March 2015

Hedge Fund Market Intelligence: Long US Dollar Trades Continue to Drive Global Macro Returns

A monthly hedge fund performance report by the Arden Investment Research Team

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ARDEN ASSET MANAGEMENT LLC

ABOUT HEDGE FUND MARKET INTELLIGENCE

This report is based on Arden's coverage of more than a hundred hedge funds in which the firm actively invests on behalf of clients and is intended to be representative of certain trends and themes. The report is organized by strategy and is produced by Arden's Investment Research team. A leading hedge fund specialist, Arden conducts regular due diligence and monitoring on these and other funds and maintains a proprietary database with information on thousands of fund managers.

The strategy breakdown for the hedge funds covered in this report is as follows:

Strategy*	Number of Funds
Credit	27
Equity-Event	20
Global Relative Value (Discretionary and Systematic Macro)	35
Global Equities (Equity Long/Short and Equity Market Neutral)	20

**Strategies as defined by Arden. As of March 31, 2015.*

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TABLE OF CONTENTS

OVERVIEW 3
CREDIT 4
EQUITY - EVENT 8
GLOBAL RELATIVE VALUE 12
GLOBAL EQUITIES 16

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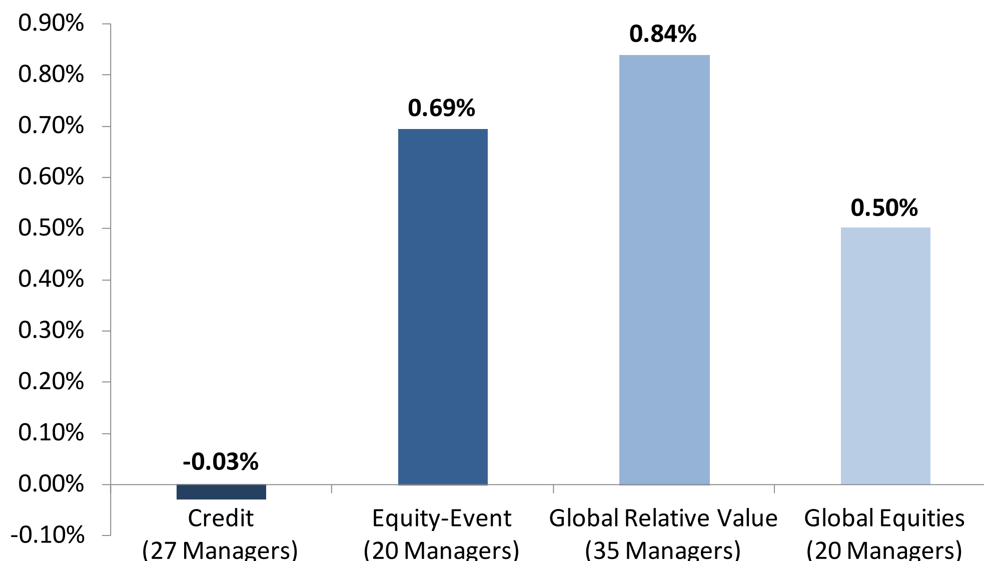
OVERVIEW

Following a trend that began in February, global relative value (discretionary and systematic macro) managers led the pack in returns, driven by currency trading and long US dollar positions. Equity event managers also fared well, despite the lackluster performance of US stocks, as elevated levels of M&A and other shareholder-friendly corporate actions continue to provide opportunities for this strategy. Equity long/short managers were also positive for the month.

As part of the economic backdrop in March, the currency market continued to impact returns, and the stronger dollar weighed down US large cap equities. The S&P 500 declined 1.6% during the month even as interest rates fell and small cap indices rallied. Consensus earnings estimates for the S&P 500 in 2015 have fallen by approximately 5% since the start of the year, adjusting to the implications of a stronger dollar and weaker growth expectations.

The flipside of a stronger dollar in March was renewed weakness for the euro. Monetary easing and rising earnings estimates continue to drive significant outperformance for Eurozone equity markets. However, while asset purchases by the ECB appear to have successfully driven down longer-term interest rates, European credit spreads actually widened in March as corporate debt issuance surged. As issuance volumes have ramped up, the average duration of new supply has also increased. Following a strong beta-driven February, March offered a fair amount of dispersion amongst credit managers. Concerns on Greek bailout negotiations and the US Federal Reserve raising rates also drove the activity in the credit markets.

Looking ahead, we expect ongoing uncertainty over US monetary policy to continue to drive volatility across asset classes. Themes that we believe have the potential to deliver attractive returns over the balance of the year include exposure to equity event in both the US and Europe, relative value trading in emerging market debt and exposure to a continued broad-based strengthening of the US dollar.



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CREDIT

EXECUTIVE SUMMARY

Broadly speaking, the leveraged finance markets faltered in March as spreads widened and oil prices reversed February gains. High yield energy names were down -2.28% in March, underperforming the broader high yield market which was down -0.58%.

Additional intra-month volatility was created by the Fed's removal of its "patient" language regarding interest rates and its downward projection for interest rates and the outlook for the U.S. economy. Following a strong beta-driven February, March offered a fair amount of dispersion among credit managers. Concerns about Greek bailout negotiations and the US Federal Reserve possibly raising rates drove activity in the credit markets. Overall, higher-quality credits outperformed lower-quality names in March. Returns this month were further influenced by the ECB's expanded asset buying program, which will amount to over one trillion Euros over a minimum period of 16 months.

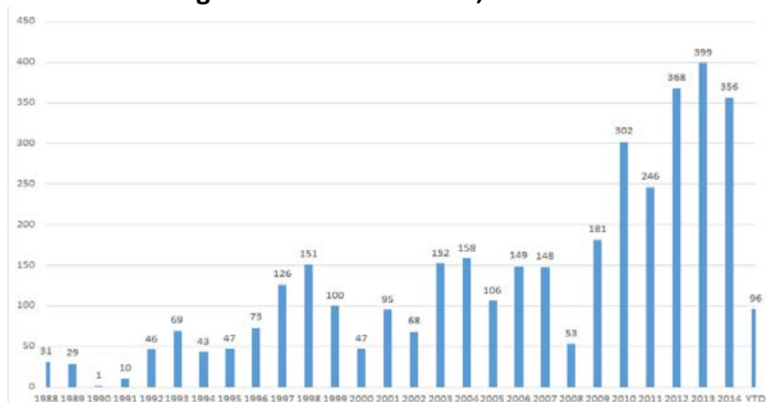
March performance for the various indices were as follows: S&P 500: -1.58%; Russell 2000: +1.74%; JPM Global High-Yield Index: -0.42%; JPM Domestic High-Yield Index: -0.58%; JP Morgan JULI Index: +0.33%; JP Morgan EMBI: +0.46%; and the 10-year US Treasury: +0.77%.

New Issuance

High yield new issuance has continued its strong trajectory for 2015. The $40.1bn of new issuance in March was the highest since September 2014 and 8% ahead of 2014's Q1 pace. This year's total includes a $10.1bn multi-tranche deal from Valeant, the second largest high-yield deal on record. The primary leveraged loan market has struggled year-to-date, as only $48.3bn has priced in the first quarter compared to $177bn over the same time period last year, despite high demand coming from CLOs.

CLO issuance rose to $16.4bn, which is the highest month on record, ahead of last year's record pace. The credit spread volatility over the past few months has been discouraging issuers from re-pricing existing transactions, which has reduced overall volumes. For high yield bonds, use of proceeds from new issuance was mostly for refinancing (45%), followed by M&A (33%), general corporate purposes (20%), and dividends (2%). Loans were again heavily skewed to acquisition financing (71%), followed by refinancing (22%) and dividends (7%).

High-Yield Bond Issuance, 1988-2015



Source: Arden Research

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Inflows/Outflows

High yield mutual funds/ETFs reported the year's first net outflows in March following substantial net inflows in January and February ($2.1bn of outflows following inflows of $7.3bn and $2.5bn in the two months prior). Year-to-date inflows now stand at a very healthy +$10bn (a key leading indicator for Arden's credit outlook) versus the record -$23.8bn outflows in 2014.

Leveraged loan retail flow was moderately negative in March (-$547mn) compared to -$320mn in February. March marks the 12th consecutive month of retail outflows for this asset class.

High yield mutual funds/ETFs inflow/outflows have become an increasingly more important technical driver in the credit market as their market share has materially gained over the past five years.

Defaults

Default activity remained low in March, with two companies filing for bankruptcy protection. The first was Dune Energy (Oil & Gas), which affected $68mn of bonds. This was the third energy company to default in 2015, as the energy sector continues to face pressure due to the drop in oil. The second default was Standard Register (Business Services), impacting $212mn of loans. Six companies have defaulted YTD, totaling $4.5bn in bonds and loans.

Accounting for March's activity the par-weighted default rates for high-yield bonds and loans decreased m/m to 3.00% (from 3.06%) and 3.97% (from 4.20%). Excluding TXU they are a much more modest 1.70% and 1.49%. With the exception of Energy Futures' (i.e., TXU) $36bn default in April and Caesar's $18bn default in December, quarterly volume has been quite benign. It is worth noting however that while JP Morgan recently affirmed its 1.5% 2015 default forecast it did raise its high yield and loan default forecasts for 2016 to 3.0% citing "burgeoning default risk in the Energy sector."

ANALYSIS

Arden's credit managers performed respectably, generally speaking, outperforming both the relevant credit indices as well as the broader peer group this month. The best performing strategy within the asset class was credit relative value which benefited with continued P&L from short energy sector positioning.

Credit Relative Value

High grade bonds outperformed high yield credits during March. By rating, CCCs underperformed returning -0.99% during March, while Bs returned -0.58% and BB-rated bonds returned -0.48%. Given this month's slight widening the average yield-to-worst for high yield bonds increased +0.21% to 6.91% in March. As has been a highlighted trend recently, yields on the energy and metals/mining sectors increased +0.43% and +0.50% to 9.65% and 10.31%, respectively.

Drivers in energy and metals/mining included names such as: (i) CHC helicopter which had poor operating results and guidance as E&P companies are cutting back on spending; (ii) Fortescue Metals Group (Australian iron ore producer) which surprisingly pulled its $2.5bn refinancing deal from the market; (iii) Cliffs Natural Resources; and (iv) the solar sector, including: Vivint Solar and SolarCity which were up on speculation of an extension of solar tax credits and a successful SolarEdge IPO. Momentive Specialty Chemical (renamed Hexion) was a widely held winner/loser depending on where in the capital structure the investor held bonds. The Apollo-owned company came to market with a proposed $315mn new issuance of additional first lien debt. New "1 ½" lien bonds benefited from

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positive covenant clarification while the 1st lien bonds sold off. Unlike in 2014 when upgrades were more prevalent than downgrades, high-yield ratings have skewed to more downgrades in 2015, likely due to energy and metals/mining names. This trend has been a driver of differentiation between credit relative value and more long-biased credit managers.

Credit Event

Similar to the story of Penn National Gaming, Pinnacle Entertainment announced late last year that it was planning to split its assets into a REIT and operating gaming assets. Gaming and Leisure Properties is offering to buy the real estate assets for $4.1bn, including debt. The deal offers Pinnacle shareholders the right to 0.5517shares of GLPI stock and full ownership of the gaming operating company. A deal hasn't been finalized but Arden's managers, who held this position prior to the REIT spin-out, are helping negotiate the sale.

Pinnacle Entertainment

Source: Bloomberg

As evidenced in the graph below, Toys 'R Us was another top performer for Arden's credit managers in March as the company showed strong improvement in its gross margin rate, particularly on its domestic business. This improvement, coupled with SG&A savings, resulted in a 10% increase in adjusted EBITDA and strong cash flows versus last year. Arden's managers believe that the business has stabilized under the new management team and that Toys 'R Us will be able to obtain a new financing deal and push out their current debt by 3 years.

Toys 'R Us

Source: Bloomberg

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Stressed/Distressed

Hypo Alpe-Adria-Bank:
Austrian Hypo Alpe-Adria-Bank was the second most commonly held loser this month. To start the month, Austria declared it would halt the payments on more than $12.28bn in debts of Hypo Alpe-Adria-Bank until it found a way of winding down the nationalized lender without further costing taxpayers. The payment moratorium affects debts still owed by a "bad bank" set up for Hypo's remaining assets last year. The new plan to wind down the remnants of nationalized Hypo Alpe-Adria-Bank includes steep losses (even though the bonds carry guarantees from the regional government of Carinthia).

Greece:
Greek Sovereign debt incurred further volatility this month as there remains uncertainty regarding Greece's future in the EU. In addition, the bonds 2yr CDS on OTE plc/Hellenic Telecom widened this month.

OUTLOOK

Performance going forward will largely be dictated by how managers have positioned their portfolios across key exposures, specifically: (i) rates, (ii) energy, and (iii) European exposure. The message from the last FOMC meeting was decidedly dovish and the timing for the first interest rate hike now looks to have been pushed out to Q3 at the earliest.

Managers that have been actively adding long exposure to energy and European credit and equity have greatly benefited from the rally this month. Arden believes these managers should continue to generate outperformance in the short term. Additionally, the underpinnings to the continued steady (but modest) performance of the US economy bodes well for ongoing positive performance from residential and commercial mortgage instruments and other asset-backed structures.

With these market dynamics in mind, a bias towards owning high-quality cash flows in structured products, a limited beta positioning in corporate credit (with a preference toward taking credit risk over duration risk) and a focus on relative value trades across credit all seem like promising strategies moving forward.

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EQUITY - EVENT

EXECUTIVE SUMMARY

Global equities were mixed in March, as US equity markets were negative and European, Chinese, and Japanese equity markets were positive. Given this backdrop, returns were mixed, albeit generally positive, among event-driven managers. The HFRI Event-Driven Index ended the month slightly positive and outperformed the S&P 500 Total Return Index, highlighting the strategy's idiosyncratic tendencies to produce returns that deviate from the US equity market in an otherwise challenging environment.

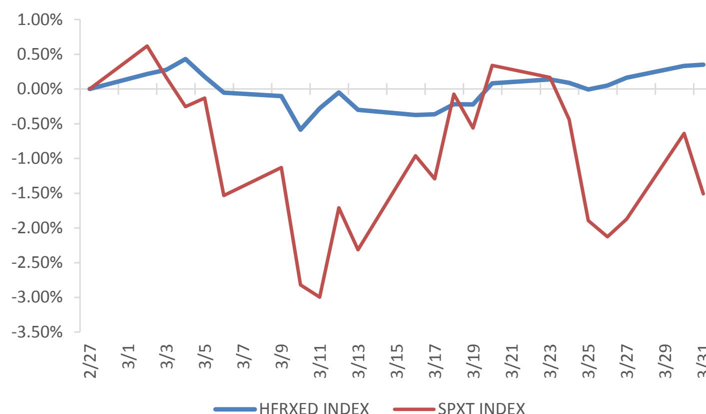
Long/short special situation strategies primarily drove returns for managers during the month, benefiting from positive earnings results and M&A speculation. Short equity positions contributed marginally with negative US equity markets and managers benefiting from exposure to Europe and Asia. Robust deal activity created ample opportunities for merger arbitrage strategies to capitalize on. Activist managers, which tend to have concentrated portfolios with chunkier position sizes, had mixed results with soft equity markets.

Managers' gross and net exposures continued to creep higher during the month as the event-driven opportunity set remains constructive, bolstered by an active M&A market with consolidating industries (i.e., healthcare/pharmaceuticals, banks, and telecommunications) and improving investor sentiment in Europe with ECB monetary stimulus and encouraging economic data.

ANALYSIS

Positive strategy performance in March despite negative US equity markets. Arden's equity-event managers were up +0.56% on average in March, compared to -1.58% for the S&P 500 Total Return Index and +0.46% for the HFRI Event-Driven Index. Idiosyncratic events and positive earnings announcements generally drove manager returns within the strategy, providing positive returns when the S&P 500 was negative. There were no outsized losses during the month but common detractors included Hertz and Whiting Petroleum Corporation. Hertz continued to be a pain trade for many managers, though long-term conviction remains intact as investors wait for the company to restate prior year audited financials. Additionally, Whiting Petroleum Corp stock fell 20% on news that the company would sell shares and raise debt to repay its outstanding credit agreements instead of looking for a buyer.

HFRX ED Rolling 21-day ROR vs. the S&P 500 Total Return Index (Feb 2015 – Mar 2015)

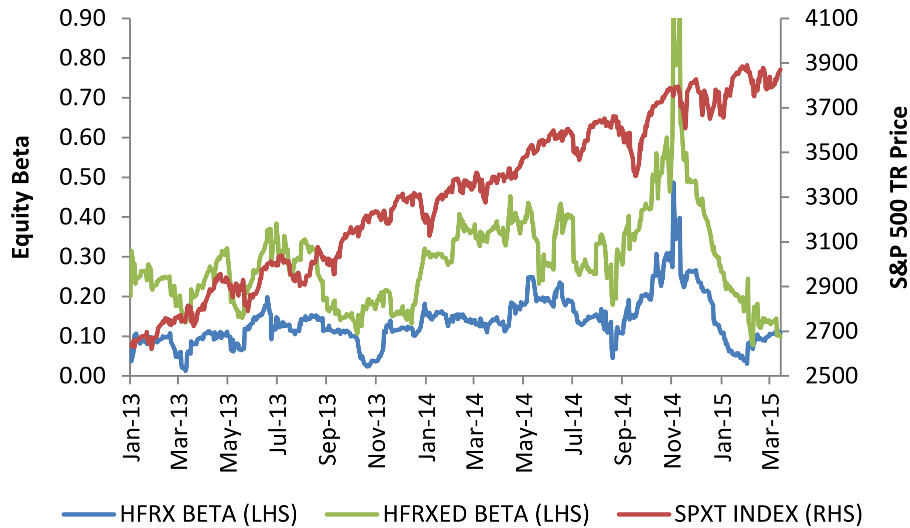


Source: Arden Research

Please see important disclosure information attached.

As highlighted in February's Market Commentary, after a severe hedge fund de-risking period in October 2014, the equity-event strategy's beta to the US equity market has retreated and is now even lower than the broader HFRX hedge fund index on a rolling 21-day-basis.

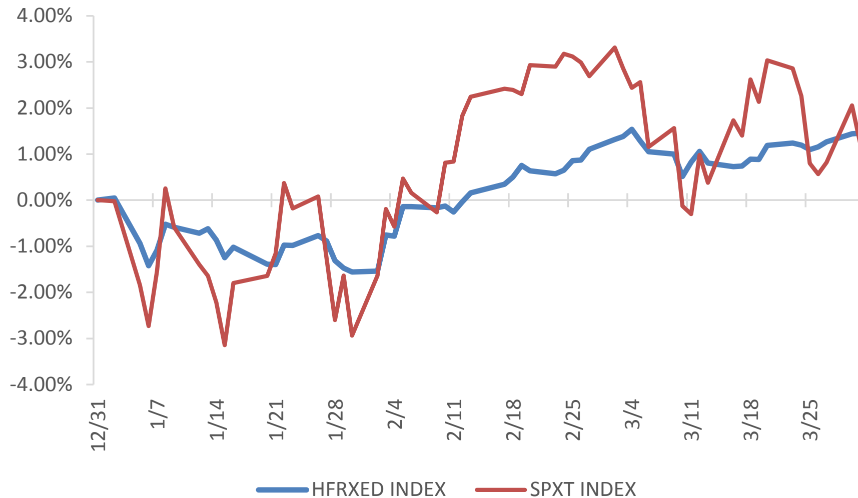
HFRX & HFRX ED Rolling 21-day Beta to the SPX (Jan 2013 – Mar 2015)



Source: Arden Research

Through Q1 2015, the equity-event strategy has outperformed the broader US equity market, and has captured less of notable market selloffs. On average, the HFRX Event-Driven Index (a daily index representative of event-driven hedge funds) has only captured 11% of negative S&P 500 Total Return days 2015 YTD.

HFRX ED Cumulative ROR vs. the S&P 500 Total Return Index (Jan 2015 – Mar 2015)



Source: Arden Research

Positive events drove returns for managers during the month. Healthcare and pharmaceutical M&A remained robust during March: Actavis completed its acquisition of Allergan, Mylan announced its acquisition of Perrigo with many speculating that Teva Pharmaceuticals will now attempt to acquire

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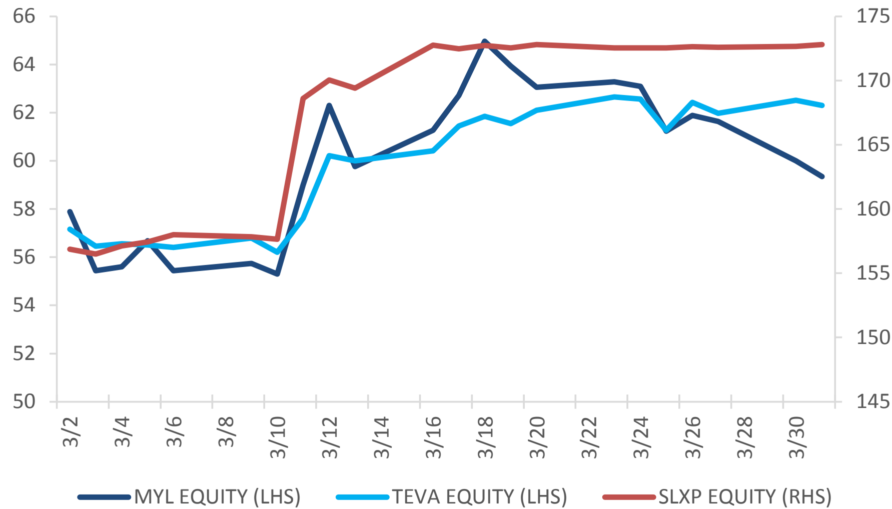
Mylan, Valeant Pharmaceuticals won a bidding war with Endo Pharmaceuticals to quickly acquire Salix Pharmaceuticals, and AbbVie announced its acquisition of Pharmacyclics.

Mylan (MYL), Teva Pharmaceuticals (TEVA), and Salix Pharmaceuticals (SLXP) Stock Price (Mar 2015)

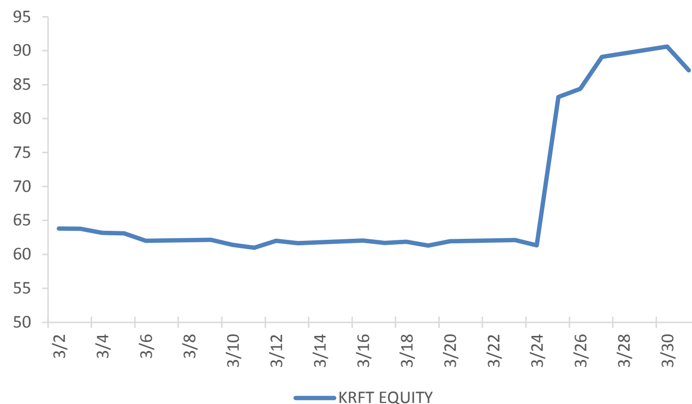


Source: Arden Research

Outside of the healthcare and pharmaceutical sector, M&A activity continued to spread to the consumer side, as Kraft announced a definitive merger with Heinz on March 25. The deal will be backed by 3G Capital and Berkshire Hathaway. A few managers had a position in Kraft pre-announcement that were able to benefit from the initial pop on the deal announcement, while others initiated a position post-announcement and were able to benefit as the stock price continued to appreciate through month-end.

Kraft Foods (KRFT) Stock Price (Mar 2015)

KRFT's stock has price appreciated 42% following the announced merger; 36% on the day of the announcement.



Source: Arden Research

As highlighted by the deal activity above, M&A strategies continue to provide stable positive contributions for managers despite muted broader equity market returns. During Q1 2015, announced deal volume totaled approximately $1.03bn globally, 22% higher than the same quarter last year. This uptick in deal activity has been concentrated in large-cap companies over the past year.

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OUTLOOK

Arden maintains its bullish view on the equity-event landscape. We believe the current market environment remains conducive for strong alpha generation by Arden's current line-up of event-driven managers.

Heightened corporate and M&A activity creates an opportunity-rich environment for event-driven strategies. Management teams are hungry to unlock shareholder value through a variety of corporate actions, such as restructurings, spinoffs, acquisitions, share buy backs, recapitalizations, and the creation of REITS/MLPs. Moreover, low interest rates and high levels of cash on corporate balance sheets provide cheap and easy access to capital to acquire companies and finance deals. Certain sectors are fragmented and ripe for consolidation. Scalability is the driving force behind consolidation as corporations continue to be strategic buyers and agree to mergers in order to better position themselves against peers and defend against increased competition.

Activists are hungry and have large war chests of capital that they are ready to put to work in order to take a large stake in a company, engage management, and increase shareholder returns. Additionally, the opportunity set in Europe is primed to take off. With improving economic conditions in the region and central bank monetary stimulus, European corporates are now under similar pressure to make efficient use of their balance sheets and embark on corporate spending plans.

Idiosyncratic deal risk around hard catalyst events is the main associated risk to the strategy. Additional risks include macro events and sharp dislocations in equity markets, which the strategy historically has a high beta component to, especially when there is a light event calendar. Managers that have shorter duration portfolios and can identify near-term events should outperform in a muted and challenging US equity market environment.

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GLOBAL RELATIVE VALUE

EXECUTIVE SUMMARY

Arden's discretionary macro managers performed well during March, predominately driven by currency trading, though performance did suffer into month end in the wake of the March 18th FOMC statement and subsequent congressional testimony by Chairman Yellen. A majority of managers incurred significant losses on the 18th with most within a 0.25% range of -1%. The largest and most commonly held risk exposure/theme amongst Arden's discretionary macro managers was a long USD bias. The dollar gained over 3% during March, which led to strong gains, particularly against short positions in the EUR, and to a lesser extent BRL and AUD positions. Performance within equities was mixed, with managers either producing modest gains or losses depending on timing and positioning. Long positions in Japanese and European equities were positive, as the major indices (Nikkei and EuroSTOXX, respectively) were both up over 2%. Tactical trading of US equities proved difficult as the S&P 500 experienced a number of sharp reversals. Commodity trading was muted with no significant outliers, but a general short bias across the energy and grain sectors benefited managers.

Arden's fixed income relative value managers performed well in March, although shorts in the front end of the US curve and a general bearish steepening bias did detract over the course of the month as a whole. Received rates positions in Europe continued to perform well, while bond basis trading in both Europe and the US contributed, with short futures/long cash bond trades at the 10-year point and the opposite trade at the two year point driving gains in North America. Managers also benefited from curve trades in Japan and Sweden, and shorts in the front end in China, plus inflation linked trading with long breakeven inflation trades across a number of geographies making money in March.

Arden's systematic macro managers had solid performance during March, with only one manager incurring losses. Although almost all of Arden's managers were positive for the month, contributions varied by manager: some made gains from currency trading, while one manager in particular saw strong profits in commodities. Broadly, equities and interest rates were the most profitable asset classes for Arden's systematic macro managers, though specific positioning within those asset class was differentiated across the group.

ANALYSIS

Long dollar trades continue to drive returns in March. The long US dollar trade has been a long term theme in the portfolios of a number of Arden's discretionary global macro managers, and bullish dollar positioning continued to pay dividends in March. Managers continue to trade the dollar against various crosses, though the euro continues to be featured prominently, alongside short Singapore and Australian dollar trades, shorts in the Brazilian real, and short yen positions. Long dollar positioning will most likely continue to account for a significant amount of macro managers' risk going forward as Fed hikes draw nearer. However, this month we did hear several managers opine that in the near term we could see a short pause in the dollar rally, though the expectation is that it will resume its strengthening later in the year. As displayed in the chart on the following page, the US dollar strengthened against virtually all major global currencies during the month of March.

Please see important disclosure information attached.

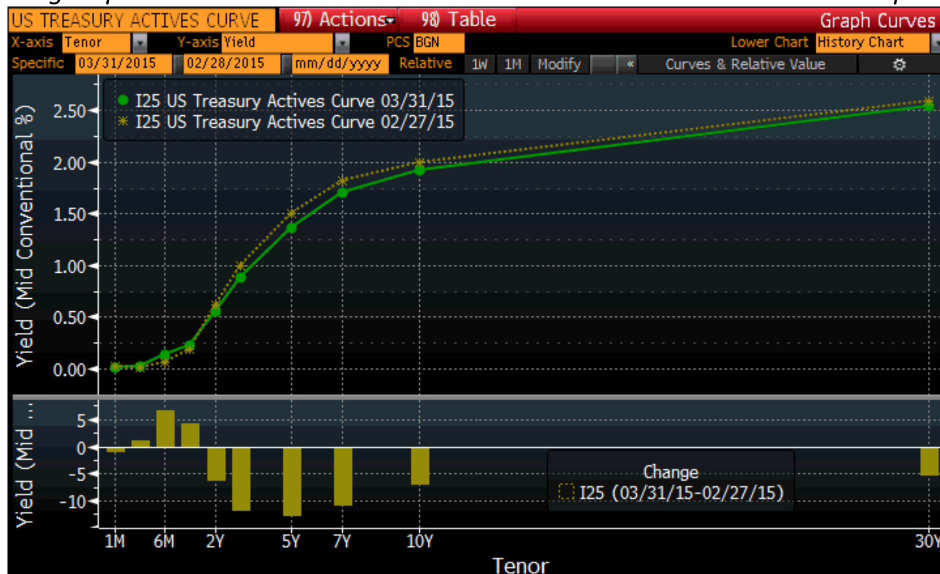
US$ vs. Major Global Currencies, March 2015

Source: Bloomberg

Rates trading provides mixed returns from the different sides of the Atlantic. Managers continued to suffer from directional shorts in US rates in March from the two year point onwards; steepeners in the US curve were also costly as the curve flattened. Some managers were caught on the wrong side of the trade, with US rates trading being the biggest detractor overall across Arden's universe of managers within the strategy.

US Yield curve, 2/27/15 (dotted) vs. 3/31/15 (green)

Yields fell from the two year point onwards in the US, causing the curve to flatten and proving costly for managers positioned net short US Treasuries as well as those which held steepeners



Source: Bloomberg

In Europe, managers continued to profit from the ECB's intervention in markets, with sovereign bond yields across the continent continuing to tighten, allowing managers with net long positioning to benefit, while some fixed income relative value managers made money from curve trades as well as bond basis trading in both Germany and France.

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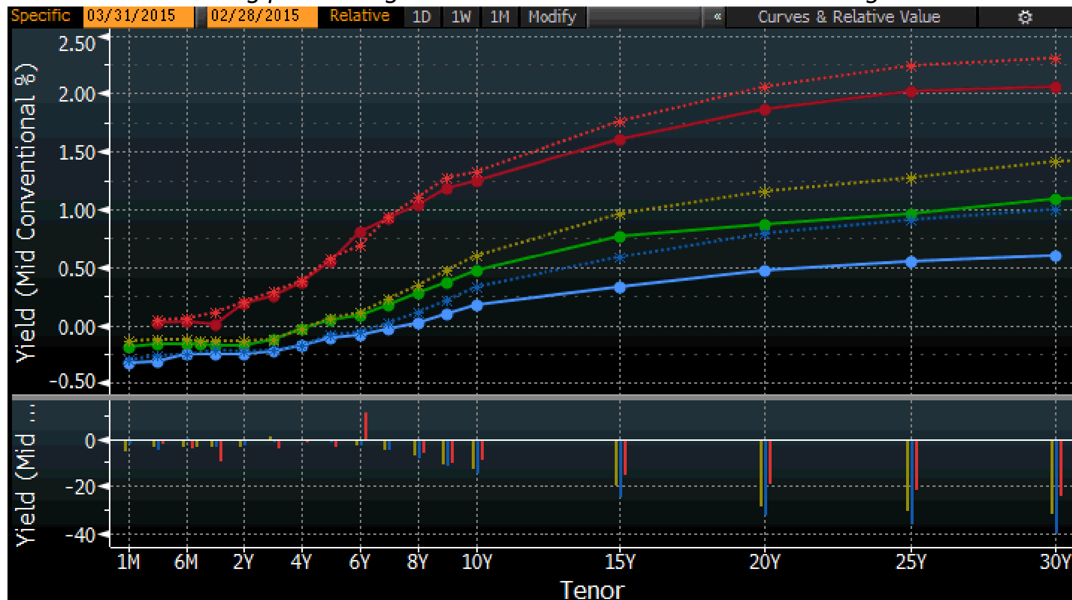
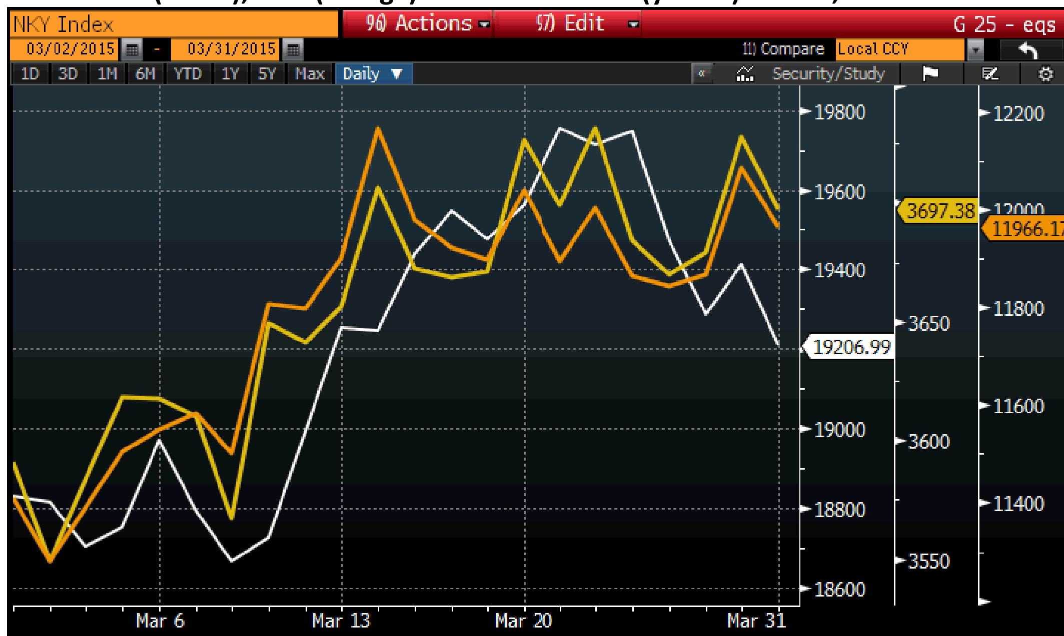
German (blue), French (green) and Italian (red) yield curves, 2/28/15 (dotted) vs. 3/31/15
Sovereign bond yields continued to fall in Europe, offering good opportunities from outright long positioning as well as in relative value curve trading



Source: Bloomberg

Bullish equity positioning in Japan and Europe drove profits as QE rally continues. With the Central Banks in both Europe and Japan in full easing mode, managers positioned long risk assets in those geographies continued to benefit in March. Equity index trades in Europe were profitable for some managers, with gains driven by trading both the DAX and the Eurostoxx.

Nikkei (white), DAX (orange) and Eurostoxx 50 (yellow) indices, March 2015



Source: Bloomberg

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OUTLOOK

Volatility today, gone tomorrow? Over the past six months, managers have spoken at length about their expectations that volatility was going to return to the markets, given that the US had ended its QE polices. Managers were correct in this assumption as volatility across equities, interest rates and currencies is higher today than when the Fed ended its QE program, but over the past two months we have seen a significant volatility divergence among asset classes. Volatility within equities and interest rates has slowly declined, while currency volatility has remained elevated.

Interestingly, but not surprising, Arden's discretionary macro managers have struggled to generate profits in equity and fixed income trading during February, March and into April. This coupled with the fact that FX was the single largest asset class driver among Arden's discretionary macro managers over the past few months shows how much the volatility of different asset classes is affecting manager performance. Arden anticipates that volatility within equities and interest rates will remain at current levels or continue to decline for at least another quarter, though this view remains highly dependent on two global economic factors: growth and inflation. We feel that managers will continue to struggle in these asset classes (equity and interest rates), while FX should continue to be the number one driver of returns.

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GLOBAL EQUITIES

EXECUTIVE SUMMARY

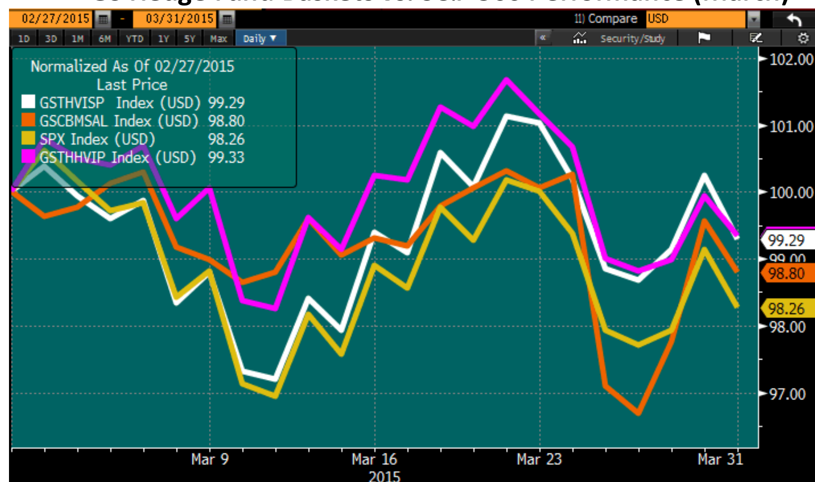
Equity long/short managers had positive performance in March and Q1. March attribution was in many cases driven by positive P&L on the long and short sides. For the quarter, performance was driven by stock-specific outcomes predominately on the long side. Representative winners included financial services companies such as E*Trade and Citigroup, along with software stocks such as Palo Alto Networks and ServiceNow. Internationally, long positions in Grand City Properties and Fresenius were large contributors. However, select long positions caused outsized losses in Q1, including Micron Technology, Apollo Education Corp and Athenahealth. Short attribution was generally negative for the quarter, although given the smaller position sizing, no individual positions stand out.

Equity market neutral (fundamental and quantitative) managers had positive performance in March and Q1. In general, fundamental managers outperformed quantitative managers. Part of this can be explained by attribution in the hot pharmaceutical and biotech sectors. M&A activity has benefited fundamental managers, and some leveraged and unprofitable companies continue to trade higher, causing losses for quant strategies that are short. Despite fewer earnings announcements in March, fundamental managers benefited by trading around positions. Moreover, momentum and short interest factors have performed well for quantitative strategies.

ANALYSIS

Hedge fund industry alpha generation was negligible based on the VIP index results in March. On the long side, companies in the S&P 500 most frequently held as a top ten holding in hedge funds shown by the GSTHHVIP basket decreased 0.7% for the month as compared to the S&P 500, which decreased 1.7%. On the short side, the most shorted HF stocks, shown by the GSTHVISP basket, decreased 0.7% (implying negative alpha). YTD, top hedge fund longs are outperforming the S&P 500 Index by 0.8%, while top hedge fund shorts exceed the index by approximately 1.3%. Stocks with the highest level of short interest have increased on average 0.9% YTD, slightly underperforming the market. The spread between the most concentrated HF longs and shorts was up 5.3% in Q1, with the majority of gains coming in March.

GS Hedge Fund Baskets vs. S&P 500 Performance (March)



Source: Bloomberg
Notes: GSTHHVIP represents 50 stocks most commonly represented among top 10 HF holdings (based on 13-F data)

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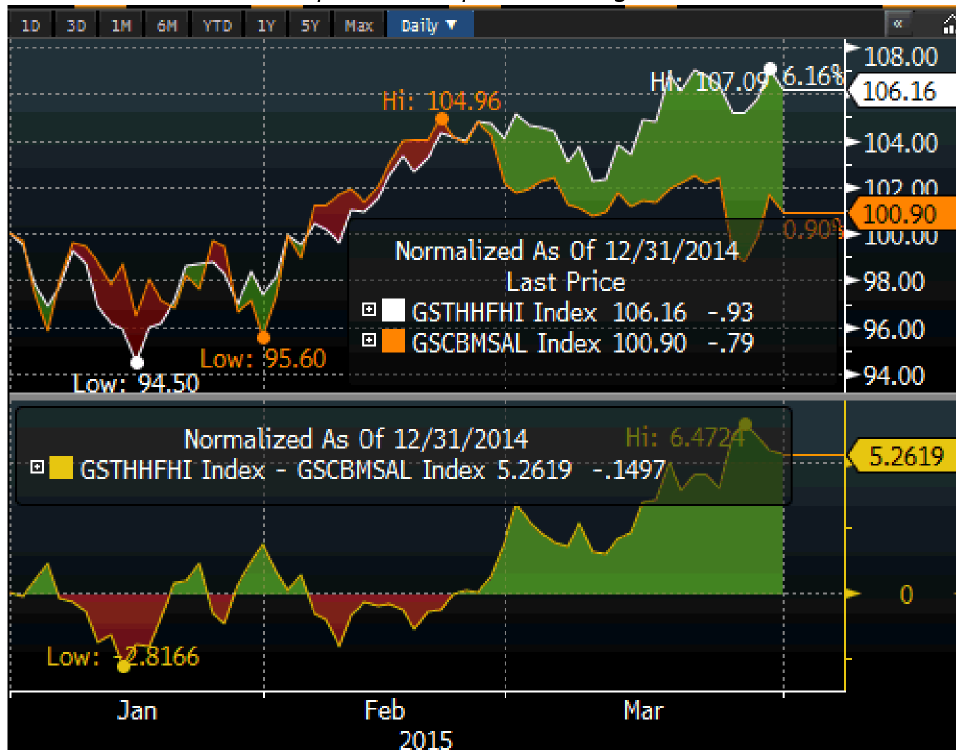
GSTHVISP represents 50 stocks with the highest dollar value of short interest outstanding. Excludes VIP stocks and S&P 500 constituents with more than 10% of float-adjusted shares held short. It has a large-cap bias and not based on 13-F filings.

GS Hedge Fund Baskets vs. S&P 500 Performance (YTD)

Source: Bloomberg

Spread between the Most Concentrated HF Longs & Shorts (YTD)

The spread was up 5.3% through in Q1.



Source: Bloomberg

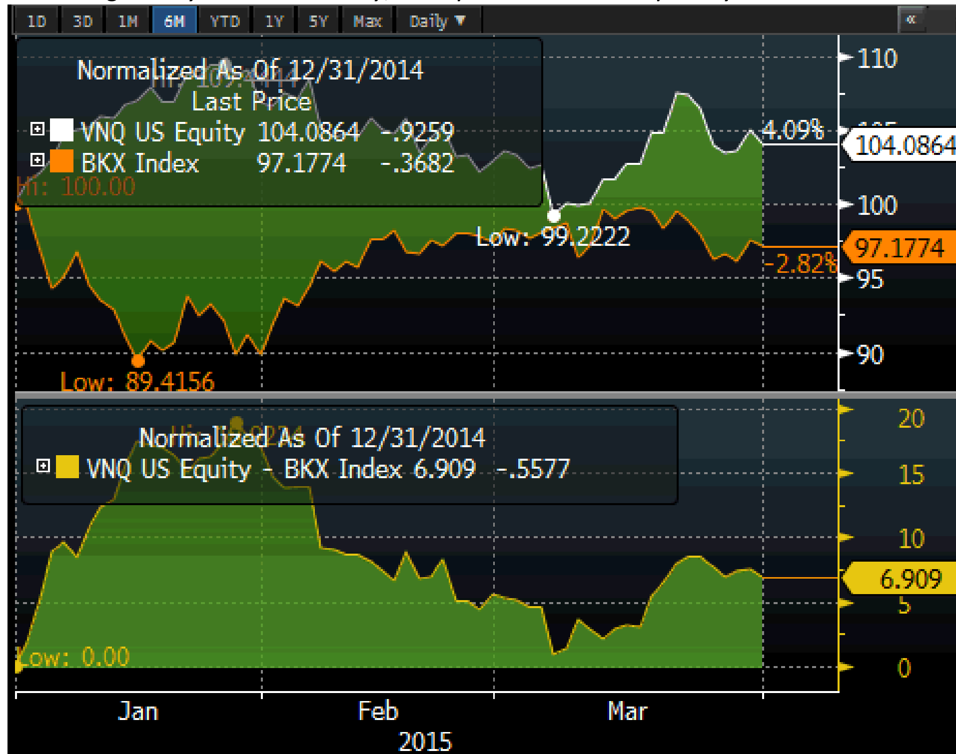
The financial services rate spread was volatile in Q1. The spread between the Vanguard REIT Index Fund (VNQ) and the KBW Bank Index (BKX) increased 20% through late January, and quickly closed to flat in early March. It then turned once again and finished the quarter up 7%. The New/Old Tech spread

Please see important disclosure information attached.

also had a strong quarter, returning +9.2%. Although most of the strong performance came in the second half of January. Finally, domestic vs. international sales mix stock performance was positive in February after several months of spread widening (see chart below).

Financial Services Rate Spread (REITs minus Banks)

After increasing nearly 20% in January, the spread has subsequently retraced most YTD gains.



Source: Bloomberg

US factor performance exhibited high dispersion in March. Momentum, non-linear size and growth were the top contributors, while size and liquidity underperformed. This can partly be explained by the Russell 2000, which was up 1.7% in March while the S&P 500 was down 1.6%.

OUTLOOK

The strategy drivers provide neutral to positive signals. Investor sentiment suggests that market participants are bullish. This is often a contrarian indicator when it comes to forecasting market returns. The second chart show net equity fund flows. Additionally, while net equity flows are neutral at the surface level, underlying assets are moving out of actively managed funds and into passively managed funds. As competition for excess return (alpha) decreases, we believe that the opportunities for hedge funds should improve.

Stock dispersion levels are attractive for stock picking. Stock correlation data indicates better than average conditions for stock picking. The lower the correlation, the higher the dispersion, and with that comes more opportunity to be rewarded for picking the right stocks. Note that over the long run, managers expect stocks to reach their fair value. The dispersion of stock returns can impact the path stocks take to get there.

Please see important disclosure information attached.

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