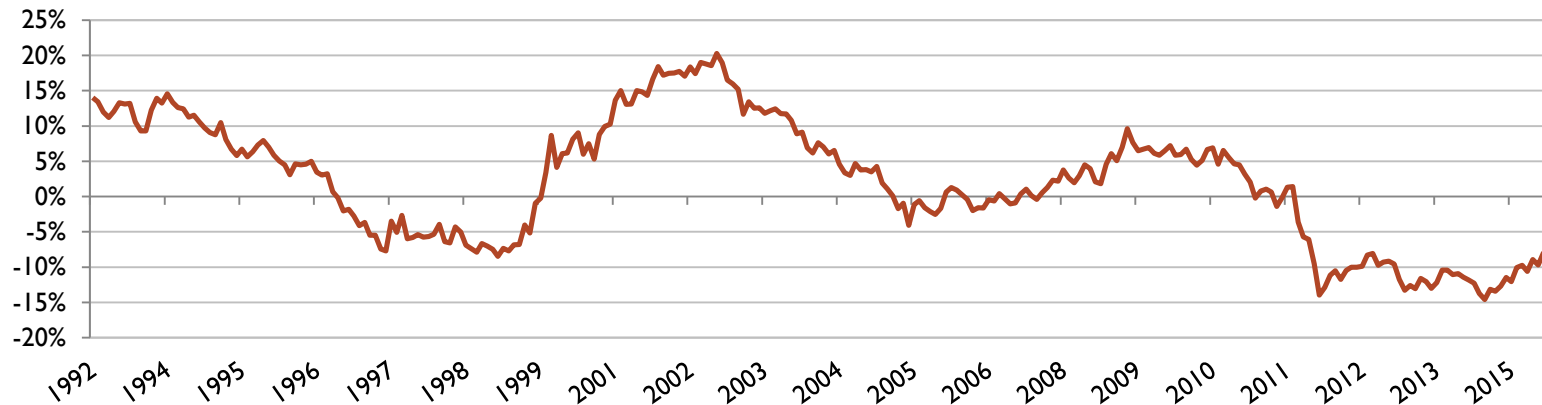


Performance Over Market Cycles

The last several years have been frustrating for hedge fund investors. The graphs below show excess returns for the HFRI Equity Hedge Index relative to the S&P 500 Index, using rolling three- and five-year returns. The HFRI Equity Hedge Index has outperformed the S&P 500 in 60% of the three-year periods and 70% of the five-year periods.

It is noteworthy that the prior periods of underperformance followed significant equity rallies and immediately preceded major market corrections in 2000 and 2008. While we cannot forecast the next market correction, we do not believe this level of underperformance is sustainable. The HFRI Equity Hedge Index can be viewed as representing the average long/short fund. We believe there are exceptional managers that have the potential to add value over a variety of market environments and meaningfully outperform the Index.

Rolling 3-Year HFRI Equity Hedge Index Excess Return vs. S&P 500



Rolling 5-Year HFRI Equity Hedge Index Excess Return vs. S&P 500

