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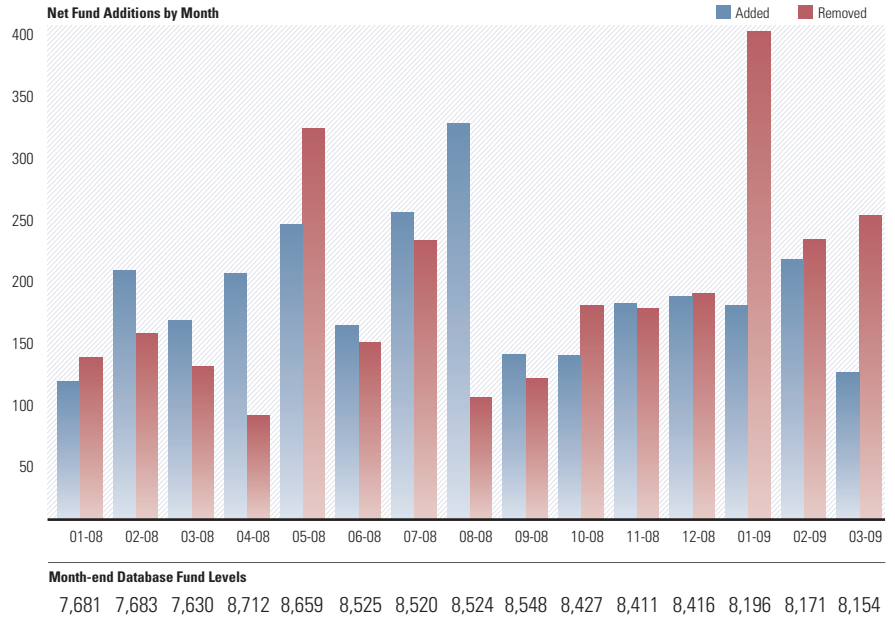
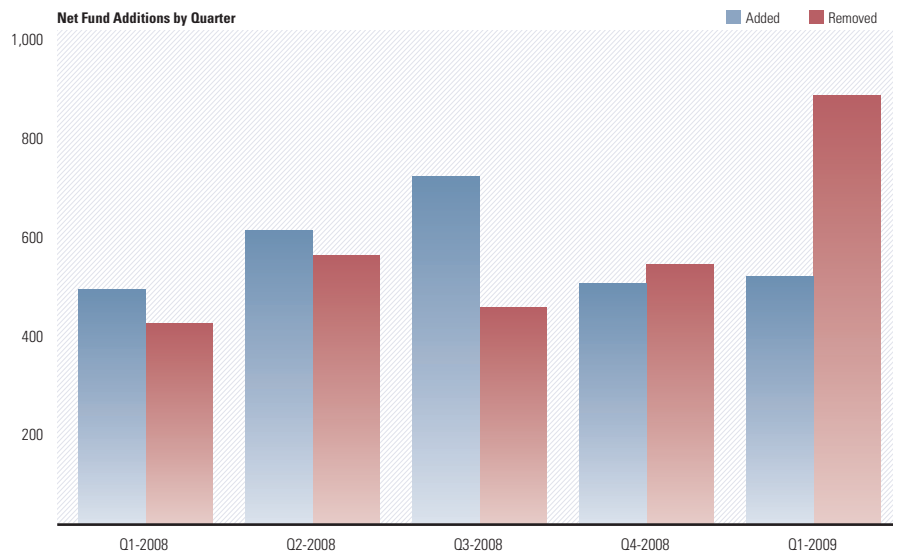# Morningstar Hedge Fund Database Overview as of 05-31-09

Net Fund Additions by Month

A record number of funds dropped out of Morningstar's database in January 2009 (395). Funds drop out because they do not want to advertise their performance or because they have liquidated. The first quarter of 2009 saw a net 365 funds removed from the database, while the database lost a net 38 funds in the fourth quarter of 2008. Prior to that, the database experienced net additions, especially in the third quarter of 2008, when the database increased by 265 funds.

Net Fund Additions by Month
■ Added ■ Removed

Month-end Database Fund Levels

7,681 7,683 7,630 8,712 8,659 8,525 8,520 8,524 8,548 8,427 8,411 8,416 8,196 8,171 8,154

Quarterly Additions/Withdrawals

The total number of funds in Morningstar's database has dropped 6.4% since April 2008, from 8,712 to 8,154. These figures include both single-manager hedge funds and hedge funds of funds. The big jump in number of funds between March and April 2008 reflects Morningstar's acquisition of hedge funds tracked by Standard & Poor's.

Net Fund Additions by Quarter
■ Added ■ Removed

Morningstar Hedge Fund Database Overview as of 05-31-09

Hedge Funds by Region

Most hedge funds advisors in Morningstar's database are located in North America or the Caribbean, because many U.S. hedge funds follow a master-feeder structure whereby an offshore feeder is set up for U.S. tax-exempt institutions to retain their tax status. In Europe, many hedge funds are located in Luxembourg, which provides tax-haven status similar to Caribbean jurisdictions. In Asia, the majority of hedge funds in the database are located in China.

Morningstar Hedge Fund Database by Region
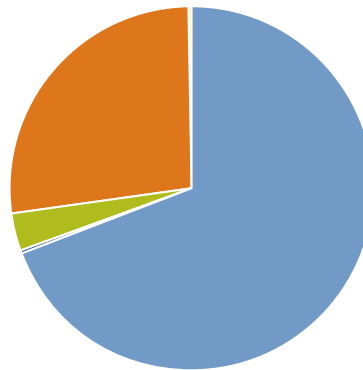
Region	# Funds	%
North America/Carribbean	5,621	69.24
Africa	18	0.22
Asia/Australia	282	3.47
Europe	2,185	26.92
South America	12	0.15
Total	**8,118**	**100.00**

Hedge Funds by Location

The Cayman Islands houses a large number of hedge funds, more than in the United States. The Cayman Islands Monetary Authority actually requires registration of hedge funds, as long as there are more than 15 investors, and the mandatory filing of certain statistics, such as assets under management, investment strategy, and holdings by asset class.

North America & Surrounding	5,621
Cayman Islands	2,231
British Virgin Islands	728
Canada	189
Netherlands Antilles	55
Belize	1
United States	1,816
Bermuda	512
Bahamas	82
St. Vincent & the Grenadines	6
Barbados	1

Africa	18
Mauritius	12
South Africa	2
Swaziland	3
Botswana	1

Asia & Australia	282
China	200
Hong Kong	5
Malaysia	2
Marshall Islands	1
Australia	67
Singapore	4
Bahrain	2
Samoa	1

Europe	2,185
Luxembourg	712
France	256
Switzerland	176
Sweden	89
Spain	45
Liechtenstein	36
Finland	23
Germany	21
Denmark	11
Cyprus	6
Norway	4
Andorra	2
Ireland	270
Guernsey	210
Italy	110
Jersey	88
Netherlands	44
Isle of Man	28
United Kingdom	23
Austria	14
Malta	9
Belgium	4
Portugal	2
Gibraltar	2

South America	12
Brazil	12

Morningstar Hedge Fund Database Overview as of 05-31-09

Service Providers

Morgan Stanley, Goldman Sachs, and now J.P. Morgan (which took over Bear Stearns) are used by 36% of Morningstar's database for prime brokerage services. The big four accounting firms are used by 58% of the database. The market for legal counsel and administrator appears to be more competitive.

Type	Rank	Service Provider	% of Database
Prime Broker	1	Morgan Stanley & Co. International Ltd	17.66
	2	Goldman Sachs	11.52
	3	Bear Stearns Prime Brokerage	6.72
	4	UBS Financial Services Inc	5.74
	5	Banc of America Securities LLC	5.66
	6	Deutsche Bank AG	2.70
	7	Merrill Lynch	2.42
	8	GUOSEN SECURITIES CO., LTD.	1.97
	10	Man Financial	1.39
Auditor	1	PricewaterhouseCoopers	18.17
	2	Ernst & Young LLP	14.33
	3	KPMG	14.13
	4	Deloitte	11.59
	5	Rothstein, Kass & Company, P.C.	4.75
	7	Grant Thornton LLP	2.72
	8	PricewaterhouseCoopers SA	1.46
Administrator	1	Citco Fund Services Ltd	8.45
	2	China Resources SZITIC Trust Co., Ltd	1.88
	3	BNY Fund Management	1.86
	4	Northern Trust International	1.51
	5	Bank of Bermuda	1.42
	7	Bisys Hedge Fund Services	1.34
	8	Fortis Fund Services	1.27
	9	SEI Investments	1.22
	10	Pnc Global Investing Services	1.15
Legal Counsel	1	Seward & Kissel LLP	8.47
	2	Walkers	6.00
	3	Schulte Roth & Zabel LLP	4.45
	4	Simmons & Simmons	4.07
	5	Maples and Calder	3.96
	6	Sidley Austin LLP	3.31
	7	Conyers Dill & Pearman	2.80
	8	Dechert LLP.	2.28
	9	Elvinger, Hoss & Prussen	2.20
	10	Akin Gump Strauss Hauer & Feld LLP	2.12

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