

Citi Prime Finance



Market Commentary
Report Date: August 2012

www.citigroupgcib.com

Hedge Fund Industry Snapshot

Data as of July 2012

Americas

New York: 800 773 2889
San Francisco: 415 617 8554

EMEA

EMEA: 44 (0) 207 986 0822

Asia Pac

Hong Kong: 852 2501 8356
Tokyo: 813 6270 3165
Singapore: 65 6432 1223
Australia: 612 8225 6424

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Highlights-

Data as of July-2012

Performance, AUM & Flows:

- Composite hedge fund performance, equal-weighted across funds, was up in July 2012 with performance ranging from +0.37% to +1.03%. Returns were higher than the previous period (June 2012 -0.30% to +0.24%). Year to date performance gains range from +2.78% to +4.16% compared to -2.22% to +1.0% over the same period in 2011. The Citi HARP hedge fund replication index was +1.09% in July versus the HFRI Fund of Fund index that was 0.73%.
- Hedge fund strategy wise, top performing strategies in July 2012 include CTA/Managed Futures +2.02%, Dedicated Short +1.72%, Fixed Income Arbitrage +1.28%, Global Macro +1.18%, Multi Strategy +1.03% and Distressed +0.92%. The lowest performing strategies include Event Driven +0.36%, Equity Long/Short +0.315 and Equity Market Neutral 0.31%. Across the universe of hedge funds reporting performance, all strategies experienced positive performance for July 2012, the first such month in over 3 years
- According to eVestment|HFN, the estimated industry assets increased for July 2012, finishing the month net positive at +\$29.75 billion. Gains were attributed to positive performance at +\$38.9 billion while net investor flows were negative for July 2012 accounting for -\$9.15 billion. Industry AuM currently stands at \$2.50 billion below its \$2.94 trillion June 2008 peak.
- Net investor outflows of -\$9.15 billion for July 2012 mark the fourth period of net negative flows for 2012. July 2012 net flows were greater than the previous month, which experienced -\$4.8 billion over the same period. Year to date investor flows now stand at +\$12.59 billion compared to +\$62.15 billion over the same period last year.

Fund Profiles:

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was +2.0%, medium single funds (\$100-\$500 million) +2.3% and small single funds (<\$100 million) +1.4%.
- Liquidity terms continued its consistent pattern from the previous reporting periods with July 2012 showing little changes to redemption notice periods with 66% of funds requiring 30 days or less notice for redemption. Across the entire subset of reporting funds, the majority (53%) required no lockup (43%) or less than 1 year lock up (10%).
- Consistent throughout recent reporting periods, large funds (> \$500 million AUM) continue to hold a large portion of industry AUM (72%) compared to medium funds (\$100-\$500 million) at 20% and small funds (<\$100 million) holding only 8%.

Leverage, Shorts and Futures Market Positioning:

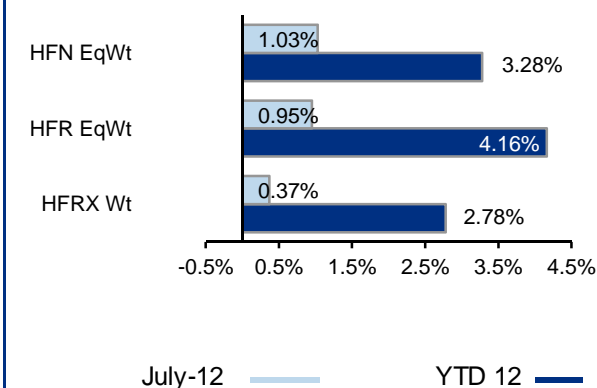
- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.73x in July 2012 versus 1.75x in June, and 1.94x in May.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Equity Market Neutral (4.39x), Multi Strategy (3.68x), Global Macro (3.59x), and Convertible Arbitrage (3.32x).
- Citi U.S. short flows data included in this month's report show continued interest in the Consumer Discretionary and Information Technology sectors. These two sectors accounted for 36.32% of short executions and 30.00% of short covers in July versus 33.01% of short executions and 38.71% of short covers in June 2012.
- Changes in large speculator net positioning (in Futures & options) in the month of July was muted. They cut net shorts held in S&P (big & mini included) and in EuroFX. However, they switched to a modest net long in 10-year T-notes and built a net long in gold. Overall we continue to view the positioning as cautious in nature.

Hedge Fund Industry: AUM, Performance

Data as of July-2012

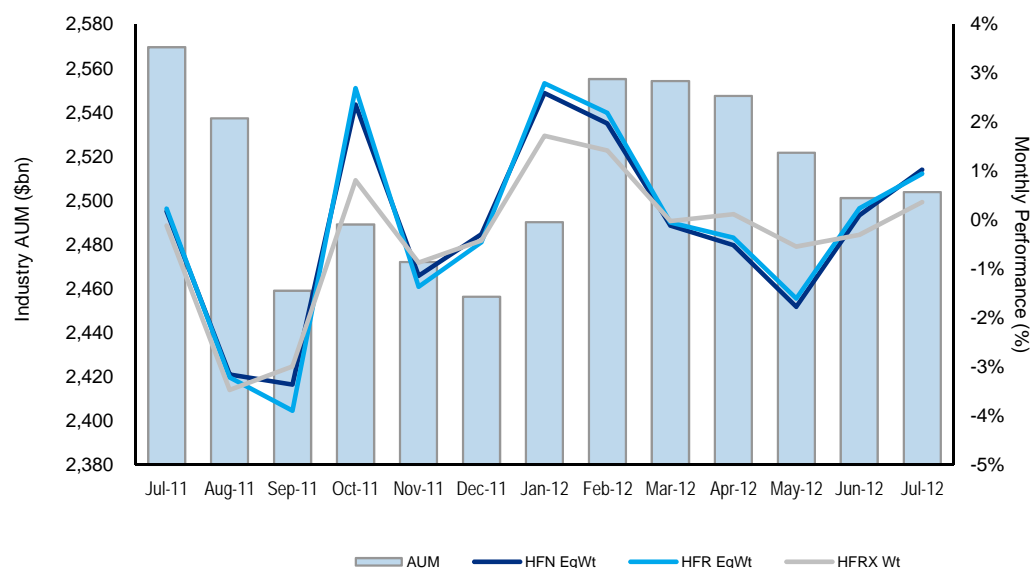
- Composite hedge fund performance, equal-weighted across funds, were up in July 2012 with performance ranging from +0.37% to +1.03%. Returns were higher than the previous period (June 2012 -0.30% to +0.24%). Year to date performance gains range from +2.78% to +4.16% compared to -2.22% to +1.0% over the same period in 2011.
- Global financial market volatility continued in July as evidence of slowing economies in the US and China accompanied continued investor concern regarding the European sovereign debt and banking crisis, with recent focus on weakness in Spanish banks. Yields on US and German government bonds declined to record lows as the yield curve steepened on concerns about weak economic growth, additional Eurozone instability and expectations for additional stimulus measures by central banking institutions. Global equity markets generally posted gains for the month, with positive contributions from Energy, Oil Services and central European economies. Commodities posted gains concentrated in Wheat and Corn on US drought conditions, while Oil and Natural Gas also posted gains. The US Dollar gained against the Euro and GBP, while declining against the JPY.
- Hedge fund strategy wise, top performing strategies in July 2012 include CTA/Managed Futures +2.02%, Dedicated Short +1.72%, Fixed Income Arbitrage +1.28%, Global Macro +1.18%, Multi Strategy +1.03% and Distressed +0.92%. The lowest performing strategies include Event Driven +0.36%, Equity Long/Short +0.35 and Equity Market Neutral 0.31%. Across the universe of hedge funds reporting performance, all strategies saw positive performance for July 2012, the first such month in over 3 years.
- Industry AUM, estimated at \$2.504 trillion for July 2012 according to eVestment|HFN is up slightly from June's \$2.501 trillion. Depending on the source, estimates of industry AUM ranges from \$2.13 to \$2.50 trillion compared to the Q2 2008 peak range of \$1.9 to \$2.94 trillion.

Industry Performance: June-12 / YTD



Source: HFR, eVestment|HFN

Monthly Industry AUM and Performance



Note Pad:

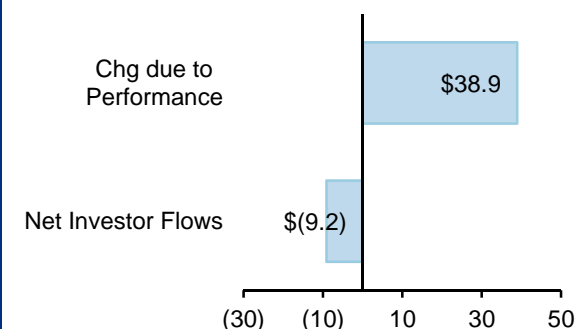
- MSCI World Index: +1.3%; +8.1% YTD
- MSCI EM Index: +2.0%; +7.7% YTD
- S&P 500: +1.4%; +11.0% YTD
- Citi US BIG Index: +1.4%; +3.7% YTD
- S&P GSCI: -6.4%; +0.03% YTD
- U.S. Dollar Index: +5.4%; +4.3% YTD
- HFN Country Indices May/YTD:
 - Brazil +0.82% / +6.69%; Russia +5.33% / +3.46%;
 - India: -0.96% / -11.58%; China: -0.15% / -0.15%

Hedge Fund Industry: Change in Industry Assets

Data as of July-2012

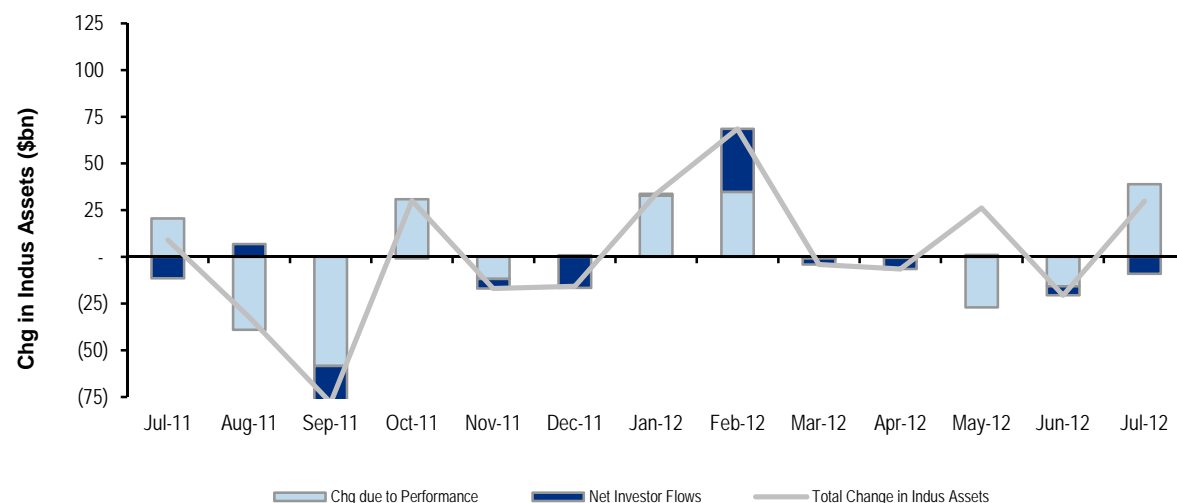
- According to eVestment|HFN, the estimated change in industry assets for July 2012 increased, finishing the month net positive at +\$29.75 billion. Gains were attributed to positive performance gains of +\$38.9 billion while negative net investor flows accounted for -\$9.15 billion.
- July 2012 marks the first month since February 2012 in which performance contributed positively to industry AUM. July 2012 performance gains of +\$38.9 billion exceeded performance from the previous month (June 2012 -\$15.72 billion). Year to date performance gains stand at +\$61.93 billion compared to +\$34.70 billion over the same period last year.
- Negative net investor inflows of -\$9.15 billion for July 2012 mark the fourth period of negative net flows for 2012. July 2012 net outflow flows exceeded the previous month, which experienced -\$4.8 billion over the same period. Year to date investor flows now stand at +\$12.59 billion compared to +\$62.15 billion over the same period last year.
- Total industry AUM of \$2.50 trillion for July 2012 is down -1.64% from \$2.52 trillion in May 2012. Industry AUM levels are still well below the June 2008 peak estimated by eVestment|HFN at \$2.94 trillion.

Composition of Change in Assets: July-12 Amounts in (\$ bn)



Source: eVestment|HFN

Monthly Change in Industry Assets and Composition



Source: eVestment|HFN

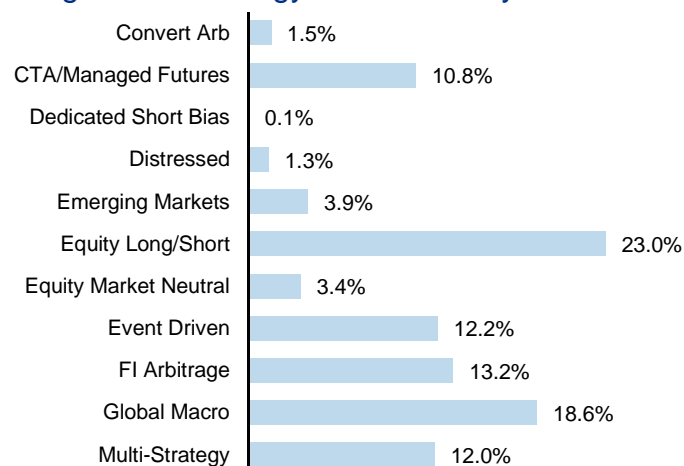
Note Pad:

- The Citi Prime Finance calculation for end-July gross leverage (as measured on a mean basis) was 1.73x, compared to recent months: June (1.75x), May (1.79x), and April (1.82x)
- Gross leverage (mean): defined as $\text{sum of (LMV + abs SMV)} / \text{Net Equity}$

Hedge Fund Stats by Strategy

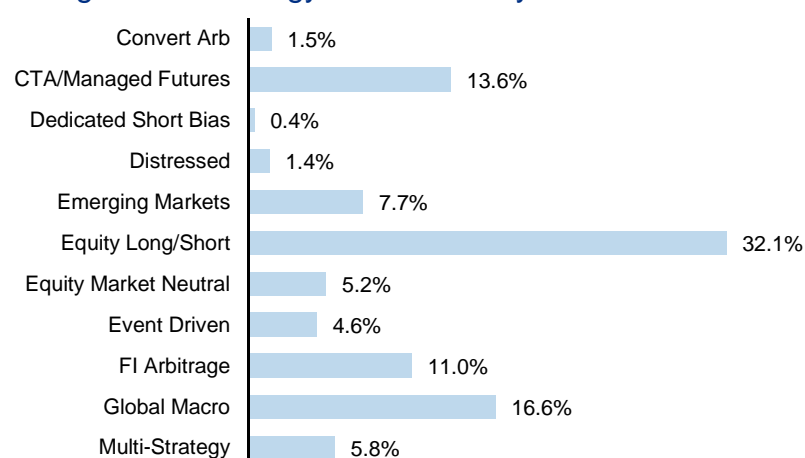
Data as of July-2012

Hedge Fund Strategy Breakdown by Assets



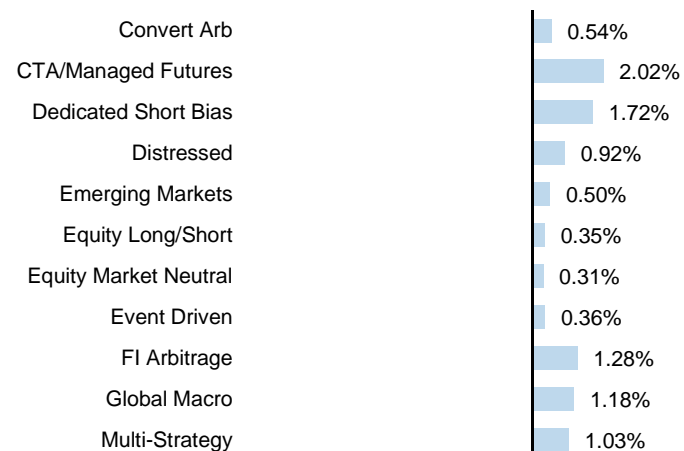
Source: Citi Prime Finance

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi Prime Finance

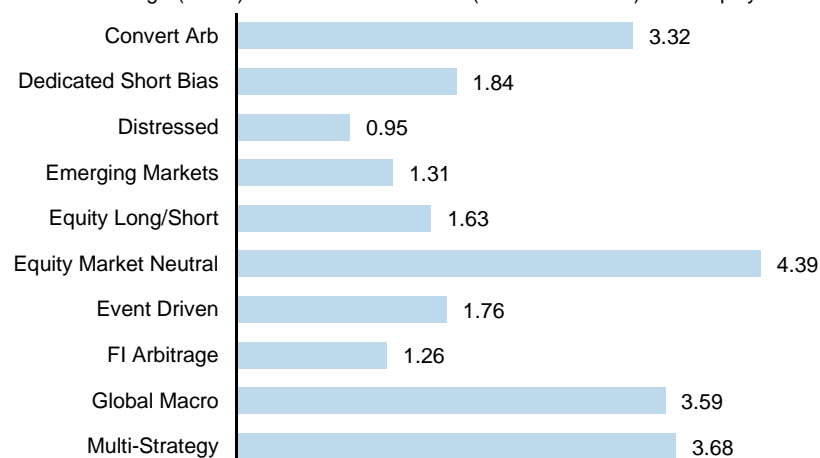
Hedge Fund Performance by Strategy



Source: Citi Prime Finance

Hedge Fund Leverage Ratios by Strategy

Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity



Source: Citi Prime Finance

Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.

Monthly Performance by Strategy

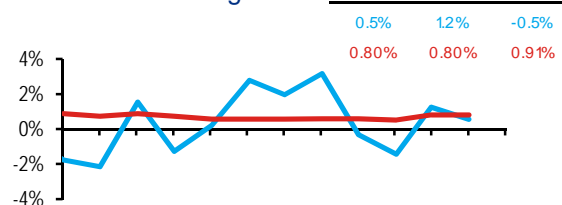
Data as of July-2012

Monthly Median:

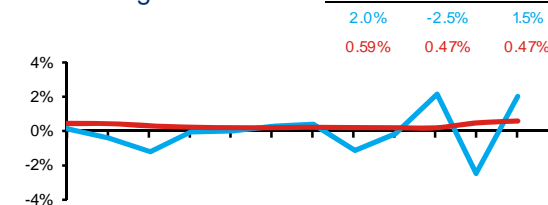
Trailing 60 Month Median:



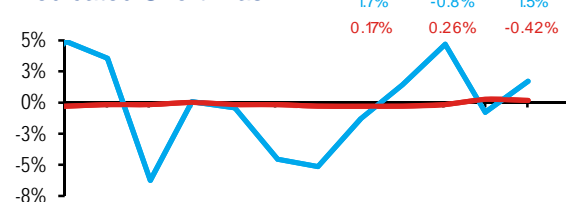
Convertible Arbitrage



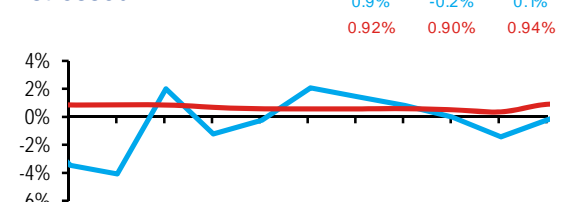
CTA/Managed Futures



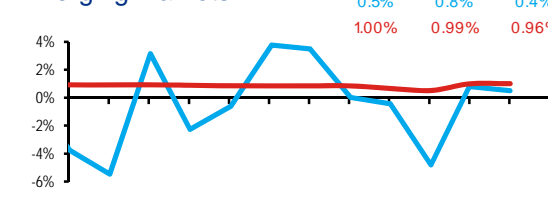
Dedicated Short Bias



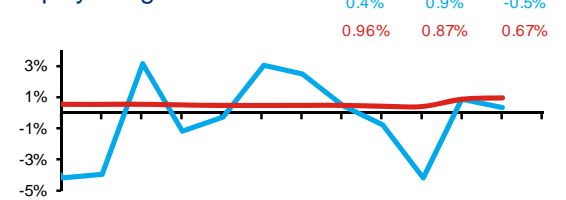
Distressed



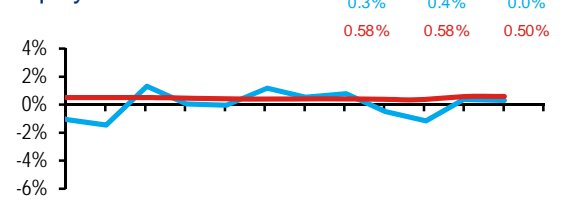
Emerging Markets



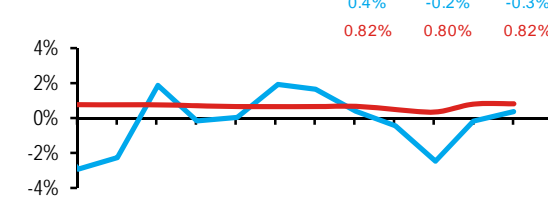
Equity Long/Short



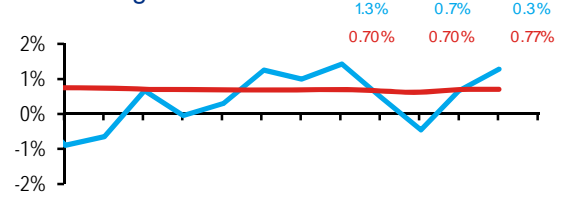
Equity Market Neutral



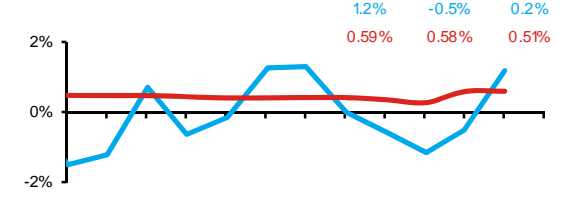
Event Driven



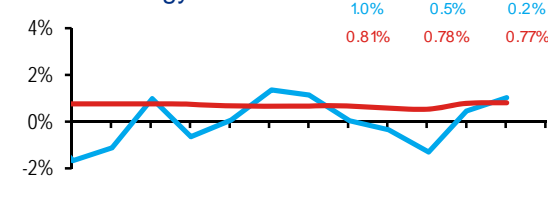
FI Arbitrage



Global Macro



Multi-Strategy



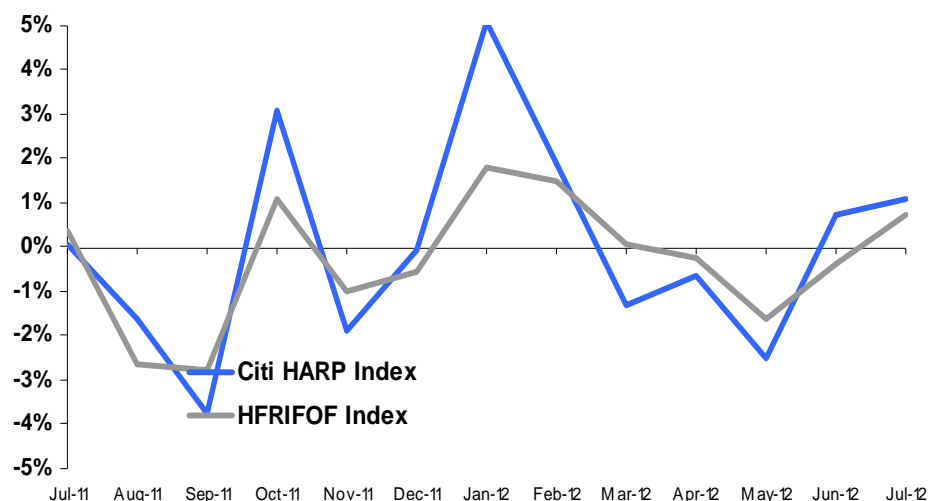
Source: Citi Prime Finance

Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.

Citi Liquid Hedge Fund Replicator (HARP)

Data as of July-2012

Citi HARP Index vs. Benchmark (monthly rolling)



Citi HARP is a liquid investable index, which aims at approximating the performance of the hedge fund sector

	Jul-12	Jun-12	Jul-11	YTD-12
Citi HARP	1.09%	0.73%	0.06%	4.26%
HFRIFOF	0.73%	-0.37%	0.39%	1.78%

Source: Citi and Hedge Fund Research, Inc., © www.hedgefundresearch.com
HFRIFOF Index is the HFRI Funds of Funds Composite Index

Annualized Performance: Last 12-Month	Citi HARP Index	HFRIFOF
Annualised Return	-0.23%	-4.13%
Annualised Volatility	8.70%	5.18%
Sharpe Ratio	-0.04	-0.81
Correlation	89%	-

The purpose of the Index is to approximate in broad terms the performance of the hedge fund sector by achieving a similarity between the pattern of the returns of the Index and the pattern of the returns of a Benchmark - the HFRI Fund of Funds Composite Index.

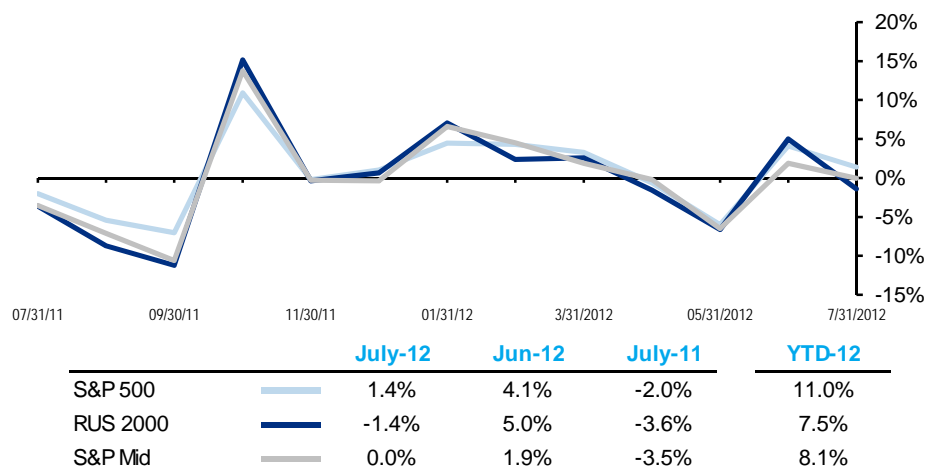
The Index contains weighted components. The components are a money market component and various index components. Each index component represents a class of asset in which the hedge fund sector is assumed to invest: bond, commodity, equity and foreign exchange.

The weighting within the Index of each component is determined monthly. Every month, a multiple linear regression algorithm is used to identify the appropriate weighting.

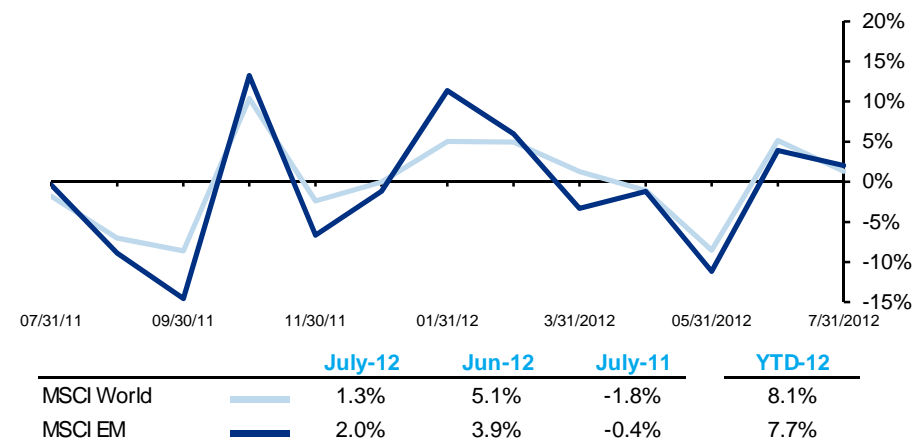
Market Performance

Data as of July-2012

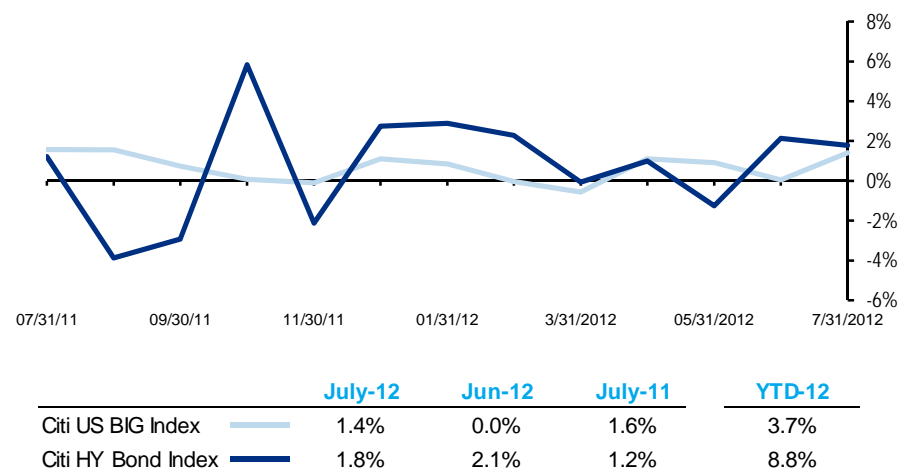
US Equities (Large Cap vs. Small Cap)



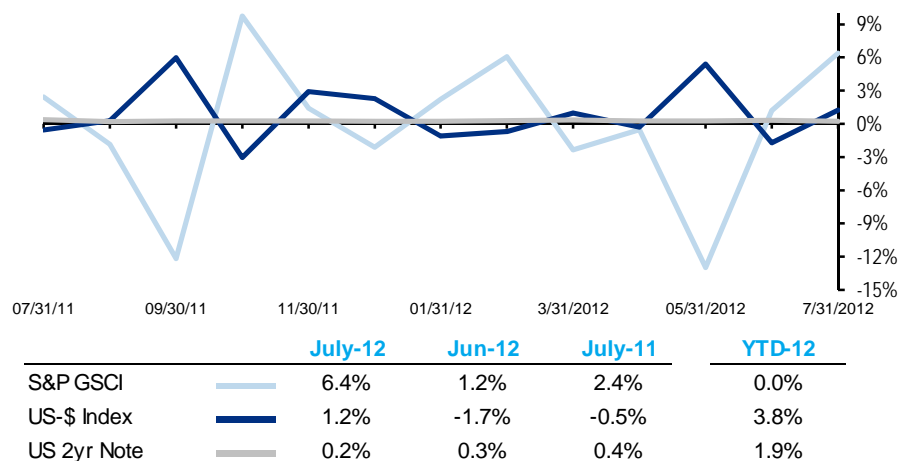
Global Equities (Developed vs. Emerging)



Fixed Income (High-Grade vs. High-Yield)



Commodities (US\$ performance)

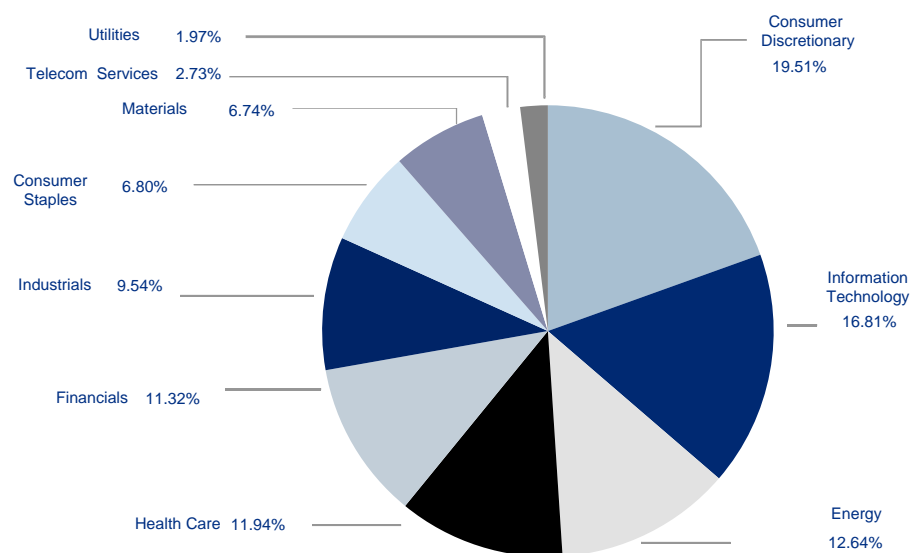


Source: Citi Prime Finance; FactSet; Citigroup Index LLC.

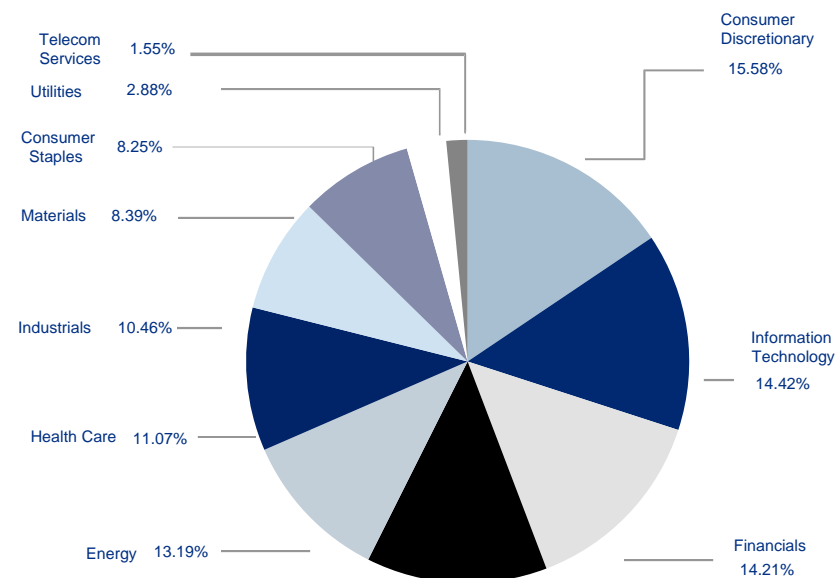
US Securities Lending Sector Short Flows

Data as of July-2012

Short Sale Executions



Short Cover Executions



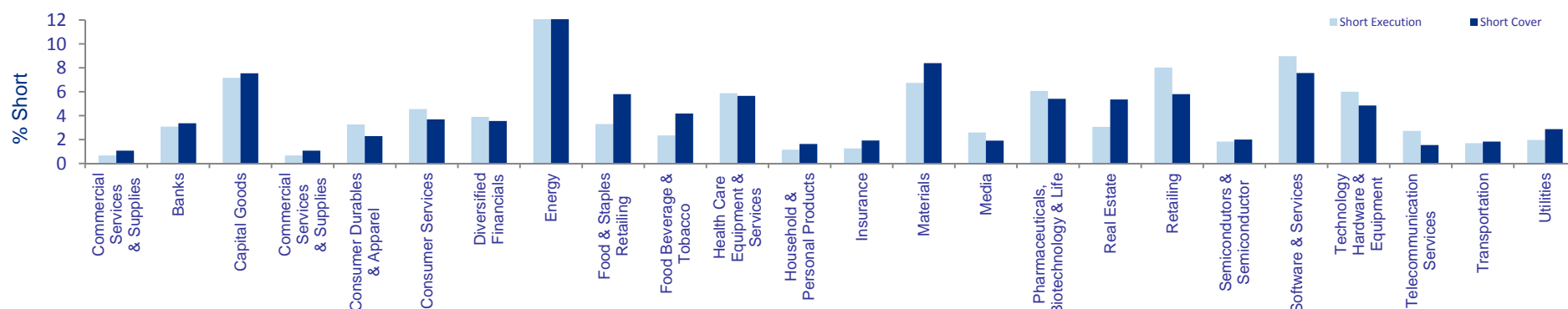
Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Consumer Discretionary	19.51	17.12	13.96
Information Technology	16.81	15.99	5.13
Energy	12.64	14.32	-11.73
Health Care	11.94	10.61	12.54
Financials	11.32	13.93	-18.74
Industrials	9.54	9.46	0.85
Consumer Staples	6.80	7.19	-5.42
Materials	6.74	8.33	-19.09
Telecom Services	2.73	0.88	210.23
Utilities	1.97	2.17	-9.22

Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Consumer Discretionary	15.58	16.49	-5.52
Information Technology	14.42	12.30	17.24
Financials	14.21	17.58	-19.17
Energy	13.19	12.60	4.68
Health Care	11.07	7.87	40.66
Industrials	10.46	9.32	12.23
Materials	8.39	10.82	-22.46
Consumer Staples	8.25	8.74	-5.61
Utilities	2.88	2.60	10.77
Telecom Services	1.55	1.67	-7.19

Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value

US Securities Lending Industry Group Short Flows Data as of July-2012

Citi Industry Group Short Flows



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Energy	12.64	14.32	-11.73
Software & Services	8.98	8.48	5.90
Retailing	8.03	8.27	-2.90
Capital Goods	7.17	6.92	3.61
Materials	6.74	8.33	-19.09
Pharmaceuticals, Biotechnology & Life	6.07	5.59	8.59
Technology Hardware and Equipment	6.00	5.25	14.29
Health Care Equipment and Services	5.88	5.02	17.13
Consumer Services	4.55	3.48	30.75
Diversified Financials	3.90	3.83	1.83
Food & Staples Retailing	3.30	2.95	11.86
Consumer Durables & Apparel	3.27	2.60	25.77
Banks	3.09	4.28	-27.80
Real Estate	3.06	3.39	-9.73
Telecom Services	2.73	0.88	210.23
Media	2.60	2.00	30.00
Food Beverage & Tobacco	2.35	3.53	-33.43
Utilities	1.97	2.17	-9.22
Semiconductors & Semiconductor	1.83	2.25	-18.67
Transportation	1.70	1.90	-10.53
Insurance	1.27	2.44	-47.95
Household & Personal Products	1.15	0.71	61.97
Automobiles & Components	1.05	0.76	38.16
Commercial Services & Supplies	0.67	0.63	6.35

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	13.19	12.60	4.68
Materials	8.39	10.82	-22.46
Software & Services	7.57	6.18	22.49
Capital Goods	7.54	6.17	22.20
Retailing	5.80	5.63	3.02
Health Care Equipment and Services	5.66	3.60	57.22
Pharmaceuticals, Biotechnology & Life	5.41	4.27	26.70
Real Estate	5.35	4.87	9.86
Technology Hardware and Equipment	4.85	4.27	13.58
Food Beverage & Tobacco	4.18	5.36	-22.01
Consumer Services	3.69	3.46	6.65
Diversified Financials	3.66	5.36	-31.72
Banks	3.37	5.13	-34.31
Utilities	2.88	2.60	10.77
Food & Staples Retailing	2.43	1.80	35.00
Consumer Durables & Apparel	2.29	2.99	-23.41
Semiconductors & Semiconductor	2.00	1.86	7.53
Insurance	1.93	2.84	-32.04
Media	1.91	2.38	-19.75
Automobiles & Components	1.89	2.03	-6.90
Transportation	1.84	2.16	-14.81
Household & Personal Products	1.63	1.58	3.16
Telecom Services	1.55	1.67	-7.19
Commercial Services & Supplies	1.08	0.99	9.09

Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value

US Securities Lending Short Flows Summary

Data as of July-2012

Citi Short Flows: June 2012

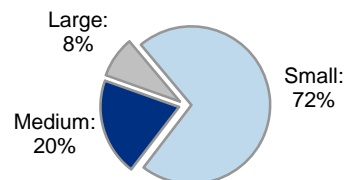
GICS Code	Description	% Short Executions This Month	% Short Executions From Last Month	% Change From Last Month	% Short Cover This Month	% Short Cover From Last Month	% Change From Last Month
Sector	Sector						
10	Energy	12.64	14.32	-11.73	13.19	12.60	4.68
15	Materials	6.74	8.33	-19.09	8.39	10.82	-22.46
20	Industrials	9.54	9.46	0.85	10.46	9.32	12.23
25	Consumer Discretionary	19.51	17.12	13.96	15.58	16.49	-5.52
30	Consumer Staples	6.80	7.19	-5.42	8.25	8.74	-5.61
35	Health Care	11.94	10.61	12.54	11.07	7.87	40.66
40	Financials	11.32	13.93	-18.74	14.21	17.58	-19.17
45	Information Technology	16.81	15.99	5.13	14.42	12.30	17.24
50	Telecommunication Services	2.73	0.88	210.23	1.55	1.67	-7.19
55	Utilities	1.97	2.17	-9.22	2.88	2.60	10.77
Industry Group	Industry Group						
1010	Energy	12.64	14.32	-11.73	13.19	12.60	4.68
1510	Materials	6.74	8.33	-19.09	8.39	10.82	-22.46
2010	Capital Goods	7.17	6.92	3.61	7.54	6.17	22.20
2020	Commercial Services & Supplies	0.67	0.63	6.35	1.08	0.99	9.09
2030	Transportation	1.70	1.90	-10.53	1.84	2.16	-14.81
2510	Automobiles & Components	1.05	0.76	38.16	1.89	2.03	-6.90
2520	Consumer Durables & Apparel	3.27	2.60	25.77	2.29	2.99	-23.41
2530	Consumer Services	4.55	3.48	30.75	3.69	3.46	6.65
2540	Media	2.60	2.00	30.00	1.91	2.38	-19.75
2550	Retailing	8.03	8.27	-2.90	5.80	5.63	3.02
3010	Food & Staples Retailing	3.30	2.95	11.86	2.43	1.80	35.00
3020	Food Beverage & Tobacco	2.35	3.53	-33.43	4.18	5.36	-22.01
3030	Household & Personal Products	1.15	0.71	61.97	1.63	1.58	3.16
3510	Health Care Equipment & Services	5.88	5.02	17.13	5.66	3.60	57.22
3520	Pharmaceuticals, Biotechnology & Life Sciences	6.07	5.59	8.59	5.41	4.27	26.70
4010	Banks	3.09	4.28	-27.80	3.37	5.13	-34.31
4020	Diversified Financials	3.90	3.83	1.83	3.56	4.75	-25.05
4030	Insurance	1.27	2.44	-47.95	1.93	2.84	-32.04
4040	Real Estate	3.06	3.39	-9.73	5.35	4.87	9.86
4510	Software & Services	8.98	8.48	5.90	7.57	6.18	22.49
4520	Technology Hardware & Equipment	6.00	5.25	14.29	4.85	4.27	13.58
4530	Semiconductors & Semiconductor Equipment	1.83	2.25	-18.67	2.00	1.86	7.53
5010	Telecommunication Services	2.73	0.88	210.23	1.55	1.67	-7.19
5510	Utilities	1.97	2.17	-9.22	2.88	2.60	10.77

Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value

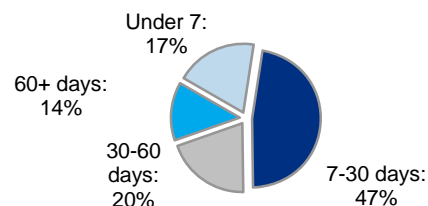
Hedge Fund (Fund Level) Profiles

Data as of July-2012

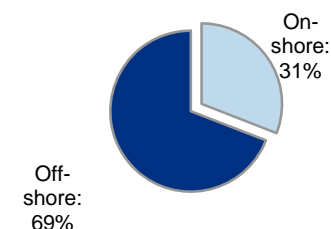
By Fund Size—No. of Funds



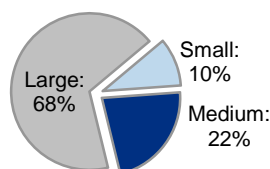
Redemption Notice Period



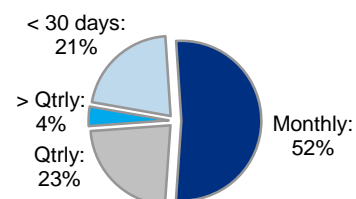
On-shore/Off-shore



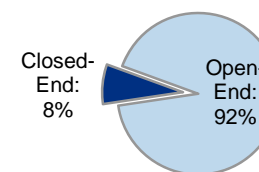
By Fund Size—\$ AUM



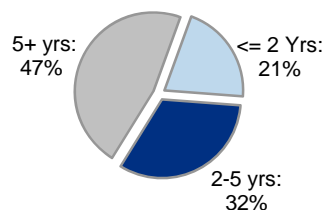
Redemption Frequency



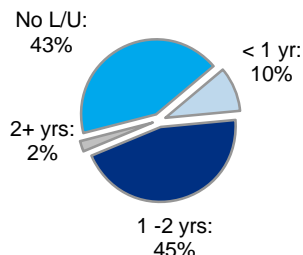
Legal Status



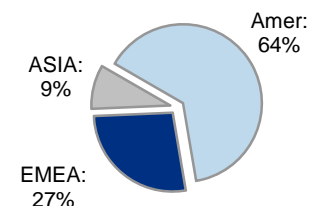
By Fund Age—No. of Funds



Lock-Up



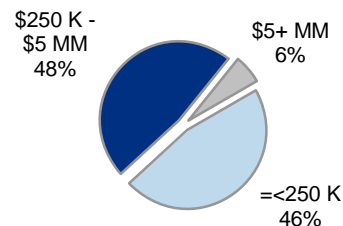
Domicile (by \$ AUM)



By Fund Age—\$ AUM



Minimum Investment



Source: Citi Prime Finance

Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.

Hedge Fund (Fund Level) Profiles

Data as of July-2012

Hedge Funds: Large (>\$500 MM)

Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	4%	\$1,024	1.0%	4.4%	100%	100%	1-2 yrs / 6%	7-30 days / 50%	Monthly / 54%
2-5 yrs	25%	\$1,387	0.7%	1.8%	90%	90%	1-2 yrs / 50%	60+ days / 31%	Monthly / 31%
Over 5 yrs	71%	\$2,237	1.5%	2.9%	65%	78%	1-2 yrs / 42%	7-30 days / 31%	Monthly / 53%
Total	100%	\$1,793	1.5%	2.0%	68%	69%	No / 42%	7-30 days / 32%	Monthly / 46%

Hedge Funds: Medium (\$100 – \$500 MM)

Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	6%	\$205	0.9%	0.0%	61%	94%	1-2 yrs / 83%	7-30 days / 50%	Under 30 / 64%
2-5 yrs	30%	\$216	0.4%	3.6%	71%	84%	1-2 yrs / 58%	7-30 days / 47%	Monthly / 52%
Over 5 yrs	63%	\$331	0.4%	2.4%	74%	72%	No / 53%	7-30 days / 51%	7-30 days / 69%
Total	100%	\$227	0.9%	2.3%	63%	76%	No / 49%	7-30 days / 43%	Monthly / 53%

Hedge Funds: Small (<\$100 MM)

Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	12%	\$29	0.6%	0.9%	53%	86%	1-2 yrs / 83%	7-30 days / 39%	Monthly / 55%
2-5 yrs	32%	\$31	0.8%	2.0%	57%	78%	1-2 yrs / 48%	7-30 days / 43%	Monthly / 57%
Over 5 yrs	55%	\$43	0.6%	3.2%	72%	61%	No / 44%	7-30 days / 54%	Monthly / 55%
Total	100%	\$27	2.5%	1.4%	67%	73%	1-2 yrs / 45%	7-30 days / 55%	Monthly / 59%

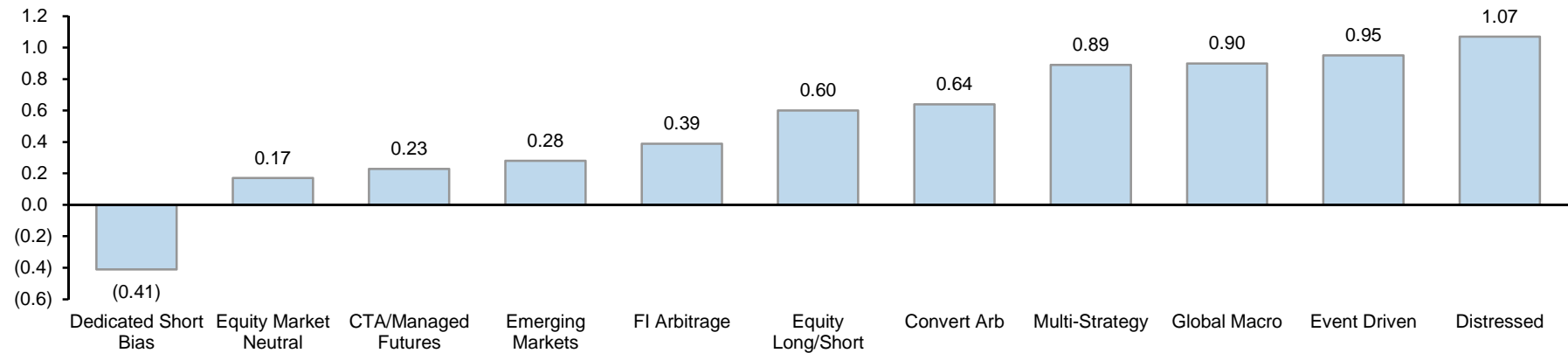
Source: Citi Prime Finance

Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. Median YTD performance is calculated from funds reporting for all underlying periods. - "n/m" = Not Meaningful.

Risk and Return Metrics

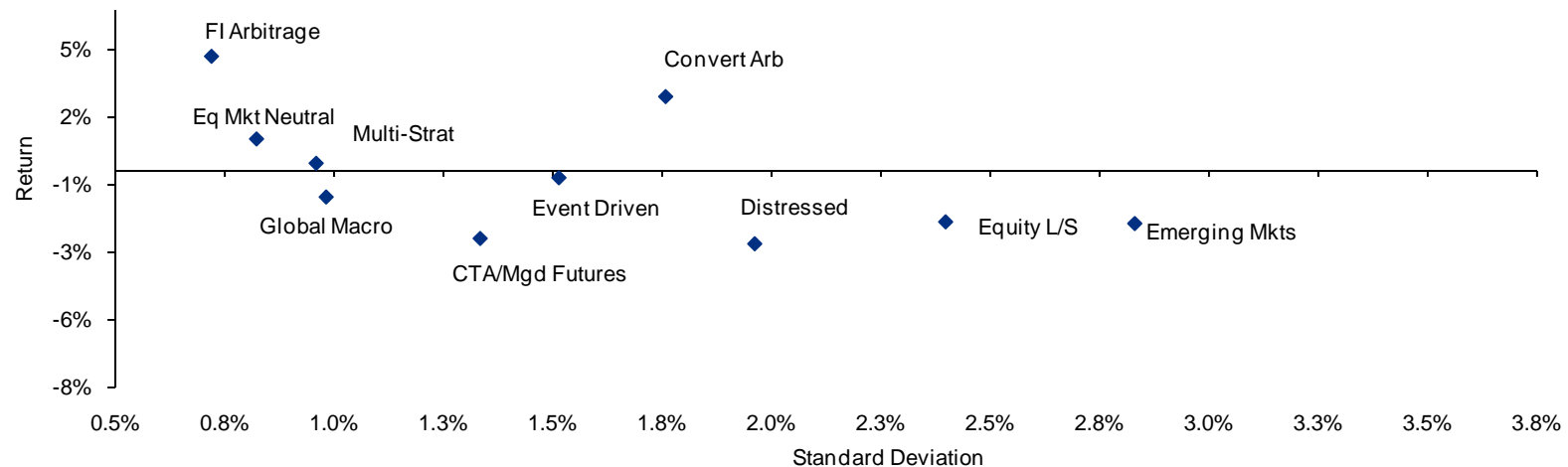
Data as of July-2012

Sharpe Ratios (July-94 – Jul-12)



Source: Credit Suisse Tremont

Risk vs. Return (July-11 – July-12)



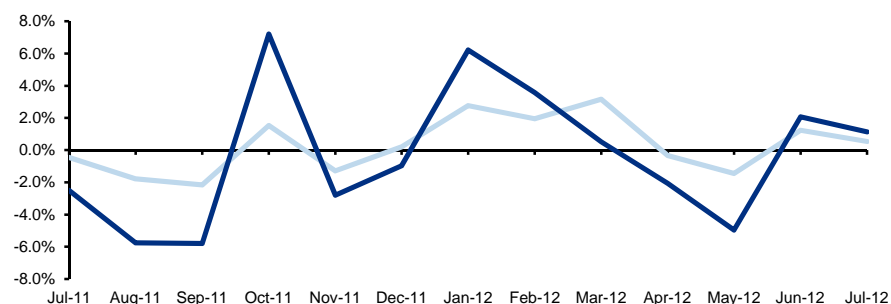
Source: Citi Prime Finance

Convertible Arbitrage

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.8%	2.0%	3.2%	-0.3%	-1.5%	1.2%	0.5%						7.9%

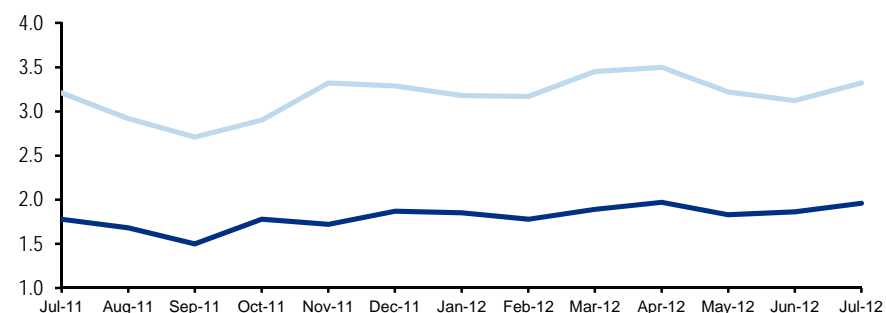
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-12	Jun-12	Jul-11	YTD-12
Convert Arb	0.5%	1.2%	-1.0%	7.9%
CWB ETF	1.1%	2.1%	-2.5%	6.5%

Source: Citi ICG Analytics; FactSet

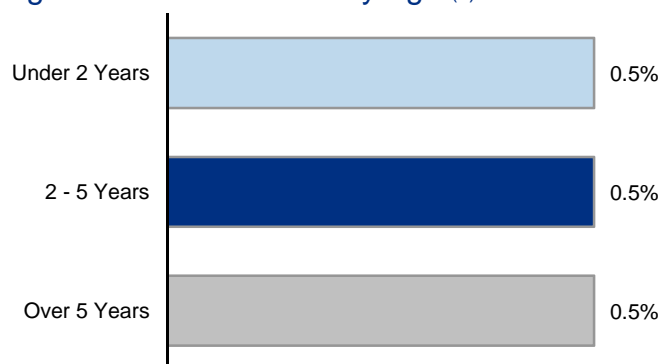
Leverage Profile (Monthly, LTM)



Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity
 LMV Leverage (Mean): Defined as Long Market Value / Net Equity

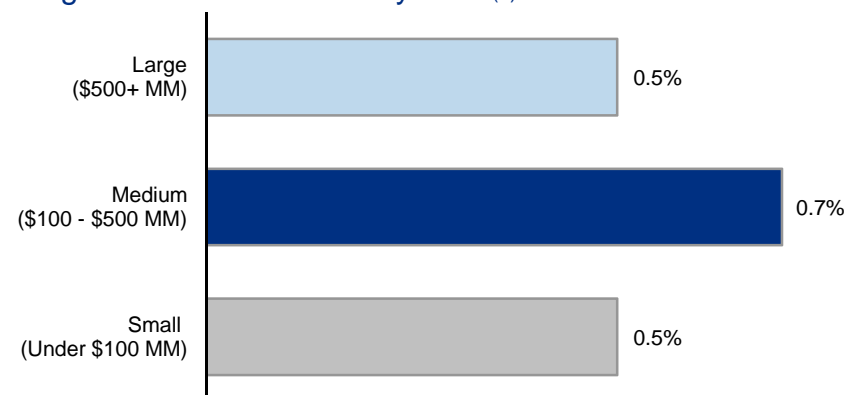
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi Prime Finance

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

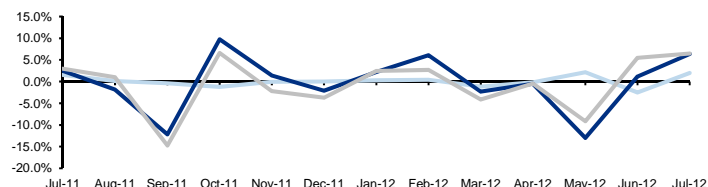
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

CTA/Managed Futures

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.3%	0.4%	-1.1%	-0.2%	2.1%	-2.5%	2.0%						1.1%

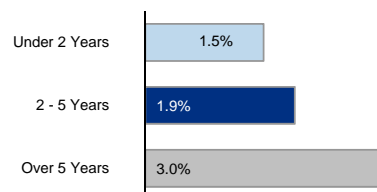
Hedge Fund Performance vs. Benchmark



	Jul-12	Jun-12	Jul-11	YTD-12
CTA/Mgd Futures	2.0%	-2.5%	-2.0%	1.1%
S&P GSCI Commodity (SPGSCI)	6.4%	1.2%	-5.3%	0.0%
DJ-UBS Commodity (DJAGK)	6.5%	5.5%	-5.0%	3.4%

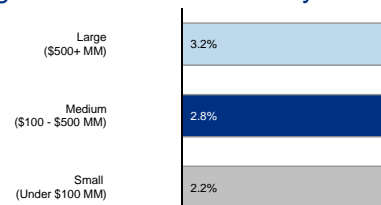
Source: Citi Prime Finance; FactSet

Hedge Fund Performance by Age



Source: Citi Prime Finance

Hedge Fund Performance by Size

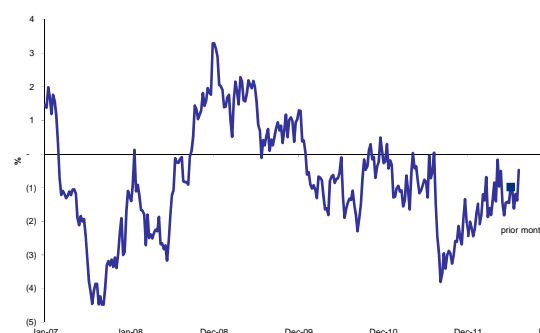


Source: Citi Prime Finance

Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

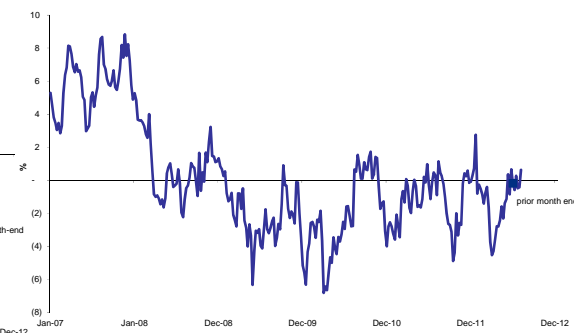
Large Speculator Positions: CFTC Commitment Of Trader (Futures & Options) Report Net of Longs Less Shorts As Percent of Total Open Positions

Combined S&P / Weighted Mini S&P Contracts



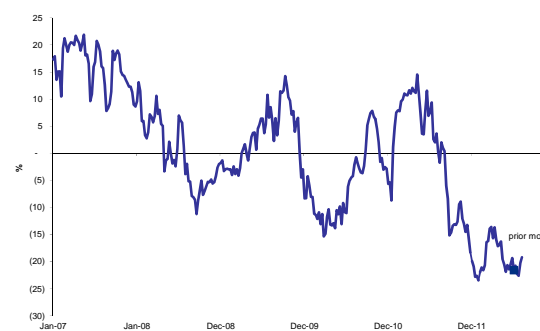
Last Update: 7/31/12 -0.5%

U.S. 10-Year Treasury Futures



Last Update: 7/31/12 +0.6%

EuroFX Futures



Last Update: 7/31/12 -19.2%

Gold Futures



Last Update: 7/31/12 +9.9%

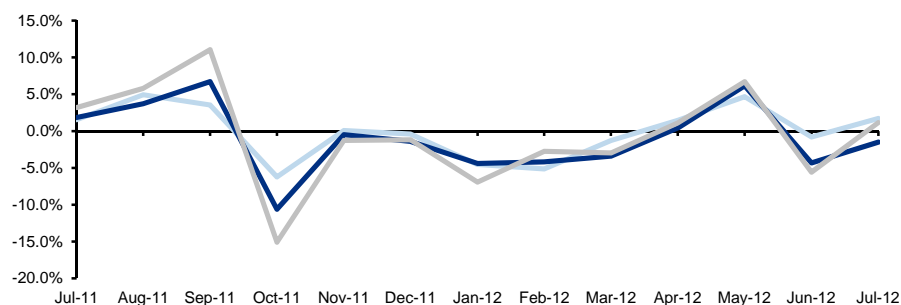
Source: CFTC, Bloomberg, Citi Futures Perspective

Dedicated Short Bias

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-4.5%	-5.2%	-1.3%	1.4%	4.7%	-0.8%	1.7%						-3.9%

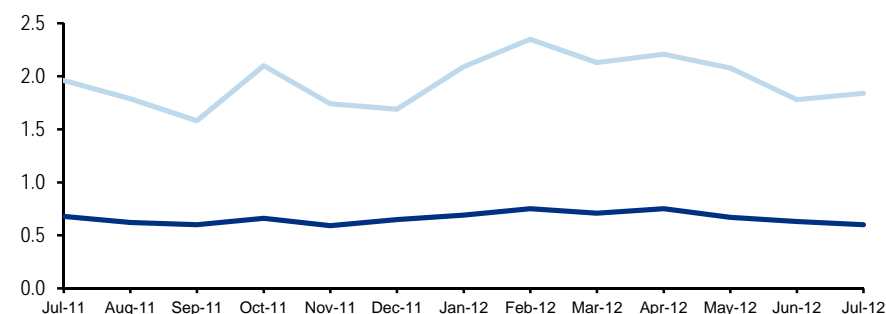
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-12	Jun-12	Jul-11	YTD-12
Ded Short Bias	1.7%	-0.8%	0.9%	-3.9%
S&P Short ETF (SH)	-1.5%	-4.3%	1.4%	-11.2%
Rus 2000 Short ETF (RWM)	1.2%	-5.6%	1.8%	-9.2%

Source: Citi Prime Finance; FactSet

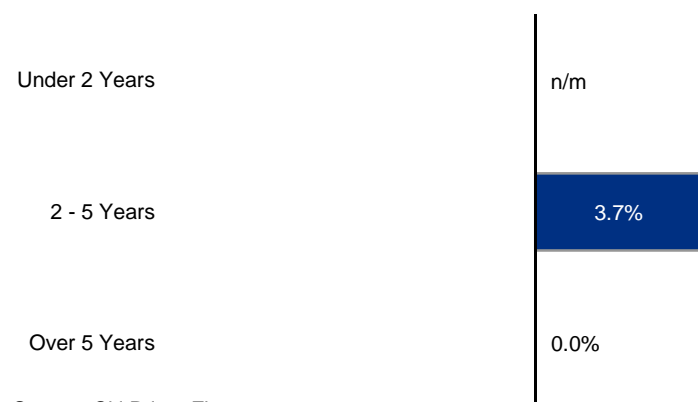
Leverage Profile (Monthly, LTM)



Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity
 LMV Leverage (Mean): Defined as Long Market Value / Net Equity

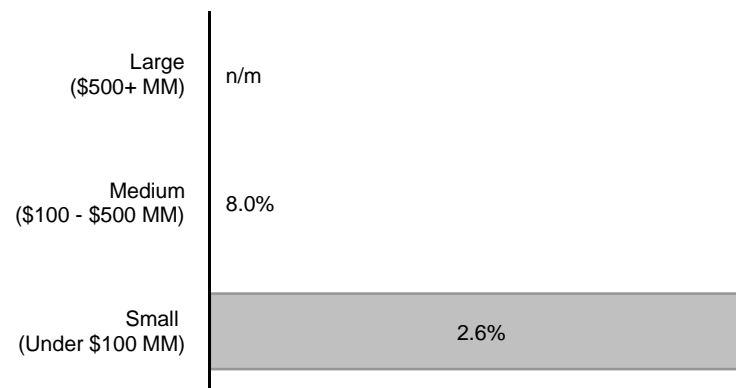
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi Prime Finance

Hedge Fund Performance by Size (1)



Source: Citi Prime Finance

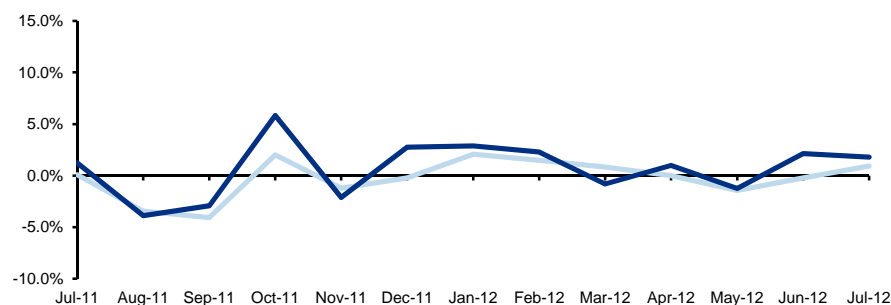
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Distressed

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.1%	1.5%	0.8%	0.0%	-1.4%	-0.2%	0.9%						3.6%

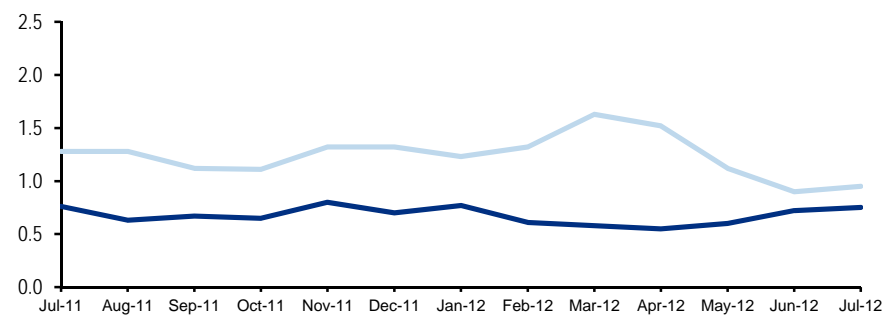
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-12	Jun-12	Jul-11	YTD-12
Distressed	0.9%	-0.2%	-0.8%	3.6%
Citi HY Bond Index	1.8%	2.1%	-0.9%	8.0%

Source: Citi Prime Finance; Citigroup Index LLC; Altman-NYU Salomon Center

Leverage Profile (Monthly, LTM)

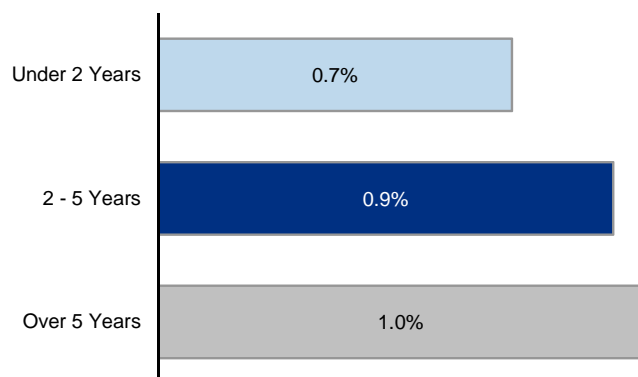


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

LMV Leverage (Mean): Defined as Long Market Value / Net Equity

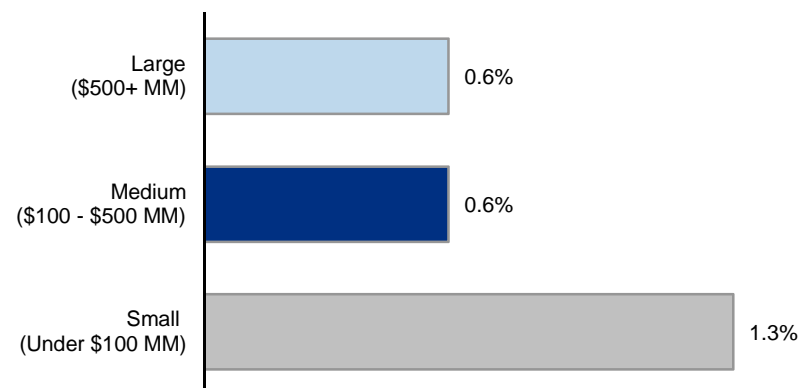
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi Prime Finance

Hedge Fund Performance by Size (1)



Source: Citi Prime Finance

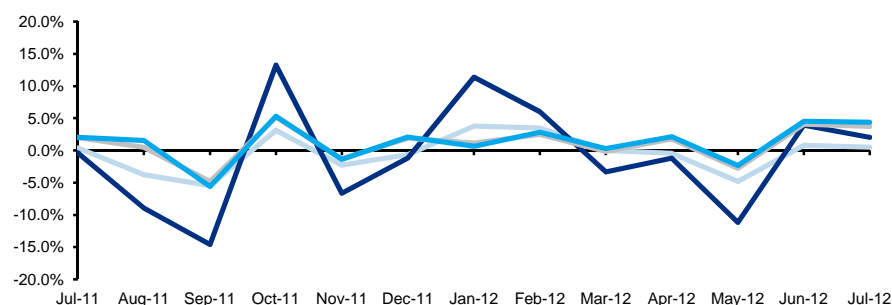
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Emerging Markets

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.8%	3.5%	0.0%	-0.4%	-4.8%	0.8%	0.5%						3.3%

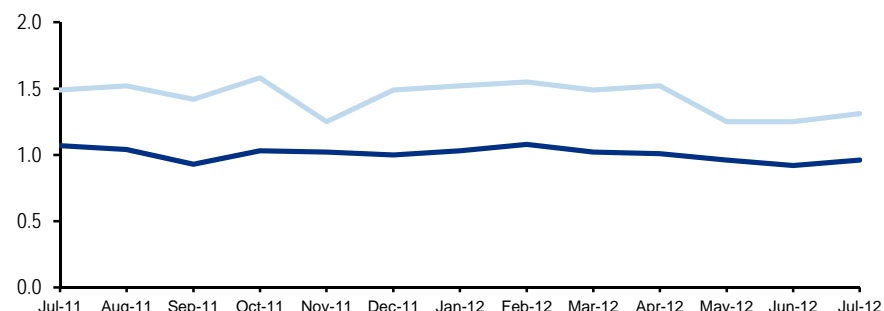
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-12	Jun-12	Jul-11	YTD-12
Emerging Mkts	0.5%	0.8%	-0.6%	3.3%
MSCI EM	2.0%	3.9%	-1.5%	7.6%
JPM EMBIG Core ETF (EMB)	3.7%	4.1%	0.6%	10.3%
DB EM Liquid ETF (PCY)	4.4%	4.5%	0.2%	12.5%

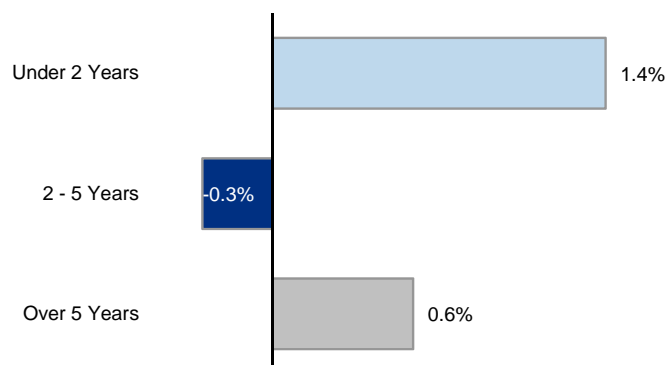
Source: Citi Prime Finance; FactSet

Leverage Profile (Monthly, LTM)



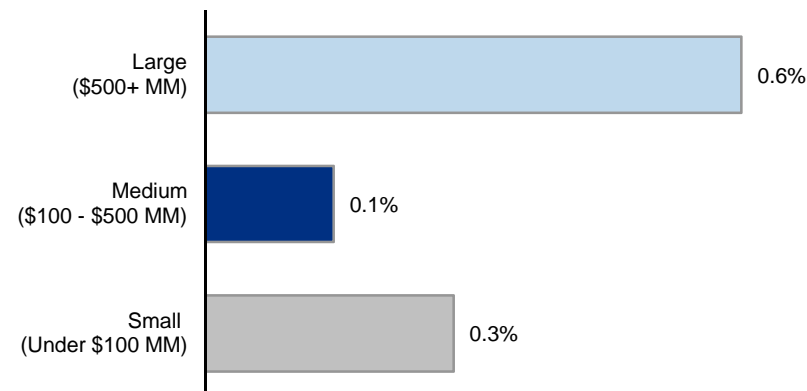
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi Prime Finance

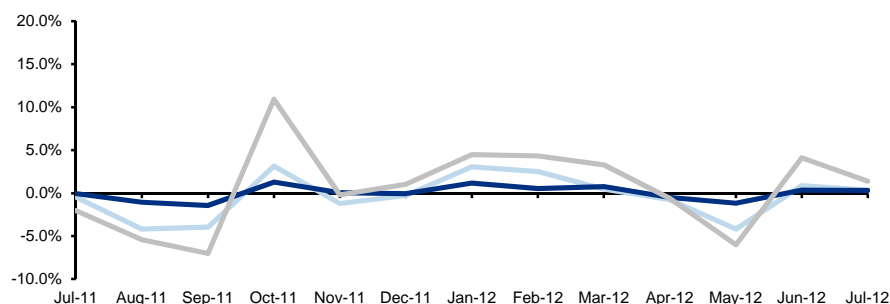
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Equity Long/Short

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.1%	2.5%	0.5%	-0.8%	-4.2%	0.9%	0.4%						2.3%

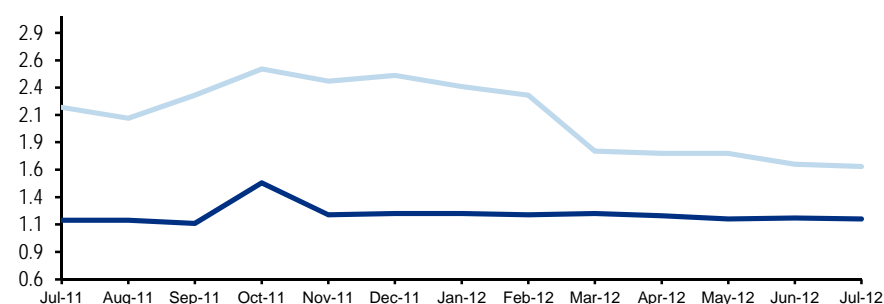
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jul-12	Jun-12	Jul-11	YTD-12
Eq Long/Short		0.4%	0.9%	-0.9%	2.3%
Eq Mkt Neutral		0.3%	0.4%	-0.4%	1.5%
S&P 500		1.4%	4.1%	-1.7%	11.0%

Source: Citi Prime Finance; FactSet

Leverage Profile (Monthly, LTM)

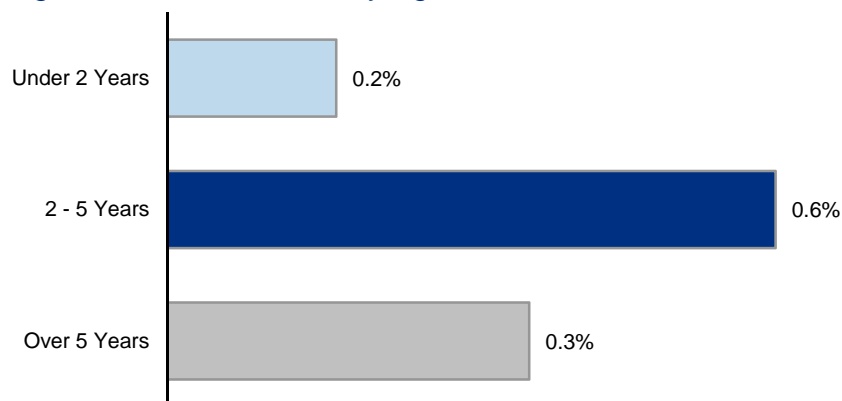


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

LMV Leverage (Mean): Defined as Long Market Value / Net Equity

Source: Citi Prime Finance

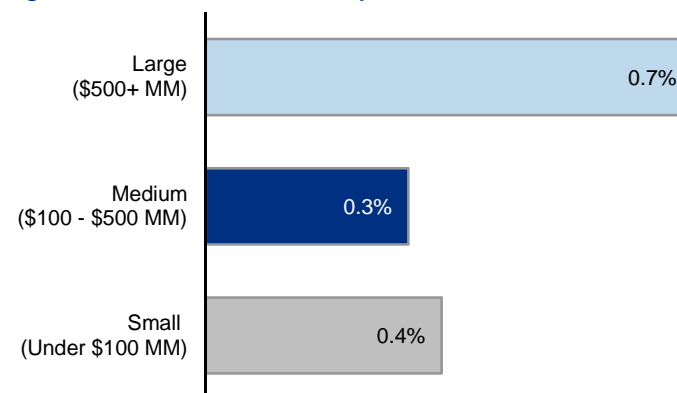
Hedge Fund Performance by Age



Source: Citi Prime Finance

Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Hedge Fund Performance by Size



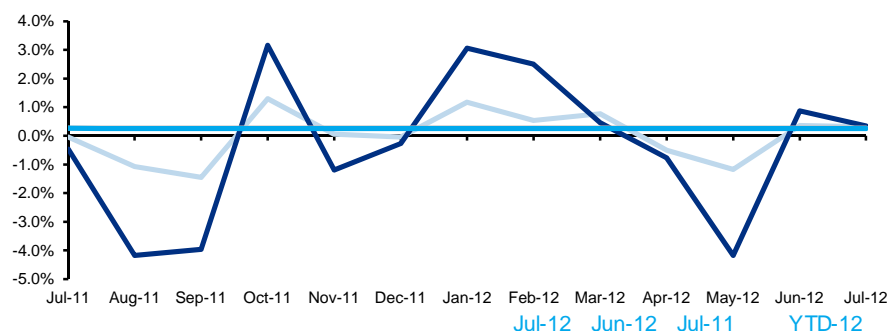
Source: Citi Prime Finance

Equity Market Neutral

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.2%	0.5%	0.8%	-0.5%	-1.2%	0.4%	0.3%						1.5%

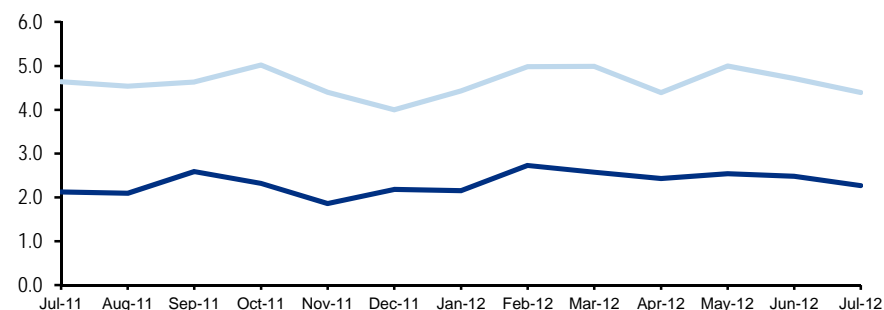
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-12	Jun-12	Jul-11	YTD-12
Eq Mkt Neutral	0.3%	0.4%	-0.4%	1.5%
Eq Long/Short	0.4%	0.9%	-0.9%	2.3%
LIBOR + 300 bps	0.3%	0.3%	0.3%	1.9%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	1.8%

Source: Citi Prime Finance; FactSet

Leverage Profile (Monthly, LTM)

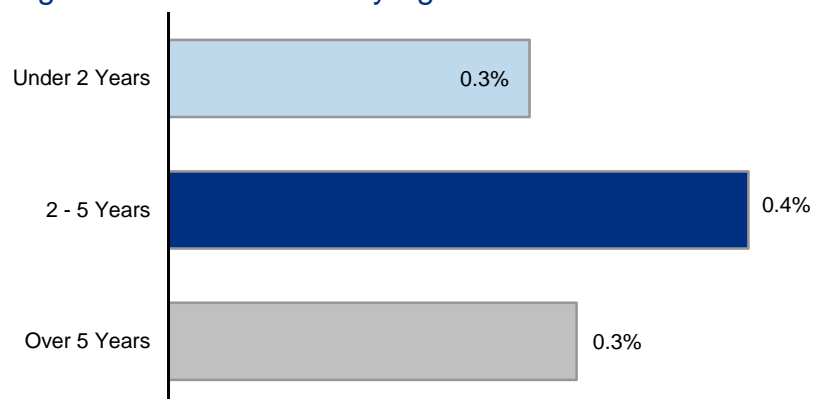


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

LMV Leverage (Mean): Defined as Long Market Value / Net Equity

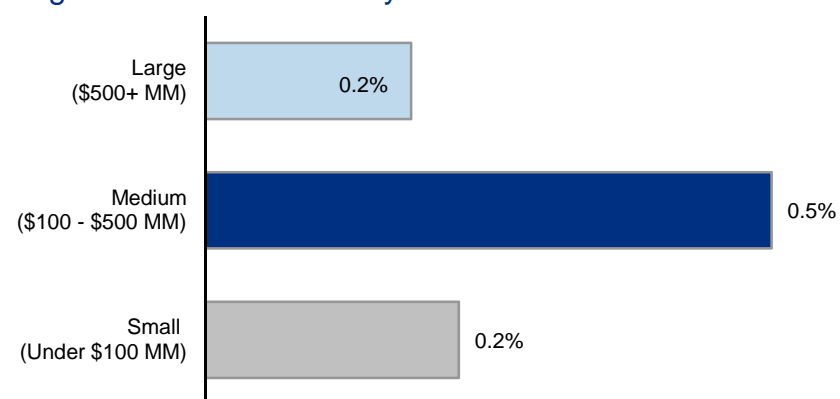
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi Prime Finance

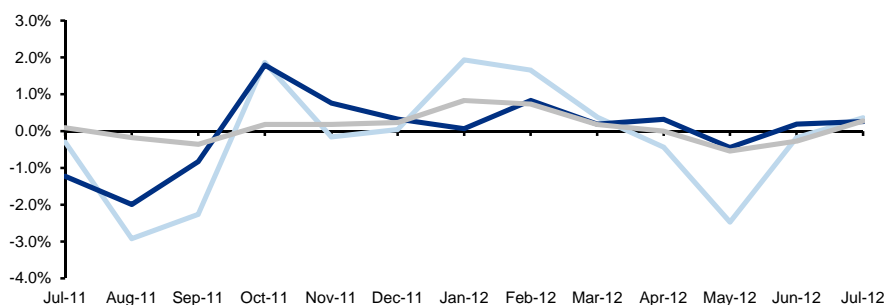
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Event Driven

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.9%	1.7%	0.4%	-0.4%	-2.5%	-0.2%	0.4%						1.2%

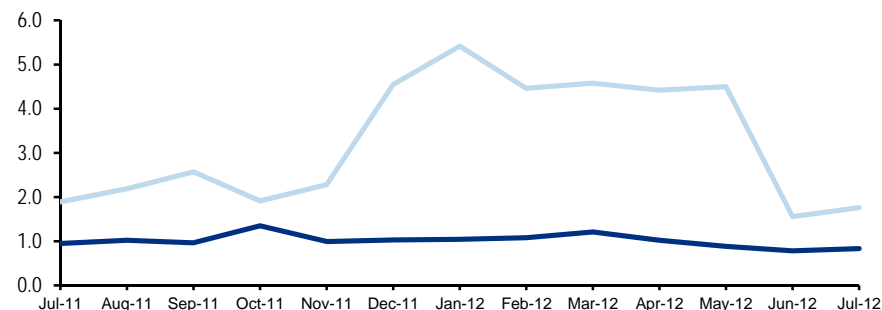
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-12	Jun-12	Jul-11	YTD-12
Event Driven	0.4%	-0.2%	-0.9%	1.2%
The Merger Fund (MERFX)	0.3%	0.2%	-0.2%	1.4%
AQR Div Arb Fund (ADANX)	0.3%	-0.3%	-0.3%	1.2%

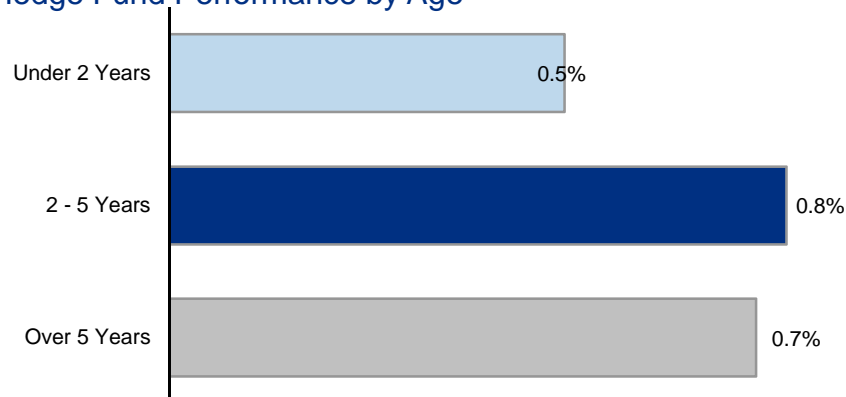
Source: Citi Prime Finance; FactSet

Leverage Profile (Monthly, LTM)



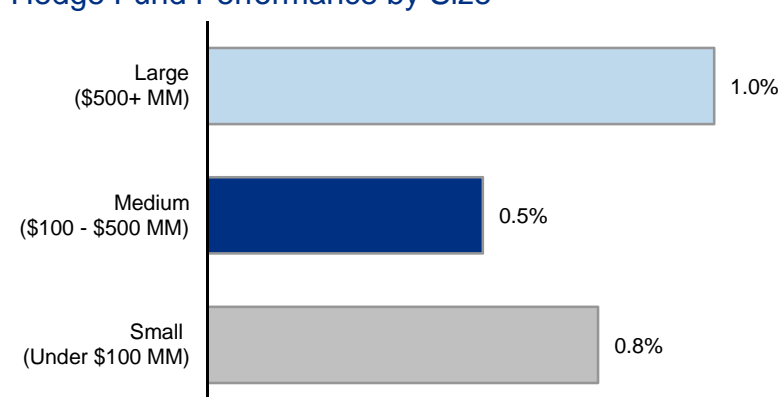
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi Prime Finance

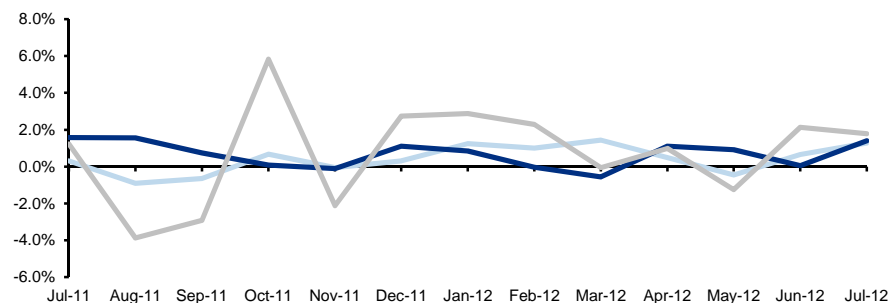
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

FI Arbitrage

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.3%	1.0%	1.4%	0.5%	-0.5%	0.7%	1.3%						5.6%

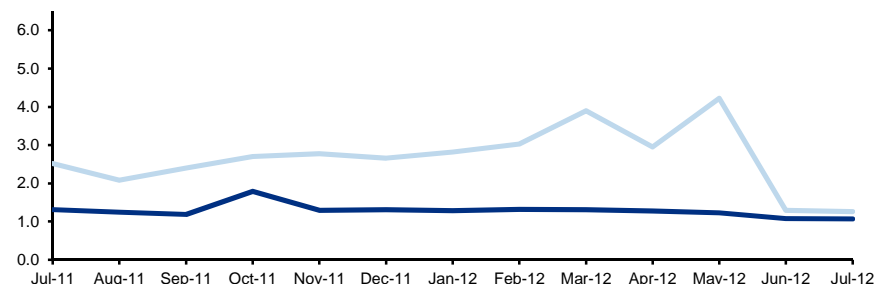
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-12	Jun-12	Jul-11	YTD-12
FI Arbitrage	1.3%	0.7%	-0.2%	5.6%
Citi US BIG Index	1.4%	0.0%	-0.3%	3.7%
Citi HY Bond Index	1.8%	2.1%	-0.9%	8.8%

Source: Citi Prime Finance; Citigroup Index LLC

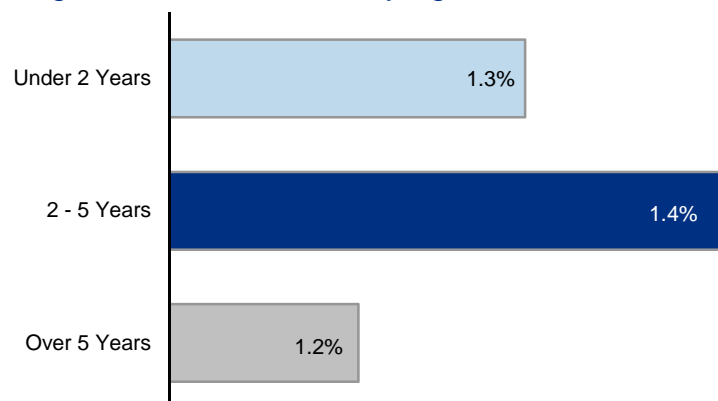
Leverage Profile (Monthly, LTM)



Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity
 LMV Leverage (Mean): Defined as Long Market Value / Net Equity

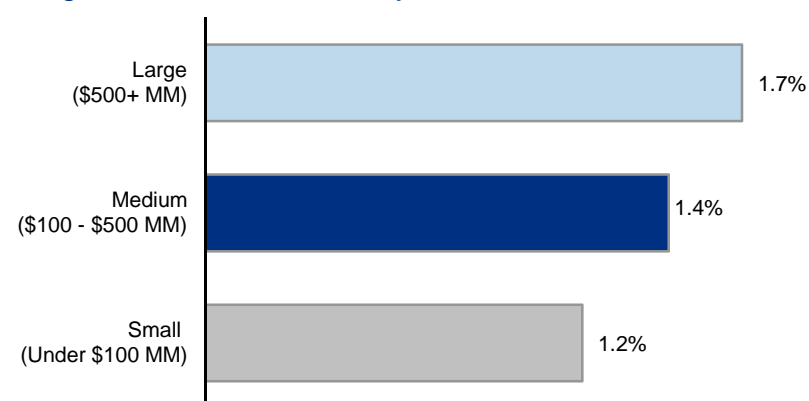
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi Prime Finance

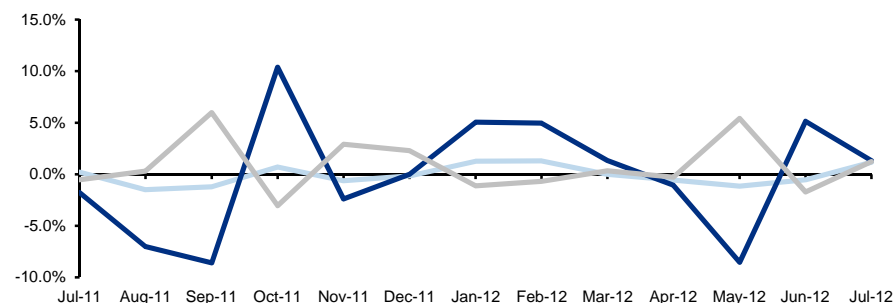
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Global Macro

Data as of July-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.3%	1.3%	0.0%	-0.6%	-1.2%	-0.5%	1.2%						1.5%

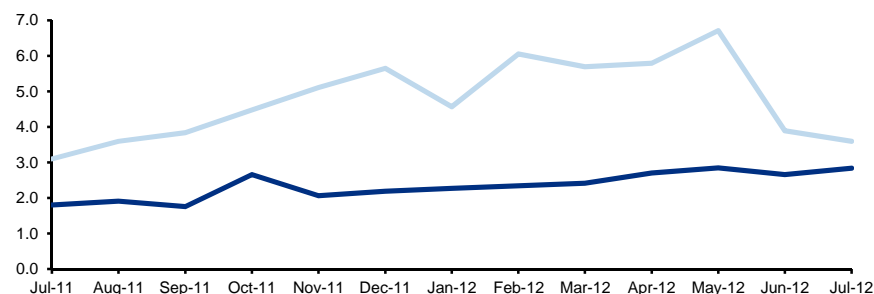
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-12	Jun-12	Jul-11	YTD-12
Global Macro	1.2%	-0.5%	-1.0%	1.5%
MSCI World	1.3%	5.1%	-1.5%	8.2%
US\$-Index	1.2%	-1.7%	-0.4%	3.2%

Source: Citi Prime Finance; FactSet

Leverage Profile (Monthly, LTM)

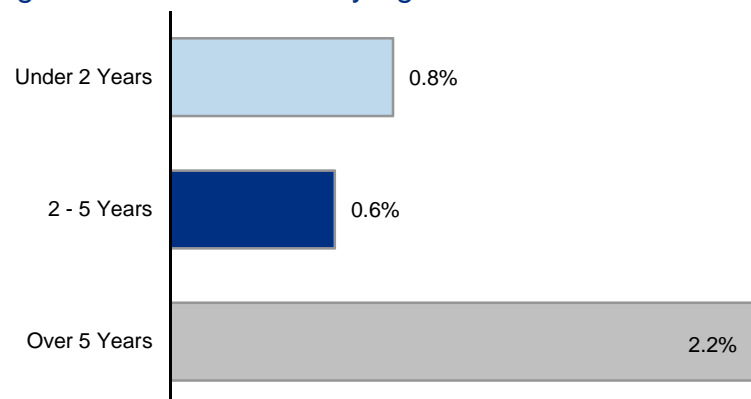


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

LMV Leverage (Mean): Defined as Long Market Value / Net Equity

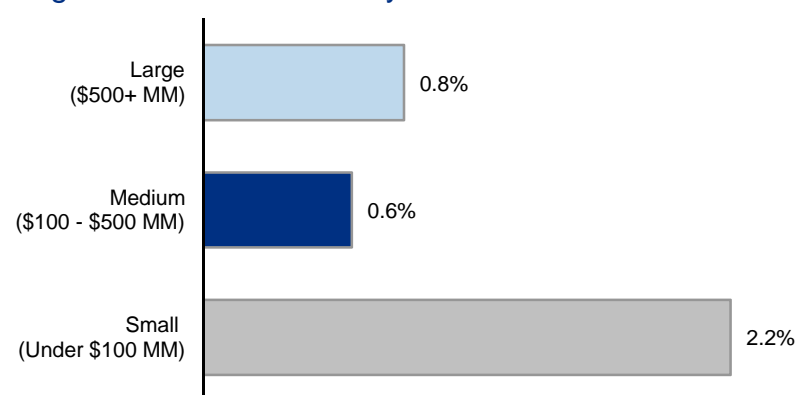
Source: Citi Prime Finance; FactSet; Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi Prime Finance; FactSet; Citi Prime Finance

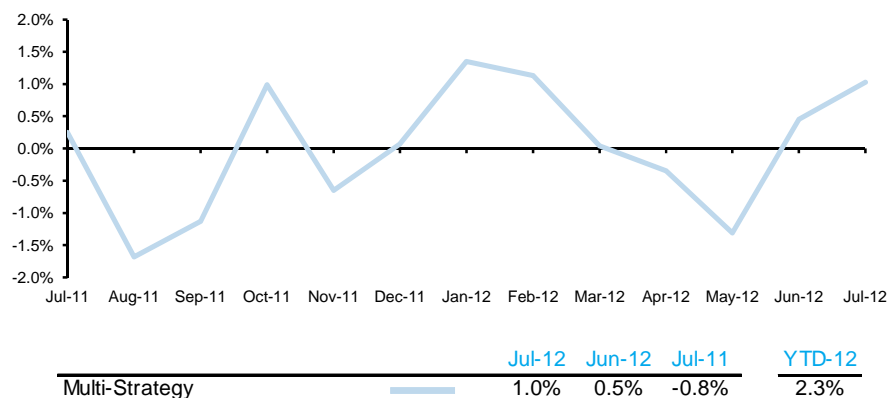
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Multi-Strategy

Data as of July-2012

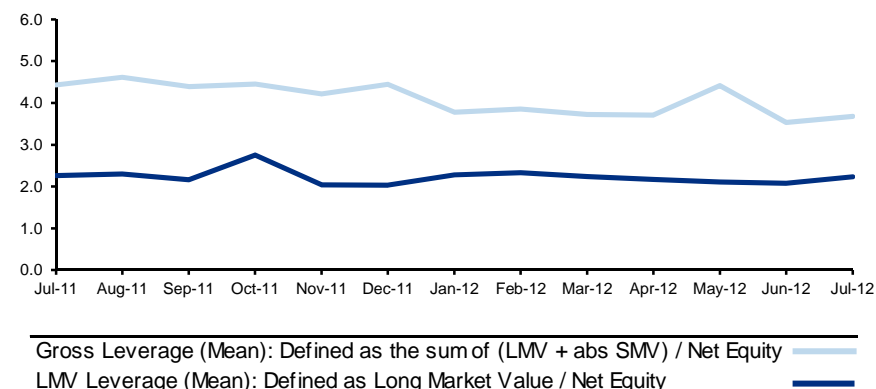
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.4%	1.1%	0.0%	-0.3%	-1.3%	0.5%	1.0%						2.3%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



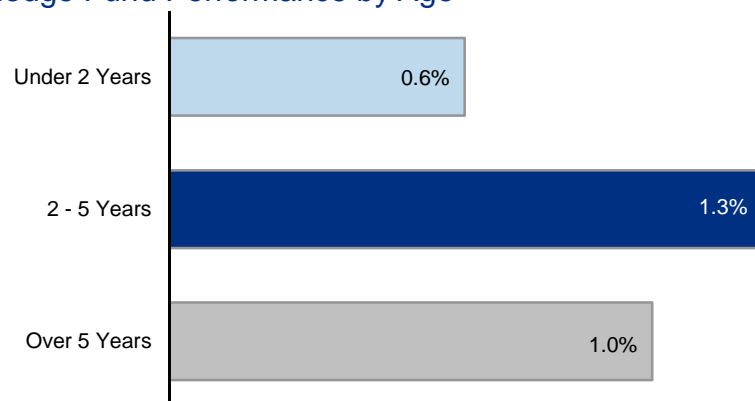
Source: Citi Prime Finance

Leverage Profile (Monthly, LTM)



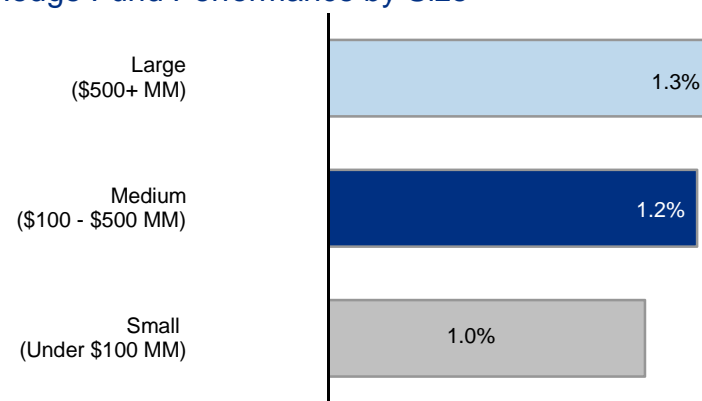
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi Prime Finance

Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

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