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THE STATE OF HEDGE FUNDS

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MONTHLY STATISTICAL REVIEW

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Hedge funds as they exist today perform a very specific and very necessary role in the global financial marketplace. Hedge funds employ managers that utilize trading techniques often not available to managers of different investment vehicles, and target temporary inefficiencies and dislocations in the market, effectively helping to minimize or eliminate those dislocations.

These managers are liquidity providers, injecting liquidity into the market irrespective of market direction, and they can serve as a counterbalance to "herd" buying behavior. Herding behavior can create price "bubbles," meaning that the price of a stock may at that time be more reflective of a temporary order imbalance or transitory excess demand for that stock, than a useful representation of demand based on the fundamentals of the underlying asset.

It is exactly the way in which hedge funds are structured that allows them to move sufficiently quickly and flexibly to minimize market distortions. At the outset, hedge funds were made subject to different regulatory and financial constraints than other investment vehicles such as mutual funds, as many of the constraints to which these other investment vehicles are subject could render hedge fund managers unable to execute their trading strategies.

In this article, we overview definitions of hedge funds, the approximate size of the industry by assets and number of funds, the reported industry performance overall and by strategy in the last several years, and regulatory approaches to hedge funds.

Hedge Funds Defined

The nature of hedge funds and their important role in global financial markets appears to be poorly understood by the general public. There are at least three likely reasons for this. First, there is no actual legal definition of hedge funds that exists in securities law, whether state or federal. As such, it can be difficult to distinguish between actual operations of hedge funds and other financial institutions. Even regulation designed to target hedge funds may inadvertently hamper the operations of those parts of already heavily regulated securities firms that function similarly to so-called hedge funds.

Second, there is enormous variation among hedge funds, arising from different strategies, leverage, and product perspectives. Some point out that some types of these funds do not even employ hedging as one of their trading strategies, and suggest that "skill-based" may be a more accurate adjective for these types of investment vehicles.

Third, press coverage of hedge funds is focused almost solely on accounts of those hedge funds that have failed, out of a universe of thousands that have not. The fact that most press accounts that mention hedge funds can be relied upon to include the words "high-flying" and "risky methods" exacerbates the lack of public understanding of hedge funds. These types of words create the image that the major defining characteristic across the span of hedge funds is a high degree of leverage, which is not the case. In fact, some hedge fund managers limit the amount of money that they will accept for a particular type of investment. Those who specialize in arbitrage strategies, for example, know that there is a threshold amount of money that can be placed successfully before returns diminish.

It is true, however, that one commonality across hedge funds is the ability to use leverage. Leverage can be defined as the ratio of borrowed assets to assets that are owned outright. Debt is, of course, not a measure of level of risk *per se*. For example, a manager who borrows to buy some stocks while the shorting others (borrowing stocks to immediately sell them on the market) has indeed taken on debt, but those risks may effectively cancel each other out. In any case, according to Van Hedge Fund Advisors International ("Van"), 27.9% of global hedge funds as of

December 2002 reported "high" leverage, defined as a ratio of greater than two total absolute dollars invested to one total dollar of equity, whereas 45.1% of funds reported "low" leverage, or a ratio of less than or equal to 2:1, and 27% of the global funds reported using no leverage.

While there are few commonalities that link the breadth of these investment pools, there are some other characteristics that most hedge funds do actually have in common that can at least help to distinguish them from other investment vehicles. For example, most hedge funds do employ risk management-related strategies to achieve positive returns on their investments regardless of current market direction.

There are legal commonalities among hedge funds that relate to their internal organization, fee structures, and their available investor pools, despite the lack of actual legal definitions in securities laws. Most hedge funds are limited partnerships in which managers' own capital represents a portion of the money invested. In addition to management fees (fees based on the amount of assets under management), which are charged by both mutual funds and hedge funds, the latter also generally charge "performance fees". These fees are most often assessed based on the amount of actual money paid out to their investors, as opposed to mutual fund fees, which are assessed even when the portfolio loses money. One fee structure mentioned in hedge fund literature for a hedge fund general partner is twenty percent of profits, in addition to a fixed one percent fee of all assets under management.[1]

Hedge funds are not subject to twice-yearly reporting or disclosure requirements under The Investment Company Act of 1940 like mutual funds, but rather are bound by contract signed with their investors. The nature of this legal structure does have implications for investors' liquidity. First, hedge funds can invest in relatively illiquid products.[2] Second, the contract will tell the investor about the length of the lockup period, or how long the investor is required to leave the initially invested money in the fund before redeeming shares. Third, the contract will usually identify the date or dates during the year after the lockup period expires on which investors can buy out their shares from that fund. Because the funds only accept money after gains and losses on the previous investments have been distributed, investors will only pay taxes on returns generated when they were actual investors in the fund, which is sometimes not the case with mutual funds, depending on when during the tax year those shares were purchased.

These implications of the legal structure for investor liquidity are among the reasons that hedge funds are only allowed to accommodate "accredited investors" in their funds, and will only accept a minimum investment, which is often set as high as one million dollars. An accredited investor as stipulated by Regulation D is someone whose net worth exceeds one million dollars, or whose individual income has exceeded $200,000 or whose joint income has exceeded $300,000 in the previous two years. For an organization to be considered an accredited investor, its total assets must exceed five million dollars, or the organization's owners must be accredited investors. Moreover, as stipulated by the National Securities Markets Improvement Act of 1996, the number of accredited investors in any one U.S. hedge fund is limited to 499 (raised from an earlier limit of 99). Offshore hedge funds, which have tax domiciles outside the United States, are, for the purposes of U.S. investors, subject to the same legal guidelines as hedge funds based in the United States with regard to maximum number of U.S. investors.

[1] http://www.hedgefund.com/abouthfs/what/what.htm.

[2] According to a study done by a several years ago by the then Director of Market Regulation at the SEC, Richard R. Lindsey, the hedge funds involved in that study marked-to-market their positions daily, often using an independent third party like their prime broker to do so. Testimony of Richard R. Lindsey, Director of Market Regulation, Before the House Committee on Banking and Financial Services, Concerning Hedge Fund Activities in the U.S. Financial Markets, October 1, 1998.

Funds of funds, also known as multi-manager funds, are those funds that invest in a number of different hedge funds in order to diversify the risk of investing in any one fund. As a result, the minimum investment required for a fund of funds is substantially lower than that of a hedge fund, in some cases as low as $25,000. Funds of funds can choose to report to the SEC. The fees and tax implications related to fund of fund investing may be different than those involved in investing in one hedge fund.

It has been reported recently that several large financial services firms are preparing to offer non-proprietary funds-of-funds to their high-net-worth clients, specifically those who have more than one-and-a-half million dollars in assets to invest.[3] In any case, broker-dealers have both "reasonable-basis" suitability requirements and customer-specific suitability requirements when engaging in the recommendation of any product.[4] Reasonable-basis suitability means that a broker-dealer who recommends hedge funds, directly or indirectly, must have believe that the product is suitable for any investor; customer-specific suitability means that the broker-dealer must determine that his recommendation to invest in a hedge fund is suitable for the particular investor in question.

Estimated Size of the Industry

Data on the size and performance of the hedge fund industry as a whole is difficult to estimate due to the fact that there is no official source of such data. It stands to reason that there may be a bias in the existing data to the extent that those funds that perform poorly in any given year may choose not to release their data. Another point to remember when reviewing overall industry data is that the performance of any one hedge fund can vary widely from year to year depending on the trading strategy the manager chooses to employ, which can skew overall numbers.[5] Different types of strategies are outlined below.

Despite these caveats, it is still useful to look at some overall estimates to get a sense of the hedge fund universe. Depending on the source that one consults, there exist anywhere between 5,000 and 7,500 hedge funds globally. Van reports that approximately 60% of an estimated 7,500 funds are based in the United States, and the remaining percentage offshore; that number is expected to grow to 8,500 in 2004.[6] They report that in 2002, these funds collectively held a total of $650 billion of assets under management.

Hedge Fund Research reports a slightly lower number of funds as well as assets under management as of the end of the third quarter in 2002. According to their data, there were approximately 675 funds of funds at that time.[7] Van reports that of the $650 billion under global management, $340 billion (or 52%) of that is managed by funds based in the United States, and the remaining $310 billion is under offshore management. They expect total assets under management to grow to $900 billion in 2004.[8] Although absolute levels are not known with any precision, both the number of hedge funds and the assets under management have been rising steadily over the past fifteen years. In terms of distribution of size, as of year-end 2001, only 5% of the funds had more than $500 million in assets under management, and 17% of funds had between $100 million and $500 million under management; the rest had $100 million or less.[9]

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[3] Imogen Rose-Smith, "Morgan to Offer Hedge Funds-of-Funds, UBS Expected to Follow Suit," *Wall Street Letter,* January 27, 2003, Vol. XXXV, No. 4, p.1.

[4] For a recent NASD Notice to Members to this effect with specific regard to hedge funds, see http://www.nasdr.com/pdf-text/0307ntm.txt.

[5] http://www.hedgefund.com/abouthfs/matrix/matrix.htm.

[6] http://www.hedgefund.com/abouthfs/universe/universe.htm.

[7] http://www.hedgefundresearch.com, *HFR Industry Report,* Q3 2002.

[8] http://www.hedgefund.com/abouthfs/universe/universe.htm.

[9] http://www.hedgefund.com/abouthfs/attributes/distsize/distsize.htm.

Figure 1

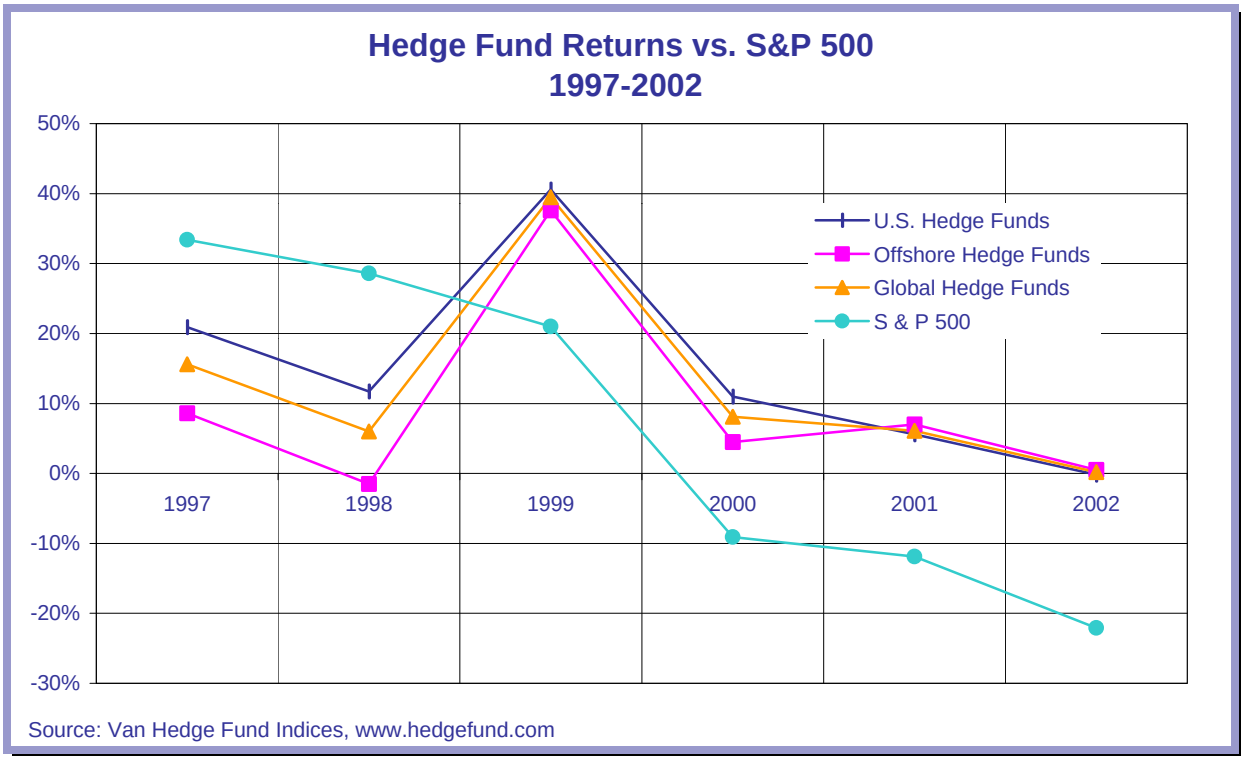
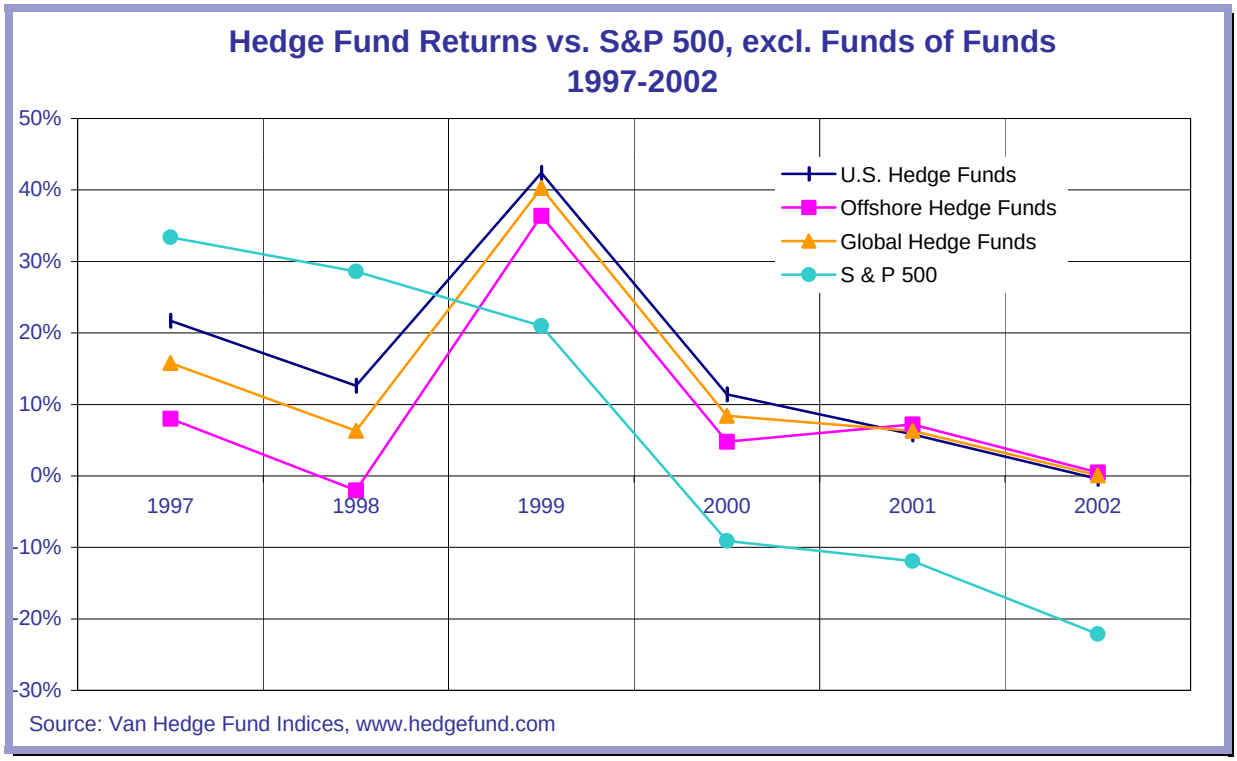


Figure 2



Hedge Fund Performance

It has been reported that inflows into hedge funds in 2002 totaled only $16.3 billion, down from high 2001 and 2000 levels, estimated by a different source, of $140 billion and t$130 billion respectively.[10] But how did hedge funds perform?

Regarding the overall global performance of hedge funds, the Van Global Hedge Fund Index shows a return for 2002 of .2% (.1% if funds of funds are excluded), whereas the S&P 500 returned –22.1% last year.[11] As is can be seen in Figure 1 and Figure 2, hedge funds, whether based in the U.S. or offshore, began to outperform the S&P halfway through 1998, and have mirrored the downward trend in overall equity performance, but still managed to eke out returns a full twenty percentage points above the S&P throughout the following several years. Offshore funds[12] outperformed U.S. hedge funds slightly, a positive .5% to the U.S. funds' return of -.2%.[13] U.S. hedge fund performance sags slightly more to .4% if funds of funds data is excluded.[14]

What about performance over the longer term? Compounded annualized returns over the past fifteen years show a 15.8% return for global hedge funds, and 11.5% for the S&P 500. Over time, U.S. hedge funds have performed better than offshore funds, 17% for U.S. funds, and 14.3% for those offshore (including funds of funds data).

Strategies, however, vary widely. What are the different strategies, and how did the global performance of fund managers who employ them differ last year? Van tracks fourteen different strategies, including: aggressive growth; distressed securities; emerging markets; fund of funds; income; macro; market neutral – arbitrage; market neutral – securities hedging; market timing; opportunistic; several strategies; short selling; special situations; and value. Different industry sector funds such as healthcare are also analyzed.

Of these fourteen types, short selling, when the manager borrows what he believes to be an overvalued stock and sells it, hoping to buy it back at a lower price when the price goes down, by far generated the highest global returns in 2002, 29.2%. Short selling in general is also a trading technique that many types of hedge funds managers employ, whereas only some mutual fund managers have a limited ability to sell stocks short. The second highest returns of 2002, 8%, were generated by "market neutral – arbitrage" funds, those funds in which the manager attempts to cancel out market risk by carefully choosing stocks to try to match individual long positions with similar short positions. Income funds, mostly investing in securities with yields, came in a close third with 2002 returns of 7.9%.

"Market neutral – securities hedging" is a strategy that places similar capital allocations on the long and short sides of the market, and also reportedly generated respectable returns, coming in at 5.1%. Macro, or "directional" funds primarily take positions on the direction of currencies, interest rates, and other macroeconomic variables, and those funds returned 4.5%. Funds investing in heavily discounted distressed securities generated average returns of 2.5%, while funds of funds returned 1.7%.

The lowest returns of the hedge fund strategies tracked in 2002, -12.7%, were returned by the aggressive growth strategy funds that were investing in small-cap or mid-cap equities. Funds that employed several different strategies simultaneously came in second-to-last in 2002 with returns of - 9%, and third-to-last were "market-timing" funds at -4.4%. Market-timing fund managers move capital in and out of different asset classes based on predictions of short-term movements of various markets such as mutual funds.

Value strategies are usually equity-based, and managers of value funds try to identify stocks that may be overvalued or undervalued. These funds returned –4.2% last year. Special situations funds, also known as event-driven, did not fare much better with returns of –3.9%. The remaining two types of funds hovered closer to, but still below, zero: opportunistic funds, those that change strategies depending on market conditions, returned –2.1%, and emerging markets returned –1.1%.

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[10] Allison Bisbey Colter, "Big Hedge Funds Branch Out, Get Reclassified," *The Wall Street Journal,* March 5, 2003, p.B4F. Robert Clow, Charles Pretzlik and Elizabeth Rigby, "Regulators Turn Their Fire on Short-Sellers," *Financial Times,* February 27, 2003, p.9.

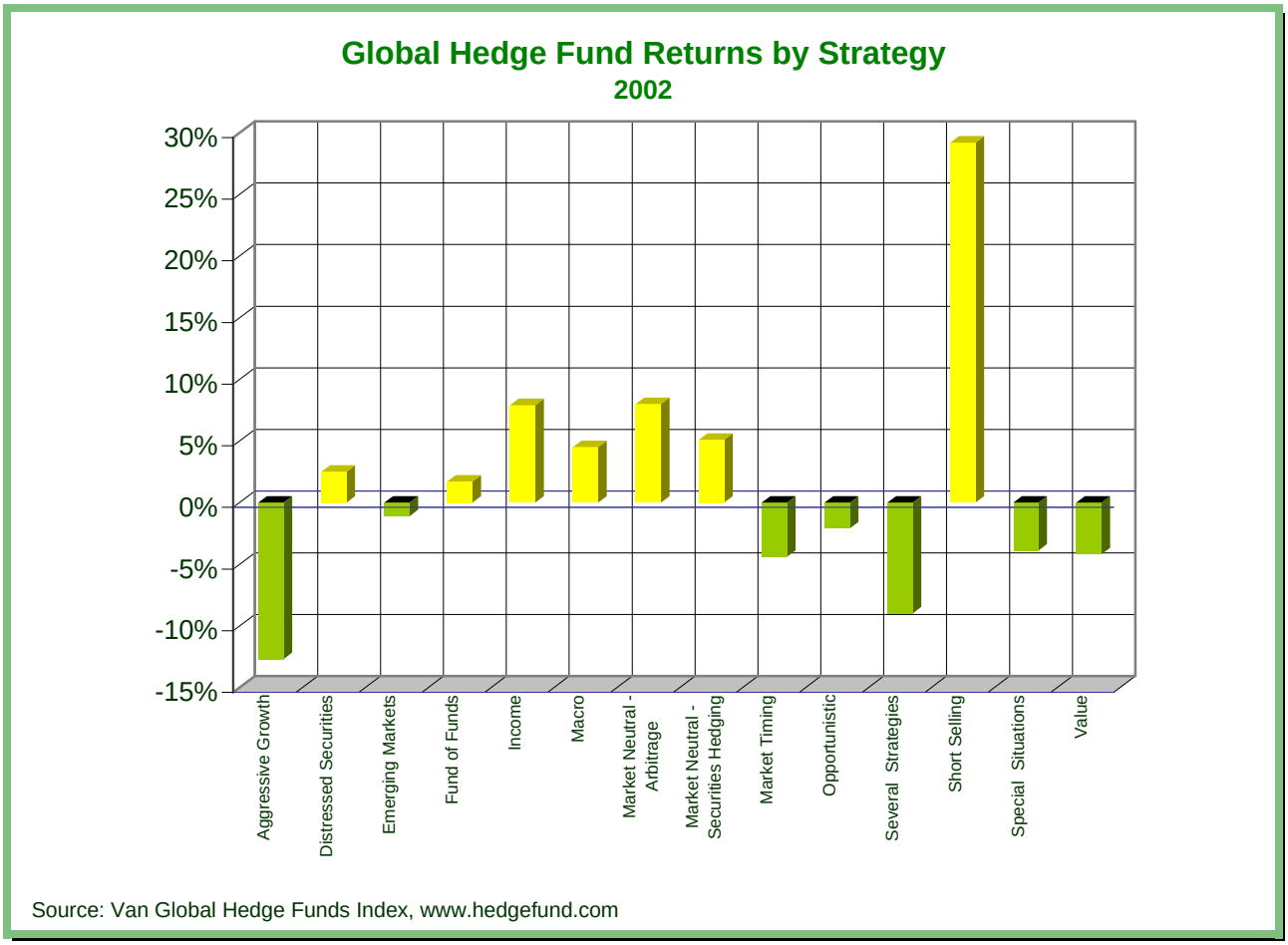
[11] http://www.hedgefund.com/abouthfs/why/glbyrs/glbyrs.htm.

[12] http://www.hedgefund.com/abouthfs/why/osyrs/osyrs.htm.

[13] http://www.hedgefund.com/abouthfs/why/usyrs/usyrs.htm.

[14] http://www.hedgefund.com/abouthfs/why/usyrs/usyrs.htm.

Figure 3



Macro funds were amongst the earliest hedge funds that were founded in the mid-twentieth century. By the 1990's, distressed securities funds, aggressive growth funds, and funds of funds began to become popular. Since then, over time different strategies have come in and out of vogue, depending on specific market conditions, but risk management techniques have become more sophisticated. At year-end 2001, according to Van, value funds represented 18% of all hedge funds, 14% represented funds of funds, 12% represented aggressive growth funds, and another 12% represented "market neutral – arbitrage" funds.[15]

There is a different source that calculates percentage of assets by strategy as opposed to percentage of funds by strategy. According to TASS Research, whose database accounts for approximately half of the assets in hedge funds, or $312 billion, the largest percentage of assets at year-end 2002 was held in long-short equity funds (roughly equivalent to Van's "value" funds,) or 38%, down from 44.3% at year-end 2001. At year-end 2002, 19% of assets were held in event-driven funds, 9.9% of assets in macro funds. Assets held in multi-strategy funds grew to 4.5% of assets in 2002 from <.5% in 2001, suggesting that more managers may be branching out to different strategies within the same fund in order to take advantage of multiple trends in the market occurring simultaneously.[16]

As the U.S. dollar declined in value vis-à-vis other currencies over the past year, however, macro funds staged a comeback in returns and in popularity.[17] Preliminary evidence from 2002 overall appears to show that funds employing strategies like "market-neutral arbitrage" continued to ex-

[15] http://www.hedgefund.com/abouthfs/attributes/diststrategy/diststrategy.htm.

[16] Bisbey Colter, "Big Hedge Funds Branch Out, Get Reclassified."

[17] Gregory Zuckerman, "Macro Funds Wax as U.S. Currency Wanes," *The Wall Street Journal,* January 20, 2003, p.C1.

perience heavy inflows of capital, as opposed to geographically specific funds like emerging markets, which showed net outflows. Overall, however, there were net outflows from hedge funds for the first time in two years of $696 million in the fourth quarter of 2002.[18]

If we again define "high" leverage as a ratio of greater than two total absolute dollars invested to one total dollar of equity, and "low" leverage as a ratio of less than or equal to 2:1, the funds in which the highest percentage reported using "high" leverage vis-a-vis all other strategies were macro funds and "market neutral – arbitrage funds," at 51.6% and 58.8% respectively. The largest percentage of funds reporting "low" leverage vis-à-vis other strategies were special situations funds at 60.1%, and the largest percentage of funds reporting no use of leverage vis-à-vis other strategies were distressed securities funds at 48.2%.[19] The extent to which funds are leveraged has to do with the nature of the assets and strategies in question, in particular the capital required to acquire the necessary positions to execute the strategies.

In any case, one of the clearest signs that the hedge fund industry is continuing to experience capital inflows is the growth in the prime brokerage industry, which reportedly has been experiencing "something of a boom" in recent years, though it is also becoming more competitive, as more and more major players have entered the market over the last decade.[20] Hedge funds reportedly account for 25% of investment banks' trading commissions.[21] The main role of prime brokers since the early 1990's has traditionally been to provide back office services for hedge funds, but, like clearing firms in general, they branched out to provide products and services such as stock lending, and now offer sophisticated risk management technology as well. Due to increased competition in the provision of these products and services, prime brokerage fees fell markedly last year.[22]

Some of these products and services offered by clearing firms or prime brokers are reflections of increased regulatory demand, which creates many markets for specific technologies, as well as captive consumers of those technologies. Some of these products and services are reflections of the fact that for many small firms, outsourcing various functions is the most efficient way in which to take advantage of, and keep up with, technological innovation. TowerGroup reports that, in fact, "…many of the bulge bracket brokerage firms have been able to extend their traditional correspondent clearing technology platforms to service the technology needs of hedge funds."[23]

Regulatory Approaches to Hedge Funds

While it is true that hedge funds are not subject to Investment Company Act requirements, they are subject to the same regulation as other traders in the specific markets in which they trade. The CFTC, for example, requires reporting of all futures positions above certain thresholds, as does the Federal Reserve (on behalf of the Treasury) for all foreign currency positions. The Treasury also has the authority to force all traders to reveal their positions on recently-issued and prospective securities. Various exchanges and utilities also have their own systems for identifying large positions and potential risks. Exchanges can enforce margin requirements if they wish to limit an individual trader's position. Options exchanges, it is said, track net changes in large positions, with an eye to monitoring large "uncovered" options positions.

More recently, the Financial Crimes Enforcement Network (FinCEN), a division of Treasury, issued proposed rules that would require hedge funds to establish an anti-money laundering (AML) program as stipulated by the U.S. Patriot Act. These rules were released in September 2002, and are currently being finalized. Hedge funds, according to these rules, would be required to adopt a written AML program, conduct audits on a regular

[18] Bisbey Colter, "Big Hedge Funds Branch Out, Get Reclassified."

[19] http://www.hedgefund.com/abouthfs/universe/universe.htm.

[20] Paul Allen, "Prime Time for Brokerage Houses," *Operations Management*, February 24, 2003, p.13.

[21] Laura Santini, "Tending the Hedges," *Investment Dealers' Digest*, March 3, 2002, p.28.

[22] Ibid.

[23] Robert M. Hegarty, "Hedge Fund Technology: Opportunities Emerge From Behind a Veil of Secrecy," *TowerGroup Research Note*, 028:62M, September 2001.

basis to test the program, appoint a compliance officer, provide ongoing employee training on AML issues, and file notice with FinCEN.

Only hedge funds considered unregistered investment companies would be required to comply with these rules. The test to determine if a fund or pool is an unregistered investment company is if the fund is exempt from the definition of investment company according to Sections 3(c)(1) or 3(c)(7) of the amended Investment Company Act of 1940, as amended, or is a commodity pool that has less than a two-year lock-up, total assets of more than $1 million, and has a U.S. "nexus." A U.S. nexus is defined as being organized under U.S. or state law, as selling an ownership interest to a U.S. person, or as organized, operated, or sponsored by a U.S. person. Offshore hedge funds that satisfy even one of the above three elements would be considered to be an unregistered investment company and therefore would have to comply with these new rules.

The authorities are also discussing whether to impose additional regulations that would affect hedge fund operations, such as increased disclosure, increased restrictions on the marketing of hedge funds, and increased restrictions on short-selling. These discussions come on the heels of a general eight-month SEC overview of hedge fund operations, SEC and State Attorney General investigations into whether or not some funds could have colluded to drive down prices through short selling, several enforcement cases against hedge funds, and several well-publicized failures of individual funds. While these discussions stem from different regulatory bodies and are meant to target different perceived problems, taken together they have created a regulatory momentum that appears to have taken on a life of its own, much as the regulatory momentum surrounding research analysts did in 2002.

With regard to increased disclosure and marketing requirements, in addition to the new AML requirements, the SEC and NASD have been looking at current practices to see whether or not retail investors are adequately advised of the financial risks related to investing in these types of vehicles. Both regulatory bodies have released educational documents about hedge funds on their websites, and the NASD released a Notice to Members reminding brokers of suitability requirements when recommending similar investments to clients.[24] The SEC launched a bogus website called "Guaranteed Returns Diversified Inc." at www.growthventure.com/grdi to highlight potential risks to investors who have not educated themselves on the nature of different investments.[25]

Possible initiatives on the part of regulators related to disclosure requirements could also include mandatory SEC registration, new fund marketing restrictions, and/or additional restrictions on who can invest in hedge funds. It is not clear, however, in the case of mandating registration, how the already strained resources of the SEC could take on and effectively work with that amount of new data, and what the payoff of such an action would be. Some wonder whether the IRS and state tax officials would take advantage of any increased disclosure in order to try to widen tax structures to include all hedge funds.

The SEC and New York Attorney General Spitzer's office had reportedly been looking into potentially placing further restrictions on short selling. Currently in the United States short selling is subject to the "uptick" rule, according to which a share can only be sold short if the price moved upwards in the immediately preceding trade. With regard to short selling, it is not surprising that increased scrutiny of the technique would occur during a bear market: "…companies with soured stock prices always blame short sellers rather than themselves."[26]

The Economist also makes the point that short sellers tend to target individual companies, and that some issues with Enron's balance sheet had been noticed early by the manager of a short fund.[27] Moreover, short selling is a relatively small percentage of the market's value, particularly in the United States (short interest outstanding at the

[24] http://www.nasdr.com/pdf-text/0307ntm.txt.

[25] Judith Burns, "Hedge-Fund Warning Uses Click, Tricks," *The Wall Street Journal,* February 13, 2003, p.D2.

[26] Randall Smith, Henny Sender and David Armstrong, "Regulators Review Complaints About Hedge Funds," *The Wall Street Journal,* January 22, 2003, p.C1.

[27] "Don't Shoot the Messenger," *The Economist*, March 1, 2003, p.66.

NYSE is 1.4% of the market's value). This fact leads *The Economist* to conclude that falling stock prices are more attributable to the selling activity of insurance companies, pension funds, and other huge institutional investors.[28] There are also short selling restrictions in Japan, but similar measures failed in a parliamentary vote in Germany. The Financial Services Authority in the U.K. is considering additional disclosure of short positions.

Aides say that Attorney General Spitzer is not sure whether or not he wants to make hedge funds a high-profile issue for his office as he did with the research analysts.[29] His office has investigated one hedge fund for allegedly issuing "inaccurate" stock research. More recently, however, he assured hedge fund managers that "they were not next in his sights," and that "[h]edge fund managers' interests and those of their investors are 'aligned'."[30] However, he indicated that more "policy discussions" may result in the future if more retail investors become interested in hedge funds.

Collusion investigations are directly related to negative reactions to short selling. Regulators may also decide not to pursue collusion charges against short sellers, however, because market manipulation is difficult to identify and prove. Shareholder communication with one another does not violate securities laws, and neither does negative research. For manipulation to have occurred, it must be proven that a stock price was impacted artificially, through the release of false information or by similar deceptive means. The hedge fund that Attorney General Spitzer's office was investigating already won two lawsuits alleging collusion; a New York appellate court and an Ohio state court found that the fund's communication with other funds was not improper.[31] Enforcement cases in general involving hedge funds by the SEC were up to 12 last year from 8 the previous year. SEC staff members are reportedly aware, however, that this small increase could be due to the overall increase in hedge fund activity.[32]

It is important to consider the role of hedge funds in the market in a broad context and not just in the context of the current bear market. It is also important to distinguish between actual cases of fraud and unlawful behavior and general operations of hedge funds, so that overall momentum does not lead to ill-advised regulation that may have negative unintended consequences. Proponents of hedge funds argue that to regulate hedge funds "would threaten the core of the industry itself," and that "…regulation is in some sense incompatible with the fundamental role of hedge funds," due to the fact that they are designed by law [to operate] with maximum flexibility."[33]

Additional regulation that affect actual operations and the ability to execute strategies that are central to the manager's particular investment philosophy could have the perverse effect of driving more hedge funds offshore. The effect of driving hedge funds offshore should be of concern to regulators for two important reasons. First, such an effect could undermine the competitiveness of an important segment of the U.S. financial services industry. Second, it may create a situation in which funds move to jurisdictions with weaker regulatory and legal systems, creating new risks for all market participants.

The growth in the hedge fund industry over the last decade suggests that increased investor education in the nature of these investment vehicles would be prudent. There is no substitute for investors taking charge of, and responsibility for, their own financial lives.

Judith L. Chase
Vice President and Director, Securities Research

[28] Ibid.

[29] Randall Smith, Henny Sender and Charles Gasparino, "Will Scrutiny of Hedge Funds Lead to Charges?," *The Wall Street Journal,* January 24, 2003, p.C1.

[30] Dina Temple-Raston, "Spitzer Offers Assurance to Hedge Fund Leaders: Smaller Investors Could Invite More Scrutiny," *The New York Sun*, March 4, 2003, p.1.

[31] Smith, Sender, and Armstrong, "Regulators Review Complaints About Hedge Funds."

[32] SEC Finds 'Troubling' Trend for Securities in Hedge Funds Cases," *Compliance Reporter*, January 13, 2003, Vol.X, No.1, p.2.

[33] "The Perils of Hedge Fund Regulation," Knowledge@Wharton: http://knowledge.wharton.upenn.edu.

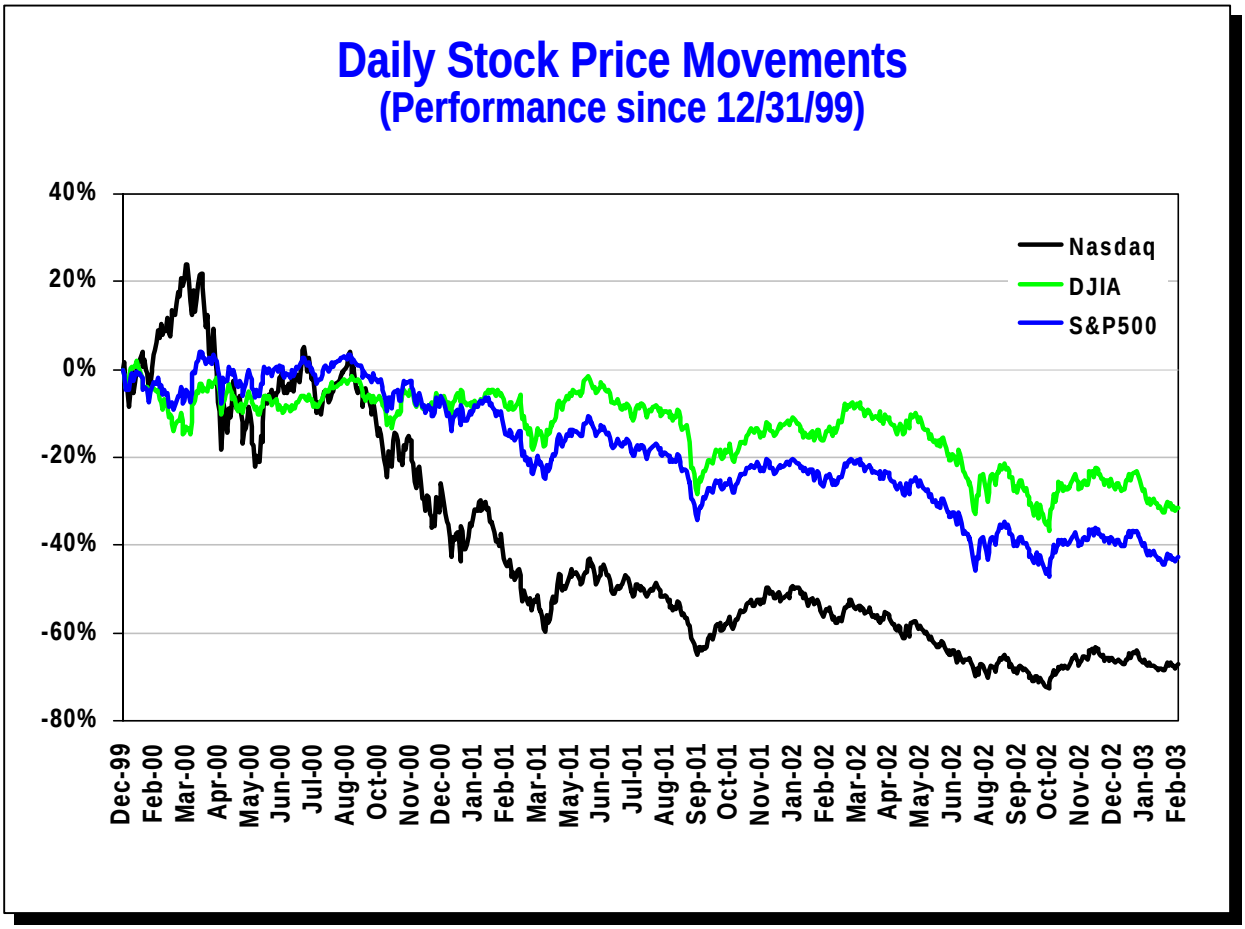
U.S. Equity Market Activity

Stock Prices – Beating war drums have beaten down U.S. stock prices this year. With the exception of a brief two-week rally at the start of the New Year, stocks have endured near-constant selling pressure, driven by intensifying fears of an impending war with Iraq and heightened domestic terrorist threats. It appears that investors have duct-taped shut their wallets as well as their homes to protect their wealth and health.

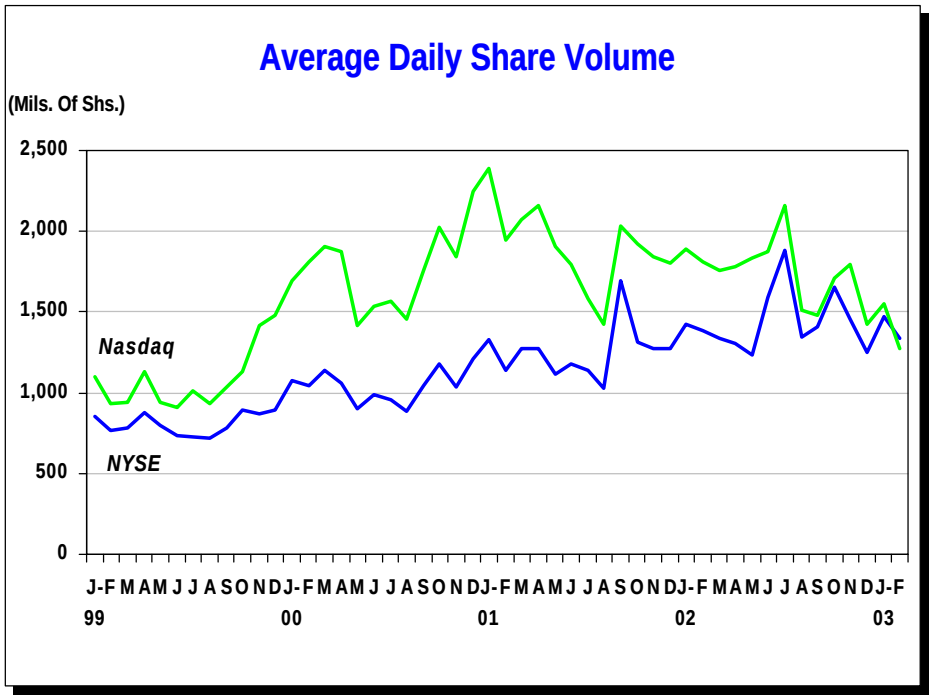
All three of the market's major indexes, which slumped to fresh four-month lows by mid-February, have been meandering ever since. For February as a whole, the DJIA lost 2.0% and the S&P 500 fell 1.7%, marking their third straight monthly decline.

The last time these major indexes lost ground during the December-February period was nine years ago. On a more positive note, encouraging earnings reports from several technology giants helped lift the Nasdaq Composite 1.3% in February, erasing January's losses.

For the year to date through February's close, the Dow Jones Industrial Average was down 5.4% to 7891.08, and the S&P 500 declined 4.4% to 841.15. Meanwhile, the Nasdaq Composite edged up 0.2% to 1337.52. Market action is expected to remain choppy until it becomes clear whether there will be military action against Iraq and what impact there will be on the U.S. economy.

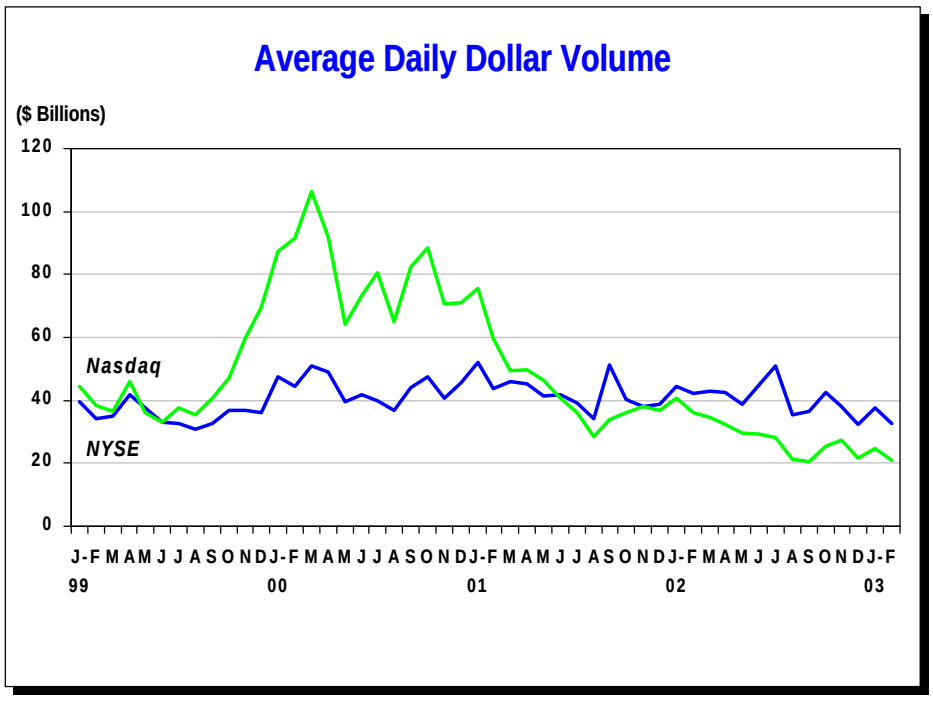


Share Volume – Average daily volume on the major U.S. equity markets retreated in February as most investors chose to stay on the sidelines. After rebounding 18% in January from weak December levels, NYSE volume fell 9.4% to 1.34 billion shares daily in February. That brought year-to-date volume to 1.41 billion daily, or 2.2% below 2002's record average daily pace of 1.44 billion daily.



On Nasdaq, average daily share volume stumbled 16.5% from January's level to 1.29 billion daily in February, its slowest pace in over three years. Year-to-date, Nasdaq volume of 1.43 billion shares daily stands 18.6% below the 1.75 billion share daily average recorded in 2002.

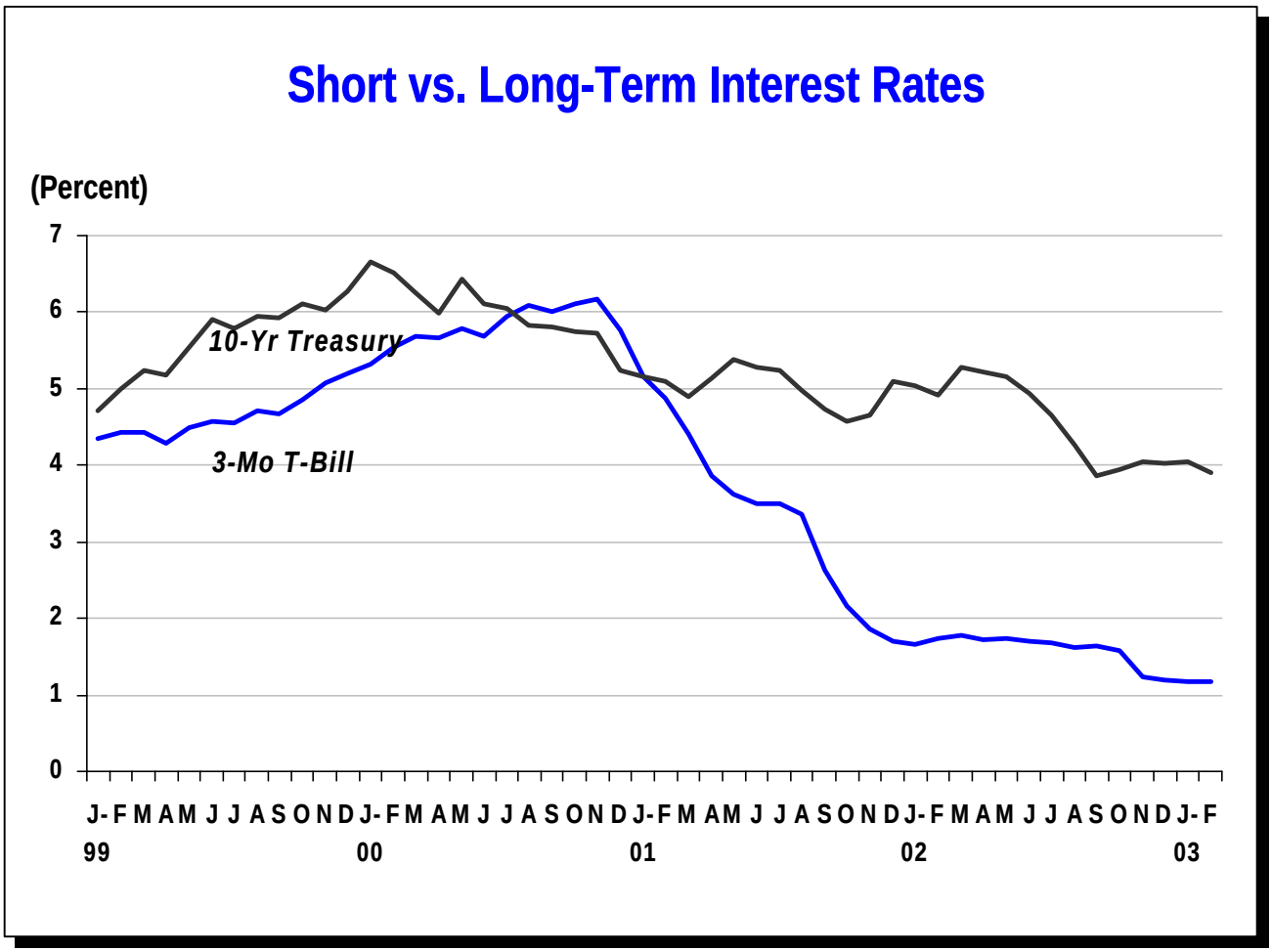
Dollar Volume – Reduced trading activity and generally lower stock prices in February depressed the value of trading on both the NYSE and Nasdaq. Average daily dollar volume in NYSE stocks slid 12.5% from January's level to $32.8 billion in February. The year-to-date value of trading on the NYSE, at $35.3 billion daily, is down 13.7% from 2002's $40.9 billion daily average.



Nasdaq's average daily dollar value traded dropped 17.8% from $24.7 billion in January to $20.3 billion daily in February. Dollar volume year-to-date, at $22.6 billion daily, is 21.5% below 2002's daily average and is back to levels of five years ago.

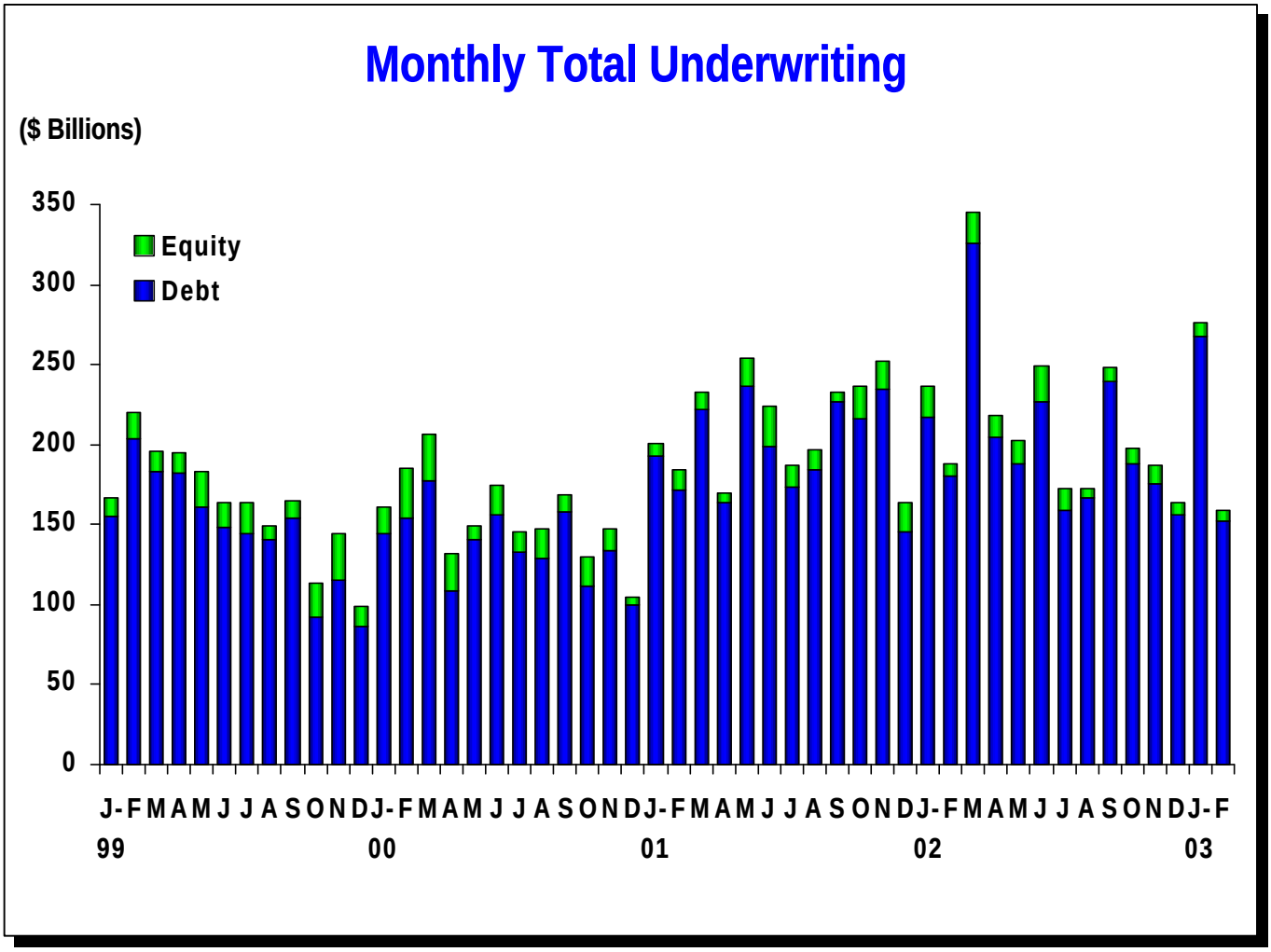
Interest Rates – Despite a flood of new supply to help pay for mounting budget deficits, bonds rallied in February as anxiety over a looming war with Iraq and a weak stock market drove investors to the relative safety of U.S. government securities.

The benchmark 10-year Treasury note yield, which moves inversely to price, fell to 3.90% in February from 4.05% one month earlier and now stands barely above its low set in early October 2002. Meanwhile, the three-month Treasury bill yield in February of 1.17% was unchanged from January. Thus, the gap between three-month and 10-year Treasuries has tightened to 273 basis points in February from 288 bps in January and 318 bps a year ago.

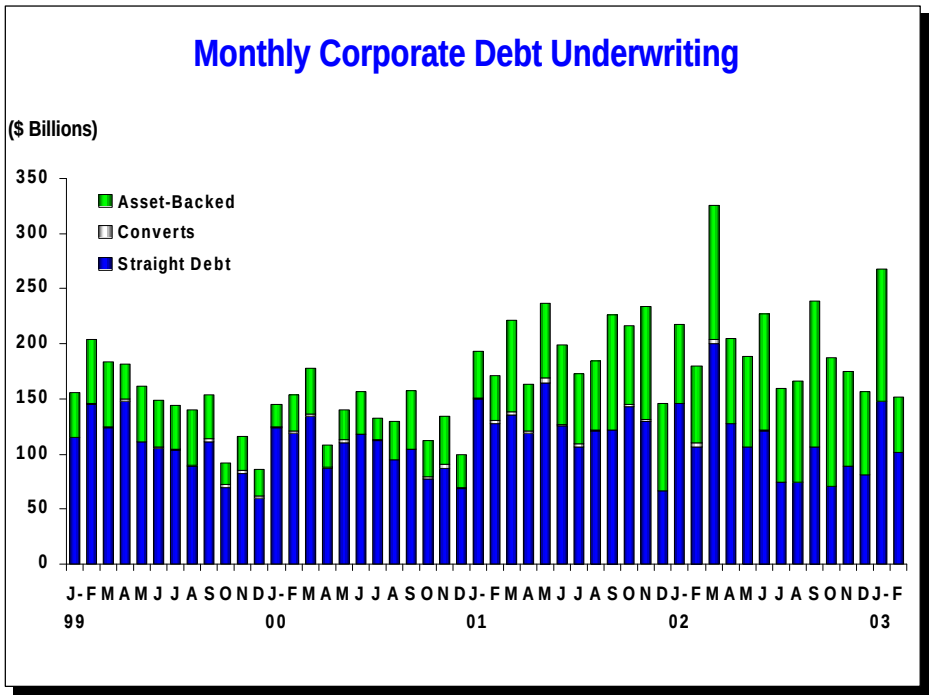


U.S. Underwriting Activity

Total Underwriting – Following an upturn in January, new issuance of corporate debt and equity fell sharply in February. Total dollar proceeds of corporate underwriting (excluding Rule 144A private placements) slumped to $159.0 billion in February, a 42.5% decline from $276.3 billion a month earlier. Nevertheless, underwriting activity is running slightly ahead of last year's pace, as issuance now stands at $435.4 billion year-to-date compared with $424.5 billion a year ago.



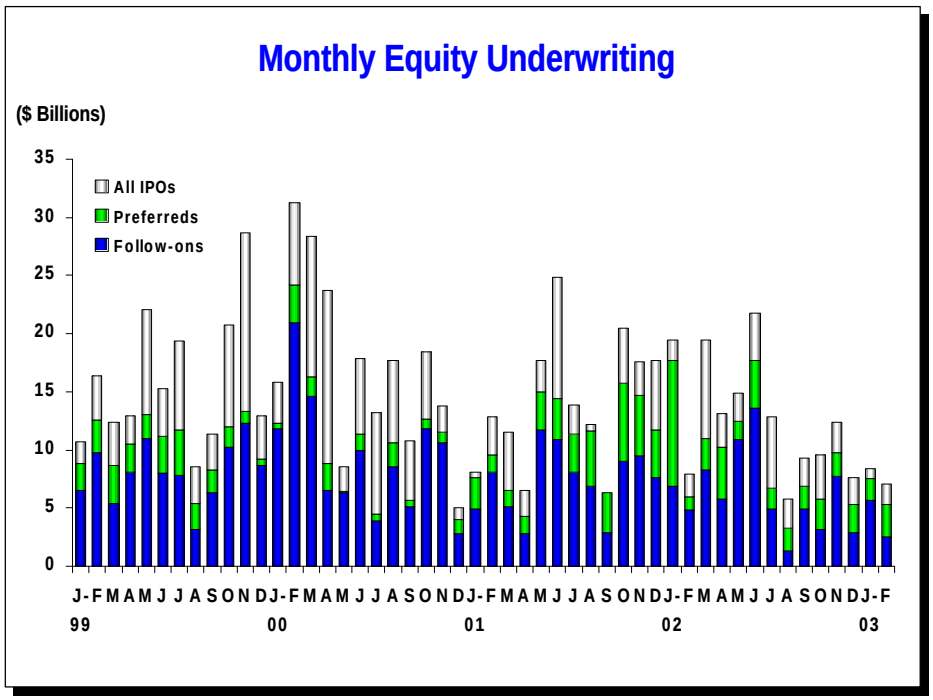
Corporate Bond Underwriting – Activity in the primary corporate bond market slowed considerably in February from January's elevated levels. After soaring 71% in January following a two-week holiday hiatus, total debt underwriting activity slumped to $151.9 billion in February, a 43.3% decline from a hefty $267.9 billion one month earlier. Accounting for most of the weakness in the primary corporate bond market was the sharp fall-off in asset-backed bond issuance during February. Despite February's slowdown, however, corporate debt issuance of $419.8 billion so far this year is up 5.7% from the $397.2 billion issued in last year's comparable period.



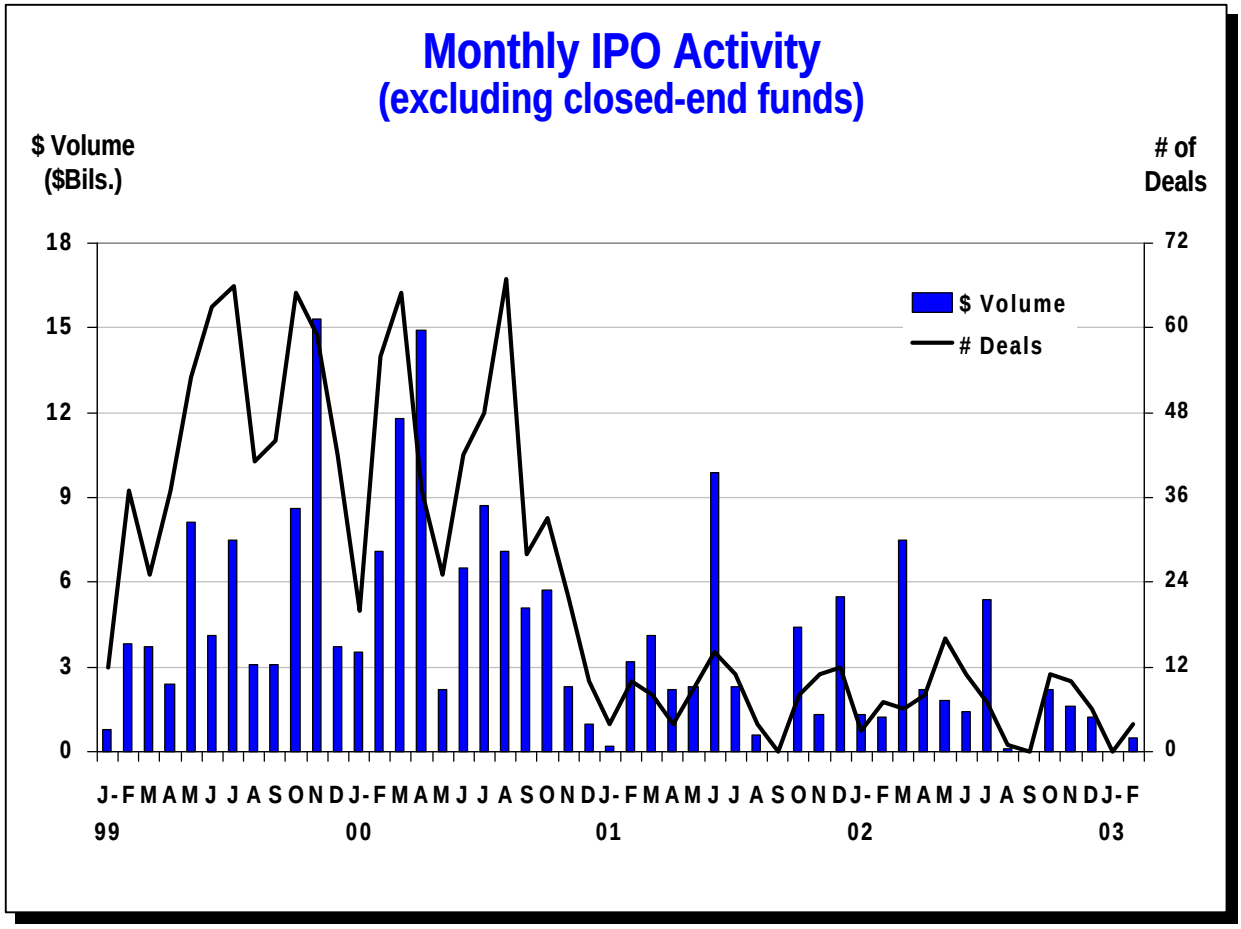
February witnessed a 58.0% plunge in asset-backed offerings to $50.3 billion from $119.9 billion in January. Although down steeply in February, strong issuance in January helped lift the year-to-date total to $170.3 billion, a 20.4% increase over the $141.3 billion offered during the same period last year.

New issuance of straight corporate debt stumbled 31.4% from January's $148.0 billion to $101.5 billion in February. That brought the year-to-date total to $249.6 billion, down modestly from the $251.9 billion raised in last year's like period.

Equity Underwriting – Given the continued weakness in the stock market, total equity underwriting activity remained depressed in February. Equity issuance slipped 14.3% from January's level to $7.2 billion in February, its weakest level since last August. Year to date through February, equity underwriting activity was down 43.1% to $15.6 billion from $27.3 billion during the similar period last year.



The IPO market, which was non-existent during the month of January amid a slumping stock market and war jitters, evidenced dismal issuance in February. Only four IPO deals were completed in February, which raised a paltry $0.5 billion. Thus, through the first two months of 2003, IPO activity is down 80.2% from the $2.5 billion issued in the same period last year. Prospects for this market remain dim, as only 24 U.S.-registered IPOs are in the pipeline to raise $3.2 billion, according to Dealogic.



Grace Toto
Vice President and Director, Statistics

U.S. CORPORATE UNDERWRITING ACTIVITY

(In $ Billions)

	Straight Corporate Debt	Con-vertible Debt	Asset-Backed Debt	TOTAL **DEBT**	Common Stock	Preferred Stock	TOTAL **EQUITY**	All IPOs	"True" IPOs	Follow-Ons	**TOTAL UNDER-WRITINGS**
1985	76.4	7.5	20.8	104.7	24.7	8.6	33.3	8.5	8.4	16.2	138.0
1986	149.8	10.1	67.8	227.7	43.2	13.9	57.1	22.3	18.1	20.9	284.8
1987	117.8	9.9	91.7	219.4	41.5	11.4	52.9	24.0	14.3	17.5	272.3
1988	120.3	3.1	113.8	237.2	29.7	7.6	37.3	23.6	5.7	6.1	274.5
1989	134.1	5.5	135.3	274.9	22.9	7.7	30.6	13.7	6.1	9.2	305.5
1990	107.7	4.7	176.1	288.4	19.2	4.7	23.9	10.1	4.5	9.0	312.3
1991	203.6	7.8	300.0	511.5	56.0	19.9	75.9	25.1	16.4	30.9	587.4
1992	319.8	7.1	427.0	753.8	72.5	29.3	101.8	39.6	24.1	32.9	855.7
1993	448.4	9.3	474.8	932.5	102.4	28.4	130.8	57.4	41.3	45.0	1,063.4
1994	381.2	4.8	253.5	639.5	61.4	15.5	76.9	33.7	28.3	27.7	716.4
1995	466.0	6.9	152.4	625.3	82.0	15.1	97.1	30.2	30.0	51.8	722.4
1996	564.8	9.3	252.9	827.0	115.5	36.5	151.9	50.0	49.9	65.5	979.0
1997	769.8	8.5	385.6	1,163.9	120.2	33.3	153.4	44.2	43.2	75.9	1,317.3
1998	1,142.5	6.3	566.8	1,715.6	115.0	37.8	152.7	43.7	36.6	71.2	1,868.3
1999	1,264.8	16.1	487.1	1,768.0	164.3	27.5	191.7	66.8	64.3	97.5	1,959.8
2000	1,236.2	17.0	393.4	1,646.6	189.1	15.4	204.5	76.1	75.8	112.9	1,851.0
2001	1,511.2	21.6	832.5	2,365.4	128.4	41.3	169.7	40.8	36.0	87.6	2,535.1
2002	1,303.2	8.6	1,115.4	2,427.2	116.4	37.6	154.0	41.2	25.8	75.2	2,581.1
2002											
Jan	145.7	0.2	71.2	217.1	8.6	10.8	19.4	1.8	1.3	6.9	236.5
Feb	106.2	3.8	70.2	180.1	6.7	1.2	8.0	1.9	1.2	4.8	188.0
Mar	200.5	3.2	121.7	325.4	16.9	2.7	19.6	8.5	7.5	8.3	344.9
Apr	127.3	0.0	77.5	204.9	8.7	4.4	13.1	2.9	2.2	5.8	218.0
May	106.7	0.1	81.4	188.2	13.3	1.6	14.9	2.4	1.8	10.9	203.1
June	121.3	0.4	105.2	226.9	17.7	4.1	21.8	4.1	1.4	13.6	248.7
July	74.1	0.4	84.9	159.4	11.0	1.8	12.8	6.1	5.4	4.9	172.2
Aug	74.7	0.0	91.7	166.4	3.8	2.0	5.7	2.5	0.1	1.3	172.2
Sept	106.8	0.0	132.3	239.1	7.3	2.0	9.3	2.4	0.0	4.9	248.4
Oct	70.5	0.1	117.4	188.1	7.0	2.6	9.5	3.8	2.2	3.2	197.6
Nov	88.5	0.4	86.4	175.3	10.2	2.1	12.3	2.6	1.6	7.7	187.6
Dec	80.8	0.0	75.6	156.4	5.2	2.4	7.6	2.3	1.2	2.9	164.0
2003											
Jan	148.0	0.0	119.9	267.9	6.6	1.8	8.4	0.9	0.0	5.7	276.3
Feb	101.5	0.0	50.3	151.9	4.3	2.8	7.2	1.8	0.5	2.5	159.0
Mar											
Apr											
May											
June											
July											
Aug											
Sept											
Oct											
Nov											
Dec											
YTD '02	251.9	4.0	141.3	397.2	15.3	12.0	27.3	3.7	2.5	11.7	424.5
YTD '03	249.6	0.0	170.2	419.8	11.0	4.6	15.6	2.7	0.5	8.2	435.4
% Change	-0.9%	-100.0%	20.4%	5.7%	-28.6%	-61.6%	-43.1%	-25.7%	-80.2%	-29.5%	2.6%

Note: IPOs and follow-ons are subsets of common stock. "True" IPOs exclude closed-end funds.
Source: Thomson Financial Securities Data

MUNICIPAL BOND UNDERWRITINGS

(In $ Billions)

INTEREST RATES

(Averages)

	Compet. Rev. Bonds	Nego. Rev. Bonds	**TOTAL REVENUE BONDS**	Compet. G.O.s	Nego. G.O.s	**TOTAL G.O.s**	**TOTAL MUNICIPAL BONDS**	3-Mo. T Bills	10-Year Treasuries	SPREAD
1985	10.2	150.8	161.0	17.6	22.8	40.4	201.4	7.47	10.62	3.15
1986	10.0	92.6	102.6	23.1	22.6	45.7	148.3	5.97	7.68	1.71
1987	7.1	64.4	71.5	16.3	14.2	30.5	102.0	5.78	8.39	2.61
1988	7.6	78.1	85.7	19.2	12.7	31.9	117.6	6.67	8.85	2.18
1989	9.2	75.8	85.0	20.7	17.2	37.9	122.9	8.11	8.49	0.38
1990	7.6	78.4	86.0	22.7	17.5	40.2	126.2	7.50	8.55	1.05
1991	11.0	102.1	113.1	29.8	28.1	57.9	171.0	5.38	7.86	2.48
1992	12.5	139.0	151.6	32.5	49.0	81.5	233.1	3.43	7.01	3.58
1993	20.0	175.6	195.6	35.6	56.7	92.4	287.9	3.00	5.87	2.87
1994	15.0	89.2	104.2	34.5	23.2	57.7	161.9	4.25	7.09	2.84
1995	13.5	81.7	95.2	27.6	32.2	59.8	155.0	5.49	6.57	1.08
1996	15.6	100.1	115.7	31.3	33.2	64.5	180.2	5.01	6.44	1.43
1997	12.3	130.2	142.6	35.5	36.5	72.0	214.6	5.06	6.35	1.29
1998	21.4	165.6	187.0	43.7	49.0	92.8	279.8	4.78	5.26	0.48
1999	14.3	134.9	149.2	38.5	31.3	69.8	219.0	4.64	5.65	1.01
2000	13.6	116.2	129.7	35.0	29.3	64.3	194.0	5.82	6.03	0.21
2001	17.6	164.2	181.8	45.5	56.3	101.8	283.5	3.39	5.02	1.63
2002	19.5	210.5	230.0	52.3	73.1	125.4	355.4	1.60	4.61	3.01
2002										
Jan	1.1	12.3	13.4	4.3	3.8	8.1	21.5	1.65	5.04	3.39
Feb	1.5	10.6	12.1	4.9	4.0	8.9	20.9	1.73	4.91	3.18
Mar	1.7	13.0	14.7	4.9	5.6	10.5	25.2	1.79	5.28	3.49
Apr	2.3	14.7	17.0	4.4	4.1	8.5	25.5	1.72	5.21	3.49
May	2.4	20.7	23.1	4.0	6.9	10.9	34.0	1.73	5.16	3.43
June	1.5	20.3	21.8	5.2	11.6	16.8	38.6	1.70	4.93	3.23
July	1.1	15.7	16.8	4.8	6.2	11.0	27.8	1.68	4.65	2.97
Aug	0.6	20.4	21.0	3.8	6.6	10.4	31.5	1.62	4.26	2.64
Sept	1.1	16.8	17.8	4.1	5.6	9.7	27.5	1.63	3.87	2.24
Oct	2.9	24.0	26.9	5.9	8.9	14.8	41.7	1.58	3.94	2.36
Nov	1.4	25.3	26.7	3.0	5.6	8.5	35.2	1.23	4.05	2.82
Dec	2.0	16.6	18.6	2.9	4.4	7.3	26.0	1.19	4.03	2.84
2003										
Jan	1.4	15.8	17.2	4.3	3.9	8.2	25.4	1.17	4.05	2.88
Feb	1.5	13.2	14.7	5.2	5.7	10.9	25.6	1.17	3.90	2.73
Mar										
Apr										
May										
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Oct										
Nov										
Dec										
YTD '02	2.6	22.9	25.5	9.2	7.7	17.0	42.4	1.69	4.98	3.29
YTD '03	3.0	28.9	31.9	9.5	9.6	19.1	51.0	1.17	3.98	2.81
% Change	15.1%	26.3%	25.1%	3.5%	23.9%	12.8%	20.2%	-30.8%	-20.1%	-14.6%

Sources: Thomson Financial Securities Data; Federal Reserve

	STOCK MARKET PERFORMANCE INDICES (End of Period)				STOCK MARKET VOLUME (Daily Avg., Mils. of Shs.)			VALUE TRADED (Daily Avg., $ Bils.)	
	Dow Jones Industrial Average	S&P 500	NYSE Composite	Nasdaq Composite	NYSE	AMEX	Nasdaq	NYSE	Nasdaq
1985	1,546.67	211.28	1,285.66	324.93	109.2	8.3	82.1	3.9	0.9
1986	1,895.95	242.17	1,465.31	348.83	141.0	11.8	113.6	5.4	1.5
1987	1,938.83	247.08	1,461.61	330.47	188.9	13.9	149.8	7.4	2.0
1988	2,168.57	277.72	1,652.25	381.38	161.5	9.9	122.8	5.4	1.4
1989	2,753.20	353.40	2,062.30	454.82	165.5	12.4	133.1	6.1	1.7
1990	2,633.66	330.22	1,908.45	373.84	156.8	13.2	131.9	5.2	1.8
1991	3,168.83	417.09	2,426.04	586.34	178.9	13.3	163.3	6.0	2.7
1992	3,301.11	435.71	2,539.92	676.95	202.3	14.2	190.8	6.9	3.5
1993	3,754.09	466.45	2,739.44	776.80	264.5	18.1	263.0	9.0	5.3
1994	3,834.44	459.27	2,653.37	751.96	291.4	17.9	295.1	9.7	5.8
1995	5,117.12	615.93	3,484.15	1,052.13	346.1	20.1	401.4	12.2	9.5
1996	6,448.27	740.74	4,148.07	1,291.03	412.0	22.1	543.7	16.0	13.0
1997	7,908.25	970.43	5,405.19	1,570.35	526.9	24.4	647.8	22.8	17.7
1998	9,181.43	1,229.23	6,299.93	2,192.69	673.6	28.9	801.7	29.0	22.9
1999	11,497.12	1,469.25	6,876.10	4,069.31	808.9	32.7	1,081.8	35.5	43.7
2000	10,786.85	1,320.28	6,945.57	2,470.52	1,041.6	52.9	1,757.0	43.9	80.9
2001	10,021.50	1,148.08	6,236.39	1,950.40	1,240.0	65.8	1,900.1	42.3	44.1
2002	8,341.63	879.82	5,000.00	1,335.51	1,441.0	63.7	1,752.8	40.9	28.8
2002									
Jan	9,920.00	1,130.20	6,116.90	1,934.03	1,425.9	56.1	1,888.7	44.5	40.8
Feb	10,106.13	1,106.73	6,117.96	1,731.49	1,381.8	56.3	1,812.8	42.1	35.9
Mar	10,403.94	1,147.39	6,348.79	1,845.35	1,337.1	57.1	1,756.8	42.9	34.5
Apr	9,946.22	1,076.92	6,071.22	1,688.23	1,307.3	55.4	1,779.0	42.4	32.1
May	9,925.25	1,067.14	6,035.27	1,615.73	1,234.2	61.5	1,834.2	38.9	29.8
June	9,243.26	989.82	5636.54	1,463.21	1,587.0	66.9	1,877.1	44.8	29.4
July	8,736.59	911.62	5,195.61	1,328.26	1,886.3	79.0	2,158.2	50.9	28.1
Aug	8,663.50	916.07	5,239.81	1,314.85	1,341.4	58.4	1,509.0	35.5	21.2
Sept	7,591.93	815.28	4,709.96	1,172.06	1,409.0	90.3	1,477.3	36.3	20.5
Oct	8,397.03	885.77	5,000.32	1,329.75	1,654.8	68.3	1,709.3	42.5	25.4
Nov	8,896.09	936.31	5,236.85	1,478.78	1,454.4	57.7	1,799.5	37.9	27.3
Dec	8,341.63	879.82	5,000.00	1,335.51	1,247.9	57.6	1,423.6	32.1	21.6
2003									
Jan	8,053.81	855.70	4,868.68	1,320.91	1,474.7	62.9	1,547.6	37.5	24.7
Feb	7,891.08	841.15	4,716.07	1,337.52	1,336.4	76.5	1,291.8	32.8	20.3
Mar									
Apr									
May									
June									
July									
Aug									
Sept									
Oct									
Nov									
Dec									
YTD '02	10,106.13	1,106.73	6,117.96	1,731.49	1,405.0	56.2	1,852.7	43.3	38.4
YTD '03	7,891.08	841.15	4,716.07	1,337.52	1,409.0	69.3	1,426.1	35.3	22.6
% Change	-21.9%	-24.0%	-22.9%	-22.8%	0.3%	23.4%	-23.0%	-18.6%	-41.1%

MUTUAL FUND ASSETS

($ Billions)

	Equity	Hybrid	Bond	Money Market	**TOTAL ASSETS**
1985	116.9	12.0	122.6	243.8	495.4
1986	161.4	18.8	243.3	292.2	715.7
1987	180.5	24.2	248.4	316.1	769.2
1988	194.7	21.1	255.7	338.0	809.4
1989	248.8	31.8	271.9	428.1	980.7
1990	239.5	36.1	291.3	498.3	1,065.2
1991	404.7	52.2	393.8	542.5	1,393.2
1992	514.1	78.0	504.2	546.2	1,642.5
1993	740.7	144.5	619.5	565.3	2,070.0
1994	852.8	164.5	527.1	611.0	2,155.4
1995	1,249.1	210.5	598.9	753.0	2,811.5
1996	1,726.1	252.9	645.4	901.8	3,526.3
1997	2,368.0	317.1	724.2	1,058.9	4,468.2
1998	2,978.2	364.7	830.6	1,351.7	5,525.2
1999	4,041.9	383.2	808.1	1,613.1	6,846.3
2000	3,962.0	346.3	811.1	1,845.2	6,964.7
2001	3,418.2	346.3	925.1	2,285.3	6,975.0
2002	2,667.0	327.4	1,124.9	2,272.0	6,391.3
2002					
Jan	3,372.1	347.2	946.9	2,303.4	6,969.6
Feb	3,310.5	348.3	962.5	2,301.0	6,922.3
Mar	3,495.7	359.2	958.3	2,247.9	7,061.1
Apr	3,367.8	354.5	980.6	2,231.4	6,934.4
May	3,341.5	356.4	994.1	2,230.7	6,922.7
June	3,088.7	341.4	1,003.7	2,197.4	6,631.2
July	2,770.1	320.7	1,032.9	2,254.6	6,378.4
Aug	2,781.1	324.9	1,063.7	2,217.5	6,387.3
Sept	2,505.3	305.4	1,089.0	2,164.6	6,064.2
Oct	2,659.5	316.7	1,083.6	2,177.5	6,237.2
Nov	2,818.4	332.3	1,098.7	2,309.3	6,558.6
Dec	2,667.0	327.4	1,124.9	2,272.0	6,391.3
2003					
Jan	2,597.4	324.4	1,138.2	2,273.5	6,333.5
Feb					
Mar					
Apr					
May					
June					
July					
Aug					
Sept					
Oct					
Nov					
Dec					
YTD '02	3,372.1	347.2	946.9	2,303.4	6,969.6
YTD '03	2,597.4	324.4	1,138.2	2,273.5	6,333.5
% Change	-23.0%	-6.6%	20.2%	-1.3%	-9.1%

MUTUAL FUND NET NEW CASH FLOW*

($ Billions)

	Equity	Hybrid	Bond	Money Market	**TOTAL**	Total Long-Term Funds
1985	8.5	1.9	63.2	-5.4	68.2	73.6
1986	21.7	5.6	102.6	33.9	163.8	129.9
1987	19.0	4.0	6.8	10.2	40.0	29.8
1988	-16.1	-2.5	-4.5	0.1	-23.0	-23.1
1989	5.8	4.2	-1.2	64.1	72.8	8.8
1990	12.8	2.2	6.2	23.2	44.4	21.2
1991	39.4	8.0	58.9	5.5	111.8	106.3
1992	78.9	21.8	71.0	-16.3	155.4	171.7
1993	129.4	39.4	73.3	-14.1	228.0	242.1
1994	118.9	20.9	-64.6	8.8	84.1	75.2
1995	127.6	5.3	-10.5	89.4	211.8	122.4
1996	216.9	12.3	2.8	89.4	321.3	232.0
1997	227.1	16.5	28.4	102.1	374.1	272.0
1998	157.0	10.2	74.6	235.3	477.1	241.8
1999	187.7	-12.4	-5.5	193.6	363.4	169.8
2000	309.4	-30.7	-49.8	159.6	388.6	228.9
2001	32.2	9.5	87.8	375.3	504.8	129.6
2002	-27.7	8.3	140.7	-46.6	74.7	121.3
2002						
Jan	19.4	2.2	10.4	14.0	46.0	32.0
Feb	4.7	2.3	10.9	-5.5	12.4	17.9
Mar	29.6	3.3	6.6	-53.0	-13.5	39.5
Apr	12.8	3.3	7.7	-19.6	4.3	23.9
May	4.8	1.5	10.5	-3.2	13.6	16.8
June	-18.3	0.4	12.2	-43.6	-49.3	-5.7
July	-52.6	-4.7	28.1	54.6	25.4	-29.2
Aug	-3.1	0.6	17.4	-38.7	-23.9	14.9
Sept	-16.1	-0.6	15.4	-54.9	-56.2	-1.4
Oct	-7.5	-1.0	6.4	12.5	10.4	-2.1
Nov	7.0	1.2	7.6	129.9	145.6	15.8
Dec	-8.3	-0.2	7.3	-38.8	-40.0	-1.2
2003						
Jan	-0.5	0.9	12.7	-1.5	11.7	13.2
Feb						
Mar						
Apr						
May						
June						
July						
Aug						
Sept						
Oct						
Nov						
Dec						
YTD '02	19.4	2.2	10.4	14.0	46.0	32.0
YTD '03	-0.5	0.9	12.7	-1.5	11.7	13.2
% Change	-102.4%	-57.2%	21.5%	-110.6%	-74.6%	-58.9%

* New sales (excluding reinvested dividends) minus redemptions, combined with net exchanges
Source: Investment Company Institute

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