

Canadian Hedge Fund Performance Index

July 2010

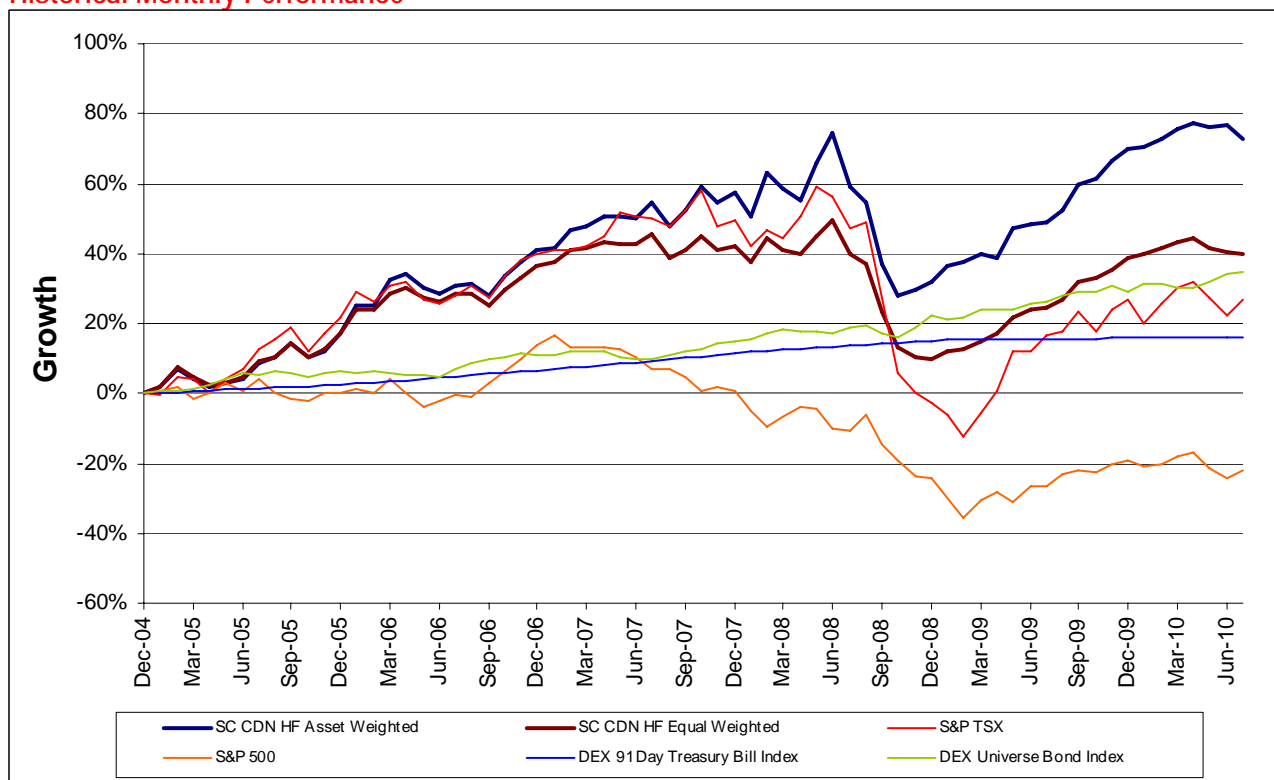
The Scotia Capital Canadian Hedge Fund Performance Index finished July 2010 down 2.20% on an asset weighted basis and down 0.33% on an equal weighted basis. The Index underperformed broader equities and broader hedge fund indices in July on both an asset- and equal weighted basis.

Global equities rebounded strongly in July, reversing some of the steep decline through May and June. Better than expected results from stress tests conducted on European banks lifted investor concern over the near-term possibility of “double-dip” recession. In the US, the S&P 500 rallied 6.88%, driven primarily by Q2 corporate earnings that exceeded analyst expectations as all sectors advanced on the month. Broad based gains also drove a monthly advance of 3.71% in Canada’s S&P/TSX. Canadian materials stocks were the only underperforming sector, due mainly to a decline in the price of gold as investors returned to riskier assets. Continued growth in developing countries such as China, India, and Brazil increased aggregate demand for other commodities, such as crude oil, which was up 4.39%. Against the backdrop of the rally in commodities, the USD depreciated against most major currencies, including the CAD, with which it hovered close to par throughout the month. Canadian hedge funds once again showed wide dispersion within strategy sectors in their July results. Portfolio positioning remained a key performance driver, as well as the ability to navigate the sharp trend reversals in equities, gold and EUR-USD.

Description

The aim of the Scotia Capital Canadian Hedge Fund Performance Index is to provide a comprehensive overview of the Canadian Hedge Fund universe. To achieve this, index returns are calculated using both an equal weighting and an asset-based weighting of the funds. The index includes both open and closed funds with a minimum AUM of C\$15 million and at least a 12 month track record of returns, managed by Canadian-domiciled hedge fund managers.

Historical Monthly Performance



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Index Summary

*Month End Jul-10	Value	Return MOM	Return YTD	Annualized Return**	Annualized Standard Deviation***
SC CDN HF Index Asset Weighted	1,727.52	-2.20%	1.62%	9.97%	12.27%
SC CDN HF Index Equal Weighted	1,400.21	-0.33%	0.83%	6.06%	10.50%
S&P TSX Composite	11,713.40	3.71%	-0.28%	4.38%	16.73%
S&P 500 (quoted in USD)	1,101.60	6.88%	-1.21%	-1.48%	16.16%
S&P 500	1,134.32	3.44%	-3.41%	-3.73%	12.38%
DEX 91 Day Treasury Bill Index †	381.85	0.04%	0.20%	2.66%	0.47%
DEX Universe Bond Index ‡	771.83	0.46%	4.71%	4.64%	3.37%

*All returns quoted in CAD except where indicated

† Formerly: Scotia Capital 91 Day Treasury Bill Index

**Compound annual returns since index inception (December 31, 2004)

‡ Formerly: Scotia Capital Universe Bond Index

*** Of monthly returns

Historical Monthly Returns

SC CDN HF Asset Weighted

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	1.74%	5.01%	-2.68%	-1.85%	0.76%	1.30%	4.50%	1.39%	3.58%	-3.32%	1.58%	4.52%	17.35%
2006	6.73%	0.02%	5.65%	1.18%	-2.76%	-1.46%	2.01%	0.54%	-2.86%	4.31%	3.25%	2.31%	20.05%
2007	0.49%	3.48%	0.89%	1.95%	-0.15%	-0.37%	3.34%	-4.51%	3.03%	4.31%	-2.86%	1.83%	11.61%
2008	-4.34%	8.56%	-2.95%	-2.05%	6.86%	5.03%	-8.61%	-2.99%	-11.17%	-6.92%	1.65%	1.81%	-15.94%
2009	3.09%	1.04%	1.39%	-0.61%	5.91%	0.82%	0.50%	2.42%	4.84%	0.85%	3.24%	2.12%	28.62%
2010	0.32%	1.18%	1.78%	1.02%	-0.86%	0.42%	-2.20%						1.62%

SC CDN HF Equal Weighted

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	2.05%	5.32%	-2.83%	-2.18%	0.56%	1.63%	4.48%	1.36%	3.58%	-3.42%	1.68%	4.11%	17.10%
2006	5.86%	0.19%	3.44%	1.20%	-1.89%	-1.19%	1.86%	0.07%	-2.77%	3.95%	2.66%	2.45%	16.62%
2007	0.88%	2.30%	0.57%	0.91%	-0.18%	-0.11%	2.06%	-4.57%	1.47%	2.84%	-2.84%	0.92%	4.07%
2008	-3.27%	4.96%	-2.12%	-1.12%	3.98%	3.03%	-6.55%	-1.89%	-10.22%	-7.98%	-2.73%	-0.25%	-22.64%
2009	1.94%	0.28%	2.39%	1.59%	4.33%	1.64%	0.68%	1.77%	3.90%	0.77%	1.79%	2.59%	26.31%
2010	0.56%	1.24%	1.33%	0.68%	-2.02%	-0.60%	-0.33%						0.83%

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Funds Included:

AFC North American Fund L.P.	Goodwood Fund	Rosseau LP
Amethyst Arbitrage Fund	Hillsdale Canadian Long/Short Equity Fund	S.A.M. Healthcare/Biotech Equity Fund
Blumont Core Hedge Fund	JC Clark Focused Opportunities Fund	Salida Multi Strategy Hedge Fund
Blumont Hirsch Performance Fund	JC Clark Preservation Trust	Sentry Select Market Neutral LP
BT Global Growth Fund LP	Jemekk Long/Short Fund LP	Silvercreek Convertible LP
Di Tomasso Equilibrium Fund	Landry Morin Long Short Momentum Fund	Spartan Multi Strategy Fund
Dynamic Power Hedge Fund	Mapleridge Fund Ltd. - Class B	Sprott Hedge Fund LP
Fiera Global Macro Fund	Marret High Yield Hedge LP	Sprott Hedge Fund LP II
Fiera North American Market Neutral Fund II	Picton Mahoney Long Short Equity Fund	Sprott Opportunities Hedge Fund LP
Formula Growth Hedge Fund	Picton Mahoney Market Neutral Equity Fund	TD Emerald Canadian Equity Market Neutral Fund
Friedberg Global Macro Hedge Fund	Polar Altairis Long/Short	TD Emerald North American Equity Paris Fund
Front Street Canadian Energy Fund	Polar North Pole Multi-Strategy	TD Emerald US Equity Market Neutral Fund
Front Street Canadian Hedge Fund	Primevestfund	Vertex Fund
GMP Diversified Alpha Fund	Rival North American Growth Fund LP	Vision Opportunity Fund LP
		Wealhouse Capital Panorama Fund

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