



C A M B R I D G E A S S O C I A T E S L L C

INVESTING IN LATIN AMERICAN HEDGE FUNDS

April 2009

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ABSTRACT

1. At this time, we consider Latin American hedge funds suitable for investors that have a core Latin American equity exposure in place, or that want a diversified, opportunistic source of return in addition to a global long/short hedge fund program. As the market continues to broaden and more companies become public, the playing field for long/short hedge funds will improve and managers will then be better positioned to extract greater alpha and reduce volatility.
2. Prospective investors should be aware, however, that of approximately \$28 billion invested in 212 Latin American hedge funds, roughly 75% is invested exclusively in Brazilian markets. Not only does Brazil constitute 62% of the MSCI Emerging Markets Latin America Index, it also has the region's broadest and most liquid stock market and the most robust regulatory environment. With a strong trade surplus and inflation under control at about 5.9% (extremely low compared to historical standards), Brazil's sovereign debt was upgraded to investment-grade status by Standard & Poor's in May 2008, which should stimulate additional foreign investment.
3. Latin American hedge fund assets declined by approximately 40% in 2008. This is due to three factors: performance, currency depreciation, and redemptions. The HFRI Emerging Markets Latin America Index, composed of 55 Latin American hedge funds, declined by 29.0% in 2008 (the long-only MSCI Emerging Markets Latin America Index declined by 51.3%). Additionally, the Brazilian *real* depreciated against the U.S. dollar by 23.7%, reducing the US\$-equivalent size of onshore funds. Finally, Latin American hedge funds were not immune to the massive wave of redemptions that hit hedge funds worldwide during the second half of 2008.
4. The year 2008 turned back the clock on hedge funds in Latin America as well as in other emerging regions given huge redemptions and the inability to hedge as effectively as expected. While the cost to run a fund in Brazil is less than in New York City, investors should pay attention to organizational issues such as redemption pressures, breakeven points, organizational losses, as well as the opportunity set. Fees (2% management and 20% performance) have yet to decline—as we believe they should, given the lack of adequate hedging demonstrated in 2008.
5. The key question for investors interested in Latin America is whether hedge fund strategies constitute a better option than long only and/or offer a differentiated return stream. The ability to reduce downside volatility is one of the desirable attributes of hedge fund investing. However, because most hedge fund managers set up shop during the commodity boom of the past few years, the opportunity to demonstrate the skill set to navigate and protect capital in down markets has been limited to 2008. While the MSCI Emerging Markets Latin America Index declined 51.3%, Latin American hedge funds declined 29.0%, providing 43% downside protection.
6. Historically, Latin American hedge funds were macro funds. However, as the macro environment in Latin America has improved over the past decade, macro inefficiencies have become more scarce. Consequently, long/short strategies are becoming increasingly popular, with 29% of funds now

running long/short funds and 51% running macro/multi-strategy funds (macro and multi-strategy tend to overlap in Brazil).

7. While no one is suggesting that Latin America has decoupled from the rest of the world, the region does exhibit several unique attributes. It has avoided the global housing bubble and subsequent domestic deleveraging because mortgage finance is relatively undeveloped and domestic credit markets are still in their early stages. Thus, Latin American financial institutions have not suffered the same huge losses on subprime mortgages or associated financial instruments that have blighted the U.S. and European banking systems. Though the current decline in exports will hurt Latin America, exports make up just 14% of Brazil's GDP (compared to 32% in Eastern Europe and 40% in Asia). Additionally, because Latin America is one of the world's leading producers of commodities, lower commodity prices will certainly hurt the economy. However, in search for alpha, Latin American hedge funds have underweighted the natural resources sectors and consequently underperformed the index during the bull markets of recent years, but outperformed during the current bear market. Thus, it may be misleading to suggest that investors face a choice between relatively cheap beta exposure to Latin American equities through long-only strategies versus relatively expensive exposure through hedge funds, since the underlying exposures of each are likely to be quite different, and perhaps complementary.

SUMMARY

Introduction

Of approximately \$28 billion invested in 212 Latin American hedge funds,¹ roughly 75%² is invested exclusively in the Brazilian markets, as of December 31, 2008. Not only does Brazil constitute 62% of the MSCI Emerging Markets Latin America Index, it also has the region's broadest and most liquid stock market and the most robust regulatory environment. Consequently, any discussion of Latin American hedge funds necessarily focuses almost entirely on this one country. Most managers offer a US\$ class in their offshore fund and a Brazilian *real* share class in their onshore fund (which typically has most of the assets). Investors should note, however, that two-thirds of managers have set up shop just in the past six years³ and experienced substantial growth in assets under management since capital introduction teams from global prime brokers began marketing their funds' offshore vehicles. Such growth, however, came to a sudden halt as the credit crisis began to unwind last year. It is estimated that Latin American hedge fund assets declined by 40% in 2008 due to negative returns, depreciation of the Brazilian *real*, and the massive wave of hedge fund redemptions during the second half of the year.

The key question for investors interested in Latin America is whether hedge fund strategies constitute a better option than long only and/or offer a differentiated return stream. One of the desirable attributes of hedge fund investing is a manager's ability to reduce downside volatility and allocate capital in a better risk-adjusted manner. However, Latin American equity markets have been booming since many hedge fund managers set up shop in 2002. Thus, the only opportunity these managers have had to demonstrate whether they have the skill set to navigate and protect capital in down markets was during 2008. While the MSCI Emerging Markets Latin America Index declined 51.3%, the HFRI Emerging Markets Latin America Index declined 29.0%, providing roughly 43% of downside protection (in line with the broader hedge fund universe). However, the declines in 2008 came so atypically fast and furious that we still would like more evidence of managers protecting on the downside. Additionally, with market declines of 51.3% in 2008, long-only strategies are becoming increasingly attractive as beta becomes cheaper, particularly without a 20% performance fee. Lastly, there are only 30 or so names to short in the universe—even the most skilled hedge fund managers would have a difficult time given such limitations. As the market continues to broaden out and more companies become public, the playing field for long/short hedge funds will be improved. At that time, hedge fund managers will be better positioned to extract greater alpha and reduce volatility. Until then, we see Latin American hedge funds as playing a complementary role in any Latin American equity subportfolio, or as an opportunistic addition to a diversified global long/short hedge fund program.

¹ For the purposes of this report, "Latin American hedge funds" are those that deal primarily with Latin American markets, including funds invested in Latin America but based elsewhere. Funds domiciled in Latin America but trading predominantly non-Latin American assets are excluded.

² This figure is lower than the 90% figure provided in our last report on this topic, not because Brazil has seen a disproportionate amount of redemptions or losses, but because the database of hedge funds outside of Brazil has expanded since last year.

³ This is the result of their spinning out of the proprietary trading desks of investment banks after the economic downturn of 2002, when many opportunistic foreign investors flocked to Brazil.

Brazil

Brazil constitutes 62% of the MSCI Emerging Markets Latin America Index. For several months in 2008, it was the largest single constituent of the MSCI Emerging Markets Index, with a 16% weighting.⁴ By the end of 2008, however, Brazil made up just 12.9% of the MSCI Emerging Markets Index, behind both China (18.2%) and Korea (13.6%). The São Paulo stock market, the Bovespa, has approximately \$2.3 billion in daily liquidity with 450 listed stocks. Additionally, roughly 80 Latin American companies have relatively liquid US\$-denominated American depository receipts that trade on U.S. exchanges.

With a strong trade surplus and inflation under control at about 5.9%, Brazil's sovereign debt was upgraded to investment-grade status by Standard & Poor's in May 2008, which should stimulate additional foreign investment. Although Brazil's interest rates are still among the highest in the world at 11% to 12%, they have been coming down steadily over the past few years.

In addition, the regulatory environment in Brazil is much more developed than in other emerging countries such as China and Russia. The Brazilian Securities Commission (equivalent to the Securities and Exchange Commission in the United States) regulates hedge funds strictly. For example, all funds must provide daily net asset value and all portfolio holdings on a daily basis so the commission can monitor leverage and systemic risk. Whereas fraud and Ponzi schemes have recently been exposed in many countries, no such news has yet come from Brazil.

Moreover, companies can be ranked by corporate governance levels, of which there are three, the highest being Novo Mercado. Companies representing 58% of the Bovespa's market cap have been given the Novo Mercado distinction and trade at an average 30% premium. In order to reach this distinction, companies must meet certain qualifications regarding the independence and tenure of the board of directors, GAAP- or IFRS-compliant accounting and reporting, tag-along rights, and free float.

Finally, most asset managers in Brazil belong to the National Association of Investment Banks, which is a self-regulating entity with principles often stricter than the already strict government regulations in promoting greater transparency and raising the standard of operational practices in the market.

Unlike Mexico and Argentina, Brazil has successfully retained its investment talent, which has enabled São Paulo to become the financial center of Latin America. However, some Latin American hedge fund managers are located in Rio de Janeiro and a handful can also be found in Buenos Aires, London, Miami, and New York.

⁴ MSCI Emerging Markets Index weights are based on shares available to investors and not total market capitalization (cap); in terms of total market cap, China's stock market is three times larger than Brazil's.

Hedge Fund Strategies

Historically, Latin American hedge funds were macro funds. However, as the macro environment in Latin America has improved over the past decade, macro inefficiencies have become more scarce. Consequently, long/short strategies are becoming increasingly popular, with 29% of funds now focused on long/short and 51% running macro/multi-strategy (macro and multi-strategy often overlap in Brazil).

Long/short equity managers are further diversified. Some are very directional and concentrated, others more market-neutral, emphasizing pairs trading and low net exposure. Even though there are 450 names in the Bovespa, short sellers can borrow only about 25% of this total. And of these, most managers cite only 30 to 50 individual stocks that can be shorted in significant size. Thus, long/short managers are also diversified in their shorting strategies—some short only the index while others seek to short only specific names.

Market Environment

Although Latin American markets held up more strongly than those of most regions during the first half of 2008 (largely bolstered by commodities), by the third quarter Latin America also began experiencing its share of declines. At the end of 2008, the MSCI Emerging Markets Latin America Index was down 51.3%, significantly worse than developed markets but better than most of its emerging counterparts. In the first down market experience for many Latin American hedge funds, managers were quick to adjust balance sheet exposures and to hold cash. The HFRI Emerging Markets Latin America Index ended the year at -29.0%, showing roughly 43% of downside protection. Meanwhile, the HFRI Emerging Markets Asia ex Japan Index declined by 33.5% and the HFRI Emerging Markets Russian/Eastern Europe Index declined by 59.4%. While Latin American hedge funds outperformed Latin American equities and other emerging markets hedge funds on a relative basis in 2008, so far in 2009 Latin American equities are outperforming. The MSCI Emerging Markets Latin America Index returned 4.9% for first quarter 2009, compared to 2.2% for the HFRI Emerging Markets Latin America Index, 1.9% for the HFRI Emerging Markets Asia ex Japan Index, and -1.9% for the HFRI Emerging Markets Russian/Eastern Europe Index.

We expect continued long-term growth in Brazil, including in the area of commodities. For example, far more land is available for cultivation in Brazil than in other countries. Excluding the Amazon Forest and protected areas, Brazil currently uses just 50 million of 400 million hectares of usable farmland. In contrast, the United States uses almost 200 million of its usable 270 million hectares, while China has roughly 50 million hectares available and India has already used up all its capacity. In addition, Brazil is already a recognized leader in the emerging biofuels industry.

On the consumer front, mortgage penetration in Brazil is currently just 2% of GDP, which is one of the lowest figures among all countries, suggesting huge growth potential. (Developed countries like the United States and the United Kingdom have mortgage-loan-to-GDP ratios of 73% and 87%, respectively. Among emerging Asian economies, Taiwan has a mortgage penetration ratio of 35%; South Korea 27%;

China 10%; and India, 6%.) Consequently, the region has largely avoided the global housing bubble. Because domestic credit markets in general are still in their early stages, Latin America will not have to go through the same painful period of deleveraging that other regions are experiencing, although it will certainly feel the effects of decreased exports and lower commodity prices. However, Brazil relies on exports for just 14% of its GDP (compared to 32% in Eastern Europe and 40% in Asia), and so the decreased global demand for exports should be less harmful to Brazil than to other emerging regions.

Implementation

With energy and materials companies making up 44.5% of the market, investments in Latin American equities are largely a play on natural resources. Given tools to short and the ability to be benchmark agnostic, hedge fund managers typically have less beta than long-only equity funds. Thus, investing in a Latin American hedge fund to get exposure to Latin American markets may be unwise, with huge tracking error and unintended bets.

However, emerging markets, Latin America included, are both more volatile and more inefficient than developed markets. Since they typically have lower net exposures than do long-only managers, hedge funds can dampen this volatility. In addition, they can short and/or underweight cyclicals, such as financials and banks, and overweight smaller mid-class expansion industries such as consumer- and credit-oriented sectors. And as hedge funds continue to attract the brightest minds, they should in theory be able to exploit market inefficiencies. Thus, we can certainly see the rationale for an allocation to Latin American hedge funds for those looking for less beta, lower volatility, and lower correlation of returns, even if this means underweighting natural resources and therefore ceding some of the upside potential of those sectors.

More broadly, investors should consider the implications of taking a regional as opposed to a global approach. Implicit in the former is an assumption that the investor knows more about country allocation and timing than does a global investment manager—otherwise the investor would defer these decisions to such “experts.” However, precedent suggests that global long/short managers typically hold only leading Latin American names, such as América Móvil, Unibanco, and PetroBras, and thus fail to capture the inefficiencies that exist in the small- to mid-cap market sectors.

To Invest or Not to Invest, That Is the Question

In Favor:

- Regional managers should have greater expertise in their region than do global managers in New York or London that are trying to keep tabs on every emerging markets country in the world. Locally based managers are apt to get more one-on-one company meetings with both top and mid-level management as well as participate more abundantly in the local network.

- Large and reputable endowments, which have tended to identify promising investment opportunities ahead of the pack, are currently invested in regional Latin American managers.
- Familiar and sophisticated hedge funds like Lone Pine and Elliott have purchased stakes in Latin American hedge funds, adding credibility to these regional managers located thousands of miles away.
- Many Latin American hedge fund managers have been educated abroad at leading institutions and have worked at global investment banks. As a result they have a level of sophistication and training comparable to that of managers in any developed country.
- Brazil has a robust regulatory environment that covers both traditional equity and hedge fund managers. Thus, concerns about widespread corruption, market manipulation, or unrest are misplaced in Brazil's case.
- Many investors erroneously assume that investing in Brazil means placing a concentrated bet on commodities. This is true if one buys an index fund, but active managers (both long only and hedge fund) diversify their exposures among sectors.

Against:

- When one invests with a regional manager, capital is tied to that region, in both good times and bad, whereas a global manager has the flexibility to enter or exit regions depending on available opportunities.
- While Brazil has had a weighting in the MSCI Emerging Markets Index comparable to that of China, Brazil has a population of 190 million, compared to 1.3 billion for China (and 1.1 billion for India). Emerging Asia's potential long-term growth is thus greater than that of Brazil.
- While the argument that Brazil is just a commodity play does not hold entirely true with hedge funds (which have the tools to short and the ability to neutralize market exposure), many of the hedge funds have exhibited a moderate correlation to the commodity-heavy MSCI Emerging Markets Latin America Index.
- While hedge fund managers are trying to produce alpha, many investors simply want the beta exposure of emerging markets countries. Particularly in recent years the beta component has far outperformed any alpha in Brazil. This is even before considering the 20% performance fees on hedge funds.
- Most hedge funds have a lock-up period of one to two years. Investors needing greater liquidity might find regional mutual funds with daily liquidity a better option.

- The investable universe is limited, with technically about 100 names to short, but only 30 to 50 in practice.

Conclusion

Any discussion of Latin American hedge funds necessarily focuses almost entirely on Brazil. Brazil is where most of the investment talent resides, the regulatory framework is in place, and the stock market is robust and liquid. At this time, we consider Latin American hedge funds suitable for investors that have a core Latin American equity exposure in place, or that want a diversified, opportunistic source of return in addition to a global long/short hedge fund program. As the market continues to broaden and more companies become public, the playing field for long/short hedge funds will improve. Hedge fund managers will then be better positioned to extract greater alpha and reduce volatility.

EXHIBITS

Exhibit 1

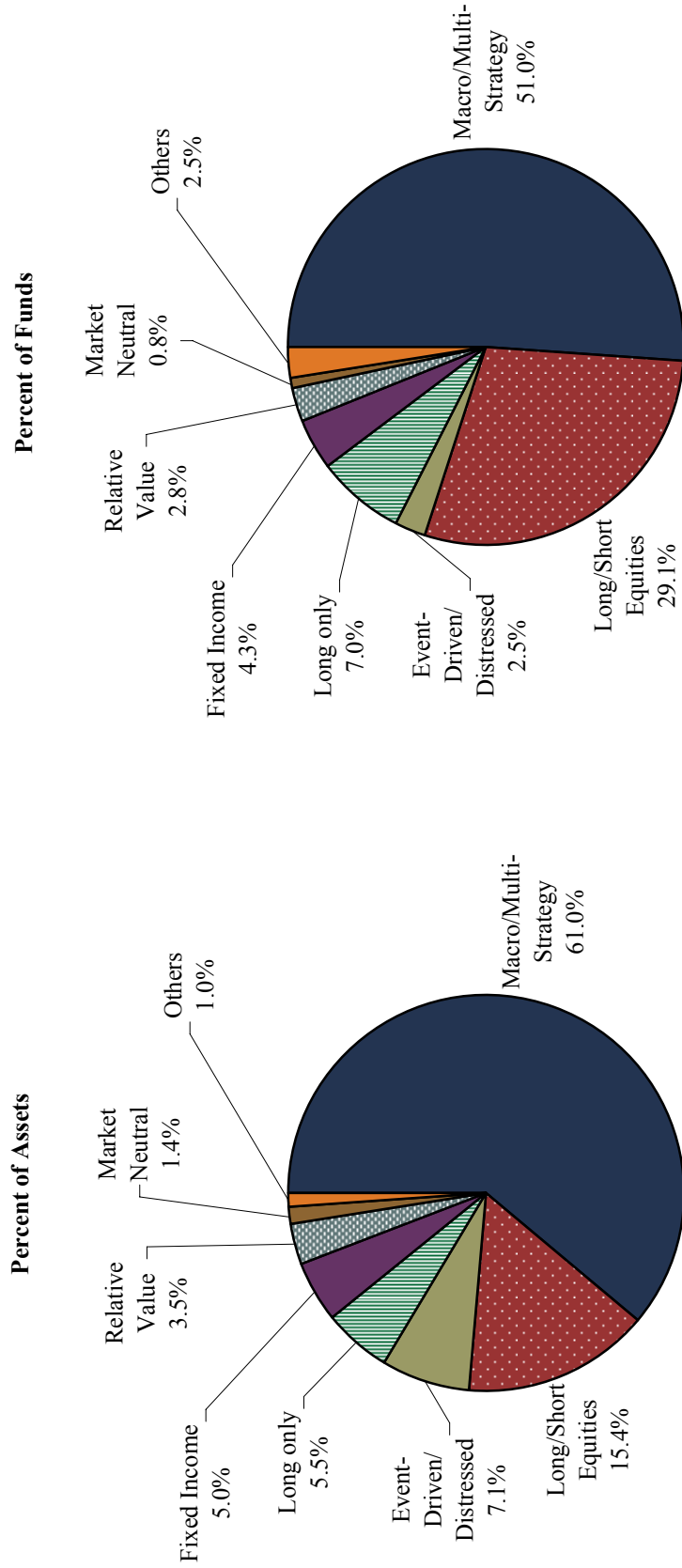
RELATIVE SIZE OF THE LATIN AMERICAN MARKET



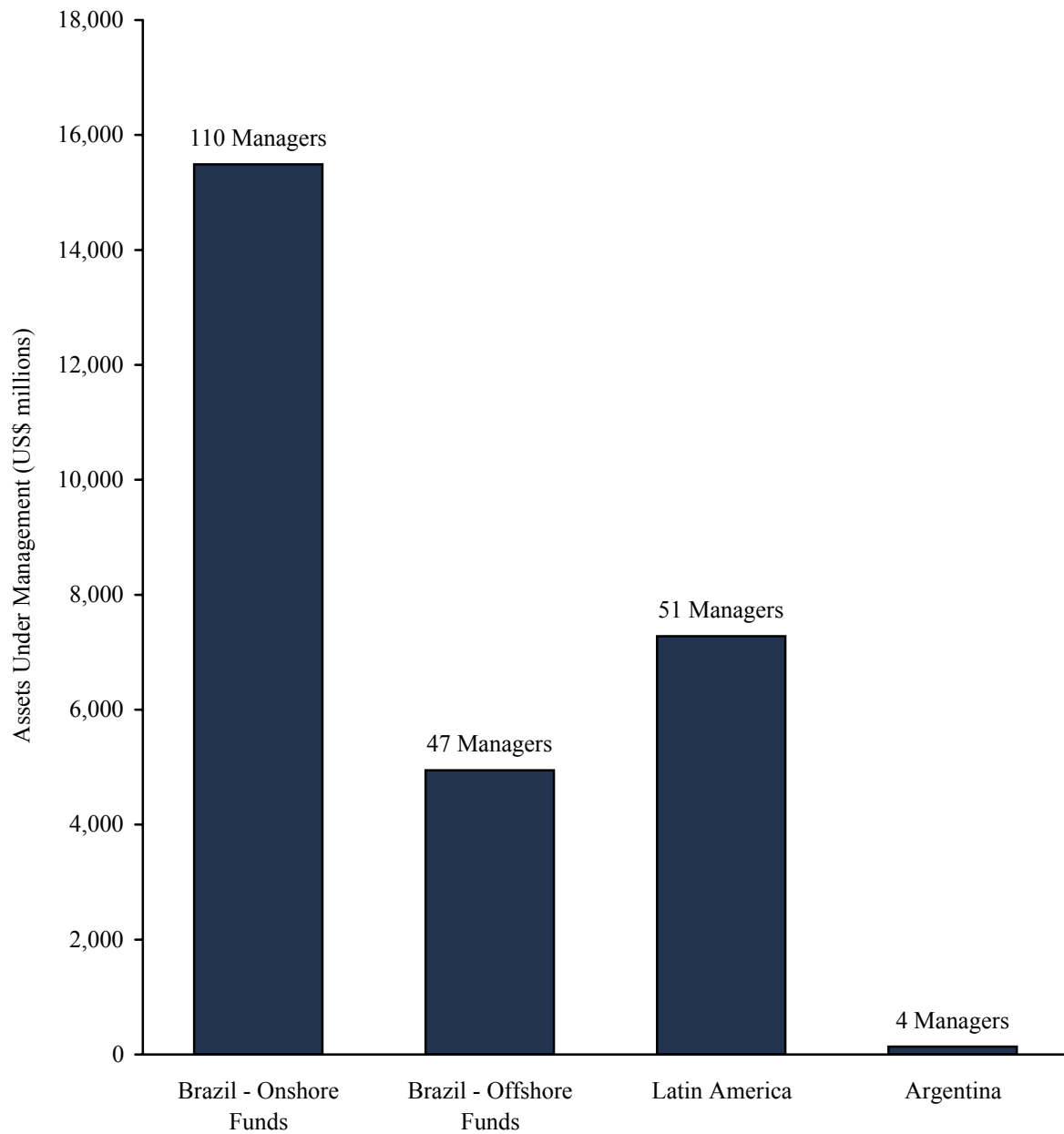
Sources: FactSet Research Systems and MSCI Inc. MSCI data provided "as is" without any express or implied warranties.

Notes: GDP data are as of December 31, 2008. MSCI All Country World Index data are as of March 31, 2009.

Exhibit 2
STRATEGY BREAKDOWN OF LATIN AMERICAN HEDGE FUNDS
December 31, 2008



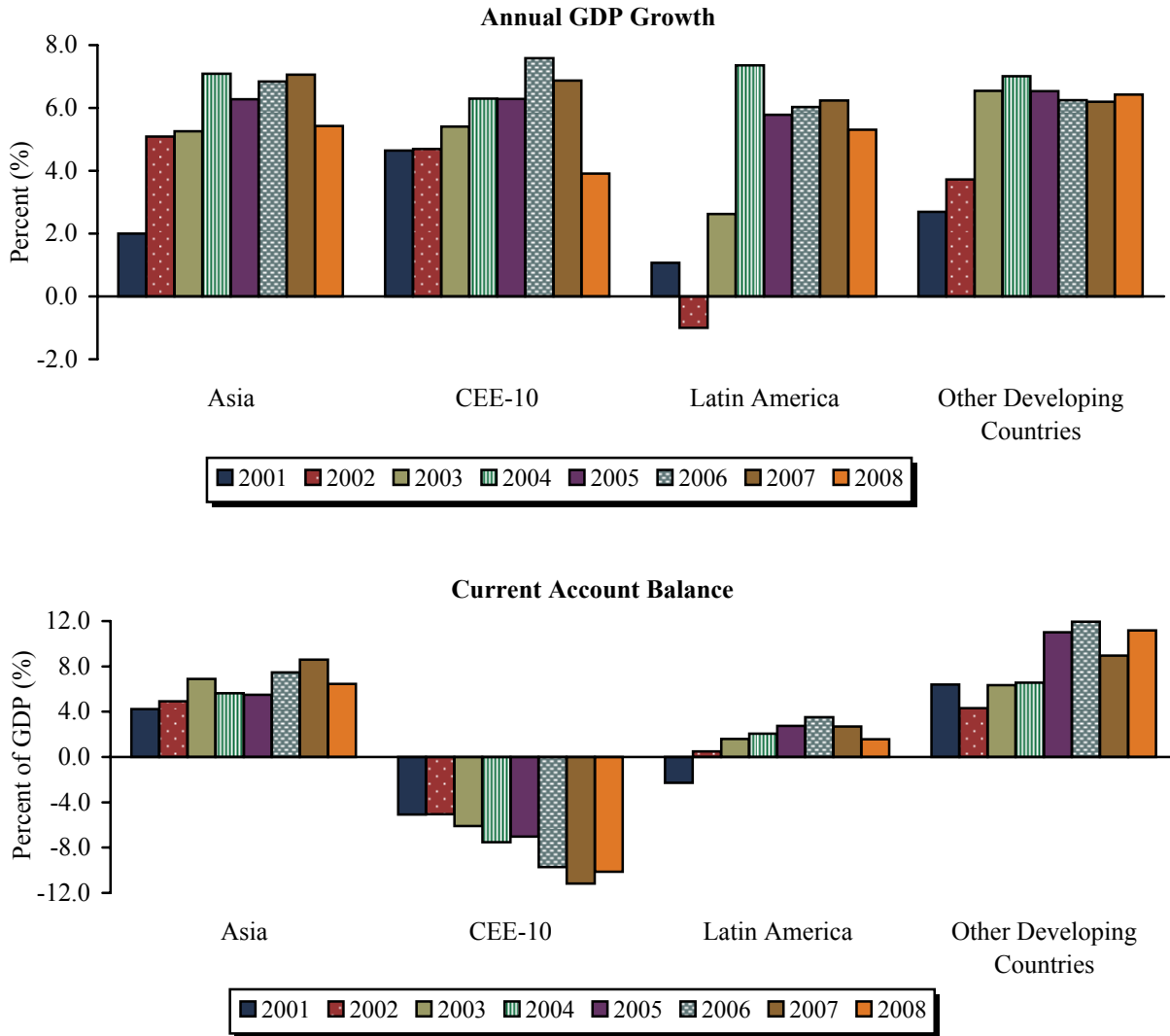
Source: GFIA Pte Ltd.

Exhibit 3**GEOGRAPHICAL MANDATES OF LATIN AMERICAN HEDGE FUNDS****December 31, 2008**

Sources: ANBID, Eurekahedge Pte Ltd., and GFIA Pte Ltd.

Exhibit 4

EMERGING MARKETS GDP GROWTH AND CURRENT ACCOUNT BALANCES



Source: International Monetary Fund, World Economic Outlook Database, October 2008.

Notes: All data are as of October 2008. Some data are estimates for 2005, 2006, 2007, and 2008. Regional figures based on an unweighted average of country data. Figures for Asia include data from China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand. Figures for CEE-10 include data from Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, and Slovenia. Figures for Latin America include data from Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela. Figures for the Other Developing Countries include data from Bahrain, Egypt, Iran, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Russia, Saudi Arabia, South Africa, Syrian Arab Republic, Turkey, United Arab Emirates, and Yemen.

Exhibit 5

MSCI EMERGING MARKETS LATIN AMERICA: COUNTRY PROFILES

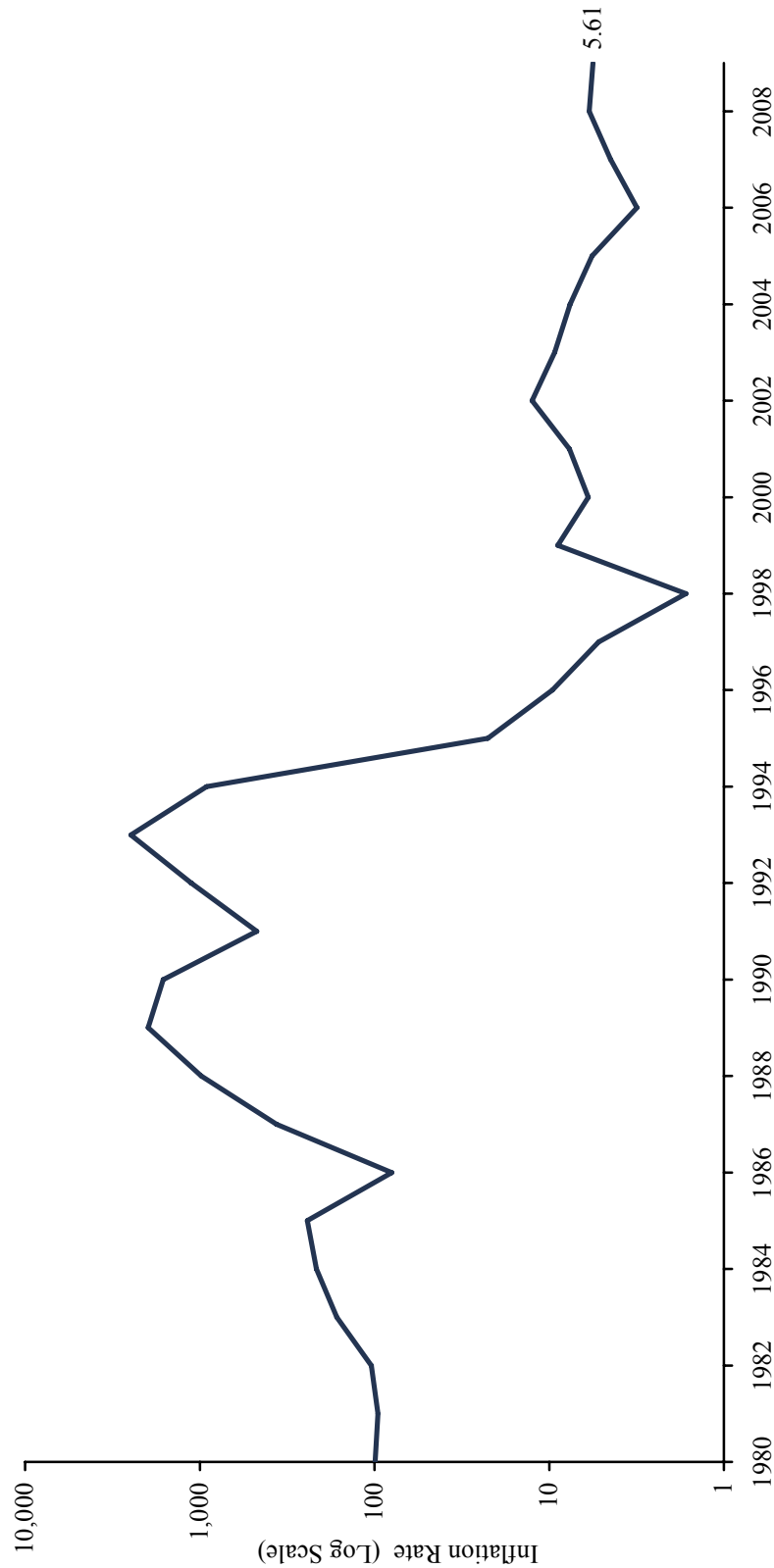
2007

<u>Country</u>	<u>Argentina</u>	<u>Brazil</u>	<u>Chile</u>	<u>Colombia</u>	<u>Mexico</u>	<u>Peru</u>
Population (millions)	39.4	189.3	16.6	47.0	108.7	28.8
Population Growth (%) 2003–07	1.0	1.1	1.1	1.5	1.2	1.5
GDP (US\$ billions, Market Exchange Rate)	262.5	1,313.7	163.9	172.0	893.4	109.1
GDP (US\$ billions, PPP)	523.6	1,836	230.6	321.2	1,345.8	219.4
Real GDP Growth (%) 2003–07	8.8	3.6	5.0	5.6	3.3	6.4
Real Domestic Demand Growth (%) 2003–07	10.4	4.1	7.4	7.4	3.7	7.1
GDP per Capita (US\$, Market Exchange Rate)	6,669	6,938	9,876	3,664	8,219	3,787
GDP per Capita (US\$, PPP)	13,305	9,695	13,896	6,841	12,381	7,615
Inflation (%) 2003–07	9.4	4.2	2.9	5.6	4.2	2.3
Current Account Balance (% of GDP) 2003–07	3.6	1.1	2.3	-1.9	-1.0	0.8
FDI Inflows (% of GDP) 2003–07	2.3	2.1	6.6	4.7	2.9	3.3
MSCI Market Cap (% of GDP)	4.5	42.7	35.7	7.3	29.8	24.7

Sources: *The Economist*, Economist Intelligence Unit, Factset Research Systems, MSCI Inc., and Thomson Datastream. MSCI data provided "as is" without any express or implied warranties.

Note: Data for the period 2003–07 are based on annual averages.

Exhibit 6
BRAZIL EXTENDED NATIONAL CONSUMER PRICE INDEX
December 31, 1980 – March 31, 2009



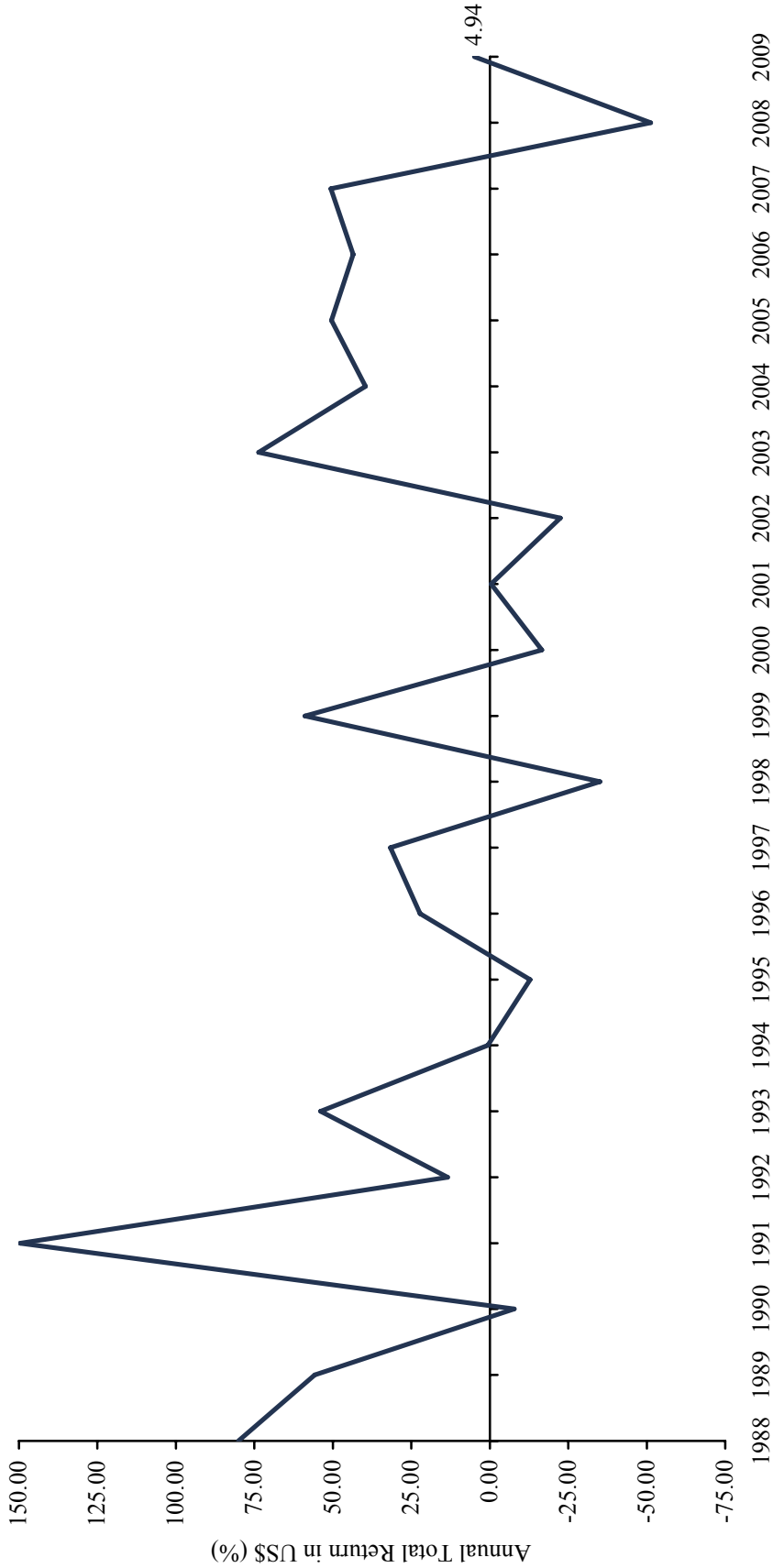
Source: Bloomberg L.P.

Notes: The Brazil Extended National Consumer Price Index is calculated by the Brazilian government agency Instituto Brasileiro de Geografia e Estatística. The index reflects the year-over-year average cost of living in 11 major Brazilian cities.

Exhibit 7

MSCI EMERGING MARKETS LATIN AMERICA TOTAL RETURN

December 31, 1987 – March 31, 2009



Sources: MSCI Inc. and Thomson Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Graph is based on annual data. Data for 2009 are year-to-date as of March 31, 2009.

Exhibit 8**MSCI EMERGING MARKETS LATIN AMERICA
ECONOMIC SECTOR ALLOCATIONS AND PERFORMANCE****Periods Ended March 31, 2009****U.S. Dollars (\$)**

<u>Economic Sector</u>	<u>Percentage of MSCI Latin America (%)</u>	<u>Total Return (%)</u>			<u>Average Annual Compound Return (%)</u>		
		<u>One Month</u>	<u>Three Months</u>	<u>Cal YTD</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Consumer Discretionary	4.7	17.0	-4.4	-4.4	-50.5	-12.2	4.6
Consumer Staples	8.9	12.7	-3.1	-3.1	-39.9	-2.0	12.6
Energy	21.2	11.8	26.5	26.5	-39.0	11.5	32.3
Financials	16.6	18.1	2.5	2.5	-43.4	-4.1	24.9
Health Care	0.0	---	---	---	---	---	---
Industrials	3.7	10.3	-4.4	-4.4	-59.5	-15.2	-1.9
Information Technology	1.1	19.0	13.6	13.6	-23.0	---	---
Materials	23.3	7.6	5.8	5.8	-59.1	-3.9	16.1
Telecommunication Services	13.1	7.4	-9.3	-9.3	-48.6	-2.1	11.5
Utilities	7.5	5.3	7.8	7.8	-24.9	5.5	21.1
MSCI Latin America	100.0	11.0	4.9	4.9	-48.2	-1.5	16.7

Sources: MSCI Inc. and Thomson Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Percentages may not total due to rounding. Total returns for MSCI emerging markets indices are gross of dividend withholding taxes. Starting in June 2008 the index had no constituent holdings in the health care sector. There were no constituents in the information technology sector from September 1998 through June 2007.

APPENDICES

Appendix A

LATIN AMERICAN CAPITAL MARKETS

Latin America includes Mexico, most of Central and South America, Cuba, the Dominican Republic, and Puerto Rico. Latin America accounted for 6.7% of the world's GDP in 2008 and 9% of the world's population, according to the most recent estimates, but just 2.0% of the MSCI All Country World Index (2.4% as of March 31, 2009).

As of December 31, 2008, the MSCI Emerging Markets Latin America Index was composed of Brazil (62%), Mexico (25%), Chile (7%), Peru (3%), Colombia (3%), and Argentina (1%). Significant industries include materials (23%), energy (18%), financials (17%), and telecommunications (15%). The largest single stocks in the index are Petrobras and América Móvil.

MSCI Emerging Markets Latin America: Sector Breakdown

<u>Economic Sector</u>	As of December 31, 2008	As of March 31, 2009
	Percentage of Index (%)	Percentage of Index (%)
Consumer Discretionary	5.2	4.7
Consumer Staples	10.1	8.9
Energy	17.7	21.2
Financials	17.4	16.5
Health Care	0.0	0.0
Industrials	4.0	3.7
Information Technology	0.8	1.1
Materials	22.6	23.3
Telecommunication Services	15.0	13.1
Utilities	7.3	7.5
MSCI Latin America	100.0	100.0

MSCI Emerging Markets Latin America: Top Ten Holdings

As of December 31, 2008			As of March 31, 2009		
<u>Company</u>	<u>Country</u>	Percentage of <u>Index (%)</u>	<u>Company</u>	<u>Country</u>	Percentage of <u>Index (%)</u>
1. Petrobras PN	Brazil	8.4	1. Petrobras PN	Brazil	10.1
2. América Móvil	Mexico	7.5	2. Petrobras ON	Brazil	9.1
3. Petrobras ON	Brazil	7.3	3. América Móvil	Mexico	6.8
4. Vale do Rio Doce PNA	Brazil	5.8	4. Vale do Rio Doce PNA	Brazil	6.2
5. Vale do Rio Doce ON	Brazil	4.7	5. Itau Unibanco PN	Brazil	5.4
6. Banco Bradesco	Brazil	3.9	6. Vale do Rio Doce ON	Brazil	5.0
7. Itau Unibanco PN	Brazil	3.7	7. Banco Bradesco	Brazil	3.8
8. Walmart Mexico	Mexico	2.2	8. Itausa PN	Brazil	1.8
9. Grupo Televisio CPO	Mexico	2.0	9. Ambev PN	Brazil	1.8
10. Itausa PN	Brazil	1.9	10. Walmart Mexico	Mexico	1.8

Appendix B**MSCI EMERGING MARKETS EQUITY INDEX**

<u>Country</u>	<u>As of December 31, 2008</u> <u>Percentage of Index (%)</u>	<u>As of March 31, 2009</u> <u>Percentage of Index (%)</u>
1. China	18.2	18.9
2. Korea	13.6	13.3
3. Brazil	12.9	14.4
4. Taiwan	10.9	11.6
5. South Africa	8.4	7.8
6. India	6.5	6.3
7. Russia	5.7	6.1
8. Mexico	5.2	4.5
9. Israel	3.4	3.5
10. Malaysia	3.0	2.9

Note: Country weightings are free float-adjusted by MSCI.

Appendix C

REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Quantek Opportunity Fund Ltd	Latin America	Event-Driven	Dec-05	917	710	Javier Guerra
HG Verde FIC de FIM	Brazil	Multi-Strategy	Jan-97	727	16,000	Hedging Griffio Asset Management
HG Premium	Brazil	Fixed Income	May-01	386	16,000	Hedging Griffio Asset Management
Opportunity Total FIM	Brazil	Multi-Strategy	May-03	374	10,000	Felipe Padua
UBS Pactual Hedge FI MM	Brazil	Multi-Strategy	Oct-01	372	17,860	Banco Pactual Asset Management
Dynamo Cougar	Brazil	Multi-Strategy	Sep-93	334	334	Bruno Rocha, Luiz Orenstein, Cristiano Souza, Pedro Damasceno
Mellon Referenciado DI Longo Prazo	Brazil	Fixed Income	Feb-05	277	Not Disclosed	Delano Franco, Roberto Benisti, Rodrigo Donato, Carlos Eduardo Olinto
Opportunity Unique Hedge Sub-Fund	Latin America	Macro	Oct-03	241	10,000	Felipe Padua
Opportunity Logica II Institucional FIA	Brazil	Multi-Strategy	Mar-03	238	10,000	Felipe Padua
Mellon Long Short FI Multimercado	Brazil	Long/Short Equities	Jul-05	237	Not Disclosed	Delano Franco, Rogerio Poppe, Andre Jakurski
Mellon Target FI Multimercado	Brazil	Multi-Strategy	Aug-99	215	Not Disclosed	Delano Franco, Carlos Eduardo Olinto, Roberto Benisti, Rodrigo Donato, Rogerio Poppe
Constellation Fund SPC - Class B	Latin America	Long/Short Equities	Nov-04	209	430	Florian Bartunek
Fox Growth Fund	Brazil	Multi-Strategy	Jan-99	209	217	Ezio Cardoso da Fonseca Jr, Orlando de Alvarenga Pinto Coelho
Polo Norte FIM	Brazil	Event-Driven	Nov-04	197	550	Claudio José Carvalho de Andrade, Marcos Duarte Santos
JGP Hedge FIF	Brazil	Multi-Strategy	Jul-99	196	1,003	Arlindo Verças, Guilherme Ache
Mellon Cash FI Curto Prazo	Brazil	Fixed Income	Jun-02	188	Not Disclosed	Delano Franco, Carlos Eduardo Olinto, Roberto Benisti, Rodrigo Donato
JGP Max FIM	Brazil	Multi-Strategy	Aug-07	185	1,003	Andre Roberto Jakurski, Arlindo Verças, Henrique Alhante
Mellon Income FI Ações	Brazil	Bottom-Up	Jul-99	174	Not Disclosed	Rogério Poppe, Carlos Eduardo Ramos
Opportunity Market FIM	Brazil	Multi-Strategy	Jun-96	174	10,000	Felipe Padua
HG Top FIM	Brazil	Multi-Strategy	Oct-95	170	16,000	Hedging Griffio Asset Management
Bladex Capital Growth Fund	Latin America	Multi-Strategy	May-06	162	Not Disclosed	Manuel Mejia-Aoun

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Polo FIA	Brazil	Event-Driven	May-03	155	550	Claudio José Carvalho de Andrade, Marcos Duarte Santos
Clartias Hedge 30 FI	Brazil	Multi-Strategy	Mar-03	143	659	Renato Abucham
SDA Hedge FIM	Brazil	Multi-Strategy	Sep-01	143	Not Disclosed	Guilherme Schiller, Carlos Mello, Luiz Vasconcellos
Polo Fund	Latin America	Event Driven	May-03	138	550	Claudio Jose Carvalho de Andrade, Marcos Duarte Santos
Nest Fund – Class Long Short Equities	Brazil	Long/Short Equities	Jan-06	132	222	Nest Investimentos
Capitania Hedge	Brazil	Multi-Strategy	Sep-03	119	2,000	Daniilo Bonfatti, Joao Pedro Senna
Paineiras Hedge FIM	Brazil	Macro	Dec-05	111	Not Disclosed	Antonio de Padua, Ney Marinho
Skopos BRK FICFIA	Brazil	Relative Value	May-01	107	339	Skopos Administradora de Recursos
GAP Multiportfolio	Brazil	Multi-Strategy	Dec-01	106	1,045	Carlos Camacho, Emanuel Pereira da Silva, Leonardo Callou, Oscar Camargo, Renato Junqueira Ribeiro
Opportunity T60 FIM	Brazil	Multi-Strategy	Dec-05	104	10,000	Felipe Padua
Express Fund International	Latin America	Dual Approach	Jun-98	98	440	Luiz Henrique de Almeida Liuzzi
SPC - Research Class	Latin America	Event-Driven	Jun-06	95	3,600	Michael Holme
Gavea Brasil Fund Ltd	Latin America	Macro	Jan-05	94	4,768	Arminio Fraga Neto
Sparta Ciclico	Brazil	Multi-Strategy	Aug-05	91	102	Not Disclosed
Fator Hedge FIM	Latin America	Multi-Strategy	Dec-01	90	2,037	Banco Fator
GAP Absoluto	Latin America	Macro	Jan-06	90	1,045	Carlos Camacho, Emanuel Pereira da Silva, Leonardo Callou, Oscar Camargo, Renato Junqueira Ribeiro
HG Verde 14 FIC de FIM	Brazil	Multi-Strategy	Nov-01	87	16,000	Hedging Griffio Asset Management
Schroder Brasil Long Short FIM	Brazil	Long/Short Equities	Jun-07	81	1,151	Marcos De Callis
Skopos Fund LLC	Latin America	Long/Short Equities	Jun-01	81	339	Luiz Guilherme Ronchel Soares, Pedro Luiz Cerize
GAP Institucional	Brazil	Multi-Strategy	Nov-03	80	1,045	Carlos Camacho, Emanuel Pereira da Silva, Leonardo Callou, Oscar Camargo, Renato Junqueira Ribeiro
Forum Asset Based Investment Fund Ltd	Latin America	Fixed Income	Oct-07	78	417	Jose Pedreira
Orbe Value FIA	Brazil	Value	Feb-03	78	Not Disclosed	Fabio Figueiredo Carvalho, Fernando Camargo Luiz
Principia Hedge Plus FIM	Brazil	Arbitrage	Jun-04	78	78	Denis Lee, Marcello Paixão

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Copernico Latin America Strategic Fund - Series A	Latin America	Multi-Strategy	Aug-99	76	150	Ricardo Maxit, Mariano P. Cailliet-Bois
Opportunity Target Institucional FIM	Brazil	Multi-Strategy	Mar-02	74	10,000	Felipe Padua
GAP Multiportfolio 30	Brazil	Multi-Strategy	Mar-06	72	1,045	Carlos Camacho, Emanuel Pereira da Silva, Leonardo Callou, Oscar Camargo, Renato Junqueira Ribeiro
Mellon Hedge FI Multimercado	Brazil	Multi-Strategy	May-98	72	Not Disclosed	Delano Franco, Carlos Eduardo Olinto, Roberto Benisti, Rodrigo Donato, Rogerio Poppe
Premium Capital Appreciation Fund	Latin America	Fixed Income	Sep-00	71	117	Rachid Maluf
Quest 30	Brazil	Macro	Oct-04	68	270	Marcelo Villela de Araujo
Orbe Balance FIM	Brazil	Long/Short Equities	Mar-06	67	Not Disclosed	Fabio Figueiredo Carvalho, Fernando Camargo Luiz
GAP Hedge	Brazil	Multi-Strategy	Dec-96	66	1,045	Carlos Camacho, Emanuel Pereira da Silva, Leonardo Callou, Oscar Camargo, Renato Junqueira Ribeiro
Corcovado Multi-Strategies Fund	Brazil	Multi-Strategy	Feb-06	63	777	Hermann Von Uslar
AguasClaras Equity Master Fund SPC	Latin America	Dual Approach	Jun-08	58	58	Thomas de Mello e Souza, Magali Bim, Sergio Klar Velazquez
NEO Multi Estrategia 30 Fund	Brazil	Multi-Strategy	Nov-07	58	247	Augusto Lange Viera, Marcelo Navarro Soares Cabral, Mario Schalech, CFA
The Claritas G4 Fund SPC - Class Brazil Macro	Latin America	Macro	Sep-02	57	659	Renato Abucham
Fator Arbitragem FIM	Latin America	Arbitrage	Mar-05	56	2,037	Banco Fator
Victoire Long Short - FI Multimercado - BRL	Brazil	Long/Short Equities	Oct-04	56	194	Mohamed Mourabet, Priscila F. de Araujo Simon, CFA
Victoire Long Short - FI Multimercado - USD	Brazil	Long/Short Equities	Oct-04	56	194	Mohamed Mourabet, Priscila F. de Araujo Simon, CFA
Axio 30 Hedge FIM	Brazil	Macro	Dec-06	55	81	Marcelo Muniz Simas
Axio Fund	Brazil	Macro	Mar-07	55	81	Marcelo Muniz Simas
BNY Mellon ARX Long Short FIM	Brazil	Long/Short Equities	Mar-05	54	2,831	Carlos Eduardo Ramos
Constellation Fund - Equities Class	Latin America	Bottom-Up	Dec-05	54	430	Florian Bartunek
Explorador Fund LP	Latin America	Long/Short Equities	Dec-02	54	54	Andrew Cummins

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
HG Allocation Claritas Hedge 30	Brazil	Multi-Strategy	Mar-03	53	16,000	Renato Abucham
HG DI	Brazil	Fixed Income	Sep-95	53	16,000	Hedging Griffio Asset Management
Nobel Advanced Aggressive	Brazil	Multi-Strategy	Aug-98	53	84	Marcelo Sperb, Clovis Macedo
BBM Gauss FIM	Brazil	Multi-Strategy	Nov-05	52	1,659	Not disclosed
Capitania Treasury	Brazil	Multi-Strategy	May-05	52	2,000	Daniilo Bonfatti, Joao Pedro Senna
Fundo Maua FIM	Brazil	Multi-Strategy	Mar-05	52	158	Luiz Fernando Figueiredo
GAP Ações	Brazil	Dual Approach	Dec-04	52	1,045	Carlos Camacho, Emanuel Pereira da Silva, Leonardo Callou, Oscar Camargo, Renato Junqueira Ribeiro
BNY Mellon ARX Brazil Fund SPC – Multistrategy Class	Latin America	Multi-Strategy	Jun-06	49	2,600	Carlos Eduardo Ramos
BRZ Long Short FI Multimercado	Brazil	Long/Short Equities	Dec-05	48	1,000	Mario Tomadon
Mellon Hedge Plus FI Multimercado	Brazil	Multi-Strategy	Mar-06	48	Not Disclosed	Delano Franco, Carlos Eduardo Olinto, Roberto Benisti, Rodrigo Donato, Rogerio Poppe
FAMA Futurewatch I FIA	Brazil	Value	May-95	47	339	Mauricio Levi, Fabio Alperowitch
Advis Macro FIM	Brazil	Macro	Sep-06	46	124	Andre Delben
Mercury International Fund Class Equities	Brazil	Multi-Strategy	Oct-01	46	59	Rodrigo Bresser
Copernico Special Situations Fund	Latin America	Event-Driven	Aug-06	45	150	Federico Carballo, Ricardo Maxit
Quest Acoes FIA	Brazil	Long/Short Equities	Jun-05	44	270	Marcelo Villela de Araujo
Fator Sigma Institucional FIM	Latin America	Multi-Strategy	Aug-04	43	2,037	Banco Fator
GW1 Brazil Fund Ltd	Brazil	Dual Approach	Jul-05	42	2,100	Mu Hak You
HG Agar FIC de FIM	Brazil	Multi-Strategy	Apr-03	42	16,000	Hedging Griffio Asset Management
NEO Multi Estrategia Fund	Brazil	Multi-Strategy	Aug-03	42	247	Augusto Lange Viera, Marcelo Navarro Soares Cabral, Mario Schalch, CFA
Quest Long Short 30	Brazil	Long/Short Equities	Dec-06	42	270	Marcelo Villela de Araujo
Fator Hedge Absoluto FIM	Latin America	Multi-Strategy	Feb-07	41	2,037	Banco Fator
Moneda Absolute Return Fund Ltd	Latin America	Multi-Strategy	Feb-07	41	1,538	Juan Luis Rivera
Nest Mile High 30 FIM	Brazil	Long/Short Equities	Jan-07	41	222	Luciano Mascarenhas Tavares, Francisco Griffoni Meirelles de Andrade

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Global Securities Trade Finance Fund	Latin America	Others	Nov-06	39	181	Kory Mathew
GWJ Brazil Fund LLC	Brazil	Dual Approach	Jul-05	39	2,100	Mu Hak You
QUELUZ BRAZIL Fixed Income Fund	Brazil	Fixed Income	Nov-97	39	47	Alexandre Blas
Fator Balanceado FIM	Latin America	Multi-Strategy	Aug-02	37	2,037	Banco Fator
HG Allocation GAP Multiportfolio	Brazil	Multi-Strategy	Oct-02	36	16,000	Leonardo Callou, Renato Junqueira Ribeiro, Carlos Camacho, Oscar Camargo
BNY Mellon ARX Extra FIM	Brazil	Multi-Strategy	Jan-04	35	2,831	Carlos Eduardo Ramos
Dolphin Fund Plc	Latin America	Long/Short Equities	Jul-95	35	400	Eduardo Sergio Elsztain
Kadima FIM	Latin America	Multi-Strategy	May-07	35	210	Sérgio Blank, André Strauss Vasques, Rafael Ferreira de Souza Lima
BRZ Crédito Privado FI Multimercado	Brazil	Others	Aug-04	34	1,000	Luiz Alberto Marques
BBM High Yield 1 FIM	Brazil	Fixed Income	Aug-95	33	1,659	Not Disclosed
Schroder Multi Strategy FIM	Brazil	Multi-Strategy	Mar-05	33	1,151	Manuel Lamas, Francisco Vanzolini, João Borges
QI Global Fund SPC - Class Macro	Brazil	Macro	Jan-05	31	270	Marcelo Villela de Araújo
Astra Credit Fund	Latin America	Others	Mar-08	30	150	Andrew Jenner
BBM Valuation 1 FIA	Brazil	Bottom-Up	Dec-04	30	1,659	Not Disclosed
BBM Equity Hedge 30 FIM	Brazil	Long/Short Equities	May-05	29	1,659	Not Disclosed
UBS Pactual Hedge Plus FI MM	Brazil	Multi-Strategy	Aug-99	29	17,860	Banco Pactual Asset Management
Richo Offshore Hedge Fund	Brazil	Macro	Mar-04	28	28	William Jedwab
Explora Long Short Segregated Portfolio	Latin America	Long/Short Equities	Aug-07	27	110	Eduardo Munemori
Express Fund International SPC - Brazil Class	Latin America	Dual Approach	Jul-06	27	440	Luiz Henrique de Almeida Liuzzi
Nexstar Equity Opportunities Offshore Fund Ltd	Latin America	Multi-Strategy	Jan-08	27	109	Peter Getsinger
Orbe Supra FIA	Brazil	Value	Jun-07	27	Not Disclosed	Fabio Figueiredo Carvalho, Fernando Camargo Luiz
Compass Income Fund - Class D	Latin America	Fixed Income	Apr-96	26	Not Disclosed	Tomas Venezian

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Opportunity Unique Logica Equities Sub-Fund	Latin America	Top-Down	May-06	26	10,000	Dorio Ferman
BNY Mellon ARX Long Short 30 FIM	Brazil	Long/Short Equities	Dec-05	25	2,831	Carlos Eduardo Ramos
Unibanco Brazil Long Short Fund	Brazil	Long/Short Equities	Aug-08	25	95,400	André Luis Castro
Compass Income Fund - Class F	Latin America	Fixed Income	Jan-06	24	Not Disclosed	Tomas Venezian
Convex Fund Ltd – Series A	Latin America	Multi-Strategy	Jun-07	24	24	Andres Azicri
Convex Fund Ltd – Series B	Latin America	Multi-Strategy	Jun-07	24	25	Andres Azicri
Fator Extra FIM	Latin America	Multi-Strategy	Sep-06	24	2,037	Banco Fator
Savile Opportunity Fund International Ltd	Latin America	Others	Jun-07	24	32	Robert C. Rosenthal
BBM Institucional FIM	Brazil	Multi-Strategy	Dec-06	23	1,659	Not Disclosed
BBM Long Short Fund	Brazil	Long/Short Equities	Feb-07	23	1,659	Not Disclosed
BNY Mellon ARX Brazil Fund SPC – Long Short Class	Latin America	Long/Short Equities	Jan-07	23	2,600	Bruno de Godoy Garcia
Copernico Argentina Fund	Argentina	Multi-Strategy	Feb-03	23	150	Mariano P. Caillet-Bois, Ricardo Maxit
Quest Iporanga 15 FIM	Brazil	Macro	Nov-07	23	270	Luiz Alberto Marques
FAMA Futurevalue FIA	Brazil	Value	Sep-05	22	339	Mauricio Levi, Fabio Alperowitch
GS Allocation Dinamico FIM	Brazil	Arbitrage	Jun-06	22	Not Disclosed	Not Disclosed
SLW Volatilidade FI	Brazil	Arbitrage	Feb-01	22	Not Disclosed	Emerson De Stefano Sanchez
Claritas Hedge FI	Brazil	Multi-Strategy	Aug-99	21	659	Renato Abucham
Argos TR FIF	Brazil	Multi-Strategy	Mar-04	20	Not Disclosed	Francisco de Andrade Coutinho
Schroder Multi Strategy Institutional FIM	Brazil	Multi-Strategy	Jul-05	20	1,151	Manuel Lamas, Francisco Vanzolini, João Borges
The Claritas G4 Fund SPC - Class Brazil Long Short - Market Neutral	Latin America	Long/Short Equities	Dec-01	20	659	Helder Soares
UBS Pactual Strategy Fund Ltd	Brazil	Multi-Strategy	Nov-00	20	17,860	Marcelo Kalim
FAMA Brazil Fund - Challenger Equity Value Class	Brazil	Value	Feb-05	19	339	Mauricio Levi, Fabio Alperowitch
NEO Long Short Fund	Brazil	Long/Short Equities	Oct-04	19	247	Augusto Lange Viera

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Credit Suisse Absolute	Brazil	Multi-Strategy	May-03	18	Not Disclosed	Mauro Bergstein, Glauco Bronz Cavalcanti, Natan Finger
UBS Pactual Symmetry Fund Ltd	Brazil	Multi-Strategy	Jun-99	18	17,860	Marcelo Kalim
Atico Hedge FIF	Brazil	Multi-Strategy	Apr-03	17	Not Disclosed	Ricardo Junqueira
Claritas Long Short FI	Brazil	Long/Short Equities	Sep-02	17	659	Heider Soares
FIDES Hedge Plus HG FIM	Brazil	Long/Short Equities	Jul-06	17	100	Roque Sut Ribeiro
HG Strategy II	Brazil	Long/Short Equities	Oct-99	17	16,000	Hedging Griffio Asset Management
Maua Brasil Fund Ltd	Brazil	Multi-Strategy	Mar-05	17	158	Fernando Monteiro
BBM Gauss Fund	Brazil	Multi-Strategy	Jun-06	16	1,659	Not Disclosed
Upside FI Multimercado	Brazil	Multi-Strategy	Jul-02	16	Not Disclosed	Francisco H. Gros, Adriana Ferretti, Leonardo
GAP Long Short	Latin America	Long/Short Equities	May-05	15	1,045	Carlos Camacho, Emanuel Pereira da Silva, Leonardo Callou, Oscar Camargo, Renato Junqueira Ribeiro
Maxima High Yield	Brazil	Multi-Strategy	Jul-02	15	173	Saulo Sabbá
NEO Long Short 30 Fund	Brazil	Long/Short Equities	Aug-07	15	247	Augusto Lange Vieira
Quest I	Brazil	Macro	Jul-01	15	270	Marcelo Villela de Araujo
Sparta Anti-Cíclico	Brazil	Multi-Strategy	Aug-05	15	102	Not Disclosed
Victoire Selection Brazil Equity Fund SP	Brazil	Bottom-Up	May-06	15	194	André Caminada, Werner Roger
Bresser Hedge FI Multimercado	Brazil	Multi-Strategy	Oct-02	14	59	Rodrigo Bresser
FAMA Futurewatch 180 FIA	Brazil	Value	Jan-08	14	339	Mauricio Levi, Fabio Alperowitch
FIDES Long Short FIM	Brazil	Long/Short Equities	Nov-03	14	100	Roque Sut Ribeiro
FIDES Long Short Plus FIM	Brazil	Long/Short Equities	Dec-05	14	100	Roque Sut Ribeiro
Quest Equity Hedge 60	Brazil	Long/Short Equities	Nov-07	14	270	Marcelo Villela de Araujo
Brax Fund Class F - The Equity Class	Brazil	Others	May-08	13	1,003	Arlindo Vergaças, Marcio Correa
Santa Fe Aquarius	Brazil	Arbitrage	Dec-01	13	45	Paulo Bueno, Sergio Battistella Bueno, Fernando Bueno
Victoire Long Short V.10 Fund	Latin America	Long/Short Equities	Nov-06	13	194	Mohamed Mourabet, Priscila F. de Araujo Simon, CFA
Lacan Equilibrio Multimercado	Brazil	Bottom-Up	May-05	12	35	Luiz Augusto de Oliveira Candiota

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
UBS Pactual Total Return Equities Fund SPC	Brazil	Long/Short Equities	Sep-02	12	17,860	Marcelo Kalim
BRZ Moderado	Brazil	Multi-Strategy	Jul-03	11	1,000	Luiz Alberto Marques
Nest Mile High FIM	Brazil	Long/Short Equities	Mar-02	11	222	Luciano Mascarenhas Tavares, Francisco Giffoni Meirelles de Andrade
Oceana Long Short FIM	Brazil	Long/Short Equities	Mar-06	11	Not Disclosed	Oceana Investimentos
Zephyr Latin American Fund LP	Latin America	Bottom-Up	Feb-97	11	300	Fernando Donayre
BNY Mellon ARX Long Short 30 PF FIM	Brazil	Long/Short Equities	Jan-07	10	2,831	Carlos Eduardo Ramos
Direcional FIF	Brazil	Multi-Strategy	Aug-01	10	10	Pedro Carneiro
Itau Multimercado Moderado	Brazil	Multi-Strategy	Nov-02	10	Not Disclosed	Banco Itau
Maua Top FIM	Brazil	Multi-Strategy	May-06	10	158	Luiz Fernando Figueiredo
Morumbi Capital Fund	Latin America	Multi-Strategy	Sep-05	10	240	Martim Amaral Neto
Polo Crédito Privado FIM	Brazil	Others	Jan-06	10	550	Marcos Duarte Santos
FAMA Sniper FIM LP	Brazil	Long/Short Equities	Jun-02	9	339	Mauricio Levi, Fabio Alperowitch
GS Allocation Hedge FIM	Brazil	Arbitrage	Oct-01	9	Not Disclosed	Not Disclosed
HG Allocation Claritas Hedge	Brazil	Multi-Strategy	Apr-01	9	16,000	Renato Abucham
Quest Macro 30	Brazil	Macro	Aug-07	9	270	Marcelo Villela de Aratijo
BBM High Yield 30 FIM	Brazil	Fixed Income	Jul-07	8	1,659	Not Disclosed
BRZ Macro 30 FI Multimercado	Brazil	Macro	Feb-06	8	1,000	Luiz Alberto Marques
Credit Suisse Long-Short Equities FIF	Brazil	Long/Short Equities	Apr-04	8	Not Disclosed	Inacio Bezerra Ponchet, Joao Simoes
SLW High Yield FIM	Brazil	Fixed Income	Nov-06	8	Not Disclosed	Emerson De Stefano Sanchez
Teorica FI Multimercado	Brazil	Multi-Strategy	Sep-05	8	25	Rogério Freitas
FAMA Challenger FIA	Brazil	Value	Jun-97	7	339	Mauricio Levi, Fabio Alperowitch
JBP Focus Brazil Fund - Offshore	Latin America	Bottom-Up	Sep-06	7	78	Eduardo Rezende
MBA Latin America Opportunity Fund	Latin America	Multi-Strategy	Jun-06	7	270	Andres Pitchon, Juan Manuel Anciaume
Mercury International Fund Class Hedged Equities	Brazil	Long/Short Equities	Mar-02	7	59	Rodrigo Bresser

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Mercury International Fund Class Macro Hedge	Brazil	Multi-Strategy	Oct-01	7	59	Rodrigo Bresser
The Claritas G4 Fund SPC - Class Brazil Equities	Latin America	Bottom-Up	Mar-07	7	659	Heider Soares
Corcovado Equity Class	Latin America	Bottom-Up	May-07	6	777	Hermann Von Uslar
FIDES Total Return FIA	Brazil	Bottom-Up	Nov-07	6	100	Roque Sut Ribeiro
Rio Bravo Fundamental Macro FIM	Brazil	Macro	Jul-07	6	Not Disclosed	Not Disclosed
Tática Strategy Long and Short FIM	Brazil	Long/Short Equities	Aug-93	6	Not Disclosed	Ike Rahmani, Ernesto Rahmani
ABN AMRO FAQ Risk Private	Brazil	Multi-Strategy	Nov-97	5	26	ABN AMRO Asset Management
Advis Ações FIA	Brazil	Dual Approach	Sep-06	5	124	Andre Delben
Atico Acoes I FIA	Brazil	Dual Approach	Jul-04	5	Not Disclosed	Ricardo Junqueira
Bresser Ações FIA	Brazil	Long/Short Equities	Feb-04	5	59	Rodrigo Bresser
BRZ Valor FI Ações	Brazil	Dual Approach	Jan-05	5	1,000	Roberto Reis
COX Fund LLC	Brazil	Bottom-Up	May-07	5	92	Rodrigo Anunciato, Marco Cauduro, Francisco Utsch
FAMA Striker 28 FIM LP	Brazil	Long/Short Equities	Dec-04	5	339	Mauricio Levi, Fabio Alperowitch
HG Allocation Managers	Brazil	Multi-Strategy	Jun-01	5	16,000	Paulo Roberto Nunes Guedes, Andre Roberto
INCA Latin American Small Cap Fund	Latin America	Bottom-Up	Jan-08	5	Not Disclosed	Fernando Donayre
Maua Brasil Plus Ltd	Brazil	Multi-Strategy	Jan-07	5	158	Fernando Monteiro
Maxima Plus	Brazil	Fixed Income	May-01	5	173	Saulo Sabbá
Multi Bank Multi-Selection	Brazil	Multi-Strategy	Mar-03	5	Not Disclosed	Fiducia Asset Management
Nobel Advanced	Brazil	Multi-Strategy	Mar-96	5	84	Clovis Macedo, Marcelo Sperb
Rio Arbitragem FIM	Brazil	Multi-Strategy	May-06	5	23	André Luis Querne Peçanha, Cristiano Rodriguez Pinelli
Victoire Brazil Small Cap SP	Brazil	Bottom-Up	May-07	5	194	Werner Roger, André Camimada
BBM Small Caps 90 FIA	Brazil	Bottom-Up	May-08	4	1,659	Not Disclosed
ForeSee Interaction FIF	Brazil	Multi-Strategy	Jan-03	4	10	Benjamin Lemos dos Santos, Joao Luiz Mascoco
GAP Ações Long Short	Latin America	Long/Short Equities	Jan-07	4	1,045	Carlos Camacho, Emanuel Pereira da Silva, Leonardo Callou, Oscar Camargo, Renato Junqueira Ribeiro
Perimeter Mile High FIF	Brazil	Fixed Income	Mar-02	4	5	Not Disclosed
Prosper Advanced FIF	Brazil	Multi-Strategy	Sep-98	4	Not Disclosed	Prosper Asset Management

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Bresser Hedge Plus FI Multimercado	Brazil	Multi-Strategy	Apr-07	3	59	Rodrigo Bresser
FAMA Challenger 60 FIA	Brazil	Value	Dec-07	3	339	Mauricio Levi, Fabio Alperowitch
FAMA Striker 60 FIM LP	Brazil	Long/Short Equities	Jan-07	3	339	Mauricio Levi, Fabio Alperowitch
Globalvest Plus FIF	Brazil	Multi-Strategy	May-99	3	Not Disclosed	David Wheeler, Peter Gruber
HG Allocation Claritas Long Short	Brazil	Long/Short Equities	Aug-02	3	16,000	Helder Soares
NEO Overseas Fund SPC Class A	Brazil	Long/Short Equities	Oct-06	3	247	Marcelo Navarro Soares Cabral, Augusto Lange Viera
Precision Yield FIM	Brazil	Fixed Income	Oct-08	3	57	Andre Schibuola
Quest 90	Brazil	Macro	Jul-07	3	270	Marcelo Villela de Araujo
Quest Institucional	Brazil	Macro	May-05	3	270	Marcelo Villela de Araujo
Rio Equity Multistrategy Plus FIM	Brazil	Multi-Strategy	Dec-07	3	23	André Luis Querne Peçanha, Cristiano Rodriguez Pinelli
Atico Long Short FIM	Brazil	Long/Short Equities	Aug-05	2	Not Disclosed	Ricardo Junqueira
Banif Primus Derivativos	Brazil	Multi-Strategy	Apr-98	2	13	Banif Primus Asset Management
Copernico Special Situations Fund Class B	Latin America	Others	Jul-08	2	150	Federico Carballo
FAMA Brazil Fund - Equity Market Neutral Class	Brazil	Long/Short Equities	Mar-05	2	339	Mauricio Levi, Fabio Alperowitch
Mellon Credit FI	Brazil	Macro	Dec-99	2	Not Disclosed	Ricardo Magalhaes (CFA), Henrique Horacio Pereira, Philip Cross, Carlos Eduardo Olinto, Sergio Rasps, Eduardo Rocha de Rezende
Mellon FX Rate FI	Brazil	CTA/Managed Futures	Jan-98	2	Not Disclosed	Ricardo Magalhaes (CFA), Sergio Rasps, Eduardo Rocha de Rezende, Philip Cross, Carlos Eduardo Olinto, Henrique Horacio Pereira
Precision Plus FIM	Brazil	Fixed Income	May-07	2	57	Andre Schibuola
Banif Primus Mix	Brazil	Multi-Strategy	Oct-95	1	Not Disclosed	Banif Primus Asset Management
BBM Valuation Fund	Brazil	Bottom-Up	Oct-07	1	1,659	Not Disclosed
FAMA FC Mix 180 FIA	Brazil	Value	Jul-07	1	339	Mauricio Levi, Fabio Alperowitch
HG Cafe FIM	Brazil	CTA/Managed Futures	Oct-01	1	16,000	Hedging Griffio Asset Management
Maua Brasil Equities Ltd	Brazil	Long/Short Equities	Jan-07	1	158	Fernando Monteiro
Maxima Tag Along / Access FIA	Brazil	Multi-Strategy	May-01	1	173	Saulo Sabbá
BNY Mellon ARX FIA	Brazil	Long/Short Equities	Jul-01	Not Disclosed	2,831	Carlos Eduardo Ramos

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Emerging Asset Backed Fund II	Brazil	Multi-Strategy	Jun-05	Not Disclosed	1,930	Amaury F. Junior, Fabio Greco, Ken Wainer
Fiducia Black Diamond FIM	Brazil	Multi-Strategy	Mar-03	Not Disclosed	Not Disclosed	Marcelo Serfaty, Julio Ferreira, Marcelo Lara Resende, Marcio Coutinho Fontes, Sergio Gabriele, Marco Antonio Mecchi
Fiducia Diamond FIM	Brazil	Multi-Strategy	Nov-02	Not Disclosed	Not Disclosed	Marcelo Serfaty, Julio Ferreira, Marcelo Lara Resende, Marcio Coutinho Fontes, Sergio Gabriele, Marco Antonio Mecchi
Fiducia Equity Hedge FIF	Brazil	Long/Short Equities	Feb-03	Not Disclosed	Not Disclosed	Marcelo Serfaty, Julio Ferreira, Marcelo Lara Resende, Marcio Coutinho Fontes, Sergio Gabriele, Marco Antonio Mecchi
Fiducia Premium Institucional FIM	Brazil	Multi-Strategy	Aug-04	Not Disclosed	Not Disclosed	Marcelo Serfaty, Julio Ferreira, Marcelo Lara Resende, Marcio Coutinho Fontes, Sergio Gabriele, Marco Antonio Mecchi
Fundo Tarpon FIA	Brazil	Bottom-Up	Jul-02	Not Disclosed	1,118	Jose Carlos Reis de Magalhaes
Galloway Brazilian Multinational Class A	Latin America	Long/Short Equities	Jul-08	Not Disclosed	Not Disclosed	Nathan Shor, Joao Ferrari
Galloway Brazilian Multinational Class B	Latin America	Long/Short Equities	Jul-08	Not Disclosed	Not Disclosed	Joao Ferrari, Nathan Shor
GAP International Investment Fund - Class A	Brazil	Multi-Strategy	Aug-05	Not Disclosed	1,045	Carlos Camacho, Emanuel Pereira da Silva, Leonardo Callou, Oscar Camargo, Renato Junqueira Ribeiro
GCA Latam Fund Ltd	Latin America	Multi-Strategy	Sep-07	Not Disclosed	1,300	Eswar Menon
HG Allocation Nobel Advanced Aggressive	Brazil	Multi-Strategy	Nov-03	Not Disclosed	16,000	Clovis Macedo, Marcelo Sperb
IP Investment Fund – IP-Value Brazil Class	Brazil	Others	Dec-95	Not Disclosed	1,500	Pedro Chermont
IP-Equity Hedge FI Multimercado	Brazil	Long/Short Equities	Jul-03	Not Disclosed	1,500	Pedro Chermont
Itau K2 FIF	Brazil	Multi-Strategy	Not Disclosed	Not Disclosed	Not Disclosed	Banco Itau
Itau P Hedge Facfi	Brazil	Multi-Strategy	Not Disclosed	Not Disclosed	Not Disclosed	Banco Itau
Orbe Balance 90 FIM	Brazil	Long/Short Equities	Oct-07	Not Disclosed	Not Disclosed	Fabio Figueiredo Carvalho, Fernando Camargo Luiz
Orbe Brazil Fund	Brazil	Value	Apr-07	Not Disclosed	Not Disclosed	Fabio Figueiredo Carvalho, Fernando Camargo Luiz

Appendix C (continued)
REPRESENTATIVE LATIN AMERICAN HEDGE FUNDS BY FUND SIZE

Fund Name	Geographical Mandate	Investment Style	Incept Date	Fund Size (US\$ mil)	Firm's AUM (US\$ mil)	Fund Manager
Oryx Saara FIF	Brazil	Multi-Strategy	Dec-98	Not Disclosed	Not Disclosed	Joacyr Reynaldo, Fernando Janine Ribeiro, Carlos Augusto Levorin
Oryx Savana FIF	Brazil	Multi-Strategy	Mar-97	Not Disclosed	Not Disclosed	Fernando Janine Ribeiro, Joacyr Reynaldo, Carlos Augusto Levorin
Oryx Savana Institucional FIF	Brazil	Multi-Strategy	Not Disclosed	Not Disclosed	Not Disclosed	Fernando Janine Ribeiro, Joacyr Reynaldo, Carlos Augusto Levorin
Real FI Multimercado Sky	Brazil	Multi-Strategy	Jan-02	Not Disclosed	24	ABN AMRO Asset Management
Real FIQ Sky Van Gogh	Brazil	Multi-Strategy	Nov-99	Not Disclosed	24	ABN AMRO Asset Management
RVI Futura FIA	Brazil	Bottom-Up	Jan-07	Not Disclosed	Not Disclosed	Eduardo Cavalheiro
RVI Long Short FIM	Brazil	Long/Short Equities	Dec-06	Not Disclosed	Not Disclosed	Eduardo Cavalheiro
RVI Small Caps FIA	Brazil	Bottom-Up	Jun-07	Not Disclosed	Not Disclosed	Eduardo Cavalheiro
Santa Fe Scorpius	Brazil	Multi-Strategy	Oct-95	Not Disclosed	45	Sergio Battistella Bueno, Paulo Bueno, Fernando Bueno
Tática Multi-Strategy Fund Ltd	Latin America	Multi-Strategy	Feb-08	Not Disclosed	Not Disclosed	Ike Rahmani, Ernesto Rahmani
Vision Multi-Strategy Fund	Brazil	Multi-Strategy	Feb-05	Not Disclosed	1,930	Amaury F. Junior, Fabio Greco

Source: Eurekahedge Pte Ltd.

Note: Data are as of April 21, 2009.