



Citi Prime Finance

Hedge Fund Industry Snapshot

Data as of July 2010

Citi Prime Finance

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Market Commentary

Report Date: *August 2010*

Table of Contents

Monthly Highlights	2
Hedge Fund Industry Overview	3
– AUM, Performance	
– Industry Flows	
Hedge Fund Stats by Strategy	5
Performance at a Glance	6
– Hedge Fund Performance	
– Citi HARP vs HFRI Fund of Fund Performance	
– Securities Market Performance	
Short Flows Data	9
– U.S. Short Sales & Short Cover by Sector	
– U.S. Short Sales & Short Cover by Industry Group	
Hedge Fund (Fund Level) Profiles	12
– Fund Structure	
– Fund Analytics	
Risk vs. Return Metrics	14
By Strategy	15
– Performance vs. Respective Benchmark(s)	
– Leverage Profile	
– Hedge Fund Performance by Size	
– Hedge Fund Performance by Age	
Firm Disclaimers and Market Commentary Disclosures	26
Contacts	27

Highlights

Data as of July 2010

Performance, AUM & Flows:

- Equal-weighted hedge fund composite indices were up for the first time since April posting gains of +1.23% to +1.65%. This brings the year-to-date industry performance to 0.0% to +1.8%. The Citi HARP hedge fund replication index was +0.83% in July versus the HFRI Fund of Fund index that was +0.88%. Year-to-date, the HARP index was down -0.28% and the HFRIFOF index was -0.35%.
- Overall, market volatility negatively affected Directional and Quantitative strategies. Liquidity and risk tolerance continued to improve helping Event Driven strategies. Emerging Markets funds saw the largest gains in July at +2.4% with Convertible Arbitrage (+2.1%) and Equity Long /Short (+1.6%) experiencing gains as well. Strengthening Equity markets were a detriment to Dedicated Short Bias Funds, which returned -4.9% for the month.
- According to HedgeFund.net (HFN), hedge fund industry AUM ended July 2010 at \$2.25 trillion, up from \$2.22 trillion in June 2010. Industry AUM remains well below its \$2.94 trillion June 2008 peak but continues to remain relatively consistent throughout 2010.
- Increases in AUM attributable to performance totaled \$23.3 billion while net investor flows were \$9.8 billion. Investors have only added a net +\$31.6 billion in 2010.
- Overall performance improved in July. Hedge funds pared losses from June's -\$12.5 billion to gains of +\$22.3 billion in July. Hedge funds as a whole experienced positive gains for the first time since April 2010.

Fund Profiles:

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was 2.5%; medium single funds (\$100-\$500 million) 1.6% and small single funds (<\$100 million) 1.0%.
- Liquidity terms have remained consistent over the last 6 months, as July saw 66% of funds requiring 30 Days or less notice and 34% of funds allowing greater than monthly redemptions. Most funds (58%) required no lock-up (45%) or less than 1 yr lockup (13%). The ratio of on-shore to off-shore funds changed slightly: funds reporting on-shore status totaled 41% in July, up from 39% in June while off-shore funds totaled 59% in July, down from 61% in June.

Leverage & Cover:

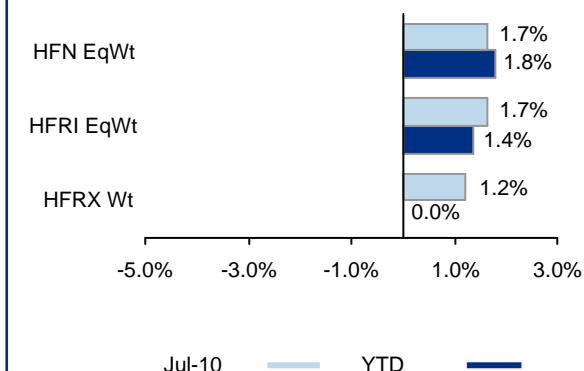
- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.77x in July 2010 versus 1.71x in June, 1.80x in May and 1.76x in April.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Multi-Strategy, Fixed Income Arbitrage, Equity Market Neutral, Convertible Arbitrage, and Global Macro. Use of leverage in directional strategies was lower across the board.
- Citi U.S. short flows data included in this month's report shows the Consumer Discretionary, Information Technology & Financial sectors continuing to dominate activity, although the concentration around these sectors is diminishing. In July 2010, these three sectors accounted for 54.4% of short executions and 52.0% of short flows versus 54.1% of short executions and 52.2% of short flows in June 2010.
- As of end of July there was not much shift in the large speculator net positioning in Treasuries or gold contracts from the positioning at the end of June. The largest percentage change in the month was a decline in the large speculator net exposure in EuroFx (Futures and Options) at -4.2%.

Hedge Fund Industry: AUM, Performance

Data as of July 2010

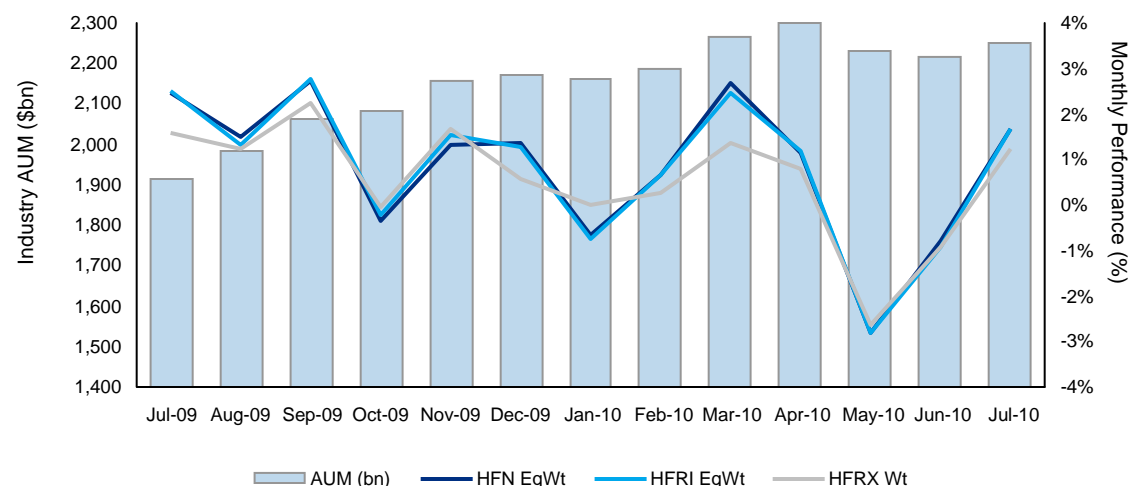
- Composite hedge fund performance, equal-weighted across funds, was up for July 2010 with gains ranging from +1.2% to +1.7%. This compares to an increase a year-ago July (+1.60% to +2.50%) and a decline of -0.81% to -0.94% in June 2010. Year-to-date performance in 2010 was 0.00% to +1.80%.
- Market conditions continued to be somewhat volatile. US unemployment figures and housing data did little to remove lagging concerns of a double dip recession. Fed Chairman Ben Bernanke shed light on these conditions commenting that the “economic outlook remains unusually uncertain.”
- Gains in both Equity and Bond markets helped spur positive hedge fund performance for July – the first positive performance in two months. MSCI World index, +8.1%; S&P 500, +7.0%; while Bonds were up across the capital structure: Citi US BIG +1.0%, Citi HY +3.4% and Altman Default Index +2.1%. One negative was the US Dollar Index which declined -5.2%.
- Industry AUM, estimated at \$2.25 trillion for July according to HedgeFund.net is up from June's \$2.22 trillion. Depending on the source, estimates of industry AUM range from \$1.7 to \$2.25 trillion compared to the Q2 2008 peak range of \$1.9 to \$3.0 trillion.

Industry Performance: Jul-10 / YTD



Source: HedgeFund.net (HFN)

Monthly Industry AUM and Performance



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

Note Pad:

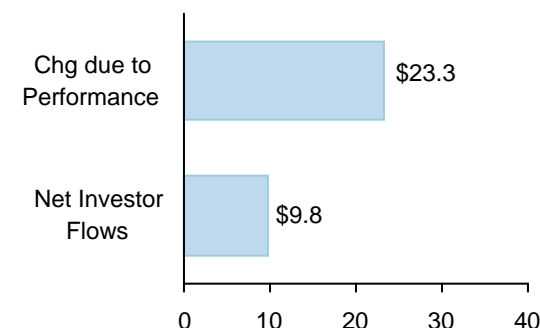
- MSCI World Index: 8.1% July; -2.2% YTD; MSCI Emerging Markets Index: 8.4% July; 1.9% YTD
- S&P 500: 7.0% July; -0.1% YTD
- Citi US BIG Index: 1.0% July; 6.3% YTD
- S&P GSCI: 5.6% July; -6.2% YTD
- U.S. Dollar Index: -5.2% July; 4.7% YTD
- HFN Country Indices July/ YTD
 Brazil 5.39% / 2.35%; Russia 4.34% / 5.70%; India: 2.07% / 5.43%; China: 3.69% / -4.74%

Hedge Fund Industry: Change in Industry Assets

Data as of July 2010

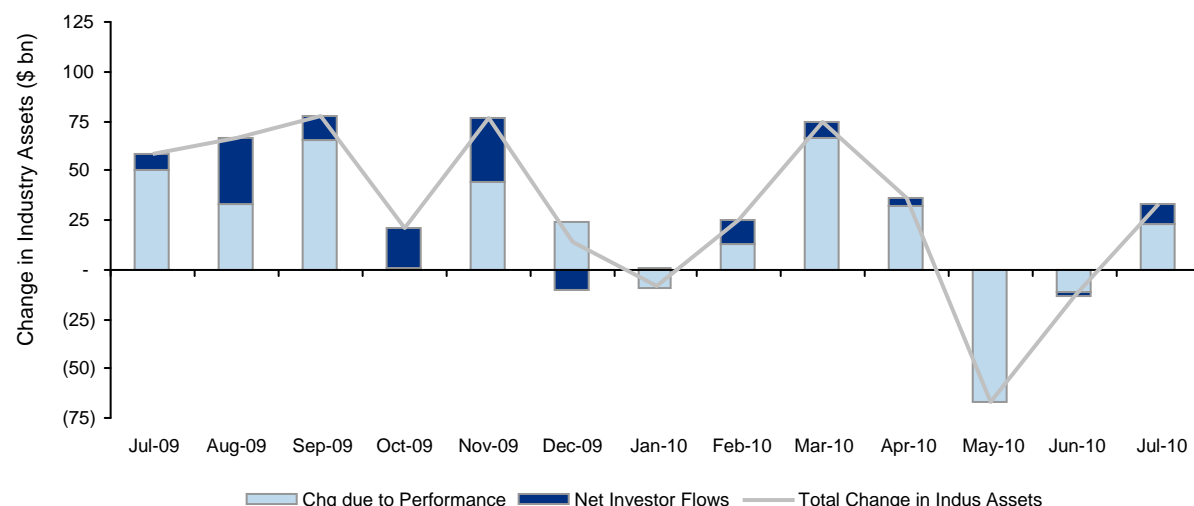
- According to HFN, the estimated change in industry assets for July 2010 was +\$33.13 billion. Gains stemmed mostly from performance (+\$23.3 billion) although positive net investor flows amounting to +\$9.8 billion were also a contributor.
- July 2010 marked the first increase in hedge fund industry assets since April 2010. July's increase of +\$33.13 billion was the third highest this year after March and April (\$35.8 billion and \$75 billion, respectively) and a nice improvement on June 2010 which saw industry assets decrease by -\$13.65 billion.
- Net investor flows of +\$9.8 billion can be seen as a welcomed sign as investors appeared somewhat tepid in May and June 2010. These inflows are greater than July 2009 (+\$8.29 billion.) This capital raising environment is still not without its challenges as ongoing US unemployment continues to constrict contributions to benefit plans.
- HFN estimates total industry AUM at \$2.25 trillion in July 2010— up slightly from June 2010's \$2.22 trillion but up 17% from July 2009's \$1.92 trillion. July's AUM is on par with the running average for 2010: \$2.27 trillion. 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: Jul-10
Amounts in (\$ bn)



Source: HedgeFund.net (HFN)

Monthly Change in Industry Assets and Composition



Source: HedgeFund.net (HFN)

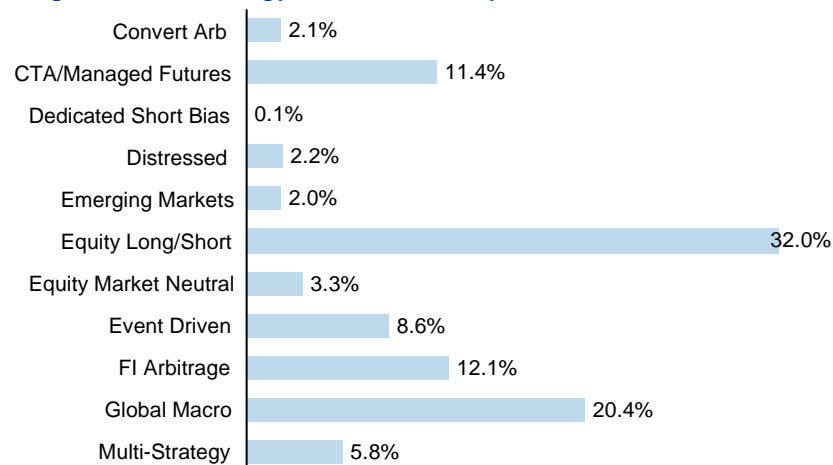
Note Pad:

- The Citi Prime Finance calculation of end-July aggregate gross leverage (as measured on a mean basis) was 1.77x, up slightly from 1.71x at end-June
- Gross leverage (mean): defined as $\text{sum of (LMV + abs SMV)} / \text{Net Equity}$

Hedge Fund Stats by Strategy

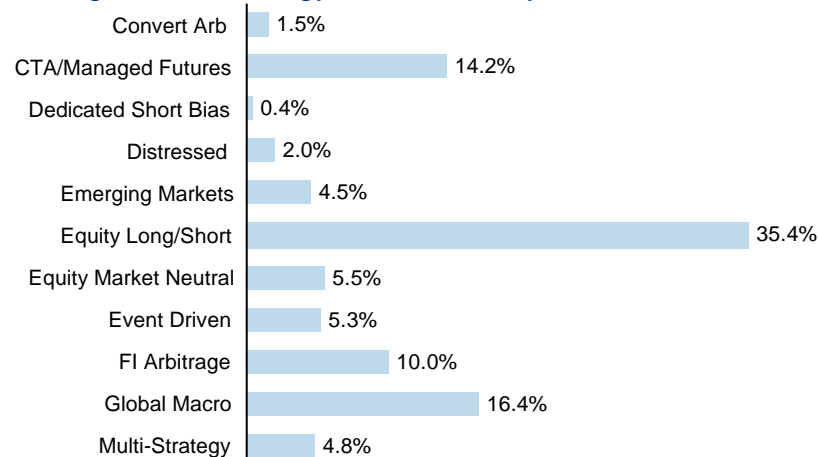
Data as of July 2010

Hedge Fund Strategy Breakdown by Assets



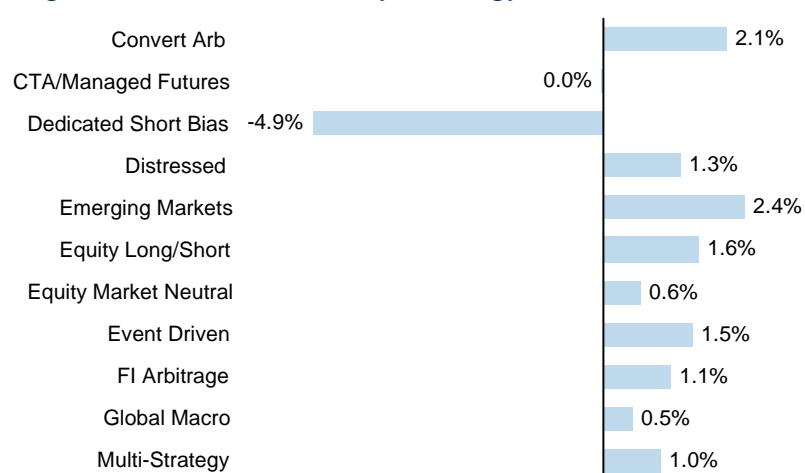
Source: Citi ICG Analytics

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi ICG Analytics

Hedge Fund Performance by Strategy

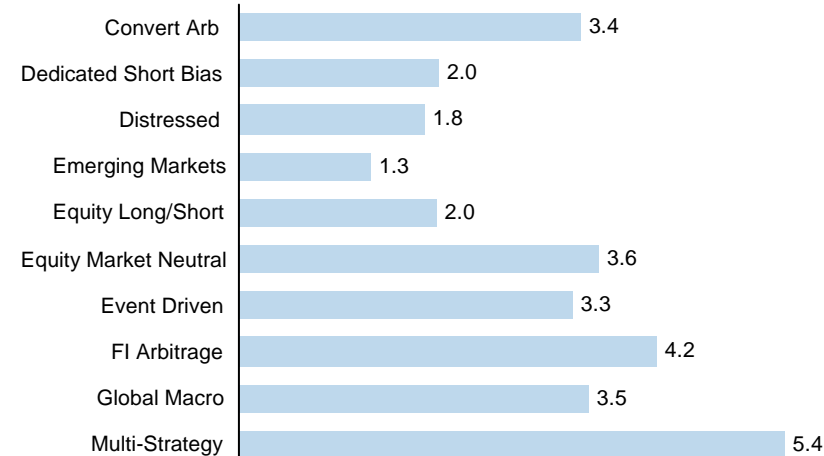


Source: Citi ICG Analytics

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

Monthly Performance by Strategy

Data as of July 2010

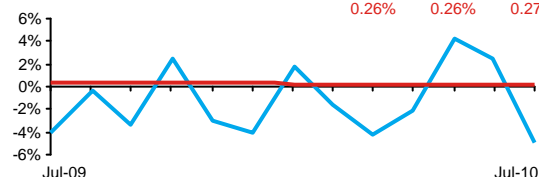
Monthly Median:

Trailing 60 Month Median:



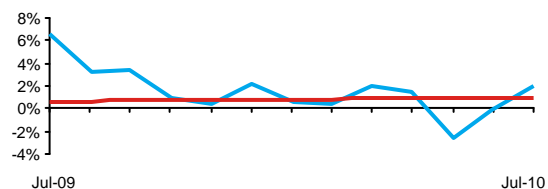
Dedicated Short Bias

Jul-10	Jun-10	Jul-09
-4.9%	2.5%	-4.1%
0.26%	0.26%	0.27%



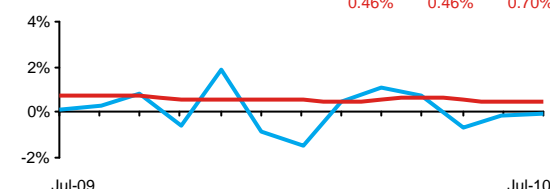
Convertible Arbitrage

Jul-10	Jun-10	Jul-09
2.1%	-0.1%	6.6%
0.91%	0.91%	0.59%



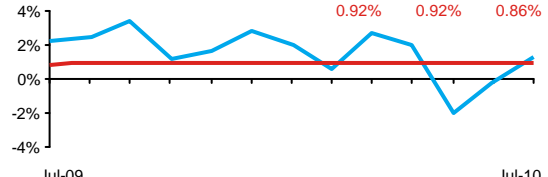
CTA/Managed Futures

Jul-10	Jun-10	Jul-09
0.0%	-0.1%	0.1%
0.46%	0.46%	0.70%



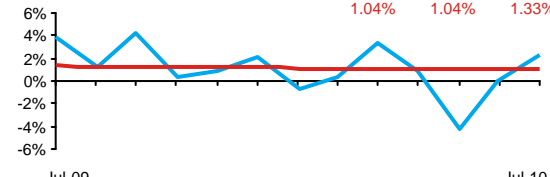
Distressed

Jul-10	Jun-10	Jul-09
1.3%	-0.3%	2.3%
0.92%	0.92%	0.86%



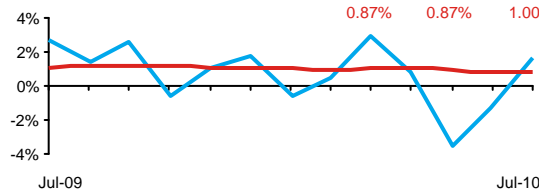
Emerging Markets

Jul-10	Jun-10	Jul-09
2.4%	0.0%	3.9%
1.04%	1.04%	1.33%



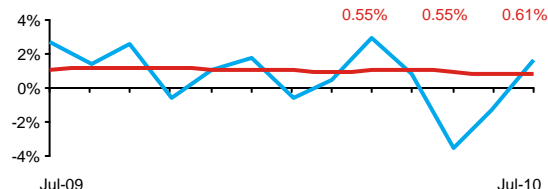
Equity Long/Short

Jul-10	Jun-10	Jul-09
1.6%	-1.3%	2.7%
0.87%	0.87%	1.00%



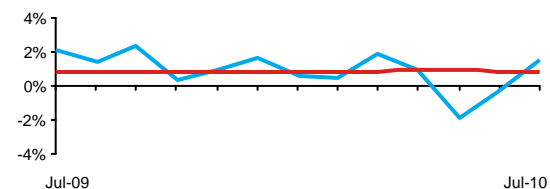
Equity Market Neutral

Jul-10	Jun-10	Jul-09
0.6%	-0.6%	0.4%
0.55%	0.55%	0.61%



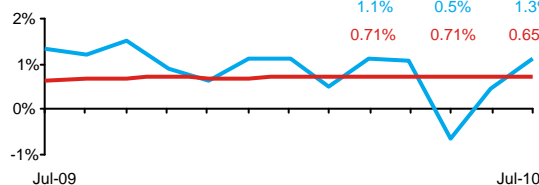
Event Driven

Jul-10	Jun-10	Jul-09
1.5%	-0.4%	2.1%



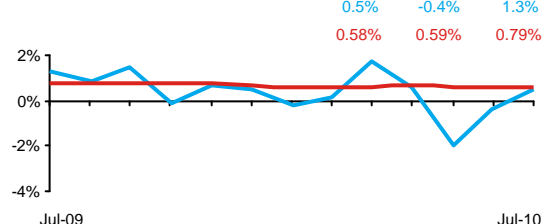
FI Arbitrage

Jul-10	Jun-10	Jul-09
1.1%	0.5%	1.3%
0.71%	0.71%	0.65%



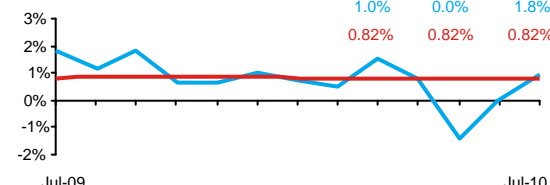
Global Macro

Jul-10	Jun-10	Jul-09
0.5%	-0.4%	1.3%
0.58%	0.59%	0.79%



Multi-Strategy

Jul-10	Jun-10	Jul-09
1.0%	0.0%	1.8%
0.82%	0.82%	0.82%



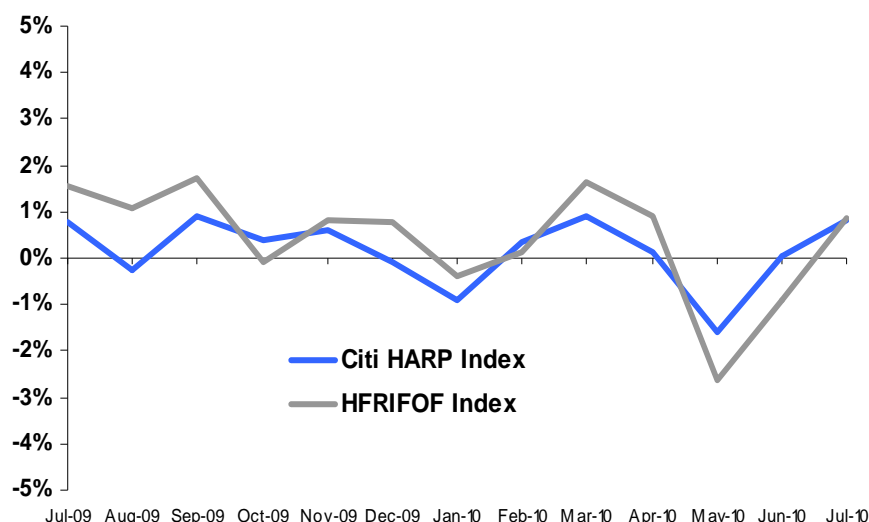
Source: Citi ICG Analytics

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 July 2010

Citi HARP Index vs. Benchmark (monthly rolling)



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

	Jul-10	Jun-10	Jul-09	YTD-10
Citi HARP	0.83%	0.04%	0.80%	-.28%
HFRIFO	0.88%	-0.90%	1.54%	-.35%

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	2.02%	5.59%
Annualised Volatility	2.63%	4.21%
Sharpe Ratio	0.670	1.267
Correlation	80%	-

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

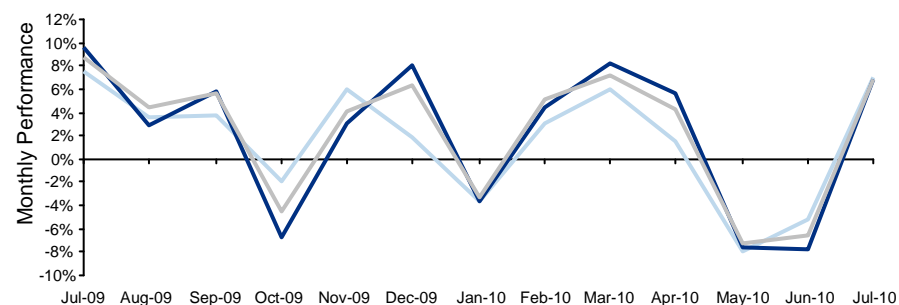
The Index contains weighted components. The components are a money market component and various index components. Each index component represents a class of asset in which the hedge fund sector is assumed to invest: bond, commodity, equity and foreign exchange.

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

Market Performance

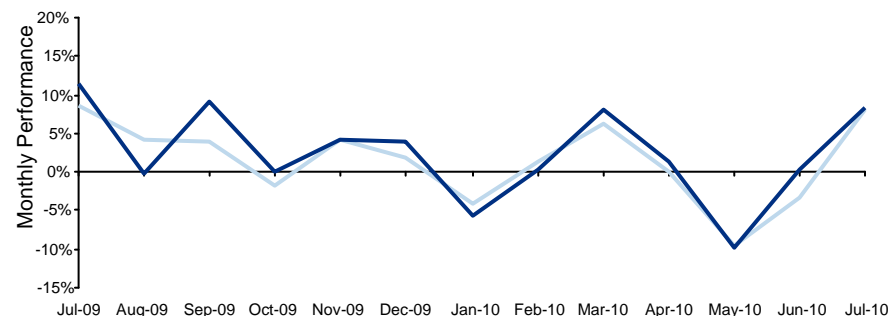
Data as of July 2010

US Equities (Large Cap vs. Small Cap)



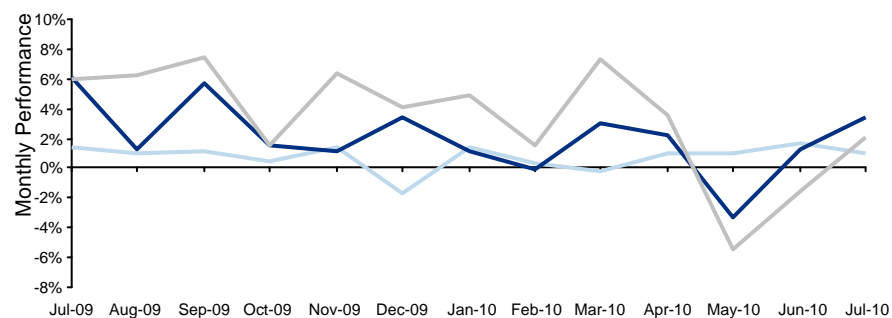
		Jul-10	Jun-10	Jul-09	YTD-10
S&P 500		7.0%	-5.2%	7.6%	-0.1%
RUS 2000		6.9%	-7.7%	9.6%	4.8%
S&P Mid		6.9%	-6.6%	8.7%	5.5%

Global Equities (Developed vs. Emerging)



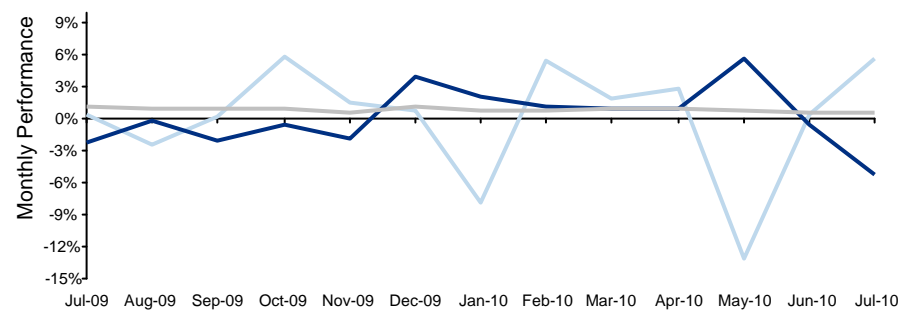
		Jul-10	Jun-10	Jul-09	YTD-10
MSCI World		8.1%	-3.4%	8.5%	-2.2%
MSCI EM		8.4%	0.3%	11.3%	1.9%

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



		Jul-10	Jun-10	Jul-09	YTD-10
Citi US BIG Index		1.0%	1.6%	1.4%	6.3%
Citi HY Bond Index		3.4%	1.2%	6.1%	7.7%
Altman Defaulted		2.1%	-1.6%	6.0%	12.5%

Commodities (US\$ performance)



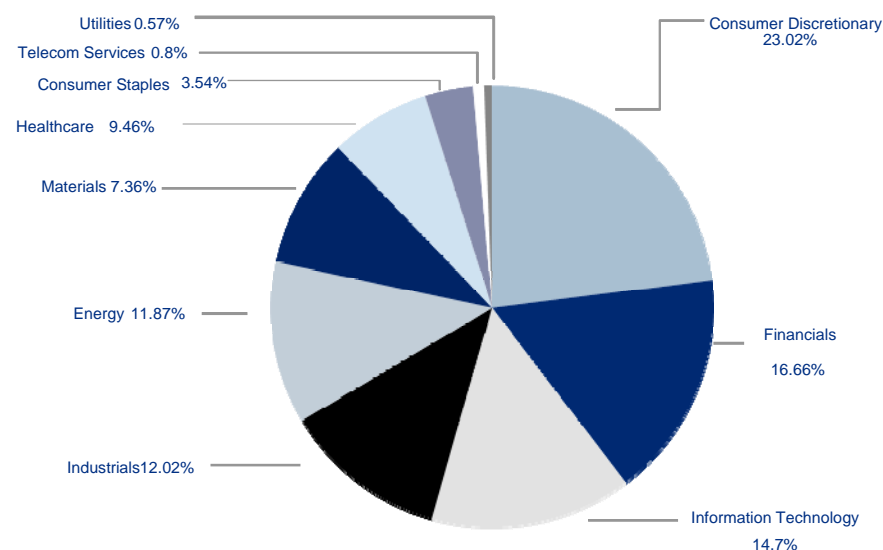
		Jul-10	Jun-10	Jul-09	YTD-10
S&P GSCI		5.6%	0.4%	0.4%	-6.2%
US-\$ Index		-5.2%	-0.5%	-2.2%	4.7%
US 2yr Note		0.6%	0.6%	1.1%	0.8%

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

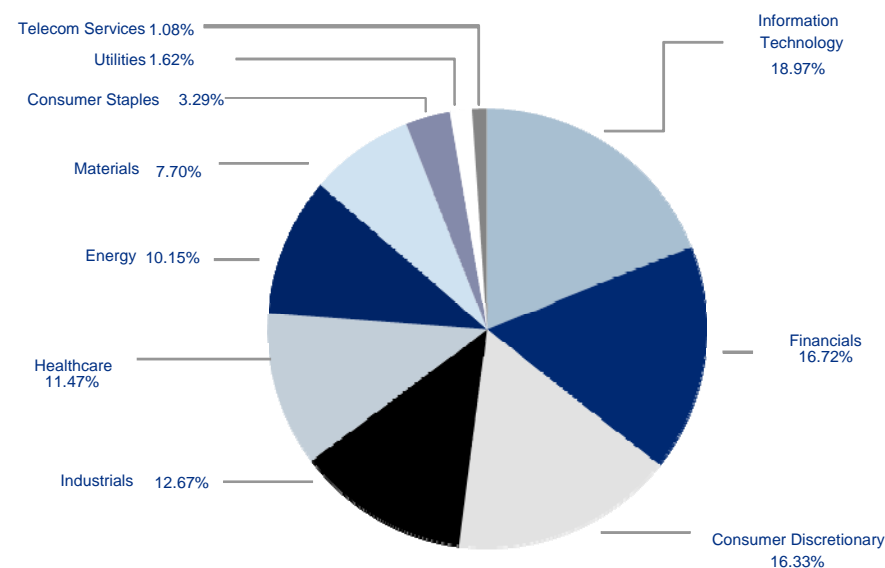
U.S. Securities Lending Sector Short Flows

Data as of July 2010

Short Sale Executions



Short Cover Executions



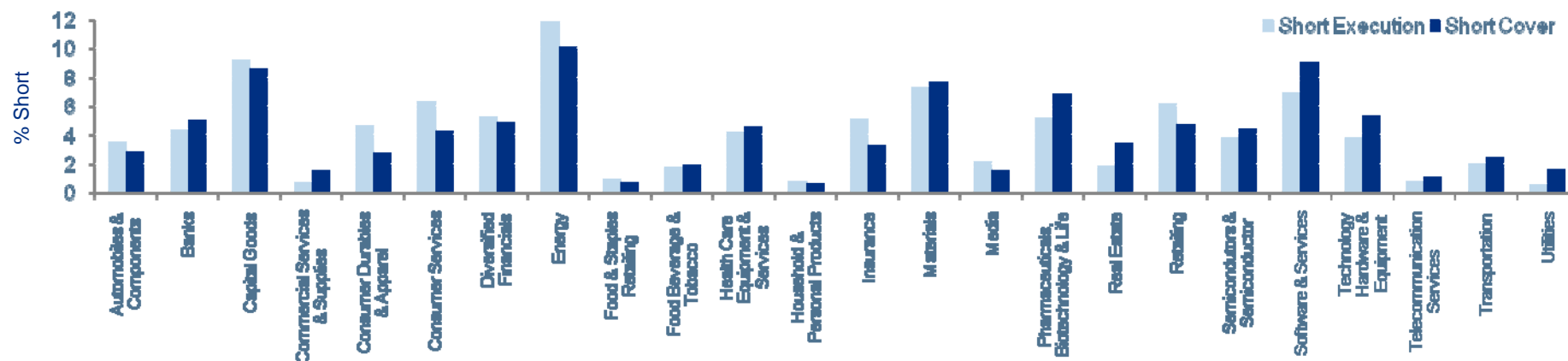
Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Consumer Discretionary	23.02	20.76	10.89
Financials	16.66	13.17	26.5
Information Technology	14.7	20.17	-27.12
Industrials	12.02	11.48	4.7
Energy	11.87	10.48	13.26
Health Care	9.46	7.42	27.49
Materials	7.36	9.50	-22.53
Consumer Staples	3.54	4.71	-24.84
Telecom Services	0.8	0.99	-19.19
Utilities	0.57	1.31	-56.49

Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Information Technology	18.97	21.03	-9.8
Financials	16.72	13.17	26.96
Consumer Discretionary	16.33	18.00	-9.28
Industrials	12.67	11.84	7.01
Health Care	11.47	8.90	28.88
Energy	10.15	13.69	-25.86
Materials	7.70	8.46	-8.98
Consumer Staples	3.29	2.09	57.42
Utilities	1.62	1.55	4.52
Telecom Services	1.08	1.27	-14.96

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

U.S. Securities Lending Industry Group Short Flows *Data as of July 2010*

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
Energy	11.87	10.48	13.26	Energy	10.15	13.69	-25.86
Capital Goods	9.24	8.54	8.20	Software & Services	9.10	10.44	-12.84
Materials	7.36	9.50	-22.53	Capital Goods	8.61	8.09	6.43
Software & Services	6.94	10.76	-35.50	Materials	7.70	8.46	-8.98
Consumer Services	6.38	6.39	-0.16	Pharmaceuticals, Biotechnology & Life	6.89	4.38	57.31
Retailing	6.20	4.93	25.76	Technology, Hardware & Equipment	5.38	5.95	-9.58
Diversified Financials	5.27	4.66	13.09	Retailing	4.79	5.07	-5.52
Pharmaceuticals, Biotechnology & Life	5.22	4.70	11.06	Healthcare Equipment & Services	4.58	4.52	1.33
Insurance	5.16	2.85	81.05	Semiconductors & Semiconductor	4.48	4.63	-3.24
Consumer Durables & Apparel	4.68	4.17	12.23	Banks	5.06	3.76	34.57
Banks	4.34	3.26	33.13	Consumer Services	4.29	3.73	15.01
Healthcare Equipment & Services	4.23	2.72	55.51	Diversified Financials	3.65	3.18	14.78
Technology Hardware & Equipment	3.88	5.53	-29.84	Real Estate	3.46	4.31	-19.72
Semiconductors & Semiconductor	3.88	3.88	0.00	Insurance	3.29	1.46	125.34
Automobiles & Components	3.57	2.59	37.84	Media	1.58	3.04	-48.03
Media	2.18	2.67	-18.35	Automobiles & Components	2.89	3.95	-26.84
Transportation	2.02	2.05	-1.46	Transportation	2.50	2.00	25.00
Real Estate	1.90	2.41	-21.16	Consumer Durables & Apparel	2.79	2.21	26.24
Food, Beverage & Tobacco	1.83	2.64	-30.68	Food, Beverage & Tobacco	1.93	1.28	50.78
Food & Staples Retailing	0.95	1.23	-22.76	Utilities	1.62	1.55	4.52
Telecom Services	0.80	0.99	-19.19	Commercial Services & Supplies	1.55	1.76	-11.93
Household & Personal Products	0.78	0.84	-7.14	Telecom Services	1.08	1.27	-14.96
Commercial Services & Supplies	0.76	0.88	-13.64	Food & Staples Retailing	0.71	0.60	18.33
Utilities	0.57	1.31	-56.49	Household & Personal Products	0.65	0.21	209.52

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

U.S. Securities Lending Short Flows Summary

Data as of July 2010

Citi Short Flows: July 2010

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						
Energy	11.87	10.48	13.26	10.15	13.69	-25.86
Materials	7.36	9.50	-22.53	7.70	8.46	-8.98
Industrials	12.02	11.48	4.70	12.67	11.84	7.01
Consumer Discretionary	23.02	20.76	10.89	16.33	18.00	-9.28
Consumer Staples	3.54	4.71	-24.84	3.29	2.09	57.42
Health Care	9.46	7.42	27.49	11.47	8.90	28.88
Financials	16.66	13.17	26.50	16.72	13.17	26.96
Information Technology	14.70	20.17	-27.12	18.97	21.03	-9.80
Telecommunication Services	0.80	0.99	-19.19	1.08	1.27	-14.96
Utilities	0.57	1.31	-56.49	1.62	1.55	4.52
Industry Group						
Energy	11.87	10.48	13.26	10.15	13.69	-25.86
Materials	7.36	9.50	-22.53	7.70	8.46	-8.98
Capital Goods	9.24	8.54	8.20	8.61	8.09	6.43
Commercial Services & Supplies	0.76	0.88	-13.64	1.55	1.76	-11.93
Transportation	2.02	2.05	-1.46	2.50	2.00	25.00
Automobiles & Components	3.57	2.59	37.84	2.89	3.95	-26.84
Consumer Durables & Apparel	4.68	4.17	12.23	2.79	2.21	26.24
Consumer Services	6.38	6.39	-0.16	4.29	3.73	15.01
Media	2.18	2.67	-18.35	1.58	3.04	-48.03
Retailing	6.20	4.93	25.76	4.79	5.07	-5.52
Food & Staples Retailing	0.95	1.23	-22.76	0.71	0.60	18.33
Food Beverage & Tobacco	0.95	1.23	-22.76	0.71	0.60	18.33
Household & Personal Products	0.78	0.84	-7.14	0.65	0.21	209.52
Health Care Equipment & Services	4.23	2.72	55.51	4.58	4.52	1.33
Pharmaceuticals, Biotechnology & Life Sciences	5.22	4.70	11.06	6.89	4.38	57.31
Banks	4.34	3.26	33.13	5.06	3.76	34.57
Diversified Financials	5.27	4.66	13.09	4.91	3.63	35.26
Insurance	5.16	2.85	81.05	3.29	1.46	125.34
Real Estate	1.90	2.41	-21.16	3.46	4.31	-19.72
Software & Services	6.94	10.76	-35.50	9.10	10.44	-12.84
Technology Hardware & Equipment	3.88	5.53	-29.84	5.38	5.95	-9.58
Semiconductors & Semiconductor Equipment	3.88	3.88	0.00	4.48	4.63	-3.24
Telecommunication Services	0.80	0.99	-19.19	1.08	1.27	-14.96
Utilities	0.57	1.31	-56.49	1.62	1.55	4.52

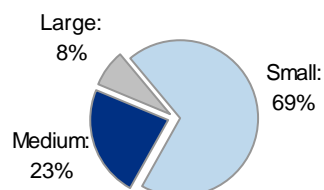
Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value.



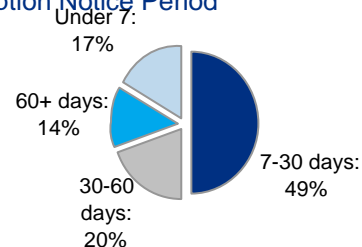
Hedge Fund (Fund Level) Profiles

Data as of July 2010

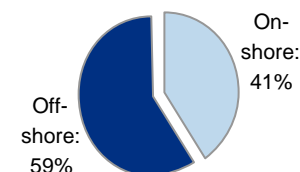
By Fund Size—No. of Funds



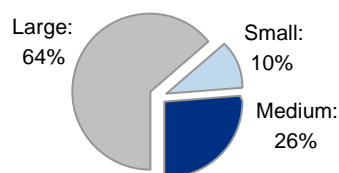
Redemption Notice Period



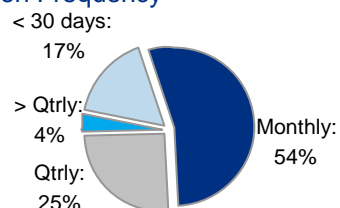
On-shore/Off-shore



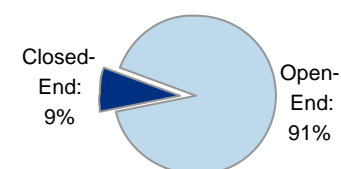
By Fund Size—\$ AUM



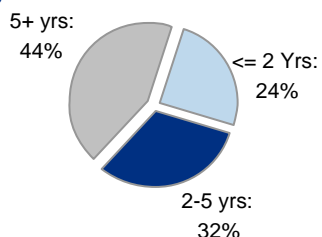
Redemption Frequency



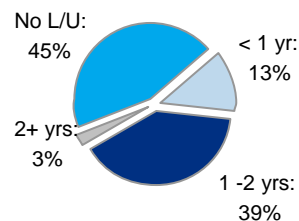
Legal Status



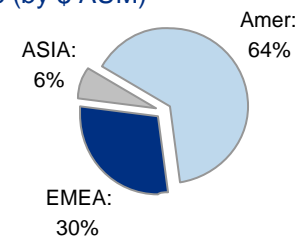
By Fund Age—No. of Funds



Lock-Up



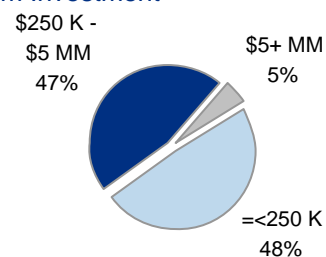
Domicile (by \$ AUM)



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 July 2010

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	10%	\$697	0.2%	7.1%	61%	76%	n/m	60+ days / 29%	Under 30 / 49%
2-5 yrs	17%	\$740	0.4%	4.5%	68%	76%	1-2 yrs / 52%	30-60 days / 36%	Monthly / 51%
Over 5 yrs	73%	\$894	1.1%	1.7%	69%	67%	1-2 yrs / 45%	7-30 days / 36%	Monthly / 50%
Total	100%	\$834	0.8%	2.5%	68%	69%	1-2 yrs / 45%	7-30 days / 34%	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	14%	\$165	0.8%	4.1%	54%	75%	1-2 yrs / 44%	7-30 days / 44%	Monthly / 57%
2-5 yrs	31%	\$185	1.0%	1.5%	68%	70%	1-2 yrs / 42%	7-30 days / 41%	Monthly / 49%
Over 5 yrs	56%	\$204	0.9%	1.2%	72%	62%	No / 52%	7-30 days / 53%	Monthly / 54%
Total	100%	\$189	0.9%	1.6%	68%	66%	No / 47%	7-30 days / 49%	Monthly / 53%

Hedge Funds: Small (<\$100 MM)

Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	22%	\$15	1.2%	3.0%	60%	64%	1-2 yrs / 65%	7-30 days / 42%	Monthly / 54%
2-5 yrs	35%	\$19	1.1%	0.9%	66%	59%	No / 49%	7-30 days / 52%	Monthly / 59%
Over 5 yrs	43%	\$23	1.1%	0.7%	75%	51%	No / 50%	7-30 days / 56%	Monthly / 51%
Total	100%	\$20	1.1%	1.0%	69%	56%	No / 47%	7-30 days / 52%	Monthly / 54%

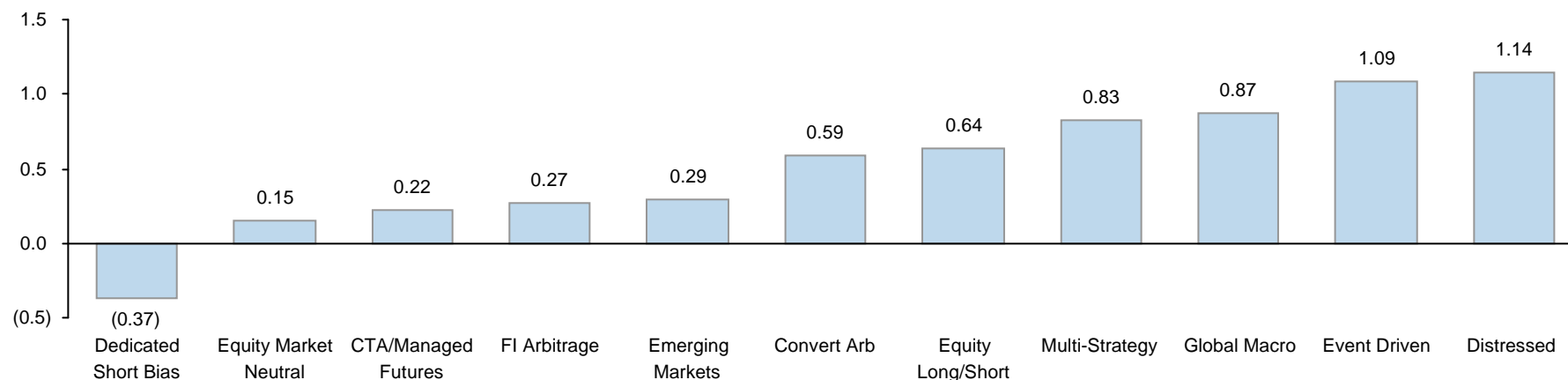
Source: Citi ICG Analytics

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

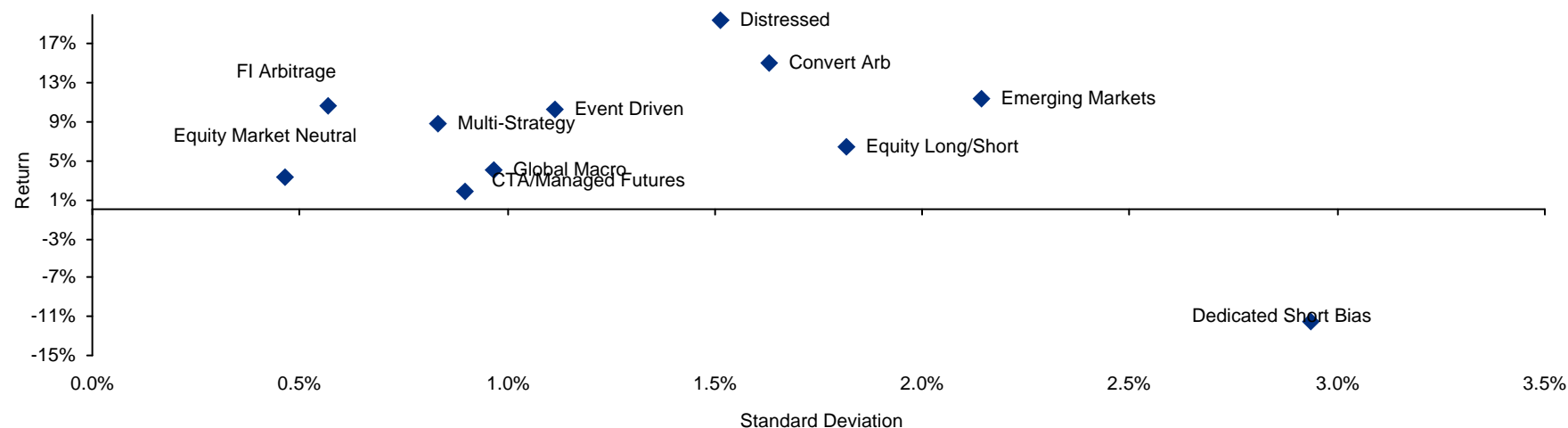
Data as of July 2010

Sharpe Ratios (Jun-94 – May-10)



Source: Credit Suisse Tremont

Risk vs. Return (Jan-09 – May-10)



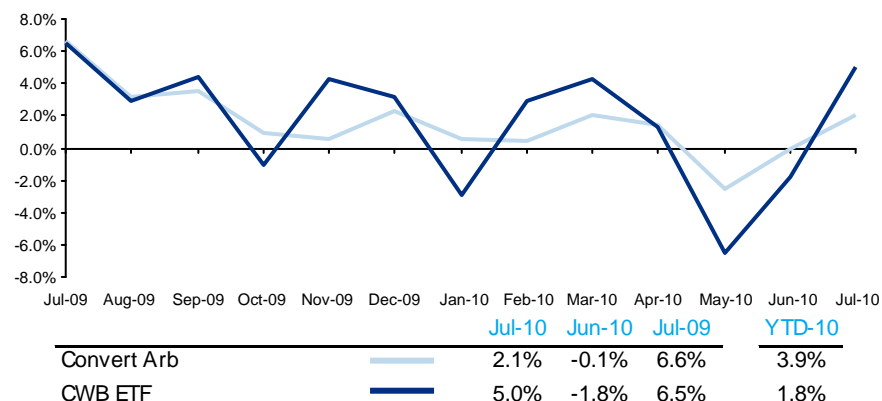
Source: Citi ICG Analytics

Convertible Arbitrage

Data as of July 2010

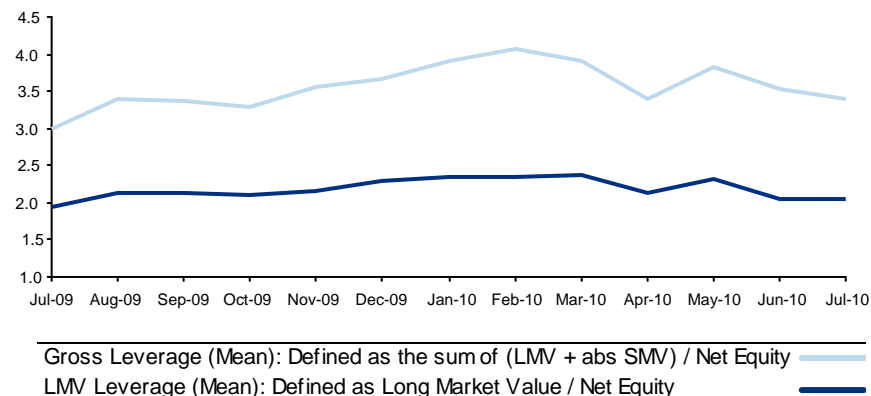
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.6%	0.4%	2.0%	1.5%	-2.6%	-0.1%	2.1%						3.9%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



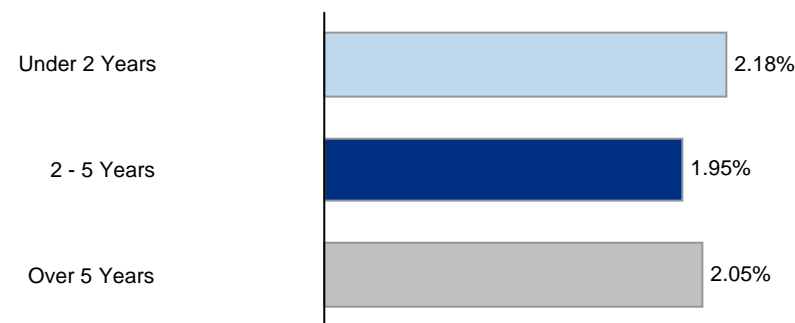
Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)



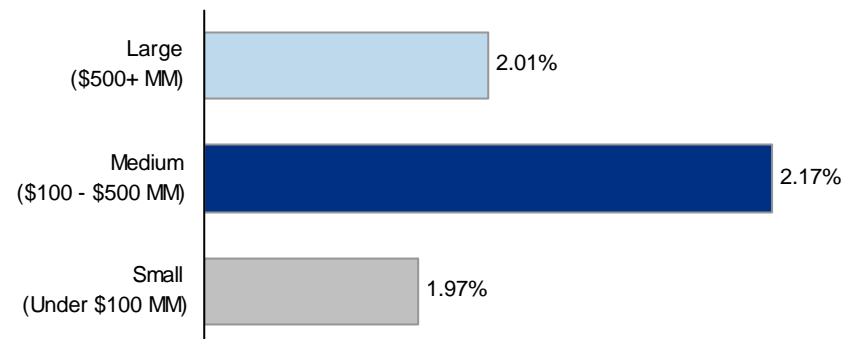
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

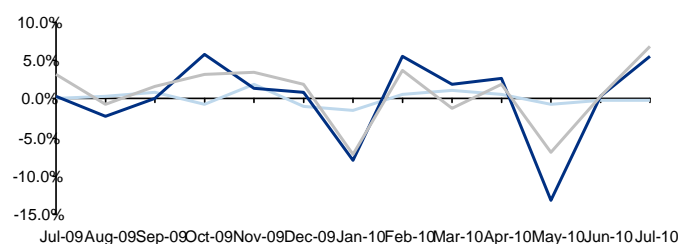
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

CTA/Managed Futures

Data as of July 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-1.5%	0.5%	1.1%	0.7%	-0.7%	-0.1%	0.0%						0.0%

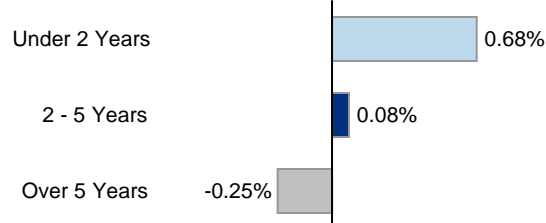
Hedge Fund Performance vs. Benchmark



	Jul-10	Jun-10	Jul-09	YTD-09
CTA/Mgd Futures	0.0%	-0.1%	0.1%	0.0%
S&P GSCI Commodity (SPGSCI)	5.6%	0.4%	0.4%	-6.2%
DJ-UBS Commodity (DJAGK)	6.8%	0.3%	3.2%	-3.5%

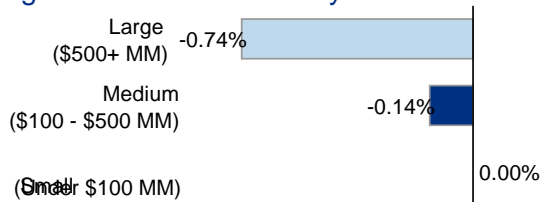
Source: Citi ICG Analytics; FactSet

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 which have reported for the current period. (1) Universe and sample sizes may be small

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

Combined S&P / Weighted Mini S&P Contracts



Last Update: 7/27/10 -1.4%

U.S. 10-Year Treasury Futures



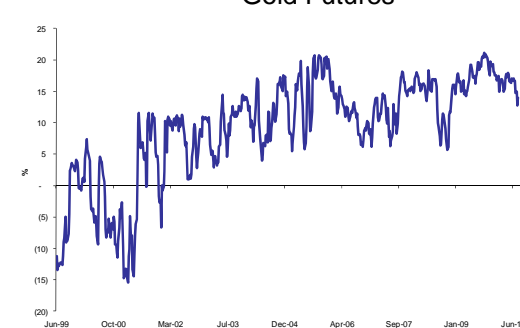
Last Update: 7/27/10 -2.8%

EuroFX Futures



Last Update: 7/27/10 -4.2%

Gold Futures



Last Update: 7/27/10 13.9%

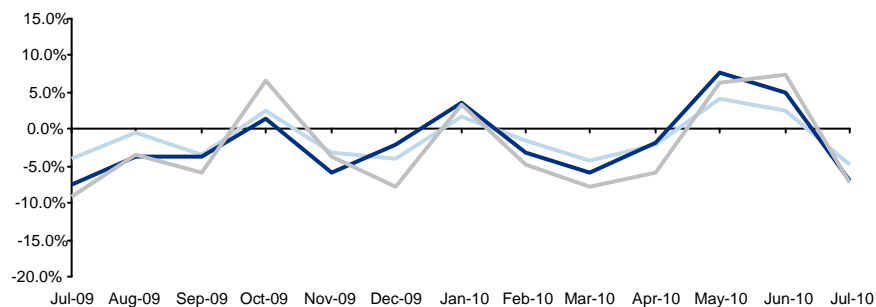


Dedicated Short Bias

Data as of July 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.7%	-1.6%	-4.3%	-2.0%	4.2%	2.5%	-4.9%						-4.6%

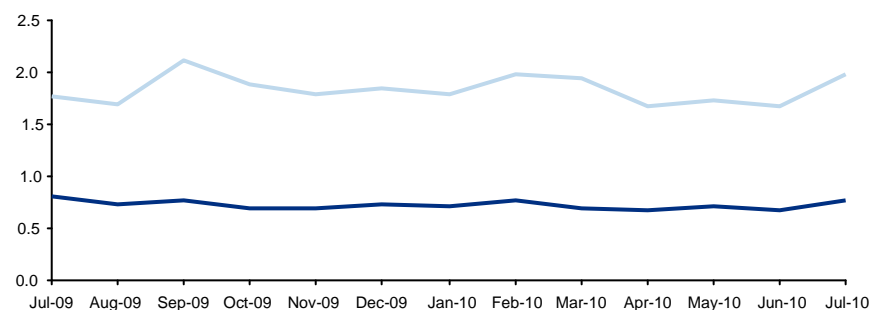
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-10	Jun-10	Jul-09	YTD-10
Ded Short Bias	-4.9%	2.5%	-4.1%	-4.6%
S&P Short ETF (SH)	-7.0%	5.1%	-7.5%	-2.7%
Rus 2000 Short ETF (RWM)	-7.4%	7.3%	-9.1%	-9.7%

Source: Citi ICG Analytics; FactSet

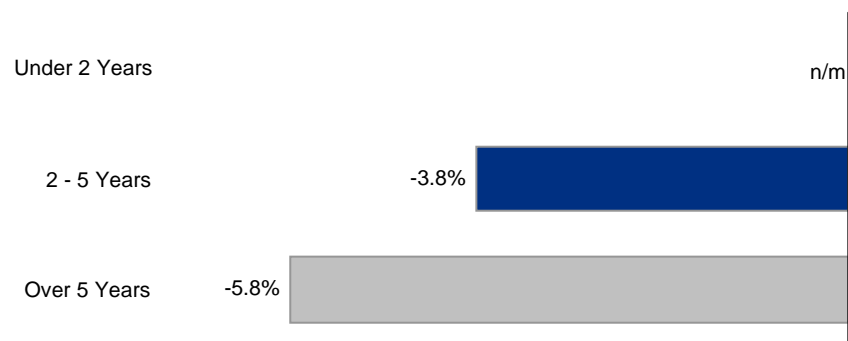
Leverage Profile (Monthly, LTM)



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

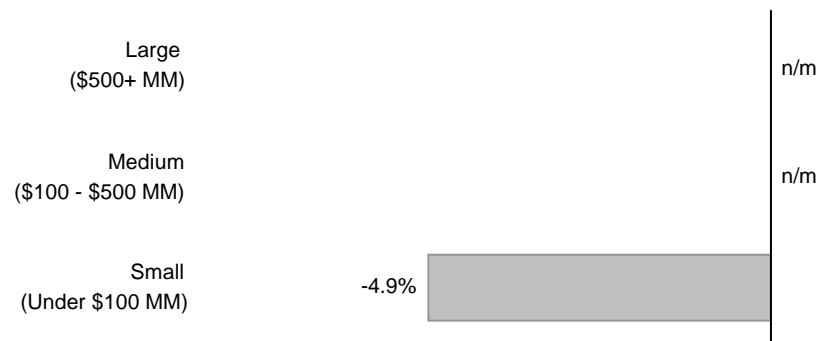
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

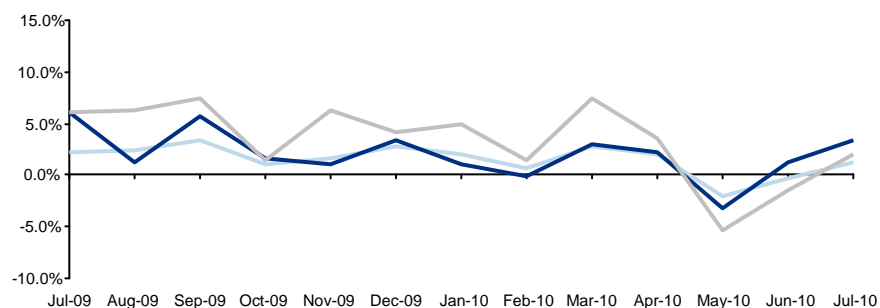
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Distressed

Data as of July 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.0%	0.6%	2.7%	2.1%	-2.0%	-0.3%	1.3%						6.4%

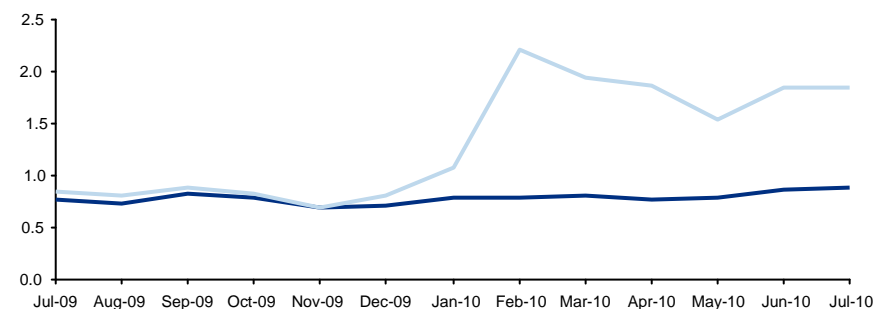
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-10	Jun-10	Jul-09	YTD-10
Distressed	1.3%	-0.3%	2.3%	6.4%
Citi HY Bond Index	3.4%	1.2%	6.1%	7.7%
Altman Defaulted Index	2.1%	-1.6%	6.0%	12.5%

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

Leverage Profile (Monthly, LTM)

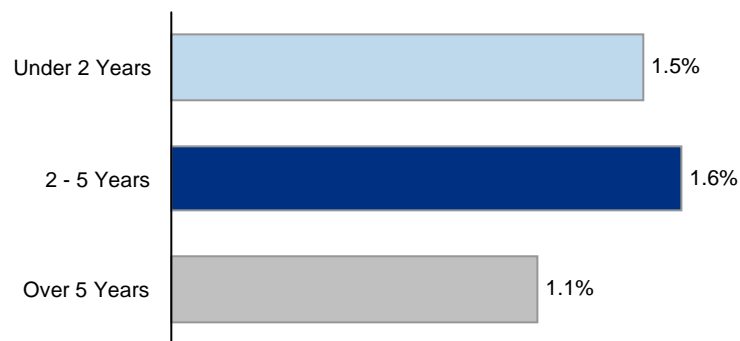


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

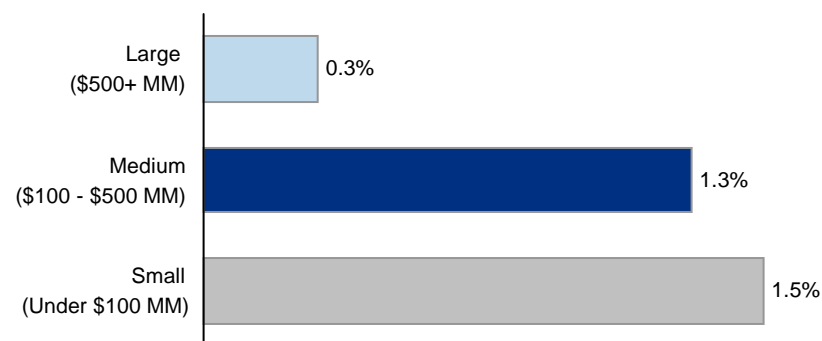
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

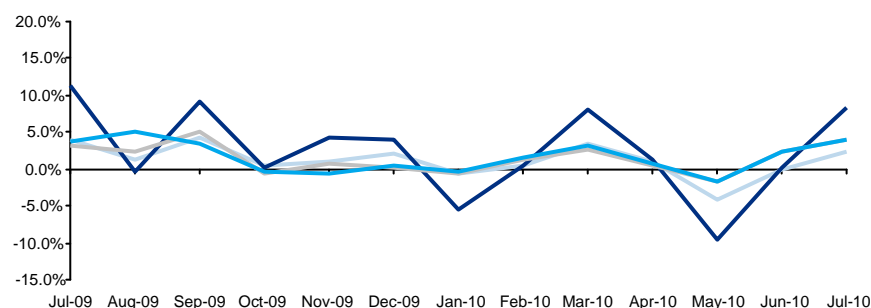
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Emerging Markets

Data as of July 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.7%	0.4%	3.4%	0.9%	-4.2%	0.0%	2.4%						2.1%

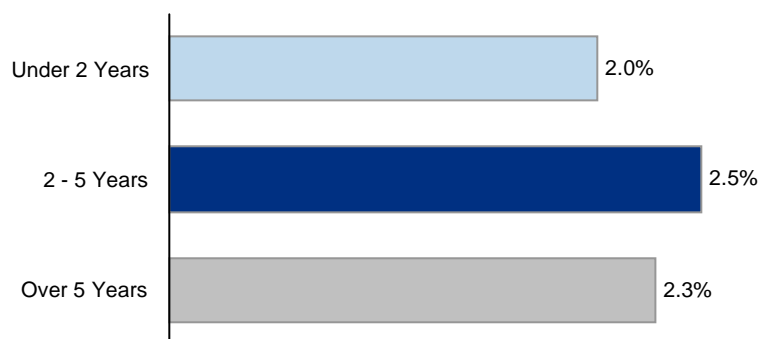
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-10	Jun-10	Jul-09	YTD-10
Emerging Mkts	2.4%	0.0%	3.9%	2.1%
MSCI EM	8.4%	0.3%	11.3%	1.9%
JPM EMBIG Core ETF (EMB)	4.1%	2.4%	3.1%	8.7%
DB EM Liquid ETF (PCY)	4.0%	2.3%	3.6%	9.8%

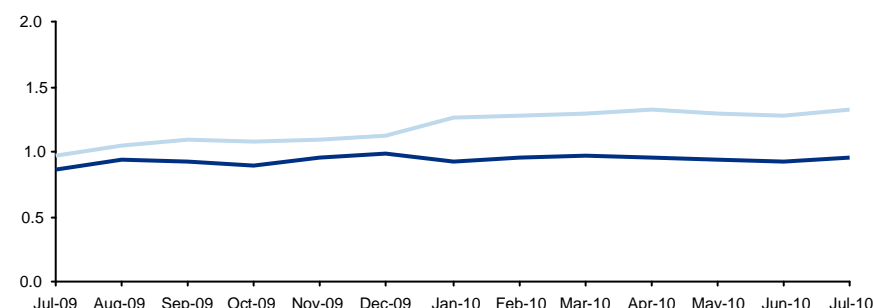
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)

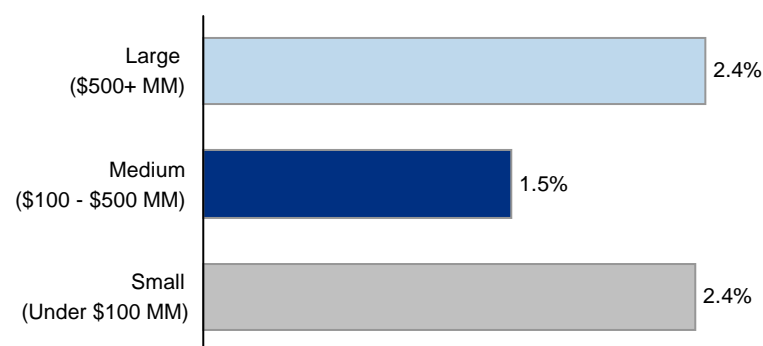


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi ICG Analytics

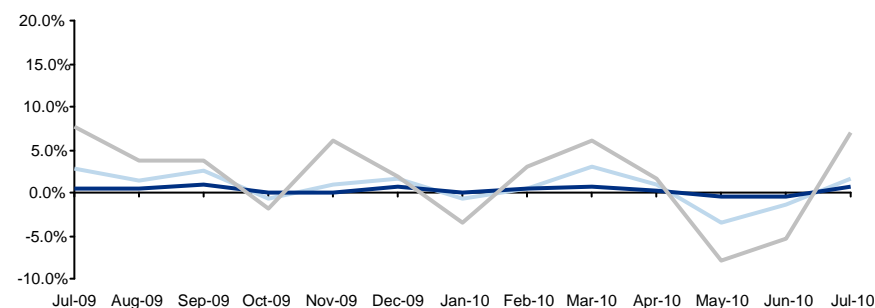
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Equity Long/Short

Data as of July 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.6%	0.5%	2.9%	0.8%	-3.6%	-1.3%	1.6%						0.2%

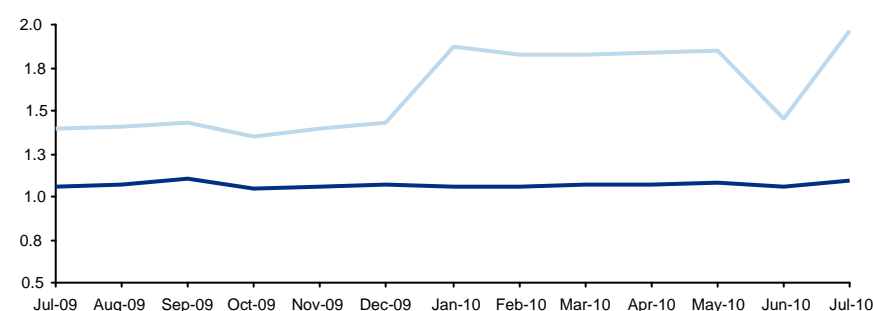
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-10	Jun-10	Jul-09	YTD-10
Eq Long/Short	1.6%	-1.3%	2.7%	0.2%
Eq Mkt Neutral	0.6%	-0.6%	0.4%	1.1%
S&P 500	7.0%	-5.2%	7.6%	-0.1%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

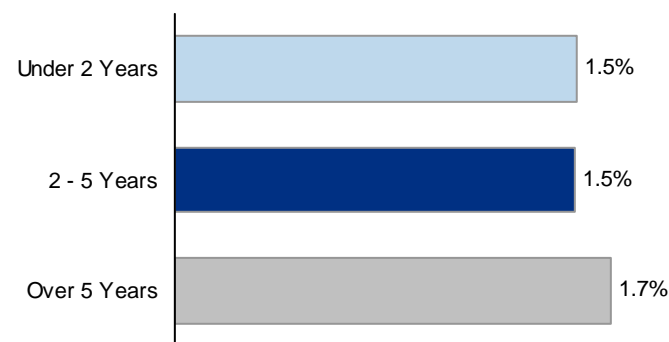


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

Source: Citi Prime Finance

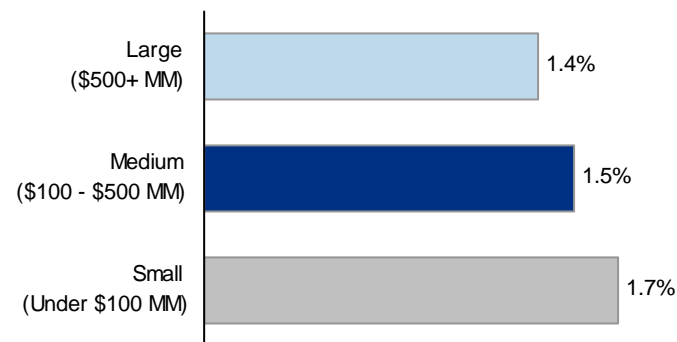
Hedge Fund Performance by Age



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



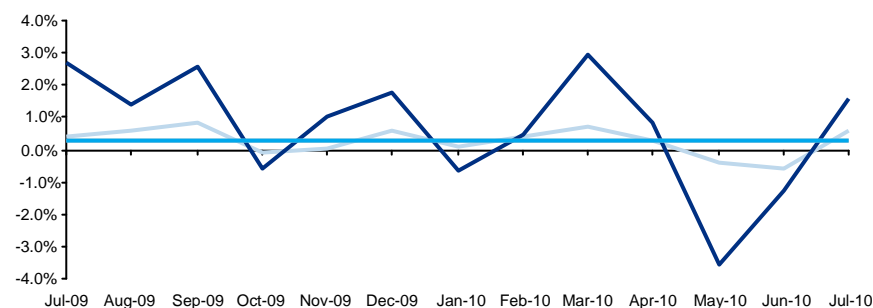
Source: Citi ICG Analytics

Equity Market Neutral

Data as of July 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.1%	0.4%	0.7%	0.3%	-0.4%	-0.6%	0.6%						1.1%

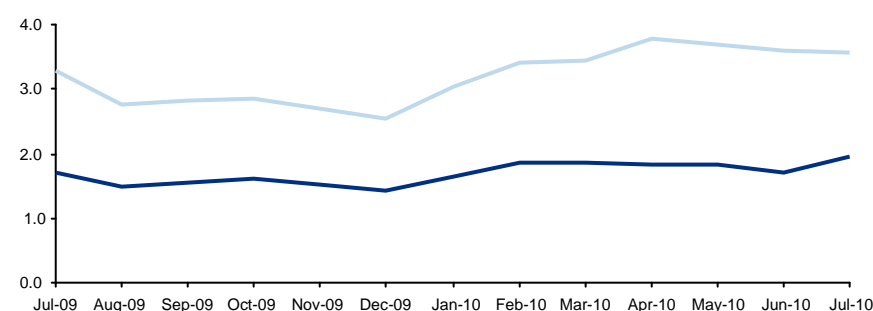
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-10	Jun-10	Jul-09	YTD-10
Eq Mkt Neutral	0.6%	-0.6%	0.4%	1.1%
Eq Long/Short	1.6%	-1.3%	2.7%	0.2%
LIBOR + 300 bps	0.3%	0.3%	0.3%	1.9%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	1.8%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

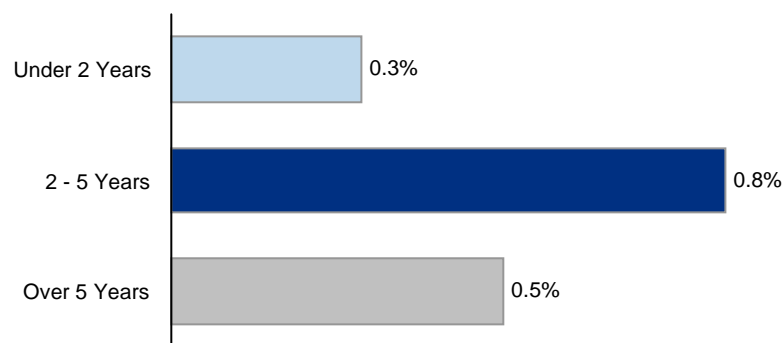


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

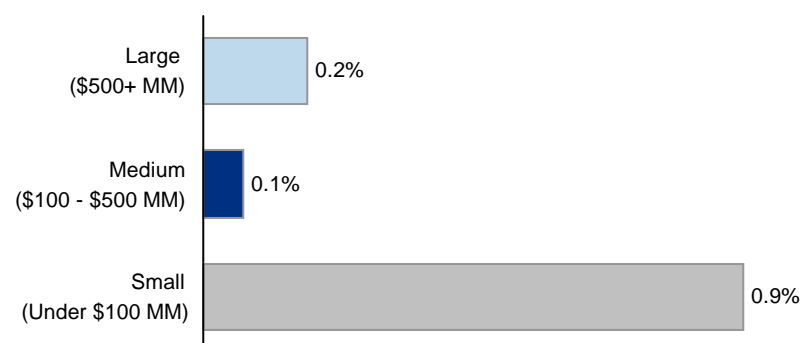
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

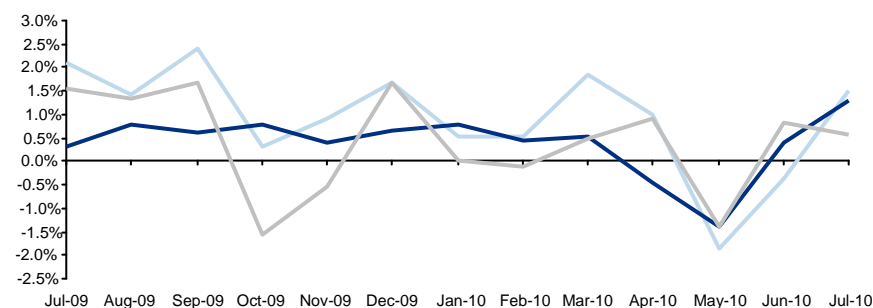
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Event Driven

Data as of July 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.5%	0.5%	1.9%	1.0%	-1.8%	-0.4%	1.5%						3.2%

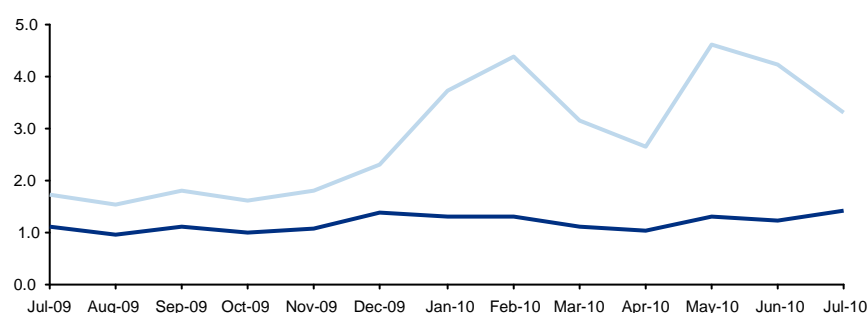
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-10	Jun-10	Jul-09	YTD-10
Event Driven	1.5%	-0.4%	2.1%	3.2%
The Merger Fund (MERFX)	1.3%	0.4%	0.3%	1.5%
AQR Div Arb Fund (ADANX)	0.6%	0.8%	1.5%	1.3%

Source: Citi ICG Analytics; FactSet

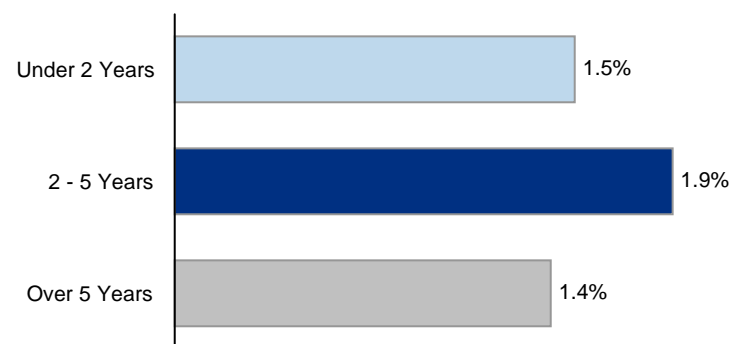
Leverage Profile (Monthly, LTM)



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

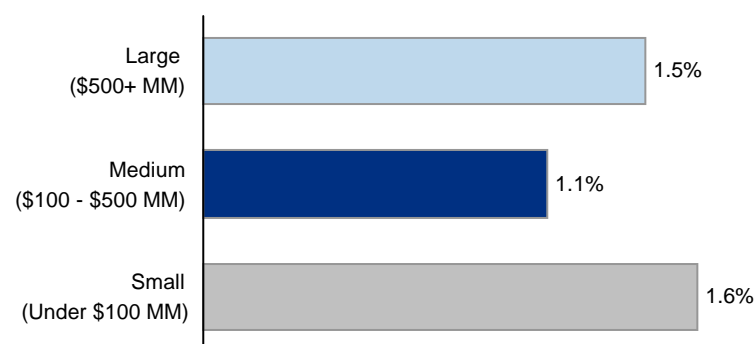
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

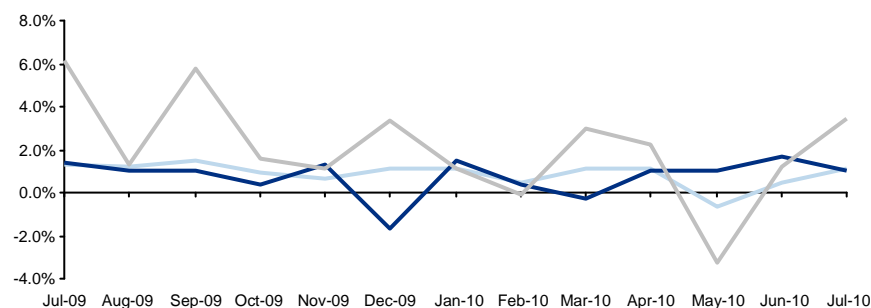
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

FI Arbitrage

Data as of July 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.1%	0.5%	1.1%	1.1%	-0.6%	0.5%	1.1%						4.8%

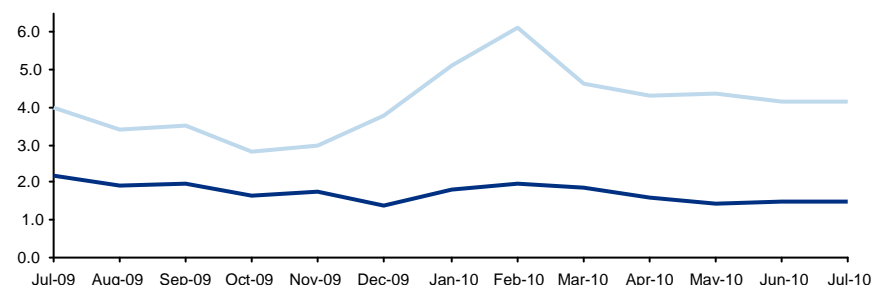
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-10	Jun-10	Jul-09	YTD-10
FI Arbitrage	1.1%	0.5%	1.3%	4.8%
Citi US BIG Index	1.0%	1.6%	1.4%	6.3%
Citi HY Bond Index	3.4%	1.2%	6.1%	7.7%

Source: Citi ICG Analytics; Citigroup Index LLC

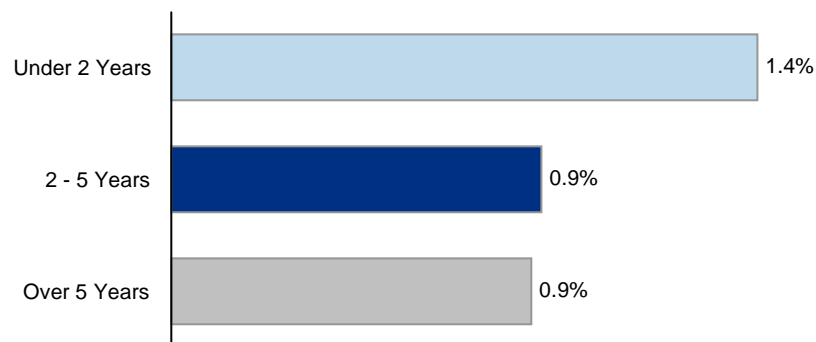
Leverage Profile (Monthly, LTM)



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

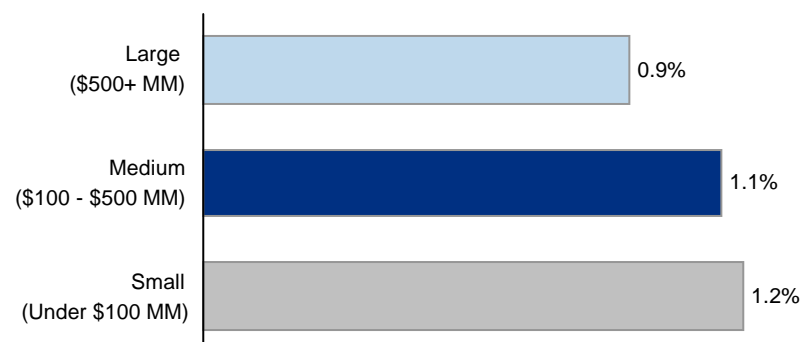
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

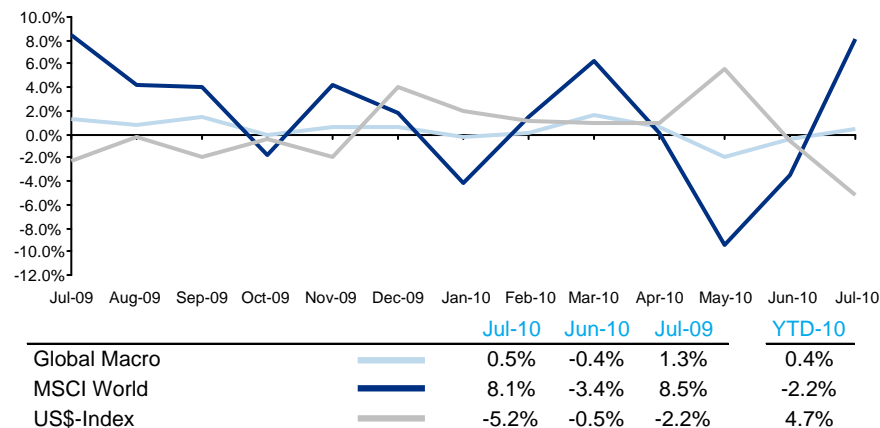
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Global Macro

Data as of July 2010

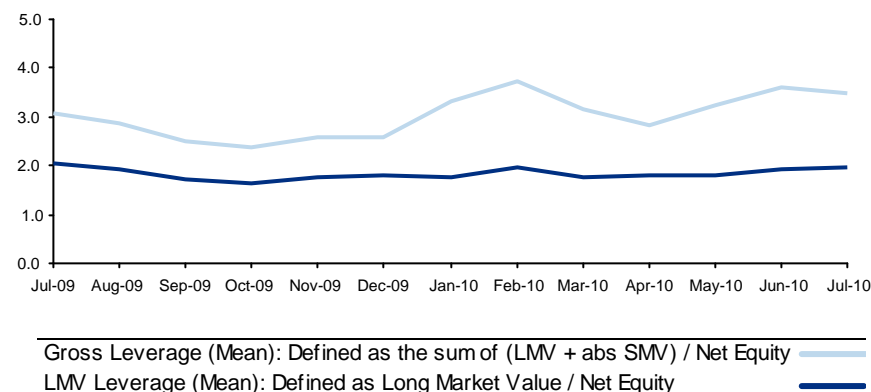
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.2%	0.1%	1.7%	0.6%	-1.9%	-0.4%	0.5%						0.4%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



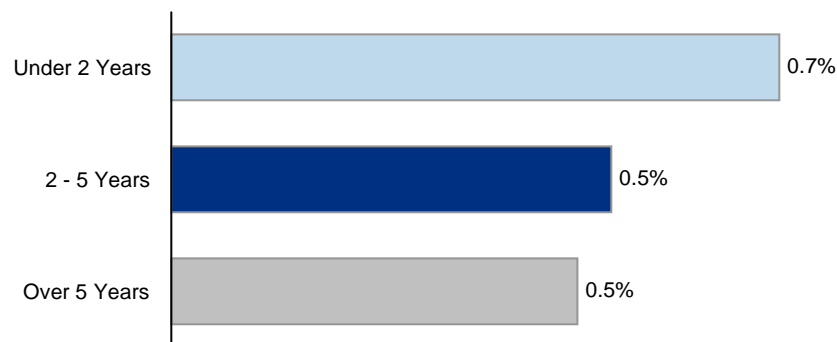
Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)



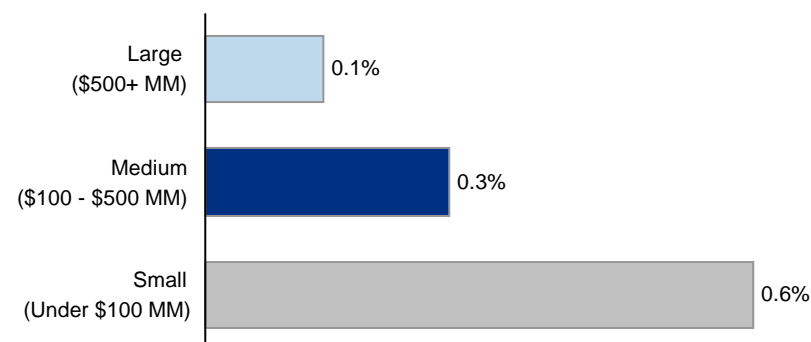
Source: Citi ICG Analytics; FactSet; Citi Prime Finance

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

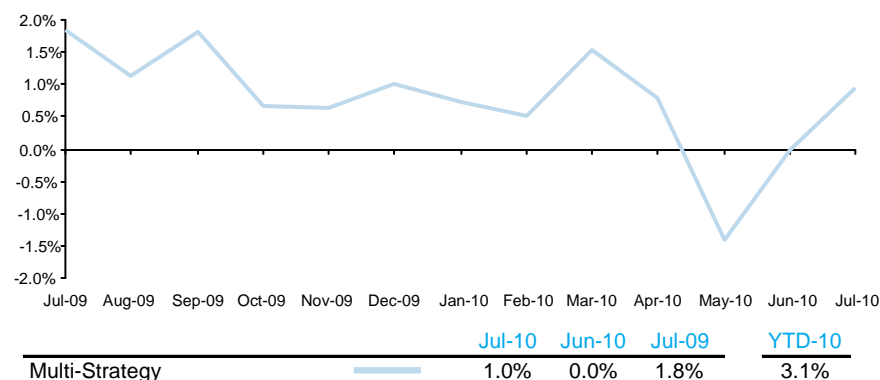
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Multi-Strategy

Data as of July 2010

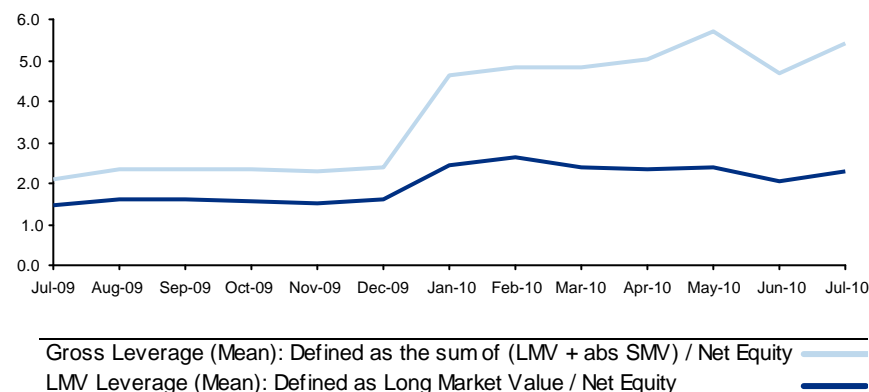
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.7%	0.5%	1.5%	0.8%	-1.4%	0.0%	1.0%						3.1%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



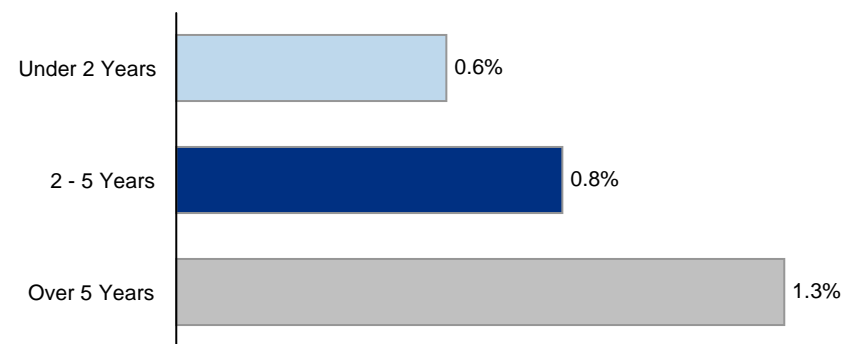
Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)



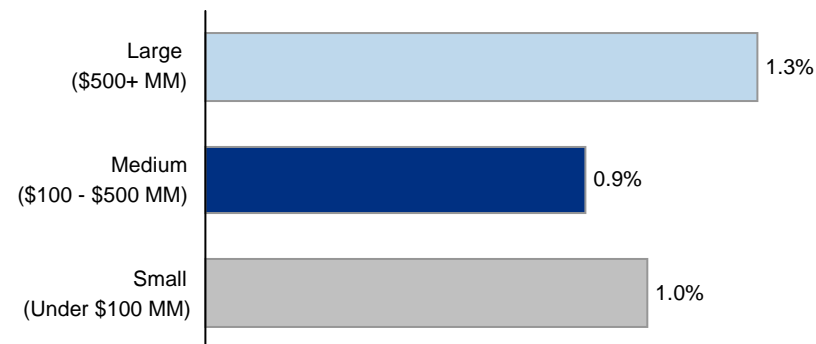
Source: Citi Prime Finance

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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