



**Alternative Investment
Management Association**

Winner of 2006 AIMA Canada Research Award Announced

Toronto ON - June 13, 2006 - The Canadian Chapter of the Alternative Investment Management Association (AIMA Canada) is pleased to announce that the winner of the 2006 AIMA Canada Research Award (the "Award") is Stephen Foerster, PhD, CFA, the Paul Desmarais/London Life Faculty Fellow in Finance at the Ivey Business School, University of Western Ontario. The winner was recognized for his paper entitled "What Drives Hedge Fund Returns." He will receive a cash prize of \$10,000.

In his paper, Professor Foerster uses the equity market neutral hedge fund (EMN) strategy as the model to test the source of hedge fund returns, though he does consider a wide variety of other strategies to benchmark his findings. Since EMN strategies attempt to remove all influence of the market from the performance of the strategy, practitioners argue that their returns are pure alpha. His results suggest otherwise and that various style attributes and economic variables better explain the apparent excess returns of these strategies. The implication is that much of the strategy can be mechanically replicated. The good news is that EMN returns are negatively related to the shape of the yield curve and positively related to market volatility, suggesting an important counter cyclical role for such a strategy,

In announcing the winners, AIMA Canada Chair Jim McGovern noted that the AIMA Canada Research Award, which is co-sponsored by Maple Financial Alternative Investments and Sprott Asset Management, was introduced in June 2004 "as a means of promoting high-quality Canadian research relating to the rapidly-growing alternative investment industry. We are very grateful to Maple Financial and Sprott Asset Management for making this initiative possible through their sponsorship support," he said.

Mr. McGovern explained that academics, students and practitioners were invited in June 2005 to submit research papers for the Award. The research topics were to be based on any aspect of absolute return strategies, which includes hedge funds, managed futures funds and currency funds. The topics could also cover investment, regulation, trading, and risk management, as well as risk measurement. The research must either have been conducted by Canadians or have been conducted in Canada.

Pierre Saint-Laurent, who was responsible for managing the award as Co-chair of AIMA Canada's Education and Research Committee, said that the winning submission was chosen based on the decision of an independent adjudication panel chaired by Paul Bates, Dean of the DeGroote School of Business at McMaster University and a Commissioner of the Ontario Securities Commission. The panel consisted of academic faculty from a number of academic institutions across Canada.

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“The winning paper by Professor Foerster will be posted on the AIMA Canada Web site and a summary version will be published in the summer edition of Canadian Investment Review,” Mr. Saint-Laurent said.

More information and application forms for the 2007 Award are available at the AIMA Canada web site: www.aima-canada.org.

About the Alternative Investment Management Association (AIMA)

AIMA is an international not-for-profit global trade association with over 1,000 corporate members in 46 countries. AIMA focuses on hedge funds, managed futures and managed currency funds. Its objectives are to:

- Increase investor education, transparency and promote due diligence and related sound practices; and
- Work closely with regulators and other interested parties to promote the responsible use of alternative investments.

AIMA’s membership includes fund-of-funds managers, institutional investors, hedge funds, prime brokers, exchanges, fund administrators, auditors, lawyers and other service providers.

AIMA Canada was formed in March 2003 to act as the voice of the alternative investment industry in Canada. AIMA Canada now has over 70 members. For additional information on AIMA Canada contact Lynda Briant, General Manager, AIMA Canada at 416-453-0111 or briant@aima-canada.org. AIMA Canada’s Web address is www.aima-canada.org.

Media Contacts:

AIMA Canada
Jim McGovern
416-323-0477
mcgovern@aima-canada.org

Francis Communications
Barry Francis
416-876-3204
barry@franciscommunications.com