	0.90	-0.96	0.59	0.60	46.23	67.14
Dynamic Power Emerging Markets Fund Series FC	12.071	-3.81	-6.29	-8.36	-8.36	19.79	-15.62	3.39	50.66	-69.29	-73.99	17.15	36.16	1.00	2.02	0.55	0.57	50.88	67.14
Dynamic Power Hedge Fund Series C	143.239	-5.07	-13.11	-16.51	-16.51	19.76	-5.25	26.30	170.87	-75.08	-79.61	24.18	50.46	1.64	-9.37	0.64	0.42	82.50	56.25
Dynamic Power Hedge Fund Series FC	436.720	-4.95	-12.86	-16.07	-16.07	20.51	-4.34	30.27	172.45	-74.94	-79.43	24.04	50.37	1.63	-8.45	0.64	0.42	82.80	59.63
Enso Global Fund A	29.155	-12.25	-23.10	-29.04	-29.04	37.53	6.53	10.91	93.82	-50.62	-50.71	39.36	32.08	3.47	-24.11	0.83	0.72	68.63	61.39
Enso Global Fund Class U	-	-12.32	-	-	-12.32	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
Enso Global Fund F	-	-12.19	-23.08	-28.89	-28.89	38.41	7.46	12.34	94.63	-50.30	-50.36	39.42	32.11	3.47	-23.23	0.83	0.72	68.70	61.62
Exemplar Diversified Portfolio	37.058	-2.40	-1.97	-0.23	-0.23	13.39	-	9.03	17.83	-4.84	-8.71	13.84	-	0.45	5.40	0.30	-0.08	94.61	53.85
Exemplar Diversified Portfolio Class F	-	-2.21	-1.64	0.34	0.34	14.36	-	10.15	18.18	-4.28	-8.01	13.68	-	0.44	6.54	0.30	-0.08	94.88	53.85
Exemplar Leaders Fund Class A	22.485	-3.07	0.51	7.40	7.40	27.12	-0.02	1.49	21.07	-33.97	-39.26	9.33	17.92	0.71	14.51	0.72	0.85	94.90	60.00
Exemplar Leaders Fund Class F	-	-2.98	0.78	7.97	7.97	26.32	0.45	1.99	21.62	-33.62	-38.51	9.98	17.98	0.70	13.88	0.66	0.82	96.75	60.00
Fiera Institutional Market Neutral Strategy	-	-4.62	-7.47	-5.02	-5.02	1.44	7.23	12.54	24.33	-7.24	-7.69	8.23	8.45	0.51	-7.62	0.59	0.41	92.53	64.44
Fiera Long/Short Equity Fund Class A	-	-8.92	-12.25	-6.72	-6.72	-	-	-	-	-	-12.25	-	-	-	-	-	-	87.75	63.64
Fiera Market Neutral Equity Fund Class A	-	-6.00	-9.62	-7.40	-7.40	-0.18	2.35	2.35	23.73	-12.29	-12.79	9.90	9.83	0.65	-11.73	0.61	0.37	90.38	58.33
Fiera Market Neutral Equity Fund Class F	-	-5.91	-9.36	-6.94	-6.94	0.83	-	4.22	22.87	-8.05	-11.10	9.92	-	0.65	-10.72	0.61	0.37	90.64	60.00
First Asset Can-60 Income Corp	245.923	-2.77	-3.16	0.30	0.30	-	-	-	-	-	-3.32	-	-	-	-	-	-	96.68	50.00
Formula Growth Global Opportunities Fund Cl. S C\$	22.800	-1.49	0.27	-3.00	-3.00	6.48	-	8.78	14.42	-5.21	-9.00	9.42	-	0.28	1.51	0.28	0.76	96.44	70.00
Formula Growth Hedge Fund Class F C\$	-	-0.70	-1.63	0.55	0.55	11.31	9.30	20.05	16.95	-4.93	-16.43	8.94	12.23	0.46	3.14	0.48	0.85	96.50	65.38
Formula Growth Hedge Fund Class F US	-	-0.20	-0.76	3.83	3.83	22.57	11.34	26.83	35.51	-19.65	-23.22	14.37	15.26	0.84	7.65	0.55	0.96	97.11	70.87
Friedberg Asset Allocation Fund	44.000	-2.09	1.60	2.72	2.72	10.87	-	17.84	15.84	2.72	-4.24	10.46	-	0.31	5.36	0.28	0.12	96.40	66.67

HEDGE FUND PERFORMANCE (as of June 30, 2011)

Fund Name	Asset Size (\$MM)	1 Month	3 Month	6 Month	YTD	1 Year	3 Year (Ann.)	Since Inception (Ann.)	Best 6 Mo. (3 Year)	Worst 6 Mo. (3 Year)	Max. Draw Down	Std. Dev. (1 Year)	Std. Dev. (3 Year)	Beta (1 Year, TSX)	Alpha (%) (1 Year, TSX)	Correl. (1 Year, TSX)	Correl. (1 Year, S&P500)	% High Water-mark	% Pos. Month Since Inc.
Friedberg Global Macro Hedge Fund US	175.062	-3.27	0.29	-4.04	-4.04	-9.03	16.86	21.03	33.03	-10.56	-18.08	26.74	25.37	0.20	-12.58	0.07	-0.07	88.42	56.36
Front Street Canadian Energy Resource Fund Ser B	40.753	-17.41	-23.99	-20.05	-20.05	32.12	0.03	17.09	88.11	-68.22	-72.55	30.81	42.75	2.82	-17.98	0.86	0.46	75.86	68.83
Front Street Canadian Energy Resource Fund Ser F	0.475	-17.33	-23.77	-19.52	-19.52	30.30	-	30.30	61.91	-19.52	-23.99	30.32	-	2.78	-19.09	0.86	0.49	76.01	75.00
Front Street Canadian Hedge Fund Series B	143.665	-6.98	-9.79	-7.53	-7.53	24.50	-3.31	14.02	34.93	-43.30	-43.40	15.91	20.48	1.39	-0.19	0.82	0.72	88.19	65.49
frontierAlt Global Dividend Fund	5.571	-1.08	-0.19	0.01	0.01	11.76	-14.38	-14.44	21.17	-50.22	-61.69	9.50	21.11	0.45	3.77	0.45	0.91	49.09	50.94
Goodwood Fund Class A	25.438	-1.21	-5.83	-8.74	-8.74	-1.01	-2.45	11.74	39.94	-39.82	-55.80	11.54	24.12	0.59	-11.49	0.48	0.85	66.82	61.93
Goodwood Fund Class B	57.701	-1.21	-5.83	-8.74	-8.74	-1.00	-2.48	1.29	39.93	-39.87	-55.41	11.55	24.11	0.59	-11.48	0.48	0.85	67.42	57.02
Goodwood Value Fund A	32.884	-1.22	-5.59	-8.36	-8.36	-1.69	-2.96	2.61	38.42	-39.85	-56.29	11.01	23.67	0.54	-11.28	0.46	0.84	65.19	58.33
Goodwood Value Fund F	-	-1.17	-5.44	-8.06	-8.06	-1.01	-2.28	4.82	38.82	-39.61	-62.58	11.01	23.68	0.52	-10.25	0.44	0.83	56.71	60.00
High Yield Fund A C\$	414.148	-1.02	-1.00	3.20	3.20	13.02	11.43	6.99	13.62	-5.91	-9.27	3.47	5.82	0.33	7.16	0.89	0.66	98.57	66.67
High Yield Fund A US	-	-1.10	-1.23	2.77	2.77	12.22	12.00	9.16	14.57	-4.92	-8.65	3.52	5.86	0.33	6.36	0.89	0.66	98.41	72.55
High Yield Fund F	-	-0.96	-0.80	3.62	3.62	13.95	12.14	7.71	13.36	-5.56	-9.82	3.48	5.81	0.33	8.09	0.89	0.66	98.70	68.00
Highwater Diversified Opportunities Fund LP A	-	-0.87	-3.63	-3.88	-3.88	7.29	8.20	5.65	36.56	-24.67	-29.50	7.44	14.79	0.50	-1.59	0.64	0.87	94.58	61.90
Highwater Diversified Opportunities Fund LP F	-	-0.78	-3.36	-3.34	-3.34	8.35	9.23	6.67	37.05	-24.34	-29.10	7.37	14.79	0.50	-0.53	0.64	0.87	95.04	61.90
Highwater Diversified Trust Fund Series A	-	-0.92	-3.77	-4.21	-4.21	6.39	-	5.79	11.07	-4.21	-5.70	7.33	-	0.49	-2.31	0.64	0.86	94.30	50.00
Highwater Diversified Trust Fund Series F	-	-0.83	-3.50	-3.67	-3.67	7.60	-	6.96	11.70	-3.67	-5.25	7.34	-	0.50	-1.28	0.64	0.86	94.75	55.56
Hillsdale Canadian Long/Short Equity Fund Class A	10.093	-0.88	-4.48	-5.16	-5.16	8.77	-6.29	8.14	16.46	-18.00	-24.49	8.58	11.48	0.46	0.60	0.50	0.26	82.28	59.42
Hillsdale Canadian Long/Short Equity Fund Class F	-	-0.81	-4.29	-4.78	-4.78	9.57	-5.55	0.20	16.86	-17.58	-23.20	8.55	11.44	0.46	1.40	0.50	0.26	84.25	54.39
Hillsdale Canadian Long/Short Equity Fund Class I	0.977	-0.78	-4.21	-4.63	-4.63	9.83	-5.30	7.38	16.95	-17.51	-22.75	8.52	11.44	0.45	1.84	0.50	0.26	84.92	58.47
Hillsdale Enhanced Income Fund Class A	4.409	-1.03	1.13	3.76	3.76	-	-	-	-	-	-1.97	-	-	-	-	-	-	98.97	75.00
Hillsdale Enhanced Income Fund Class F	-	-0.96	1.33	4.17	4.17	-	-	-	-	-	-1.90	-	-	-	-	-	-	99.04	75.00
HRS Canadian Opportunities Fund, LP Class F	-	0.00	-1.86	0.16	0.16	9.78	2.00	4.85	15.74	-21.64	-25.20	4.23	9.05	0.33	3.92	0.74	0.73	97.63	69.23
IA Multi-Strategy	0.050	-1.42	-2.21	-1.23	-1.23	1.16	-9.32	-2.92	4.92	-22.61	-32.31	4.17	8.76	0.29	-3.99	0.66	0.62	68.98	48.51
IMFC Global Concentrated Program	-	-1.38	-1.98	-5.14	-5.14	7.49	-	7.68	19.84	-9.72	-10.31	10.34	-	0.32	1.81	0.29	-0.17	94.86	59.26
IMFC Global Investment Program	-	-2.32	-1.64	0.51	0.51	14.94	9.20	16.03	28.66	-9.18	-10.47	13.92	17.11	0.44	7.12	0.30	-0.09	94.83	50.94
IMFC Managed Futures Fund	0.052	-2.30	-2.02	-0.14	-0.14	14.92	3.68	8.89	19.36	-12.64	-16.52	13.86	16.65	0.44	7.10	0.30	-0.06	94.68	48.78
J.C. Clark Commonwealth Patriot Trust	38.377	-4.56	-7.61	-4.24	-4.24	11.41	8.25	9.88	30.13	-21.28	-21.28	9.91	14.38	0.92	-4.93	0.87	0.49	90.24	67.42
J.C. Clark Focused Opportunities Fund	22.386	0.04	-3.67	-4.95	-4.95	-2.98	0.58	7.05	9.86	-11.26	-14.02	5.44	7.29	0.26	-7.60	0.45	0.20	93.39	68.49
J.C. Clark Preservation Trust - Class B	78.342	-0.06	-3.01	-5.21	-5.21	-13.67	2.88	11.97	19.64	-8.93	-21.48	6.33	7.83	-0.13	-11.36	-0.19	-0.55	86.33	60.27
JC Clark Opportunities Fund A	10.756	-0.13	-4.56	-6.40	-6.40	-4.14	0.13	0.31	10.16	-12.75	-15.54	6.25	7.49	0.31	-9.65	0.47	0.17	92.06	58.70
JC Clark Opportunities Fund F	-	-0.06	-4.38	-6.02	-6.02	-3.37	0.92	1.11	10.57	-12.40	-14.77	6.26	7.49	0.31	-8.88	0.47	0.17	92.31	58.70
KCS Absolute Core Return Fund Class A2 C\$	-	-1.68	-11.82	-6.01	-6.01	56.79	-	75.11	78.06	-6.01	-11.82	29.44	-	1.58	28.72	0.51	0.32	88.18	81.82
KCS Great White North Fund Class A	-	-1.45	-2.48	-2.26	-2.26	2.04	-	2.52	5.47	-2.26	-3.34	3.23	-	0.26	-2.58	0.75	0.46	96.66	65.52
KCS Great White North Fund Class B	-	-1.50	-2.62	-2.53	-2.53	1.52	-	-0.43	5.24	-2.53	-3.53	3.25	-	0.26	-3.10	0.75	0.46	96.47	53.33
KCS Great White North Fund Class F	-	-1.40	-2.34	-1.99	-1.99	2.56	-	3.03	5.72	-1.99	-3.16	3.22	-	0.26	-2.06	0.75	0.46	96.84	68.97
KCS Great White North Fund Class O	-	-1.36	-2.21	-1.74	-1.74	-	-	-	-	-	-2.98	-	-	-	-	-	-	97.02	50.00
Kensington Global Private Equity Fund Class A	-	10.08	14.62	20.10	20.10	23.93	5.40	3.80	20.10	-10.29	-16.30	9.60	8.72	-0.67	35.83	-0.66	-0.31	100.00	50.00
Kensington Global Private Equity Fund Class F	-	10.08	14.72	20.31	20.31	24.49	5.82	5.04	20.31	-10.05	-15.74	9.56	8.68	-0.67	36.39	-0.66	-0.31	100.00	47.50
King & Victoria Fund LP	-	0.48	3.82	15.02	15.02	50.04	42.16	28.04	53.70	-19.87	-32.14	9.77	18.25	0.74	36.89	0.71	0.81	100.00	76.64
King & Victoria RSP Fund Class A Units	-	0.47	3.78	14.88	14.88	49.62	41.32	16.98	53.40	-20.50	-33.73	9.72	18.26	0.73	36.65	0.71	0.81	100.00	70.00
Landry Morin Long Short Momentum Fund Series A	-	3.97	8.43	3.89	3.89	1.49	-6.14	-1.73	7.94	-23.99	-27.24	9.74	12.01	-0.53	10.91	-0.51	-0.65	82.69	51.61
Landry Morin Long Short Momentum Fund Series F	-	4.08	8.73	4.44	4.44	2.57	-5.18	4.76	8.38	-23.54	-26.44	9.75	11.99	-0.53	11.99	-0.51	-0.65	85.26	58.16
Landry Morin Long Short Momentum Fund Series G	-	4.04	8.60	4.18	4.18	1.98	-	3.34	4.18	-5.78	-7.13	9.74	-	-0.53	11.40	-0.51	-0.65	100.00	61.11
Landry Morin Long Short Momentum Fund Series I	-	4.17	9.01	4.99	4.99	3.66	-4.18	-0.34	8.89	-23.06	-25.62	9.76	11.97	-0.53	13.08	-0.51	-0.65	87.99	57.89
Lightwater Conservative Long/Short - Class A	-	-5.76	-12.25	-18.91	-18.91	-5.77	-2.01	-1.10	18.62	-18.91	-20.68	14.04	10.46	1.04	-24.25	0.70	0.47	79.32	61.90
Lions Diversified Strategies Fund Series B (100)	-	-4.95	-7.36	-	-8.39	-	-	-	-	-	-8.39	-	-	-	-	-	-	91.61	0.00
Lions Diversified Strategies Fund Series B (200)	-	-4.95	-7.36	-	-8.39	-	-	-	-	-	-8.39	-	-	-	-	-	-	91.61	0.00
Lions Diversified Strategies Fund Series F (300)	-	-4.86	-7.10	-	-8.04	-	-	-	-	-	-8.04	-	-	-	-	-	-	91.96	0.00
Lycos Value Fund Class O	-	6.01	10.73	17.89	17.89	8.65	-	11.10	31.78	-13.32	-13.48	15.09	-	-0.44	16.47	-0.28	0.15	100.00	60.00
Lycos Value Fund Class P	-	0.48	1.46	2.93	2.93	6.00	-	5.99	3.01	2.90	0.00	0.07	-	0.00	6.00	-0.19	-0.48	100.00	100.00

HEDGE FUND PERFORMANCE (as of June 30, 2011)

Fund Name	Asset Size (\$MM)	1 Month	3 Month	6 Month	YTD	1 Year	3 Year (Ann.)	Since Inception (Ann.)	Best 6 Mo. (3 Year)	Worst 6 Mo. (3 Year)	Max. Draw Down	Std. Dev. (1 Year)	Std. Dev. (3 Year)	Beta (1 Year, TSX)	Alpha (%) (1 Year, TSX)	Correl. (1 Year, TSX)	Correl. (1 Year, S&P500)	% High Water-mark	% Pos. Month Since Inc.
Majestic Global Diversified Fund	-	-7.90	-8.35	-5.95	-5.95	16.80	-	6.63	25.18	-11.05	-18.93	17.34	-	1.01	-1.14	0.55	0.42	87.03	55.88
Man AHL Diversified (Canada) Fund Class A CS	-	0.49	-0.53	-5.21	-5.21	4.23	-1.70	5.09	15.07	-14.25	-20.64	19.15	17.11	0.36	-2.17	0.18	0.08	86.25	53.57
Man AHL Diversified (Canada) Fund Class C CS	-	0.63	-0.20	-4.54	-4.54	5.60	-	3.79	10.62	-5.92	-9.58	19.14	-	0.35	-0.62	0.17	0.08	90.99	46.15
Man AHL Diversified (Canada) Fund Class F	-	0.60	-0.24	-4.66	-4.66	5.40	-0.63	5.87	15.80	-13.85	-19.70	19.17	17.14	0.36	-1.00	0.17	0.08	88.56	54.55
Man AHL Diversified (Canada) Fund Class I	-	0.57	-0.34	-4.83	-4.83	5.07	-0.91	5.88	15.62	-13.97	-19.96	19.16	17.13	0.36	-1.33	0.18	0.08	87.92	54.39
Man AHL Diversified Futures Ltd.	-	0.51	0.78	-4.04	-4.04	2.34	-1.47	5.79	16.57	-10.79	-17.37	15.11	13.67	0.26	-2.28	0.16	0.09	89.83	56.52
Man Canada AHL Alpha Fund Class A	-	0.40	-0.36	-3.95	-3.95	1.22	-	-0.73	8.23	-5.42	-7.97	10.97	-	0.27	-3.58	0.23	0.16	92.41	54.17
Man Canada AHL Alpha Fund Class F	-	0.49	-0.10	-3.46	-3.46	2.06	-	-0.09	8.52	-5.23	-7.84	10.95	-	0.27	-2.74	0.23	0.16	93.01	54.17
Man Canada AHL DP Investment Fund Class A	-	0.54	-0.47	-5.30	-5.30	3.87	-	3.72	12.49	-6.72	-10.47	18.20	-	0.34	-2.17	0.18	0.07	90.02	44.44
Man Canada AHL DP Investment Fund Class B	-	0.54	-0.46	-5.29	-5.29	3.92	-	3.75	12.52	-6.70	-10.45	18.20	-	0.34	-2.12	0.18	0.07	90.04	44.44
Man Canada AHL DP Investment Fund Class C	-	0.54	-0.46	-5.29	-5.29	3.91	-	3.74	12.51	-6.70	-10.45	18.20	-	0.34	-2.13	0.18	0.07	90.03	44.44
Man Canada AHL DP Investment Fund Class F	-	0.67	-0.10	-4.63	-4.63	5.33	-	5.13	13.26	-6.08	-9.76	18.24	-	0.34	-0.71	0.17	0.07	90.85	44.44
Man Canada AHL DP Investment Fund Class I	-	0.65	-0.17	-4.76	-4.76	5.05	-	4.85	13.11	-6.20	-9.90	18.23	-	0.34	-0.99	0.17	0.07	90.68	44.44
Man Canada AHL DP Investment Fund Class O	-	-1.11	-3.69	-9.62	-9.62	-3.70	-	-1.39	9.27	-9.62	-14.09	17.29	-	0.45	-11.69	0.25	0.05	85.91	38.89
Man Canada AHL DP Investment Fund Class P	-	-1.11	-3.69	-9.57	-9.57	-3.64	-	-1.35	9.27	-9.57	-14.04	17.27	-	0.45	-11.63	0.25	0.05	85.96	38.89
Man Canada AHL DP Investment Fund Class Q	-	-1.10	-3.66	-9.51	-9.51	-3.57	-	-1.30	9.28	-9.51	-13.98	17.27	-	0.45	-11.56	0.25	0.05	86.02	38.89
Man Canada AHL DP Investment Fund Class R	-	-0.97	-3.32	-8.94	-8.94	-2.30	-	-0.33	9.97	-8.94	-13.26	17.32	-	0.45	-10.29	0.24	0.05	86.74	38.89
Man MGS Access Canada Note CI II 901	-	-0.16	3.15	0.34	0.34	4.94	0.43	-5.02	13.65	-5.85	-29.11	6.42	10.43	-0.09	6.54	-0.13	-0.43	81.05	55.10
Man MGS Access Canada Notes CI I 900	-	-0.16	3.15	0.34	0.34	4.94	0.43	-5.02	13.65	-5.85	-29.11	6.42	10.69	-0.09	6.54	-0.13	-0.43	81.05	55.10
Marret High Yield Hedge LP	66.160	-0.63	-0.46	3.04	3.04	11.21	12.07	11.97	13.14	-4.51	-7.60	2.55	5.42	0.24	6.95	0.87	0.66	99.17	79.61
Marret Resource Yield Fund A	38.923	-2.25	-2.57	0.75	0.75	17.22	-0.69	-0.19	17.24	-35.18	-40.58	5.91	15.42	0.54	7.63	0.85	0.33	89.79	69.81
Marret Resource Yield Fund Class U	-	-2.32	-	-	-1.48	-	-	-	-	-	-2.32	-	-	-	-	-	-	97.68	50.00
Marret Resource Yield Fund F	-	-2.06	-2.23	1.29	1.29	18.32	0.22	1.02	18.79	-34.92	-38.97	5.83	15.54	0.53	8.90	0.85	0.33	94.40	69.81
Meson Capital Partners Fund	-	2.60	2.46	-0.99	-0.99	16.85	-	96.95	225.30	-27.28	-33.63	18.30	-	0.78	2.99	0.40	0.83	77.55	60.71
NexGen Canadian Cash Tax Managed Fund 1151	11.481	0.01	0.03	0.05	0.05	0.14	0.45	1.35	0.97	0.04	0.00	0.02	0.20	0.00	0.14	0.26	0.04	100.00	100.00
NexGen Canadian Cash Tax Managed Fund 1153	2.675	0.02	0.07	0.13	0.13	0.23	0.49	1.45	1.00	0.04	0.00	0.01	0.21	0.00	0.23	-0.49	-0.41	100.00	100.00
NexGen Canadian Cash Tax Managed Fund 1154	12.240	0.04	0.13	0.25	0.25	0.45	0.63	1.55	1.07	0.04	0.00	0.03	0.21	0.00	0.45	-0.40	-0.21	100.00	100.00
NexGen Canadian Cash Tax Managed Fund 1157/1156	2.443	0.01	0.04	0.07	0.07	0.15	0.40	1.21	0.84	0.04	0.00	0.01	0.17	0.00	0.15	-0.06	-0.35	100.00	100.00
NexGen Canadian Cash Tax Managed Fund F 1158	1.247	0.03	0.11	0.20	0.20	0.37	0.56	1.16	1.01	0.04	0.00	0.02	0.20	0.00	0.37	-0.50	-0.39	100.00	100.00
NexGen Canadian Cash Tax Managed Fund HNW F 1159	1.540	0.04	0.13	0.26	0.26	0.47	0.62	1.24	1.08	0.04	0.00	0.03	0.21	0.00	0.47	-0.46	-0.26	100.00	100.00
Niagara Discovery Fund	11.500	-5.02	-6.48	-5.98	-5.98	10.08	12.02	15.92	27.51	-5.98	-12.66	21.16	16.65	1.01	-7.86	0.45	0.56	87.34	55.36
Niagara Legacy Class B Fund	53.900	-3.27	0.45	-3.80	-3.80	-9.38	10.37	16.12	22.99	-10.21	-17.28	26.63	26.08	0.15	-12.04	0.05	-0.08	88.76	59.72
North Pole Multi-Strategy Series A	-	-2.05	-3.02	-1.76	-1.76	8.61	-	18.76	23.50	-1.76	-3.85	5.44	-	0.35	2.39	0.61	0.37	96.15	73.08
North Pole Multi-Strategy Series F	-	-1.86	-2.69	-1.23	-1.23	9.58	-	19.79	24.02	-1.23	-3.38	5.36	-	0.34	3.54	0.60	0.37	96.62	73.08
Northern Rivers Conservative Growth Fund LP	13.788	-4.13	0.58	10.04	10.04	39.44	0.93	9.51	31.57	-39.12	-49.62	9.93	19.80	0.88	23.81	0.83	0.75	90.31	64.71
Northern Rivers Global Energy Fund LP	5.843	-7.09	-9.69	-1.47	-1.47	32.70	-9.70	5.06	44.12	-58.47	-61.25	16.70	26.80	1.59	4.45	0.89	0.71	73.64	63.24
Northern Rivers Innovation RSP Fund	7.202	-2.35	30.50	34.25	34.25	73.47	-12.99	3.98	48.84	-62.75	-71.54	25.88	33.13	0.01	73.29	0.01	-0.01	55.30	52.27
Palos Equity Income Fund	-	-4.21	-5.02	-1.68	-1.68	12.59	-	3.07	28.48	-32.87	-32.87	7.26	-	0.70	0.15	0.91	0.47	94.98	61.76
Palos Income Fund, L.P.	-	-2.50	-2.02	2.67	2.67	22.08	4.93	12.52	36.52	-38.17	-40.08	6.96	17.82	0.69	9.82	0.93	0.63	97.50	70.18
Palos Majestic Commodity Fund LP	-	-7.78	-8.48	-6.48	-6.48	16.14	-	6.49	24.95	-10.92	-18.66	17.33	-	1.01	-1.80	0.55	0.43	86.97	55.88
Palos Merchant Bank L.P.	-	0.98	3.90	-1.96	-1.96	18.18	4.04	5.74	47.06	-23.90	-37.33	15.70	20.55	0.21	14.45	0.13	0.12	96.15	51.52
Pathway Energy Series A Rollover MIN002	-	-9.27	-14.97	-9.01	-9.01	15.12	-33.06	-21.55	73.32	-85.67	-86.55	26.56	49.92	1.48	-11.17	0.53	0.53	30.00	56.41
Pathway Multi SF Explorer Series A Rollover MIN001	-	-16.63	-28.74	-40.68	-40.68	-0.09	-28.67	-10.36	120.51	-69.18	-82.14	37.41	51.34	3.46	-61.56	0.87	0.73	26.06	50.67
Performance Diversified Fund	-	-1.35	-4.25	-2.98	-2.98	6.70	2.23	10.65	12.90	-19.84	-19.84	5.49	8.87	0.46	-1.47	0.79	0.60	95.11	76.34
Performance Diversified Fund Trust CI A	-	-1.45	-4.80	-3.70	-3.70	5.61	-	7.93	10.89	-3.70	-5.49	5.90	-	0.51	-3.45	0.82	0.58	94.51	74.19
Performance Diversified Fund Trust CI F	-	-1.45	-4.57	-3.25	-3.25	6.59	-	7.83	11.22	-3.25	-5.19	5.89	-	0.52	-2.65	0.83	0.58	94.81	71.88
Performance Growth Fund	-	-3.05	-6.48	-4.56	-4.56	10.39	3.12	12.08	28.85	-30.07	-34.64	8.64	16.64	0.79	-3.64	0.86	0.68	92.49	73.26
Performance Growth Fund Trust Class A	-	-3.05	-7.10	-5.39	-5.39	10.05	-	9.80	18.86	-5.39	-8.22	9.34	-	0.86	-5.23	0.86	0.66	91.78	65.63
Performance Growth Trust Class F	-	-3.05	-6.87	-4.95	-4.95	10.98	-	11.58	19.27	-4.95	-7.93	9.34	-	0.86	-4.30	0.87	0.65	92.07	73.08
PH&N Absolute Return Fund	691.198	0.26	-0.23	4.00	4.00	13.23	23.33	15.63	33.19	0.84	-7.83	3.26	8.03	0.20	9.68	0.57	0.55	99.18	81.90

HEDGE FUND PERFORMANCE (as of June 30, 2011)

Fund Name	Asset Size (\$MM)	1 Month	3 Month	6 Month	YTD	1 Year	3 Year (Ann.)	Since Inception (Ann.)	Best 6 Mo. (3 Year)	Worst 6 Mo. (3 Year)	Max. Draw Down	Std. Dev. (1 Year)	Std. Dev. (3 Year)	Beta (1 Year, TSX)	Alpha (%) (1 Year, TSX)	Correl. (1 Year, TSX)	Correl. (1 Year, S&P500)	% High Water-mark	% Pos. Month Since Inc.
Picton Mahoney Diversified Strategies Fund Class A	10.250	-0.70	-1.52	0.75	0.75	14.23	-	9.09	13.39	-0.25	-3.79	4.99	-	0.39	7.30	0.74	0.72	98.48	55.56
Picton Mahoney Global Long Short Equity Fd CI A C\$	5.277	-0.07	1.78	3.43	3.43	21.08	-0.85	-0.59	17.41	-21.13	-25.98	7.67	12.24	0.38	14.33	0.46	0.86	97.04	53.49
Picton Mahoney Global Market Natural Equ CI A C\$	16.619	1.44	2.83	4.09	4.09	9.84	-1.25	0.18	6.41	-12.06	-17.21	3.62	6.71	-0.08	11.26	-0.20	0.17	96.28	53.49
Picton Mahoney Income Opportunities Fund Class A	137.135	-0.77	-0.97	2.32	2.32	11.68	-	13.03	9.79	2.32	-1.82	3.55	-	0.28	6.71	0.73	0.62	98.94	83.33
Picton Mahoney Long Short Equity Fund Class A	134.200	-0.70	-3.67	-1.91	-1.91	16.84	5.84	13.82	22.89	-21.23	-24.86	7.60	13.54	0.60	6.18	0.75	0.59	95.87	72.73
Picton Mahoney Long Short Equity Fund Class F	63.730	-0.61	-3.40	-1.40	-1.40	17.77	6.82	11.04	23.46	-20.49	-24.04	7.49	13.36	0.60	7.11	0.75	0.58	96.23	68.42
Picton Mahoney Market Neutral Equity Fund Class A	371.073	0.93	-1.14	-1.40	-1.40	5.19	4.60	11.02	9.00	-1.98	-4.63	4.32	5.42	0.13	2.88	0.28	0.27	97.94	72.73
Picton Mahoney Market Neutral Equity Fund Class F	294.243	1.02	-0.87	-0.88	-0.88	6.11	5.48	7.84	9.39	-1.46	-4.31	4.23	5.35	0.12	3.98	0.27	0.27	98.37	68.42
PIE Alternative Strategies Class F-1 Series A	-	-2.47	-4.72	-1.48	-1.48	10.36	-	15.42	37.74	-1.48	-14.87	9.11	-	0.51	1.30	0.52	0.02	94.86	67.74
Primevestfund	-	-4.63	-6.14	-11.32	-11.32	27.39	5.16	20.10	43.65	-38.63	-39.84	18.13	19.79	1.47	1.28	0.76	0.54	87.61	66.67
Quadrex Canadian Hedge Watch Index Plus Series A	0.071	-4.42	-6.52	-6.79	-6.79	7.59	-5.07	-3.10	15.43	-24.10	-29.37	9.26	11.46	0.80	-6.62	0.81	0.48	85.54	56.82
Quadrex Canadian Hedge Watch Index Plus Series F	0.999	-4.29	-6.24	-6.27	-6.27	8.15	-4.25	-2.25	15.72	-23.70	-28.69	9.18	11.44	0.79	-5.88	0.81	0.51	87.77	56.82
Quadrex Canadian Hedge Watch Index Plus Series I	0.037	-4.25	-6.12	-6.07	-6.07	9.14	-3.77	-1.80	16.19	-23.59	-28.49	9.21	11.46	0.79	-4.89	0.81	0.48	89.12	56.82
RCM Opportunities Fund Class A	4.584	-6.33	-10.85	-3.07	-3.07	7.68	-	3.07	22.46	-3.07	-13.40	14.57	-	0.89	-8.13	0.58	0.49	86.60	57.14
RCM Opportunities Fund Class F	-	-6.24	-10.66	-2.56	-2.56	8.94	-	4.25	23.30	-2.56	-13.33	14.68	-	0.90	-7.05	0.57	0.49	86.67	57.14
Redwood L/S Conservative Equity Fund	-	-4.99	-12.94	-17.03	-17.03	-13.61	-1.04	2.31	6.59	-17.03	-17.06	9.51	6.79	0.78	-27.47	0.77	0.32	82.94	64.18
Rosalind Capital Partners L.P.	-	-6.70	4.14	5.85	5.85	36.39	38.43	28.52	58.57	-2.39	-11.98	15.18	16.93	0.76	22.89	0.47	0.50	93.30	70.59
Ross Smith Capital Investment Fund	-	-0.51	0.95	2.14	2.14	13.59	13.64	12.27	43.82	-1.02	-17.17	3.79	20.60	0.23	9.50	0.57	0.43	99.49	65.79
RPH Global Sovereign Bond Fund L.P.	-	1.64	-1.77	-3.76	-3.76	-	-	-	-	-	-5.94	-	-	-	-	-	-	95.60	55.56
RPH Global Sovereign Bond Pooled Fund	-	0.92	-2.65	-	-2.65	-	-	-	-	-	-3.53	-	-	-	-	-	-	97.35	33.33
Salida Global Energy Fund (International)	29.795	-9.27	-12.58	-5.36	-5.36	28.20	20.08	26.72	135.68	-56.55	-56.55	24.82	37.39	1.42	2.97	0.54	0.26	84.91	66.67
Salida Global Energy Fund Class A	3.263	-9.33	-12.68	-5.74	-5.74	26.64	-	10.83	51.64	-20.34	-20.34	24.57	-	1.38	2.12	0.53	0.24	84.73	52.63
Salida Global Energy Fund Class F	0.167	-9.24	-12.44	-5.22	-5.22	28.06	-	3.22	52.49	-19.91	-19.91	24.59	-	1.38	3.54	0.53	0.24	85.04	47.37
Salida Strategic Growth A (formerly Multi Strategy)	126.409	-13.58	-17.19	-8.79	-8.79	44.94	4.24	27.64	99.32	-69.56	-70.56	31.17	43.46	2.09	7.81	0.63	0.22	80.40	69.14
Salida Strategic Growth F (formerly Multi Strategy)	16.708	-13.50	-16.96	-8.37	-8.37	46.07	5.19	16.48	100.23	-69.39	-70.42	31.14	43.46	2.09	8.94	0.63	0.22	80.68	67.24
Salida Strategic Growth Fund - Class A (Closed)	5.150	-14.11	-18.65	-11.47	-11.47	48.68	-	28.73	86.47	-11.47	-20.92	33.46	-	2.20	9.60	0.62	0.18	79.08	65.00
Salida Strategic Growth Fund - Class F (Closed)	1.873	-14.03	-18.43	-10.99	-10.99	50.32	-	29.71	87.51	-10.99	-20.63	33.49	-	2.21	11.06	0.62	0.18	79.37	65.00
Salida Strategic Growth Fund (International)	95.739	-13.78	-18.56	-11.05	-11.05	50.24	-	92.73	129.65	-11.05	-20.59	33.01	-	2.23	10.62	0.64	0.20	79.41	75.00
Salida Wealth Preservation Fund (International)	10.216	-2.20	-1.96	-0.79	-0.79	16.14	-	14.53	19.27	-0.79	-3.93	7.81	-	0.51	7.08	0.61	0.16	96.07	76.47
Salida Wealth Preservation Fund Class A	13.207	-2.47	-2.23	-1.61	-1.61	14.50	-	12.13	18.87	-1.61	-4.47	7.90	-	0.50	5.62	0.59	0.09	95.53	64.71
Salida Wealth Preservation Fund Class F	9.374	-2.38	-1.97	-1.07	-1.07	15.92	-	10.91	19.71	-1.07	-4.12	8.00	-	0.50	7.04	0.59	0.08	95.88	70.59
SciVest Market Neutral Equity Fund Class A	-	0.84	-0.79	-6.99	-6.99	-12.77	-4.82	2.66	10.13	-11.29	-19.22	10.03	10.34	0.07	-14.01	0.07	0.44	81.46	56.20
SciVest Market Neutral Equity Fund Class A2 C\$	-	0.85	-0.78	-6.99	-6.99	-12.78	-5.28	-0.71	10.13	-11.30	-19.23	10.05	10.31	0.07	-14.02	0.07	0.44	81.45	56.58
SciVest Special Opportunities Fund Class A	-	-3.32	-7.13	-3.45	-3.45	-0.11	-	0.84	7.50	-3.45	-7.13	7.36	-	0.45	-8.10	0.58	0.10	92.87	52.63
SciVest Special Opportunities Fund Class F	-	-3.23	-6.86	-2.97	-2.97	0.80	-	1.71	7.92	-2.97	-6.86	7.30	-	0.45	-7.19	0.58	0.10	93.14	57.89
SEI Futures Index Fund Class D	0.020	0.06	0.80	-0.20	-0.20	-	-	-	-	-	-1.98	-	-	-	-	-	-	99.28	50.00
SEI Futures Index Fund Class E	0.005	0.10	0.93	0.06	0.06	-	-	-	-	-	-1.94	-	-	-	-	-	-	99.41	50.00
SEI Futures Index Fund Class F	0.159	0.21	1.25	0.68	0.68	2.53	2.69	2.58	17.24	-6.03	-8.09	5.12	7.82	-0.06	3.60	-0.11	-0.19	98.45	58.06
SEI Futures Index Fund Class O	27.936	0.29	1.51	1.20	1.20	3.61	3.78	3.06	17.81	-5.56	-8.66	5.13	7.82	-0.06	4.68	-0.11	-0.19	99.80	57.94
SEI Futures Index Fund Class P	1.199	0.16	1.09	0.37	0.37	1.89	2.10	1.68	16.79	-6.30	-9.48	5.12	7.80	-0.06	2.96	-0.11	-0.19	97.22	54.44
Sentry Select Market Neutral LP Class A	-	-1.23	-1.23	-4.31	-4.31	-1.17	-	2.52	4.78	-4.31	-4.31	3.36	-	0.14	-3.66	0.39	0.23	95.69	62.96
Sentry Select Market Neutral LP Class F	-	-1.14	-1.14	-3.95	-3.95	-0.22	-	3.60	5.40	-3.95	-3.95	3.38	-	0.14	-2.71	0.40	0.24	96.05	62.96
Sentry Select Market Neutral RRSP Class A	-	-1.27	-2.87	-5.99	-5.99	-3.08	-	1.50	4.77	-5.99	-5.99	3.51	-	0.19	-6.46	0.50	0.33	94.01	59.26
Sentry Select Market Neutral RRSP Class E	-	-1.13	-2.46	-	-2.46	-	-	-	-	-	-2.46	-	-	-	-	-	-	97.54	0.00
Sentry Select Market Neutral RRSP Class F	-	-1.18	-2.60	-5.47	-5.47	-1.96	-	2.60	5.38	-5.47	-5.47	3.56	-	0.19	-5.34	0.50	0.33	94.53	59.26
Sevenoaks Opportunities Fund LP (Class B)	12.551	-9.44	-19.87	-15.98	-15.98	20.73	-3.30	1.07	50.85	-51.86	-51.86	23.46	27.90	1.94	-13.73	0.78	0.32	78.85	55.00
SG US Market Neutral Fund	10.069	-0.41	-0.81	2.91	2.91	2.46	-	-2.55	6.35	-6.16	-12.63	4.19	-	0.07	1.22	0.15	0.46	92.70	46.88
SG US Market Neutral Fund Class U	-	-0.43	-	-	-0.43	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
SG US Market Neutral Fund F	-	-0.29	-0.51	3.52	3.52	3.64	-	3.40	6.94	-2.00	-3.82	4.18	-	0.07	2.40	0.15	0.46	98.91	60.00
Sherpa Diversified Returns Fund Class A	-	-0.55	0.29	2.51	2.51	13.13	4.22	3.56	20.53	-21.95	-21.95	4.85	10.54	0.33	7.27	0.64	0.93	99.45	64.86

**HEDGE FUND PERFORMANCE (as of June 30, 2011)**

Fund Name	Asset Size (\$MM)	1 Month	3 Month	6 Month	YTD	1 Year	3 Year (Ann.)	Since Inception (Ann.)	Best 6 Mo. (3 Year)	Worst 6 Mo. (3 Year)	Max. Draw Down	Std. Dev. (1 Year)	Std. Dev. (3 Year)	Beta (1 Year, TSX)	Alpha (%) (1 Year, TSX)	Correl. (1 Year, TSX)	Correl. (1 Year, S&P500)	% High Water-mark	% Pos. Month Since Inc.
Sherpa Market Neutral Income Fund Class A	-	0.38	1.71	2.71	2.71	8.50	-	7.90	5.64	1.95	0.00	2.08	-	0.04	7.79	0.20	0.20	100.00	100.00
Silvercove Hard Asset Fund L.P.	-	-3.25	-3.57	-3.50	-3.50	9.93	-	9.46	13.92	-3.50	-5.82	6.84	-	0.62	-1.08	0.85	0.60	94.18	71.43
Silvercreek Capital LP Class A	8,200	-4.42	-2.70	-0.99	-0.99	-4.72	20.72	36.94	52.01	-3.77	-7.37	8.72	15.16	0.19	-8.10	0.20	0.05	94.76	79.63
Silvercreek Convertible Limited	14,900	1.12	3.46	9.44	9.44	37.03	-	30.85	26.91	7.64	0.00	15.40	-	0.17	34.01	0.10	-0.18	100.00	100.00
Silvercreek Convertible LP Class A	89,900	1.16	3.64	8.90	8.90	37.07	-	54.88	62.39	6.63	0.00	15.49	-	0.17	34.05	0.10	-0.18	100.00	100.00
SMC Man AHL Alpha Fund Class A	-	-1.23	0.49	-5.36	-5.36	-0.55	-	-1.54	6.24	-5.36	-8.13	13.91	-	0.23	-4.64	0.15	0.08	92.32	46.67
SMC Man AHL Alpha Fund Class F	-	-1.17	-2.08	-4.91	-4.91	0.35	-	-0.72	6.72	-4.91	-7.14	12.90	-	0.27	-4.45	0.20	0.04	92.86	46.67
Spartan Multi Strategy Fund Class A	-	-1.15	-3.36	-3.26	-3.26	6.71	8.08	12.64	16.06	-6.93	-7.41	5.97	6.46	0.36	0.31	0.57	0.22	96.64	74.19
Spartan Multi Strategy Fund Class F	-	-1.07	-3.11	-2.81	-2.81	7.60	8.84	13.38	16.39	-6.65	-7.17	5.94	6.45	0.36	1.20	0.57	0.22	96.89	74.19
Spartan Multi Strategy Fund Class I	-	-1.13	-3.30	-3.11	-3.11	6.90	8.18	12.70	16.04	-6.93	-7.41	5.94	6.45	0.36	0.50	0.57	0.22	96.70	74.19
Spartan Multi Strategy Fund LP Class A	-	-1.15	-3.36	-3.26	-3.26	6.70	-	6.95	10.29	-3.26	-3.36	5.97	-	0.36	0.30	0.57	0.22	96.64	59.09
Spartan Multi Strategy Fund LP Class F	-	-1.07	-3.12	-2.81	-2.81	7.59	-	9.46	10.70	-2.81	-3.12	5.93	-	0.36	1.19	0.57	0.22	96.88	64.00
Sprott Absolute Return Income Fund Class A	45,000	-0.68	0.44	4.26	4.26	-	-	-	-	-	-0.80	-	-	-	-	-	-	99.25	70.00
Sprott Absolute Return Income Fund Class F	-	-0.44	0.79	4.84	4.84	-	-	-	-	-	-0.75	-	-	-	-	-	-	99.54	70.00
Sprott Absolute Return Income Fund Class T	-	-0.78	0.30	4.53	4.53	-	-	-	-	-	-0.94	-	-	-	-	-	-	99.06	70.00
Sprott Bull/Bear RSP Fund Class A	167,000	-8.31	-13.59	-13.80	-13.80	12.37	0.35	13.51	30.35	-25.02	-26.89	27.34	24.16	1.43	-13.03	0.49	0.04	82.27	59.22
Sprott Bull/Bear RSP Fund Class F	-	-8.23	-12.89	-13.38	-13.38	14.03	-	1.55	32.23	-27.33	-27.33	27.97	-	1.40	-10.84	0.47	-0.01	82.90	60.71
Sprott Hedge Fund L.P. Class A	578,000	-8.60	-13.72	-14.56	-14.56	12.57	-2.52	20.63	32.52	-25.05	-33.94	29.34	26.27	1.36	-11.59	0.44	-0.04	81.71	62.50
Sprott Hedge Fund L.P. Class F	-	-8.51	-13.42	-14.03	-14.03	13.87	-2.39	3.88	33.09	-26.49	-34.79	28.92	27.00	1.37	-10.47	0.45	-0.05	82.38	57.89
Sprott Hedge Fund L.P. Class I	-	-8.58	-13.65	-14.44	-14.44	12.89	-2.76	3.58	32.66	-26.27	-34.68	30.18	27.29	0.86	-2.39	0.27	-0.12	81.77	57.89
Sprott Hedge Fund L.P. II Class A	623,000	-8.35	-13.20	-13.55	-13.55	12.38	-0.43	9.66	30.76	-25.23	-31.98	27.80	24.15	1.31	-10.89	0.45	-0.04	82.69	56.60
Sprott Hedge Fund L.P. II Class F	-	-8.27	-12.92	-13.06	-13.06	13.63	0.22	6.70	32.84	-26.40	-29.62	28.71	25.78	1.29	-9.29	0.42	-0.08	82.94	55.26
Sprott Hedge Fund L.P. II Class I	-	-8.31	-13.17	-13.40	-13.40	14.28	-0.63	5.84	34.11	-25.78	-31.53	29.84	26.01	1.30	-8.81	0.41	-0.07	81.77	55.26
Sprott Opportunities Hedge Fund Class A	111,000	-4.76	-5.54	-3.71	-3.71	4.95	0.14	15.91	10.60	-9.05	-9.58	9.94	7.55	0.62	-6.06	0.58	0.01	93.51	60.47
Sprott Opportunities Hedge Fund Class F	-	-4.60	-5.24	-3.17	-3.17	5.70	0.96	4.80	10.83	-9.02	-9.75	9.73	7.56	0.61	-5.14	0.59	0.01	93.74	51.16
Sprott Opportunities RSP Fund	40,000	-4.78	-5.59	-3.81	-3.81	4.74	0.00	8.19	10.44	-9.09	-9.60	9.95	7.54	0.62	-6.27	0.58	0.01	93.47	53.62
Sprott Opportunities RSP Fund Class F	-	-4.78	-5.59	-3.81	-3.81	4.74	-	4.85	10.47	-4.81	-6.53	9.95	-	0.62	-6.27	0.58	0.01	93.47	56.52
Sprott Private Credit Fund LP Class A Series 1	-	0.99	3.66	5.72	5.72	13.25	-	13.25	7.12	5.72	-0.01	1.45	-	0.02	12.89	0.10	0.25	100.00	91.67
Sprott Private Credit Fund LP Class D Series 1	-	0.98	-	-	1.90	-	-	-	-	-	0.00	-	-	-	-	-	-	100.00	100.00
Sprott Private Credit Fund LP Class E Series 1	-	1.42	-	-	2.78	-	-	-	-	-	0.00	-	-	-	-	-	-	100.00	100.00
Sprott Small Cap Hedge Fund	53,000	-5.89	-9.38	-5.82	-5.82	35.73	4.73	9.90	44.12	-54.39	-54.39	17.98	27.35	1.75	4.64	0.91	0.75	88.41	64.15
SW8 Strategy Fund LP	-	-0.17	0.07	14.49	14.49	46.20	-	42.23	35.23	14.49	-0.42	9.76	-	0.69	33.94	0.67	0.31	99.58	85.71
SW8 Strategy Fund LP Class B	-	-0.13	0.27	8.66	8.66	41.24	-	39.99	35.22	8.66	-0.25	10.00	-	0.52	32.00	0.48	0.23	99.87	85.71
SW8 Strategy Fund LP Class F	-	-0.09	0.40	-	2.17	-	-	-	-	-	-0.21	-	-	-	-	-	-	99.91	60.00
SW8 Strategy Trust Class A	-	-0.24	-0.06	-	1.36	-	-	-	-	-	-0.37	-	-	-	-	-	-	99.76	60.00
SW8 Strategy Trust Class B	-	-0.19	0.08	8.19	8.19	-	-	-	-	-	-0.32	-	-	-	-	-	-	99.81	66.67
Tapestry Balanced Growth Private Port Corp CI A	25,051	-1.55	-1.01	-1.01	-1.01	8.33	-	4.71	9.44	-1.09	-3.21	4.45	-	0.34	2.29	0.72	0.65	98.00	55.56
Tapestry Balanced Growth Private Port Corp CI F	1,192	-1.44	-0.72	-0.36	-0.36	9.58	-	5.94	9.98	-0.50	-3.09	4.39	-	0.34	3.54	0.72	0.63	98.21	61.11
Tapestry Balanced Growth Private Port Corp CI T	4,789	-1.51	-0.91	-0.91	-0.91	8.38	-	4.37	9.38	-1.61	-3.21	4.41	-	0.34	2.34	0.72	0.64	98.08	55.56
Tapestry Balanced Income Private Port Corp CI A	12,773	-1.11	-0.09	-0.46	-0.46	6.67	-	4.54	7.17	-0.46	-1.86	3.73	-	0.22	2.76	0.57	0.46	98.71	66.67
Tapestry Balanced Income Private Port Corp CI F	2,206	-1.09	0.09	0.00	0.00	7.82	-	5.64	7.82	0.00	-1.75	3.67	-	0.23	3.73	0.59	0.46	98.91	72.22
Tapestry Balanced Income Private Port Corp CI T	0,701	-1.18	-0.17	-0.53	-0.53	6.54	-	4.08	7.11	-0.53	-1.80	3.69	-	0.22	2.63	0.57	0.46	98.66	55.56
Tapestry Divers Income Private Port Corp Class A	6,052	-0.91	0.28	0.46	0.46	5.61	-	5.98	6.00	0.46	-1.17	3.46	-	0.14	3.12	0.38	0.03	99.09	72.22
Tapestry Divers Income Private Port Corp Class F	0,602	-0.90	0.45	0.82	0.82	6.55	-	6.88	6.57	0.82	-1.16	3.50	-	0.15	3.89	0.39	0.04	99.10	72.22
Tapestry Divers Income Private Port Corp Class T	0,217	-0.89	0.21	0.34	0.34	5.29	-	5.43	5.80	0.34	-1.24	3.51	-	0.14	2.80	0.37	0.01	99.11	72.22
Tapestry Global Balanced Private Port Corp CI A	7,694	-1.31	-0.28	-1.40	-1.40	6.55	-	3.69	8.06	-1.40	-3.12	4.17	-	0.23	2.46	0.53	0.52	98.51	50.00
Tapestry Global Balanced Private Port Corp CI F	0,176	-1.19	0.09	-0.83	-0.83	7.82	-	4.80	8.72	-0.83	-3.01	4.27	-	0.24	3.56	0.52	0.52	98.72	55.56
Tapestry Global Balanced Private Port Corp CI T	0,096	-1.26	-0.18	-1.35	-1.35	6.51	-	3.71	7.96	-1.35	-3.07	4.23	-	0.23	2.42	0.51	0.50	98.52	50.00
Tapestry Global Growth Private Port Corp CI A	1,728	-1.69	0.10	-0.95	-0.95	8.97	-	3.89	10.01	-1.82	-5.33	5.70	-	0.29	3.82	0.47	0.67	98.03	52.94
Tapestry Global Growth Private Port Corp CI F	0,673	-1.61	0.36	-0.36	-0.36	17.00	-	7.71	17.43	-3.63	-7.47	12.23	-	0.53	7.58	0.41	0.67	98.22	52.94

HEDGE FUND PERFORMANCE (as of June 30, 2011)																			
Fund Name	Asset Size (\$MM)	1 Month	3 Month	6 Month	YTD	1 Year	3 Year (Ann.)	Since Inception (Ann.)	Best 6 Mo. (3 Year)	Worst 6 Mo. (3 Year)	Max. Draw Down	Std. Dev. (1 Year)	Std. Dev. (3 Year)	Beta (1 Year, TSX)	Alpha (%) (1 Year, TSX)	Correl. (1 Year, TSX)	Correl. (1 Year, S&P500)	% High Water-mark	% Pos. Month Since Inc.
Tapestry Global Growth Private Port Corp CI T	0.001	-1.71	0.05	-0.96	-0.96	8.83	-	2.35	9.89	-4.85	-5.96	5.58	-	0.29	3.68	0.48	0.67	97.99	50.00
Tapestry Growth Private Portfolio Corporate CI A	10.012	-1.11	-0.74	-1.56	-1.56	9.04	-	4.32	10.76	-2.28	-4.37	4.82	-	0.34	3.00	0.66	0.69	98.17	50.00
Tapestry Growth Private Portfolio Corporate CI F	1.132	-1.09	-0.46	-0.91	-0.91	10.29	-	5.48	11.30	-1.78	-4.16	4.81	-	0.34	4.25	0.66	0.69	98.38	55.56
Tapestry Growth Private Portfolio Corporate CI T	0.001	-1.17	-0.83	-1.69	-1.69	8.87	-	4.16	10.74	-2.36	-4.45	4.91	-	0.34	2.83	0.66	0.70	98.09	50.00
Terra 2010 Mining & Energy Flow-Through LP	-	-8.98	-18.72	-28.00	-28.00	-18.69	-	-14.37	12.93	-28.00	-28.00	20.21	-	1.59	-46.94	0.74	0.52	72.00	62.50
Terra 2010 Mining & Energy Flow-Through LP Class F	-	-8.98	-18.57	-27.64	-27.64	-15.07	-	-11.53	17.37	-27.64	-27.64	23.71	-	1.72	-45.63	0.68	0.51	72.36	62.50
The Friedberg Currency Fund	3.571	11.80	-13.03	-28.18	-28.18	-27.91	-2.58	0.20	35.50	-43.54	-75.71	31.23	35.18	-0.22	-24.00	-0.07	-0.07	43.36	51.27
Trident Global Opportunities Fund C\$	115.931	-0.71	-0.14	-3.07	-3.07	-6.88	-0.76	9.89	17.50	-6.23	-15.91	5.27	9.07	-0.11	-4.93	-0.19	-0.52	84.09	53.23
Trident Global Opportunities Fund Class F C\$	22.907	-0.63	0.10	-2.61	-2.61	-5.86	0.24	11.04	18.69	-5.73	-21.53	5.25	20.59	-0.11	-3.91	-0.19	-0.53	85.22	57.26
Trident Global Opportunities Fund Class F US	-	-0.17	0.64	0.71	0.71	3.72	2.11	14.32	14.21	-6.25	-14.77	7.65	15.09	0.28	-1.25	0.34	0.58	96.92	55.65
Trident Global Opportunities Fund US	-	-0.26	0.40	0.23	0.23	2.60	0.44	14.98	13.85	-9.53	-15.46	7.68	15.06	0.27	-2.20	0.33	0.57	95.19	55.65
Trident Performance Corp II	22.617	-0.59	0.00	-3.90	-3.90	-7.81	-	-4.75	6.43	-7.24	-14.49	5.91	-	-0.12	-5.68	-0.20	-0.50	85.51	43.48
U.S. Equity Income Fund A C\$	19.850	1.15	0.98	4.37	4.37	14.97	-8.12	-13.13	49.16	-55.50	-71.45	11.23	30.75	0.48	6.44	0.40	0.55	49.78	50.98
U.S. Equity Income Fund Class U US	-	1.09	0.80	4.03	4.03	14.65	-3.26	-9.57	49.55	-52.67	-69.19	11.37	30.61	0.49	5.95	0.41	0.54	58.93	54.90
U.S. Equity Income Fund F	-	1.24	1.28	5.00	5.00	16.16	-7.18	-12.27	50.13	-55.29	-71.06	11.25	30.81	0.48	7.63	0.40	0.54	51.76	50.98
Venator Catalyst Fund	-	1.00	5.08	5.98	5.98	17.39	13.31	11.69	11.06	2.08	-3.36	5.98	5.31	0.17	14.37	0.26	0.46	100.00	73.81
Venator Founders Fund	-	-1.70	-7.79	-4.88	-4.88	7.01	3.97	12.94	32.79	-28.12	-32.02	14.81	19.32	1.01	-10.93	0.64	0.86	90.91	65.63
Venator Income Fund	-	-0.35	-0.48	6.58	6.58	20.83	-	20.20	15.48	3.99	-3.21	5.91	-	0.36	14.43	0.58	0.77	98.16	77.27
Venator Income Fund Class F	-	-0.28	-0.25	7.09	7.09	22.03	-	18.82	25.14	-6.78	-12.90	5.93	-	0.37	15.46	0.58	0.77	98.30	76.47
Venator Investment Trust	-	-1.67	-7.77	-4.79	-4.79	7.04	3.84	4.96	32.40	-28.06	-32.72	14.82	19.41	1.00	-10.73	0.64	0.86	91.07	60.00
Venator Investment Trust Class F	-	-1.58	-7.45	-4.23	-4.23	8.87	-	10.21	26.02	-8.76	-13.63	15.68	-	1.04	-9.61	0.62	0.88	91.46	68.42
Vertex Fund Class A	1080.343	-5.23	-4.78	0.72	0.72	16.05	5.62	17.83	52.58	-45.06	-47.22	11.01	23.82	0.75	2.73	0.64	0.56	91.11	70.63
Vertex Fund Class B	-	-5.38	-5.06	0.20	0.20	15.19	4.73	12.47	51.83	-45.38	-47.05	11.06	23.86	0.76	1.69	0.65	0.56	90.91	72.83
Vertex Fund Class F	-	-5.24	-4.79	0.71	0.71	15.76	5.53	15.99	52.58	-45.05	-47.60	11.05	23.82	0.74	2.61	0.63	0.55	91.10	73.74
Vision Opportunity Fund L.P.	46.189	-0.59	2.15	5.94	5.94	48.59	30.18	30.18	40.26	-13.27	-17.27	11.98	15.00	0.75	35.27	0.59	0.56	99.41	75.00
Vision Opportunity Fund L.P. II	18.657	-0.57	2.17	6.33	6.33	49.01	-	35.60	40.14	5.73	-1.75	11.93	-	0.74	35.86	0.58	0.55	99.43	81.82
Vision Opportunity Fund Trust	24.398	-0.68	1.42	3.33	3.33	35.43	23.94	23.94	31.07	-11.65	-15.43	9.29	12.23	0.69	23.17	0.69	0.70	99.32	77.78
Wolverine Opportunity Fund	-	-7.90	-18.97	-18.19	-18.19	-	-	-	-	-	-20.43	-	-	-	-	-	-	79.57	55.56
Equally Weighted Average Performance of All Funds	8647.029	-2.07	-2.99	-1.93	-1.96	12.53	2.51	-	-	-	-	-	-	-	-	-	-	-	-
Number of Funds in Sample	141	328	320	313	328	292	173	-	-	-	-	-	-	-	-	-	-	-	-

MARKET INDICES (as of June 30, 2011)																		
INDEX NAME	1 Month	3 Month	6 Month	YTD	1 Year	3 Year	Since Inception	Best 6 Mo. (3 Year)	Worst 6 Mo. (3 Year)	Max. Draw Down	Std. Dev. (1 Year)	Std. Dev. (3 Year)	Alpha (1 Year, TSX)	Beta (1 Year, TSX)	% High Water-mark	% Pos. Months		
183 Day Canada T-Bill	0.09	0.27	0.54	0.54	1.02	0.94	6.87	1.14	0.14	0.00	0.04	0.21	1.02	0.00	100.00	100.00		
91 Day Canada T-Bill	0.08	0.24	0.48	0.48	0.87	0.81	6.47	1.05	0.10	0.00	0.05	0.19	0.87	0.00	100.00	100.00		
BMO Canadian Small Cap Index	-6.24	-8.08	-5.17	-5.17	28.17	4.90	6.70	49.68	-46.71	-57.31	14.04	26.36	4.01	1.36	91.55	58.84		
CHW-HF Composite Index	-2.52	-4.60	-5.07	-5.07	9.32	-4.15	2.72	15.16	-30.54	-32.08	7.74	11.40	-2.40	0.66	86.11	65.38		
CHW-HF Equity Hedged Index	-2.56	-4.72	-5.22	-5.22	9.35	-4.20	5.01	15.37	-33.18	-34.75	7.87	12.66	-2.55	0.67	85.88	66.67		
CHW-HF FoHF Index	-1.97	-3.98	-4.08	-4.08	7.14	-19.39	-8.98	12.18	-35.66	-55.16	5.76	21.77	-1.92	0.51	48.54	53.25		
CHW-HF Notes Index	0.03	1.92	3.74	3.74	4.36	-0.26	-0.49	4.48	-7.08	-11.09	2.27	3.52	5.43	-0.06	95.93	51.32		
MS EAFE Free Index (C\$)	-1.73	1.13	2.03	2.03	18.47	-3.19	4.55	32.50	-33.56	-46.77	11.39	17.37	8.17	0.58	76.51	56.03		
MSCI World Index (C\$)	-2.04	-0.02	2.30	2.30	18.71	-0.89	9.19	26.58	-32.23	-44.31	8.63	14.96	8.76	0.56	79.83	61.20		
MSCI World Index (US)	-1.54	0.68	5.62	5.62	31.19	1.04	9.62	47.21	-43.38	-53.65	15.36	23.26	13.96	0.97	87.73	61.24		
Nasdaq Composite Index (C\$)	-2.67	-0.96	1.26	1.26	18.98	4.50	8.20	25.38	-30.34	-74.24	10.68	17.47	7.79	0.63	39.24	57.65		
S&P 500 Total Return Index C\$	-2.16	-0.59	2.69	2.69	18.26	1.36	9.96	20.87	-30.42	-51.16	7.41	14.14	9.20	0.51	69.74	60.11		
S&P 500 Total Return Index US\$	-1.67	0.10	6.02	6.02	30.69	3.34	10.25	40.57	-41.87	-50.98	13.76	21.22	14.35	0.92	92.49	61.37		
S&P/TSX 60 Index TR	-2.88	-4.95	0.59	0.59	18.40	-1.26	8.00	35.44	-39.42	-47.89	8.08	19.63	3.30	0.85	94.81	60.54		
S&P/TSX Composite Index	-3.64	-5.78	-1.06	-1.06	17.77	-2.76	6.80	33.80	-41.01	-45.05	8.61	19.72	1.43	0.92	90.39	59.11		
S&P/TSX Income Trust Index TR	-0.41	-1.50	15.02	15.02	40.62	7.15	19.68	39.33	-45.54	-46.76	9.47	21.25	32.63	0.45	98.50	70.37		
S&P/TSX Smallcap Index	-6.11	-8.75	-5.37	-5.37	26.00	1.14	4.84	46.51	-46.83	-58.11	13.18	26.20	3.08	1.29	88.07	56.55		

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Highest Return (3 Month)				
Fund Name	3 Month	6 Month	1 Year	Ann. std Dev. (1 Year)
Northern Rivers Innovation RSP Fund	30.50	34.25	73.47	25.88
Alpha Macro Strategies Fund Series A	14.79	22.12	146.20	34.93
Kensington Global Private Equity Fund Class F	14.72	20.31	24.49	9.56
Kensington Global Private Equity Fund Class A	14.62	20.10	23.93	9.60
Anson Investments Master Fund LP	11.16	20.72	32.69	5.58
Lycos Value Fund Class O	10.73	17.89	8.65	15.09
Landry Morin Long Short Momentum Fund Series I	9.01	4.99	3.66	9.76
Landry Morin Long Short Momentum Fund Series F	8.73	4.44	2.57	9.75
Landry Morin Long Short Momentum Fund Series G	8.60	4.18	1.98	9.74
Landry Morin Long Short Momentum Fund Series A	8.43	3.89	1.49	9.74
Venator Catalyst Fund	5.08	5.98	17.39	5.98
Act II New Media Fund F	4.77	10.97	23.80	8.70
Creststreet Energy Opportunities Fund Series 2009	4.47	20.26	67.34	16.10
Creststreet Energy Opportunities Fund Series 2010	4.46	-6.88	29.57	31.51
Act II New Media Fund A	4.39	10.27	21.68	8.81
Rosalind Capital Partners L.P.	4.14	5.85	36.39	15.18
Palos Merchant Bank L.P.	3.90	-1.96	18.18	15.70
King & Victoria Fund LP	3.82	15.02	50.04	9.77
King & Victoria RSP Fund Class A Units	3.78	14.88	49.62	9.72
Sprott Private Credit Fund LP Class A Series 1	3.66	5.72	13.25	1.45
Silvercreek Convertible LP Class A	3.64	8.90	37.07	15.49

Highest Return (1 Year)			
Fund Name	Ann. Return	Ann. Std. Dev.	# of Negative Months
AlphaNorth Partners Fund	157.86	39.60	3
Alpha Macro Strategies Fund Series A	146.20	34.93	4
Northern Rivers Innovation RSP Fund	73.47	25.88	5
Creststreet Energy Opportunities Fund Series 2009	67.34	16.10	3
Creststreet Energy Opportunities Fund Series A	57.95	14.85	3
KCS Absolute Core Return Fund Class A2 C\$	56.79	29.44	3
Salida Strategic Growth Fund - Class F (Closed)	50.32	33.49	4
Salida Strategic Growth Fund (International)	50.24	33.01	4
King & Victoria Fund LP	50.04	9.77	1
King & Victoria RSP Fund Class A Units	49.62	9.72	1
Vision Opportunity Fund L.P. II	49.01	11.93	2
Salida Strategic Growth Fund - Class A (Closed)	48.68	33.46	4
Vision Opportunity Fund L.P.	48.59	11.98	2
SW8 Strategy Fund LP	46.20	9.76	2
Salida Strategic Growth F (formerly Multi Strategy)	46.07	31.14	4
Salida Strategic Growth A (formerly Multi Strategy)	44.94	31.17	4
SW8 Strategy Fund LP Class B	41.24	10.00	2
Northern Rivers Conservative Growth Fund LP	39.44	9.93	1
Enso Global Fund F	38.41	39.42	5
Enso Global Fund A	37.53	39.36	5
Silvercreek Convertible LP Class A	37.07	15.49	0

Lowest Return (3 Month)				
Fund Name	3 Month	6 Month	1 Year	Ann. std Dev. (1 Year)
Pathway Multi SF Explorer Series A Rollover MIN001	-28.74	-40.68	-0.09	37.41
Front Street Canadian Energy Resource Fund Ser B	-23.99	-20.05	32.12	30.81
Front Street Canadian Energy Resource Fund Ser F	-23.77	-19.52	30.30	30.32
Enso Global Fund A	-23.10	-29.04	37.53	39.36
Enso Global Fund F	-23.08	-28.89	38.41	39.42
Sevenoaks Opportunities Fund LP (Class B)	-19.87	-15.98	20.73	23.46
Wolverine Opportunity Fund	-18.97	-18.19	-	-
Terra 2010 Mining & Energy Flow-Through LP	-18.72	-28.00	-18.69	20.21
Salida Strategic Growth Fund - Class A (Closed)	-18.65	-11.47	48.68	33.46
Terra 2010 Mining & Energy Flow-Through LP Class F	-18.57	-27.64	-15.07	23.71
Salida Strategic Growth Fund (International)	-18.56	-11.05	50.24	33.01
Salida Strategic Growth Fund - Class F (Closed)	-18.43	-10.99	50.32	33.49
Salida Strategic Growth A (formerly Multi Strategy)	-17.19	-8.79	44.94	31.17
Salida Strategic Growth F (formerly Multi Strategy)	-16.96	-8.37	46.07	31.14
Pathway Energy Series A Rollover MIN002	-14.97	-9.01	15.12	26.56
Dynamic Contrarian Fund	-13.87	-14.40	16.04	19.77
Sprott Hedge Fund L.P. Class A	-13.72	-14.56	12.57	29.34
Sprott Hedge Fund L.P. Class I	-13.65	-14.44	12.89	30.18
Sprott Bull/Bear RSP Fund Class A	-13.59	-13.80	12.37	27.34
Dynamic Contrarian Fund Series F	-13.58	-13.93	16.50	19.51
Sprott Hedge Fund L.P. Class F	-13.42	-14.03	13.87	28.92

Highest Return (3 Year)			
Fund Name	Ann. Return	Ann. Std. Dev.	# of Negative Months
King & Victoria Fund LP	42.16	18.25	5
King & Victoria RSP Fund Class A Units	41.32	18.26	6
AlphaNorth Partners Fund	38.95	45.22	11
Rosalind Capital Partners L.P.	38.43	16.93	12
Vision Opportunity Fund L.P.	30.18	15.00	9
Agilith North American Diversified Fund	25.80	26.30	13
Vision Opportunity Fund Trust	23.94	12.23	8
PH&N Absolute Return Fund	23.33	8.03	5
Anson Investments Master Fund LP	22.02	8.97	7
Silvercreek Capital LP Class A	20.72	15.16	9
Salida Global Energy Fund (International)	20.08	37.39	14
ChapelGate Credit Opportunity Fund Ltd.	17.06	4.80	5
Friedberg Global Macro Hedge Fund US	16.86	25.37	17
Ross Smith Capital Investment Fund	13.64	20.60	12
Venator Catalyst Fund	13.31	5.31	9
High Yield Fund F	12.14	5.81	6
Marret High Yield Hedge LP	12.07	5.42	6
Niagara Discovery Fund	12.02	16.65	18
High Yield Fund A US	12.00	5.86	6
High Yield Fund A C\$	11.43	5.82	6
Formula Growth Hedge Fund Class F US	11.34	15.26	14



Fewest Negative Months (1 Year)			
Fund Name	# of Negative Months	Ann. Return	Ann. Std. Dev.
Silvercreek Convertible LP Class A	0	37.07	15.49
Silvercreek Convertible Limited	0	37.03	15.40
Sherpa Market Neutral Income Fund Class A	0	8.50	2.08
NexGen Canadian Cash Tax Managed Fund HNWF 1159	0	0.47	0.03
NexGen Canadian Cash Tax Managed Fund F 1158	0	0.37	0.02
NexGen Canadian Cash Tax Managed Fund 1157/1156	0	0.15	0.01
NexGen Canadian Cash Tax Managed Fund 1154	0	0.45	0.03
NexGen Canadian Cash Tax Managed Fund 1153	0	0.23	0.01
NexGen Canadian Cash Tax Managed Fund 1151	0	0.14	0.02
Lycos Value Fund Class P	0	6.00	0.07
Sprott Private Credit Fund LP Class A Series 1	1	13.25	1.45
ChapelGate Credit Opportunity Fund Ltd.	1	19.48	3.73
Northern Rivers Conservative Growth Fund LP	1	39.44	9.93
Vision Opportunity Fund L.P. II	2	49.01	11.93
Vertex Fund Class B	2	15.19	11.06
Vertex Fund Class A	2	16.05	11.01
Venator Catalyst Fund	2	17.42	5.93
SW8 Strategy Fund LP Class B	2	41.24	10.00
SW8 Strategy Fund LP	2	46.20	9.76
Sherpa Diversified Returns Fund Class A	2	13.13	4.85
Picton Mahoney Income Opportunities Fund Class A	2	11.68	3.55

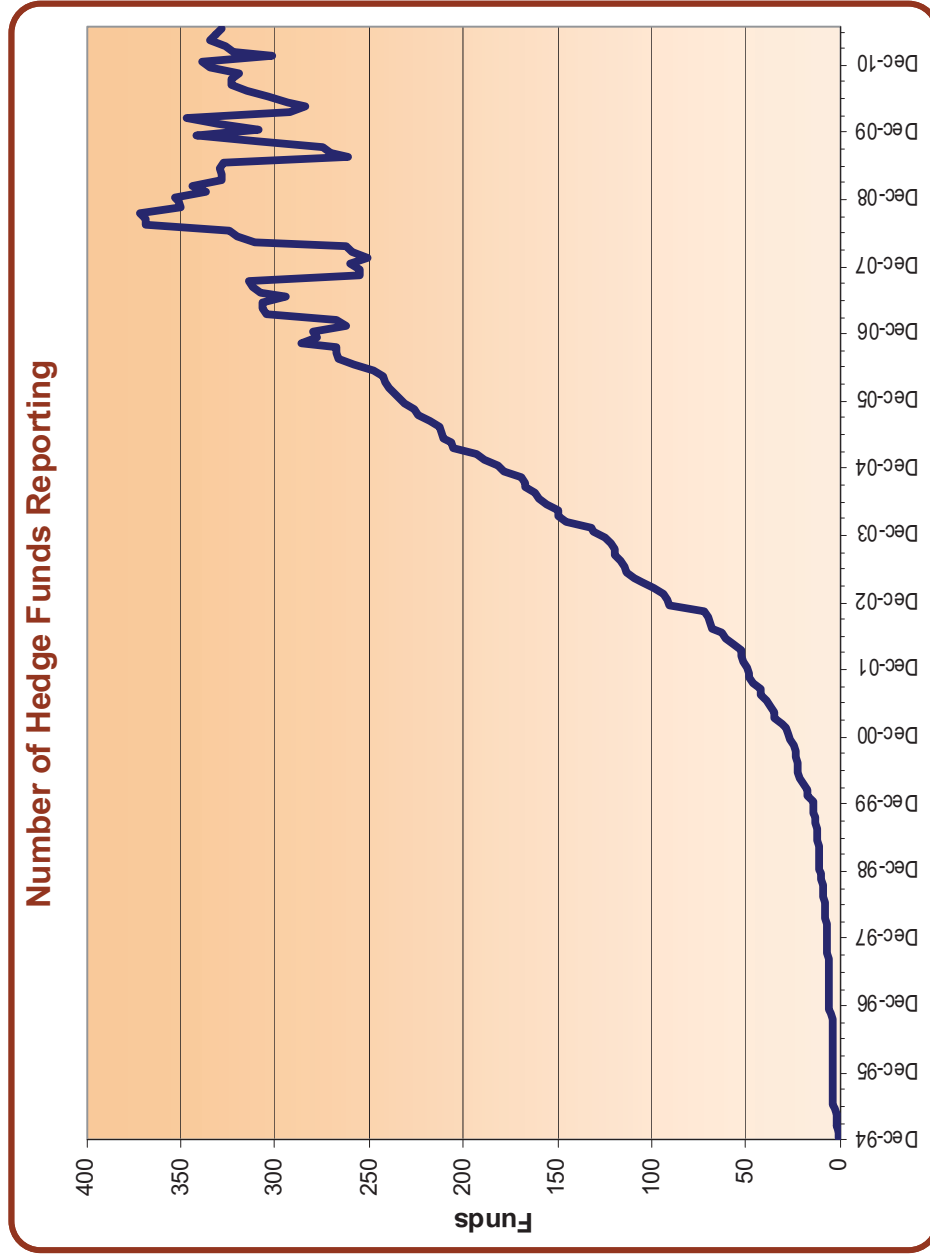
Lowest Volatility (1 Year)			
Fund Name	Ann. Std. Dev.	Ann. Return	# of Negative Months
NexGen Canadian Cash Tax Managed Fund 1157/1156	0.01	0.15	0
NexGen Canadian Cash Tax Managed Fund 1153	0.01	0.23	0
NexGen Canadian Cash Tax Managed Fund F 1158	0.02	0.37	0
NexGen Canadian Cash Tax Managed Fund 1151	0.02	0.14	0
NexGen Canadian Cash Tax Managed Fund HNWF 1159	0.03	0.47	0
NexGen Canadian Cash Tax Managed Fund 1154	0.03	0.45	0
Lycos Value Fund Class P	0.07	6.00	0
Sprott Private Credit Fund LP Class A Series 1	1.45	13.25	1
Aurion Global Opportunities Fund	1.65	1.98	4
Sherpa Market Neutral Income Fund Class A	2.08	8.50	0
Marret High Yield Hedge LP	2.55	11.21	2
Arrow Enhanced Income Fund F C\$	2.66	1.46	4
Arrow Enhanced Income Fund A C\$	2.71	0.47	5
Arrow Enhanced Income Fund A US\$	2.72	-0.36	6
Absolute Return Fund Class B	2.77	3.61	4
Aurion Income Opportunities Fund Class D	2.80	3.75	5
Aurion Income Opportunities Fund	2.80	4.34	4
BSP Absolute Return Fund US\$	3.05	10.65	2
KCS Great White North Fund Class F	3.22	2.56	5
KCS Great White North Fund Class A	3.23	2.04	5
KCS Great White North Fund Class B	3.25	1.52	5

Fewest Negative Months (3 Year)			
Fund Name	# of Negative Months	Ann. Return	Ann. Std. Dev.
PH&N Absolute Return Fund	5	23.33	8.03
King & Victoria Fund LP	5	42.16	18.25
ChapelGate Credit Opportunity Fund Ltd.	5	17.06	4.80
Marret High Yield Hedge LP	6	12.07	5.42
King & Victoria RSP Fund Class A Units	6	41.32	18.26
High Yield Fund F	6	12.14	5.81
High Yield Fund A US\$	6	12.00	5.86
High Yield Fund A C\$	6	11.43	5.82
Anson Investments Master Fund LP	7	22.02	8.97
Amethyst Arbitrage Fund	7	7.55	16.98
Vision Opportunity Fund Trust	8	23.94	12.23
Vision Opportunity Fund L.P.	9	30.18	15.00
Vertex Fund Class B	9	4.73	23.86
Vertex Fund Class A	9	5.62	23.82
Venator Catalyst Fund	9	13.31	5.31
Silvercreek Capital LP Class A	9	20.72	15.16
Vertex Fund Class F	10	5.53	23.82
Marret Resource Yield Fund F	10	0.22	15.54
Marret Resource Yield Fund A	10	-0.69	15.42
Performance Growth Fund Class A	11	-0.01	14.17
HRS Canadian Opportunities Fund, LP Class F	11	2.00	9.05

Lowest Volatility (3 Year)			
Fund Name	Ann. Std. Dev.	Ann. Return	# of Negative Months
ChapelGate Credit Opportunity Fund Ltd.	4.80	17.06	5
Venator Catalyst Fund	5.31	13.31	9
DFS DGAM Alternative Investments Fund	5.31	1.36	16
Picton Mahoney Market Neutral Equity Fund Class F	5.35	5.48	15
Burlington Partners1 LP	5.40	-2.90	20
Picton Mahoney Market Neutral Equity Fund Class A	5.42	4.60	15
Marret High Yield Hedge LP	5.42	12.07	6
Arrow Enhanced Income Fund A C\$	5.47	0.23	15
Arrow Enhanced Income Fund F C\$	5.50	1.17	14
High Yield Fund F	5.81	12.14	6
High Yield Fund A C\$	5.82	11.43	6
High Yield Fund A US\$	5.86	12.00	6
BSP Absolute Return Fund US\$	6.24	2.06	12
Arrow Diversified Fund Class F C\$	6.24	-0.67	14
Arrow Diversified Fund Class F US\$	6.25	-1.19	14
Arrow Diversified Fund Class A	6.25	-1.56	14
Arrow Diversified Fund Class A US\$	6.26	-2.04	14
360 Global Fund A	6.29	-4.00	21
360 Global Fund F	6.30	-3.14	21
Arrow Enhanced Income Fund A US\$	6.33	-0.52	18
Spartan Multi Strategy Fund Class I	6.45	8.18	12

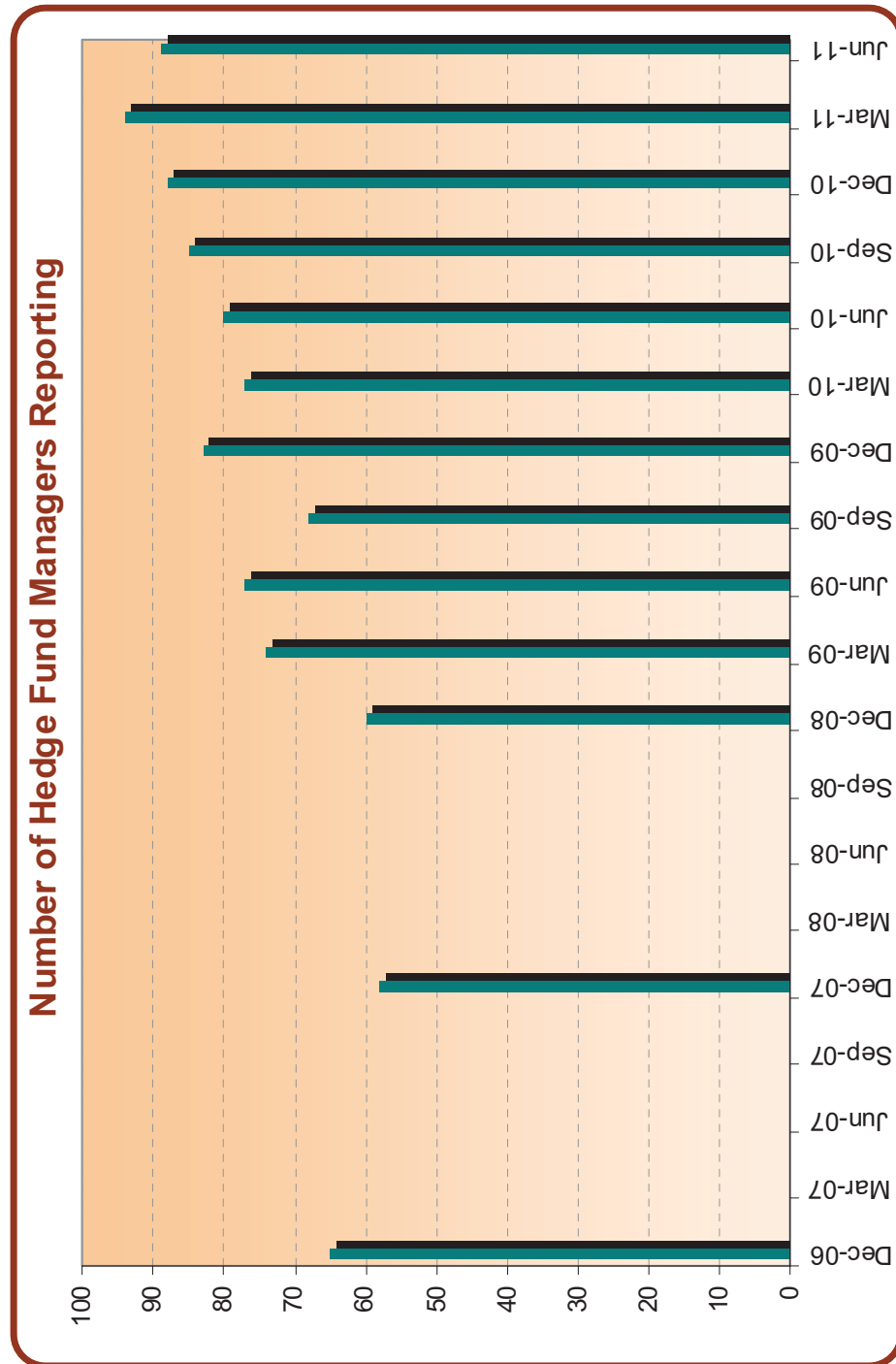
# 1. Graphs and Tables Related to Asset Size and Distribution of Canadian Hedge Funds

## 1.1. Number of Hedge Funds Reporting



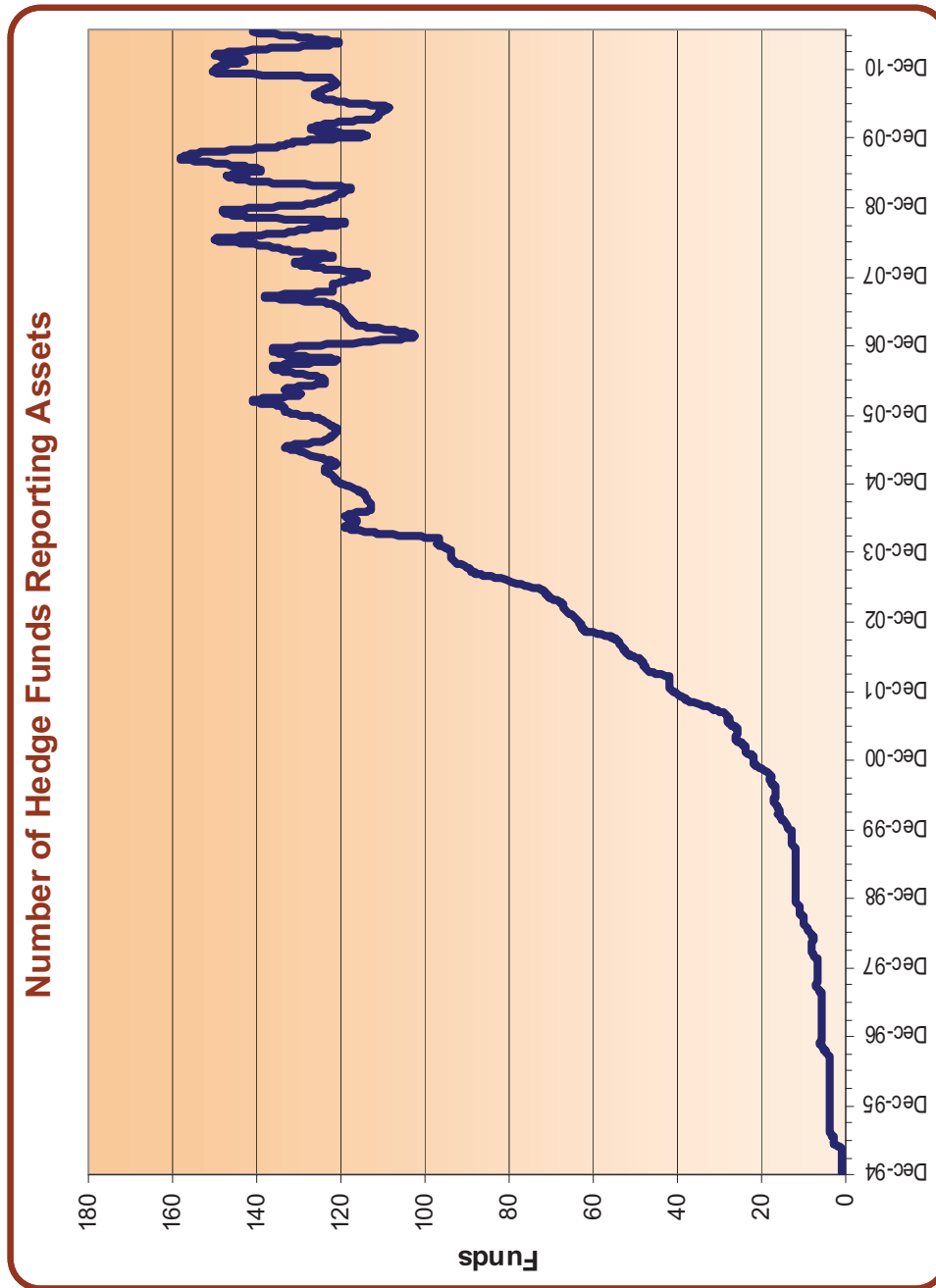
Only 32% of the funds reported positive returns for the second quarter of 2011 and just 37% for the past 6 months.

### 1.2. Number of Hedge Fund Managers Reporting



There are now a total of 89 hedge fund managers reporting their performance to Canadian Hedge Watch.

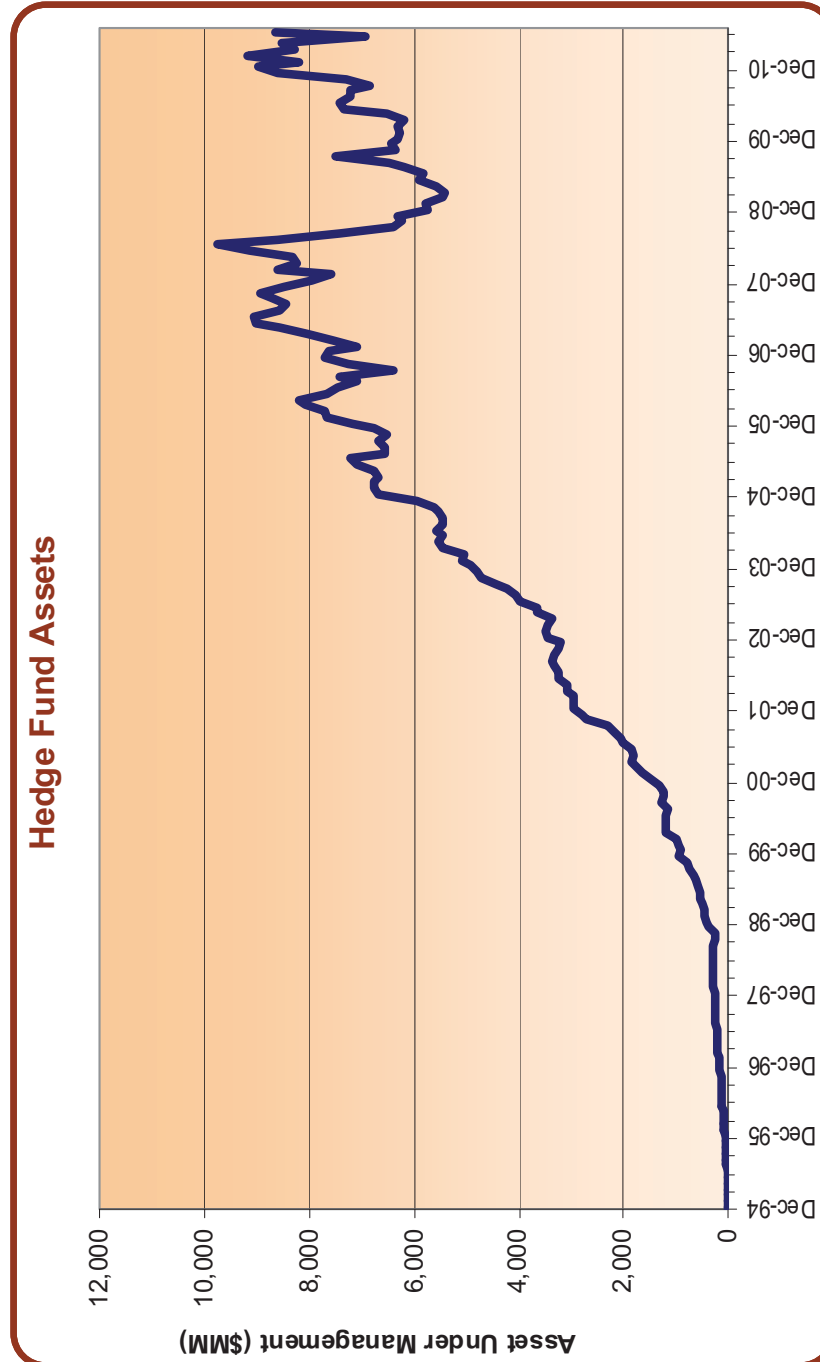
### 1.3. Hedge Funds Reporting Assets



Of the 328 funds reporting, 141 reported the size of their assets, a figure represented by 47 hedge fund managers as of June 30, 2011.

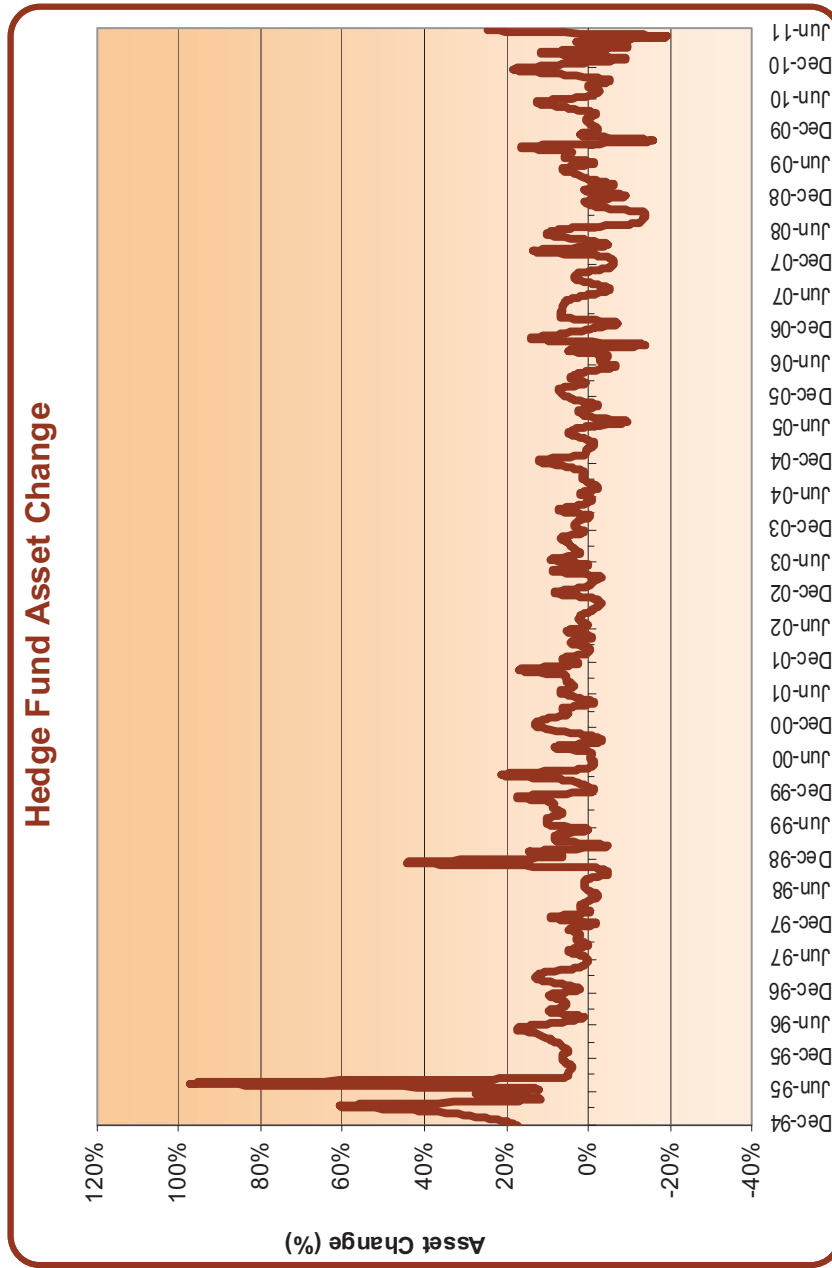
DATE	FUNDS Reporting Assets	# of Fund Managers
Dec-94	1	
Dec-95	4	
Dec-96	6	
Dec-97	7	
Dec-98	12	
Dec-99	14	
Dec-00	22	
Dec-01	42	
Dec-02	64	
Dec-03	94	
Dec-04	121	
Dec-05	133	
Dec-06	117	28
Dec-07	114	28
Dec-08	129	35
Mar-09	118	38
Jun-09	139	38
Sep-09	154	41
Dec-09	114	43
Mar-10	112	44
Jun-10	121	49
Sep-10	121	47
Dec-10	149	53
Mar-11	139	50
Jun-11	141	47

### 1.4. Hedge Funds Assets Under Management (AUM)



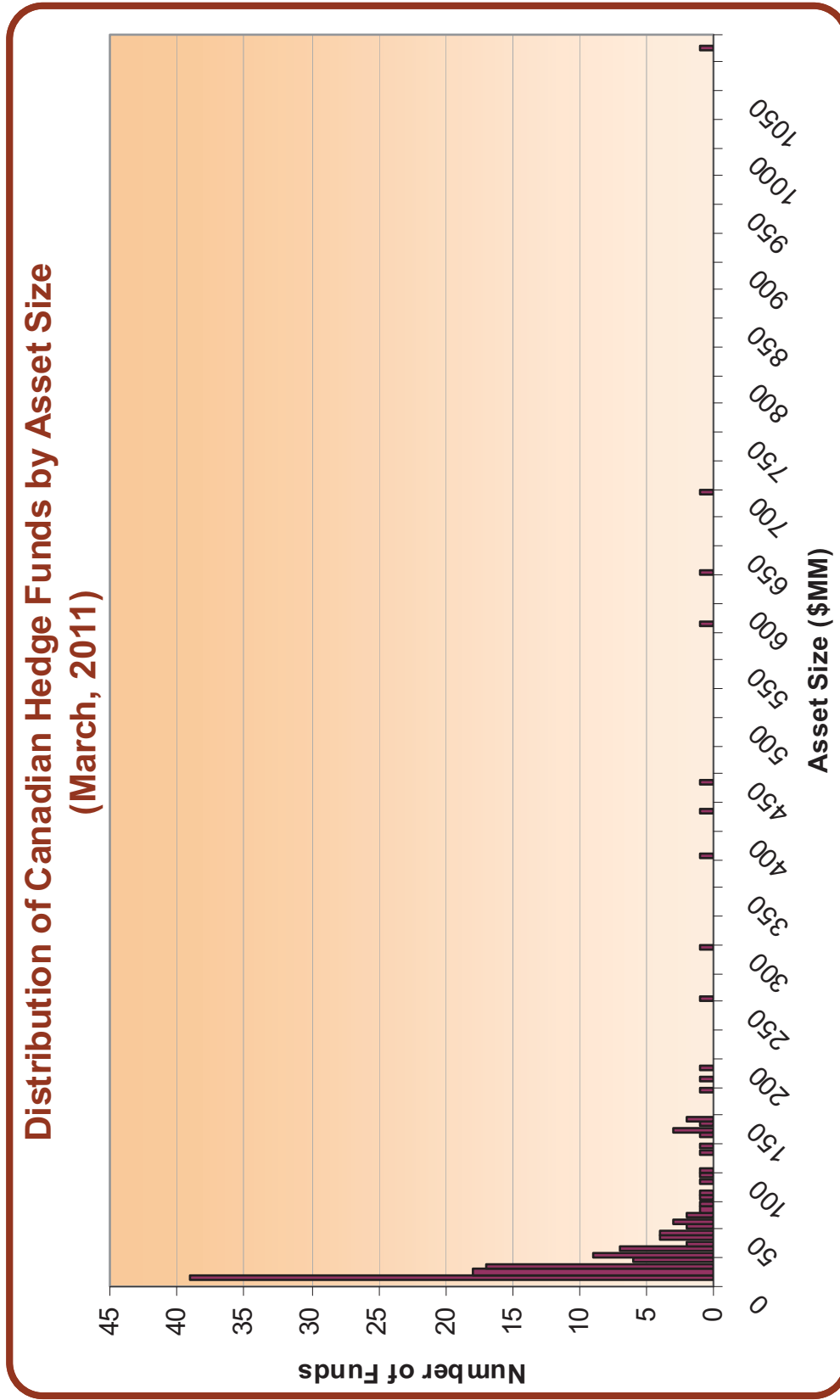
The total hedge fund assets reported to Canadian Hedge Watch at the end of Q1/2011 was 8.647 billion (C\$), a small increase from the previous quarter.

### 1.5. Hedge Fund Asset Change



Total reported hedge fund assets increased 4% compared to Q1/2011.

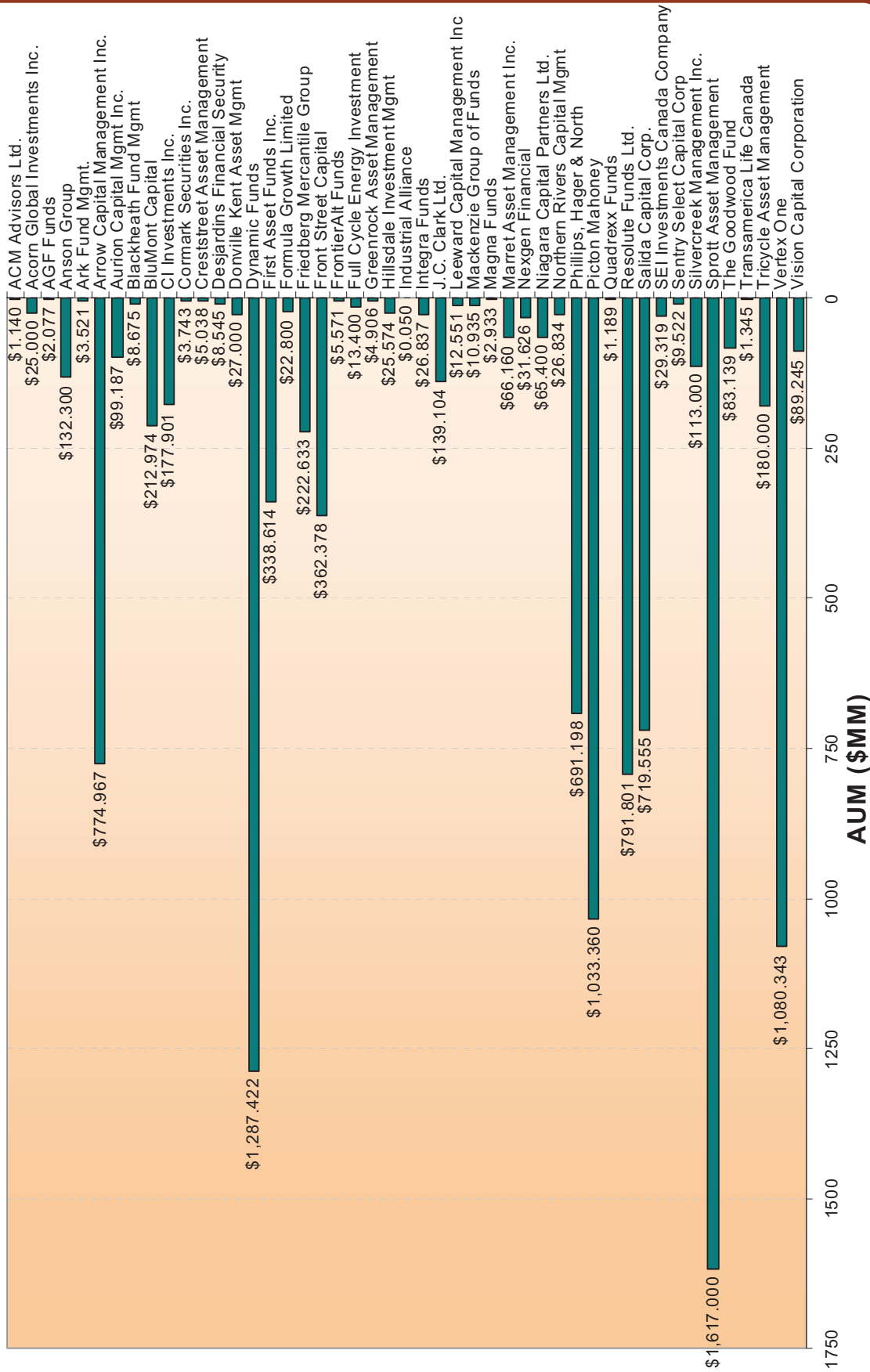
### 1.6. Distribution of Canadian Hedge Funds by Asset Size



The number of Canadian hedge funds reporting asset size remains in the \$60MM range. The number of hedge funds reporting \$200MM or more in assets increased to 9 (or 6%). There are 22 hedge funds with \$100MM or more in Assets Under Management (AUM), or 15%. It is estimated that 76% of the asset reporting hedge funds have \$50MM or less in Assets Under Management, a figure that has been largely consistent for some time.

## 1.7. Reported Canadian Hedge Fund Assets by Fund Manager

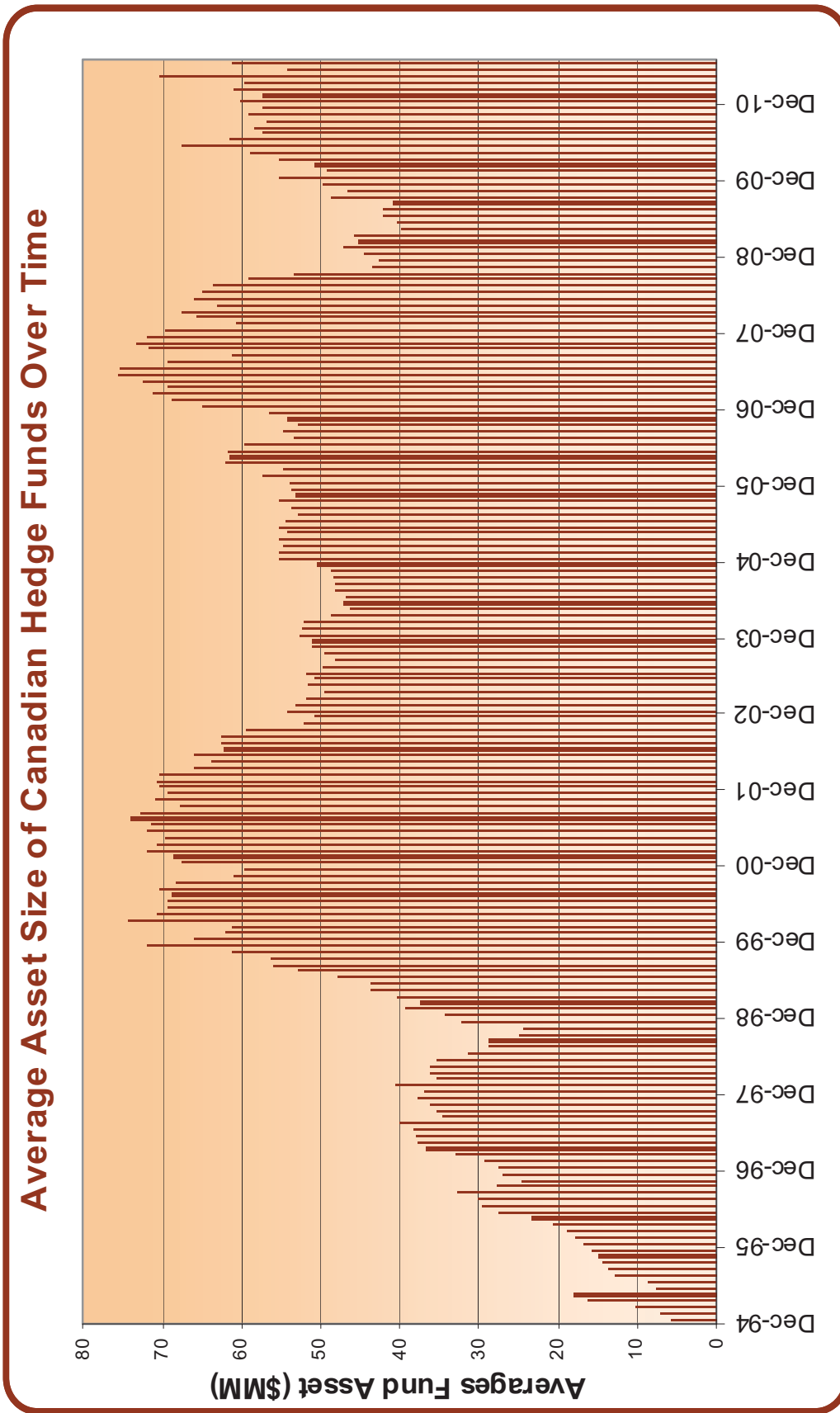
### Reported Canadian Hedge Fund Assets by Fund Manager



These numbers reflect the Assets Under Management (AUM) where reported, and do not reflect total market AUM.

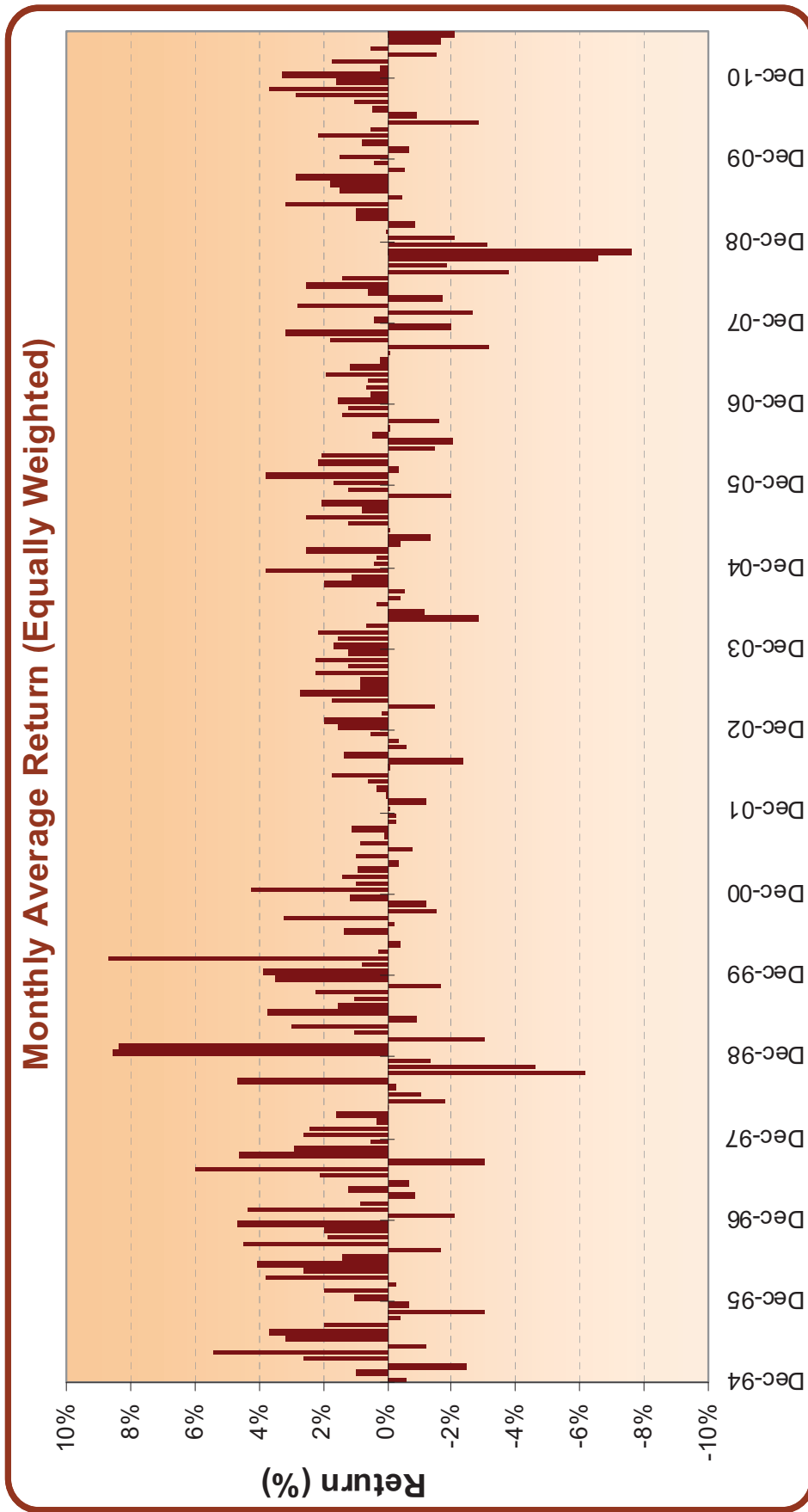


**1.8. Average Asset Size of Canadian Hedge Funds Over Time**



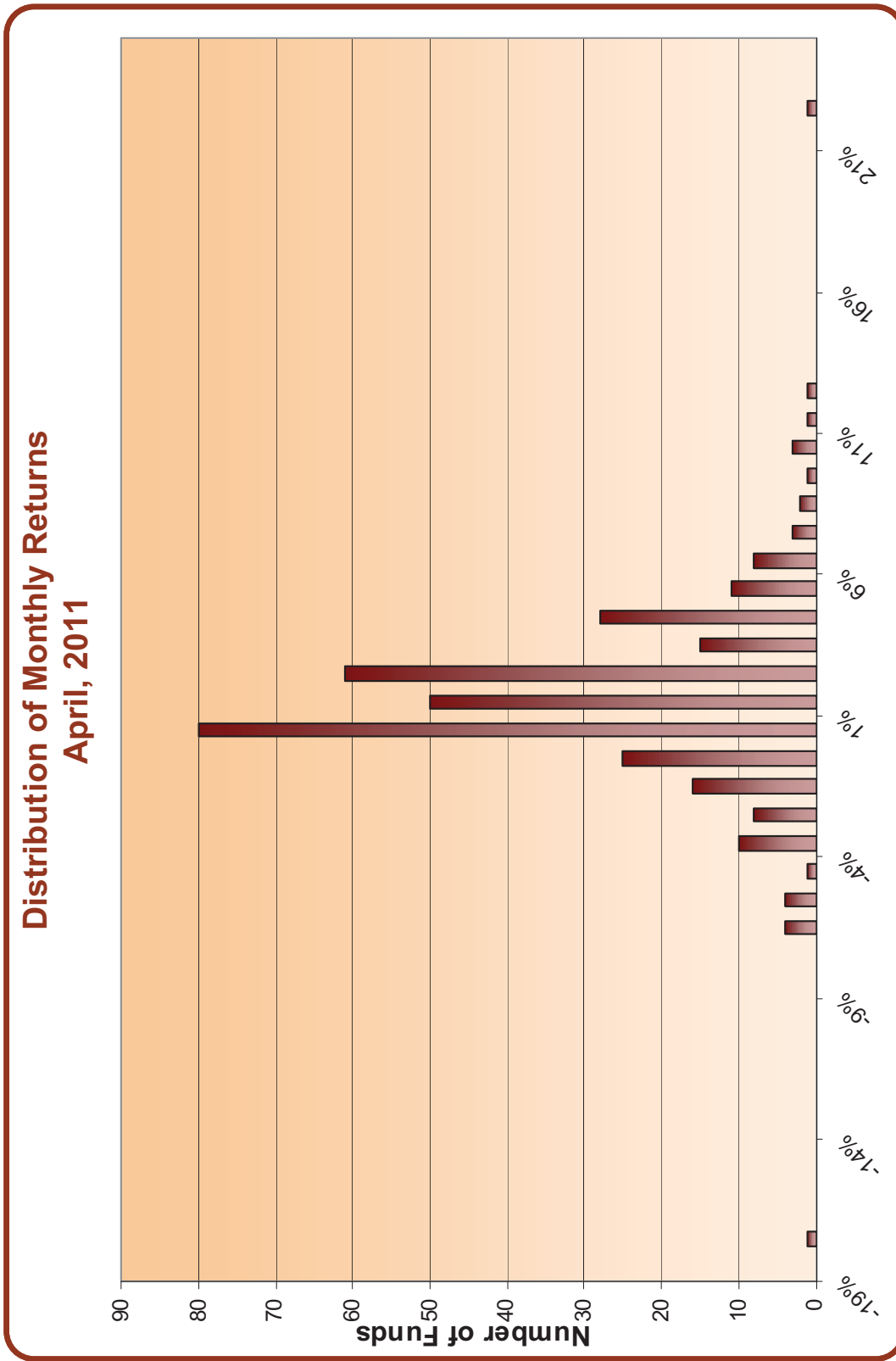
The Canadian hedge fund marketplace's average reported Assets Under Management (AUM) is now estimated at \$61.3 million.

### 1.9. Monthly Average Return (Equally Weighted)



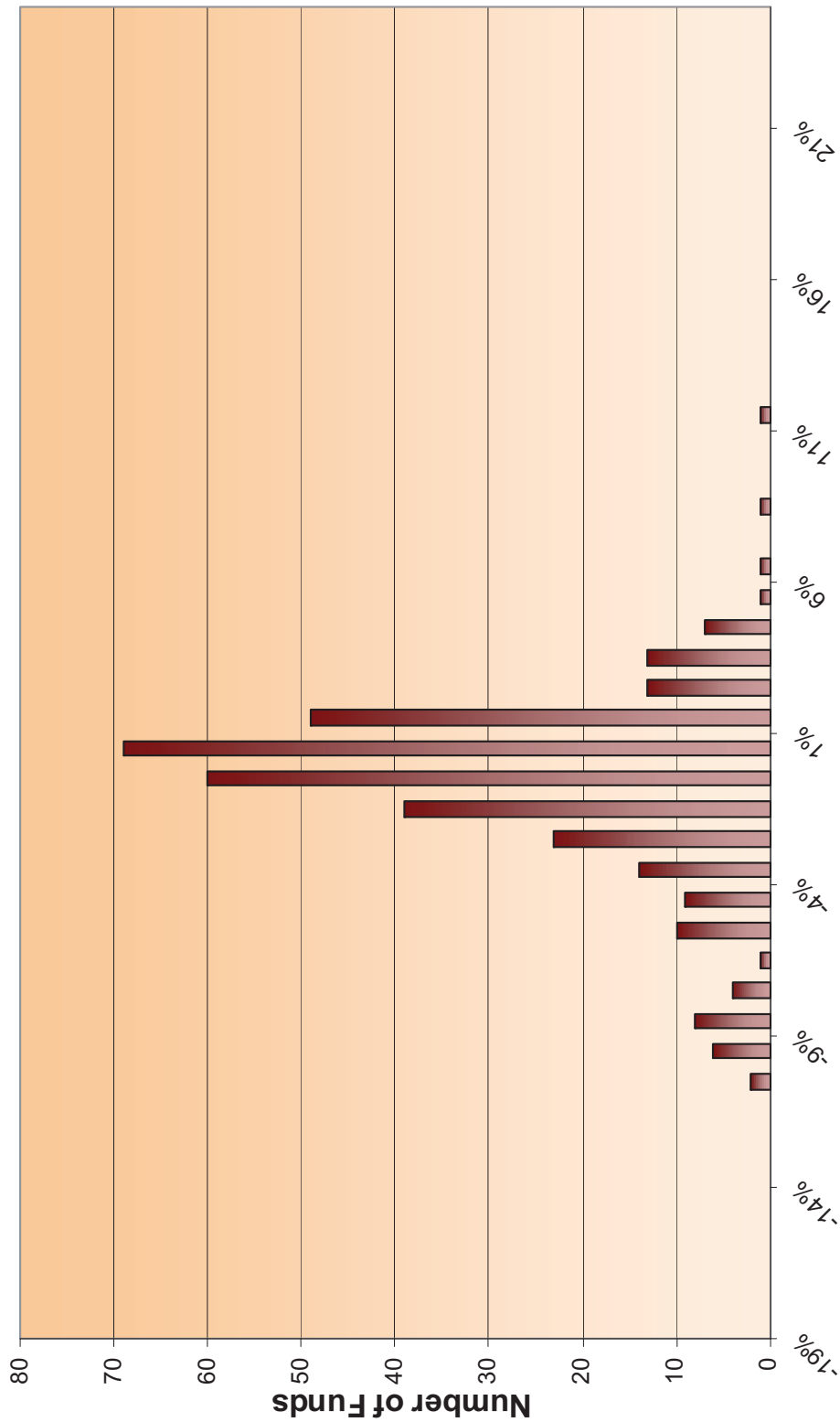
The 1 year return (10.39%) was still lagging the TSX (17.77%).

**1.10. Distribution of Returns in the most recent Quarter**

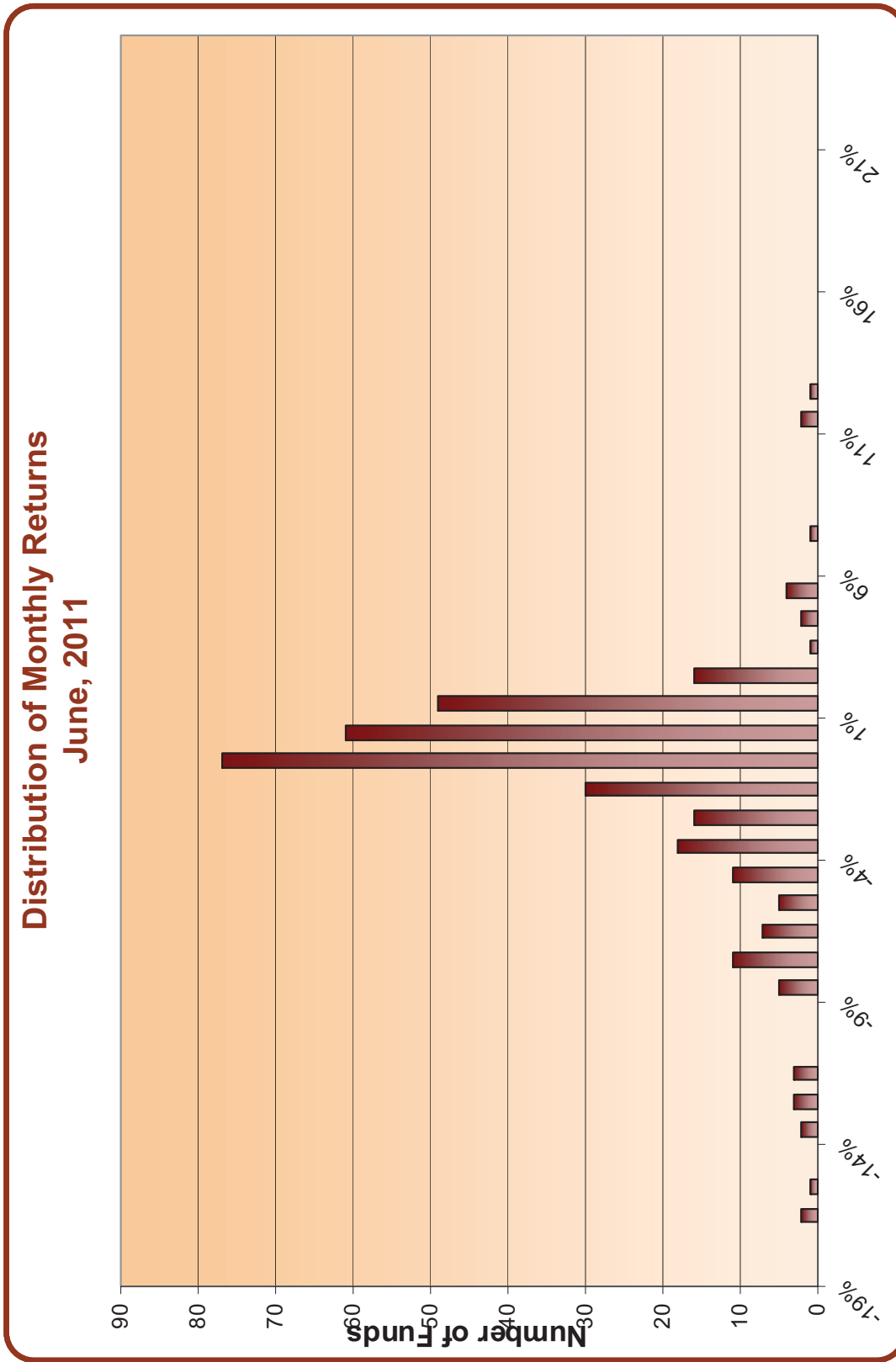


Based upon a total of 334 funds reporting to Canadian Hedge Watch in April 2011.

## Distribution of Monthly Returns May, 2011

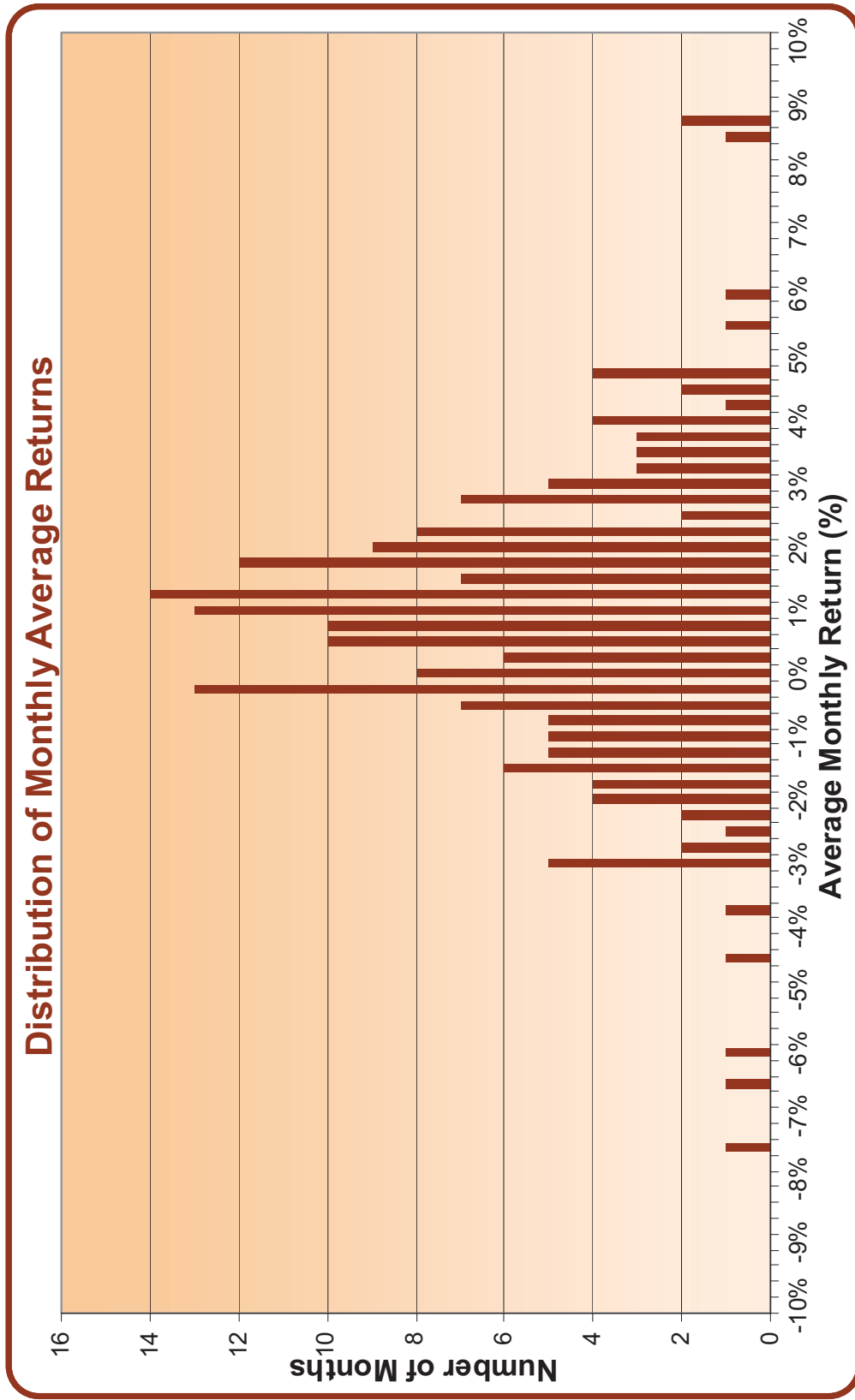


Based upon a total of 331 funds reporting to Canadian Hedge Watch in May 2011.



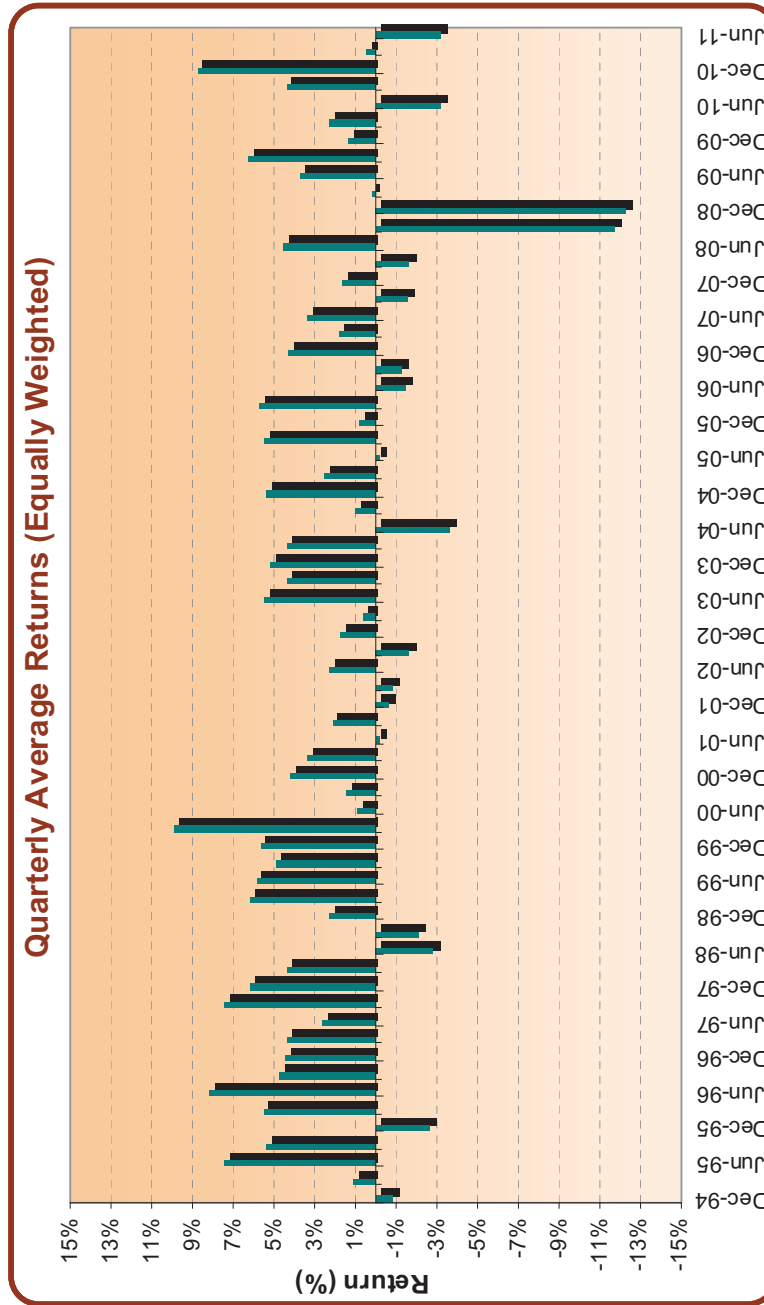
Based upon a total of 328 funds reporting to Canadian Hedge Watch in June 2011.

1.11. Distribution of Monthly Average Return (Equally Weighted, since December, 1994)



Each bar represents the number of months that aggregate the same historical average monthly returns since December 1994.

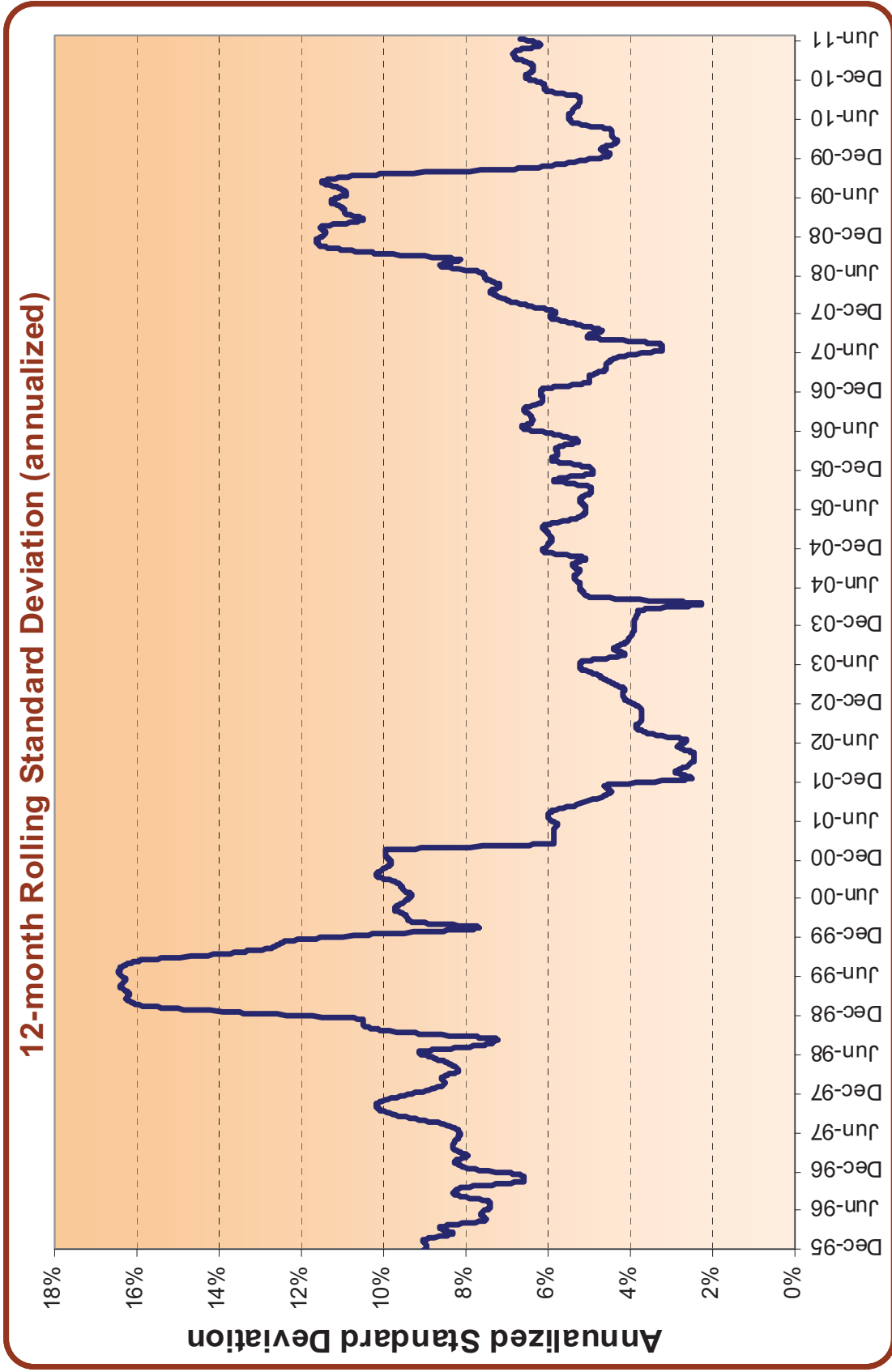
### 1.12. Quarterly Average Returns (Equally Weighted)



Quarter-End	Average Quarterly Return	Quarter-End	Average Quarterly Return
Dec-94	-0.83%	Mar-04	4.40%
Mar-95	1.08%	Jun-04	-3.64%
Jun-95	7.46%	Sep-04	1.00%
Sep-95	5.32%	Dec-04	5.34%
Dec-95	-2.68%	Mar-05	2.51%
Mar-96	5.50%	Jun-05	-0.19%
Jun-96	8.21%	Sep-05	5.49%
Sep-96	4.89%	Dec-05	0.83%
Dec-96	4.47%	Mar-06	5.74%
Mar-97	4.39%	Jun-06	-1.50%
Jun-97	2.64%	Sep-06	-1.28%
Sep-97	7.47%	Dec-06	4.23%
Dec-97	6.18%	Mar-07	1.81%
Mar-98	4.37%	Jun-07	3.31%
Jun-98	-2.86%	Sep-07	-1.53%
Sep-98	-2.09%	Dec-07	1.60%
Dec-98	2.22%	Mar-08	-1.62%
Mar-99	6.16%	Jun-08	4.56%
Jun-99	5.86%	Sep-08	-11.73%
Sep-99	4.92%	Dec-08	-12.33%
Dec-99	5.68%	Mar-09	0.16%
Mar-00	9.91%	Jun-09	3.70%
Jun-00	0.88%	Sep-09	6.25%
Sep-00	1.45%	Dec-09	1.36%
Dec-00	4.21%	Mar-10	2.29%
Mar-01	3.33%	Jun-10	-3.17%
Jun-01	-0.21%	Sep-10	4.40%
Sep-01	2.13%	Dec-10	8.78%
Dec-01	-0.67%	Mar-11	0.40%
Mar-02	-0.85%	Jun-11	-3.18%
Jun-02	2.23%		
Sep-02	-1.61%		
Dec-02	1.69%		

On average, hedge funds returned -3.18% in Q2/2011, outperforming the S&P/TSX at -5.78% but underperforming the S&P500 at -0.59%.

1.13. 12-month Rolling Standard Deviation of Equally Weighted Average Performance (annualized)



The minor increase in Q2/2011 indicates that hedge fund managers are moving further out on the risk scale, giving up the conservative positions they took in late 2009.



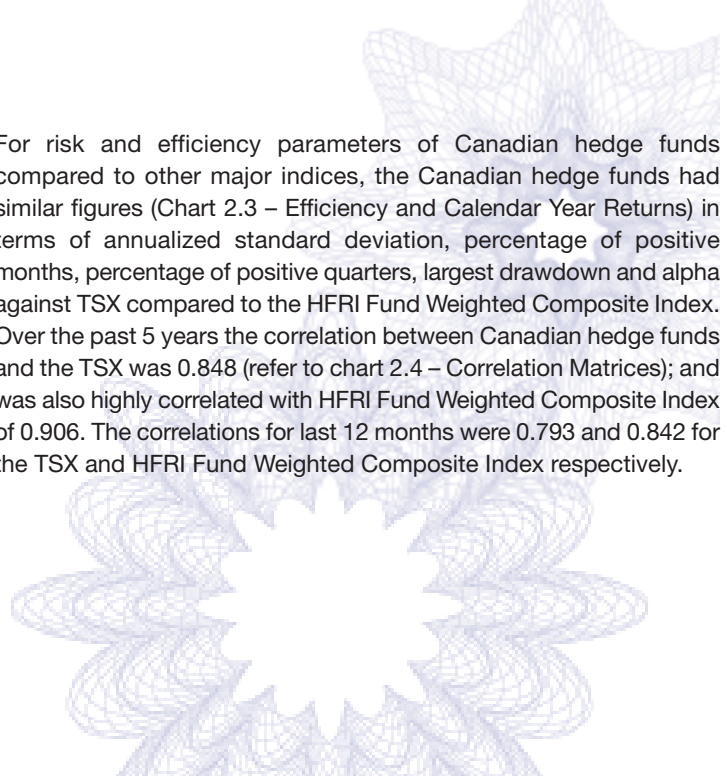
## 2. Performance Comparison: Canadian Hedge Funds vs. Major Indices

### 2.1 Commentary

Equally weighted Canadian hedge funds had a quarterly (Q2) loss of 3.18% (refer to chart 2.2 – Comparison of Returns), still better than the S&P/TSX which posted a loss of 5.78%. The HFRI Fund Weighted Composite Index fell -0.89%, while MSCI World Index was flat at -0.02%, underperformed the S&P 500 Total Return Index at -0.59%.

On the risk side, (refer to Chart 2.3 – Efficiency and Calendar Year Returns) the annual standard deviation (measured for the period of December, 1994 to June, 2011) of equally weighted Canadian hedge funds was 8.00% compared to the Canadian market's TSX of 16.04%. The largest drawdown was also significantly lower for Canadian hedge funds with a negative 23.24% loss compared to the S&P/TSX's negative 45.05% loss. Overall, Canadian hedge funds performed efficiently and hedged against the market – TSX since 1994, in terms of the annual returns and standard deviations of 8.59%, 8.00%, and 7.02%, 16.04%, respectively. Equally weighted Canadian hedge funds had 0.231 beta to the TSX and correlation was 0.793 over the last 12 months.

For risk and efficiency parameters of Canadian hedge funds compared to other major indices, the Canadian hedge funds had similar figures (Chart 2.3 – Efficiency and Calendar Year Returns) in terms of annualized standard deviation, percentage of positive months, percentage of positive quarters, largest drawdown and alpha against TSX compared to the HFRI Fund Weighted Composite Index. Over the past 5 years the correlation between Canadian hedge funds and the TSX was 0.848 (refer to chart 2.4 – Correlation Matrices); and was also highly correlated with HFRI Fund Weighted Composite Index of 0.906. The correlations for last 12 months were 0.793 and 0.842 for the TSX and HFRI Fund Weighted Composite Index respectively.



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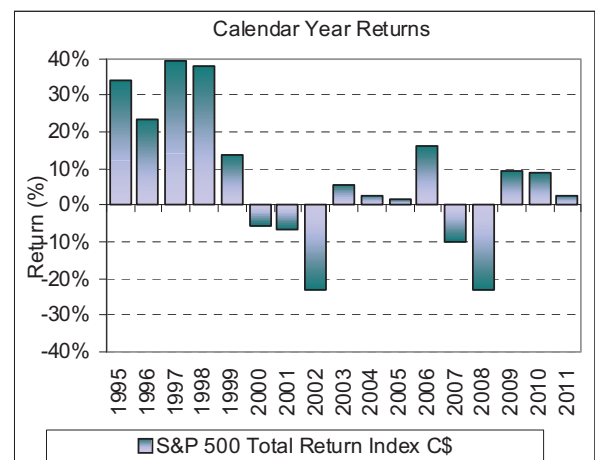
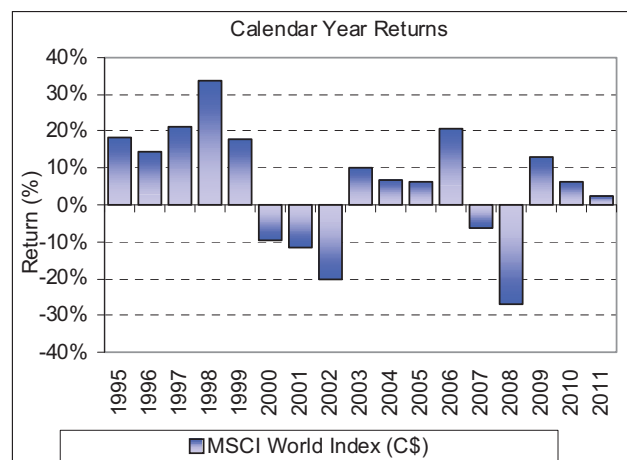
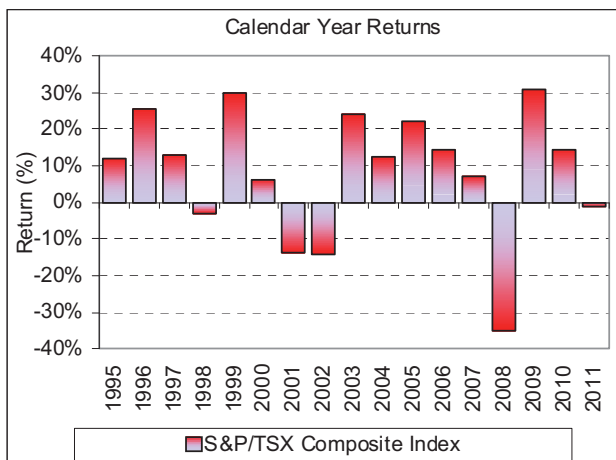
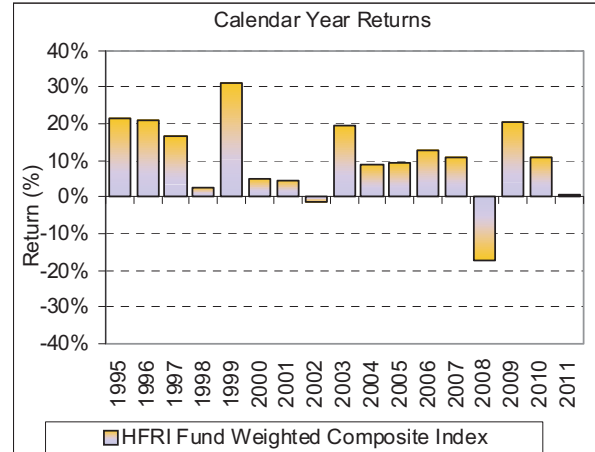
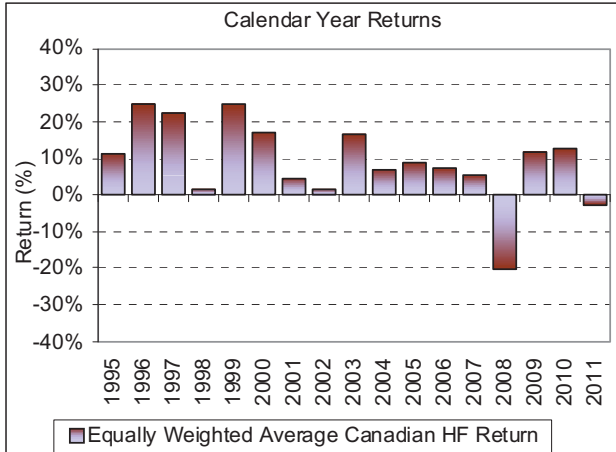
## 2.2. Comparison of Returns

RETURN	Equally Weighted Average Canadian HF Return	S&P/TSX Composite Index	S&P 500 Total Return Index C\$	MSCI World Index (C\$)	HFRI Fund Weighted Composite Index
1 month	-2.07%	-3.64%	-2.16%	-2.04%	-1.18%
3 month	-3.18%	-5.78%	-0.59%	-0.02%	-0.89%
6 month	-2.79%	-1.06%	2.69%	2.30%	0.70%
YTD	-2.79%	-1.06%	2.69%	2.30%	0.70%
1 year	10.39%	17.77%	18.51%	18.96%	11.82%
3 year *	-1.82%	-2.76%	1.33%	-0.92%	3.93%
5 year *	1.06%	2.75%	-0.06%	-0.15%	5.67%
* annual					

## 2.3. Efficiency and Calendar Year Returns

Since December, 1994	Equally Weighted Average Canadian HF Return	S&P/TSX Composite Index	S&P 500 Total Return Index C\$	MSCI World Index (C\$)	HFRI Fund Weighted Composite Index
Annualized Return:	8.59%	7.02%	6.16%	4.55%	10.03%
Annualized Standard Deviation:	8.00%	16.04%	13.54%	12.75%	7.20%
Sharpe Ratio (1%):	0.95	0.38	0.38	0.28	1.25
% Positive Months:	64.00%	61.50%	58.50%	58.00%	69.50%
% Positive Quarters:	73.13%	68.66%	64.18%	62.69%	76.12%
Sortino Ratio (1%):	1.45	1.61	2.01	1.41	5.90
Skewness:	6.17%	-100.34%	-38.39%	-48.41%	-62.65%
Kurtosis:	219.7%	277.22%	-5.66%	25.14%	265.36%
Largest Drawdown:	-23.24%	-45.05%	-51.16%	-44.31%	-19.51%
Beta (S&P/TSX):	0.231	-	0.506	0.548	0.383
Alpha (S&P/TSX):	6.20%	-	2.11%	0.25%	6.73%

CALENDAR YEAR RETURNS	Equally Weighted Average Canadian HF Return	S&P/TSX Composite Index	S&P 500 Total Return Index C\$	MSCI World Index (C\$)	HFRI Fund Weighted Composite Index
1995	11.34%	11.87%	33.92%	18.09%	21.50%
1996	24.85%	25.74%	23.55%	14.54%	21.10%
1997	22.26%	13.03%	39.19%	21.31%	16.79%
1998	1.47%	-3.19%	37.82%	33.76%	2.62%
1999	24.60%	29.72%	13.94%	17.98%	31.29%
2000	17.22%	6.18%	-5.57%	-9.53%	4.98%
2001	4.59%	-13.94%	-6.41%	-11.33%	4.62%
2002	1.43%	-13.97%	-22.84%	-20.31%	-1.44%
2003	16.50%	24.28%	5.76%	9.93%	19.54%
2004	7.02%	12.48%	2.80%	6.85%	9.05%
2005	8.82%	21.90%	1.51%	6.45%	9.28%
2006	7.16%	14.52%	16.04%	20.90%	13.01%
2007	5.23%	7.16%	-9.80%	-6.32%	11.06%
2008	-20.40%	-35.03%	-23.08%	-27.15%	-17.25%
2009	11.85%	30.69%	9.17%	12.91%	20.35%
2010	12.48%	14.45%	8.89%	6.31%	11.02%
2011	-2.79%	-1.06%	2.69%	2.30%	0.70%



## 2.4. Correlation Matrices

Correlation (1 year)	Equally Weighted Average Canadian HF Return	S&P/TSX Composite Index	S&P 500 Total Return Index C\$	MSCI World Index (C\$)	HFRI Fund Weighted Composite Index
Equally Weighted Avg. Cdn. HF Return	1	0.803	0.756	0.747	0.867
S&P/TSX Composite Index	0.803	1	0.831	0.765	0.836
S&P 500 Total Return Index C\$	0.756	0.831	1	0.939	0.919
MSCI World Index (C\$)	0.747	0.765	0.939	1	0.916
HFRI Fund Weighted Composite Index	0.867	0.836	0.919	0.916	1

Correlation (2 year)	Equally Weighted Average Canadian HF Return	S&P/TSX Composite Index	S&P 500 Total Return Index C\$	MSCI World Index (C\$)	HFRI Fund Weighted Composite Index
Equally Weighted Avg. Cdn. HF Return	1	0.699	0.384	0.525	0.828
S&P/TSX Composite Index	0.699	1	0.291	0.425	0.850
S&P 500 Total Return Index C\$	0.384	0.291	1	0.912	0.398
MSCI World Index (C\$)	0.525	0.425	0.912	1	0.606
HFRI Fund Weighted Composite Index	0.828	0.850	0.398	0.606	1

Correlation (3 year)	Equally Weighted Average Canadian HF Return	S&P/TSX Composite Index	S&P 500 Total Return Index C\$	MSCI World Index (C\$)	HFRI Fund Weighted Composite Index
Equally Weighted Avg. Cdn. HF Return	1	0.859	0.497	0.630	0.905
S&P/TSX Composite Index	0.859	1	0.642	0.738	0.917
S&P 500 Total Return Index C\$	0.497	0.642	1	0.948	0.589
MSCI World Index (C\$)	0.630	0.738	0.948	1	0.744
HFRI Fund Weighted Composite Index	0.905	0.917	0.589	0.744	1

Correlation (5 year)	Equally Weighted Average Canadian HF Return	S&P/TSX Composite Index	S&P 500 Total Return Index C\$	MSCI World Index (C\$)	HFRI Fund Weighted Composite Index
Equally Weighted Avg. Cdn. HF Return	1	0.845	0.338	0.516	0.903
S&P/TSX Composite Index	0.845	1	0.532	0.656	0.903
S&P 500 Total Return Index C\$	0.338	0.532	1	0.943	0.443
MSCI World Index (C\$)	0.516	0.656	0.943	1	0.628
HFRI Fund Weighted Composite Index	0.903	0.903	0.443	0.628	1





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## CHW Canadian Hedge Indices

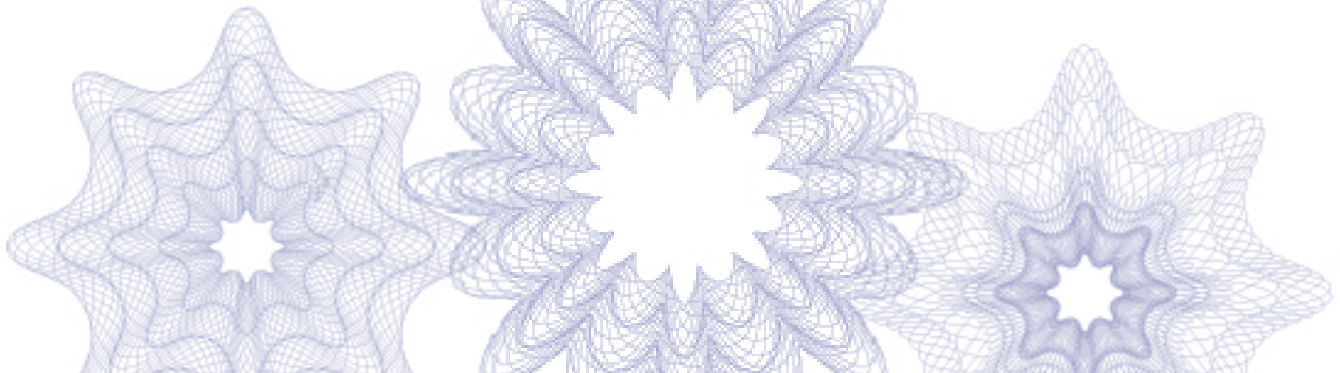
Canada's first non-investible hedge fund indices were created by Canadian Hedge Watch. They include 3 sub indices:

- . CHW-HF Equity Hedged Index
- . CHW-HF Notes Index
- . CHW-FOHF Index

The composite index is the asset weighted CHW-HF Composite Index. The most prevalent Canadian hedge fund type is equity hedged as the majority of Canadian hedge funds are followers of the traditional equity long-short types of hedge funds. Most hedge funds exhibited negative performance in 2008 but many began to recover

lost ground in 2009. However, a number of hedge funds have taken a more defensive position in 2009 and the first half of 2010 by holding cash and taking short positions in the market. There have been a growing number of managed futures funds and real estate funds reporting as well.

The CHW-HF Composite Index is up 6.59% in the last 12 months. Gains derive from the Equity Index of 9.44%. The loss from Fund of Funds contributed the negative 31.48% in the composite index due to six of the constituent funds in fund of funds index – Mac Alternative Strategies posted a large loss during the last 12 months.

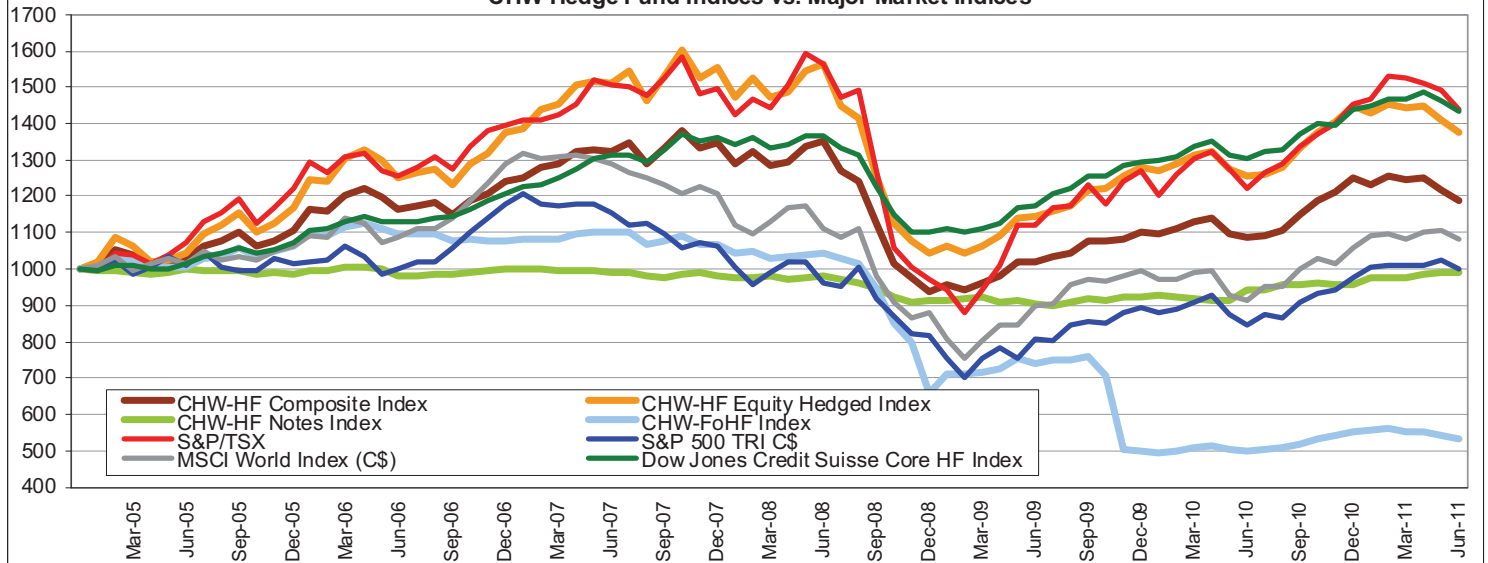


**Historical Monthly Returns**

**June, 2011**

CHW INDICES	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
Composite	2011	-1.49%	1.81%	-0.78%	0.29%	-2.41%	-2.52%							-5.07%
	2010	-0.61%	1.14%	1.82%	0.78%	-3.45%	-1.12%	0.31%	1.43%	4.08%	3.25%	2.20%	3.06%	13.41%
	2009	2.10%	-1.40%	1.66%	2.26%	3.92%	0.11%	1.31%	0.89%	3.47%	-0.33%	0.58%	1.95%	17.70%
	2008	-4.31%	2.65%	-2.88%	0.67%	3.42%	1.08%	-5.99%	-2.32%	-9.20%	-9.81%	-4.14%	-3.79%	-30.37%
	2007	0.45%	2.55%	0.68%	2.58%	0.42%	-0.26%	1.82%	-4.52%	3.34%	3.87%	-3.70%	1.14%	8.29%
	2006	4.86%	-0.21%	3.86%	1.49%	-1.89%	-2.81%	0.65%	0.73%	-2.51%	3.25%	1.54%	2.97%	12.23%
	2005	1.23%	4.21%	-1.40%	-2.89%	0.36%	1.29%	3.40%	1.50%	2.12%	-3.38%	1.52%	2.63%	10.79%
Equity	2011	-1.56%	1.84%	-0.78%	0.29%	-2.50%	-2.56%							-5.22%
	2010	-0.68%	1.23%	1.96%	0.78%	-3.74%	-1.33%	0.32%	1.45%	4.14%	3.28%	2.23%	3.10%	13.21%
	2009	1.67%	-1.68%	1.83%	2.61%	4.56%	0.37%	1.39%	0.97%	3.85%	0.33%	2.64%	2.19%	22.62%
	2008	-5.04%	3.30%	-3.32%	0.87%	3.98%	1.22%	-7.33%	-2.51%	-11.04%	-10.39%	-4.54%	-2.81%	-32.73%
	2007	0.53%	3.91%	1.04%	3.47%	0.57%	-0.32%	2.50%	-5.37%	4.41%	4.72%	-4.66%	1.78%	12.65%
	2006	6.44%	-0.38%	5.29%	1.93%	-2.48%	-3.53%	0.98%	0.92%	-3.46%	4.74%	2.28%	4.54%	17.95%
	2005	2.05%	6.31%	-1.99%	-4.20%	0.50%	1.94%	5.02%	2.30%	2.99%	-4.59%	1.99%	4.01%	16.87%
Notes	2011	1.70%	0.16%	-0.08%	0.99%	0.90%	0.03%							3.73%
	2010	0.31%	-0.25%	-0.74%	-0.54%	0.34%	2.92%	-0.08%	1.65%	0.03%	0.58%	-0.84%	0.28%	3.67%
	2009	-0.05%	0.57%	0.49%	-1.43%	0.64%	-1.21%	-0.49%	1.24%	0.67%	-0.40%	1.39%	-0.18%	1.22%
	2008	-0.82%	0.23%	0.26%	-0.75%	0.61%	0.47%	-1.07%	-0.76%	-1.76%	-2.57%	-1.32%	0.21%	-7.08%
	2007	-0.04%	-0.15%	-0.36%	0.13%	-0.31%	-0.46%	0.34%	-1.31%	-0.19%	0.83%	0.70%	-1.12%	-1.93%
	2006	0.83%	0.18%	0.77%	0.35%	-0.56%	-2.11%	0.21%	0.24%	0.26%	0.36%	0.27%	0.76%	1.53%
	2005	-0.23%	-0.35%	-0.20%	-0.44%	0.51%	0.52%	-0.31%	0.09%	-0.03%	-1.02%	0.39%	-0.31%	-1.39%
FoHF	2011	0.09%	1.07%	-1.25%	-0.16%	-1.89%	-1.97%							-4.08%
	2010	-0.34%	0.82%	1.78%	0.79%	-1.99%	-0.33%	0.72%	0.64%	2.44%	2.62%	1.07%	2.68%	11.36%
	2009	7.91%	0.11%	0.72%	1.35%	3.74%	-1.95%	1.58%	-0.30%	1.36%	-7.34%	-28.46%	-1.14%	-24.54%
	2008	-2.43%	0.51%	-1.74%	0.22%	0.74%	0.40%	-1.33%	-1.62%	-6.34%	-10.52%	-6.04%	-17.30%	-38.25%
	2007	0.74%	-0.22%	0.14%	1.11%	0.53%	0.31%	-0.35%	-2.85%	0.61%	1.49%	-1.96%	-0.11%	-0.65%
	2006	3.01%	-0.03%	1.88%	1.07%	-1.32%	-1.25%	-0.30%	0.37%	-2.02%	0.44%	-0.26%	-0.26%	1.24%
	2005	0.25%	2.98%	-0.93%	-1.52%	-0.39%	-0.04%	2.74%	0.53%	1.97%	-2.17%	1.38%	1.37%	6.22%

**CHW Hedge Fund Indices vs. Major Market Indices**



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**Index Summary**

**June, 2011**

CHW HEDGE FUND INDICES	Index Level	Assets Represented by the Index (\$MM)	3 mo.	6 mo.	YTD	1 year	Since Jan-05	Max. Draw down	% High Water mark	% Pos. Month	Ann. Std. Dev.	
											1 year	Jan-05
CHW-HF Composite Index	1187.85	3326.942	-4.60%	-5.07%	-5.07%	9.32%	2.68%	-32.18%	85.92%	65.38%	7.73%	10.11%
CHW-HF Equity Hedged Idx.	1374.34	3216.786	-4.72%	-5.22%	-5.22%	9.35%	5.01%	-34.75%	85.88%	66.67%	7.87%	12.19%
CHW-HF Notes Index	992.96	31.200	1.92%	3.73%	3.73%	5.41%	-0.11%	-10.79%	98.57%	52.56%	2.61%	2.97%
CHW-FoHF Index	531.79	78.955	-3.98%	-4.08%	-4.08%	6.08%	-9.26%	-55.95%	47.22%	52.56%	5.65%	15.43%

MARKET INDICES	PERFORMANCE						Ann. Std. Dev.	
	1 mo.	3 mo.	6 mo.	YTD	1 year	Jan-05	1 year	Jan-05
CHW-HF Composite Index	-2.52%	-4.60%	-5.07%	-5.07%	9.32%	2.68%	7.73%	10.11%
S&P/TSX	-3.64%	-5.78%	-1.06%	-1.06%	17.77%	5.76%	8.61%	15.78%
S&P 500 TRI C\$	-2.16%	-0.59%	2.69%	2.69%	18.28%	0.03%	7.55%	12.09%
MSCI World Index (C\$)	-2.04%	-0.02%	2.30%	2.30%	18.74%	1.24%	8.74%	12.29%
Dow Jones Credit Suisse Core	-1.95%	-2.24%	-0.29%	-0.29%	10.05%	5.72%	5.75%	6.66%

CORRELATION (since January, 2005)	CHW-HF Composite Index	S&P/TSX	S&P 500 TRI C\$	MSCI World Index (C\$)	Dow Jones Credit Suisse Core HF Index
CHW-HF Composite Index	1	0.849	0.304	0.495	0.901
S&P/TSX	0.849	1	0.501	0.642	0.851
S&P 500 TRI C\$	0.304	0.501	1	0.935	0.383
MSCI World Index (C\$)	0.495	0.642	0.935	1	0.573
Dow Jones Credit Suisse Core HF Index	0.901	0.851	0.383	0.573	1

**Constituent Funds:**

Arrow Canadian Income Fund	Hillsdale Global L/S Equity Fund Class A US	CWB Managed Futures Notes Series N-11B	IA Multi-Strategy
Arrow Enhanced Income Fund	Northern Rivers Global Energy Fund LP	CWB Managed Futures Notes Series N-12B	Arrow Focus Fund Class A2
Arrow Enso Global Fund	Northern Rivers Innovation RSP Fund	CWB Managed Futures Notes Series N-11A	Arrow Focus Fund Class U2
Arrow Global Long/Short Fund	Picton Mahoney Global Market Neutral Equ	CWB Managed Futures Notes Series N-10	Arrow Multi-Strategy Fund
Arrow Goodwood Fund	Picton Mahoney Long Short Equity Fund	CWB Managed Futures Notes Series N-09	Arrow Multi-Strategy Fund US
Arrow High Yield Fund	Picton Mahoney Market Neutral Equity Fund A	ONE Financial MSCI Hedge Invest Index Nts S1	Arrow Focus Fund Class F2
Arrow JC Clark Opportunities Fund	Sprott Bull/Bear RSP Fund	ONE Financial MSCI Hedge Invest Index Nts S2	Arrow Focus Fund Class G2
Arrow PMC Global Long/Short Fund	Sprott Hedge Fund L.P.	ONE Financial Step-Over Bonds Series 1	Arrow Multi-Strategy Fund Class F
Arrow U.S. Equity Income Fund Class	Sprott Hedge Fund L.P. II	ONE Financial Step-Over Bonds Series 2	Arrow Multi-Strategy Fund Class G US Class F
CI Global Opportunities Fund	Sprott Opportunities Hedge Fund	ONE Financial Step-Over Bonds Series 3	
Dynamic Alpha Performance Fund	Sprott Opportunities RSP Fund	ONE PLI G7 Global Index Note Series 1	
Dynamic Contrarian Fund	The Friedberg Currency Fund	ONE PLI G7 Global Index Note Series 2	
Dynamic Income Opportunities Fund	Vertex Fund	ONE PLI Gold Note Series 1	
Dynamic Power Emerging Markets Fund		ONE PLI Gold Note Series 2	
Dynamic Power Hedge Fund Series C		ONE PLIC Canadian Dividend Note Series 1	
Front Street Canadian Hedge Fund		ONE PLIC Global Dividend Note Series 1	
Goodwood Fund			
Hillsdale Canadian L/S Equity Fund Class A			

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