

Q3 2009 Hedge Fund Update: On the Road to Recovery



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Year-to-Date Highlights and Key Points (as of September 30, 2009)

- Up 15% year-to-date, hedge funds, as represented by the Credit Suisse/Tremont Hedge Fund Index (the "Index"), are on track to post their best annual returns in 10 years¹
- 83% of all hedge funds have posted positive performance year-to-date
- Convertible Arbitrage managers continue to lead the other sectors in terms of performance, generating returns of 40% year-to-date
- 26% of all hedge funds have "fully recovered" their losses from 2008²
- An additional 27% of hedge funds need to recoup 15% or less to reach previous peak values
- The Industry experienced net outflows of \$4.8 billion in the third quarter³
- The most significant redemptions occurred in the Event Driven sector, resulting in a net outflow of \$7.4 billion for the quarter
- The Long/Short Equity sector experienced the most significant increase in new capital, resulting in a net positive flow of \$3.0 billion for the quarter
- Including performance gains, total hedge fund AuM is estimated at \$1.4 trillion as of September 30, 2009. This is up from an estimated \$1.3 trillion as of June 30, 2009
- As of September 30, 2009 an estimated 8.5% of funds were classified as impaired, meaning they have either suspended redemptions, imposed gate provisions or sidepocketed assets.⁴ This is down from an estimated 11.6% at the end of 2008 and an estimated 9.6% at the end of Q2 2009

1 Based on the performance of the Index since its inception in 1994.

2 A fully recovered fund is defined as a fund that has regained all previous losses to meet or surpass previous peak performance levels.

3 Fund flows based on information provided by underlying funds within the Credit Suisse/Tremont Hedge Fund database as of September 30, 2009.

4 Data based on a sample set of funds reflective of the Credit Suisse/Tremont Hedge Fund Index as of September 30, 2009.

Best and Worst Performing Sectors

(as of September 30, 2009)

Convertible Arbitrage:

2008: -31.6%

YTD: +40.0%

Sector Allocation: 1.8%

Convertible Arbitrage managers have successfully capitalized on many of the pricing imbalances that were created in the convertible space last year when managers were forced to offload positions in order to meet redemption requests. In addition, new issuances and attractive spreads have enticed new buyers into the space and the increased liquidity has been beneficial, as demonstrated by tightening credit spreads. Going forward, security selection could become more important in the space as conditions begin to normalize.

Emerging Markets

2008: -30.4%

YTD: +24.7%

Sector Allocation: 8.0%

Most Emerging Markets managers have benefited from rising returns in foreign equity markets, driven by investors' increased risk appetite post-government stimulus plans, robust earnings expectations, and rising industrial and manufacturing output, most notably in Asia.

Fixed Income Arbitrage:

2008: -28.8%

YTD: +21.9%

Sector Allocation: 3.5%

Similar to Convertible Arbitrage, Fixed Income Arbitrage managers have benefited from the tightening of credit spreads through the first nine months of the year. Additionally, managers have been able to capitalize on the large number of treasury bonds issued to finance stimulus packages, as lower auction prices have yielded more arbitrage opportunities. Further, the Federal Reserve has created pressure on yields by buying back treasury securities at increased prices, which has benefited many managers in the space.

Q3 2009 Market Update

The Credit Suisse/Tremont Hedge Fund Index (the "Index") returned 7.3% in Q3 2009, marking the best quarterly return for the Index since 1999. The continued positive performance of hedge funds over the past three months has contributed to compelling risk-adjusted returns year-to-date, with 8 of the 10 Index sectors finishing in positive territory through the first nine months of the year (as illustrated in Figure 1). Overall, the Index is up 15.0% year-to-date through September 30, 2009, with 83% of funds displaying positive performance.

Figure 1: Hedge Fund Performance by Sector, January – September 2009

Jan 09 - Sep 09	Sector Weight (9/09)	Cumulative Return	Monthly Standard Deviation	Maximum Drawdown	Number of Positive Funds	Number of Negative Funds	Best Performing Fund	Worst Performing Fund
Broad Index		15.0%	1.5%	-0.9%	384	81	209.9%	-100.0%
Convertible Arbitrage	1.8%	40.0%	1.9%	0.0%	21	1	209.9%	-0.6%
Dedicated Short	0.4%	-23.0%	4.5%	-28.0%	1	8	0.1%	-45.0%
Emerging Markets	8.1%	24.7%	2.9%	-2.2%	62	10	146.2%	-23.0%
Equity Market Neutral	2.0%	5.3%	2.5%	-5.6%	13	8	33.5%	-80.3%
Event Driven	26.0%	14.7%	1.6%	-1.1%	61	9	110.5%	-29.6%
Fixed Income Arbitrage	3.5%	21.9%	1.2%	0.0%	24	2	114.5%	-9.4%
Global Macro	17.6%	9.1%	1.2%	-0.8%	23	11	111.0%	-100.0%
Long/Short Equity	22.4%	16.7%	2.0%	-1.5%	143	8	187.1%	-22.8%
Managed Futures	4.0%	-4.2%	1.9%	-7.8%	11	21	34.5%	-29.4%
Multi-Strategy	14.2%	20.7%	1.4%	-0.1%	25	3	66.5%	-11.1%

Source: Credit Suisse/Tremont Hedge Fund Index. All internally developed data and other third party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

Convertible Arbitrage managers continue to lead all sectors in performance, with the best performing fund in the Index up 209.9% year-to-date. Overall, the strategy has generated cumulative returns of 40.0% through September and has been positive every month-to-date in 2009. Strong performance in the Emerging Markets sector has also garnered increased investor attention. The strategy posted the highest one-month return of any sector to-date this year when it finished up 7.0% in May. Currently, the sector is up 24.7% year-to-date.

In general, funds that did well in 2008 appear to be struggling amidst changing market conditions this year. Managed Futures, one of the best performing sectors of 2008, is down 4.2% through September as managers have been challenged by fluctuating market conditions. Many

Best and Worst Performing Sectors

(as of September 30, 2009)

Managed Futures

2008: +18.3%

YTD: -4.2%

Sector Allocation: 3.9%

Managed Futures managers have experienced mixed performance in 2009 as trend followers struggled through the early part of the year. Many have gained some traction in the last couple of months as they benefited from long positions in commodities and fixed income.

Dedicated Short Bias

2008: +14.9%

YTD: -23.0%

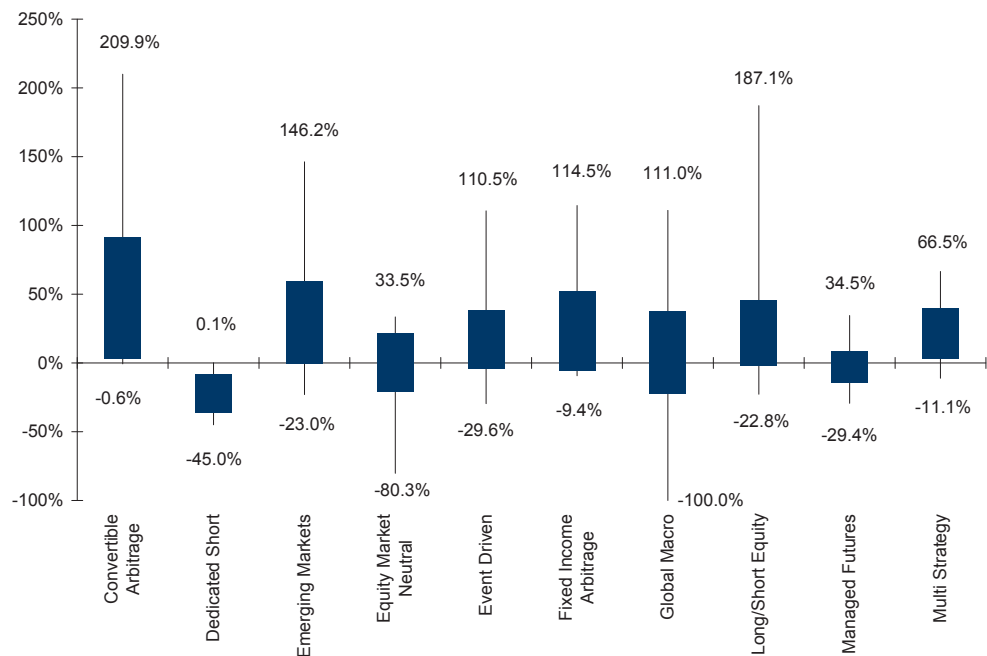
Sector Allocation: 0.4%

Dedicated Short Bias managers have encountered difficulties to date this year as equity markets around the world continue to rally, with many experiencing fresh cycle-highs in September. For example, the S&P 500 completed its best back-to-back quarterly performance since 1975, returning 32% from April to September.

managers in this sector have gained traction over the past two months, with the sector finishing up 3.0% in September as trend followers were able to capitalize on more concrete movements in equities, currency and bond markets. Dedicated Short Bias remains the only other strategy that is currently down in 2009, with performance declining 23.0% since January as equity markets rallied across the globe. Please see "Best and Worst Performing Sectors" for additional information on the performance of select strategies to-date this year.

An examination of the return dispersion among the individual funds within each sector further illustrates the performance of funds across strategies this year. To date in 2009, the bulk of returns, shown as the dark blue boxes (one standard deviation from the mean in either direction), have been positive across most strategies. Dedicated Short Bias and Managed Futures currently represent the only two sectors in which the majority of managers have posted negative performance year-to-date.

Figure 2: Average Strategy Returns, January – September 2009⁵



Source: Credit Suisse/Tremont Hedge Fund Index. All internally developed data and other third party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

⁵ For a comparison to 2008 hedge fund dispersion analysis, please see "One for the History Books: Hedge Fund Performance in 2008," available for download at www.hedgeindex.com.

Defining Recovery

Recovered: Funds that have regained all previous losses to meet or surpass previous peak levels

Recovering: Funds that have partially regained losses from their lowest drawdown point (or "trough")

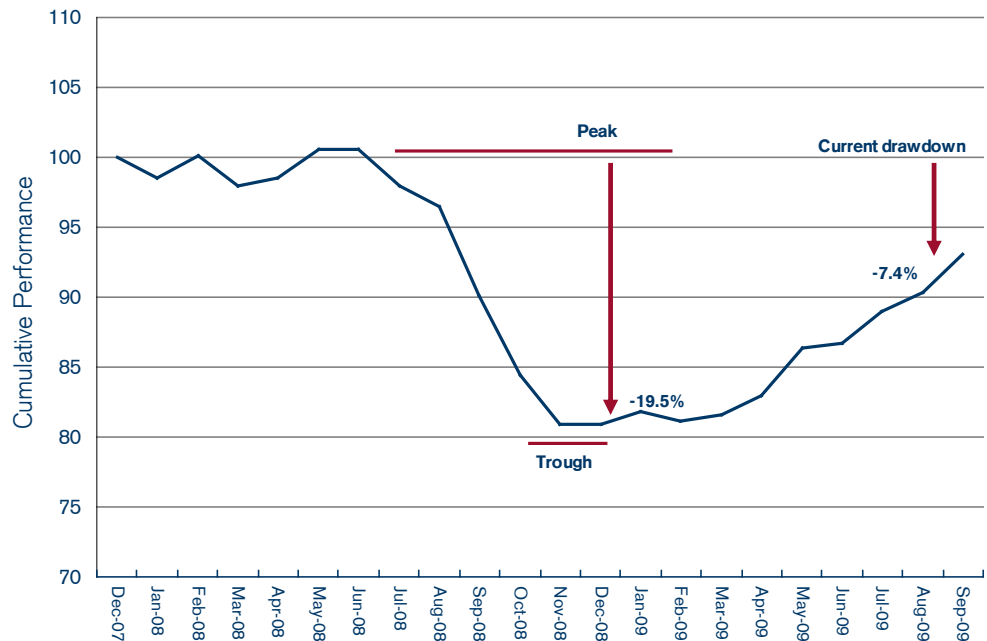
Not Recovered: Funds that have not regained any value from their lowest drawdown point, and/or funds that have continued to decline in value between January and September 2009

Hedge Fund Recovery Analysis

Following the unprecedented market events of last year, hedge funds experienced their most significant drawdown on record⁶ with performance falling 19.5% between June 30 and December 31, 2008. As of September 30, 2009, the overall drawdown for the industry has decreased to -7.4% (Figure 3).

Based on an analysis of funds within the Index, we conclude that 26% of all hedge funds have fully recovered from their maximum drawdowns experienced in 2008, i.e. these funds have regained all losses experienced in 2008 and are now on par with, or have surpassed, previous peak performance levels.

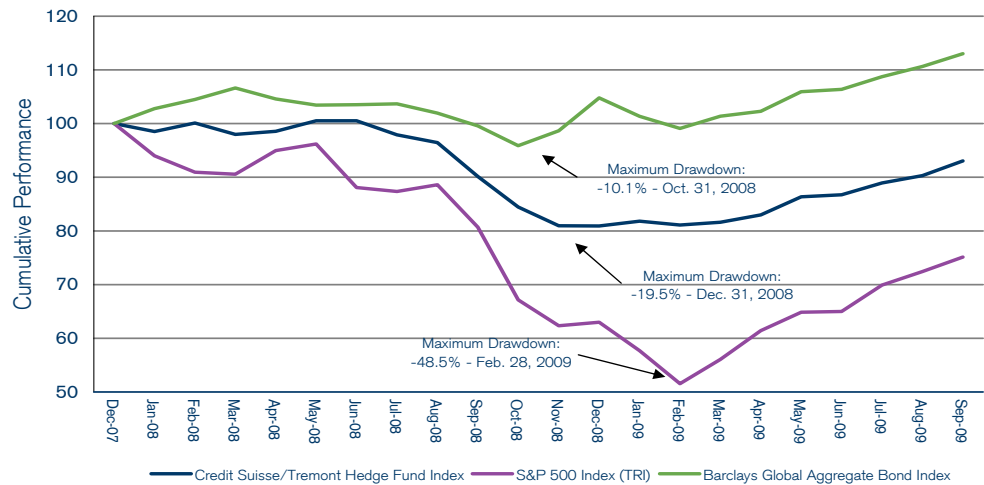
Figure 3: Drawdown Analysis, Credit Suisse/Tremont Hedge Fund Index (Data as of September 30, 2009)



Source: Credit Suisse/Tremont Hedge Fund Index. All data was obtained from internally developed data believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. Please refer to endnotes for index definitions.

6 Since inception of the Index in January 1994.

Figure 4: Drawdown Analysis, Credit Suisse/Tremont Hedge Fund Index Performance versus S&P 500 Index (TRI) and Barclays Global Aggregate Bond Index (Data as of September 30, 2009)⁷



Source: Credit Suisse/Tremont Hedge Fund Index, Bloomberg. All data was obtained from publicly available information, internally developed data and other third party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. Please refer to endnotes for index definitions.

As illustrated in Figure 4, equity markets, as represented by the S&P 500, have regained 49% of losses through September while hedge funds have recovered 62% of all losses to date (Figure 5 shows the percentage of losses recovered to-date on an individual sector basis). The S&P 500 experienced a maximum drawdown of -48.5% in February 2009, and while equity markets have rebounded in 2009, its drawdown remains at -24.9% as of September 30, 2009. The current drawdown for the Credit Suisse/Tremont Hedge Fund Index is -7.4%. Bonds, as represented by the Barclays Global Aggregate Bond Index, have fully recovered from their maximum drawdown of -10.1% which occurred in October 2008.

Figure 5: Drawdown Analysis by Sector (Data as of September 30, 2009)

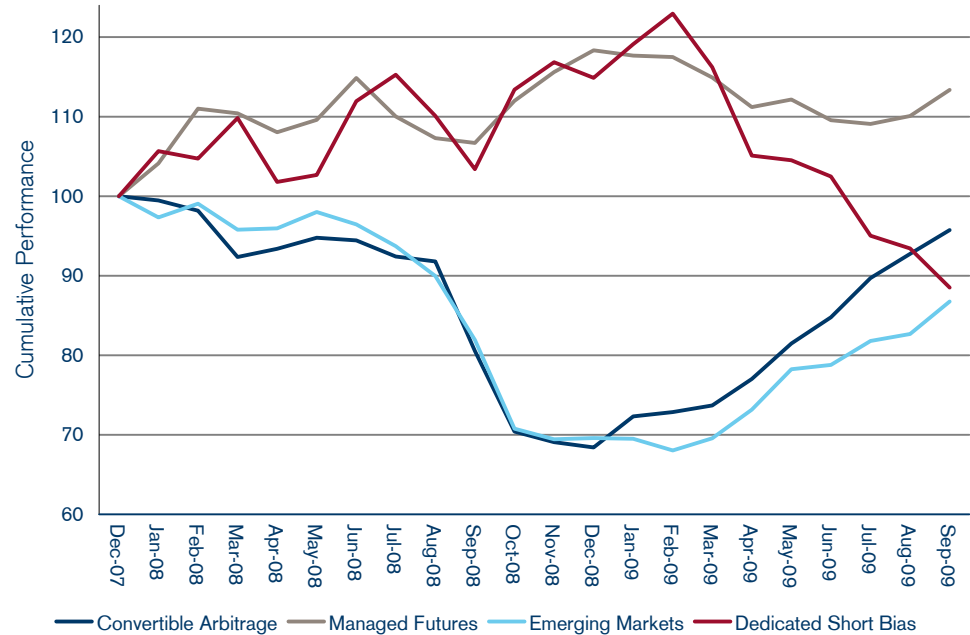
	Maximum Drawdown (%)	Date of Max Drawdown	% of losses recovered
Credit Suisse/Tremont Hedge Fund Index	-19.5%	31-Dec-08	61.8%
Convertible Arbitrage	-31.6%	31-Dec-08	86.5%
Dedicated Short Bias	-28.0%	30-Sep-09	0.0%
Emerging Markets	-32.0%	27-Feb-09	58.6%
Equity Market Neutral	-45.1%	27-Feb-09	12.5%
Event Driven	-18.0%	27-Feb-09	68.7%
Fixed Income Arbitrage	-29.0%	31-Dec-08	53.7%
Global Macro	-14.9%	31-Oct-08	68.3%
Long/Short Equity	-21.6%	27-Feb-09	66.9%
Managed Futures	-7.8%	31-Jul-09	46.2%
Multi Strategy	-23.6%	31-Dec-08	66.8%

On an individual sector basis, the returns of those sectors which performed relatively well during the market dislocation in Q408 have generally demonstrated inverse performance versus the returns of this year's best performing strategies. As illustrated in Figure 6, the sectors which were the hardest hit in 2008, including Convertible Arbitrage and Emerging Markets, have on average made up over 70% of all losses experienced last year. On the other hand, managers

⁷ Please see Endnotes for a complete description of each index.

in both the Managed Futures and Dedicated Short Bias sectors, the only two sectors to finish 2008 in positive territory, have struggled through this year, with many hedge funds within these sectors experiencing their drawdowns in 2009. Managed Futures did regain momentum towards the end of the third quarter.

Figure 6: Drawdown Analysis, Credit Suisse/Tremont Hedge Fund Index, Select Sector Performance (Data as of September 30, 2009)



Source: Credit Suisse/Tremont Hedge Fund Index. All internally developed data and other third party sources are believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

On an individual sector basis, Convertible Arbitrage has the highest percentage of funds classified as “recovered” with 44% of all funds in the space fully recouping their losses from last year. An additional 22% of funds in the space are classified as “recovering.” Other notable sectors include Fixed Income Arbitrage, in which 32% of funds have recovered, and Multi-Strategy, which has a recovery rate of 29% and an additional 41% classified as “recovering.”

Liquidity:

Overall, the liquidity profile of the overall industry has continued to improve through the third quarter, with the percentage of “impaired funds” (see “Classifying Impaired Funds” for definition) lessening to 8.5% (Figure 7), and as market conditions continue to improve, many expect the liquidity profile of the industry to follow suit. Based on manager reports, more are in a position to honor redemption requests and repay investors more quickly than originally anticipated.

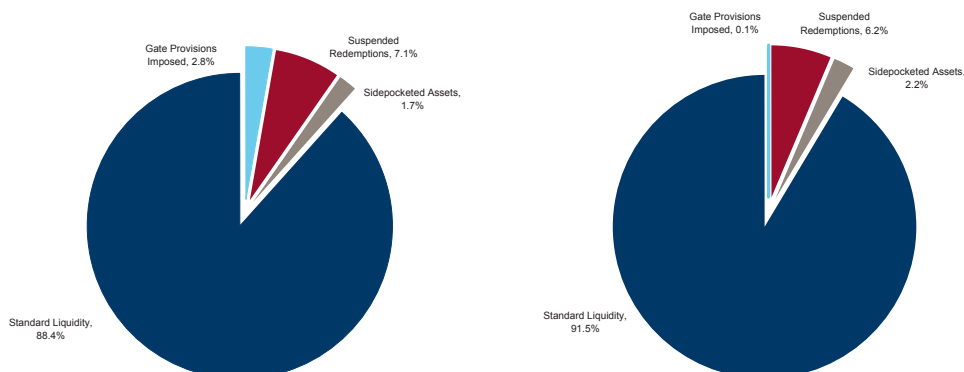
Classifying Impaired Funds

Suspended Redemptions: Certain hedge funds may temporarily suspend or defer redemptions as a defensive measure to avoid realizing significant losses through a liquidation of positions at below market value, or when markets are unavailable for trading.

Sidepocket: Sidepocketing occurs when hedge funds segregate illiquid assets from liquid assets.

Gate Provisions: A fund will typically impose a gate provision to restrict the amount of withdrawals from the fund during a redemption period.

Figure 7: Breakdown of Impaired Funds by Assets (December 2008 versus September 2009)⁸



Source: Credit Suisse/Tremont Hedge Fund Index. All data was obtained from internally developed data and other third party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

Asset Flows

As demonstrated in Figure 8, the hedge fund industry experienced overall net outflows of \$4.8 billion in the third quarter. The most significant redemptions occurred in the Event Driven sector, where inflows of \$2.7 billion were offset by redemptions of \$10.2 billion, resulting in a net outflow of \$7.4 billion for the quarter. However, as performance continues to improve, four of the ten sectors experienced net positive inflows for the quarter. The Long/Short Equity sector experienced the most significant increase in new capital, with inflows of \$9.3 billion and redemptions of \$6.4 billion, resulting in a net positive flow of approximately \$2.9 billion for the third quarter

Figure 8: Net Asset Flows by Sector (Data as of September 30, 2009)⁹

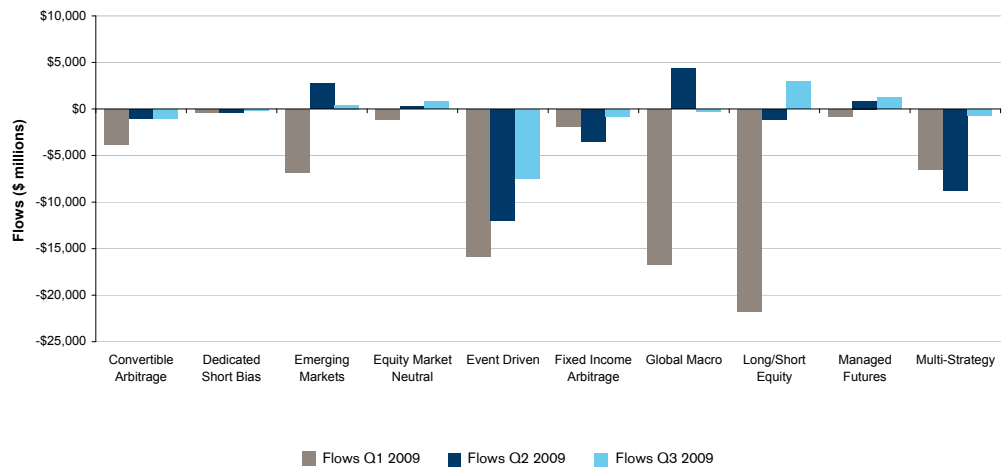
Strategy	3Q 09 Investments (\$ Millions)	3Q 09 Redemptions (\$ Millions)	3Q 09 Net Asset Flows (\$ Millions)	2009 YTD Net Asset Flows (\$ Millions)
Credit Suisse/Tremont Hedge Fund Index	+ 33,135	- 37,981	- 4,846	- 98,779
Convertible Arbitrage	+ 901	- 1,873	- 972	- 5,767
Dedicated Short Bias	+ 119	- 272	-153	- 876
Emerging Markets	+ 3,267	- 2,842	+ 425	- 3,661
Equity Market Neutral	+ 1,698	- 919	+ 779	- 25
Event Driven	+ 2,738	- 10,169	- 7,431	- 35,243
Fixed Income Arbitrage	+ 1,425	- 2,202	- 778	- 6,095
Global Macro	+ 3,159	- 3,402	- 243	- 12,562
Long/Short Equity	+ 9,326	- 6,354	+ 2,972	- 19,916
Managed Futures	+ 2,699	- 1,503	+ 1,196	+ 1,268
Multi-Strategy	+ 7,801	- 8,443	- 641	- 15,903

Source: Credit Suisse/Tremont Hedge Fund Index. All data was obtained from internally developed data and other third party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

8 Data based on a sample set of funds reflective of the Credit Suisse/Tremont Hedge Fund Index as of September 30, 2009.

9 Fund flows based on information provided by funds reporting to the Credit Suisse/Tremont Hedge Fund database as of September 30, 2009.

Figure 9: Quarterly Asset Flows by Sector (as of September 30, 2009)



Source: Credit Suisse/Tremont Hedge Fund Index. All internally developed data and other third party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

Figure 9 illustrates sector specific fund flows on a quarterly basis year-to-date. The level of overall outflows has decreased each quarter-to-date this year and the trend appears to be positive as funds have increasingly been able to honor redemption requests, demonstrating the return of some liquidity to the space. As investors continue to regain confidence in the ability of hedge funds to continue to generate returns, we believe net inflows may return in the fourth quarter. In addition, many managers have taken additional steps to increase transparency and lower fees, all of which are designed to send a positive signal to investors.

While the industry did experience net outflows in the third quarter, positive performance in the space helped increase total assets under management to an estimated \$1.4 trillion. This is up from an estimated \$1.3 trillion as of June 30, but still lags the December 31, 2008 estimate of \$1.5 trillion.

Historical Hedge Fund Performance:

During many historical market dislocations, hedge funds have demonstrated an ability to take tactical advantage of resulting opportunities, generating positive returns in the months following a severe drawdown. Figure 10 details the performance of hedge funds in the nine months following the maximum drawdowns experienced during certain past market crises, as well as the current market dislocation. As illustrated in the table, over the past nine months, hedge fund performance has been stronger than it was over the same length of time following both the Asian Currency Crisis and the Tech Bubble Burst events. On average, it has taken hedge funds 13 months to recover from severe market disruptions.¹⁰

¹⁰ Recovery time is measured from the month in which the maximum drawdown occurred through the month in which losses were recouped and the Index returned to positive territory.

Figure 10: Credit Suisse/Tremont Hedge Fund Index Performance Following Significant Drawdown Events

	Credit Suisse/Tremont Hedge Fund Index	Recovery Period for Hedge Funds (Months)
After 1994 (Asian Currency Crisis)	7.6%	13
After October 1998 (Collapse of Long Term Capital Management)	13.1%	13
After March 2001 (Tech Bubble Burst)	5.1%	13
Year To Date 2009 (Current Credit Crisis)	15.0%	TBD

Source: Credit Suisse/Tremont Hedge Fund Index. All internally developed data and other third party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

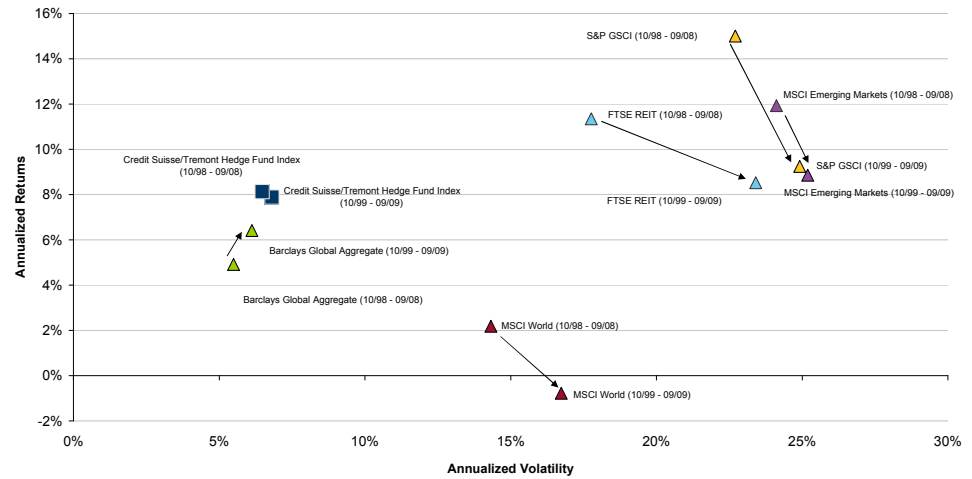
Further, a comparison of hedge fund returns versus broad market indices, including equity, bond, real estate and commodity benchmarks, reinforces the long-term ability of hedge funds to produce attractive risk-adjusted returns versus other asset classes.¹¹ A comparison of annualized returns over the ten year period ending September 2008 versus the same analysis over the ten year period ended September 2009 (Figure 11) illustrates the impact the events of the past year had on the risk/return profile of a range of asset classes.

The effect of the current dislocation is demonstrated by the differences in the return profiles for equity markets in the ten years before and the ten years including the events of the fourth quarter 2008. For instance, the MSCI World Index had a positive annualized return of 2.19%, with a volatility of 14.32% in the ten-year period ended September 2008. Taking into account the events of Q4 08, the same ten year analysis shows that annualized returns for the MSCI World Index have dropped to -0.78% and annualized volatility has increased to 16.73%.

Hedge funds, on the other hand, have produced relatively stable returns despite the market impact of last year. As an asset class, hedge funds generated an annualized return of 8.12% and a volatility of 6.48% in the ten years prior to the crisis, while in the ten years including last year's market downturn, annualized returns totaled 7.89% with an annualized volatility of 6.82%. The ability of hedge funds to generate relatively stable returns on a risk-adjusted basis over the long term illustrates the potential diversification and performance benefits of the asset class.

¹¹ Hedge Fund returns represented by the Credit Suisse/Tremont Hedge Fund Index. Equity returns represented by the MSCI World Index and the MSCI Emerging Markets Index. Real estate returns represented by the FTSE EPRA / NAREIT ("FTSE REIT") Index. Commodity returns represented by the S&P Goldman Sachs Commodity Index ("S&P GSCI"). Bond returns represented by the Barclays Global Aggregate Bond Index.

**Figure 11: Ten-Year Annualized Return Comparison
(Oct 1998 – Sep 2008 vs. Oct 1999 – Sep 2009)**



	Oct 98 - Sep 08		Oct 99 - Sep 09	
	Ann Return	Ann Volatility	Ann Return	Ann Volatility
Credit Suisse/Tremont Hedge Fund Index	8.12%	6.48%	7.89%	6.82%
MSCI World	2.19%	14.32%	-0.78%	16.73%
S&P GSCI	15.00%	22.71%	9.25%	24.92%
Barclays Global Aggregate	4.92%	5.49%	6.42%	6.12%
MSCI Emerging Markets	11.93%	24.12%	8.86%	25.19%
FTSE REIT	11.35%	17.77%	8.52%	23.40%

Source: Credit Suisse/Tremont Hedge Fund Index, Bloomberg. All data was obtained from publicly available information, internally developed data and other third party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. See Endnotes for a complete description of each Index.

Recapping the Year to Date:

As a result of the market events following the financial crisis in the fourth quarter of 2008, the industry has undergone a forced consolidation, and surviving funds can generally be characterized as skilled managers capable of exploiting market inefficiencies. Many believe the opportunities created, such as those in the distressed space,¹² will represent a source of revenue across various strategies. To date in 2009, hedge funds have demonstrated they are primed to capitalize on these and other arising opportunities.

Going into the final quarter of 2009, we expect much attention will be focused on the continued ability of hedge funds to perform, and more specifically the time in which it will take managers to reach their previous peak performance levels. Through September, the majority of managers in the space were on their way to recovery, with 26% of all managers already reaching or surpassing their previous peak levels, and most managers believe these statistics will continue to improve.

One area where investors continue to focus is on the developing regulatory changes, which, to the extent that they aim to increase transparency and provide for more stringent due diligence practices, could serve to bolster investor confidence in the industry. In recent news, the Alternative Investment Management Association (AIMA) provided feedback to the European Union's proposed Alternative Investment Fund Managers Directive. The group expressed support for aspects of the Directive, including consistent reporting requirements and fund registration with appropriate authorities. While there are still aspects of the legislation to which the group has voiced opposition, AIMA believes this is a positive step toward developing a "progressive framework for the industry within the European Union."¹³

Overall, assets under management in the hedge fund space have improved through the third quarter, and most managers believe that asset flows will continue to improve along with the liquidity profile of the industry. Based on feedback, many managers are paying investor redemption requests sooner than anticipated. A potentially improving overall portfolio diversification remains a core tenet of incorporating hedge funds into an overall portfolio allocation, and through 2009, hedge funds appear to be meeting expectations with uncorrelated and attractive risk-adjusted returns.

12 As discussed in "1H 2009 Hedge Fund Update: Halfway There," available for download at www.hedgeindex.com.
13 Press release dated October 8, 2009, issued by AIMA, available on their website, <http://www.aima.org>.

Endnotes

The Credit Suisse/Tremont Hedge Fund Index (the “Index”) is compiled by Credit Suisse Tremont Index LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which track over 5,000 funds, and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses.

MSCI World: The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. As of June 2007 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

Barclays Global Aggregate Bond: A market-value-weighted index government securities, mortgage-backed securities, asset-backed securities and corporate securities, each with a maturity of over one year, designed to simulate the universe of bonds in the market.

S&P 500: The Standard & Poor’s 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Investors cannot invest directly in an index.

MSCI Emerging Markets Index: The index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of June 2009 the MSCI Emerging Markets Index consisted of the following 22 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

S&P Goldman Sachs Commodity Index: The GSCI is designed as a benchmark for investment in the commodity markets and as a measure of commodity market performance over time. Components of the index qualify for inclusion based on liquidity measures and are weighted in relation to their global production levels.

FTSE EPRA / NAREIT Global Real Estate Index Series (“FTSE REIT”): FTSE REIT is designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposure and development of income-producing real estate.

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