



## **TULLETT ENTERS SECOND-HAND HEDGE FUND MARKET**

London, 28 February 2009 - Tullett Prebon has set up a dealing desk for second-hand hedge funds, becoming the first established brokerage to move into the growing market.

Tullett, which is based in London and is the world's second-largest interdealer broker, hopes to mediate billions of dollars worth of hedge funds this year and help turn the haphazard business of trading second-hand holdings into a proper market. Its entry comes just weeks after Cogent Alternative Strategies, an arm of a US fund sales group, was set up in competition to Hedgebay, the long-standing trading system.

Neil Campbell, who is head of the Tullett desk, said there had been a big rise in interest in trading hedge funds because so many investors were willing to sell at a discount to the funds' net asset value to raise cash quickly.

"A lot of this is liquidity-driven," he said.

Until last summer, much trading in second-hand hedge fund holdings was at a premium or very close to par value as demand was driven by the desire to get into hot hedge funds that were no longer accepting new money.

But discounts have ballooned since the industry hit trouble in September, with Hedgebay reporting an average discount of more than 13 per cent by the end of last year. Many funds have imposed restrictions on withdrawals, prompting those who need cash urgently to turn to the second-hand market and to sell at discounts.

Mr Campbell said prices quoted ranged from 45 cents on the dollar for some funds with long lock-ups to 94 cents on the dollar for more liquid funds in demand. Since opening the desk two weeks ago, about 200 funds have been listed.

Transactions are proving tough to negotiate, with buyers initially asking far bigger discounts than sellers were willing to accept. But Mr Campbell said the gaps were narrowing and the first deals were imminent.

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**Notes to Editors**

About Tullett Prebon plc:

Tullett Prebon ([www.tullettprebon.com](http://www.tullettprebon.com)) operates as an intermediary in wholesale financial markets facilitating the trading activities of its clients, in particular commercial and investment banks. The business now covers the following major product groups: Volatility, Rates, Non Banking & Sterling Cash, Treasury, Energy, Credit, Environmental and Equities. Tullett Prebon's electronic broking division offers electronic solutions to these products. In addition to its brokerage services, Tullett Prebon offers a variety of market information services through its IDB Market Data division, Tullett Prebon Information.

Tullett Prebon has its principal offices in London, New York, Hong Kong, Singapore and Tokyo, with other offices, joint ventures and affiliates in Bahrain, Bangkok, Calgary, Frankfurt, Jakarta, Kuala Lumpur, Luxembourg, Manila, Mumbai, Paris, Salt Lake City, Santiago, Seoul, Shanghai, Sydney, Toronto, Warsaw and Zurich.