

Citi Prime Finance



Market Commentary
Report Date: February 2012

www.citigroupgcib.com

Hedge Fund Industry Snapshot

Data as of January 2012

Americas

New York: 800 773 2889
Boston: 617 346 9335
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 Jan-2012

Performance, AUM & Flows:

- Composite hedge fund performance, equal-weighted across funds, were up in January 2012 with performance gains ranging from +1.72% to +2.64%. The Citi HARP hedge fund replication index was +5.09% in January versus the HFRI Fund of Fund index that was +1.96%. January 2012 performance returns proved to be higher than December 2011 which experienced -0.43% to -0.29% over the same period.
- For January 2012 the following strategies experienced positive gains: Emerging Markets at +3.68%, Equity Long/Short +3.08%, Convertible Arbitrage +2.76%, Distressed +2.37%, Event Driven +1.99%, Multi Strategy at +1.38%, Fixed Income Arbitrage 1.10%, Global Macro 1.10%, Equity Market Neutral +0.99%, and CTA/Managed Futures +0.30%. Dedicated Short Bias was the only strategy experiencing negative performance for January 2012 at -4.62%.
- According to HedgeFund.net (HFN), hedge fund industry AUM ended January 2012 at \$2.49 trillion, up from \$2.46 trillion in December 2011. Industry AUM remains well below its \$2.94 trillion June 2008 peak.
- Increases in AUM attributable to positive performance accounted for an increase of +\$30.92 billion for January 2012, while positive net investor inflows accounted for an increase of +\$3.27 billion, the first net positive investor flows since August of 2011.

Fund Profiles:

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was +1.5% medium single funds (\$100-\$500 million) +1.5% and small single funds (<\$100 million) +1.7%.
- Liquidity terms continued its consistent pattern from the previous reporting periods with December 2011 showing little changes to redemption notice periods with 68% of funds requiring 30 days or less notice for redemption. Across the entire subset of reporting funds, the majority (62%) required no lockup (37%) or less than 1 year lock up (25%).
- Consistent throughout recent reporting periods, large funds (> \$500 million AUM) continue to hold a large portion of industry AUM (71%) compared to medium funds (\$100-\$500 million) at 21% and small funds (<\$100 million) holding only 8%.

Leverage & Shorts:

- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.95x in January 2012 versus 1.89x in December, and 1.84x in November.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Event Driven (5.42x), Global Macro (4.57x), Equity Market Neutral (4.43x), Multi Strategy (3.78x), Convertible Arbitrage (3.18x) and Fixed Income Arbitrage (2.82x). Month over month from December 2011 to January 2012, the following strategies experienced a decrease in leverage: Global Macro (-19.1%), Multi Strategy (-14.9%), Distressed (-6.8%), Equity Long/Short (-4.1%) and Convertible Arbitrage (-3.3%).
- Citi U.S. short flows data included in this month's report shows a increase in the concentration of interest in the Information Technology, Consumer Discretionary, & Energy sectors. These three sectors accounted for 51.14% of short executions and 50.90% of short covers versus 45.23% of short executions and 51.77% of short covers in December 2011.
- The trend we've been seeing in very little change in large speculator positioning in futures & options in the S&P and 10-year T-note futures contracts remained in play over January with overall positioning close to neutral. Net positioning in the S&P (including the large and e-mini contracts) however, fell from modestly net long to net short. The large speculator positioning in Gold Futures as a percentage of total open interest with the net long position rebounded to +14.2% from +10.9% at the end of December. Unsurprisingly, a month spent dominated by nervous headlines out of Europe regarding the Greek Debt plan, large specs built their net short position in EuroFX Futures to -21.9% by end-January from -19.9% in late December and did so in a rising open interest environment.

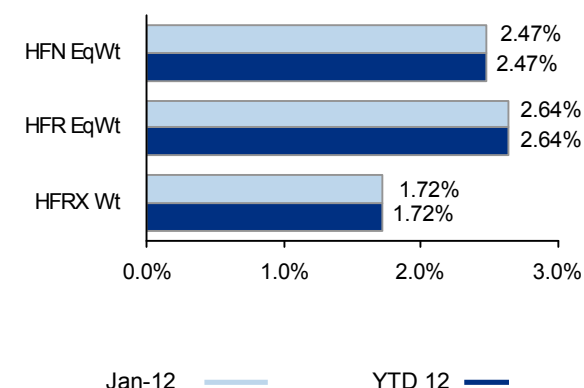


Hedge Fund Industry: AUM, Performance

Data as of Jan-2012

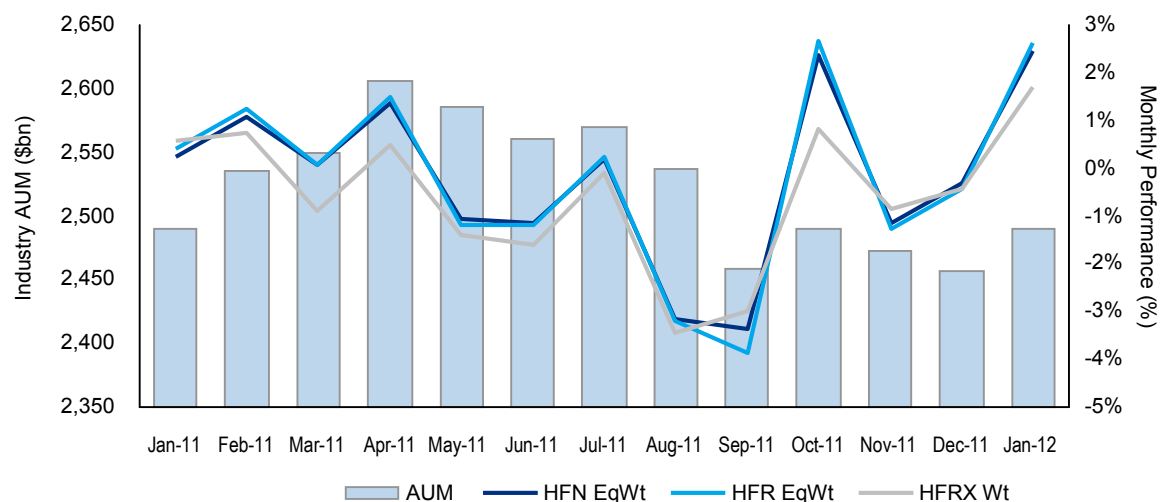
- Composite hedge fund performance, equal-weighted across funds, were up in January 2012 with performance gains ranging from +1.72% to +2.64%. Returns were higher than last month's (December 2011 -0.43% to -0.29%) and marks the highest gains since October 2011 which saw performance gains ranging from +0.81% to +2.36% across the same period.
- Global equities posted strong gains to begin 2012 with leadership from Technology and Financials, as US economic data showed signs of improvement and sentiment improved with regard to clarity on resolution of the European sovereign debt crisis. The US Dollar declined against the Euro and Yen, while the US treasury curved steepened as longer dated yields rose. Credit tightened throughout the month while commodity metals rallied, despite a sharp decline in Natural Gas. Hedge Funds posted their strongest gains since 2010.
- Hedge fund strategy wise, top performing strategies in January include Emerging Markets at +3.68%, Equity Long/Short +3.08%, Convertible Arbitrage +2.76%, Distressed +2.37%, Event Driven +1.99%, and Multi Strategy at +1.38%. Dedicated Short Bias was the only strategy experiencing negative performance for January 2012 at -4.62%.
- Industry AUM, estimated at \$2.49 trillion according to eVestment|HFN is up from December's \$2.46 trillion and up from January 2011 where AUM stood at \$2.48 trillion. Depending on the source, estimates of industry AUM ranges from \$2.02 to \$2.49 trillion compared to the Q2 2008 peak range of \$1.9 to \$3.0 trillion.

Industry Performance: Jan-12 / YTD



Source: eVestment|HFN

Monthly Industry AUM and Performance



Source: eVestment|HFN; Hedge Fund Research, Inc., © 2010; www.hedgefundresearch.com

Note Pad:

- MSCI World Index: +5.0%; +5.0% YTD
- MSCI EM Index: +11.4%; +11.4% YTD
- S&P 500: +4.5%; +4.5% YTD
- Citi US BIG Index: +0.8%; +0.8% YTD
- S&P GSCI: +2.2%; +2.2% YTD
- U.S. Dollar Index: -1.1%; -1.1% YTD
- HFN Country Indices December/YTD:
Brazil +8.01% / +8.01%; Russia +10.25% / +10.25%; India: +16.69% / +16.69%; China: +1.29% / +1.29%

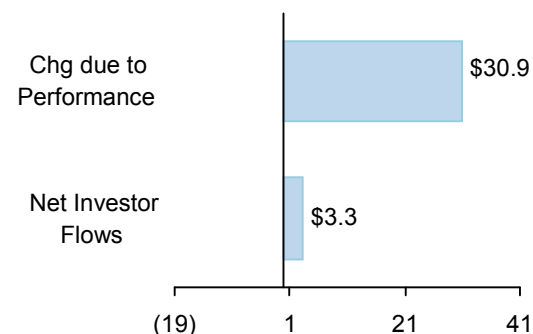


Hedge Fund Industry: Change in Industry Assets

Data as of Jan-2012

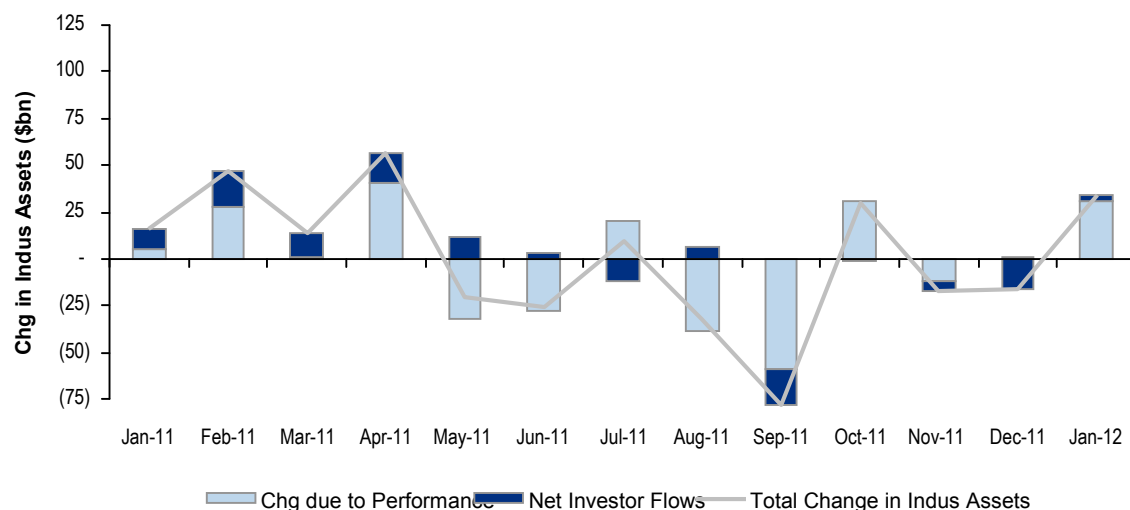
- According to eVestment|HFN, the estimated change in industry assets for January 2012 was positive, finishing the month up +\$34.19 billion. Gains were attributed mostly from performance, at +\$30.92 billion, the largest performance gains experienced since April 2011. Positive net investor flows accounted for +\$3.27 billion and were the first net positive flows since August of 2011.
- January 2012 marks the second consecutive month where performance contributed positively to AUM. January 2012 performance gains of +\$34.19 billion were significantly higher than the previous month (December 2011 +\$0.89 billion) and from one year ago, as January 2011 experienced +\$5.66 billion in performance gains over the same period.
- Net investor inflows of +\$3.27 billion for January 2012 marks the first month of positive net inflows since August 2011 +\$6.7 billion. January 2012 inflows are lower than year ago however, as investor inflows totaled +\$10.7 billion in January 2011.
- Total industry AUM of \$2.49 trillion for January 2012 is up +1.4% from \$2.46 trillion in December 2011. Industry AUM levels are still well below the June 2008 peak estimated by eVestment|HFN at \$2.90 trillion.

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



Source: eVestment|HFN

Monthly Change in Industry Assets and Composition



Source: eVestment|HFN

Note Pad:

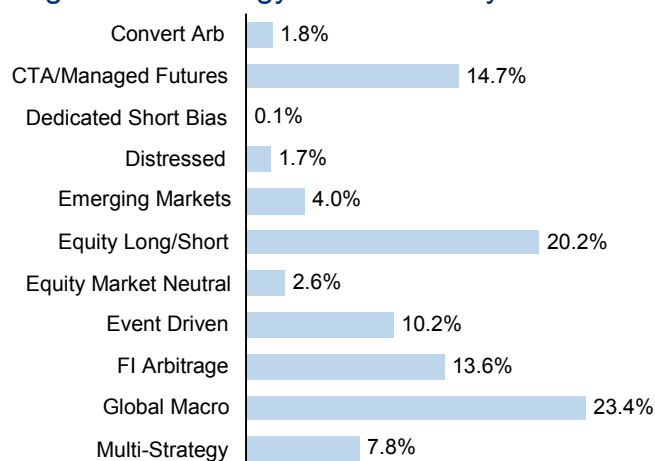
- The Citi Prime Finance calculation for end-January gross leverage (as measured on a mean basis) was 1.95x, up from recent months: December (1.89x), November (1.84x) and October (1.79x).
- Gross leverage (mean): defined as $\text{sum of (LMV + abs SMV)} / \text{Net Equity}$



Hedge Fund Stats by Strategy

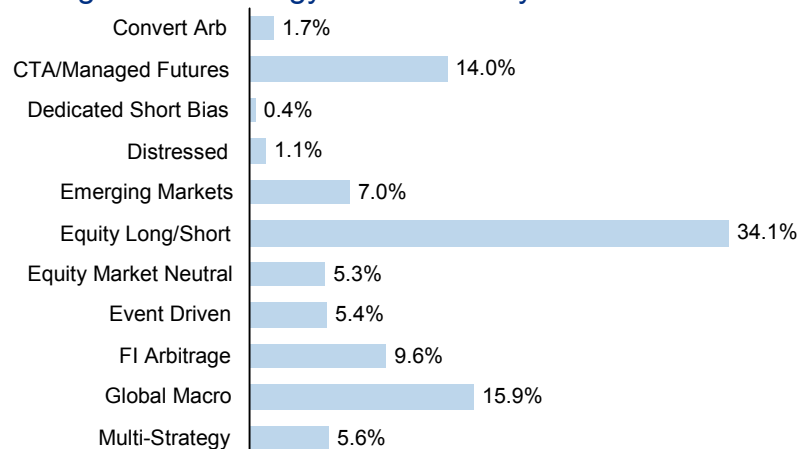
Data as of Jan-2012

Hedge Fund Strategy Breakdown by Assets



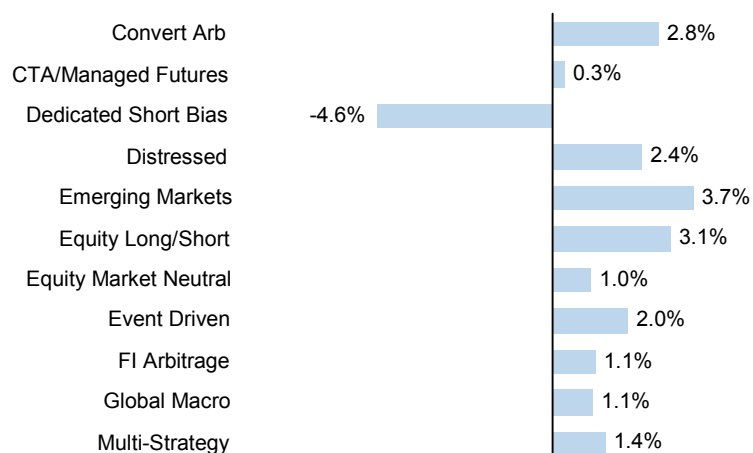
Source: Citi ICG Analytics

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi ICG Analytics

Hedge Fund Performance by Strategy

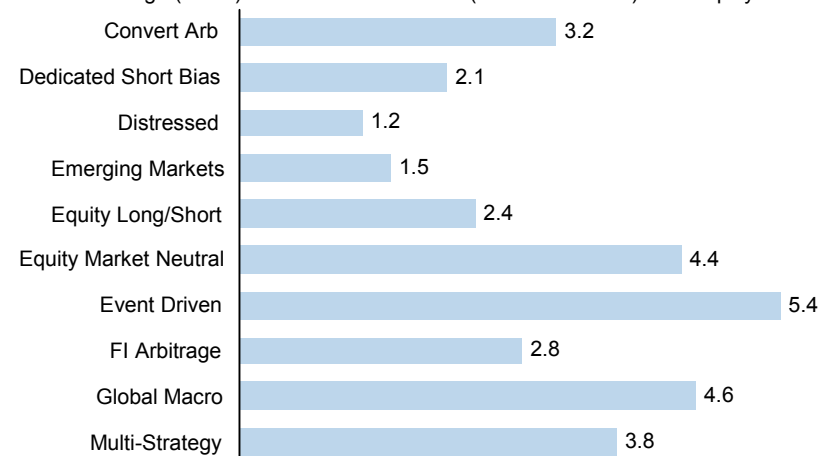


Source: Citi ICG Analytics

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

Hedge Fund Leverage Ratios by Strategy

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



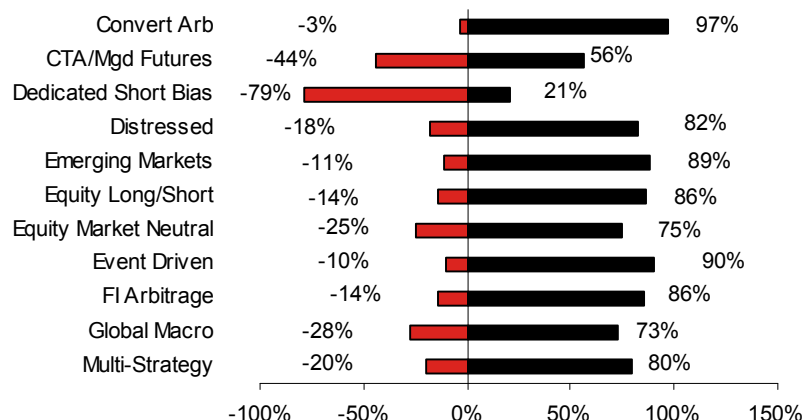
Source: Citi Prime Finance



Hedge Fund Performance: Red/Black Report

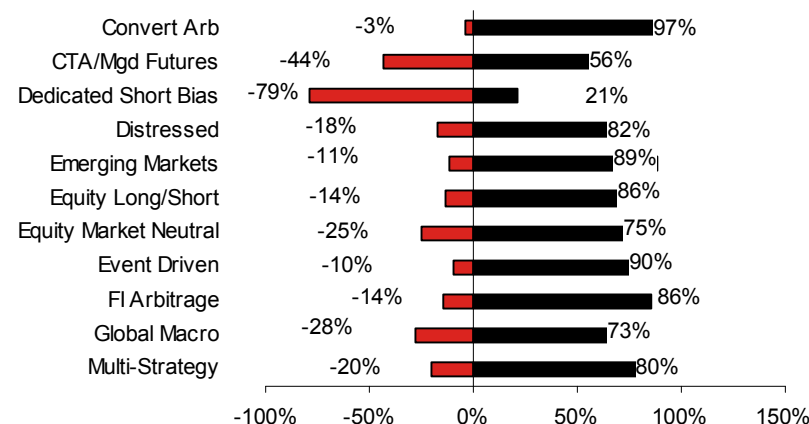
Data as of Jan-2012

Jan-2012: Percentage of Reporting Funds
Negative (—) / Positive (—) Performance



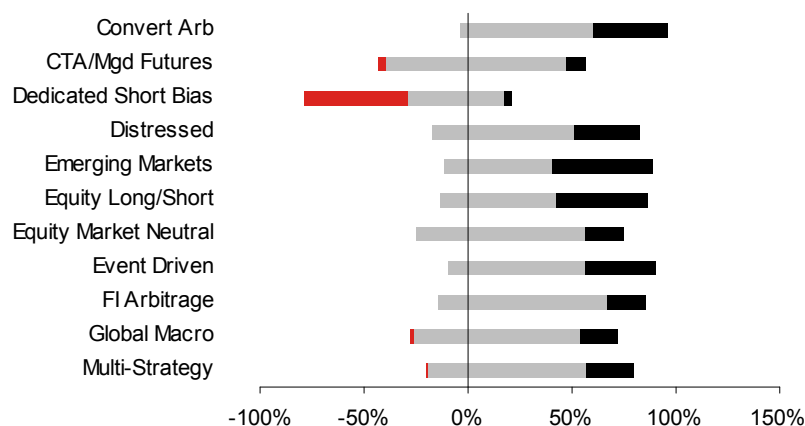
Source: Citi ICG Analytics

YTD Jan-2012: Percentage of Reporting Funds
Negative (—) / Positive (—) Performance



Source: Citi ICG Analytics

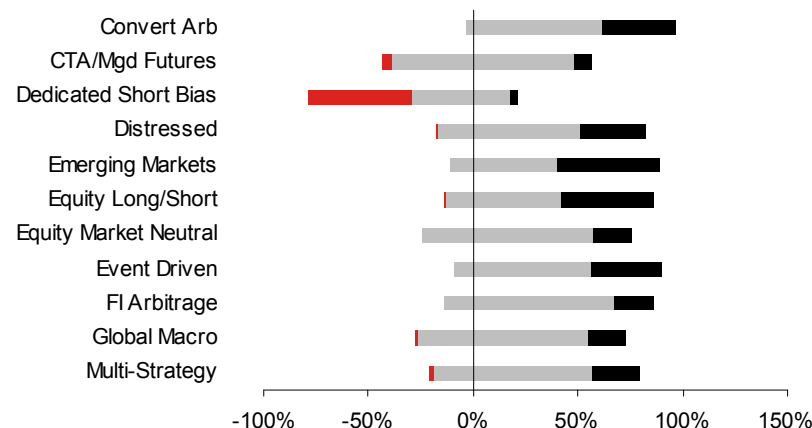
Jan-2012: Percentage of Reporting Funds w/Performance
Below -3% (—) / Btwn 0% +/- 3% (—) / Above +3% (—)



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.

YTD Jan-2012: Percentage of Reporting Funds w/Performance
Below -3% (—) / Btwn 0% +/- 3% (—) / Above +3% (—)



Source: Citi ICG Analytics



Monthly Performance by Strategy

Data as of Jan-2012

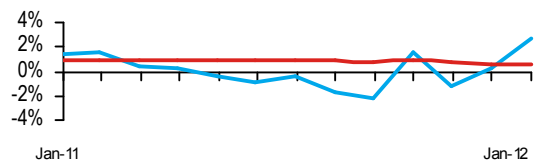
Monthly Median:

Trailing 60 Month Median:



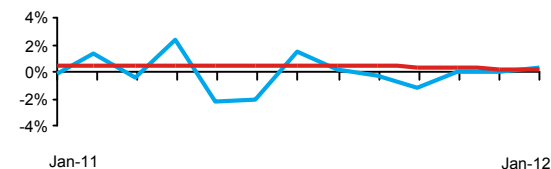
Convertible Arbitrage

Jan-12	Dec-11	Jan-11
2.8%	0.2%	1.4%
0.57%	0.57%	0.94%



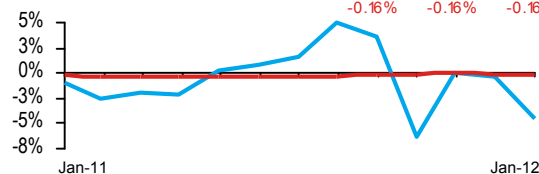
CTA/Managed Futures

Jan-12	Dec-11	Jan-11
0.3%	0.0%	-0.1%
0.19%	0.19%	0.39%



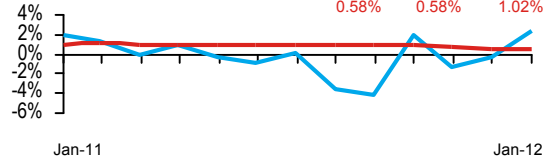
Dedicated Short Bias

Jan-12	Dec-11	Jan-11
-4.6%	-0.4%	-0.9%
-0.16%	-0.16%	-0.16%



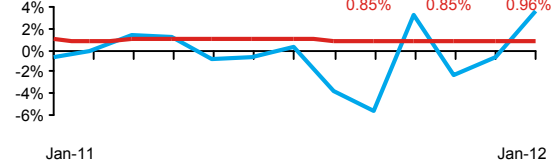
Distressed

Jan-12	Dec-11	Jan-11
2.4%	-0.2%	2.0%
0.58%	0.58%	1.02%



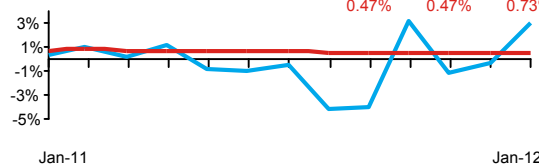
Emerging Markets

Jan-12	Dec-11	Jan-11
3.7%	-0.6%	-0.6%
0.85%	0.85%	0.96%



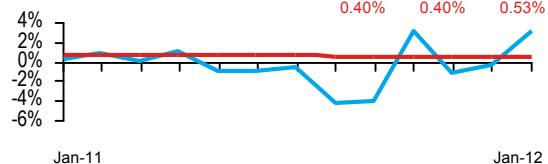
Equity Long/Short

Jan-12	Dec-11	Jan-11
3.1%	-0.3%	0.4%
0.47%	0.47%	0.73%



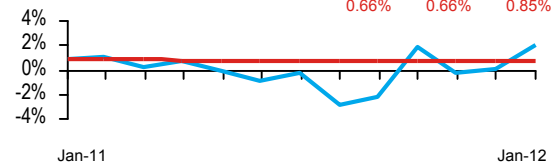
Equity Market Neutral

Jan-12	Dec-11	Jan-11
1.0%	0.0%	0.3%
0.40%	0.40%	0.53%



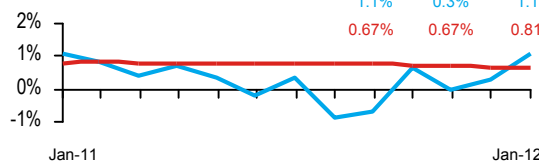
Event Driven

Jan-12	Dec-11	Jan-11
2.0%	0.1%	0.9%
0.66%	0.66%	0.85%



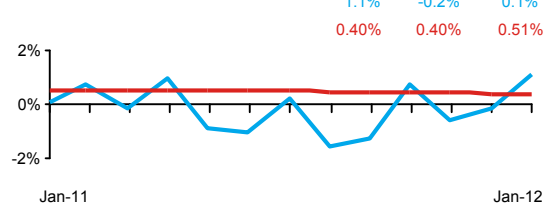
FI Arbitrage

Jan-12	Dec-11	Jan-11
1.1%	0.3%	1.1%
0.67%	0.67%	0.81%



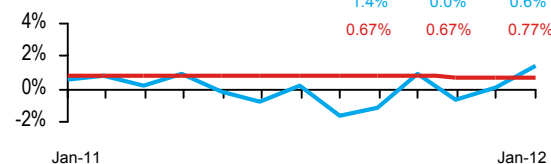
Global Macro

Jan-12	Dec-11	Jan-11
1.1%	-0.2%	0.1%
0.40%	0.40%	0.51%



Multi-Strategy

Jan-12	Dec-11	Jan-11
1.4%	0.0%	0.6%
0.67%	0.67%	0.77%



Source: Citi ICG Analytics

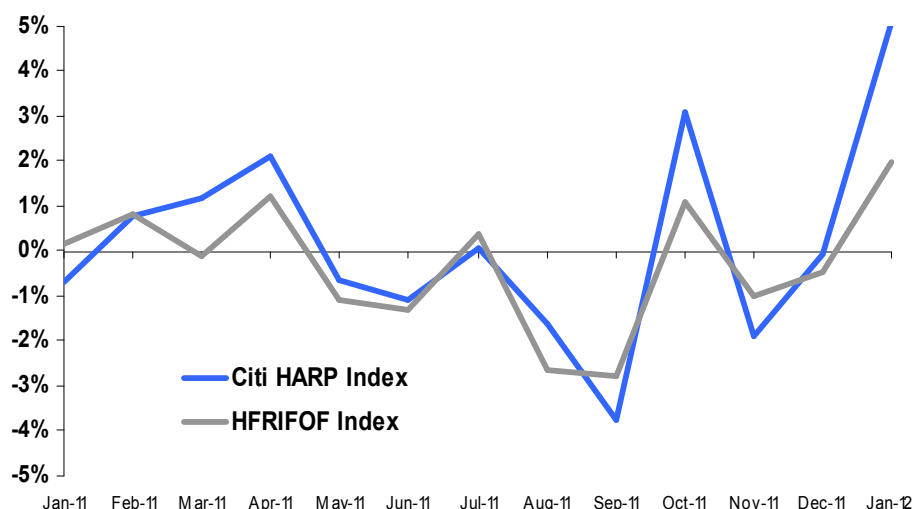
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.



Citi Liquid Hedge Fund Replicator (HARP)

Data as of Jan-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

	Jan-12	Dec-11	Jan-11	YTD-12
Citi HARP	5.09%	-0.08%	-0.69%	5.09%
HFRIFO	1.96%	-0.48%	0.15%	1.96%

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

Annualized Performance: Last 12-Month	Citi HARP Index	HFRIFO
Annualised Return	2.97%	-3.96%
Annualised Volatility	8.28%	5.21%
Sharpe Ratio	0.35	-0.78
Correlation	91.6%	-

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.

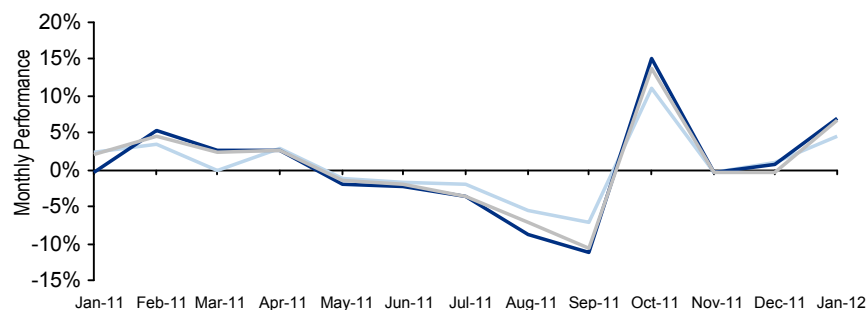
The weighting within the Index of each component is determined monthly. Every month, a multiple linear regression algorithm is used to identify the appropriate weighting.



Market Performance

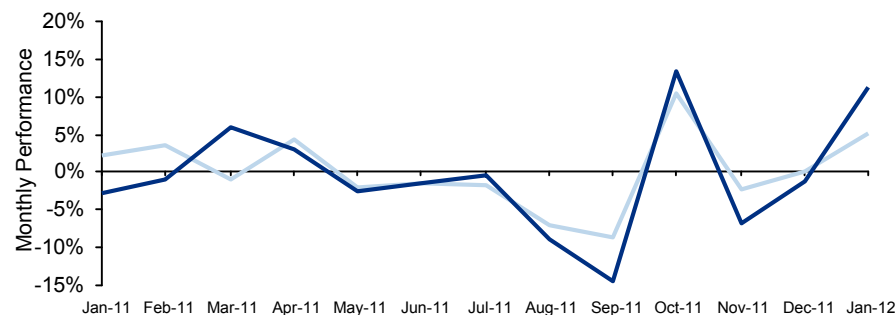
Data as of Jan-2012

US Equities (Large Cap vs. Small Cap)



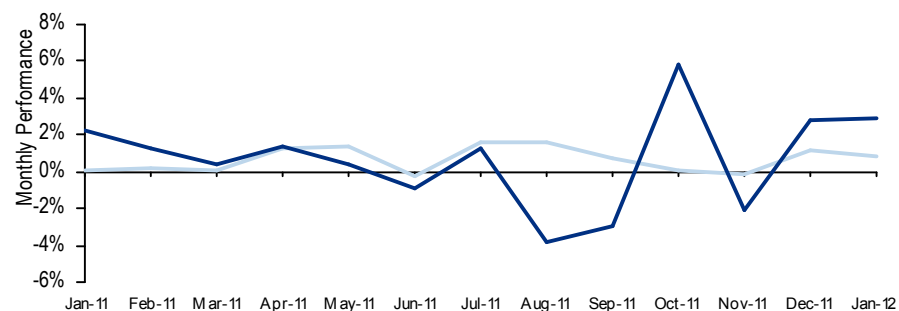
		Jan-12	Dec-11	Jan-11	YTD-12
S&P 500		4.5%	1.0%	2.4%	4.5%
RUS 2000		7.1%	0.7%	-0.3%	7.1%
S&P Mid		6.6%	-0.4%	2.0%	6.6%

Global Equities (Developed vs. Emerging)



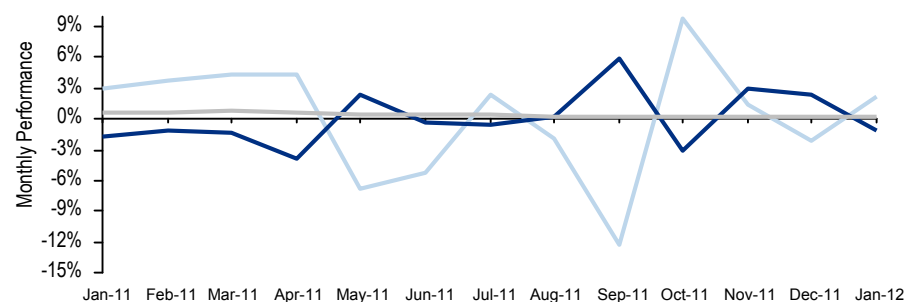
		Jan-12	Dec-11	Jan-11	YTD-12
MSCI World		5.0%	0.0%	2.3%	5.0%
MSCI EM		11.4%	-1.2%	-2.7%	11.4%

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



		Jan-12	Dec-11	Jan-11	YTD-12
Citi US BIG Index		0.8%	1.1%	0.1%	0.8%
Citi HY Bond Index		2.9%	2.7%	2.3%	2.9%

Commodities (US\$ performance)



		Jan-12	Dec-11	Jan-11	YTD-12
S&P GSCI		2.2%	-2.1%	3.1%	2.2%
US-\$ Index		-1.1%	2.3%	-1.6%	-1.1%
US 2yr Note		0.2%	0.2%	0.6%	0.2%

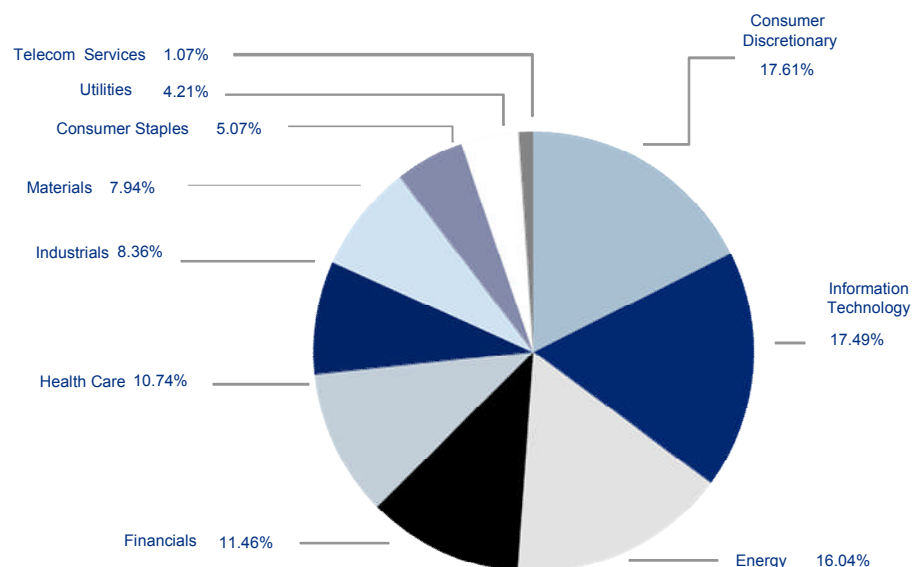
Source: Citi ICG Analytics; FactSet; Citigroup Index LLC; Altman-NYU Salomon Center defaulted Debt Security Indexes.



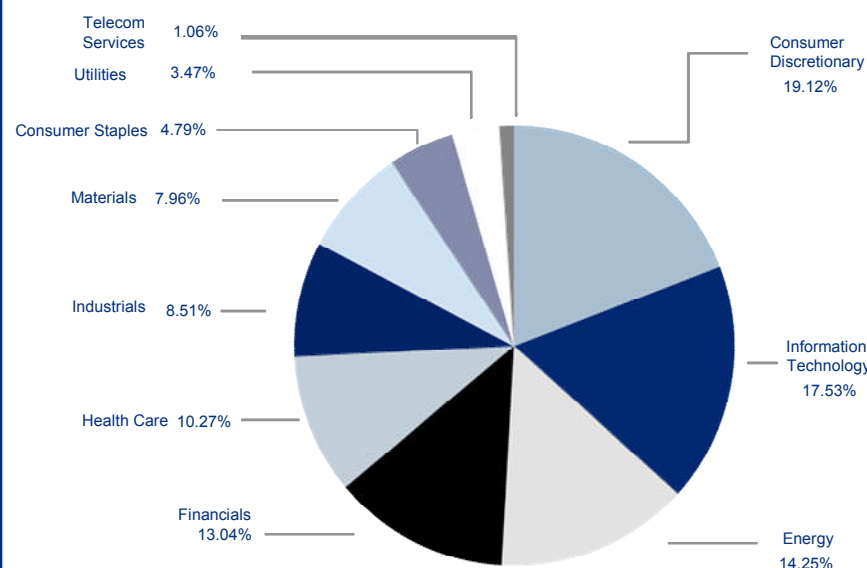
US Securities Lending Sector Short Flows

Data as of Jan-2012

Short Sale Executions



Short Cover Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Consumer Discretionary	17.61	16.02	9.93
Information Technology	17.49	15.99	9.38
Energy	16.04	13.24	21.15
Financials	11.46	11.52	-0.52
Health Care	10.74	9.96	7.83
Industrials	8.36	8.99	-7.01
Materials	7.94	8.96	-11.38
Consumer Staples	5.07	8.11	-37.48
Utilities	4.21	5.58	-24.55
Telecom Services	1.07	1.63	-34.36

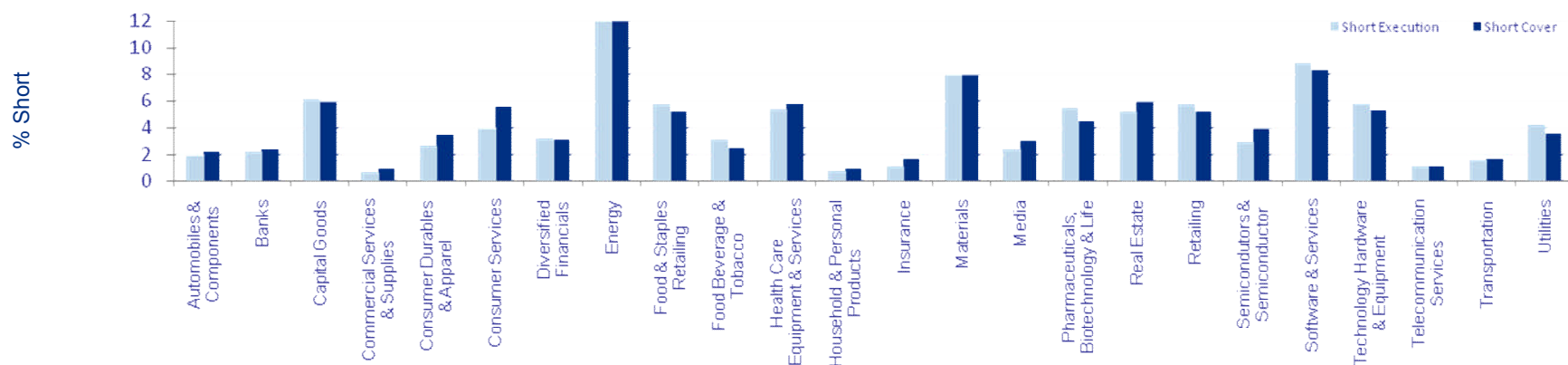
Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Consumer Discretionary	19.12	18.39	3.97
Information Technology	17.53	15.69	11.73
Energy	14.25	12.03	18.45
Financials	13.04	17.69	-26.29
Health Care	10.27	9.47	8.45
Industrials	8.51	8.14	4.55
Materials	7.96	7.48	6.42
Consumer Staples	4.79	5.88	-18.54
Utilities	3.47	3.73	-6.97
Telecom Services	1.06	1.49	-28.86

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 Jan-2012

Citi Industry Group Short Flows



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Energy	16.04	13.24	21.15
Software & Services	8.81	8.06	9.31
Materials	7.94	8.96	-11.38
Capital Goods	6.15	6.71	-8.35
Technology Hardware and Equipment	5.77	4.81	19.96
Retailing	5.69	5.16	10.27
Pharmaceuticals, Biotechnology & Life	5.42	4.85	11.75
Health Care Equipment and Services	5.33	5.10	4.51
Real Estate	5.14	4.10	25.37
Consumer Services	5.03	3.98	26.38
Utilities	4.21	5.58	-24.55
Diversified Financials	3.13	3.80	-17.63
Food Beverage & Tobacco	3.03	4.90	-38.16
Semiconductors & Semiconductor	2.92	3.12	-6.41
Consumer Durables & Apparel	2.64	3.24	-18.52
Media	2.34	1.93	21.24
Banks	2.17	2.12	2.36
Automobiles & Components	1.91	1.73	10.40
Transportation	1.57	1.55	1.29
Food & Staples Retailing	1.31	2.55	-48.63
Telecom Services	1.07	1.63	-34.36
Insurance	1.02	1.50	-32.00
Household & Personal Products	0.73	0.67	8.96
Commercial Services & Supplies	0.64	0.73	-12.33

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	14.25	12.03	18.45
Software & Services	8.34	6.92	20.52
Materials	7.96	7.48	6.42
Capital Goods	5.94	5.68	4.58
Real Estate	5.93	6.46	-8.20
Health Care Equipment and Services	5.76	5.08	13.39
Consumer Services	5.29	5.48	-3.47
Technology Hardware and Equipment	5.22	4.91	6.31
Retailing	5.18	5.86	-11.60
Pharmaceuticals, Biotechnology & Life	4.50	4.39	2.51
Semiconductors & Semiconductor	3.97	3.85	3.12
Utilities	3.47	3.73	-6.97
Consumer Durables & Apparel	3.43	2.64	29.92
Diversified Financials	3.10	3.26	-4.91
Media	3.02	2.96	2.03
Food Beverage & Tobacco	2.45	4.05	-39.51
Banks	2.37	3.74	-36.63
Automobiles & Components	2.20	1.45	51.72
Transportation	1.68	1.38	-12.28
Insurance	1.65	4.23	-60.99
Food & Staples Retailing	1.48	1.25	18.40
Telecom Services	1.06	1.49	-28.86
Commercial Services & Supplies	0.89	1.08	-17.59
Household & Personal Products	0.86	0.59	45.76

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 Jan-2012

Citi Short Flows: January 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	16.04	31.24	21.15	14.25	12.03	18.45
15	Materials	7.94	8.96	-11.38	7.96	7.48	6.42
20	Industrials	8.36	8.99	-7.01	8.51	8.14	4.55
25	Consumer Discretionary	17.61	16.02	9.93	19.12	18.39	3.97
30	Consumer Staples	5.07	8.11	-37.48	4.79	5.88	-18.54
35	Health Care	10.74	9.96	7.83	10.27	9.47	8.45
40	Financials	11.46	11.52	-0.52	13.04	17.69	-26.29
45	Information Technology	17.49	15.99	9.38	17.53	15.69	11.73
50	Telecommunication Services	1.07	1.63	-34.36	1.06	1.49	-28.86
55	Utilities	4.21	5.58	-24.55	3.47	3.73	-6.97
Industry Group	Industry Group						
1010	Energy	16.04	13.24	21.15	14.25	12.03	18.45
1510	Materials	7.94	8.96	-11.38	7.96	7.48	6.42
2010	Capital Goods	6.15	6.71	-8.35	5.94	5.68	4.58
2020	Commercial Services & Supplies	0.64	0.73	-12.33	0.89	1.08	-17.59
2030	Transportation	1.57	1.55	1.29	1.68	1.38	21.74
2510	Automobiles & Components	1.91	1.73	10.40	2.20	1.45	51.72
2520	Consumer Durables & Apparel	2.64	3.24	-18.52	3.43	2.64	29.92
2530	Consumer Services	2.34	1.93	21.24	3.02	2.96	2.03
2540	Media	2.34	1.93	21.24	3.02	2.96	2.03
2550	Retailing	5.69	5.16	10.27	5.18	5.86	-11.60
3010	Food & Staples Retailing	1.31	2.55	-48.63	1.48	1.25	18.40
3020	Food Beverage & Tobacco	3.03	4.90	-38.16	2.45	4.05	-39.51
3030	Household & Personal Products	0.73	0.67	8.96	0.86	0.59	45.76
3510	Health Care Equipment & Services	5.33	5.10	4.51	5.76	5.08	13.39
3520	Pharmaceuticals, Biotechnology & Life Sciences	5.42	4.85	11.75	4.50	4.39	2.51
4010	Banks	2.17	2.12	2.36	2.37	3.74	-36.63
4020	Diversified Financials	3.13	3.80	-17.63	3.10	3.26	-4.91
4030	Insurance	1.02	1.50	-32.00	1.65	4.23	-60.99
4040	Real Estate	5.14	4.10	25.37	5.93	6.46	-8.20
4510	Software & Services	8.81	8.06	9.31	8.34	6.92	20.52
4520	Technology Hardware & Equipment	5.77	4.81	19.96	5.22	4.91	6.31
4530	Semiconductors & Semiconductor Equipment	2.92	3.12	-6.41	3.97	3.85	3.12
5010	Telecommunication Services	1.07	1.63	-34.36	1.06	1.49	-28.86
5510	Utilities	4.21	5.58	-24.55	3.47	3.73	-6.97

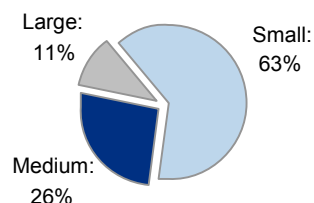
Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value



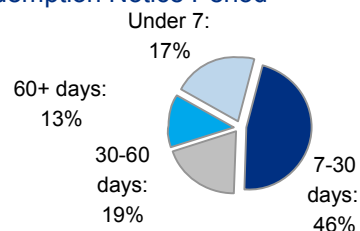
Hedge Fund (Fund Level) Profiles

Data as of Jan-2012

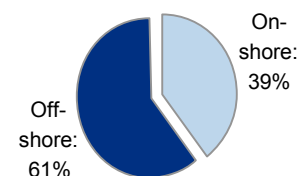
By Fund Size—No. of Funds



Redemption Notice Period



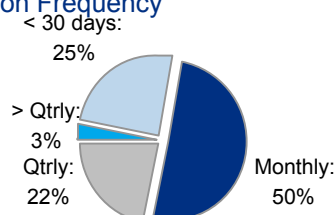
On-shore/Off-shore



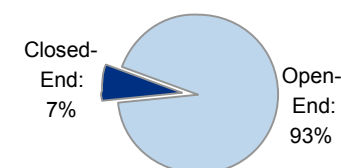
By Fund Size—\$ AUM



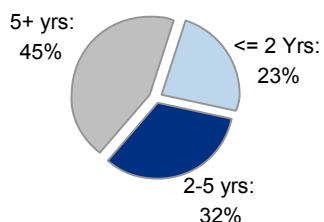
Redemption Frequency



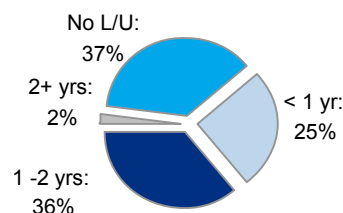
Legal Status



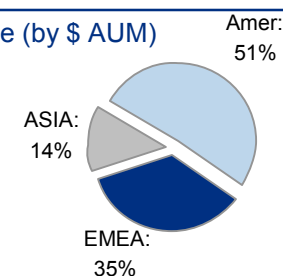
By Fund Age—No. of Funds



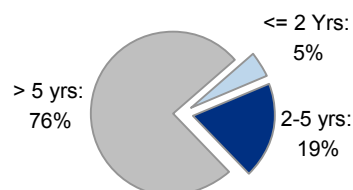
Lock-Up



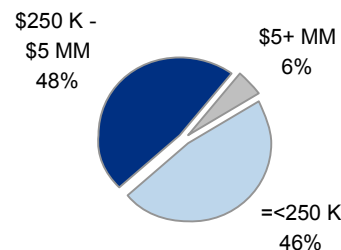
Domicile (by \$ AUM)



By Fund Age—\$ AUM



Minimum Investment



Source: Citi 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.



Hedge Fund (Fund Level) Profiles

Data as of Jan-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	5%	\$633	1.2%	1.2%	53%	88%	n/m	7-30 days / 56%	Monthly / 48%
2-5 yrs	21%	\$915	1.7%	1.7%	56%	73%	1-2 yrs / 53%	30-60 days / 29%	Monthly / 42%
Over 5 yrs	74%	\$986	1.5%	1.5%	66%	72%	1-2 yrs / 45%	7-30 days / 35%	Monthly / 51%
Total	100%	\$962	1.5%	1.5%	63%	73%	1-2 yrs / 47%	7-30 days / 33%	Monthly / 48%

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	7%	\$212	1.4%	1.4%	38%	88%	n/m	7-30 days / 38%	Under 30 / 49%
2-5 yrs	31%	\$175	1.3%	1.3%	53%	71%	1-2 yrs / 47%	7-30 days / 38%	Monthly / 44%
Over 5 yrs	62%	\$185	1.6%	1.6%	71%	65%	No / 52%	7-30 days / 51%	Monthly / 52%
Total	100%	\$184	1.5%	1.5%	63%	69%	No / 46%	7-30 days / 47%	Monthly / 48%

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	15%	\$23	0.9%	0.9%	43%	76%	1-2 yrs / 79%	7-30 days / 38%	Under 30 / 45%
2-5 yrs	33%	\$28	1.8%	1.8%	54%	68%	1-2 yrs / 51%	7-30 days / 43%	Monthly / 51%
Over 5 yrs	52%	\$30	1.9%	1.9%	68%	60%	No / 48%	7-30 days / 53%	Monthly / 48%
Total	100%	\$28	1.7%	1.7%	60%	65%	1-2 yrs / 43%	7-30 days / 49%	Monthly / 48%

Source: Citi ICG Analytics

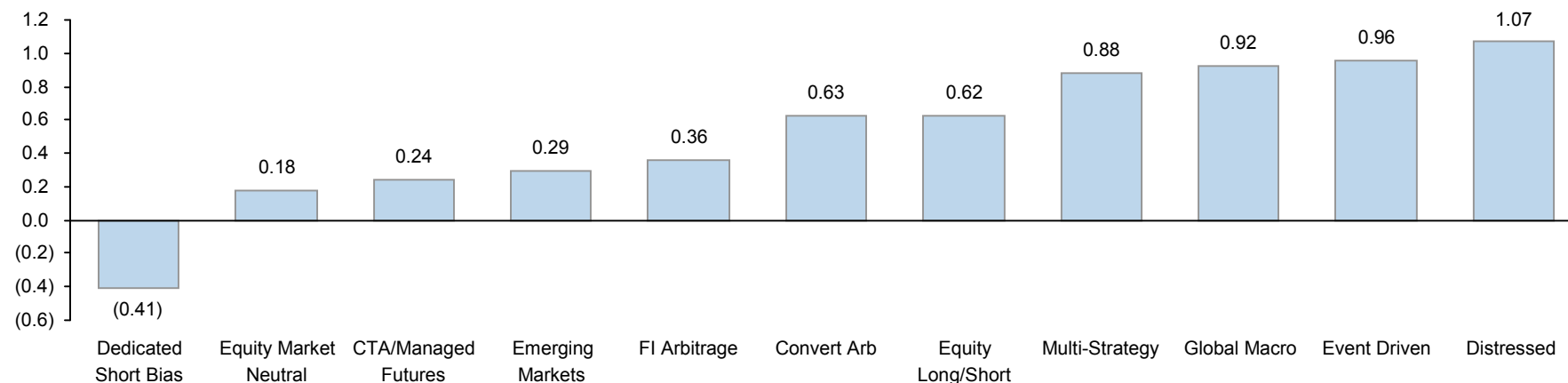
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. Median YTD performance is calculated from funds reporting for all underlying periods. - "n/m" = Not Meaningful.



Risk and Return Metrics

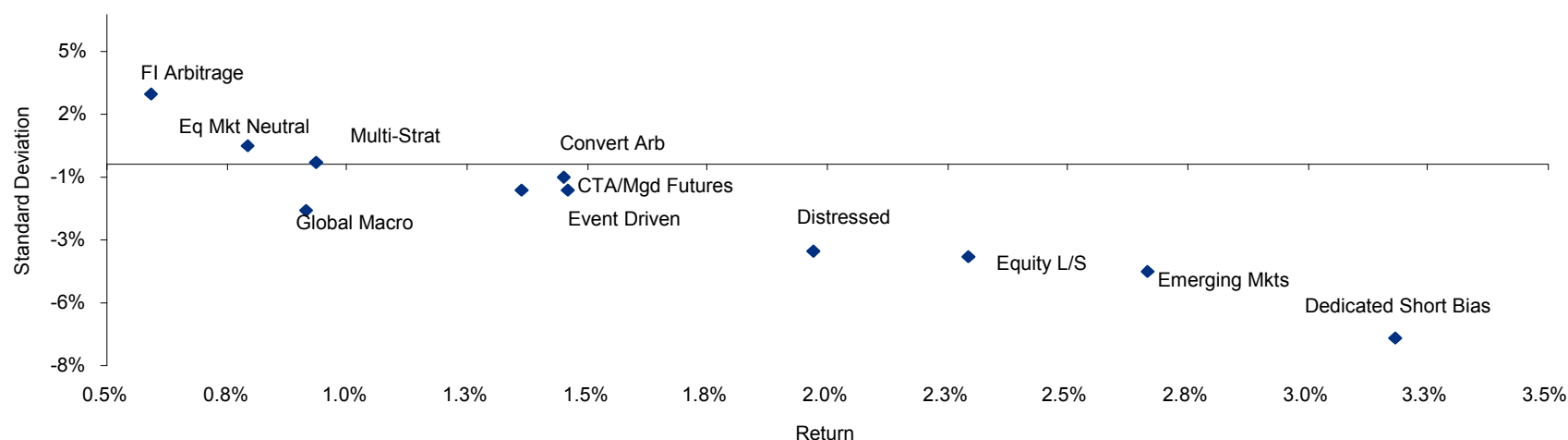
Data as of Jan-2012

Sharpe Ratios (Jun-94 – Jan-12)



Source: Credit Suisse Tremont

Risk vs. Return (Feb-11 – Jan-12)



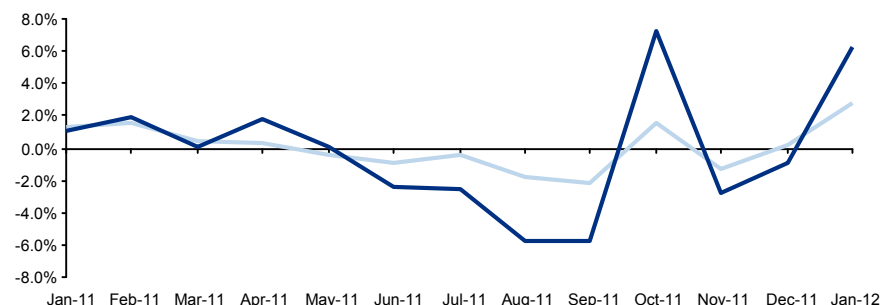
Source: Citi ICG Analytics

Convertible Arbitrage

Data as of Jan-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.8%												2.8%

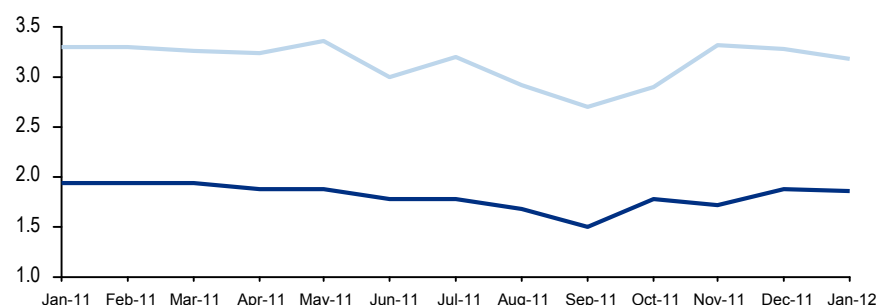
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-12	Dec-11	Jan-11	YTD-12
Convert Arb	2.8%	0.2%	1.4%	2.8%
CWB ETF	6.2%	-1.0%	1.1%	6.2%

Source: Citi ICG Analytics; FactSet

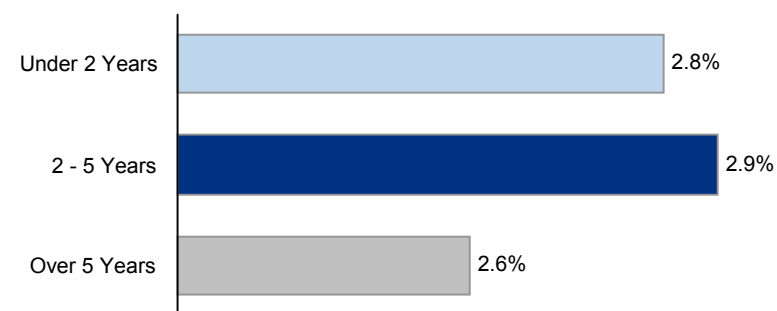
Leverage Profile (Monthly, LTM)



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

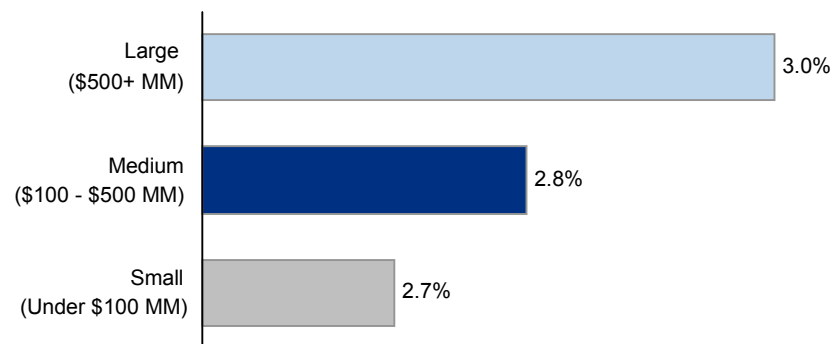
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

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.

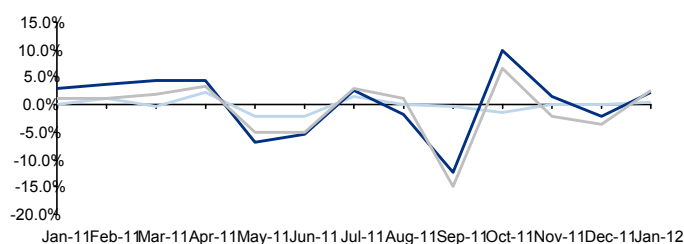


CTA/Managed Futures

Data as of Jan-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.3%												0.3%

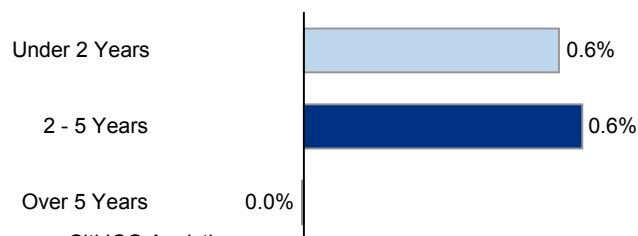
Hedge Fund Performance vs. Benchmark



	Jan-12	Dec-11	Jan-11	YTD-12
CTA/Mgd Futures	0.3%	0.0%	-0.1%	0.3%
S&P GSCI Commodity (SPGSCI)	2.2%	-2.1%	3.1%	2.2%
DJ-UBS Commodity (DJAGK)	2.5%	-3.7%	1.0%	2.5%

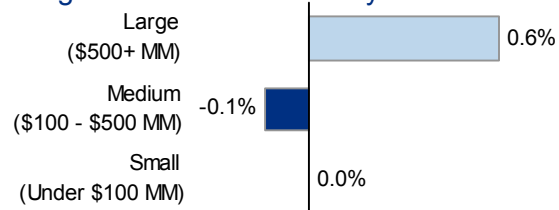
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size

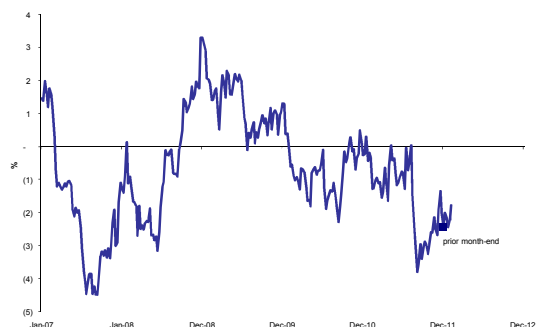


Source: Citi ICG Analytics

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.

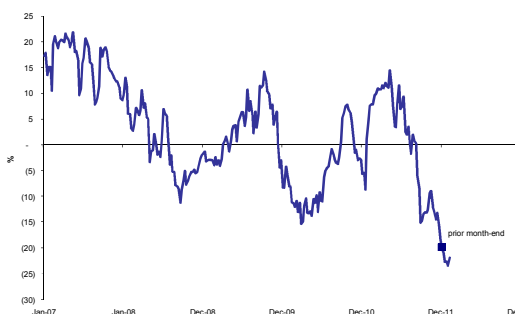
Large Speculator Positions: CFTC Commitment Of Trader (Futures & Options) Report Net of Longs Less Shorts As Percent of Total Open Positions

Combined S&P / Weighted Mini S&P Contracts



Last Update: 1/31/11 -1.8%

EuroFX Futures



Last Update: 1/31/11 -21.9%

U.S. 10-Year Treasury Futures



Last Update: 1/31/11 -0.3%

Gold Futures



Last Update: 1/31/11 +14.2%

Source: CFTC, Bloomberg, Citi Futures Perspective

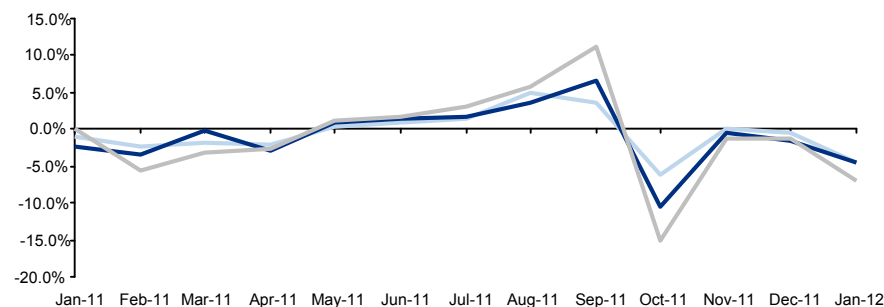


Dedicated Short Bias

Data as of Jan-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-4.6%												-4.6%

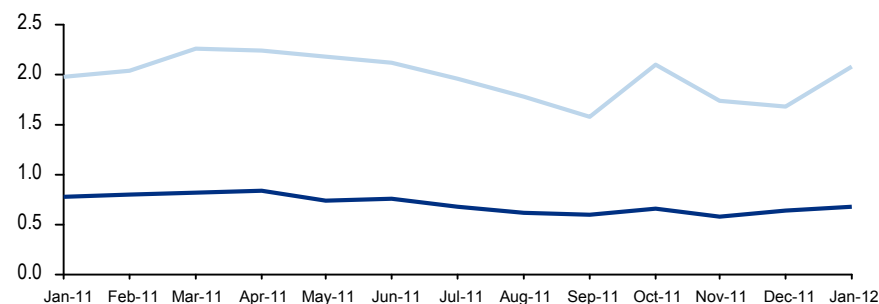
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-12	Dec-11	Jan-11	YTD-12
Ded Short Bias	-4.6%	-0.4%	-0.9%	-4.6%
S&P Short ETF (SH)	-4.4%	-1.4%	-2.3%	-4.4%
Rus 2000 Short ETF (RWM)	-6.9%	-1.2%	0.0%	-6.9%

Source: Citi ICG Analytics; FactSet

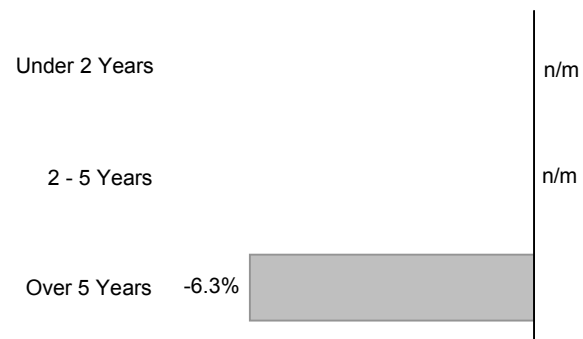
Leverage Profile (Monthly, LTM)



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

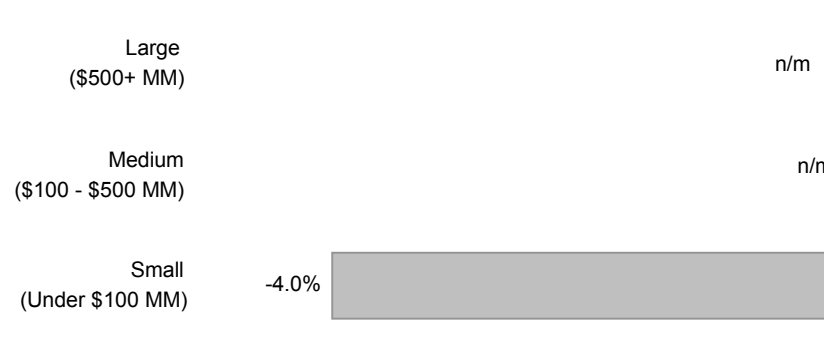
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

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.

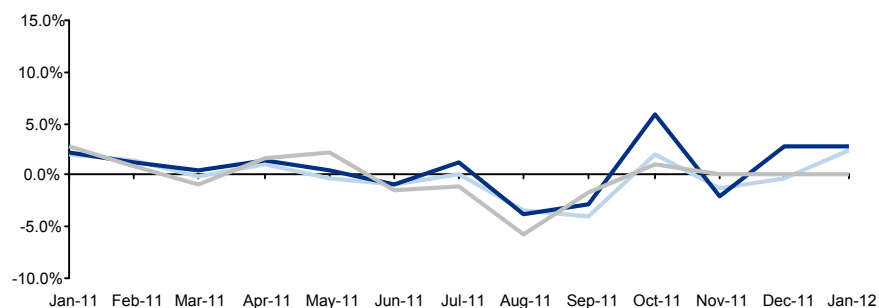


Distressed

Data as of Jan-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.4%												2.4%

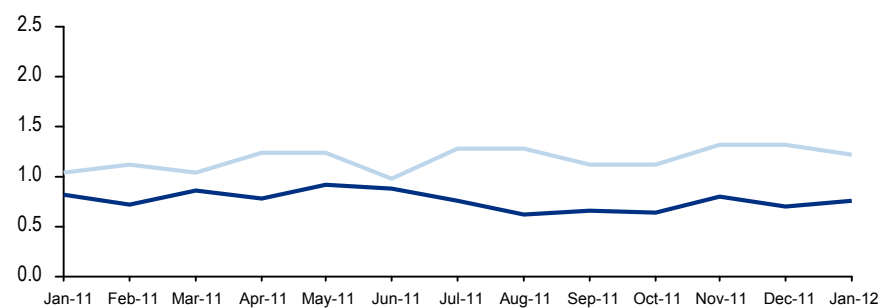
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-12	Dec-11	Jan-11	YTD-12
Distressed	2.4%	-0.2%	2.0%	2.4%
Citi HY Bond Index	2.9%	2.7%	2.3%	2.9%
Altman Defaulted Index	n/a	n/a	2.7%	n/a

Source: Citi ICG Analytics; Citigroup Index LLC; Altman-NYU Salomon Center

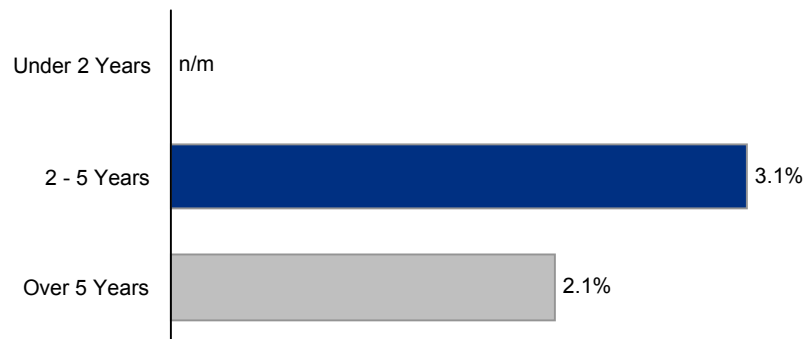
Leverage Profile (Monthly, LTM)



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

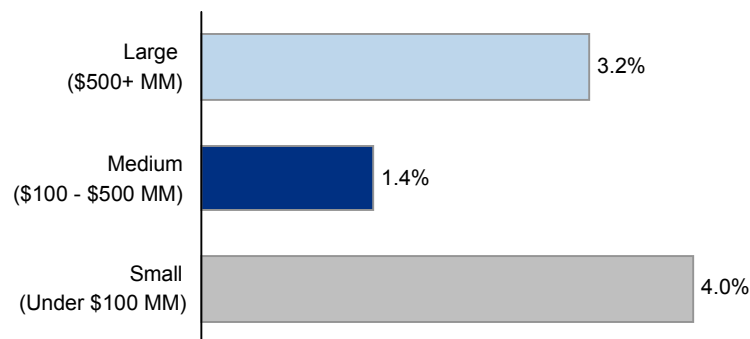
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

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.

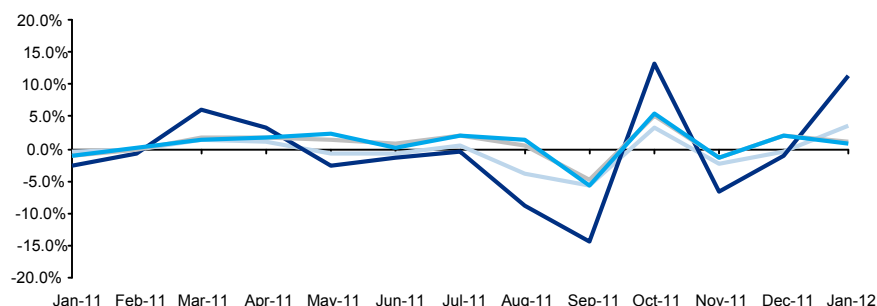


Emerging Markets

Data as of Jan-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.7%												3.7%

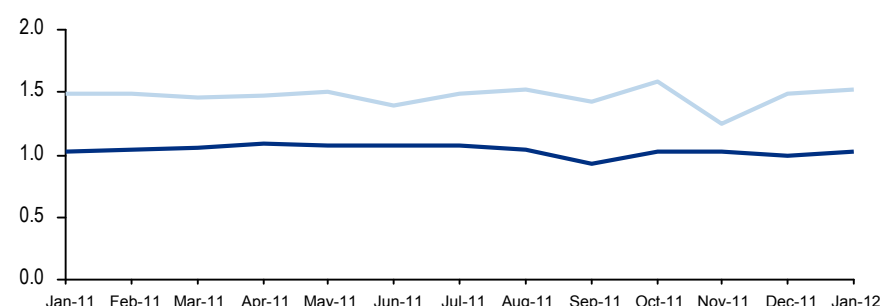
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-12	Dec-11	Jan-11	YTD-12
Emerging Mkts	3.7%	-0.6%	-0.6%	3.7%
MSCI EM	11.4%	-1.2%	-2.7%	11.4%
JPM EMBIG Core ETF (EMB)	1.1%	1.9%	-1.0%	1.1%
DB EM Liquid ETF (PCY)	0.6%	2.1%	-0.9%	0.6%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

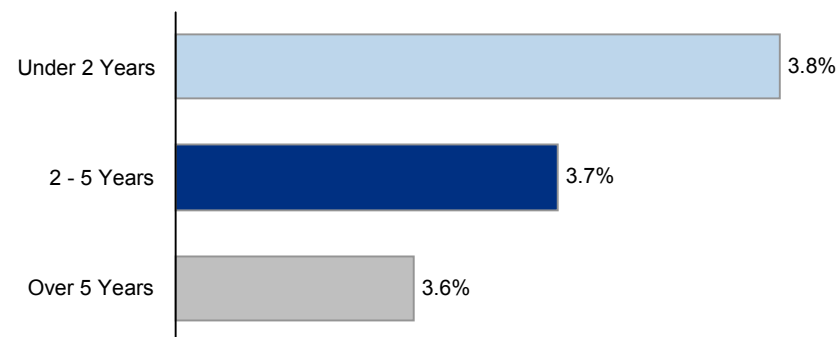


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

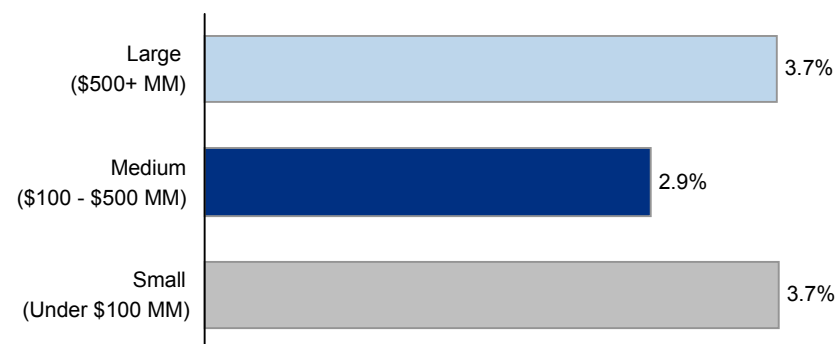
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



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.

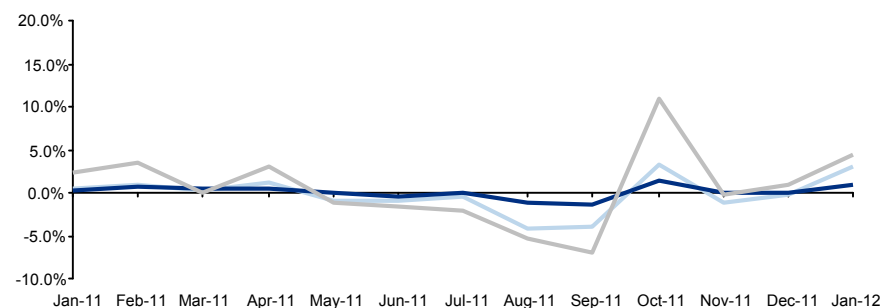


Equity Long/Short

Data as of Jan-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.1%												3.1%

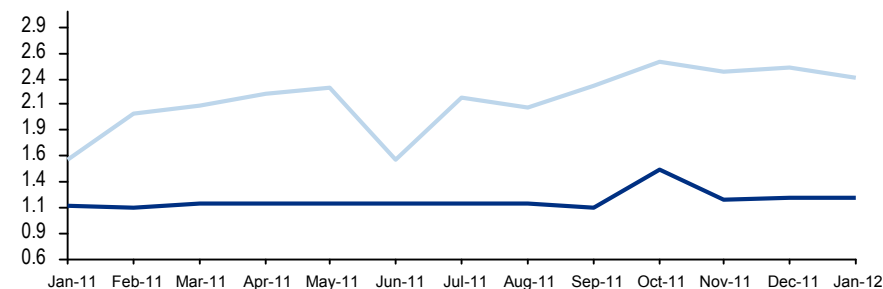
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-12	Dec-11	Jan-11	YTD-12
Eq Long/Short	3.1%	-0.3%	0.4%	3.1%
Eq Mkt Neutral	1.0%	0.0%	0.3%	1.0%
S&P 500	4.5%	1.0%	2.4%	4.5%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

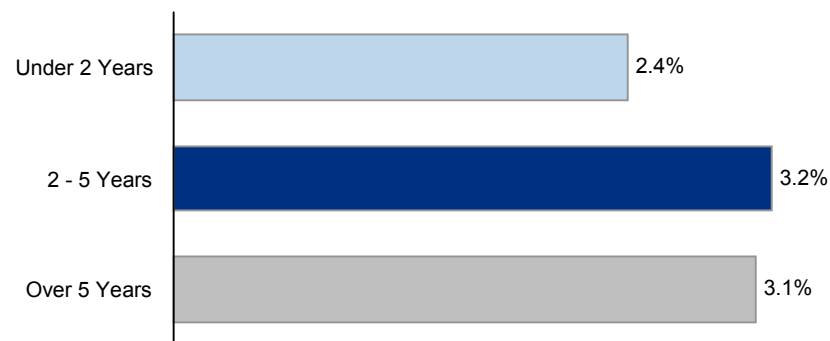


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

Source: Citi Prime Finance

Hedge Fund Performance by Age



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.

Hedge Fund Performance by Size



Source: Citi ICG Analytics

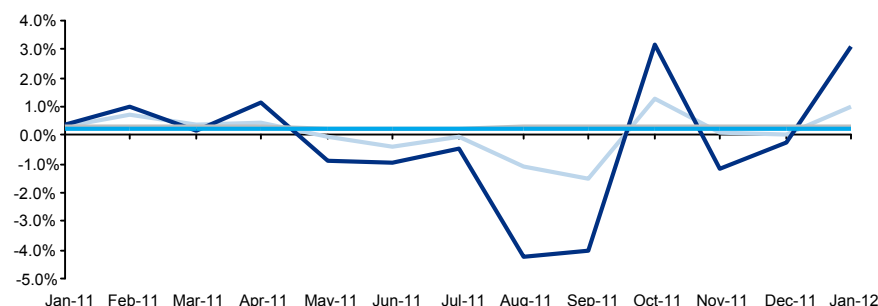


Equity Market Neutral

Data as of Jan-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.0%												1.0%

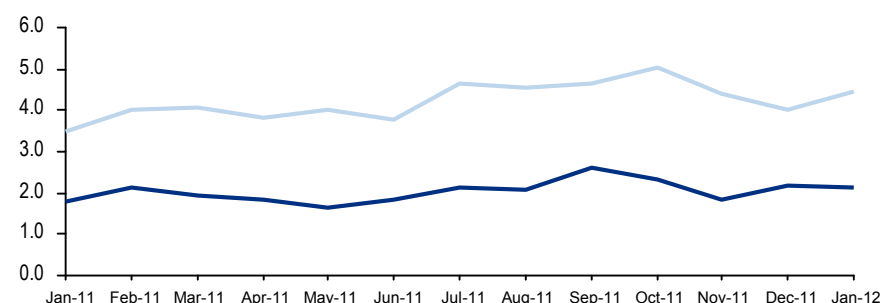
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-12	Dec-11	Jan-11	YTD-12
Eq Mkt Neutral	1.0%	0.0%	0.3%	1.0%
Eq Long/Short	3.1%	-0.3%	0.4%	3.1%
LIBOR + 300 bps	0.3%	0.3%	0.3%	0.3%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	0.3%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

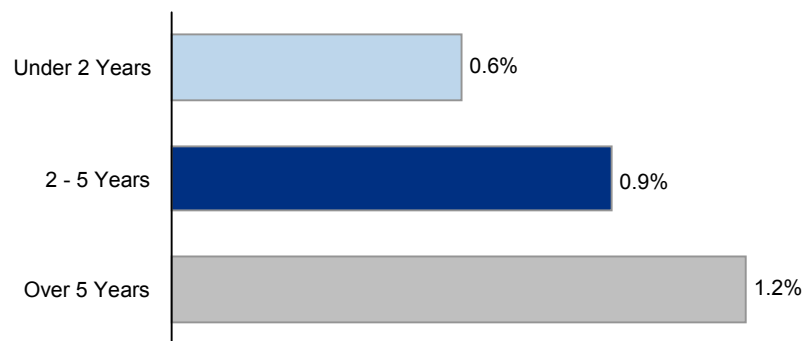


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

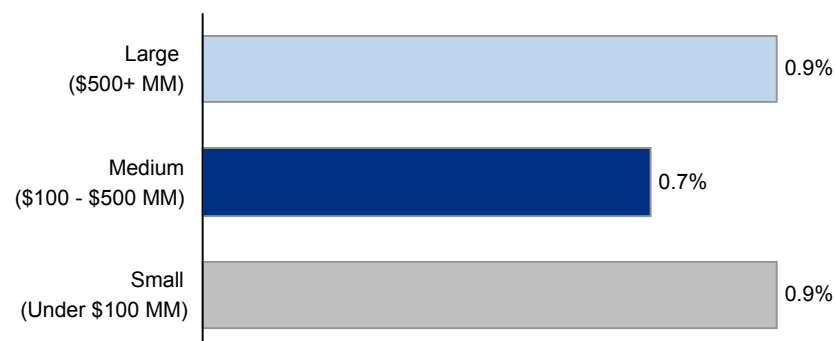
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



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.

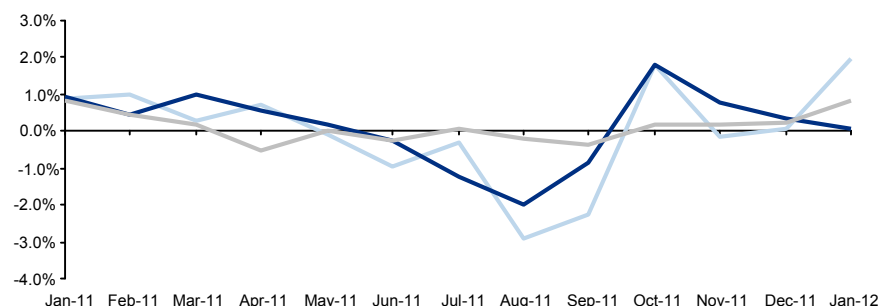


Event Driven

Data as of Jan-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.0%												2.0%

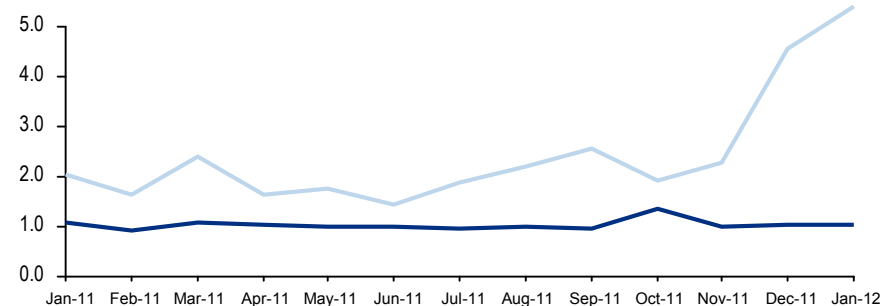
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-12	Dec-11	Jan-11	YTD-12
Event Driven	2.0%	0.1%	0.9%	2.0%
The Merger Fund (MERFX)	0.1%	0.3%	1.0%	0.1%
AQR Div Arb Fund (ADANX)	0.8%	0.2%	0.8%	0.8%

Source: Citi ICG Analytics; FactSet

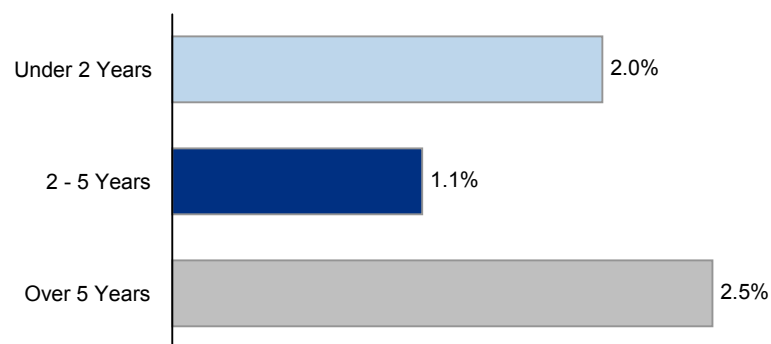
Leverage Profile (Monthly, LTM)



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

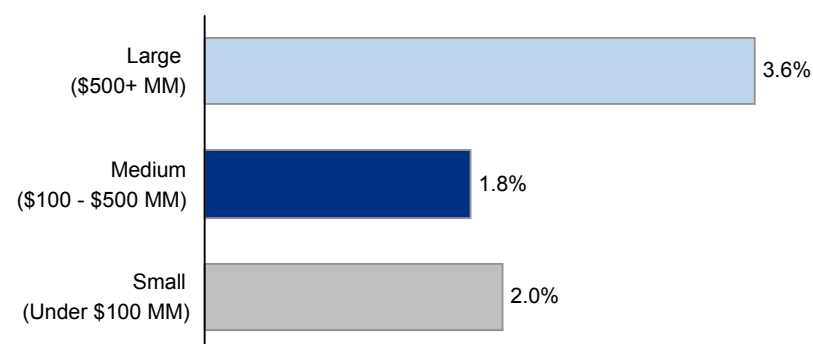
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



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.

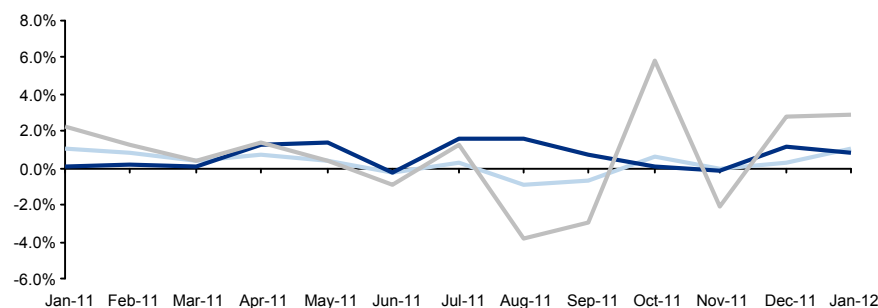


FI Arbitrage

Data as of Jan-2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.1%												1.1%

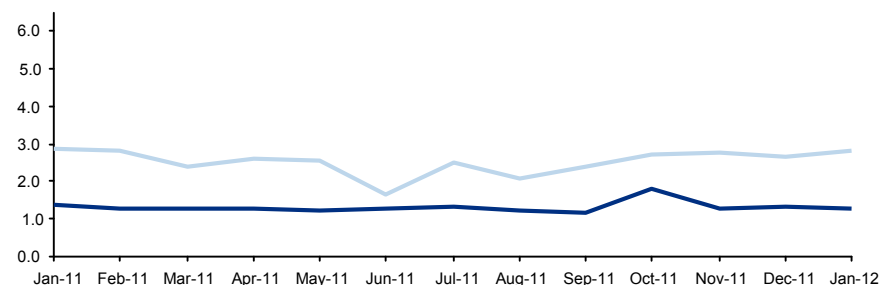
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-12	Dec-11	Jan-11	YTD-12
FI Arbitrage	1.1%	0.3%	1.1%	1.1%
Citi US BIG Index	0.8%	1.1%	0.1%	0.8%
Citi HY Bond Index	2.9%	2.7%	2.3%	2.9%

Source: Citi ICG Analytics; Citigroup Index LLC

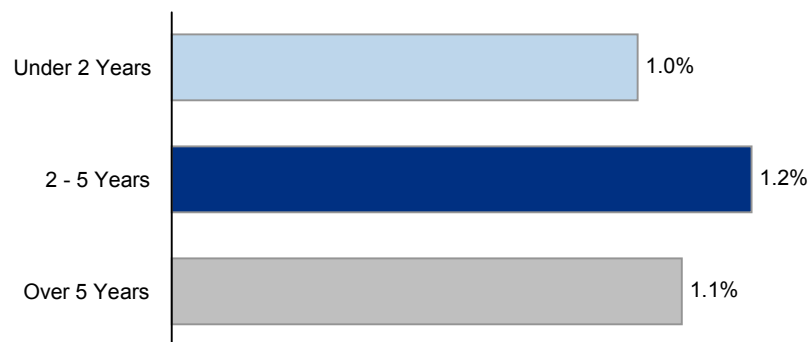
Leverage Profile (Monthly, LTM)



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

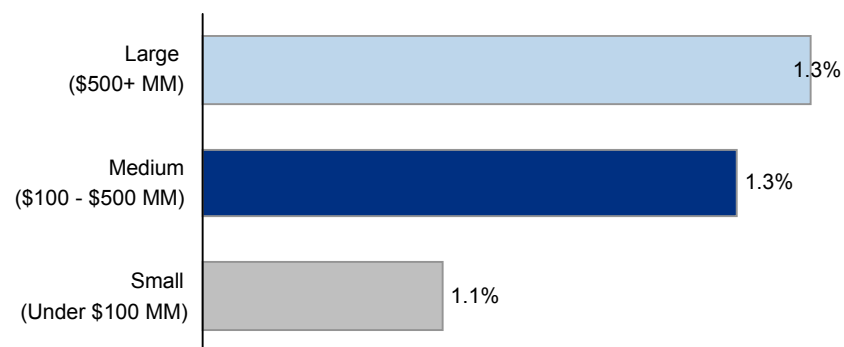
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



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.

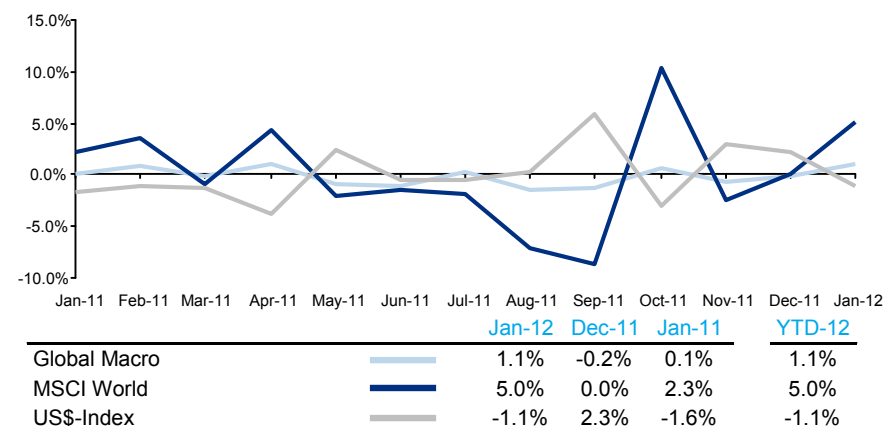


Global Macro

Data as of Jan-2012

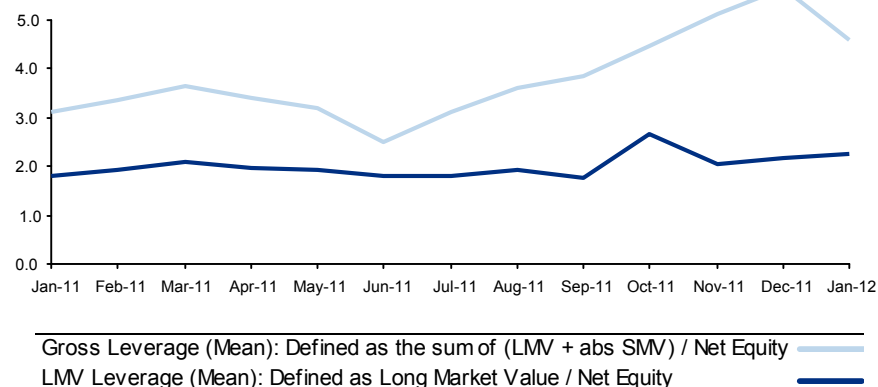
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.1%												1.1%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



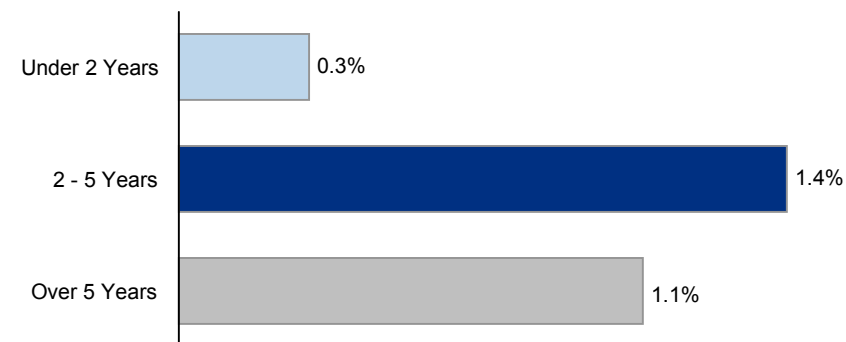
Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)



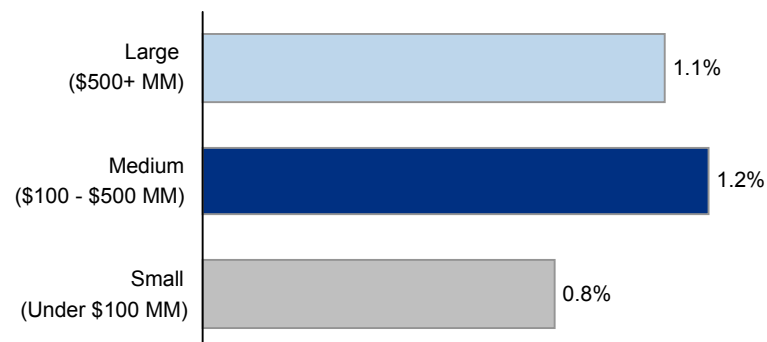
Source: Citi ICG Analytics; FactSet; Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics; FactSet; Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi ICG Analytics; 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.

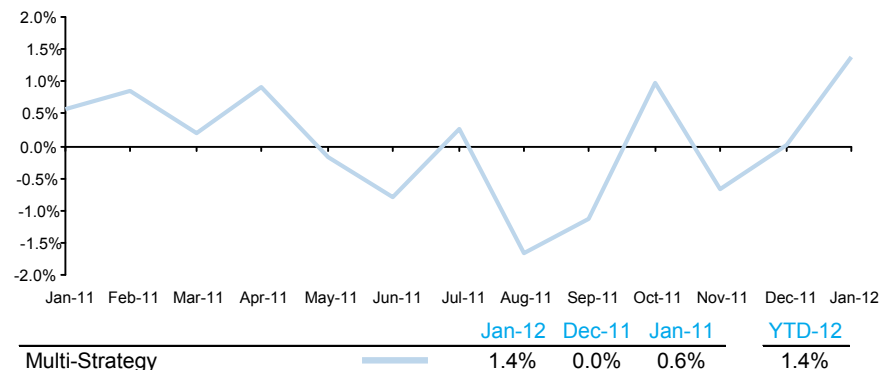


Multi-Strategy

Data as of Jan-2012

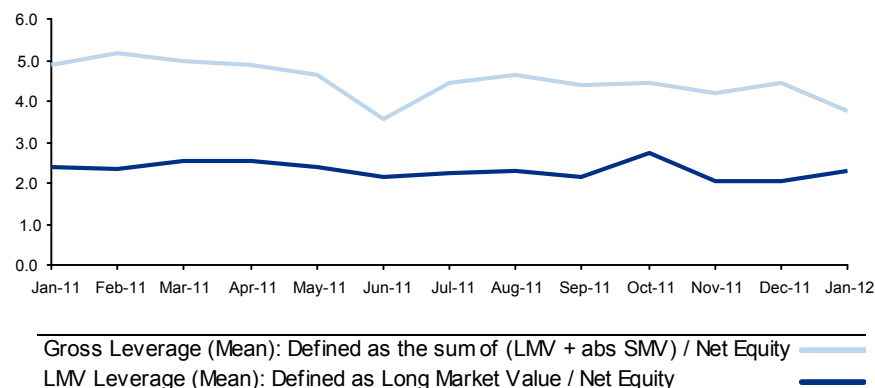
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.4%												1.4%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



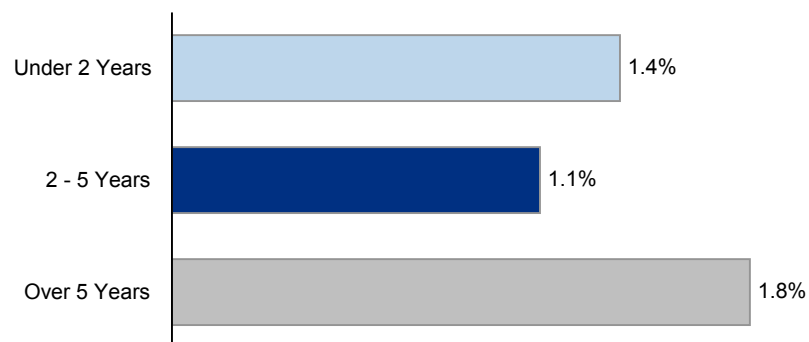
Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)



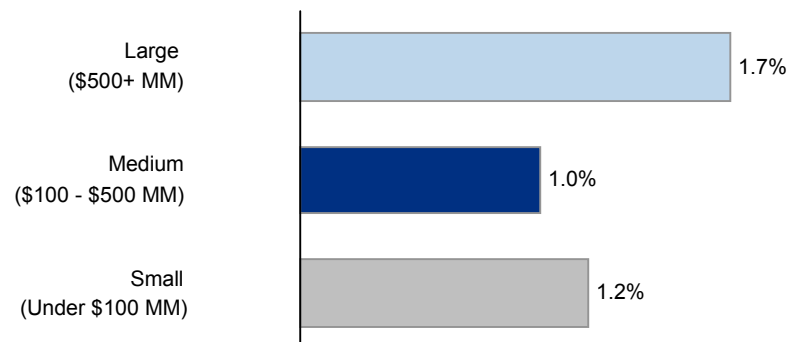
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



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.



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