HFR Asian Hedge Fund Industry Report

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Second Quarter 2011

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Hedge Fund Research, Inc.

ASIAN HEDGE FUND INDUSTRY EXPANDS AS INFLATION BUILDS, JAPAN REBUILDS

New capital inflows offset performance-based declines in 2Q11;
Number of funds investing in India, South Korea increase

CHICAGO (August 9, 2011) – The Asian hedge fund industry continued to attract new investor capital in 2Q11 despite increasing inflationary pressures, volatile commodity and global equity markets, and uncertainty regarding both U.S. and European sovereign debt according to data released today by HFR (Hedge Fund Research, Inc.), the leading provider of information on and analysis of the global hedge fund industry. Investors allocated $2.6 billion of new capital to Asia-focused hedge funds in 2Q11, offsetting a performance-based decline and increasing the total capital invested in Asia-focused funds to nearly $90 billion (7 trillion JPY; 603 billion Chinese Yuan).

Asia-focused hedge funds generally posted modest declines for the quarter, with the HFRX China Index and the HFRX Japan Index declining by -1.95 percent and -0.42 percent, respectively, for the quarter. Year to date, the HFRX Japan Index has gained +0.08 percent while the HFRX Asia with Japan Index was essentially flat, posting a narrow decline of -0.01 percent.

Growth, Focus and Concentration in Asian hedge funds

The estimated number of Asia-focused hedge funds increased modestly during the quarter to 1,067, representing nearly 15 percent of the global hedge fund industry. While many Asian-focused funds invest broadly across the region, the number of funds investing primarily in China (32.9 percent), India (16.8 percent) and South Korea (4.2 percent) all experienced increases in the latest quarter. Geographically by firm location, the number of Asian hedge funds located in China and Singapore increased in 2Q11, while the number located in Japan and Australia declined for the quarter. The asset concentration in Asia-focused hedge funds also increased in 2Q11, with nearly 62 percent of the capital invested in funds with greater than $500 million, approaching the concentration level of the broader hedge fund industry.

"Powerful and pervasive trends dominated both the Asian hedge fund industry and global financial markets in the second quarter, but the impact of these trends was felt in different ways across geographic regions, particularly in Asia," said Kenneth J. Heinz, President of HFR. "Large disparities between developed and emerging markets, including inflationary pressures, commodity demand dynamics, and currency risk, impacted investors during the quarter. Global investors are allocating to the Asian hedge fund industry not only as a means to insulate themselves from the volatility of these trends but also to position their portfolios to benefit from for uncorrelated opportunities in coming quarters."

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亚洲对冲基金市场在通膨的宏观环境下扩张，日本复苏

新资本的流入超过第二季度的业绩带来的资本下滑
投资到印度和韩国的对冲基金数量增加

芝加哥, (2011年8月9日) – 全球对冲基金行业分析信息领先机构Hedge Fund Research (HFR) 发布的*亚洲对冲基金产业2011年第二季度报告*表明, 尽管通膨的压力加剧，大宗商品和全球股市的波动性加大，投资人对美国和欧洲国债资信不确定性加大，亚洲对冲基金市场在2011年第二季度依然吸引来投资人的新投资。投资人在第二季度一共投入了26亿美金到专注于亚洲的对冲基金，超过因为业绩下滑导致的资本减少，使得投资于亚洲的对冲基金资本总量达到900亿美元（约合7万亿日元或6030亿人民币）。

专注于亚洲的对冲基金在第二季度业绩基本都稍微下滑，HFRX中国指数和HFRX日本指数在第二季度分别下滑了-1.95%和-0.42%。截至现在，HFRX日本指数上涨0.08%，而HFRX亚洲（包含日本）指数业绩持平，稍微下滑0.01%。

亚洲对冲基金的增长，专注和集中

专注于亚洲市场的对冲基金数量在本季度略微上涨到1067家，占整个对冲基金市场总数的15%。尽管专注于亚洲的对冲基金广泛投资于各个亚洲区域，专注于亚洲单个国家的基金数量在过去的一个季度上升，专注中国的基金数量占亚洲对冲基金总数32.9%，印度占16.8%， 韩国占4.2%。从基金的总部选址来看，选择中国和新加坡的基金数量增加，而选择日本和澳大利亚的基金数量减少。亚洲对冲基金的资本集中性在2011年第二季度也进一步加强体现，62%的总资产投资到资金规模超过5亿的对冲基金，这一趋势接近整个对冲基金市场的资本集中度。

"在第二季度， 强劲的宏观趋势决定着亚洲对冲基金市场和全球金融市场的发展，但是这趋势在不同的区域产生不同的影响力，尤其是亚洲区域"，Kenneth, J. Heinz, HFR的总裁说, "发达市场和新兴市场的分歧，包括通膨压力，大宗商品需求，外汇风险，在第二季度影响着投资人。全球投资人投入亚洲对冲基金市场一方面是让资本避开这些趋势的影响，更重要的是，可以让他们的投资组合在未来的几个季度中从这样的相关性低的投资机会中得到更好的回报。"

Hedge Fund Research, Inc. (HFR) is the global leader in the alternative investment industry. Established in 1993, HFR specializes in the areas of indexation and analysis of hedge funds. HFR Database, the most comprehensive resource available for hedge fund investors, includes fund-level detail on historical performance and assets, as well as firm characteristics on both the broadest and most influential hedge fund managers. HFR has developed the industry's most detailed fund classification system, enabling granular and specific queries for relative performance measurement, peer group analysis and benchmarking. HFR produces over 100 indices of hedge fund performance ranging from industry-aggregate levels down to specific, niche areas of sub-strategy and regional investment focus. With performance dating back to 1990, the HFRI Fund Weighted Composite Index is the industry's most widely used standard benchmark of hedge fund performance globally. The HFR suite of Analysis Products leverages the HFR Database to provide detailed, current, comprehensive and relevant aggregate reference points on all facets of the hedge fund industry. HFR also offers consulting services for clients seeking customized top-level or more nuanced analysis.

For the hedge fund industry's leading investors and hedge fund managers,

Hedge Fund Research is The Institutional Standard

HFR Database now includes Enhanced HFRI / HFRX Index Constituent Tables

About HFR Database

The licensed/redistributed HFR Database, currently comprised of over 6,700 funds and fund of funds, is available to all accredited investors. Information on our hedge fund universe of established and emerging managers is collected directly from the fund managers and/or their respective offshore administrators, while other pertinent information is culled from offering memoranda, onsite visits, and due diligence interviews.

HFR Database is utilized globally by thousands of accredited investors at leading banks, brokerage firms, investment advisors, wealth managers, funds of hedge funds, hedge funds, academic institutions, foundations, endowments, family offices and sovereign wealth funds. All client relationships are confidential in nature.

Hedge Fund Research believes that accurate information on fund managers is critical to any alternative investment enterprise. To that end, our analysts have monitored and tracked performance and administrative data internally on over 16,000 historically, covering both domestic and international funds, offering comprehensive information not available from other commercial data providers. HFR's dedicated Research Staff searches for new funds to add to the Database on a daily basis.

- **HFR provides subscribers with an unparalleled breadth of fresh information with daily updates**
  - HFRDatabase.com is updated daily with fresh data & information, recently submitted by a broad spectrum of funds. New fund data is added by HFR staff or by the fund managers themselves. We do not work with third party data providers

- **HFR works directly with FUND MANAGERS to gain the most up-to-date and accurate fund info possible**
  - HFR requests that our client fund managers report performance by the 15th of each month. We also directly integrate the fund manager with HFR Database by providing them with their own website for updating their fund profile. In this manner HFR ensures current and accurate fund data that flows seamlessly from fund managers to subscribers.

- **Database includes Administrative, ROR, AUM, Instruments and Region fund data**
  - Full Database details and field definitions available at www.hedgefundresearch.com.

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1. Asian Hedge Fund Industry Overview

Methodology

The estimates contained in this Report are based upon HFR Database, which tracks the hedge fund industry (including funds of hedge funds). The majority of fund information in the Database is distributed to HFR subscribers, with permission of the fund managers. Funds that decline to be included in our distributed hedge fund database are tracked
internally by HFR. Asset size and performance for a subset of internally-tracked funds are determined by internal company estimates and a variety of other sources.

In order to arrive at the total assets and asset flows by strategy, HFR uses total assets from all funds contained in HFR Database as well as all funds tracked internally. Fund of Funds are not included in the overall Industry estimates to avoid double-counting.

The "number of hedge funds" estimates are derived from internal company estimates and a variety of other sources. Estimated number of funds is shown with Fund of Funds and without Fund of Funds in order to provide a clear picture of the Industry.

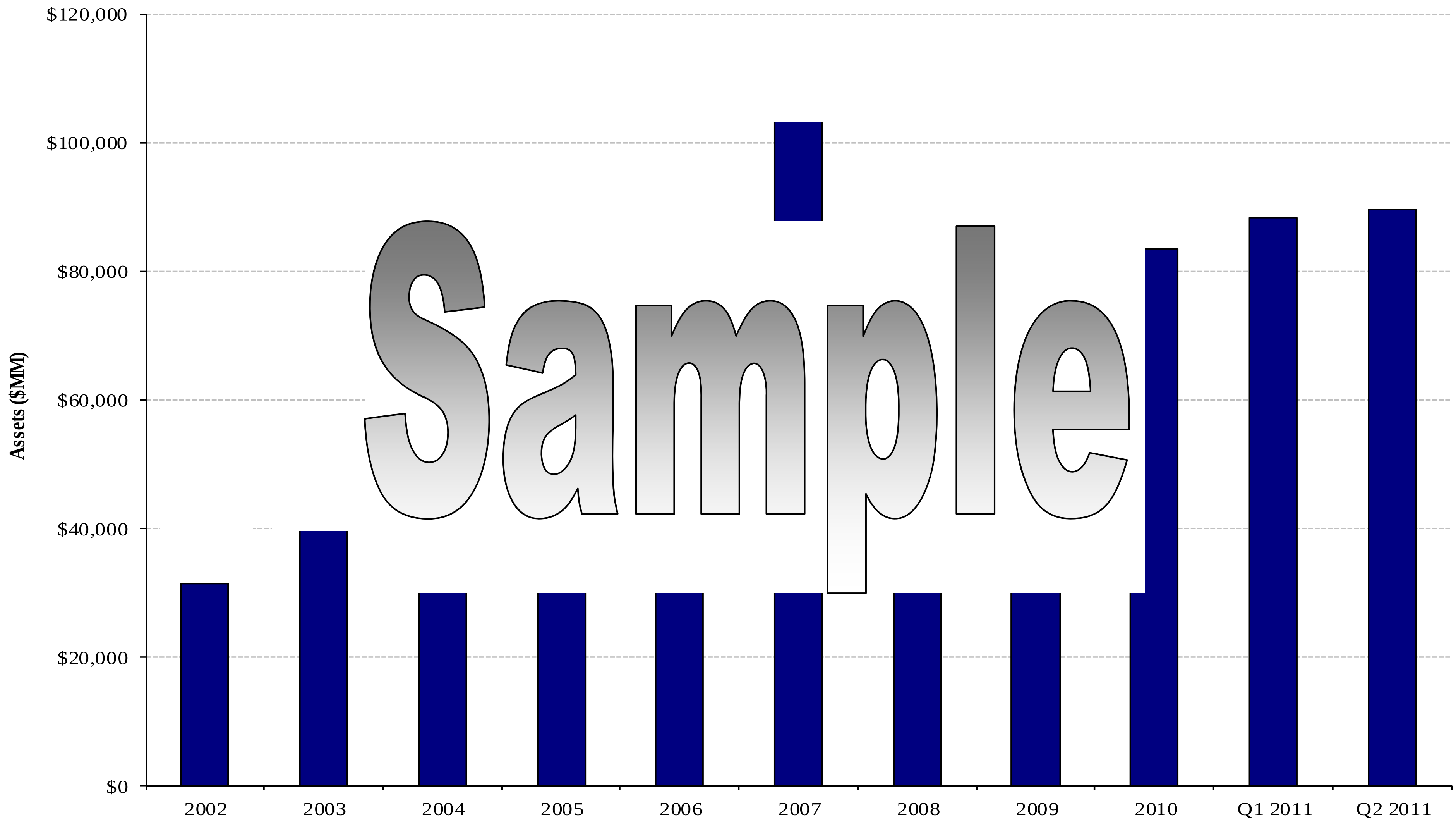
Funds in HFR Database submit assets under management consistent with conventional reporting methods which specify investor capital under management, net performance fees and leverage. Funds listed in foreign-denominated currencies are converted to USD for asset calculations.

Due to the difficulties inherent in the gathering of hedge fund information, more recent and accurate information gathered may require restatement of prior estimates in order to fully reflect the current state of the industry. Some previous quarter results may have been restated in the most recent report. Prior reports will remain unchanged.

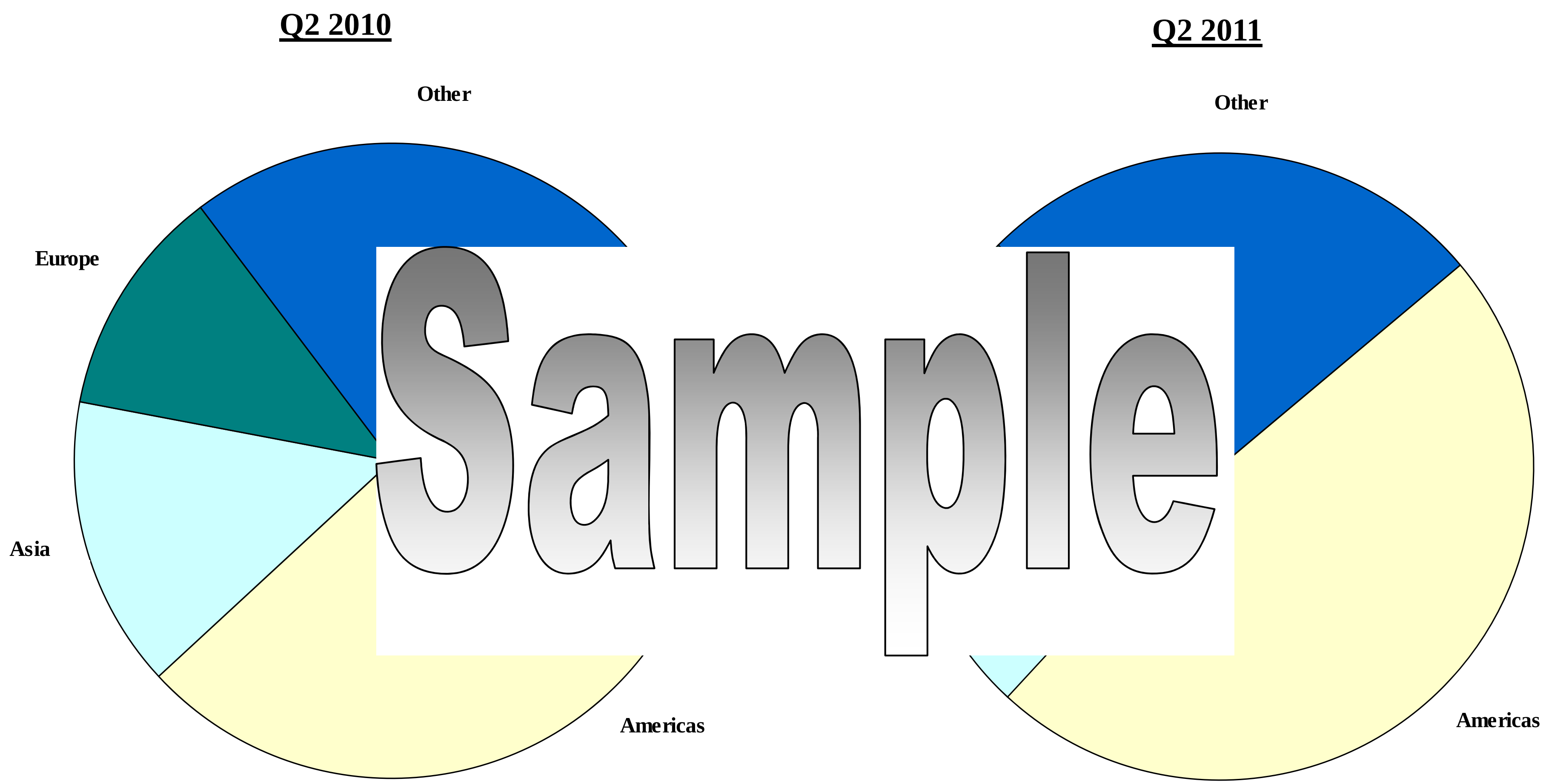
All figures and calculations are based upon information obtained by HFR as of August 8, 2011.

S&P 500 INDEX DATA COURTESY STANDARD AND POORS -
NIKKEI 225 INDEX DATA COURTESY TOKYO STOCK EXCHANGE
SHANGHAI COMPOSITE INDEX COURTESY SHANGHAI STOCK EXCHANGE

Estimated Growth of Assets: Asia-Focused Hedge Funds
2002 – Q2 2011

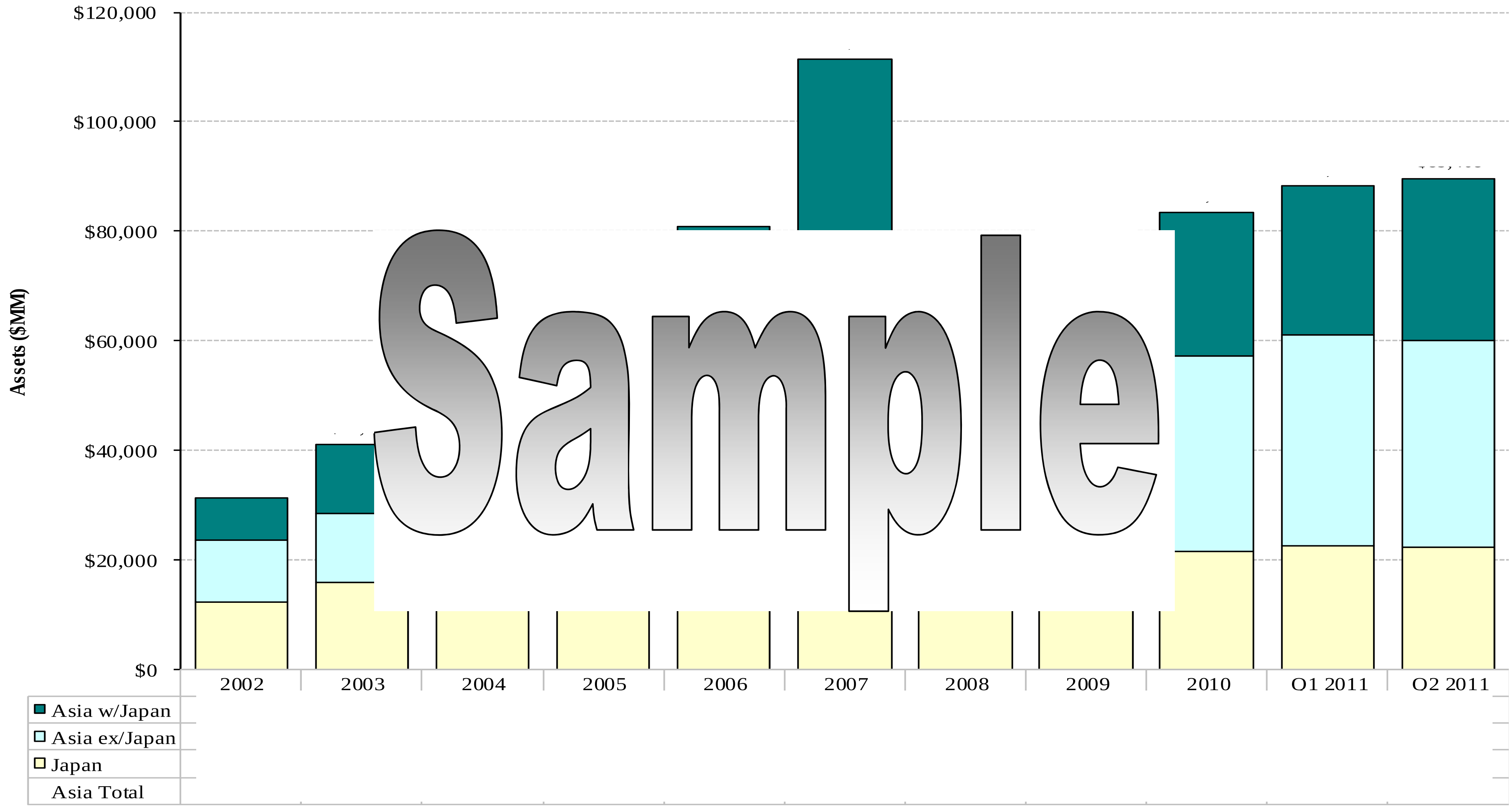


Estimated # Funds in Hedge Fund Industry by Region Investment Focus



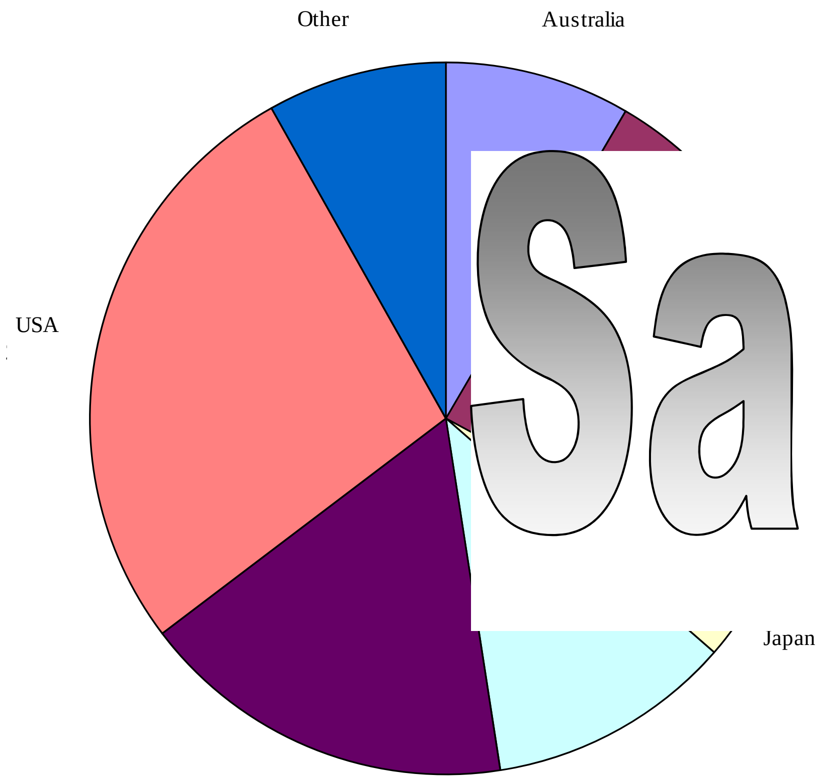
**** Other includes: Africa, Global, Middle East and Multiple Emerging Markets***

Estimated Sub-Regional Composition of Asia-Focused Hedge Fund Assets
2002 – Q2 2011

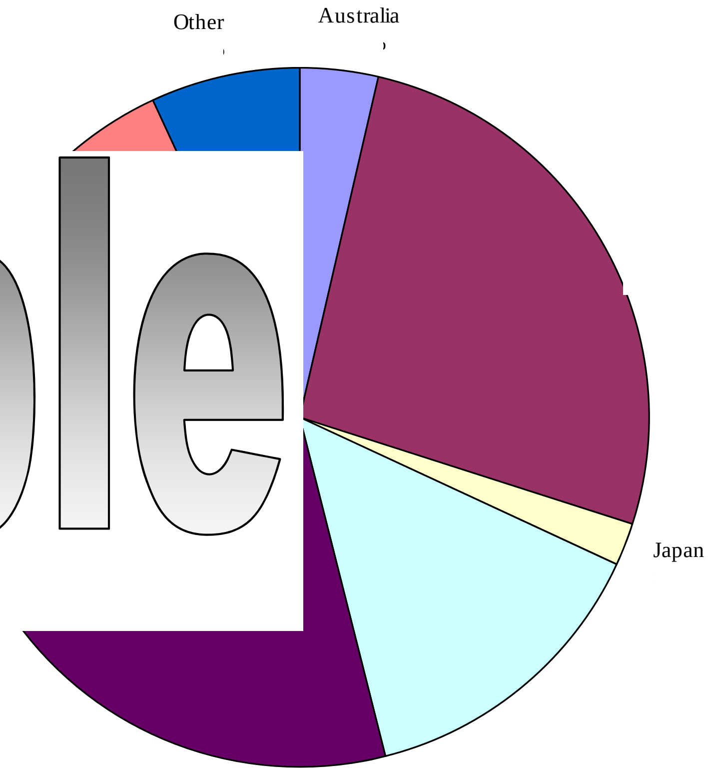


Estimated Management Firm Location
Asia-Focused Hedge Funds
Q2 2010 vs. Q2 2011

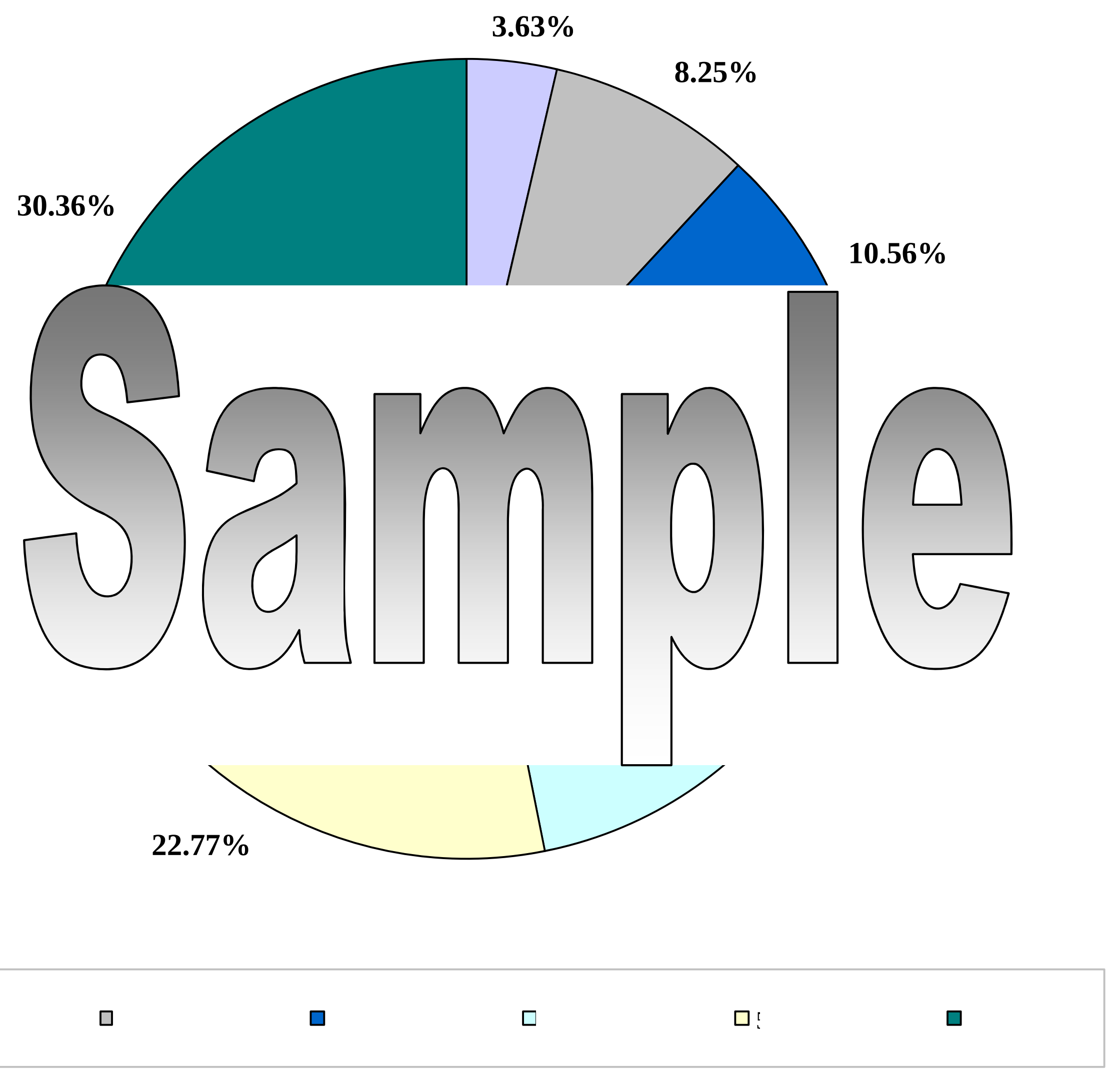
Q2 2010



Q2 2011



Estimated Age of Asia-Focused Hedge Funds
Q2 2011



2. HFRI Index Performance and Risk/Return Analysis

HFRI Index Methodology

The HFRI Monthly Indices (HFRI) are equally weighted performance indexes utilized globally as an Industry benchmark. The Indices are broken into 29 different categories by strategy, including the HFRI Fund Weighted Composite, which accounts for over 2,000 funds listed on the internal HFR Database.

Funds included in the HFRI Monthly Indices are required to report monthly, net of all fees performance and assets under management U.S. dollars. Constituent funds must have either (a) $50 million under management or (b) a track record of greater than twelve (12) months. Funds are eligible for inclusion in the HFRI performance calculations in the month after their addition to HFR Database. If a fund liquidates or closes, that fund's performance will be included in the HFRI as of that fund's last reported performance update. The HFRI Fund of Funds Index is not included in the HFRI Fund Weighted Composite Index. Both domestic and offshore funds are included in the HFRI.

Annualized Returns, Standard Deviation, Sharpe Ratios, Positive Monthly Performance, and correlation to the S&P 500 (w/ dividends) for each HFRI Index were calculated over a one, three, and five-year period based on monthly performance. All Sharpe and Sortino Ratios assume an average Risk-Free Rate for the appropriate time periods as follows: 5-year, 1.70%; 3-year, 0.24 %; 1-year, 0.11%. The Sortino Ratio also assumes the same rates as above for the MAR (Minimum Acceptable Return). Positive Monthly Performance was calculated by dividing the number of months the HFRI Index performed positive over the appropriate time period. The Benchmarks used to compare the HFRI Indices include the S&P 500 (w/ dividends) and the Barclays Government/Credit Aggregate Bond Index.

Quarterly Performance and 12-Month Moving Average are calculated for each HFRI Index over a five-year period. In addition, each HFRI Index is compared to the benchmarks using Up/Down Capture and Return Distribution Analysis over a five-year period. Up/Down Capture Analysis is performed by calculating the average monthly performance during the "up" and "down" months of the market using the S&P 500 as a benchmark and can be used to compare performance of a particular strategy during both negative and positive performing months of the market. The Return Distribution Analysis is performed by calculating the percentage of monthly average returns over the given time period and can be used to compare the dispersion of returns to the benchmarks.

2. HFRX Index Performance and Risk/Return Analysis

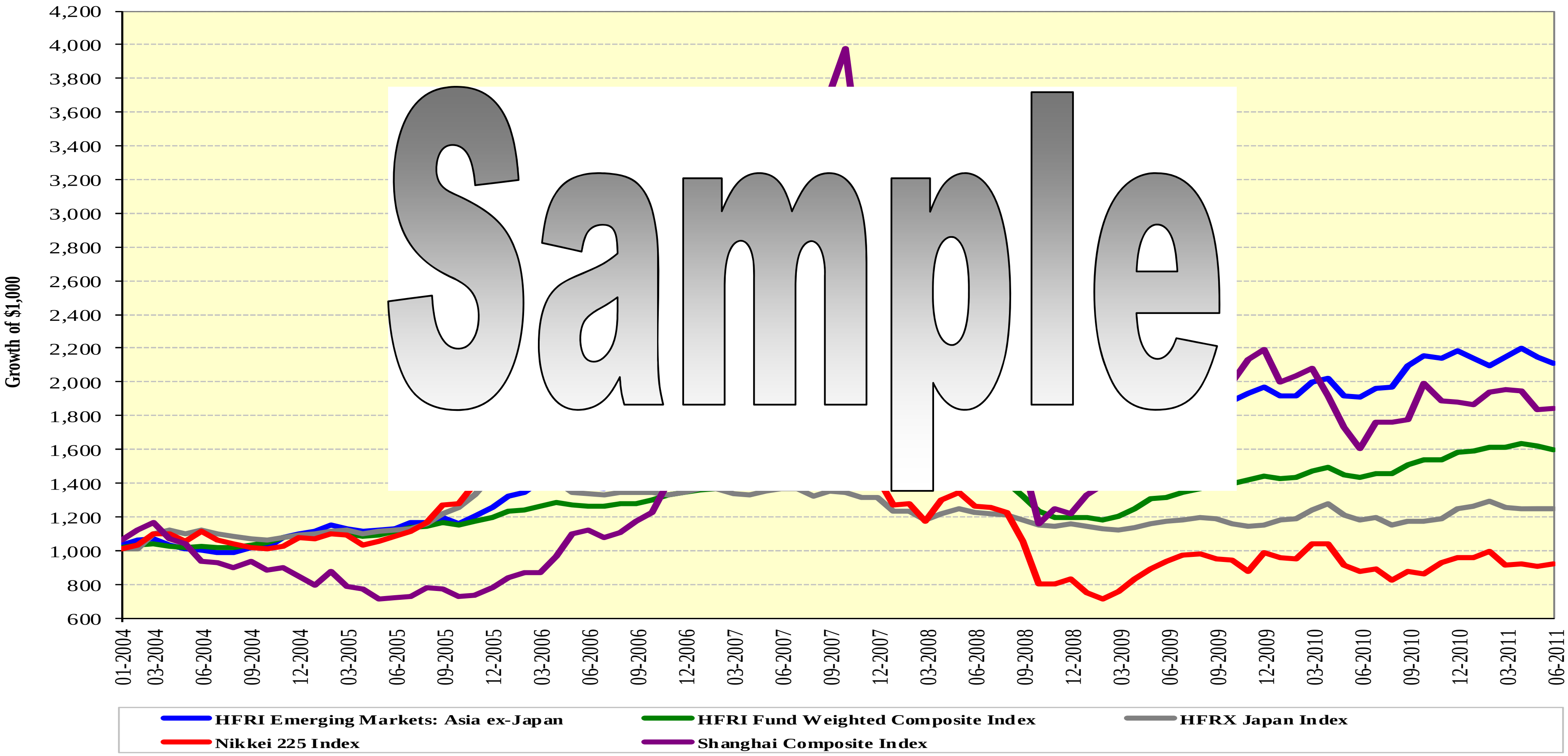
<u>HFRX Index Methodology</u>

The HFRX Indices (“HFRX”) are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. (“HFR, Inc.”) employs the HFRX Methodology, a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. This methodology includes robust classification, cluster analysis, correlation analysis, advanced optimization and Monte Carlo simulations. More specifically, the HFRX Methodology defines certain *qualitative* characteristics, such as: whether the fund is open to transparent fund investment and the satisfaction of the index manager’s due diligence requirements. Production of the HFRX Methodology results in a model output which selects funds that, when aggregated and weighted, have the highest statistical likelihood of producing a return series that is most representative of the reference universe of strategies.

Constituents of HFRX Indices are selected and weighted by the complex and robust process described above. The model output constitutes a sub-set of strategies which are representative of a larger universe of hedge fund strategies, geographic constituencies or groupings of funds maintaining certain specific characteristics. In order to be considered for inclusion in the HFRX Indices, a hedge fund must be currently open to new transparent investment, maintain a minimum asset size (typically $50 Million) and meet the duration requirement (generally, a 24 month track record). These criteria may vary slightly by index.

Index Performance Analysis

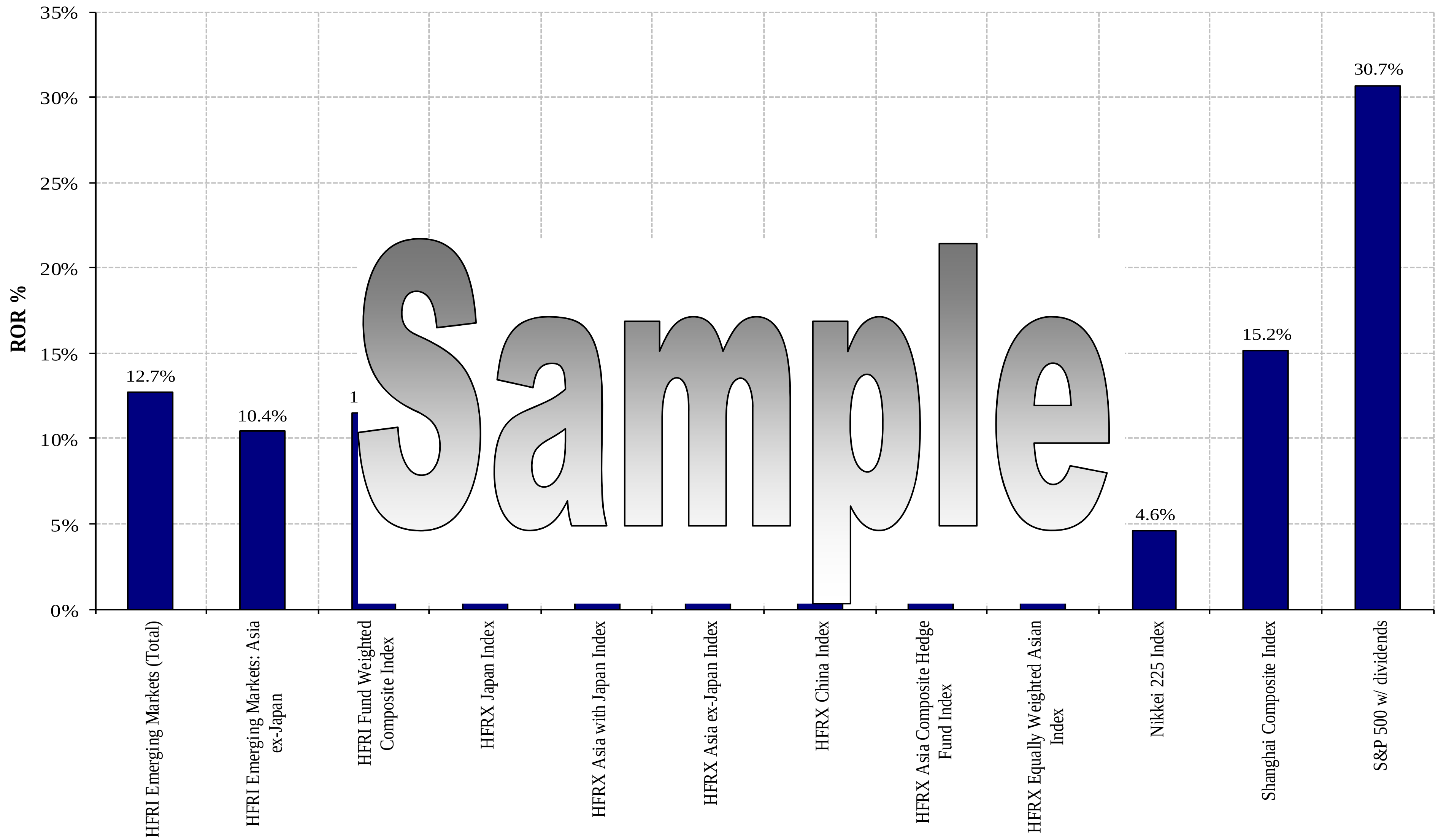
	12-Month		3-Year Annualized		5-Year Annualized		10-Year Annualized	
Index	**Net Return**	**Standard Dev**	**Net Return**	**Standard Dev**	**Net Return**	**Standard Dev**	**Net Return**	**Standard Dev**
HFRI Emerging Markets: Asia ex-Japan	10.40	9.59	4.66	14.22	8.96	14.10	12.01	12.45
HFRI Fund Weighted Composite Index	11.50	5.17	3.05	8.53	4.80	7.42	6.70	6.35
HFRX Japan Index	5.53	7.95	0.62	7.69	(1.39)	7.69	*N/A*	*N/A*
Nikkei 225 Index	4.62	16.70	(10.04)	25.26	(8.74)	21.93	(2.75)	20.08
Shanghai Composite Index	15.16	18.33	0.32	31.30	10.56	36.87	2.22	30.14



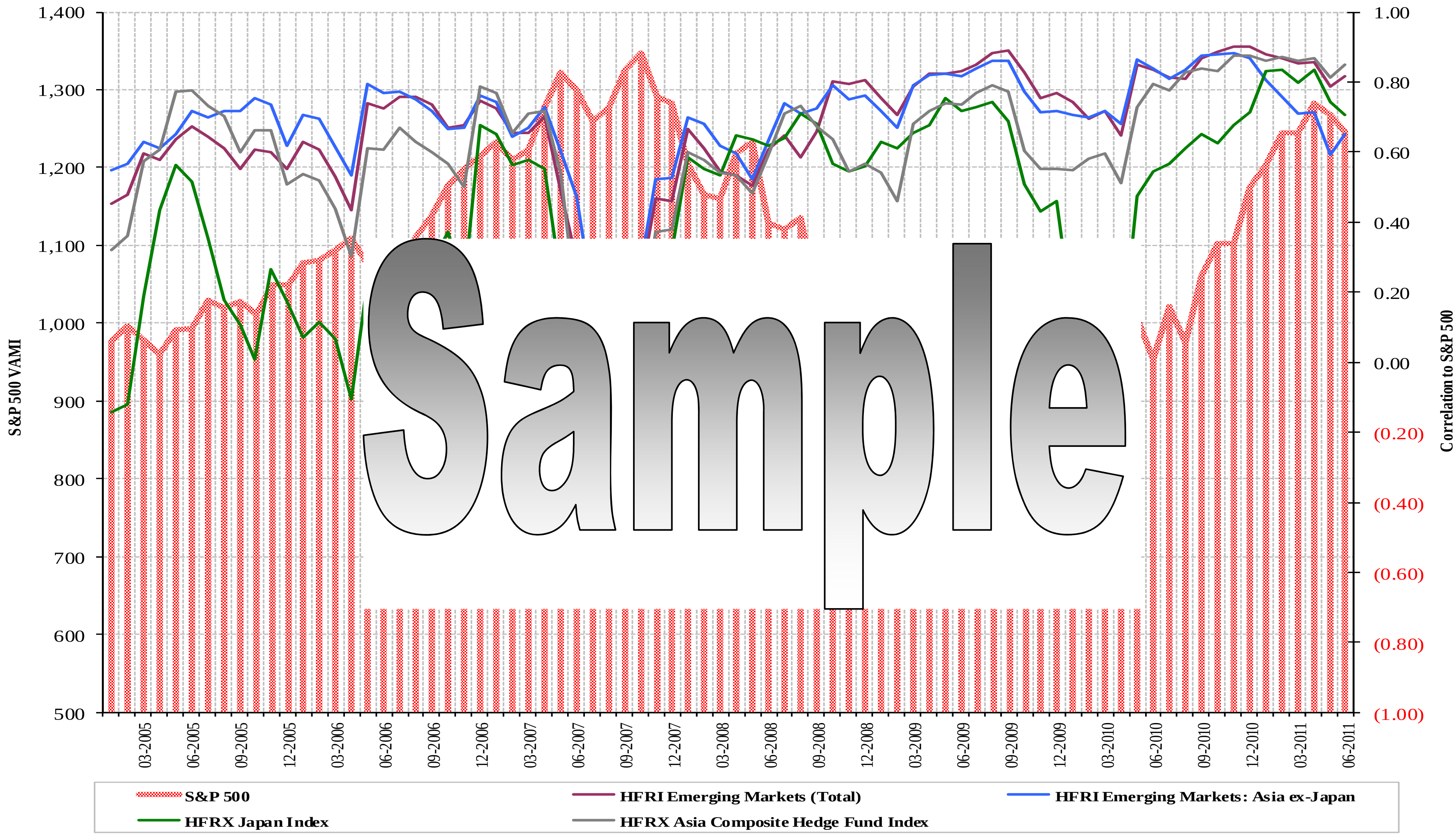
HFRI Indices Annual Investment Returns (2005 – YTD Q2 2011)

2005	2006	2007	2008	2009	2010	YTD Q2 2011
Nikkei 225 40.24%	Shanghai Composite 130.43%	Shanghai Composite 96.66%	HFRX Asia w/Japan -10.31%	Shanghai Composite 79.98%	S&P 500 15.08%	S&P 500 6.01%
HFRX Japan Index 33.14%	HFRX China 41.99%	HFRX China 44.94%	HFRX Japan Index -12.18%	HFRX China 50.37%	HFRI Emerging Markets 11.44%	HFRI Fund Wghtd Comp 0.79%
HFRX Asia Composite 21.25%	HFRI EM: Asia ex-Japan 27.62%	HFRX Asia ex-Japan 39.53%	HFRX Equal Wghtd Asia -17.40%	HFRI Emerging Markets 40.25%	HFRI EM: Asia ex-Japan 10.83%	HFRX Japan Index 0.08%
HFRI Emerging Markets 21.04%	HFRX Asia ex-Japan [illegible]	HFRI EM: Asia ex-Japan [illegible]	HFRX Asia Composite [illegible]	HFRI EM: Asia ex-Japan [illegible]	HFRX Asia w/Japan [illegible]%	HFRX Asia w/Japan -0.01%
HFRX Equal Wghtd Asia 20.62%	HFRI Er[illegible]	[illegible]	[illegible]	[illegible]	[illegible]ghtd Asia [illegible]%	HFRI Emerging Markets -0.25%
HFRX Asia w/Japan 18.02%	S[illegible]	[illegible]	[illegible]	[illegible]	[illegible]mposite [illegible]%	HFRX Equal Wghtd Asia -0.52%
HFRI EM: Asia ex-Japan 14.24%	HFRX [illegible]	[illegible]	[illegible]	[illegible]	[illegible]x-Japan [illegible]%	HFRX Asia Composite -0.68%
HFRX Asia ex-Japan 11.02%	HFRI [illegible]	[illegible]	[illegible]	[illegible]	[illegible]Wghtd [illegible]%	HFRX Asia ex-Japan -1.62%
HFRI Fund Wghtd Comp 9.30%	HFRX E[illegible] 11.03%	[illegible] 9.96%	[illegible] -36.99%	[illegible] 17.55%	[illegible]ina 9.37%	Shanghai Composite -1.64%
S&P 500 4.91%	HFRX Asia Composite 10.06%	S&P 500 5.49%	HFRI Emerging Markets -37.26%	HFRX Asia Composite 16.80%	HFRX Japan Index 8.32%	HFRX China -2.04%
HFRX China 4.82%	Nikkei 225 6.92%	HFRX Japan Index -2.15%	Nikkei 225 -42.12%	HFRX Equal Wghtd Asia 14.85%	Nikkei 225 -3.01%	HFRI EM: Asia ex-Japan -3.34%
Shanghai Composite -8.33%	HFRX Japan Index -7.14%	Nikkei 225 -11.13%	Shanghai Composite -65.39%	HFRX Japan Index -0.64%	Shanghai Composite -14.31%	Nikkei 225 -4.04%

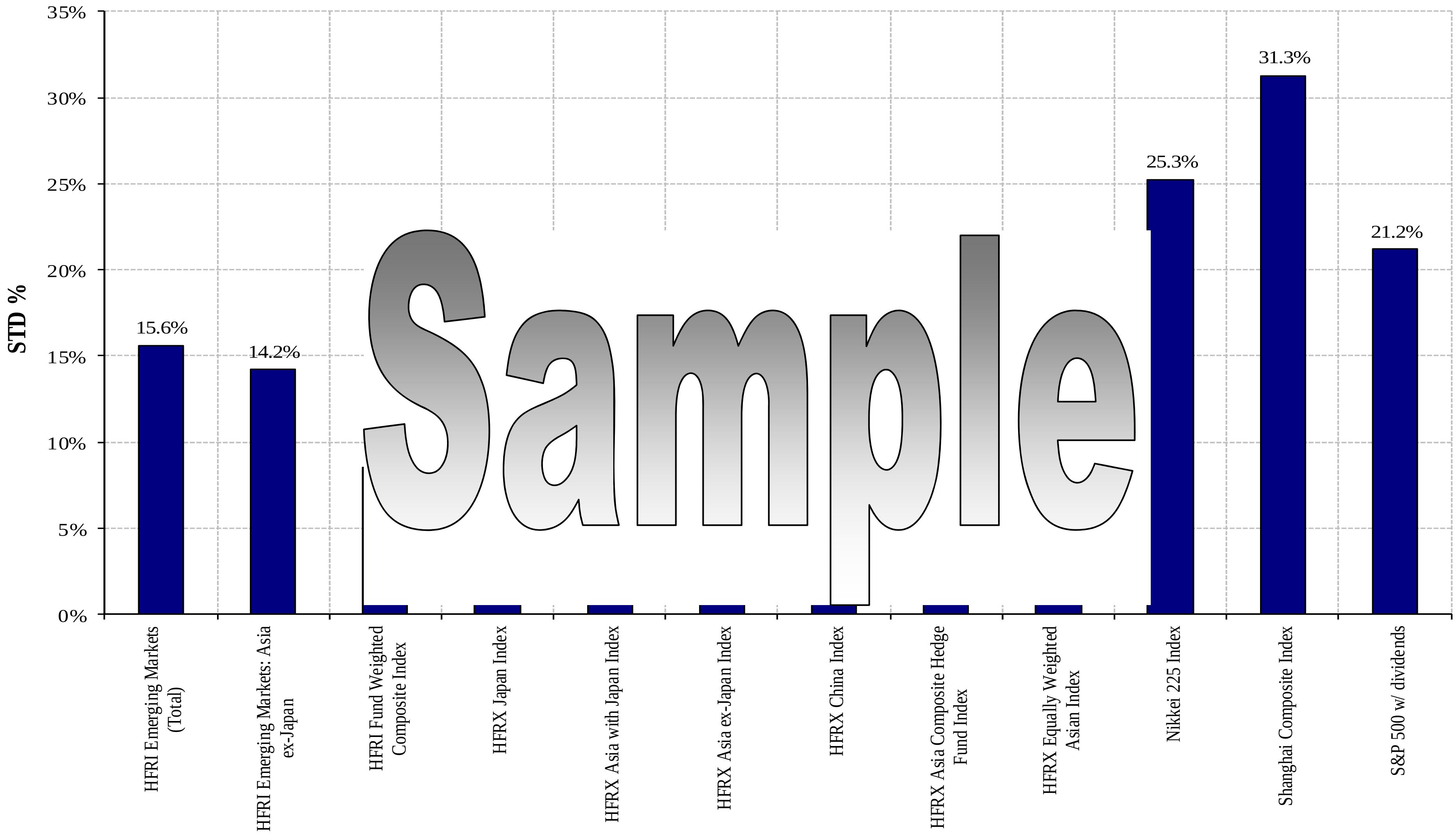
Index Performance
12-Month



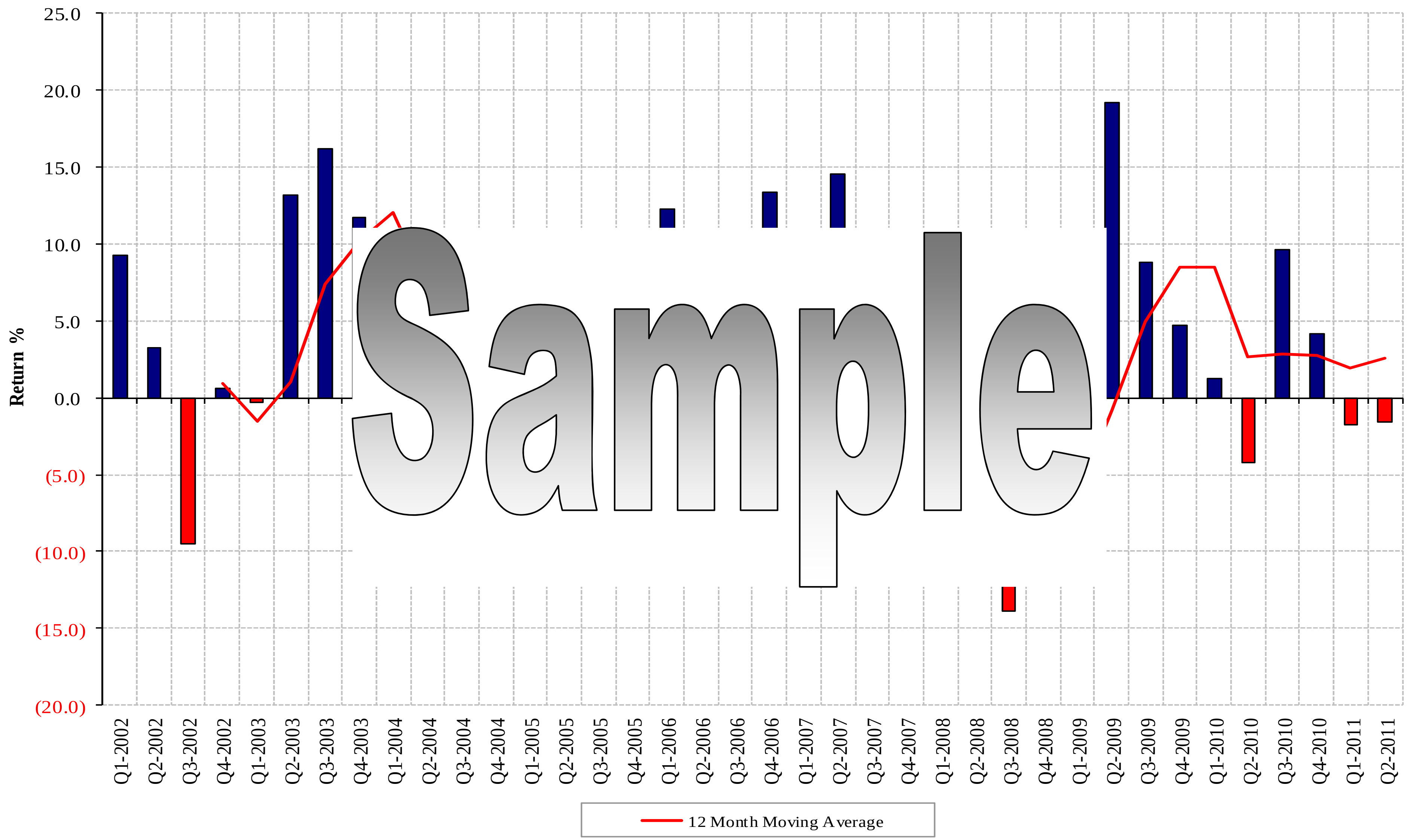
Historical Monthly Correlation to S&P 500 Index
12-Month Rolling



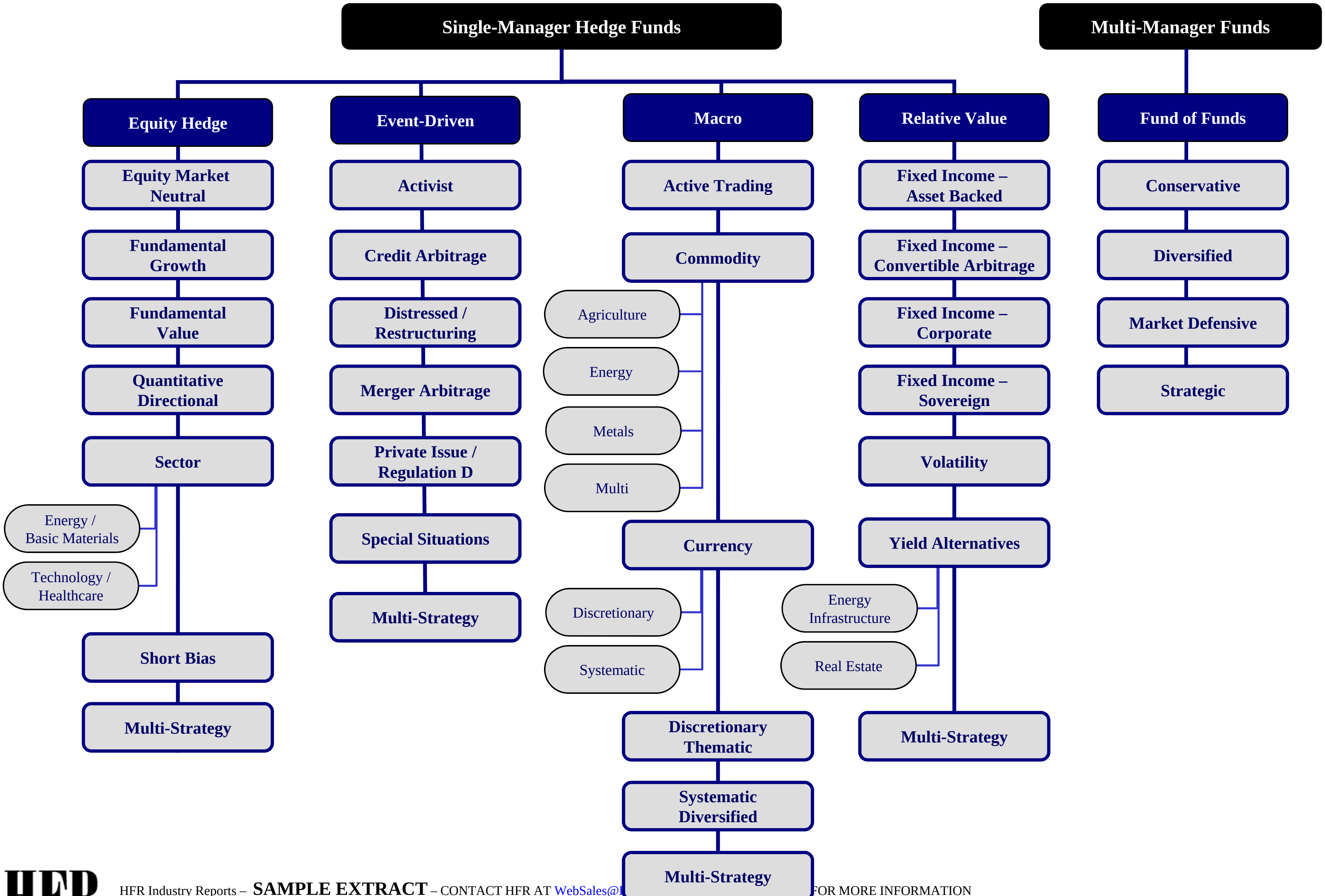
Index Standard Deviation
3-Year Annualized

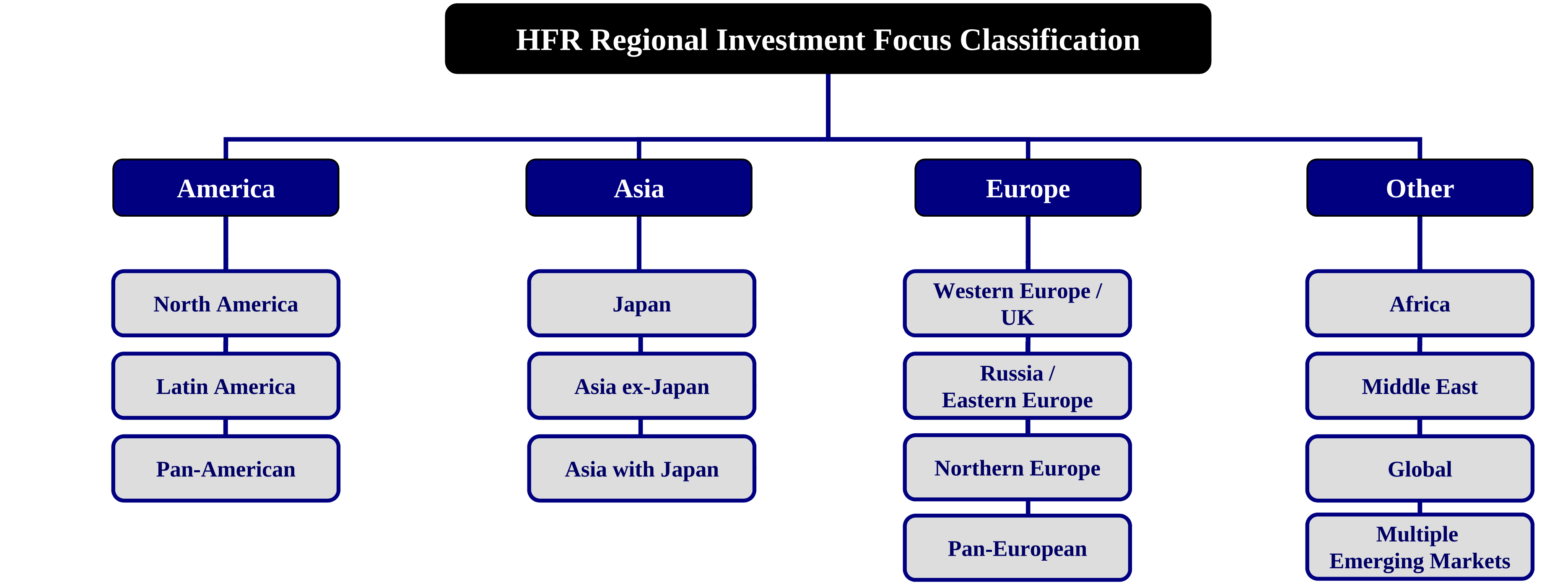


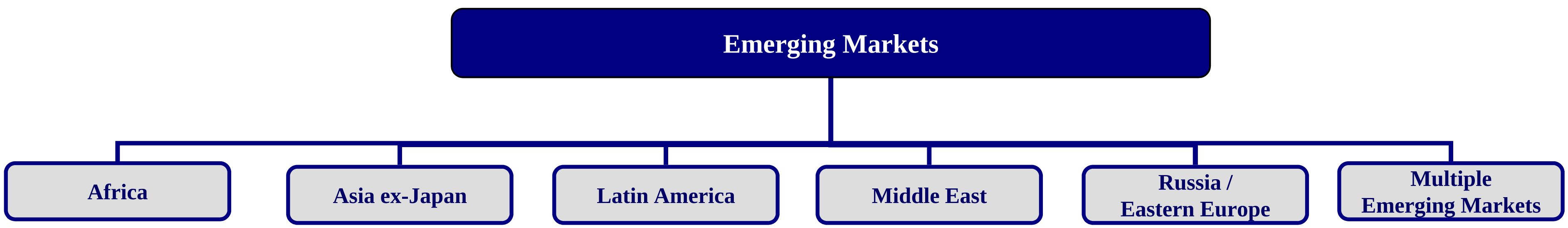
HFRI Emerging Markets: Asia ex-Japan Index
Quarterly Performance Q1 2002 – Q2 2011



HFR Strategy Classification




HFR Regional Investment Focus Classification
America
Asia
Europe
Other
North America
Latin America
Pan-American
Japan
Asia ex-Japan
Asia with Japan
Western Europe / UK
Russia / Eastern Europe
Northern Europe
Pan-European
Africa
Middle East
Global
Multiple Emerging Markets


Emerging Markets
Africa
Asia ex-Japan
Latin America
Middle East
Russia / Eastern Europe
Multiple Emerging Markets

HFR Database Regional Classification Criteria / Definitions

	Sub-Region	*Description*
Americas	**North America**	Primary focus in North America, typically >50% exposure
	Latin America	Primary focus in Latin America, typically >50% exposure
	Pan-America	Typically >75% exposure in the Americas
Asia	**Japan**	Primary focus on Japan, typically >75% exposure
	Asia ex/Japan	Primary focus on Asia, typically <10% exposure in Japan
	Asia w/Japan	Primary focus on Asia, typically between 10-75% in Japan
Europe	**Western Europe/UK**	Primary focus in region, typically >50% exposure
	Russia/Eastern Europe	Primary focus in region, typically >50% exposure
	Northern Europe	Primary focus in region, typically >50% exposure
	Pan-European	Typically >75% exposure in all European regions
Other	**Africa**	Primary focus in African region, typically >50% exposure
	Middle East	Primary focus in Middle East, typically >50% exposure
	Global	No greater than 50% exposure in any specific geographic region
	Multiple Emerging Markets	No greater than 50% exposure in any specific emerging market

Regional Investment Focus Classification notes:

- **Africa** - Includes all of African continent, except for Egypt (*Middle East*).
- **Americas** – For our purposes, *North America* includes the USA, Canada and Greenland. *Latin America* includes Mexico, Central and South America as well as the nations of the Caribbean.
- **Asia** - Includes range of nations that border the Pacific and Indian oceans. For our purposes, this includes: Japan, China, Korea, Australia, India, Hong Kong, Singapore, etc.
- **Europe** - Includes Western, Eastern and Northern European (Scandinavian) nations, as well as Russia and Turkey.
- **Middle East** - For our purposes, ranges from Egypt to Israel to Syria to Iran and includes all the nations of the Arabian Peninsula
- **Other** - HFR reserves the inclusion of a fund in *"**Global**"* to those funds which have no greater than 50% exposure to ANY of the more-specific geographic regions provided and the inclusion of a fund in *"**Multiple Emerging Markets**"* to those funds which have no greater than 50% exposure to ANY of the more-specific emerging markets regions provided.

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