



Citi Prime Finance

Hedge Fund Industry Snapshot

Data as of January 2011

Citi Prime Finance

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Market Commentary

Report Date: February 2011

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Performance, AUM & Flows:

- Equal-weighted hedge fund composite indices were up for January 2011 with gains ranging from of +0.28% to +0.56%. The Citi HARP hedge fund replication index was -0.69% in January versus the HFRI Fund of Fund index that was +0.03%. January 2011 performance returns proved to be higher than January 2010 which experienced -0.76% to -0.02% over the same period.
- Lower conviction influenced markets in January. Distressed funds saw the largest positive gains at +1.88%, followed by Convertible Arbitrage (+1.52%), Fixed Income Arbitrage (+1.16%) Equity Market Neutral (+0.45%) and Equity Long/Short (+0.42).
- According to HedgeFund.net (HFN), hedge fund industry AUM ended January 2011 at \$2.490 trillion, up from \$2.473 trillion in December 2010. This is the seventh consecutive month AUM has experienced slight gains. Industry AUM remains well below its \$2.94 trillion June 2008 peak.
- Increases in AUM attributable to net investor inflows were +\$11.52 billion while positive performance accounted for a increase of +\$5.55. billion.
- January 2011 performance gains of +\$5.55 billion were lower than December performance gains of +\$58.29 billion and the second smallest over the last six reporting periods - November 2010 (-\$6.68 billion), October 2010 (+\$48.72 billion), September 2010 (+\$60.09 billion) and August 2010 (+11.52 billion).
- Fund flow trackers claim new investor capital is being directed toward larger funds, a view affirmed to in a recent Bloomberg interview with Nick Roe, global head of Prime Finance at Citigroup. "We are seeing the larger funds getting larger and less of the startup spirit that really typified the hedge fund industry five to 10 years ago." "A continuation of institutional flows and increased regulation in international markets are making the traditional entrepreneurial hedge fund startups more difficult."

Fund Profiles:

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was +0.4%; medium single funds (\$100-\$500 million) +0.5% and small single funds (<\$100 million) +0.4%.
- Liquidity terms continued its consistent pattern from the previous reporting periods with January 2011 showing little changes to redemption notice periods with 64% of funds requiring 30 days or less notice for redemption. Across the entire subset of reporting funds, the majority (61%) required no lockup (45%) or less than 1 year lock up (16%).
- Consistent throughout previous reporting periods, large funds (> \$500 million AUM) continue to hold a large portion of industry AUM (67%) compared to medium funds (\$100-\$500 million) at 24% and small funds (<\$100 million) holding only 9%.

Leverage & Shorts:

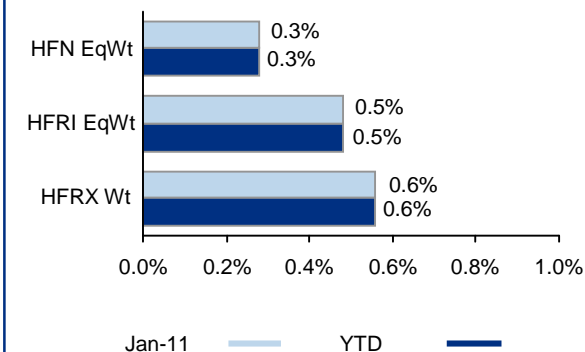
- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.72x in January 2011 versus 1.79x in December, 1.81x in November and 1.80x in October 2010.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Multi Strategy (4.86x), Equity Market Neutral (3.47x), Global Macro (3.12x), Convertible Arbitrage (3.30x), and Fixed Income Arbitrage (2.90x). Use of leverage in other strategies was generally lower across the board.
- Citi U.S. short flows data included in this month's report shows a continued strong concentration of interest in the Information Technology, Consumer Discretionary, & Financials sectors. These three sectors accounted for 56.19% of short executions and 54.23% of short flows versus 55.25% of short executions and 54.68% of short flows in December 2010.
- 2011 was off to a relatively active start with the biggest shift in the large speculator community positioning (of futures and options) seen in the EuroFX contracts where large specs snapped back to a net long position of 4.9% of total open interest in late January from a net short position of 5.7% in late December. Large speculators remained net long Gold, but cut the net long position to the smallest it has been in terms of total open interest since December of 2008. Meanwhile, net positioning in the S&P and TY contracts did not experience much changes.

Hedge Fund Industry: AUM, Performance

Data as of Jan-2011

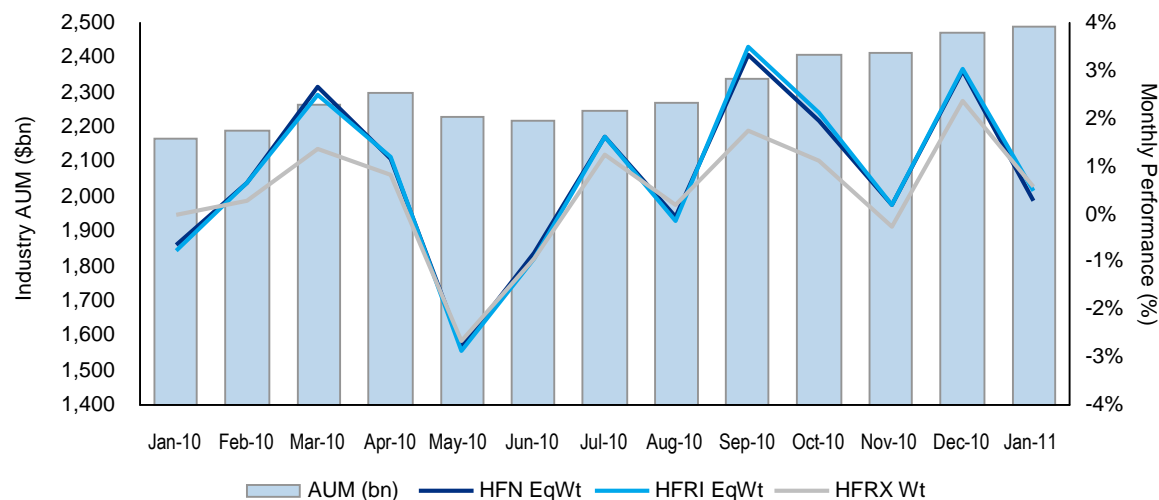
- Composite hedge fund performance, equal-weighted across funds, were up in January 2011 with gains ranging from +0.28% to +0.56%. Returns were lower than last month's (December 2010 +2.36% to +2.98%) and above performance year-ago January 2010 (-0.76% to -0.02%).
- Equity markets started 2011 with positive returns in January (S&P 500,+2.4%; MSCI World index, +2.3%, MSCI EM -2.7%.) The US dollar declined during the month (U.S. dollar index, -1.6%) placing some pressure on rates (Citi US BIG +0.1%.) Commodities prices generally rose (S&P GSCI up +3.1%.) Across broad global economic measures, January economic data revealed US home prices that were 4.1% lower than year-ago prices. In Asia Japan posted its first trade deficit in nearly two years with imports increasing 12.4% while Hong Kong's economy expanded 6.2% through the 4th quarter 2010. In the Euro area orders for new industrial goods rose 2% and were 18% higher than year ago figures.
- To start off 2011 investors displayed a preference for less risky assets as compared to the end of 2010. Hedge fund strategy wise only Convertible Arbitrage, Distressed, Event Driven and FI Arbitrage had January monthly returns above their 60-month trailing medians.
- Industry AUM, estimated at \$2.49 trillion according to HFN is up slightly from December's \$2.47 trillion and is approaching the \$2.5 trillion mark– levels not seen since Q3 2008. Depending on the source, estimates of industry AUM ranges from \$1.92 to \$2.49 trillion compared to the Q2 2008 peak range of \$1.9 to \$3.0 trillion.

Industry Performance: Jan-11 / YTD



Source: HedgeFund.net (HFN)

Monthly Industry AUM and Performance



Source: HedgeFund.net (HFN); Hedge Fund Research, Inc., © 2010; www.hedgefundresearch.com

Note Pad:

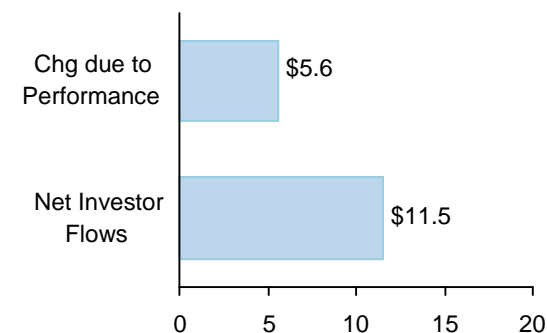
- MSCI World Index: +2.3% January
- MSCI Emerging Markets Index: -2.7% January
- S&P 500: +2.4% January
- Citi US BIG Index: +0.1% January
- S&P GSCI: +3.1% January
- U.S. Dollar Index: -1.6% January
- HFN Country Indices January: Brazil -2.01%; Russia +2.79%; India: -11.31%; China: -1.10%

Hedge Fund Industry: Change in Industry Assets

Data as of Jan-2011

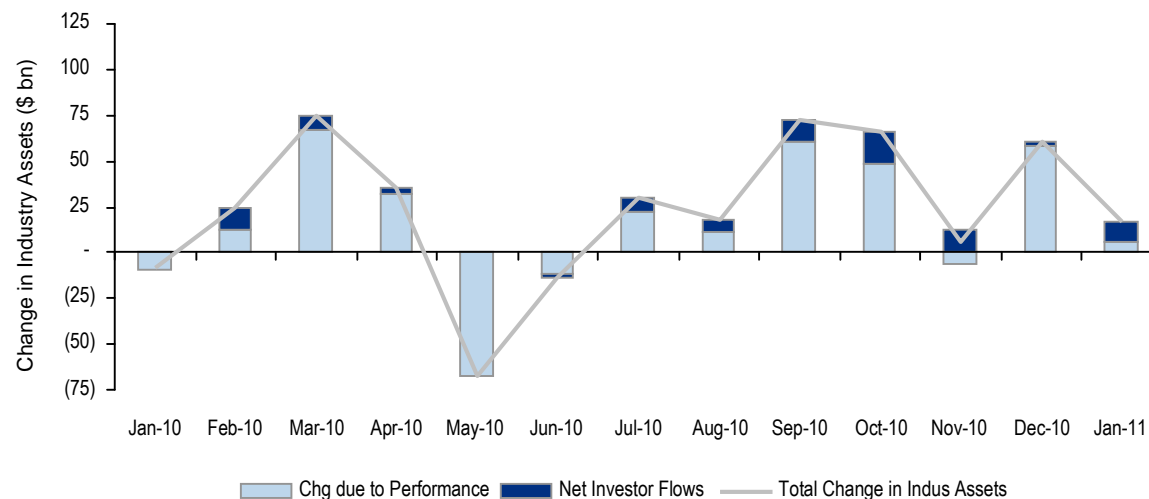
- According to HFN, the estimated change in industry assets for January 2011 was +\$17.1 billion. Gains stemmed mostly from investor inflows +\$11.5 billion as performance accounted for gains of +\$5.6 billion.
- January 2011 performance gains of +\$5.6 billion mark the second consecutive month of increases in hedge fund industry assets due to performance. January performance gains are lower than December 2010 performance gains of +\$58.3 billion but higher than year-ago performance of -\$9.1 billion (January 2010).
- Net investor inflows of +\$11.52 billion marks the seventh consecutive month of positive net inflows -- and an increase from December 2010 inflows of only +\$2.32 billion. Some uncertainty in the pace of the global economic recovery and longer-cycle due diligence processes seem to continue to influence capital raising.
- Total industry AUM of \$2.49 trillion in January 2011 is up slightly (+0.69%) from \$2.47 trillion in December 2010. It is important to note, however, that these levels are still well below the industry's June 2008 peak estimated by HFN at \$2.90 trillion.

Composition of Change in Assets: Jan-11 Amounts in (\$ bn)



Source: HedgeFund.net (HFN)

Monthly Change in Industry Assets and Composition



Source: HedgeFund.net (HFN)

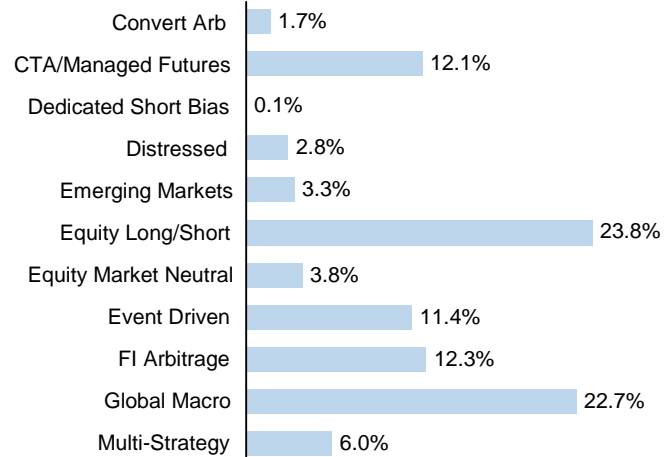
Note Pad:

- The Citi Prime Finance calculation for end-Jan gross leverage (as measured on a mean basis) was 1.72x, down from 1.79x at end-December
- Gross leverage (mean): defined as sum of (LMV + abs SMV) / Net Equity

Hedge Fund Stats by Strategy

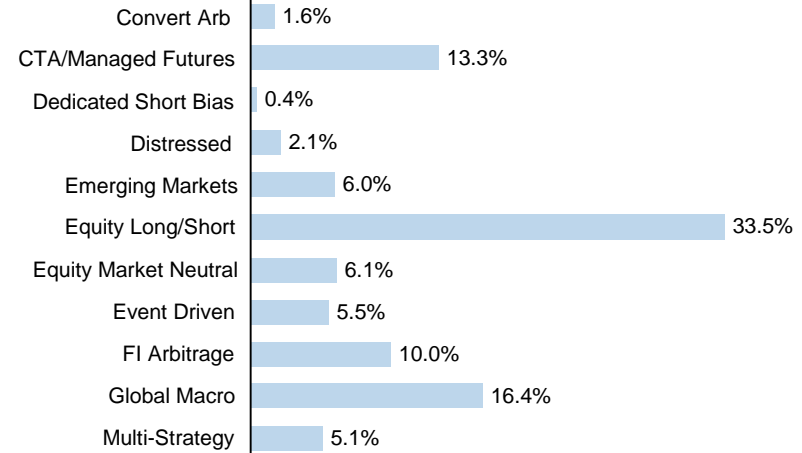
Data as of Jan-2011

Hedge Fund Strategy Breakdown by Assets



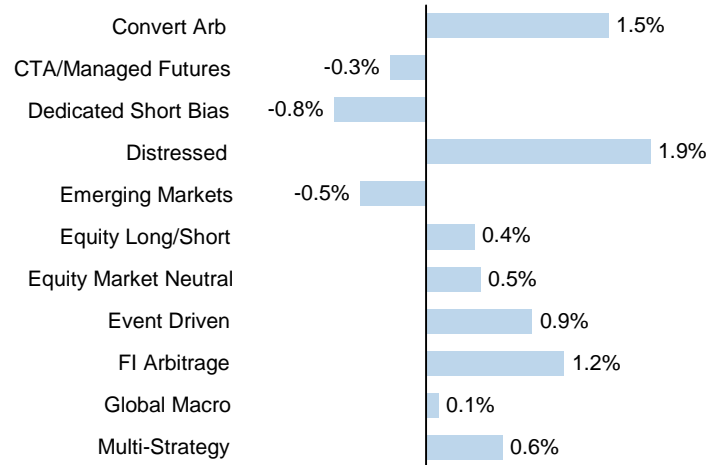
Source: Citi ICG Analytics

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi ICG Analytics

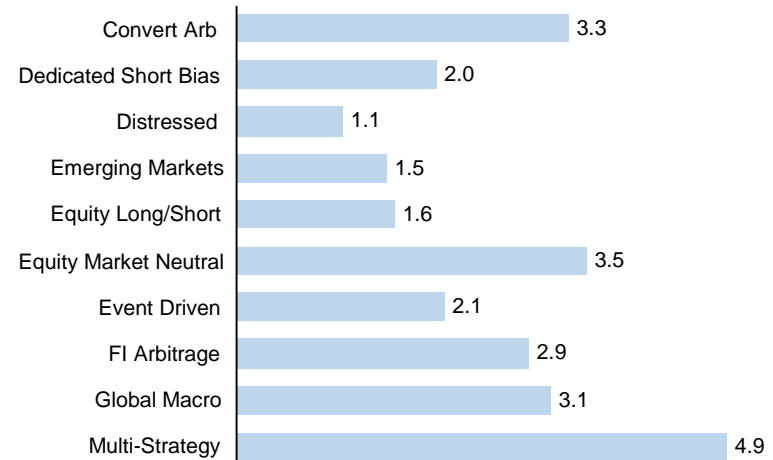
Hedge Fund Performance by Strategy



Source: Citi ICG Analytics

Hedge Fund Leverage Ratios by Strategy

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





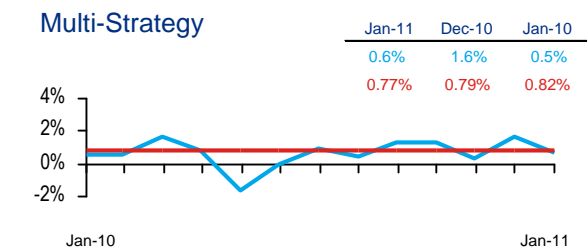
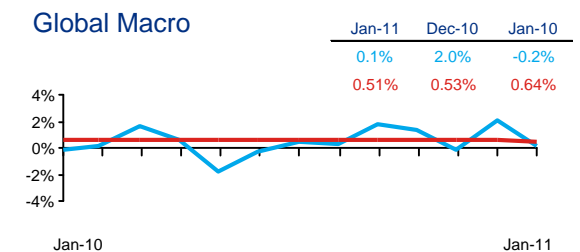
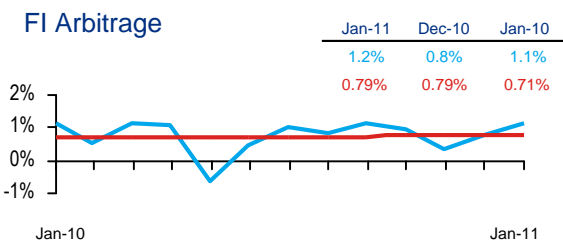
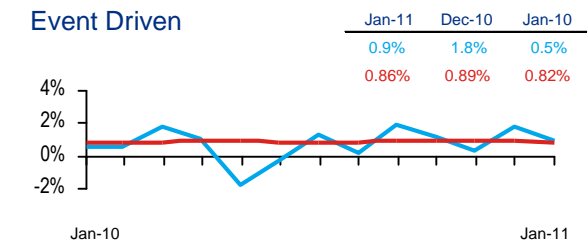
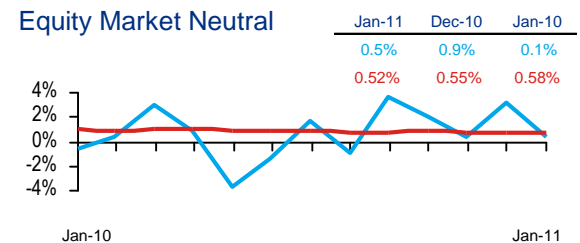
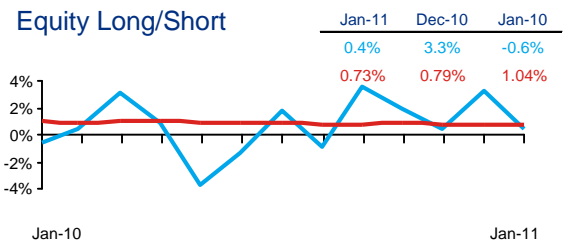
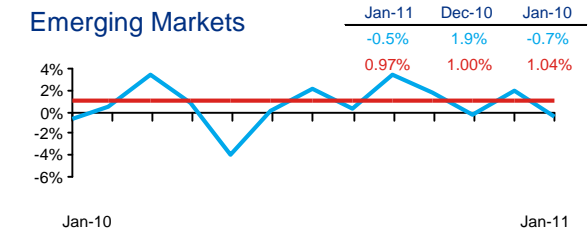
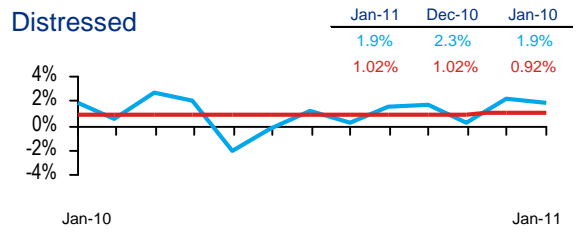
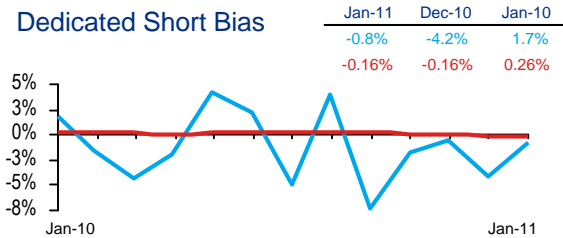
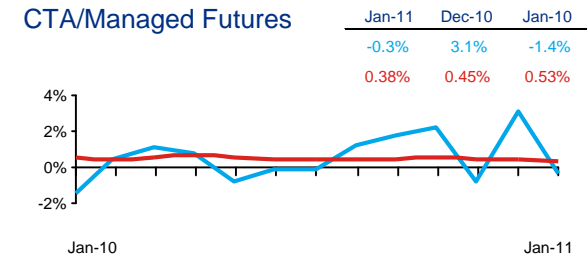
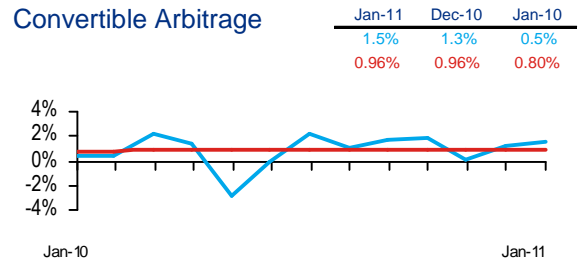
Source: Citi Prime Finance

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 Jan-2011

Monthly Median: 
 Trailing 60 Month Median: 



Source: Citi ICG Analytics

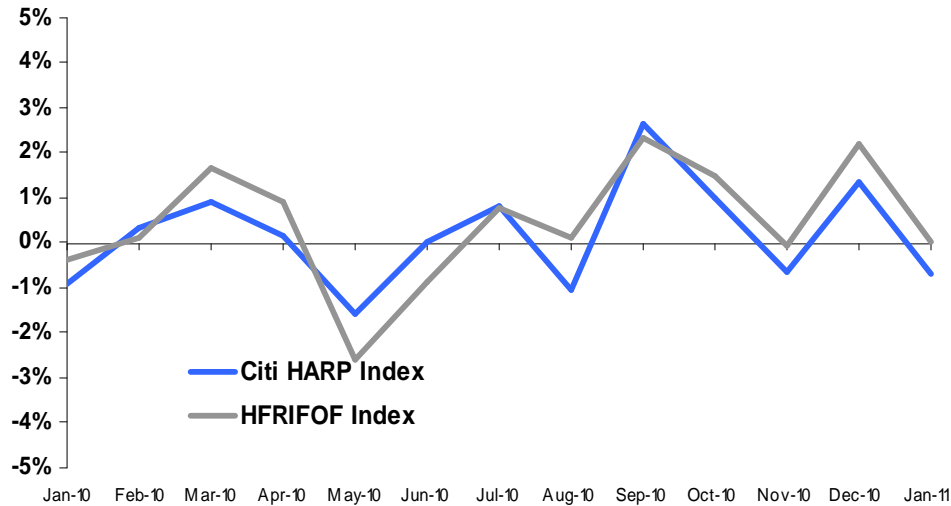
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.



Citi Liquid Hedge Fund Replicator (HARP)

Data as of Jan-2011

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-11	Dec-10	Jan-10	YTD-11
Citi Harp	-0.69%	1.35%	-0.92%	-0.69%
HFRIFOF	0.03%	2.18%	-0.37%	0.03%

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	3.23%	6.16%
Annualised Volatility	4.05%	4.80%
Sharpe Ratio	0.725	1.217
Correlation	85.68%	-

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.

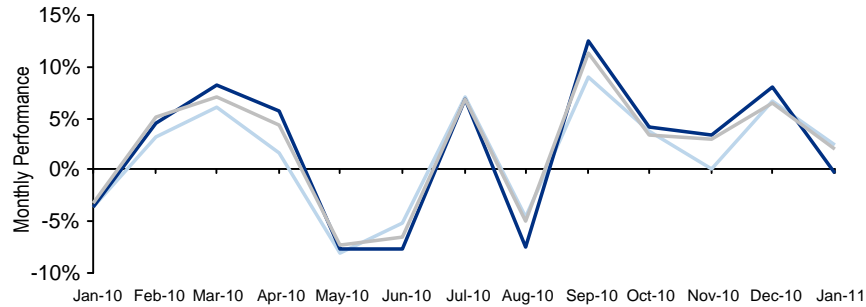
The weighting within the Index of each component is determined monthly. Every month, a multiple linear regression algorithm is used to identify the appropriate weighting.



Market Performance

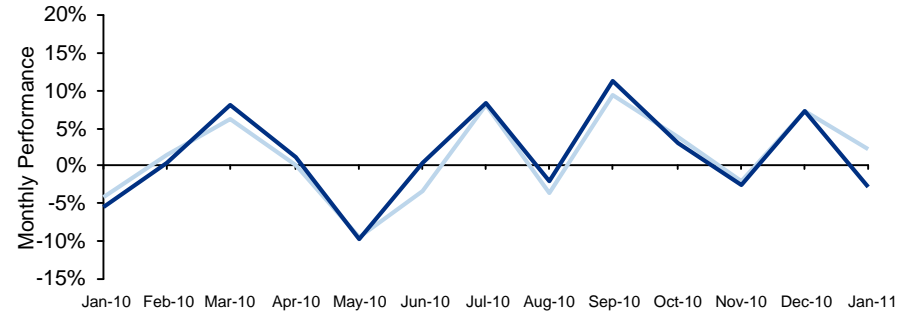
Data as of Jan-2011

US Equities (Large Cap vs. Small Cap)



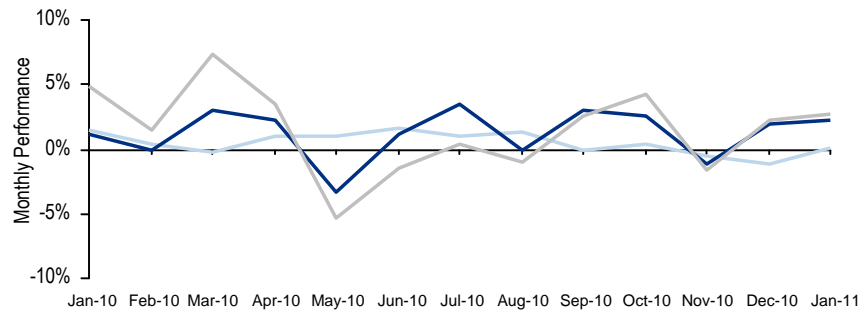
		Jan-11	Dec-10	Jan-10	YTD-11
S&P 500		2.4%	6.7%	-3.6%	2.4%
RUS 2000		-0.3%	7.9%	-3.7%	-0.3%
S&P Mid		2.0%	6.6%	-3.2%	2.0%

Global Equities (Developed vs. Emerging)



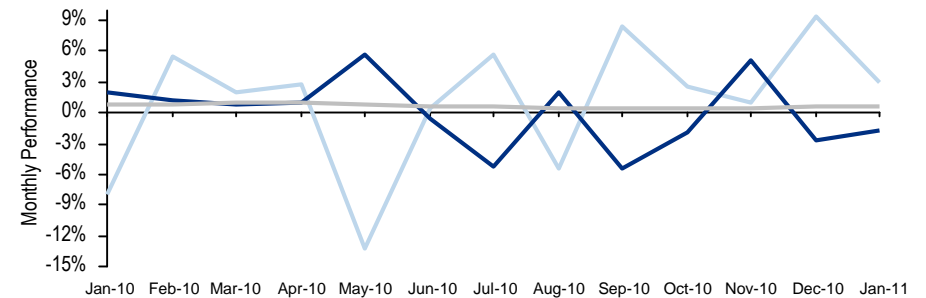
		Jan-11	Dec-10	Jan-10	YTD-11
MSCI World		2.3%	7.4%	-4.1%	2.3%
MSCI EM		-2.7%	7.1%	-5.6%	-2.7%

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



		Jan-11	Dec-10	Jan-10	YTD-11
Citi US BIG Index		0.1%	-1.2%	1.5%	0.1%
Citi HY Bond Index		2.3%	1.9%	1.1%	2.3%
Altman Defaulted		2.7%	2.2%	5.0%	2.7%

Commodities (US\$ performance)



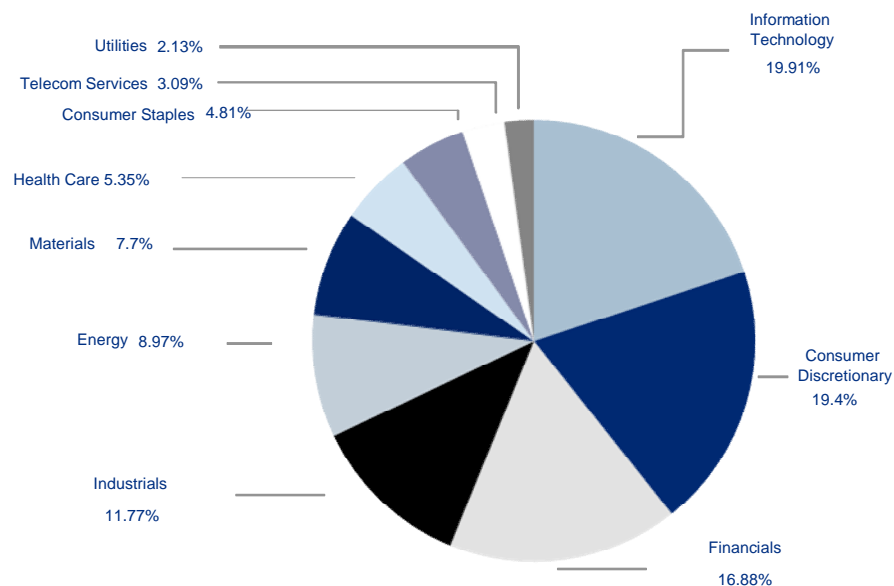
		Jan-11	Dec-10	Jan-10	YTD-11
S&P GSCI		3.1%	9.4%	-7.9%	3.1%
US-\$ Index		-1.6%	-2.7%	2.1%	-1.6%
US 2yr Note		0.6%	0.6%	0.8%	0.6%

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

US Securities Lending Sector Short Flows

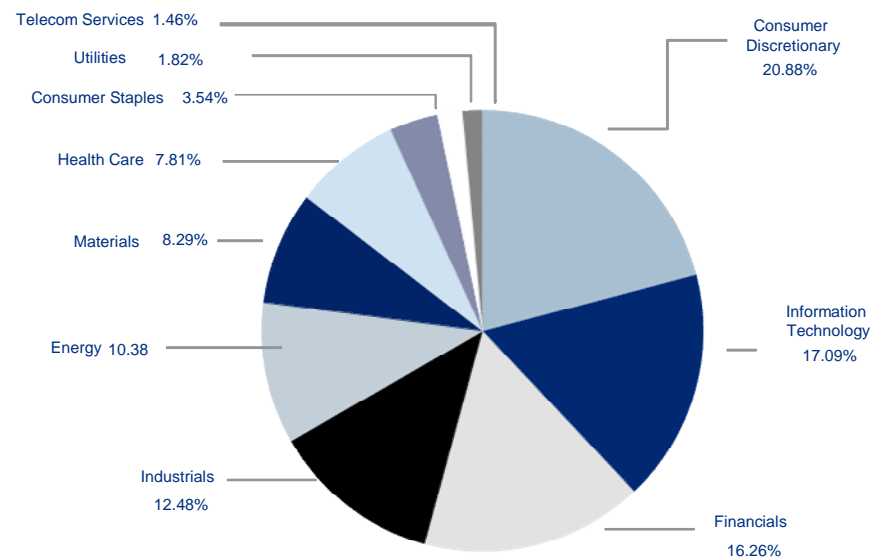
Data as of Jan-2011

Short Sale Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Information Technology	19.91	16.30	22.15
Consumer Discretionary	19.4	21.20	-8.49
Financials	16.88	17.68	-4.52
Industrials	11.77	10.99	7.1
Energy	8.97	8.67	3.46
Materials	7.7	9.23	-16.58
Health Care	5.35	5.99	-10.68
Consumer Staples	4.81	5.07	-5.13
Telecom Services	3.09	2.89	6.92
Utilities	2.13	1.98	7.58

Short Cover Executions



Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Consumer Discretionary	20.88	17.47	19.52
Information Technology	17.09	18.25	-6.36
Financials	16.26	19.00	-14.42
Industrials	12.48	10.59	17.85
Energy	10.38	9.75	6.46
Materials	8.29	9.96	-16.77
Health Care	7.81	9.43	-17.18
Consumer Staples	3.54	2.73	29.67
Utilities	1.82	1.31	38.93
Telecom Services	1.46	1.51	-3.31

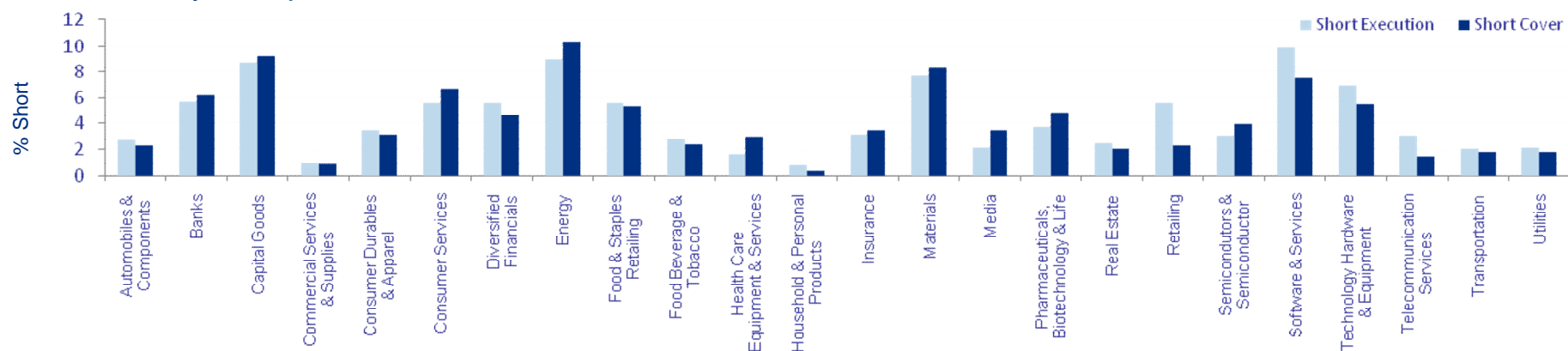
Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value



US Securities Lending Industry Group Short Flows

Data as of Jan-2011

Citi Industry Group Short Flows



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month	Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Software and Services	9.92	7.63	30.01	Energy	10.38	9.75	6.46
Energy	8.97	8.67	3.46	Capital Goods	9.25	7.13	29.73
Capital Goods	8.77	7.54	16.31	Materials	8.29	9.96	-16.77
Materials	7.70	9.23	-16.58	Software & Services	7.56	8.83	-14.38
Technology Hardware and Equipment	6.95	3.93	76.84	Consumer Services	6.67	3.32	100.90
Banks	5.66	6.71	-15.65	Banks	6.16	7.47	-17.54
Consumer Services	5.59	5.60	-0.18	Technology Hardware and Equipment	5.55	4.49	23.61
Diversified Financials	5.58	5.10	9.41	Retailing	5.31	6.01	-11.65
Retailing	5.57	5.72	-2.62	Pharmaceuticals, Biotechnology & Life	4.85	5.79	-16.23
Pharmaceuticals, Biotechnology & Life	3.74	3.51	6.55	Diversified Financials	4.63	6.23	-25.68
Consumer Durables & Apparel	3.45	4.43	-22.12	Semiconductors & Semiconductor	3.98	4.93	-19.27
Insurance	3.18	4.23	-24.82	Media	3.47	2.80	23.93
Telecom Services	3.09	2.89	6.92	Insurance	3.45	2.88	19.79
Semiconductors & Semiconductor	3.05	4.74	-35.65	Consumer Durables & Apparel	3.13	3.43	-8.75
Food Beverage & Tobacco	2.76	3.22	-14.29	Health Care Equipment and Services	2.96	3.64	-18.68
Automobiles & Components	2.70	3.20	-15.63	Food Beverage & Tobacco	2.35	1.99	18.09
Real Estate	2.46	1.64	50.00	Automobiles & Components	2.30	1.92	19.79
Utilities	2.13	1.98	7.58	Real Estate	2.01	2.43	-17.28
Media	2.09	2.25	-7.11	Utilities	1.82	1.31	38.93
Transportation	2.03	1.94	4.64	Transportation	1.77	2.12	-16.51
Health Care Equipment and Services	1.61	2.47	-34.82	Health Care Equipment and Services	1.46	1.35	8.15
Food & Staples Retailing	1.30	1.35	-3.70	Food & Staples Retailing	1.46	1.51	-3.31
Commercial Services and Supplies	0.97	1.51	-35.76	Commercial Services and Supplies	0.83	0.55	50.91
Household & Personal Products	0.75	0.49	53.06	Household & Personal Products	0.36	0.19	89.47

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-2011

Citi Short Flows: January 2011

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	8.97	8.67	3.46	10.38	9.75	6.46
15	Materials	7.70	9.23	-16.58	8.29	9.96	-16.77
20	Industrials	11.77	10.99	7.10	12.48	10.59	17.85
25	Consumer Discretionary	19.40	21.20	-8.49	20.88	17.47	19.52
30	Consumer Staples	4.81	5.07	-5.13	3.54	2.73	29.67
35	Health Care	5.35	5.99	-10.68	7.81	9.43	-17.18
40	Financials	16.88	17.68	-4.52	16.26	19.00	-14.42
45	Information Technology	19.91	16.30	22.15	17.09	18.25	-6.36
50	Telecommunication Services	3.09	2.89	6.92	1.46	1.51	-3.31
55	Utilities	2.13	1.98	7.58	1.82	1.31	38.93
Industry Group	Industry Group						
1010	Energy	8.97	8.67	3.46	10.38	9.75	6.46
1510	Materials	7.70	9.23	-16.58	8.29	9.96	-16.77
2010	Capital Goods	8.77	7.54	16.31	9.25	7.13	29.73
2020	Commercial Services & Supplies	0.97	1.51	-35.76	1.46	1.35	8.15
2030	Transportation	2.03	1.94	4.64	1.77	2.12	-16.51
2510	Automobiles & Components	2.70	3.20	-15.63	2.30	1.92	19.79
2520	Consumer Durables & Apparel	3.45	4.43	-22.12	3.13	3.43	-8.75
2530	Consumer Services	5.59	5.60	-0.18	6.67	3.32	100.90
2540	Media	2.09	2.25	-7.11	3.47	2.80	23.93
2550	Retailing	5.57	5.72	-2.62	5.31	6.01	-11.65
3010	Food & Staples Retailing	1.30	1.35	-3.70	0.83	0.55	50.91
3020	Food Beverage & Tobacco	2.76	3.22	-14.29	2.35	1.99	18.09
3030	Household & Personal Products	0.75	0.49	53.06	0.36	0.19	89.47
3510	Health Care Equipment & Services	1.61	2.47	-34.82	2.96	3.64	-18.68
3520	Pharmaceuticals, Biotechnology & Life Sciences	3.74	3.51	6.55	4.85	5.79	-16.23
4010	Banks	5.66	6.71	-15.65	6.16	7.47	-17.54
4020	Diversified Financials	5.58	5.10	9.41	4.63	6.23	-25.68
4030	Insurance	3.18	4.23	-24.82	3.45	2.88	19.79
4040	Real Estate	2.46	1.64	50.00	2.01	2.43	-17.28
4510	Software & Services	9.92	7.63	30.01	7.56	8.83	-14.38
4520	Technology Hardware & Equipment	6.95	3.93	76.84	5.55	4.49	23.61
4530	Semiconductors & Semiconductor Equipment	3.05	4.74	-35.65	3.98	4.93	-19.27
5010	Telecommunication Services	3.09	2.89	6.92	1.46	1.51	-3.31
5510	Utilities	2.13	1.98	145.68	1.82	1.31	38.93

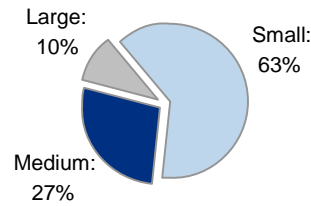
Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value



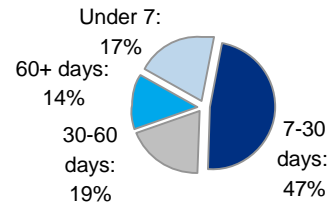
Hedge Fund (Fund Level) Profiles

Data as of Jan-2011

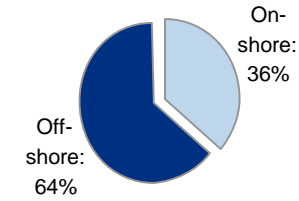
By Fund Size—No. of Funds



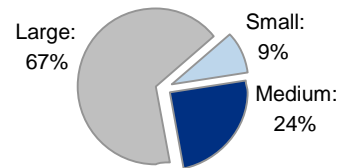
Redemption Notice Period



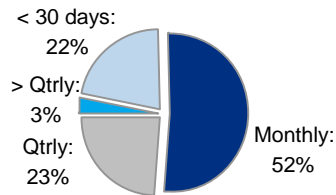
On-shore/Off-shore



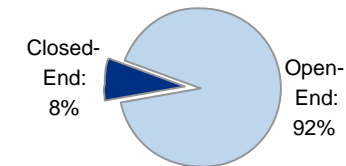
By Fund Size—\$ AUM



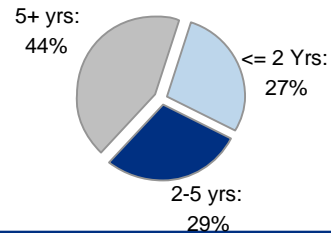
Redemption Frequency



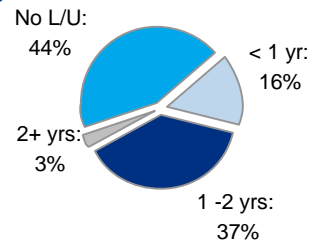
Legal Status



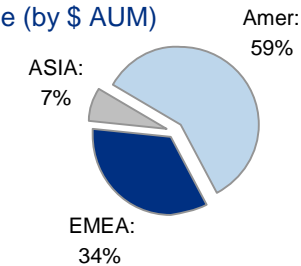
By Fund Age—No. of Funds



Lock-Up



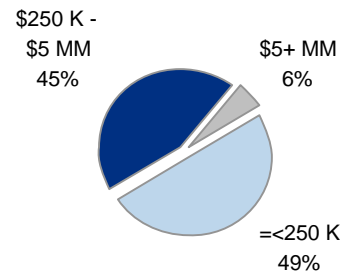
Domicile (by \$ AUM)



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-2011

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%	\$812	0.7%	0.7%	63%	79%	n/m	30-60 days / 43%	Monthly / 54%
2-5 yrs	20%	\$878	0.4%	0.4%	63%	80%	1-2 yrs / 61%	60+ days / 35%	Monthly / 37%
Over 5 yrs	74%	\$1,042	0.4%	0.4%	66%	69%	No / 46%	7-30 days / 38%	Monthly / 48%
Total	100%	\$977	0.4%	0.4%	66%	72%	1-2 yrs / 45%	7-30 days / 33%	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	12%	\$173	-0.2%	-0.2%	45%	80%	1-2 yrs / 52%	7-30 days / 35%	Monthly / 43%
2-5 yrs	31%	\$182	0.4%	0.4%	63%	71%	1-2 yrs / 44%	7-30 days / 45%	Monthly / 51%
Over 5 yrs	57%	\$203	0.7%	0.7%	71%	65%	No / 53%	7-30 days / 52%	Monthly / 52%
Total	100%	\$190	0.5%	0.5%	66%	69%	No / 48%	7-30 days / 49%	Monthly / 51%

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	20%	\$26	0.2%	0.2%	48%	76%	1-2 yrs / 64%	7-30 days / 37%	Monthly / 47%
2-5 yrs	34%	\$26	0.6%	0.6%	65%	63%	No / 46%	7-30 days / 50%	Monthly / 56%
Over 5 yrs	47%	\$29	0.4%	0.4%	70%	56%	No / 50%	7-30 days / 54%	Monthly / 46%
Total	100%	\$28	0.4%	0.4%	65%	62%	No / 47%	7-30 days / 50%	Monthly / 50%

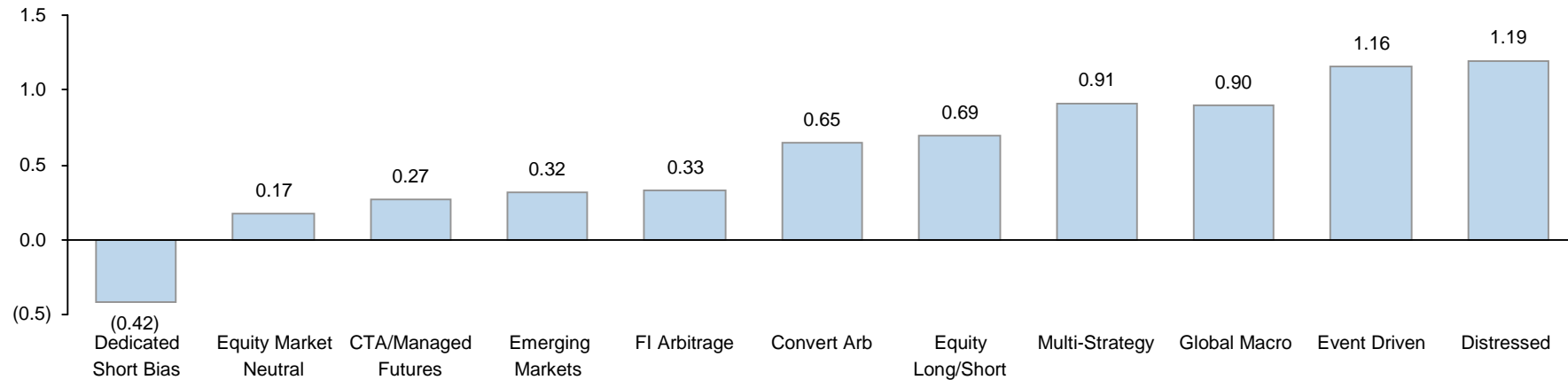
Source: Citi ICG Analytics

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

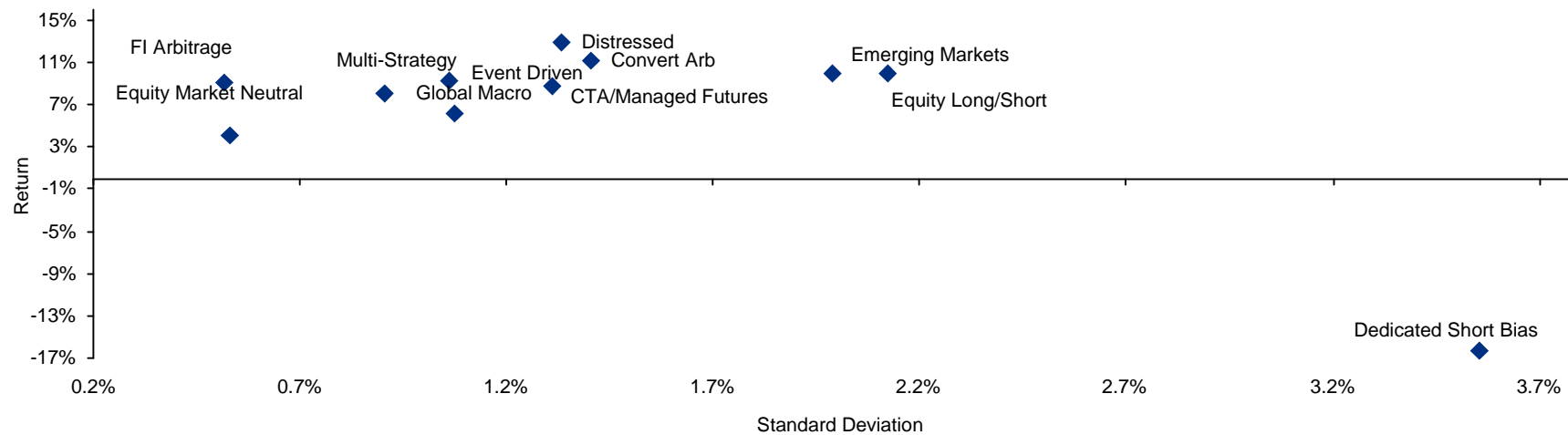
Data as of Jan-2011

Sharpe Ratios (Jun-94 –Jan-11)



Source: Credit Suisse Tremont

Risk vs. Return (Feb-10 – Jan-11)



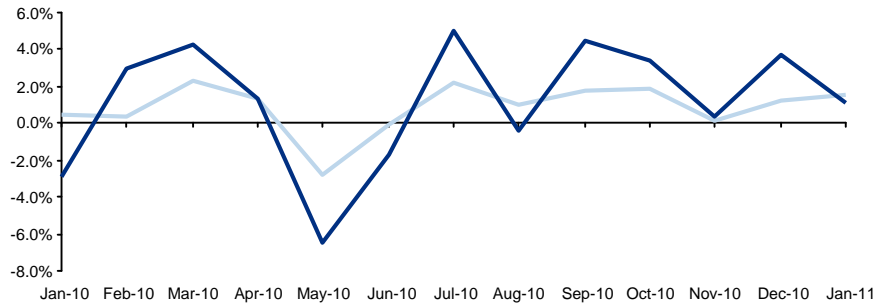
Source: Citi ICG Analytics

Convertible Arbitrage

Data as of Jan-2011

Citi-derived Median	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
	1.5%												1.5%

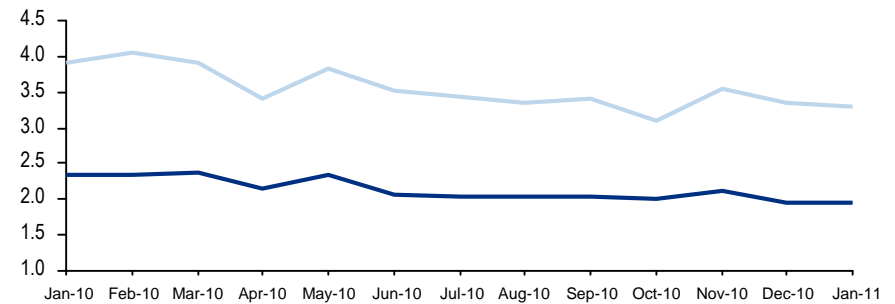
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-11	Dec-10	Jan-10	YTD-11
Convert Arb	1.5%	1.3%	0.5%	1.5%
CWB ETF	1.1%	3.7%	-2.9%	1.1%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

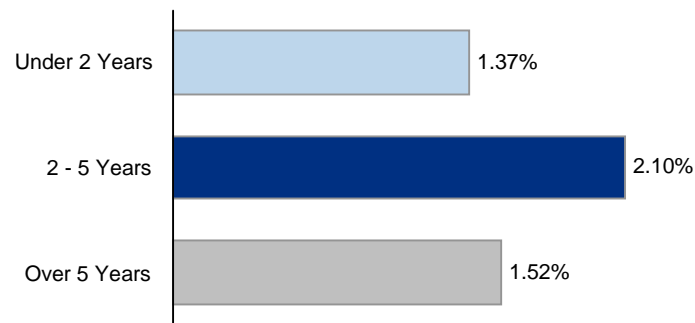


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

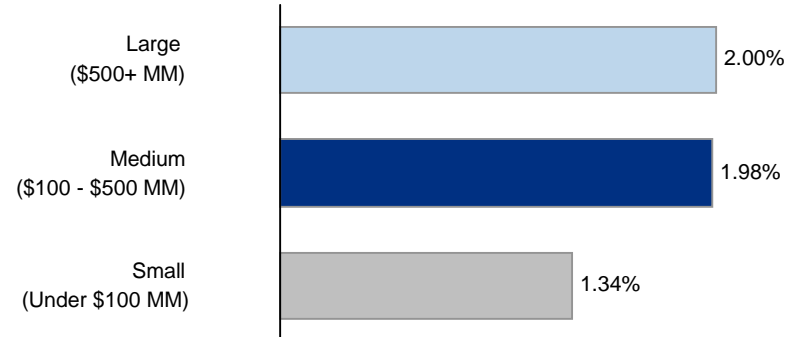
Source: Citi Prime Finance

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.

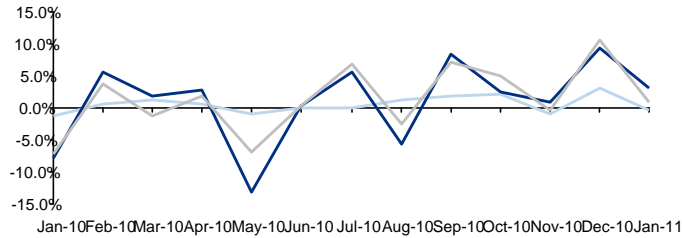


CTA/Managed Futures

Data as of Jan-2011

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

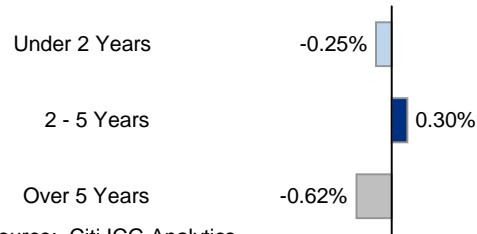
Hedge Fund Performance vs. Benchmark



	Jan-11	Dec-10	Jan-10	YTD-11
CTA/Mgd Futures	-0.3%	3.1%	-1.4%	-0.3%
S&P GSCI Commodity (SPGSCI)	3.1%	9.4%	-7.9%	3.1%
DJ-UBS Commodity (DJAGK)	1.0%	10.7%	-7.3%	1.0%

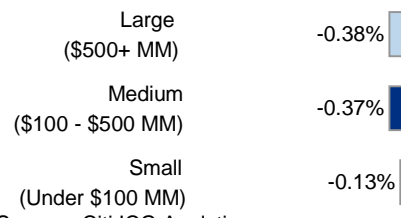
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size

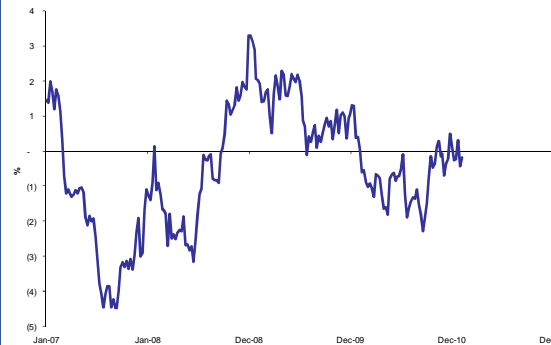


Source: Citi ICG Analytics

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

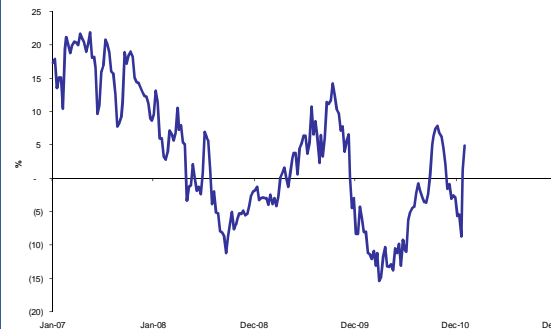


Last Update: 1/31/11 -0.2%

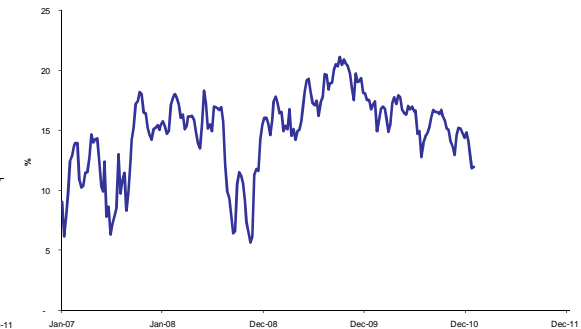
U.S. 10-Year Treasury Futures



Last Update: 1/31/11 -3.2%



Last Update: 1/31/11 +4.9%



Last Update: 1/31/11 +11.9%

Source: CFTC, Bloomberg, Citi Futures Perspective

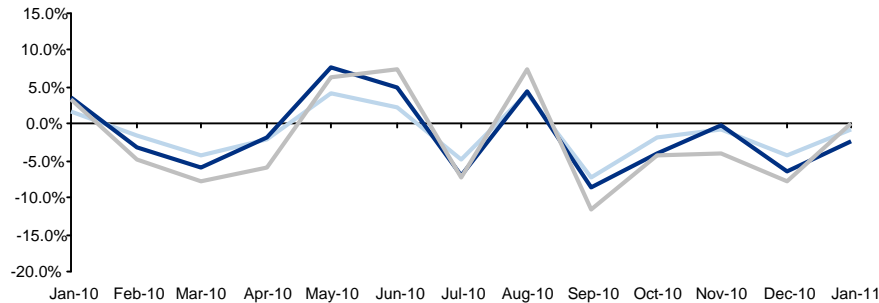


Dedicated Short Bias

Data as of Jan-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.8%												

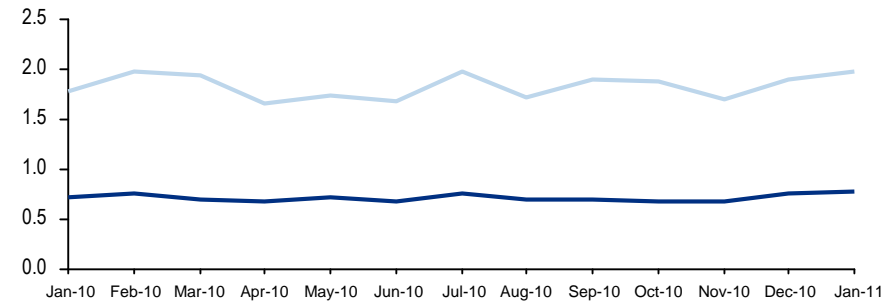
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jan-11	Dec-10	Jan-10	YTD-11
Ded Short Bias		-0.8%	-4.2%	1.7%	-0.8%
S&P Short ETF (SH)		-2.3%	-6.5%	3.6%	-2.3%
Rus 2000 Short ETF (RWM)		0.0%	-7.7%	3.3%	0.0%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

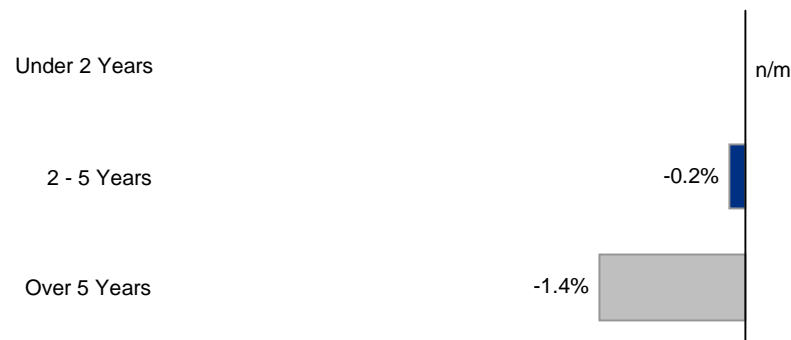


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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.

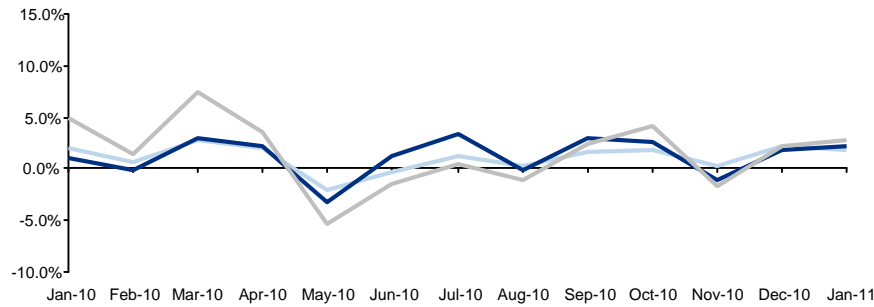


Distressed

Data as of Jan-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.9%												1.9%

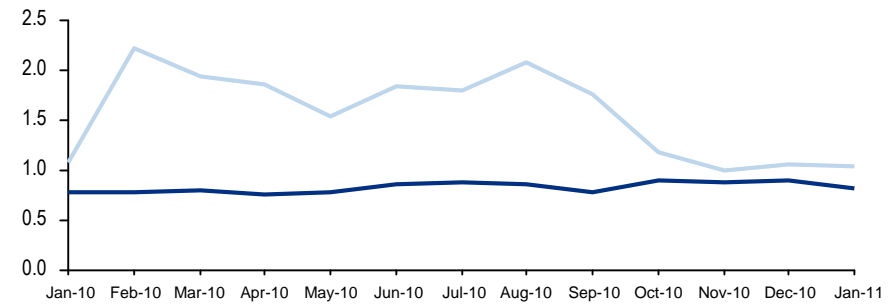
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-11	Dec-10	Jan-10	YTD-11
Distressed	1.9%	2.3%	1.9%	1.9%
Citi HY Bond Index	2.3%	1.9%	1.1%	2.3%
Altman Defaulted Index	2.7%	2.2%	5.0%	2.7%

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

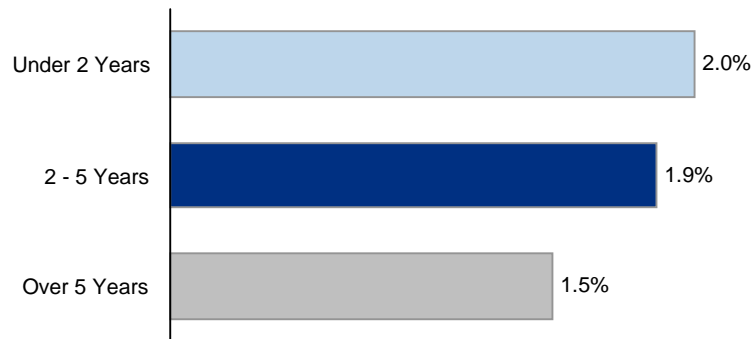
Leverage Profile (Monthly, LTM)



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

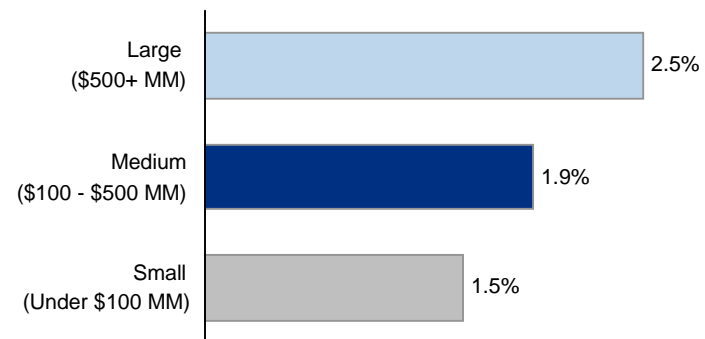
Source: Citi Prime Finance

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.

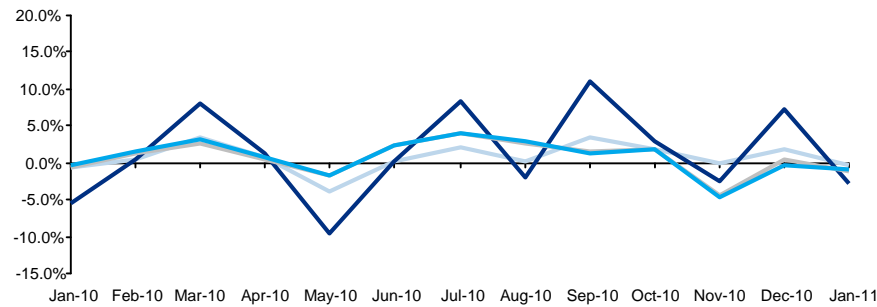


Emerging Markets

Data as of Jan-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.5%												-0.5%

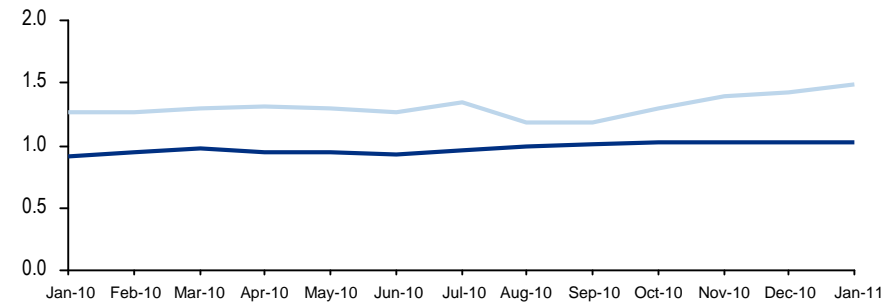
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jan-11	Dec-10	Jan-10	YTD-11
Emerging Mkts		-0.5%	1.9%	-0.7%	-0.5%
MSCI EM		-2.7%	7.1%	-5.6%	-2.7%
JPM EMBIG Core ETF (EMB)		-1.0%	0.4%	-0.5%	-1.0%
DB EM Liquid ETF (PCY)		-0.9%	-0.3%	-0.4%	-0.9%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

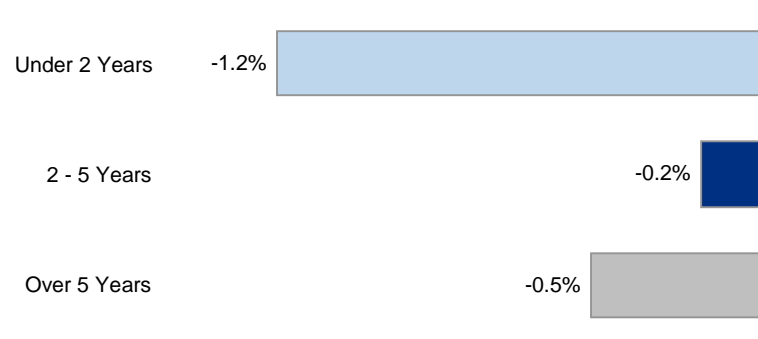


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

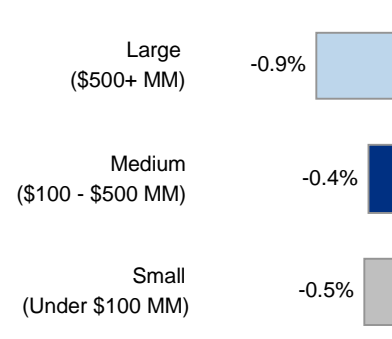
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

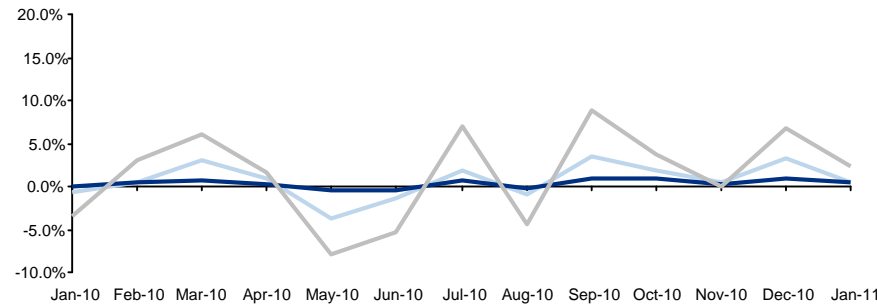
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Equity Long/Short

Data as of Jan-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.4%												0.4%

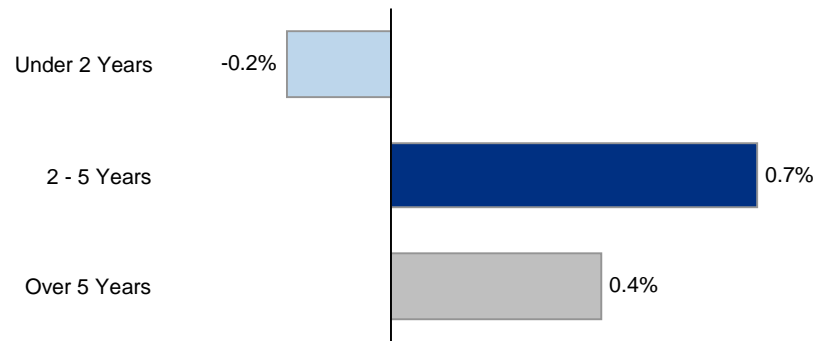
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jan-11	Dec-10	Jan-10	YTD-11
Eq Long/Short		0.4%	3.3%	-0.6%	0.4%
Eq Mkt Neutral		0.5%	0.9%	0.1%	0.5%
S&P 500		2.4%	6.7%	-3.6%	2.4%

Source: Citi ICG Analytics; FactSet

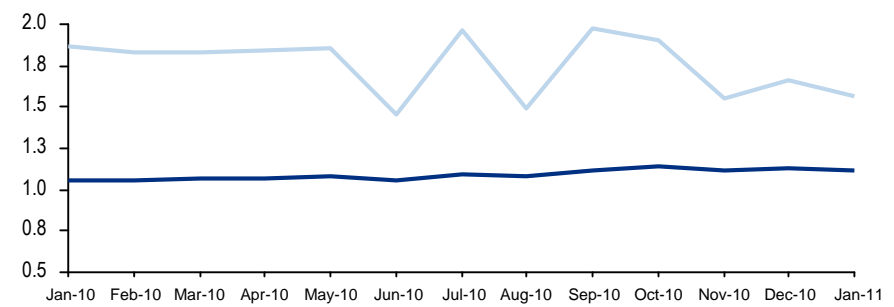
Hedge Fund Performance by Age



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.

Leverage Profile (Monthly, LTM)

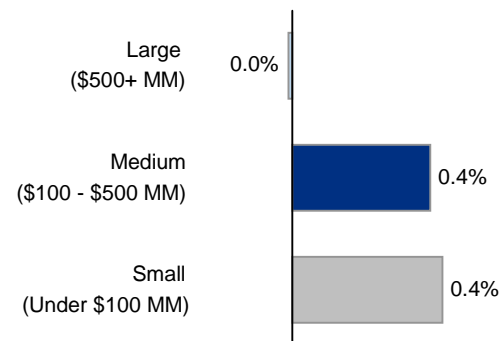


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi ICG Analytics

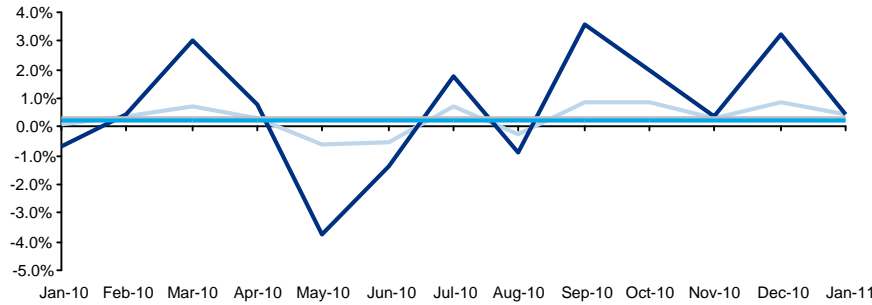


Equity Market Neutral

Data as of Jan-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.5%												0.5%

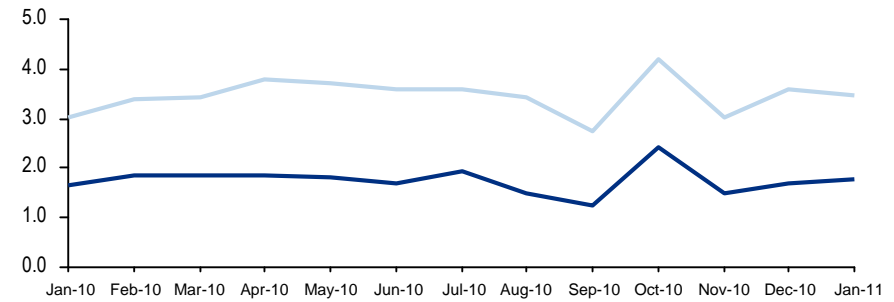
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jan-11	Dec-10	Jan-10	YTD-11
Eq Mkt Neutral		0.5%	0.9%	0.1%	0.5%
Eq Long/Short		0.4%	3.3%	-0.6%	0.4%
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)

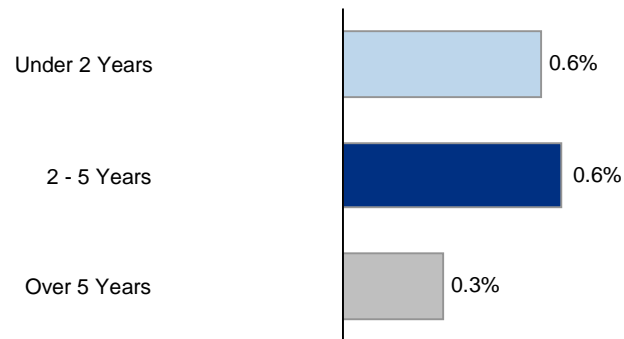


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

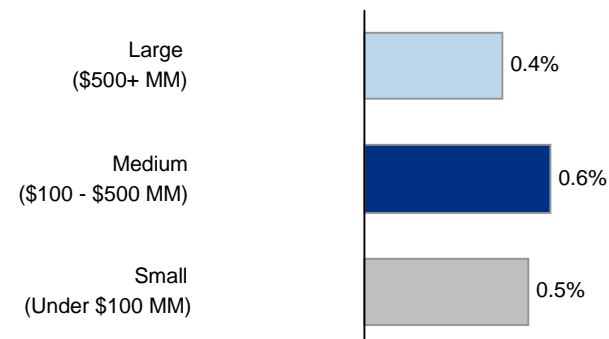
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

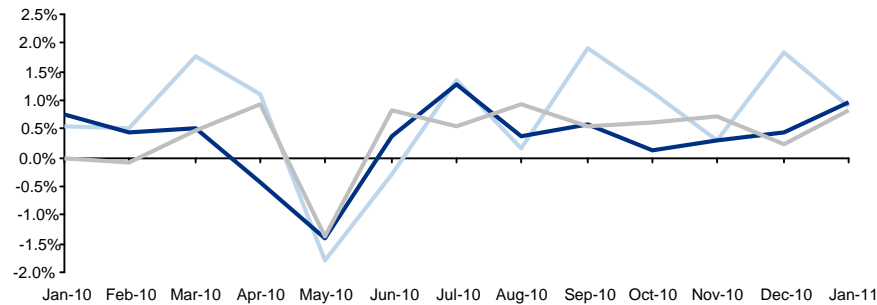
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Event Driven

Data as of Jan-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.9%												0.9%

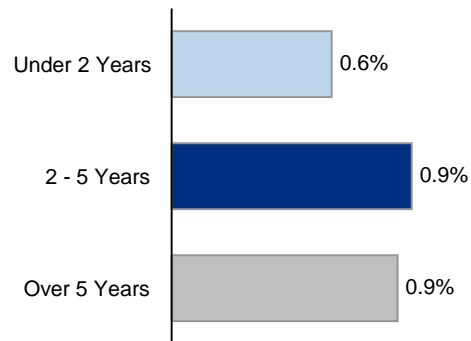
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-11	Dec-10	Jan-10	YTD-11
Event Driven	0.9%	1.8%	0.5%	0.9%
The Merger Fund (MERFX)	1.0%	0.4%	0.8%	1.0%
AQR Div Arb Fund (ADANX)	0.8%	0.2%	0.0%	0.8%

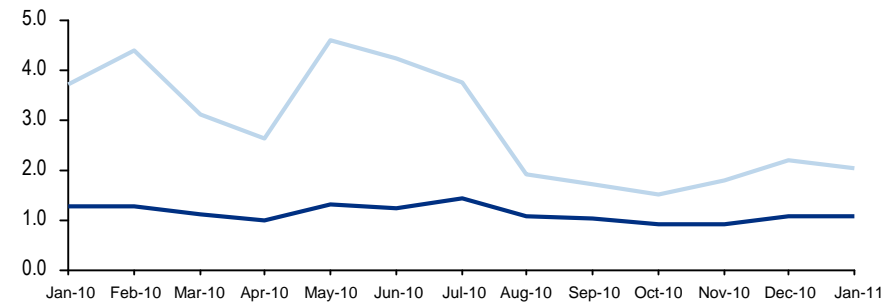
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

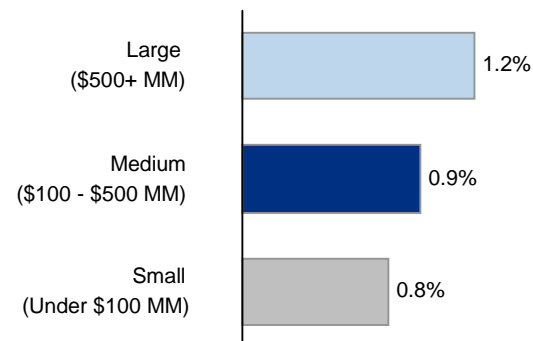
Leverage Profile (Monthly, LTM)



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 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.

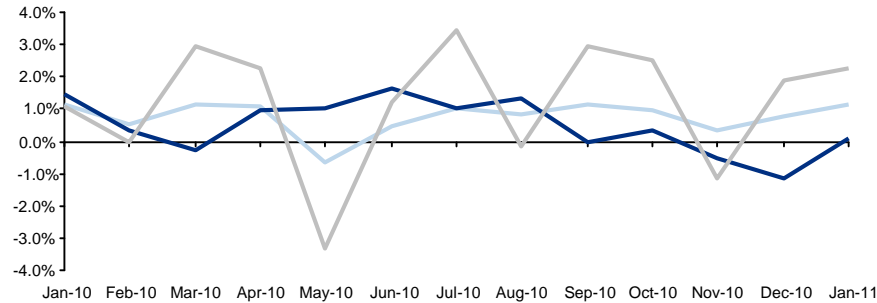


FI Arbitrage

Data as of Jan-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.2%												1.2%

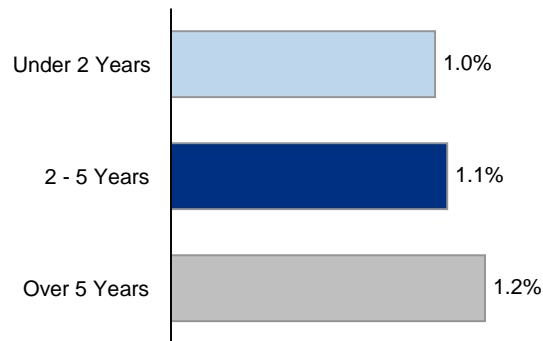
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jan-11	Dec-10	Jan-10	YTD-11
FI Arbitrage		1.2%	0.8%	1.1%	1.2%
Citi US BIG Index		0.1%	-1.2%	1.5%	0.1%
Citi HY Bond Index		2.3%	1.9%	1.1%	2.3%

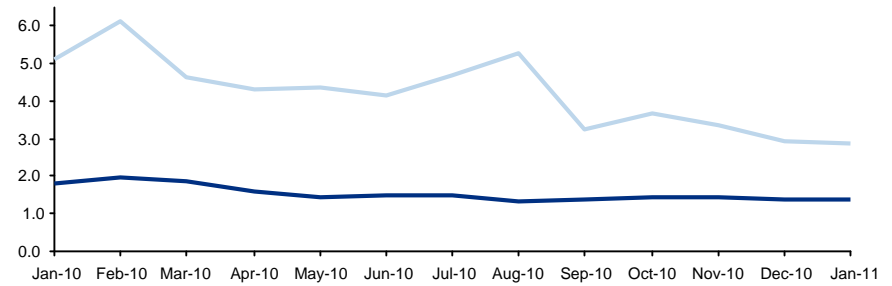
Source: Citi ICG Analytics; Citigroup Index LLC

Hedge Fund Performance by Age



Source: Citi ICG Analytics

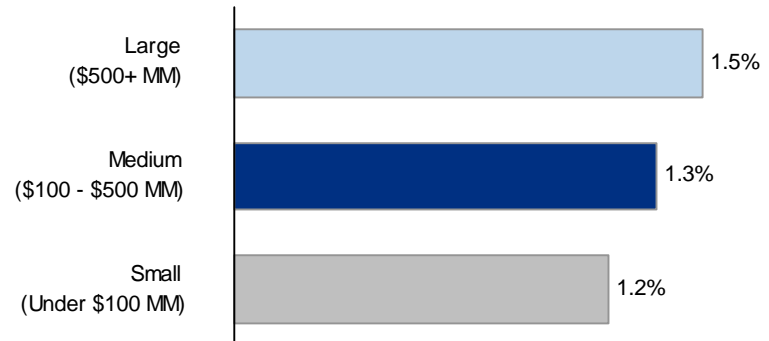
Leverage Profile (Monthly, LTM)



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 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.



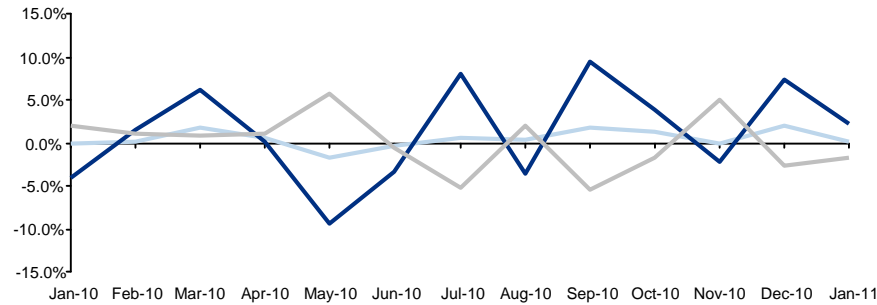
Global Macro

Data as of Jan-2011

Citi-derived Median

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
0.1%												0.1%

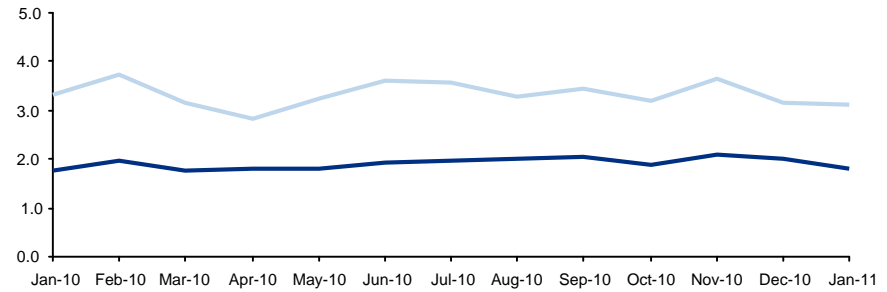
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jan-11	Dec-10	Jan-10	YTD-11
Global Macro	0.1%	2.0%	-0.2%	0.1%
MSCI World	2.3%	7.4%	-4.1%	2.3%
US\$-Index	-1.6%	-2.7%	2.1%	-1.6%

Source: Citi ICG Analytics; FactSet

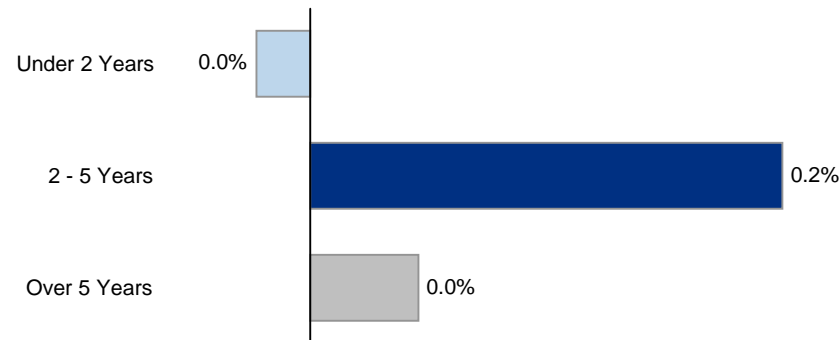
Leverage Profile (Monthly, LTM)



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

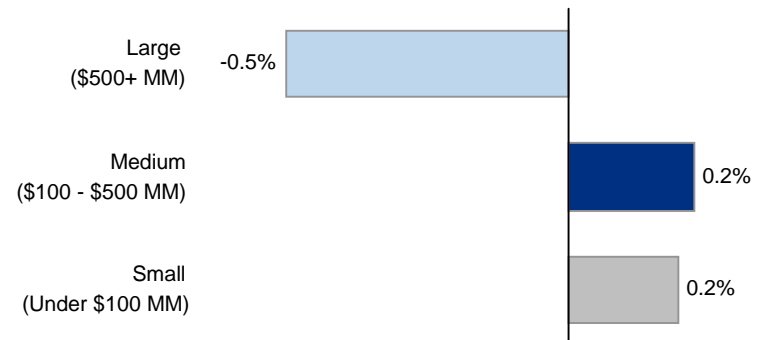
Source: Citi ICG Analytics; FactSet; Citi Prime Finance

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.

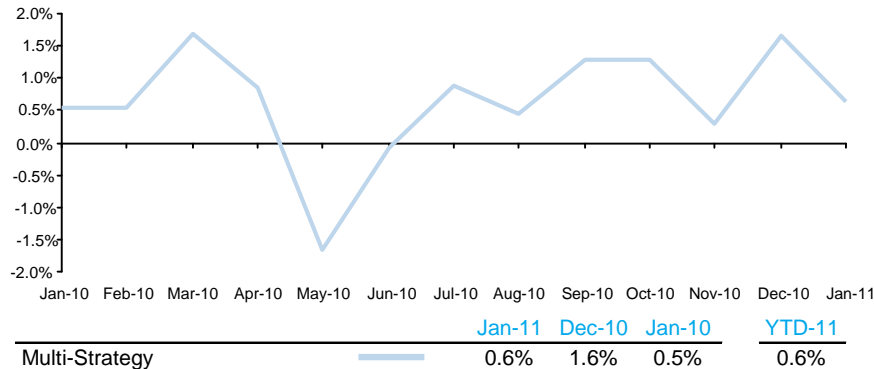


Multi-Strategy

Data as of Jan-2011

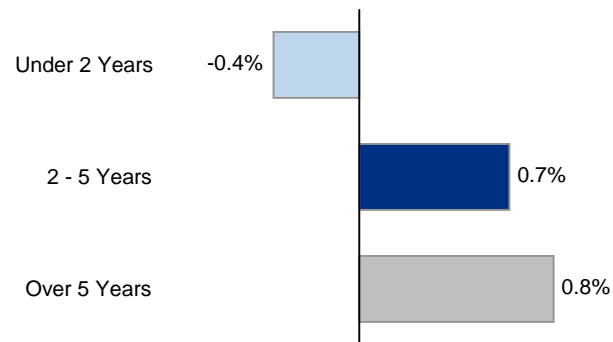
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.6%												0.6%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



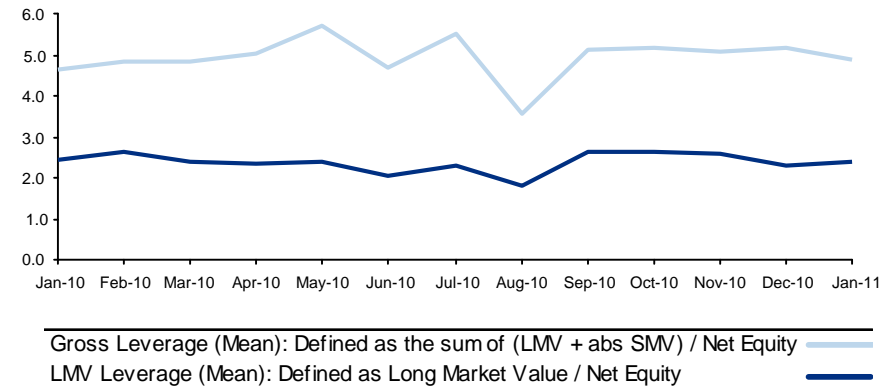
Source: Citi ICG Analytics

Hedge Fund Performance by Age



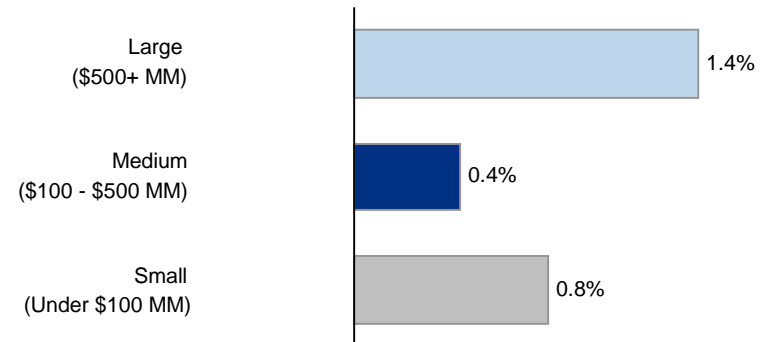
Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)



Source: Citi Prime Finance

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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