

# Canadian Hedge Fund Performance Index

September 2011

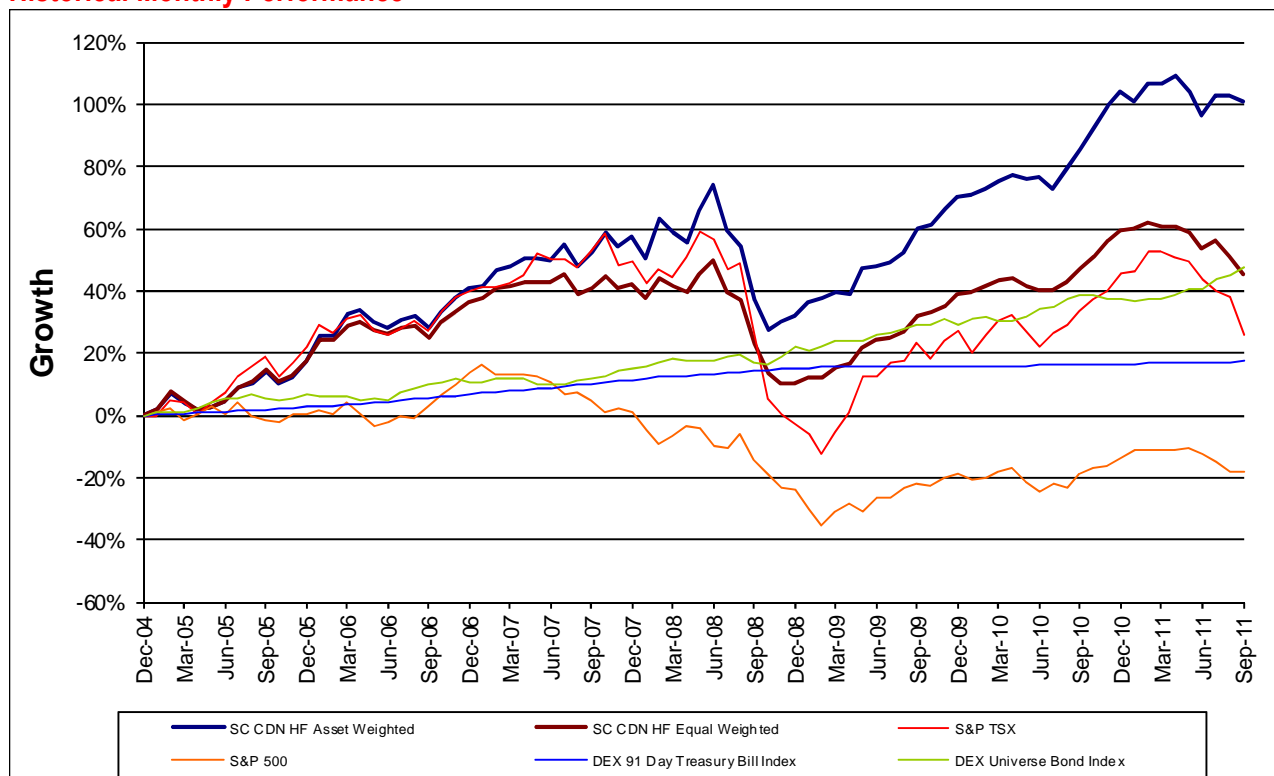
The Scotia Capital Canadian Hedge Fund Performance Index finished September 2011 down 1.22% on an asset weighted basis and down 3.81% on an equal weighted basis. The Index outperformed broader equities on both asset and equal weighted bases, and outperformed global hedge fund peers on an asset weighted basis.

September brought more extreme intra-month market volatility. The key themes driving investor sentiment remained largely the same as in August: overall weak economic indicators across geographic zones, ongoing concerns over European banks and sovereign debt issues, including a possible default by Greece, as well as government interventions by Switzerland's central bank to curb the CHF and the US Fed's announcement to introduce its 'Operation Twist' stimulus measure. Despite some strong US corporate earnings announcements, US equities sold off. The S&P 500 posted -7.2% with all sectors dragging performance. Canada's S&P/TSX fell 8.97%, its seventh consecutive monthly loss. Despite a decline in US Treasury yields and resultant US bond market rally, investors also turned towards the USD as a safe haven. As investors drove up the USD, it appreciated accordingly against most major currencies. The CAD's depreciation versus the USD was further impacted by the dramatic declines in commodities that were brought on by investor concern over global economic growth. WTI Crude closed the month down 11%. Precious metals lost favour with investors as a safe haven: despite hitting a record high of USD 1,924/oz early in September, gold ultimately dropped 11%, and silver retraced by a notable 28%. September posed a very challenging trading environment for Canadian hedge funds. There was very wide performance dispersion across strategies: while some managers were able to generate – and hang to – winning trades despite choppy markets, many managers ultimately incurred a monthly loss. Defensive positioning and portfolio hedging continued to be key success factors in managers' ability to steer a path through uncertain markets.

### 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 Sep-11	Value	Return MOM	Return YTD	Annualized Return**	Annualized Standard Deviation***
SC CDN HF Performance Index Asset Weighted	2,005.57	-1.22%	-1.82%	10.86%	11.72%
SC CDN HF Performance Index Equal Weighted	1,452.73	-3.81%	-8.86%	5.69%	10.05%
S&P TSX Composite	11,623.84	-8.97%	-13.53%	3.45%	15.94%
S&P 500 (quoted in USD)	1,131.42	-7.18%	-10.04%	-1.01%	16.16%
S&P 500 (CAD-adjusted)	1,188.33	-0.28%	-5.32%	-2.92%	11.79%
DEX 91 Day Treasury Bill Index †	386.11	0.10%	0.78%	2.40%	0.47%
DEX Universe Bond Index ‡	845.29	1.81%	7.43%	5.95%	3.35%

\*All returns quoted in CAD except where indicated

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

\*\*\* Of monthly returns

† Formerly: Scotia Capital 91 Day Treasury Bill Index

‡ Formerly: Scotia Capital Universe Bond Index

## Historical Monthly Returns

### SC CDN HFPI 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%	3.71%	3.58%	3.69%	3.85%	2.23%	20.16%
2011	-1.61%	2.83%	-0.09%	1.42%	-2.59%	-3.86%	3.29%	0.21%	-1.22%				-1.82%

### SC CDN HFPI 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%	2.09%	2.99%	2.80%	3.05%	2.20%	14.78%
2011	0.24%	1.29%	-0.70%	-0.20%	-1.15%	-3.08%	1.57%	-3.22%	-3.81%				-8.86%

# Canadian Hedge Fund Performance Index

**September 2011**
**Funds Included:**

Acorn Diversified Trust	Front Street Canadian Hedge Fund	Roundtable Growth Fund
AFC North American Fund LP	GMP Diversified Alpha Fund	RP Debt Opportunities Fund LTD
AlphaNorth Partners Fund Inc.	Goodwood Fund	Salida Strategic Growth Fund
Amethyst Arbitrage Fund	JC Clark Focused Opportunities Fund	Sentry Market Neutral LP
Auspice Managed Futures LP	JC Clark Preservation Trust	Silvercove Hard Asset Fund LP
Barometer Long Short Equity Pool	Jemekk Long/Short Fund LP	Silvercreek Convertible LP
BluMont Hirsch Performance Fund	Landry Morin Long Short Momentum Fund	Spartan Multi Strategy Fund
BT Global Growth Fund LP	Mapleridge Fund Ltd. - Class B	Sprott Hedge Fund LP
Curvature Fund LP	Marret High Yield Hedge LP	Sprott Hedge Fund LP II
Di Tomasso Equilibrium Fund	Mountain Fowler One E LP	Sprott Opportunities Hedge Fund LP
DKAM Capital Ideas Fund LP	Palos Income Fund LP	TD Emerald Canadian Equity Market Neutral Fund
Dynamic Power Hedge Fund	Picton Mahoney Long Short Equity Fund	TD Emerald North American Equity Pairs Fund
Exemplar Diversified Portfolio	Picton Mahoney Market Neutral Equity Fund	TD Emerald US Equity Market Neutral Fund
Fiera Global Macro Fund	Polar Altairis Long/Short	The Vantage Fund
Fiera North American Market Neutral Fund II	Polar North Pole Multi-Strategy	Vertex Fund
Formula Growth Global Opportunities Fund	Primevestfund	Vision Opportunity Fund LP
Formula Growth Hedge Fund	RCM Special Situations Fund	Wealhouse Panorama Fund
Friedberg Global Macro Hedge Fund	Rival North American Growth Fund LP	WFC Opportunities Trust
Front Street Canadian Energy Resource Fund	Rosseau LP	

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