

Bianco Research L.L.C.

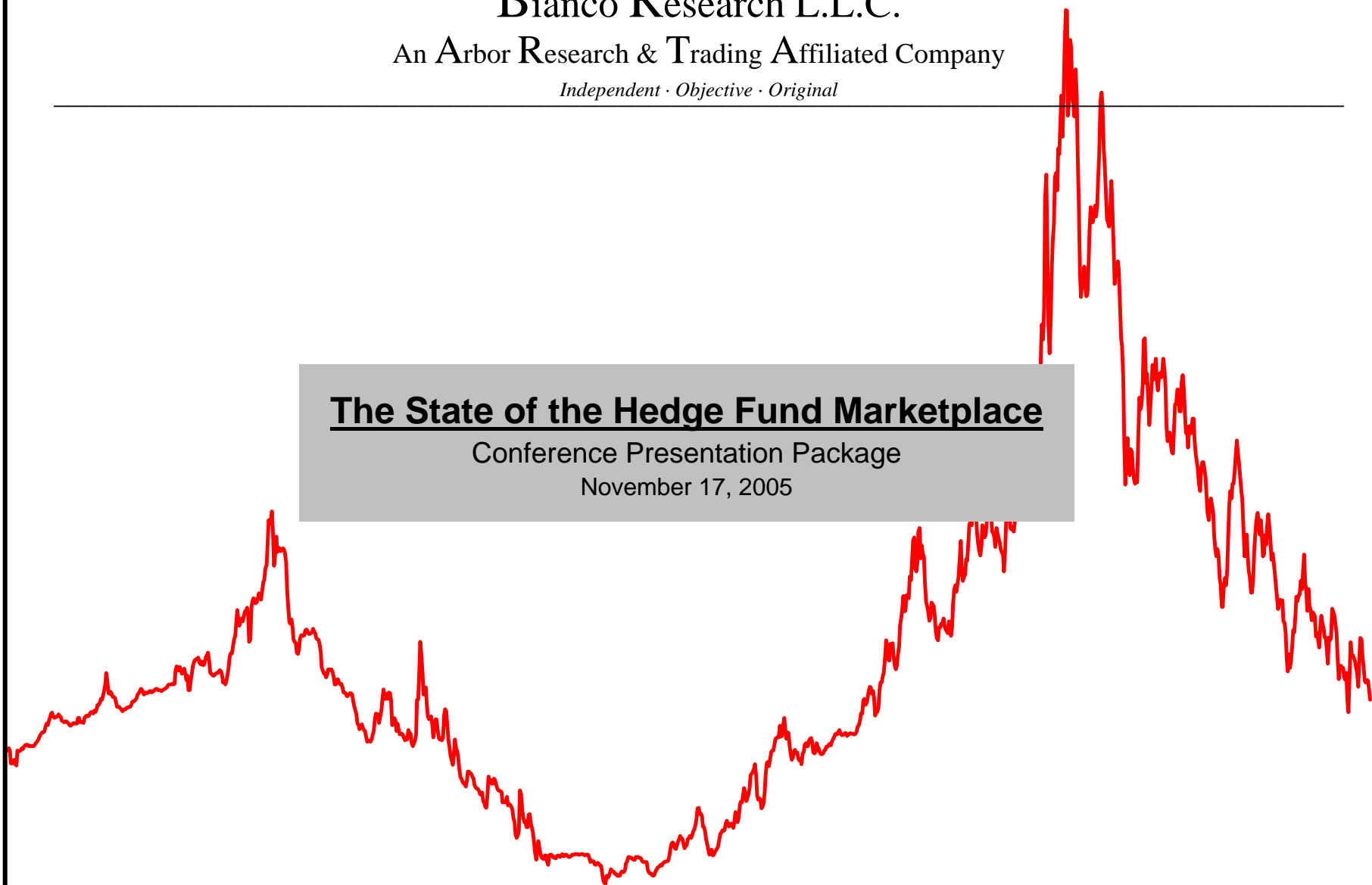
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The State of the Hedge Fund Marketplace

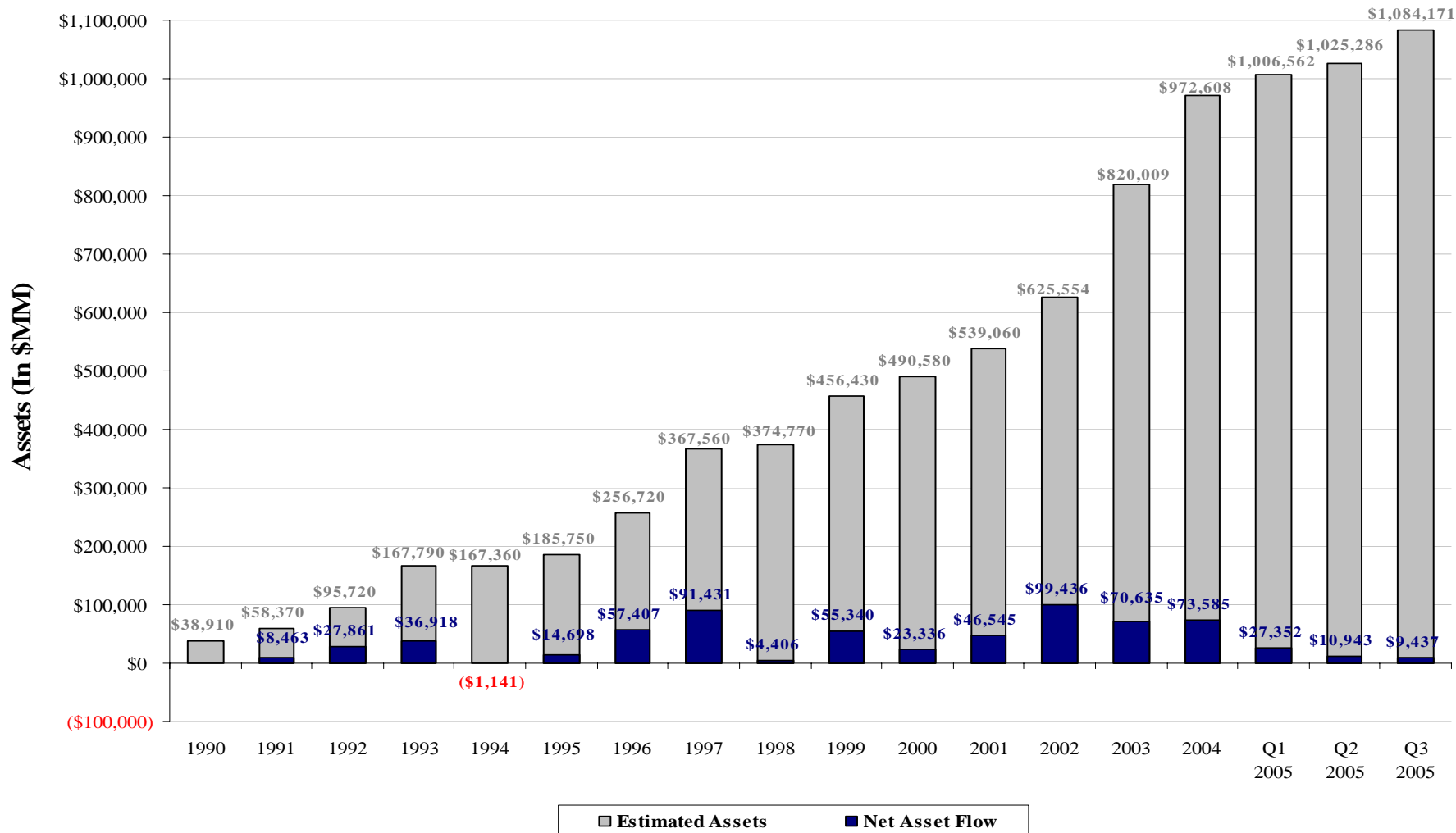
Conference Presentation Package

November 17, 2005



Long-Term Interest Rates - 1900 to 2005

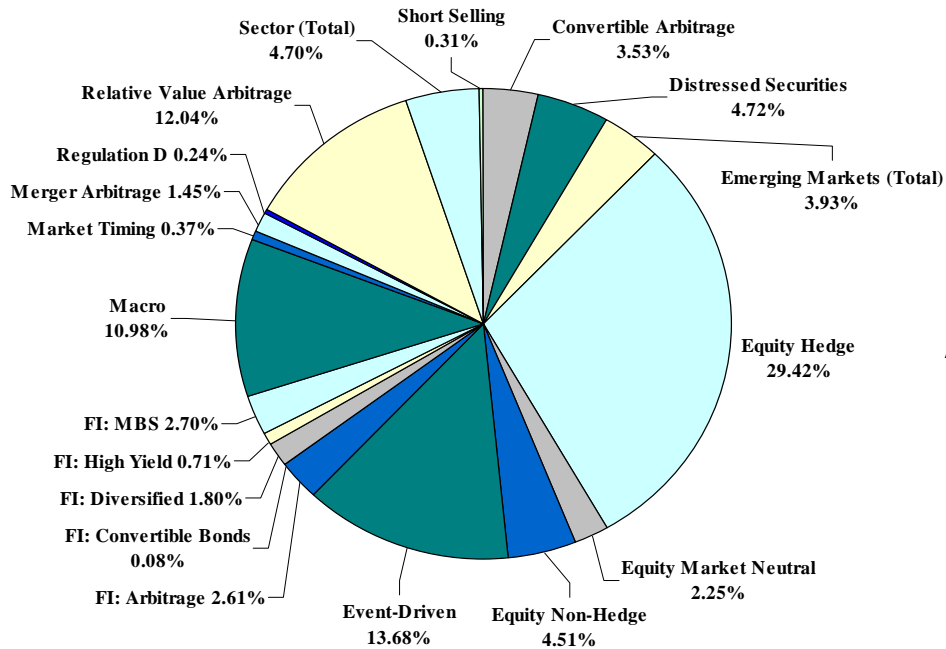
Assets / Net Asset Flow, Hedge Fund Industry 1990 – Q3 2005



Source: Hedge Fund Research (www.hedgefundresearch.com)

Alpha Versus Beta Strategies

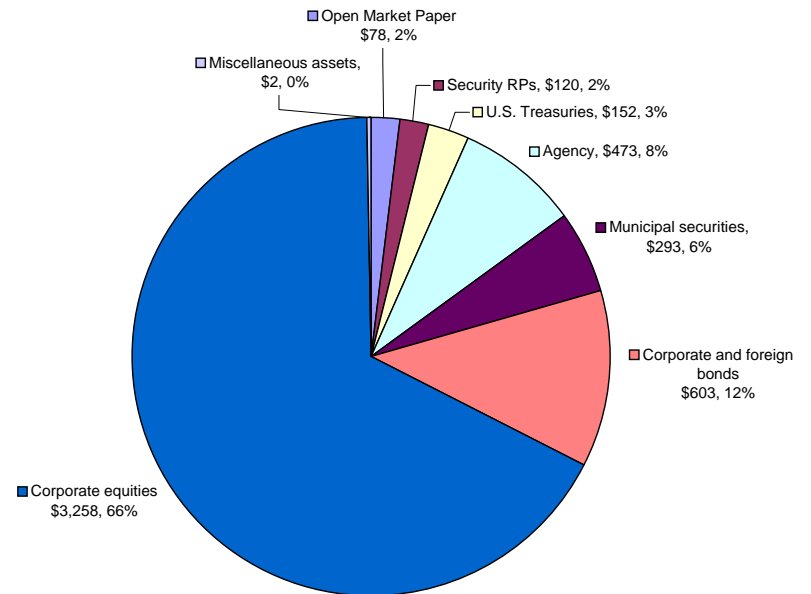
Current Through Q3 2005



Source: Hedge Fund Research (www.hedgefundresearch.com)

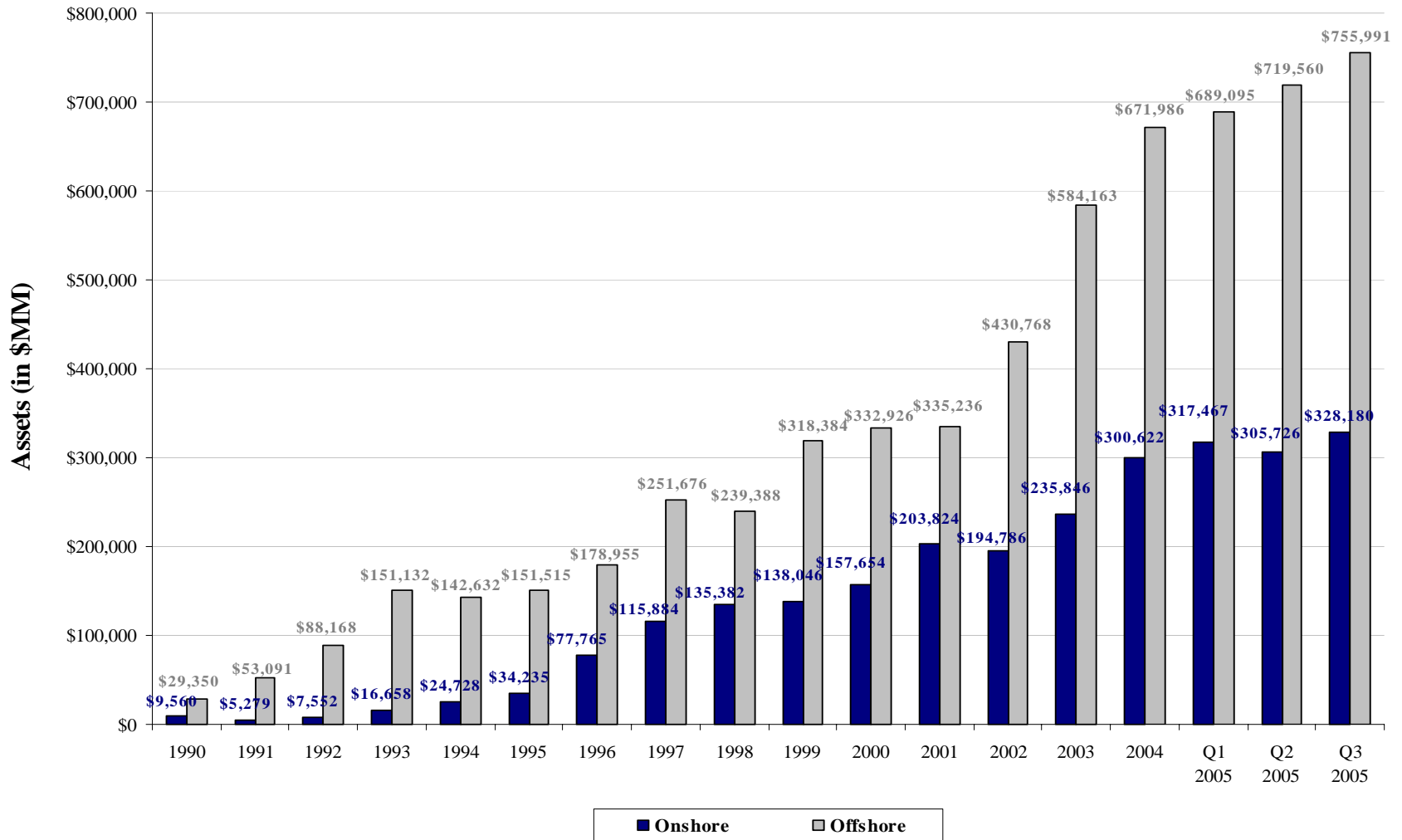
Assets of Mutual Funds on June 30, 2005 (billions of \$)

Data Source: Federal Reserve Board Flow of Funds Accounts



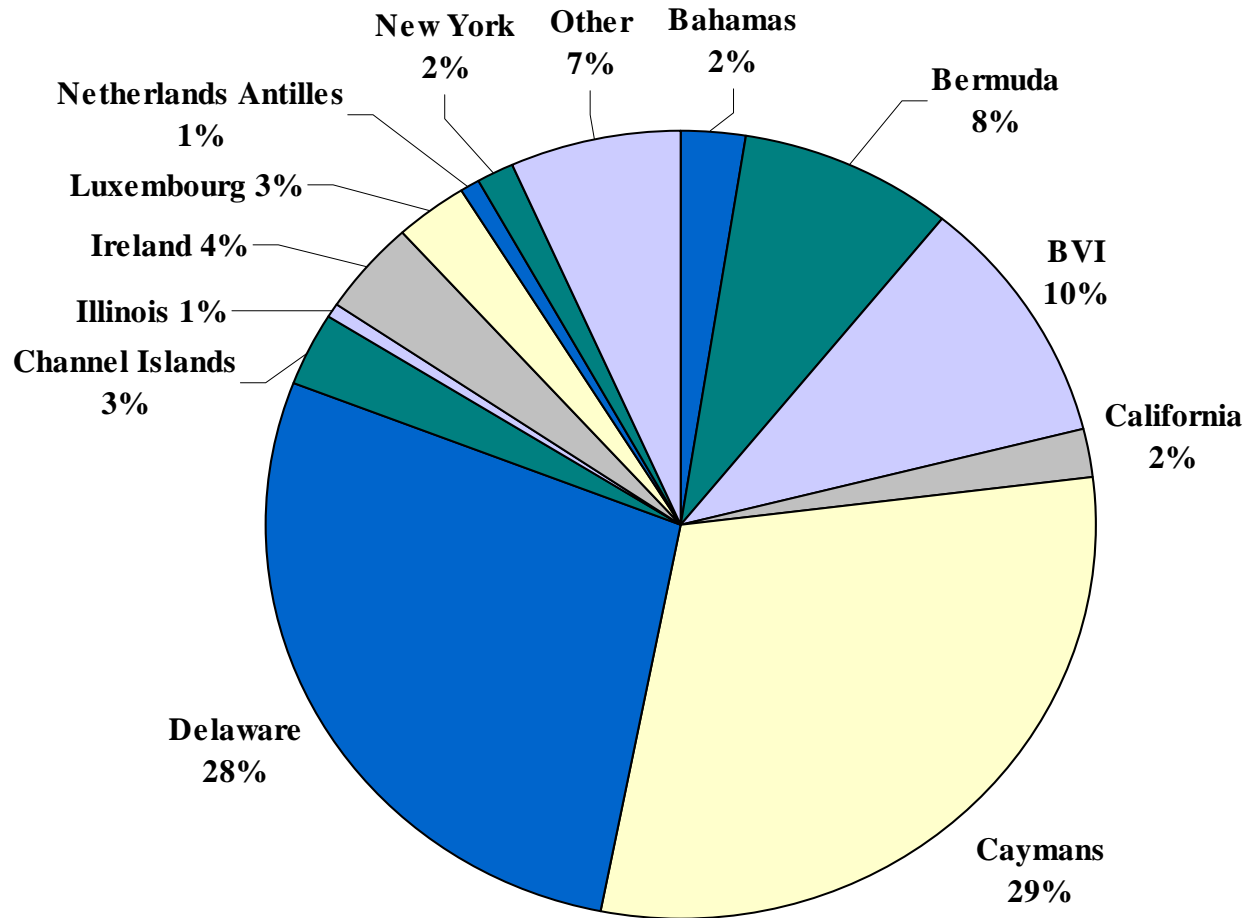
Total Assets = \$5.605 Trillion

Growth of Hedge Fund Assets - Onshore/Offshore 1990 – Q305



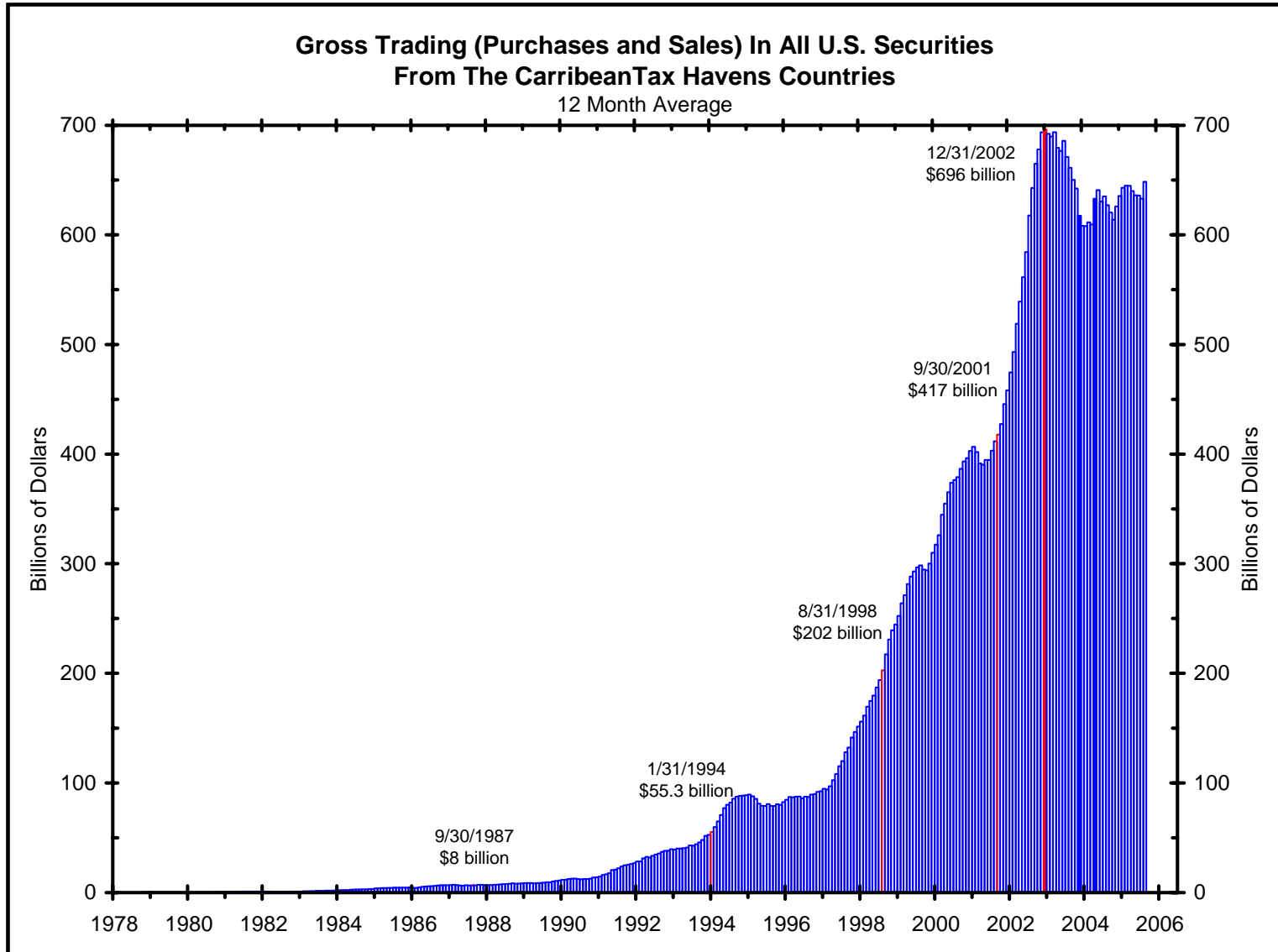
Source: Hedge Fund Research (www.hedgefundresearch.com)

Estimated Fund Domicile Registration - Q3 2005

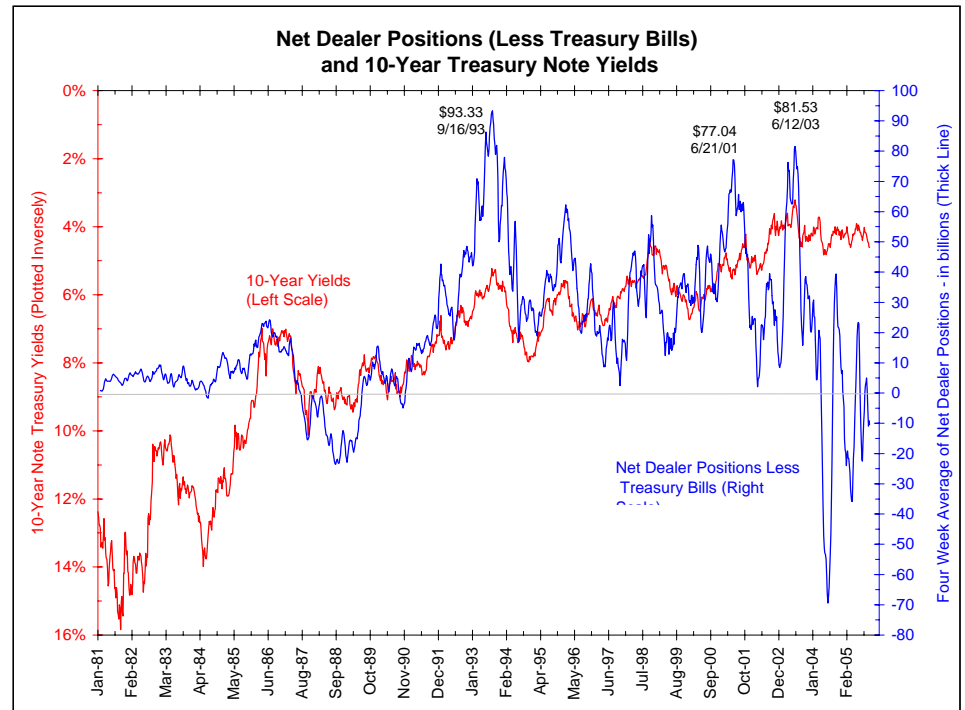
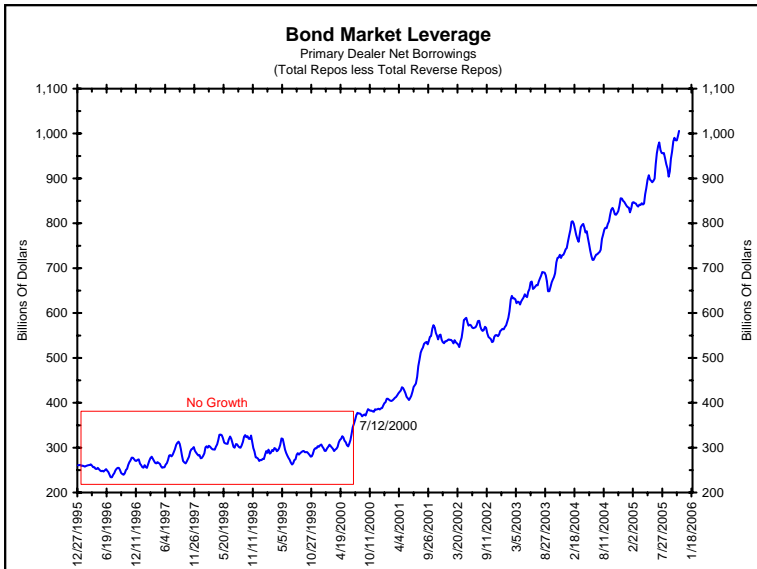
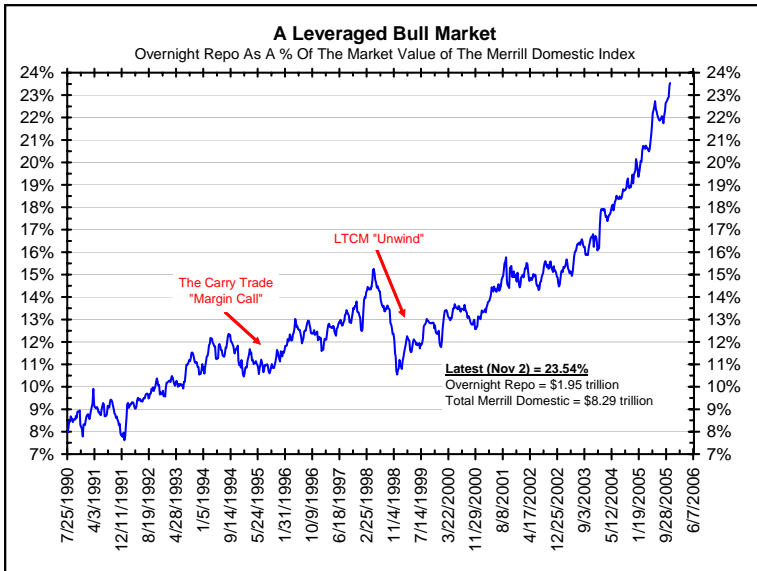


Source: Hedge Fund Research (www.hedgefundresearch.com)

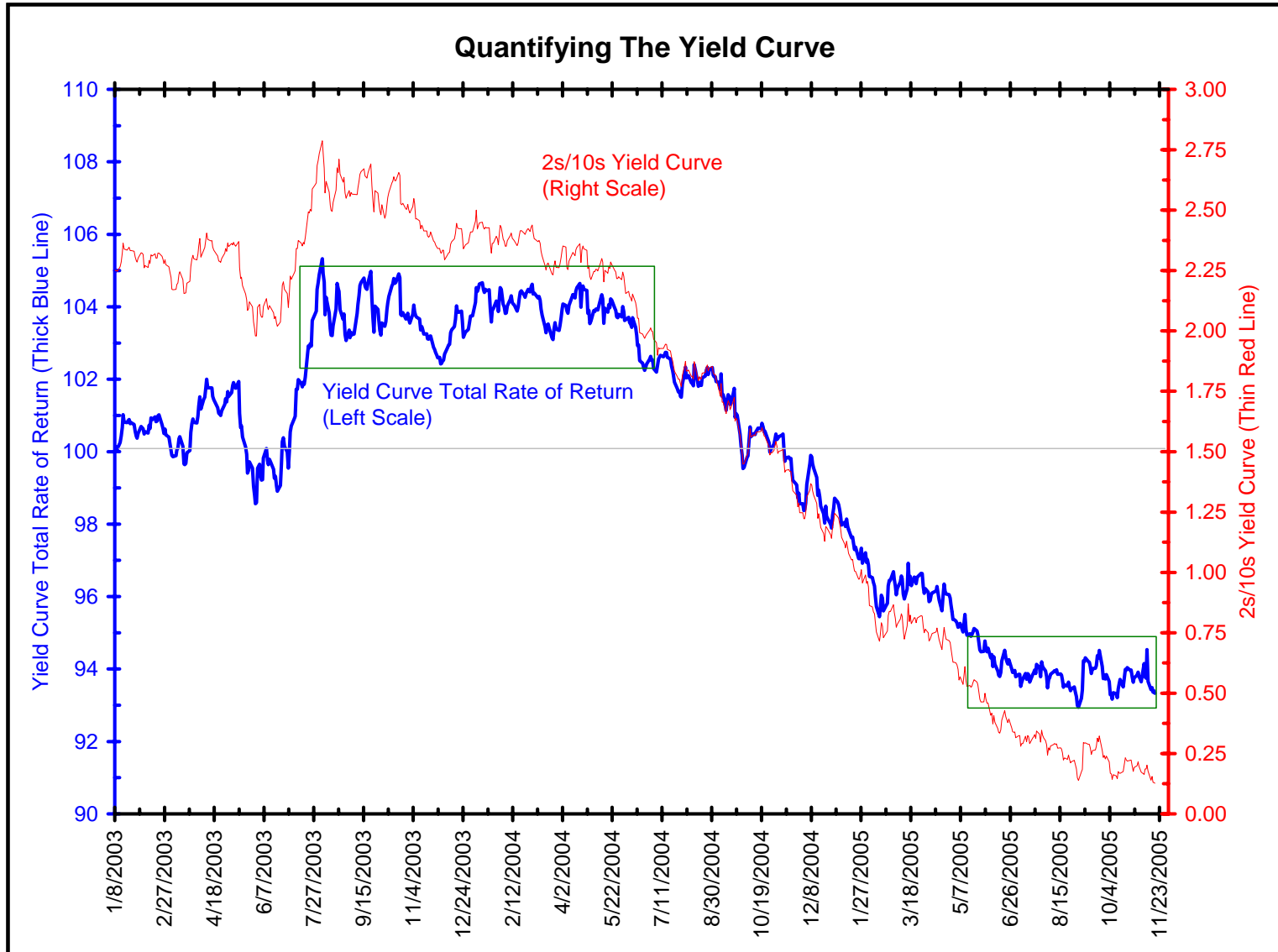
Trading Turnover From The Caribbean



Leverage In The Bond Market



Measuring The Carry Trade



How To Create A Moral Hazard

Predicting The Fed Since "Considerable Period" Nearby Futures Leading Into The FOMC Meeting

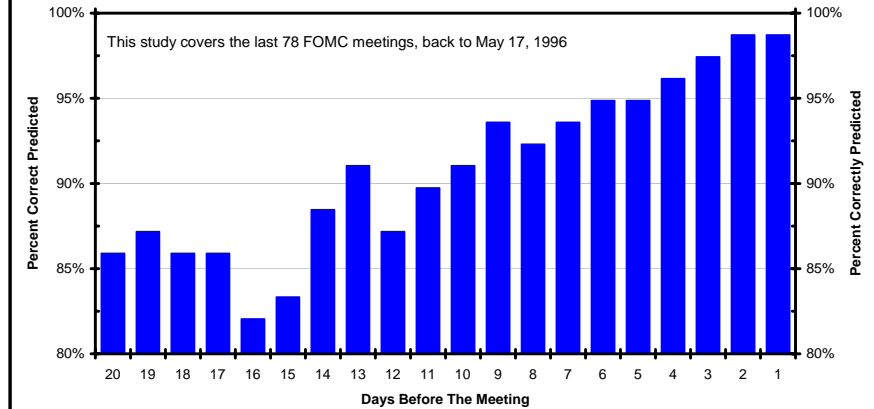
All FOMC Meetings Since June 24, 2003

| Next FOMC Mtg is 13-Dec | Days Before The Next FOMC Mtg. | Meetings Correctly Predicted By This Day | Total FOMC Mtgs This Study Covers | Percentage Of Mtgs Correctly Predicted | FOMC Meeting(s) <u>Not</u> Correctly Forecasted |
|-------------------------|--------------------------------|--|-----------------------------------|--|---|
| 12-Dec | 1 | 20 | 20 | 100.00% | none |
| 9-Dec | 2 | 20 | 20 | 100.00% | none |
| 8-Dec | 3 | 20 | 20 | 100.00% | none |
| 7-Dec | 4 | 20 | 20 | 100.00% | none |
| 6-Dec | 5 | 20 | 20 | 100.00% | none |
| 5-Dec | 6 | 20 | 20 | 100.00% | none |
| 2-Dec | 7 | 20 | 20 | 100.00% | none |
| 1-Dec | 8 | 20 | 20 | 100.00% | none |
| 30-Nov | 9 | 20 | 20 | 100.00% | none |
| 28-Nov | 10 | 20 | 20 | 100.00% | none |
| 25-Nov | 11 | 20 | 20 | 100.00% | none |
| 24-Nov | 12 | 20 | 20 | 100.00% | none |
| 23-Nov | 13 | 20 | 20 | 100.00% | none |
| 22-Nov | 14 | 20 | 20 | 100.00% | none |
| 21-Nov | 15 | 20 | 20 | 100.00% | none |
| 18-Nov | 16 | 20 | 20 | 100.00% | none |
| 17-Nov | 17 | 20 | 20 | 100.00% | none |
| 16-Nov | 18 | 20 | 20 | 100.00% | none |
| 15-Nov | 19 | 20 | 20 | 100.00% | none |
| 14-Nov | 20 | 20 | 20 | 100.00% | none |
| 11-Nov | 21 | 20 | 20 | 100.00% | none |
| 10-Nov | 22 | 20 | 20 | 100.00% | none |
| 9-Nov | 23 | 20 | 20 | 100.00% | none |
| 8-Nov | 24 | 20 | 20 | 100.00% | none |
| 7-Nov | 25 | 20 | 20 | 100.00% | none |
| 4-Nov | 26 | 20 | 20 | 100.00% | none |
| 3-Nov | 27 | 20 | 20 | 100.00% | none |
| 2-Nov | 28 | 20 | 20 | 100.00% | none |
| 1-Nov | 29 | 20 | 20 | 100.00% | none |
| 31-Oct | 30 | 20 | 20 | 100.00% | none |
| 28-Oct | 31 | 20 | 20 | 100.00% | none |
| 27-Oct | 32 | 20 | 20 | 100.00% | none |
| 26-Oct | 33 | 20 | 20 | 100.00% | none |
| 25-Oct | 34 | 20 | 20 | 100.00% | none |
| 24-Oct | 35 | 20 | 20 | 100.00% | none |
| 21-Oct | 36 | 19 | 20 | 95.00% | 8/12/2003 |
| 20-Oct | 37 | 19 | 20 | 95.00% | 8/12/2003 |
| 19-Oct | 38 | 19 | 20 | 95.00% | 8/12/2003 |
| 18-Oct | 39 | 18 | 20 | 90.00% | 8/12/2003 and 6/29/2004 |
| 17-Oct | 40 | 18 | 20 | 90.00% | 8/12/2003 and 6/29/2004 |
| 14-Oct | 41 | 18 | 20 | 90.00% | 8/12/2003 and 6/29/2004 |
| 13-Oct | 42 | 18 | 20 | 90.00% | 8/12/2003 and 6/29/2004 |
| 12-Oct | 43 | 18 | 20 | 90.00% | 8/12/2003 and 6/29/2004 |
| 11-Oct | 44 | 17 | 20 | 85.00% | 6/24/2003, 8/12/2003 and 6/29/2004 |
| 10-Oct | 45 | 17 | 20 | 85.00% | 6/24/2003, 8/12/2003 and 6/29/2004 |
| 7-Oct | 46 | 17 | 20 | 85.00% | 6/24/2003, 8/12/2003 and 6/29/2004 |
| 6-Oct | 47 | 17 | 20 | 85.00% | 6/24/2003, 8/12/2003 and 6/29/2004 |
| 5-Oct | 48 | 17 | 20 | 85.00% | 6/24/2003, 8/12/2003 and 6/29/2004 |
| 4-Oct | 49 | 17 | 20 | 85.00% | 6/24/2003, 8/12/2003 and 6/29/2004 |
| 3-Oct | 50 | 17 | 20 | 85.00% | 6/24/2003, 8/12/2003 and 6/29/2004 |

This table does not specify between varying magnitudes of movements, rather just the predictive ability of whether or not a move will happen and in what direction.

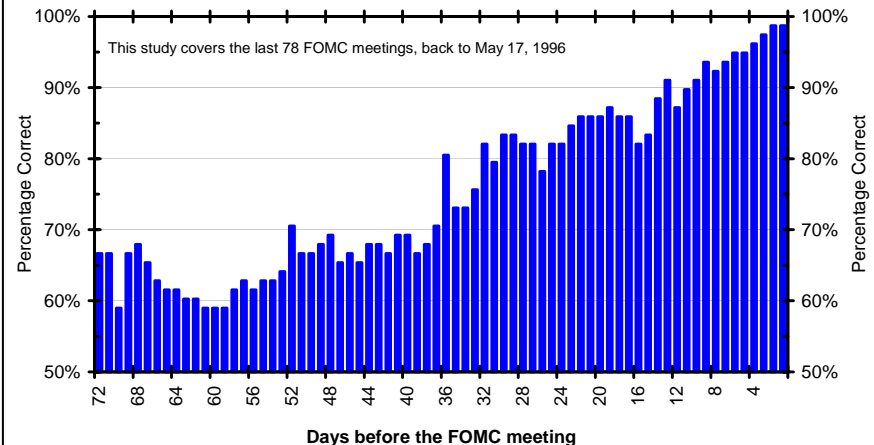
Predictive Value Of The Fed Funds Futures Leading Into The FOMC Meeting

(The corresponding dates leading up to the May 3, 2005 FOMC meeting are shown)

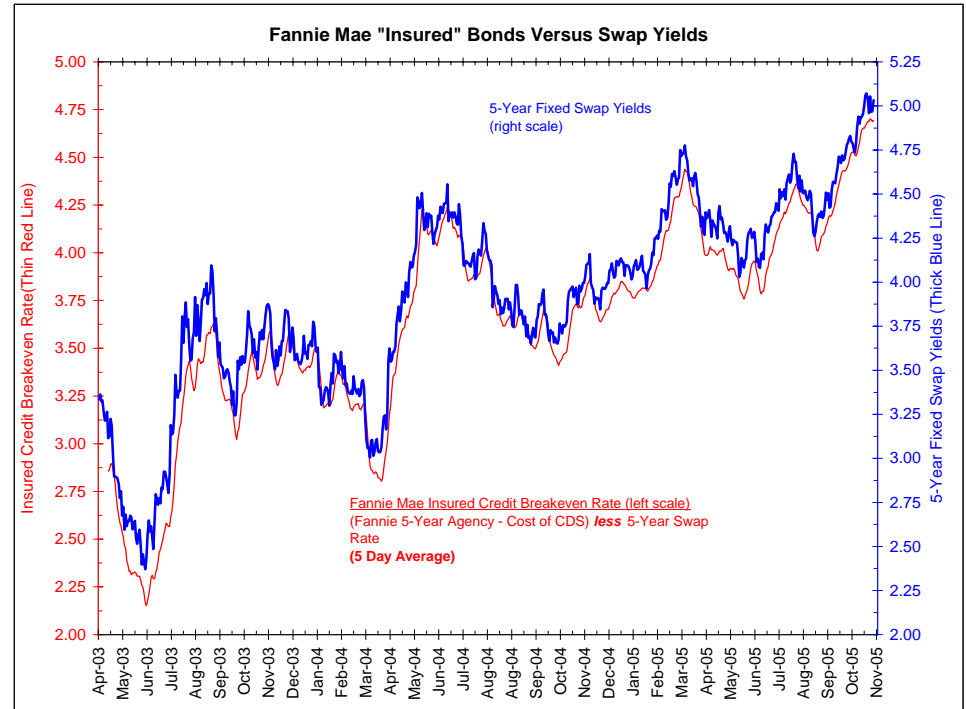
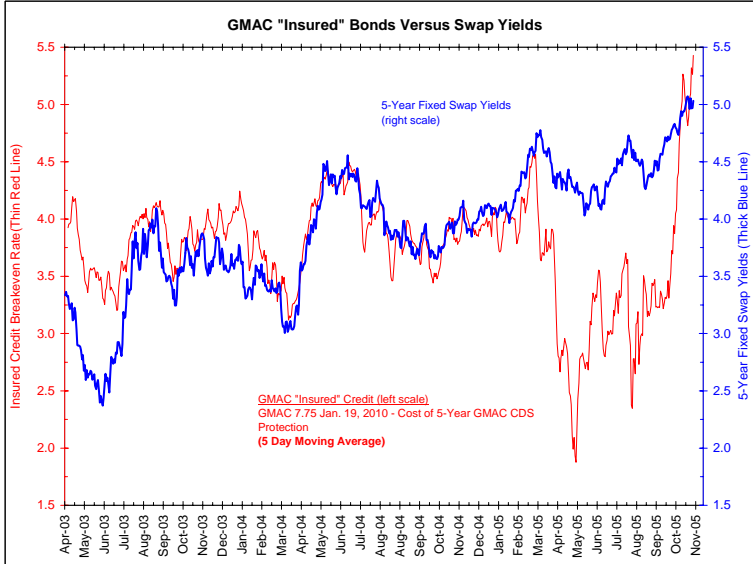
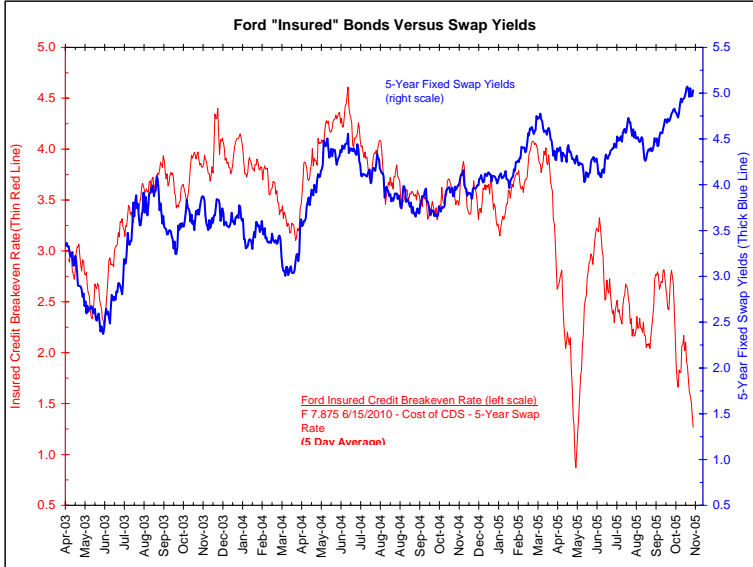


When Should We Pay Attention?

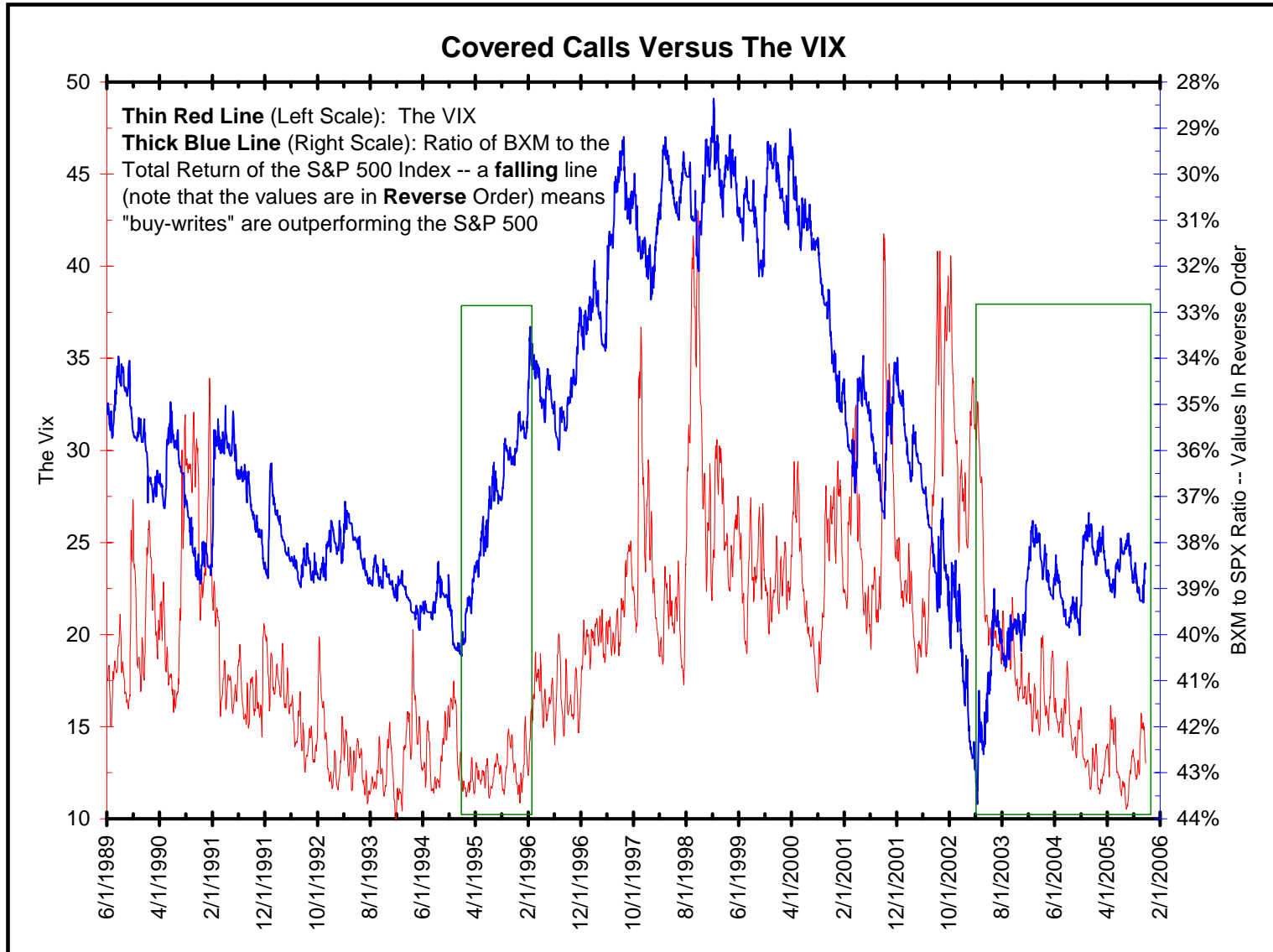
Predictive Value of the Fed Funds Futures Contract
Between 1 and 72 Trading Days before the FOMC meeting



How Should CDS Trade?



Equity Volatility



Bianco Research L.L.C.

1731 North Marcey, Suite 510
Chicago IL 60614

Phone: (847) 304-1511 Fax (847) 304-1749
e-mail: research@biancoresearch.com
<http://www.biancoresearch.com>

For more information about the contents/ opinions contained in these reports:

President (847) 756-3599
[James A. Bianco jbianco@biancoresearch.com](mailto:James.A.Bianco@biancoresearch.com)

Strategist/Analysts (847) 304-1511
[Howard L. Simons hsimons@biancoresearch.com](mailto:Howard.L.Simons@biancoresearch.com)
[Greg Blaha gblaha@biancoresearch.com](mailto:Greg.Blaha@biancoresearch.com)
[Neil Bouhan nbouhan@biancoresearch.com](mailto:Neil.Bouhan@biancoresearch.com)

For subscription/service Information:

Arbor Research & Trading, Inc.
Director of Sales & Marketing (800) 625-1860
[Fritz Handler fritz.handler@arborresearch.com](mailto:Fritz.Handler@arborresearch.com)

Arbor Research & Trading, Inc.

1000 Hart Road, Suite 260
Barrington IL 60010

Phone: (847) 304-1560 Fax: (847) 304-1595
e-mail: inforequest@arborresearch.com
<http://www.arborresearch.com>

For more information about Arbor Research & Trading and its services:

Chicago Sales Office

1 N. LaSalle Street, 40th Floor
Chicago IL 60602
[Daniel Lustig dan.lustig@arborresearch.com](mailto:Daniel.Lustig@arborresearch.com)
Phone (866) 877-0266

New York Sales Office

230 Park Avenue, Suite 2425
New York, NY 10169
[Edward T. McElwreath ed.mcelwreath@arborresearch.com](mailto:Edward.T.McElwreath@arborresearch.com)
Phone (212) 867-5326 Fax (212) 370-1218

Director of International Sales (847) 756-3510
[James L. Perry james.perry@arborresearch.com](mailto:James.L.Perry@arborresearch.com)

Arbor Research & Trading (UK) LTD

75 Cannon Street London England EC4N 5BN
Phone 44-207-556-7309 Fax 44-207-556-1748

For more information:

Director of Arbor (UK) 44-207-556-7309
[Neil Tritton neil.tritton@arborresearch.com](mailto:Neil.Tritton@arborresearch.com)
[Ben Gibson ben.gibson@arborresearch.com](mailto:Ben.Gibson@arborresearch.com)