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**2006 PerTrac Hedge Fund Database Study  
Shows 61% Increase in Hedge Funds and Funds of Hedge Funds**

*February 26, 2007 – NEW YORK* - PerTrac Financial Solutions (PerTrac) today announced the aggregate results of the *2006 PerTrac Hedge Fund Database Study*, revealing that there was a 61% increase in hedge funds and funds of hedge funds in hedge fund databases since the 2005 study.

“Investors and industry watchers will be interested to learn that the number of distinct hedge fund and funds of hedge funds we were able to identify in hedge fund databases in 2006 with duplicate funds removed increased by 61% from the prior year,” said Meredith Jones, Managing Director of PerTrac. “The number of single manager hedge funds increased by 68%, while the number of funds of hedge funds increased by 46%,” she added.

The study, released annually since 2003, has become a widely-followed indicator of the size and composition of the hedge fund industry. The 2006 study was conducted using data from twelve major hedge fund databases, combined and analyzed with the PerTrac Analytical Platform, the world’s leading investment analysis and asset allocation software application.

This is the first year that the study utilized PerTrac IDs, a code that is unique to each hedge fund, fund of funds and share class. PerTrac IDs, released in version 6.19 of the PerTrac Analytical Platform, allow users combining two or more databases from different data vendors to easily create a universe of unique funds, based on the PerTrac ID, hiding duplicate records based upon the users’ chosen data vendor priority. PerTrac subscribers thereby gain the benefit of having multiple databases and a larger data sample without having to manually identify duplicate records. They also can easily toggle between data sources to access the full complement of information available on each fund, which often varies between data vendors even when the same fund is referenced.

**Key Findings of the 2006 PerTrac Hedge Fund Database Study**

*The 2006 PerTrac Hedge Fund Database Study* found a total of over 56,000 investment records across all databases, including both single manager hedge funds and funds of hedge funds (FOFs). Records are the total number of funds in all databases including all duplicate fund records. This total represents a jump of more than 15,000 records from last

year. This more than 36% growth in hedge fund listings is due not only to growth in the number of existing hedge funds but also to further strides among databases in data collection and coverage of the hedge fund universe.

Within the overall collection of more than 56,000 records, the PerTrac Analytical Platform revealed approximately 19,800 “distinct” hedge fund and fund of funds investments among the various hedge fund databases once duplicate records were removed. This figure counts individual classes within funds as distinct investments.

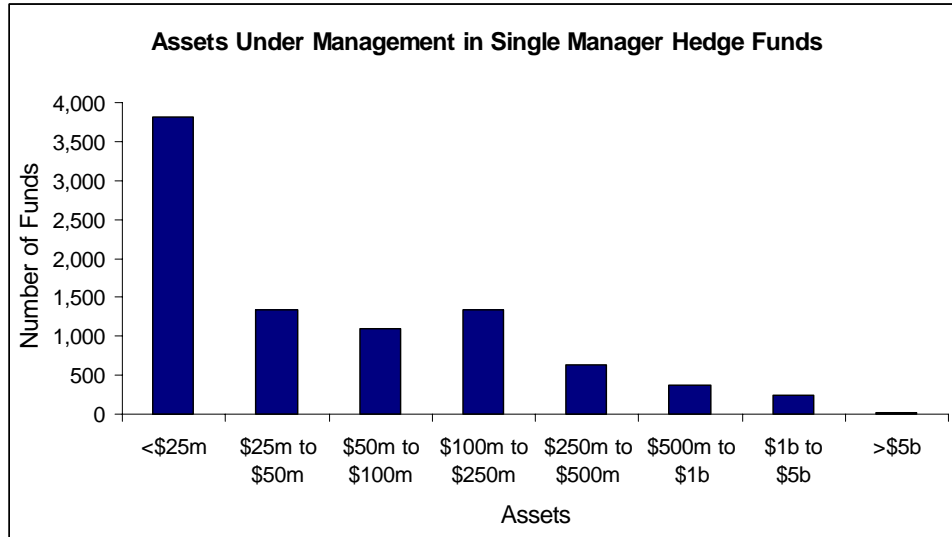
Other key findings include:

- Over 15,400 distinct funds reported performance data in 2006.
- Nearly 13,675 single manager hedge funds were identified, as well as approximately 6,100 FOFs. This compares with 8,100 single managers and 4,150 FOFs identified in the 2005 study.
- Nearly 4,900 distinct fund managers (general partners) were counted. Related fund management companies (subsidiaries, etc.), where identifiable as such, were counted as a single fund manager. This compares with approximately 3,500 general partners that were identified in 2005.
- Of the single manager hedge funds, approximately 10,200 reported performance in 2006. Of those, approximately 35% were onshore funds and 65% were offshore.
- About 36% of identified single manager funds were domiciled onshore (in the United States) while about 64% were domiciled offshore. Among FOFs, approximately 18% were domiciled onshore while 82% were offshore.

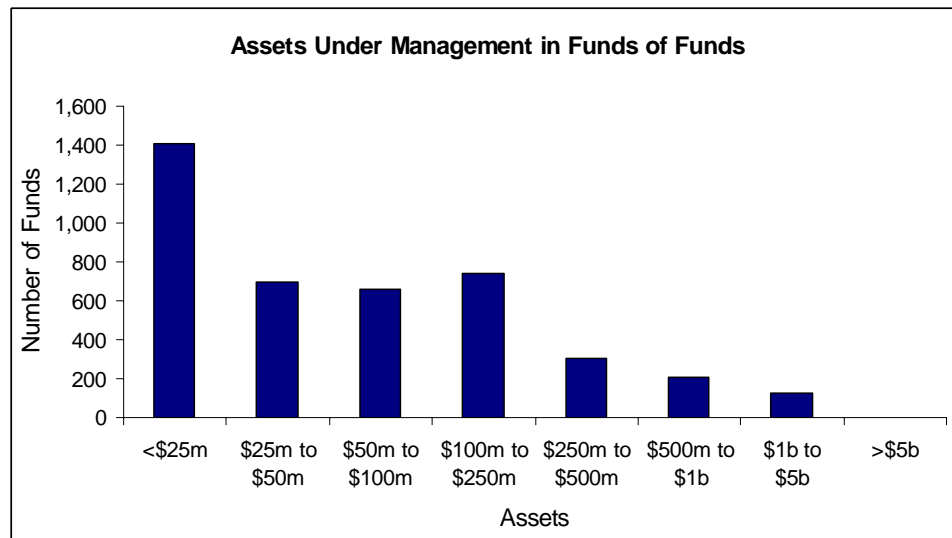
### **Assets under Management by Single Manager Funds Top \$1.41 Trillion, \$700 Billion Flows through Funds of Hedge Funds**

Single manager funds in the databases account for over USD 1.41 trillion under management. Approximately 250 funds have surpassed the USD 1 billion mark. Meanwhile, over one-third of single manager funds continue to manage less than USD 25 million (see chart).

Approximately 4,150 of the single manager funds appear to be ‘clones’ of another fund, meaning that they trade pari passu, either as offshore funds, super-accredited (3(c)7) funds or separate share classes (usually differing in currency denomination) of a single fund strategy.



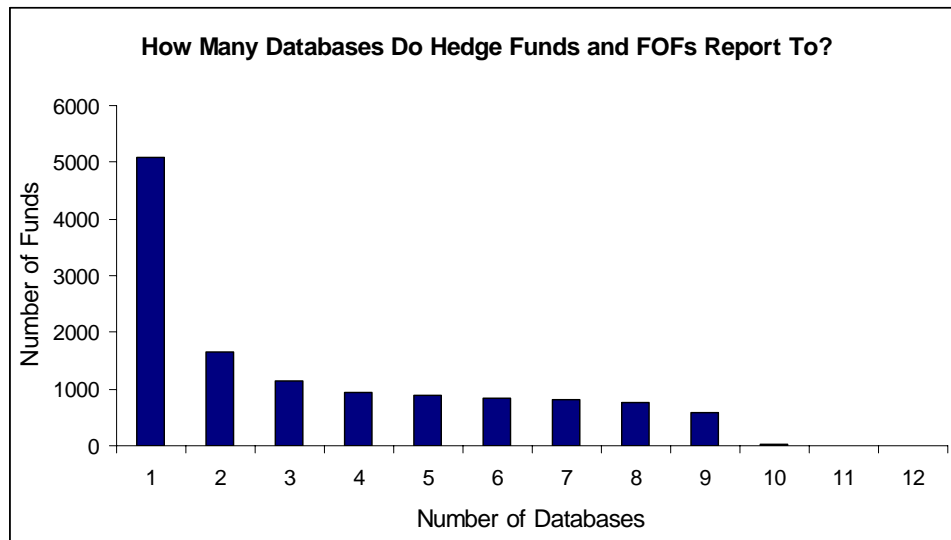
There were approximately 6,100 different FOFs that appeared in the study, and nearly 5,250 had reported performance numbers in 2006. Of those FOFs which had reported last year, about 16% were domiciled onshore and 84% were offshore. There appears to be about USD 700 billion invested into hedge funds through FOFs, although just over a quarter of them manage less than USD 25 million.



Among the 19,800 distinct investments identified in the study, approximately 1,400 of them appear to be managed by Commodity Trading Advisors (CTAs). These managers' funds or investment programs typically trade mainly futures and currencies. Reported assets among these investments totaled approximately USD 150 billion.

## Few Funds Report to More than Two or Three out of Twelve Databases

“As with prior years’ studies, PerTrac noted significant overlap between the various databases,” said Ms. Jones. “However, as the graph below shows, despite overlap between and widespread growth among the databases, relatively few hedge funds and fund of hedge funds report to more than two or three databases, and almost none report to all twelve databases. In fact, a significant number of hedge funds and FOFs, more than 5,000 in the twelve-database sample, appeared only in a single database. This averages out to about 475 “exclusive” funds in each database, underscoring the importance of accessing multiple data sources when conducting serious hedge fund screening and analysis. No single hedge fund database covers even half of the identified distinct investments. It is therefore necessary for savvy hedge fund investors, looking for the most comprehensive data sample on which to base their investment and asset allocation decisions, to subscribe to more than one database to achieve the most substantial coverage.”



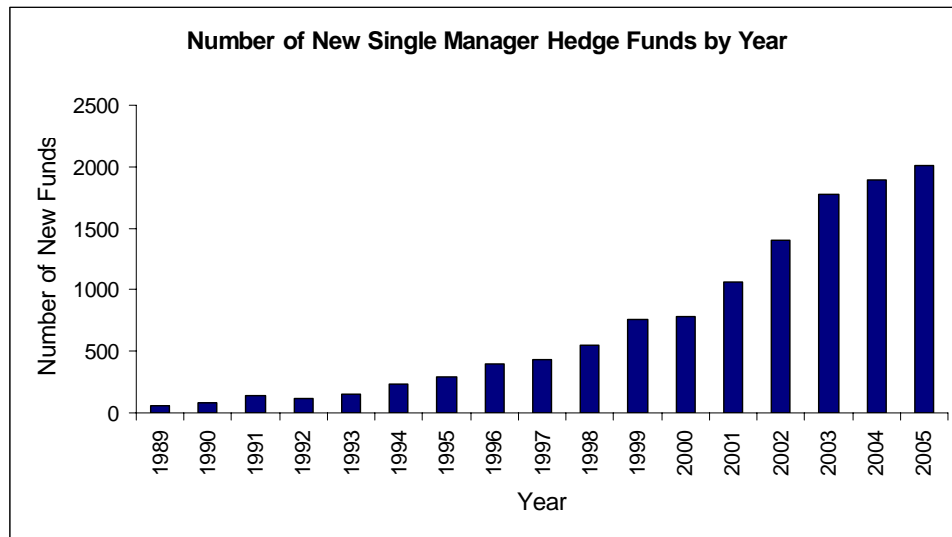
## Launches of Single Manager Hedge Funds Increase, Funds of Funds Lag

The number of new single manager hedge fund launches has continued to increase over the past few years, but the rate of increase has fallen off somewhat since the beginning of the decade. Just over 2,000 single manager hedge funds started in 2005, an increase of more than 100 from the year before.

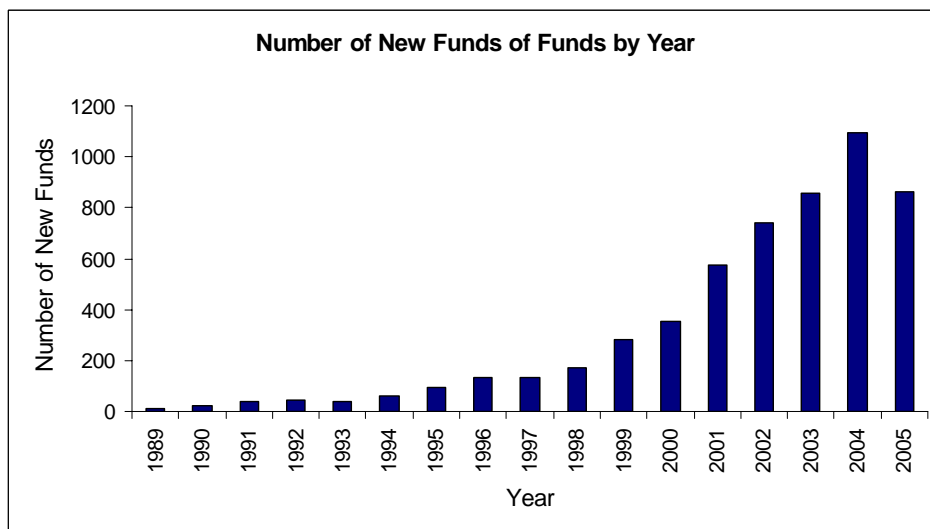
Launches of new FOFs, on the other hand, continued to show a marked increase each year since 2000, with the notable exception of 2005. The number of FOF launches fell off from nearly 1,100 in 2004 to approximately 850 in 2005.

“We’ve noted that consolidation has been the major theme among FOFs in 2006,” said Ms. Jones. “Established funds of hedge funds seem to be getting the benefit of asset inflows, perhaps compressing the growth and launch of newer FOFs.”

(Figures for 2006 fund launches are not considered reliable indicators and are not disclosed here because many newly launched funds do not begin reporting to databases prior to their one year anniversary.)



\*Numbers of new funds have not been adjusted to account for survivor bias.



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## **The Twelve Databases in the PerTrac 2006 Hedge Fund Database Study**

The databases included in the study were Alternative Asset Center (acquired by Barclay in mid-2006), Barclay's Global HedgeSource, CISDM, CogentHedge, Eurekahedge Absolute Return Funds Database, Eurekahedge Global Fund of Funds Database, Eurekahedge Global Hedge Funds Database, HedgeFund.net from Channel Capital Group, Hedge Fund Research, Lipper/TASS, Morningstar Altvest, and the MSCI Hedge Fund Indices<sup>(SM)</sup>. The study tagged duplicate fund records, CTAs, funds of funds and clone funds using various analytical and statistical methods, and the data was manipulated in a number of ways to yield aggregate information on the hedge fund universe.

## **About the PerTrac 2006 Hedge Fund Database Study**

*The PerTrac Hedge Fund Database Study* is part of an ongoing effort to provide high quality aggregate investment information to PerTrac clients and the general public. The company plans to continue to conduct this study on an annual basis.

## **About PerTrac Financial Solutions**

PerTrac Financial Solutions was founded in 1996 with the goal of creating a comprehensive suite of software solutions for investment professionals. The company's flagship product, the PerTrac Analytical Platform, rapidly became the world's leading asset allocation and investment analysis software. Now an industry standard, PerTrac Analytical Platform is used by more than 1,700 clients in 45 countries, including banks, brokerage firms, consultants, plan sponsors, family offices, investment managers and funds of funds. PerTrac CMS, which was part of its January 2006 acquisition of Whittaker Garnier, is another major component of the PerTrac Suite. It is the investment industry's leading contact and information management system, and is used by more than 250 alternative investment firms around the world. PerTrac Financial Solutions is headquartered in New York with offices in London, Hong Kong, Reno, Memphis and Tokyo. For additional information on the full suite of PerTrac products, please visit [www.pertrac.com](http://www.pertrac.com).

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