



Citi Prime Finance

Hedge Fund Industry Snapshot

Data as of October 2010

Citi Prime Finance

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Market Commentary

Report Date: November 2010

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Performance, AUM & Flows:

- Equal-weighted hedge fund composite indices were up for the third month in a row in October 2010, posting gains of +1.12% to +2.15%. These gains bring the year-to-date industry performance to +3.04% to +7.3%. The Citi HARP hedge fund replication index was +1.01% in October versus the HFRI Fund of Fund index that was +1.56%. Year-to-date, the HARP index was +2.29% and the HFRIFOF index was +3.59%. October 2010 performance returns proved to be higher than October 2009 which experienced -0.35% to -0.06% over the same period.
- An overall upbeat sentiment influenced Equity markets in October. Stable Commodity Prices helped CTA Managed Futures post gains at +2.46%. Emerging Market Strategies saw the next largest gains at +2.12% with Convertible Arbitrage Strategies at +2.06%. For the second consecutive month Dedicated Short Bias strategies experienced losses at -1.39% (compared to -7.36% in September 2010). Equity Long/Short strategy funds returned positive gains at +2.01% as well as Distressed (+2.07%) and Global Macro (+1.34%). Fixed Income Arbitrage and Equity Market Neutral were also up, although more modestly than the other strategies.
- According to HedgeFund.net (HFN), hedge fund industry AUM ended October 2010 at \$2.41 trillion, up from \$2.34 trillion in September 2010 (+2.8%). This is the fourth consecutive month AUM has experienced slight gains. Industry AUM remains well below its \$2.94 trillion June 2008 peak.
- Increases in AUM attributable to performance totaled +\$49.8 billion while net investor inflows were +\$16.4 billion (the highest total of 2010 but less than the +\$20.3 billion in October 2009.) Overall, year-to-date investor allocations are only a net +\$64.94 billion.
- October performance-related AUM gains were the third largest of the year after March (+\$66.76 billion) and September (+\$60.09 billion) and higher than year-ago October of +\$1.14 billion. For the first 10 months of 2010, performance related AUM gains were +\$168.9 billion compared to +\$299.1 billion YTD Oct-2009.

Fund Profiles:

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was +1.63%; medium single funds (\$100-\$500 million) +1.61% and small single funds (<\$100 million) +1.64%.
- Liquidity terms continued the consistent pattern seen thus far 2010 with October showing little changes to redemption notice periods with 66% of funds requiring 30 days or less notice for redemption. Across the entire subset of reporting funds, the majority (59%) required no lockup (44%) or less than 1 year lock up (15%).
- Consistent throughout 2010, 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:

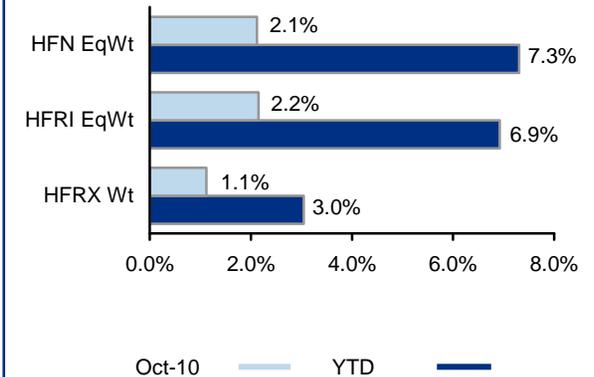
- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.80x in October 2010 versus 1.79x in September and 1.93x in August. Across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Multi Strategy (5.17x), Equity Market Neutral (4.18x), Fixed Income Arbitrage (3.7x), Global Macro (3.19x) and Convertible Arbitrage (3.11x). Use of leverage in other strategies was generally lower across the board.
- At October month-end, we saw an increase in the proportion of short activity in Consumer Discretionary and Financials. Together with the IT sector, these three sectors accounted for 63.05% of short executions and 54.36% of short covers versus 55.92% of short executions and 49.99% of short covers in September 2010.
- In the major futures markets, the large speculator net positioning for futures & options did not experience significant change from September to October. Of note, is the close to neutral positioning that is seen in both S&P (large contract & mini-combined) and 10-Year US Treasury future contracts with a modest 0.1% net long being held in both. This is the first time since January 2010 that there is a net long exposure in S&P contracts. Net longs are also being held in Gold and the EuroFX with little change in the past month. 10-Year U.S. Treasury futures have remained net long since July but cut back exposure from +0.6% end September to +0.1% end October. Despite continued price gains in Gold, net long exposure was cut slightly to +16.7% at end October from +15.0% end September according to the CFTC's Commitment of Trader report.

Hedge Fund Industry: AUM, Performance

Data as of Oct-2010

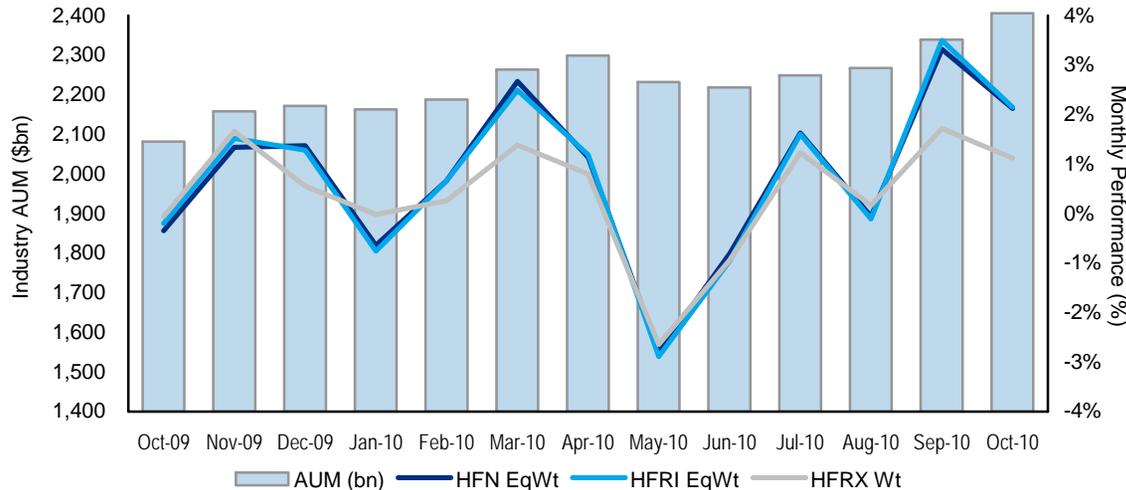
- Composite hedge fund performance, equal-weighted across funds, was up in October 2010 with gains ranging from +1.12% to +2.15%. Returns were lower than last month's (Sept-10: +1.72% to +3.50%) but outperformed the Oct-09 period (-0.35% to -0.06%.) Year-to-date performance in 2010 ranged from +3.04% to +7.31%.
- Equity markets continued their broad advance on improving prospects for global economic growth. Credit markets remained strong and short dated fixed income advanced on expectations for continued stimulus from the US FOMC. The US dollar declined against both the Euro and the Yen, while commodity prices rose, with strong gains in sugar and rice. Industrial production in the US did not change between September and October, when it was 5.3% higher than a year earlier. Inflation in the Euro area rose to 1.9% in October from 1.8% in September.
- YTD, "risk on" looks like the place to have been: on the US-side, Small and Mid-Cap outperforming the S&P 500 while EM outperforming Developed and HY/Defaulted outperforming traditional Investment Grade. On the Hedge Fund side, our work shows good YTD performance from Distressed (10.98%), Convert Arb (+9.27%), EM (+8.05%) – And on a risk-adjusted basis, outperformance from Distressed and Event Driven.
- Industry AUM, estimated at \$2.41 trillion according to HFN is up from September's \$2.34 trillion– and is a new high for 2010 (up +11.2% from \$2.16 trillion in January). Depending on the source, estimates of industry AUM range from \$1.77 to \$2.41 trillion compared to the Q2 2008 peak range of \$1.9 to \$3.0 trillion.

Industry Performance: Oct-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:

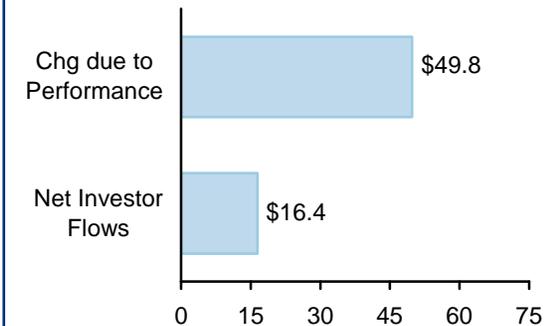
- MSCI World Index: +3.7% October; +6.9% YTD
MSCI Emerging Markets Index: +2.9% October; +14.3% YTD
- S&P 500: +3.8% October; +7.8% YTD
- Citi US BIG Index: 0.0% October; 7.7% YTD
- S&P GSCI: +2.6% October; -1.4% YTD
- U.S. Dollar Index: -1.8% October; -0.8% YTD
- HFN Country Indices October YTD:
Brazil +2.58% / +10.71%; Russia +2.41% / +11.21%; India: +1.81% / +17.23%; China: +3.07% / +5.12%

Hedge Fund Industry: Change in Industry Assets

Data as of Oct-2010

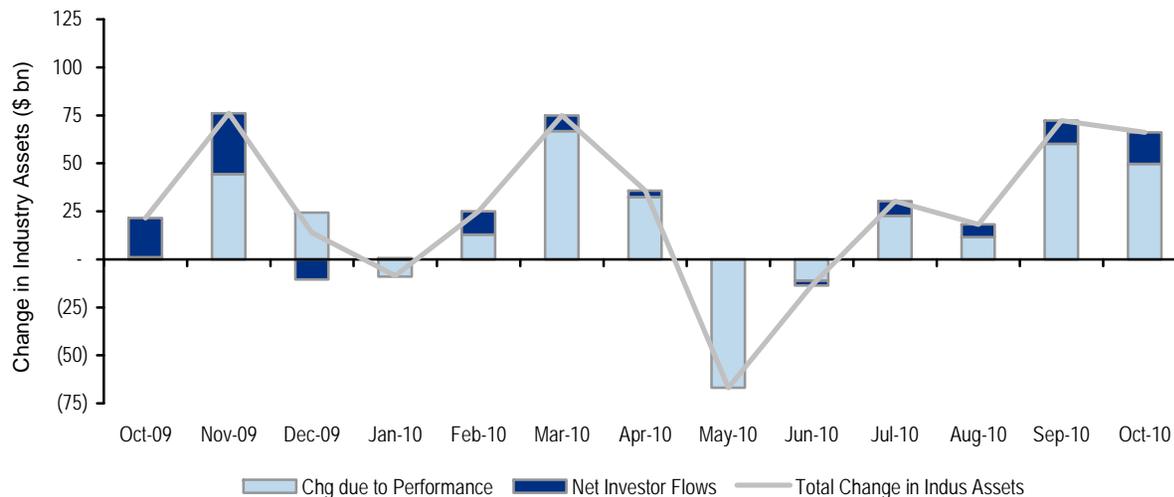
- According to HFN, the estimated change in industry assets for October 2010 was +\$66.18 billion. Gains stemmed mostly from performance (+\$49.7 billion) although positive net investor flows (amounting to +\$16.42 billion) were also a contributor.
- October 2010 marks the fourth consecutive month of increases in hedge fund industry assets from performance. The back to back performance gains in September-October 2010 (+\$109.85 billion) are the highest two month totals since April-May 2009.
- Net investor inflows of +\$16.42 billion marks the fourth consecutive month of net inflows- a sign of some reversal in sentiment after flat flows in April – June 2010. Continued uncertainty in the pace of the global economic recovery may contribute to the current capital raising landscape as inflows remain below October's 2009's +\$20.32 billion.
- HFN estimates total industry AUM at \$2.41 trillion in October 2010—up from September 2010's \$2.34 trillion and up 12.5% from October 2009's \$2.08 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: Oct-10 Amounts in (\$ bn)



Source: HedgeFund.net (HFN)

Monthly Change in Industry Assets and Composition



Source: HedgeFund.net (HFN)

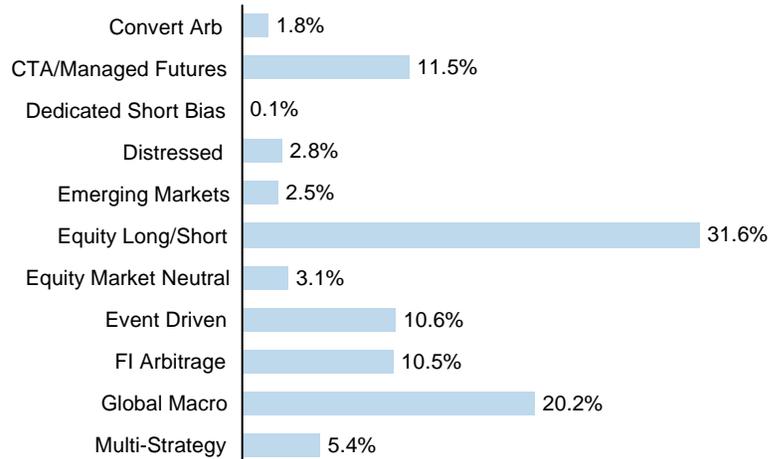
Note Pad:

- The Citi Prime Finance calculation for end-October gross leverage (as measured on a mean basis) was 1.8x, up from 1.79x at end-October
- Gross leverage (mean): defined as sum of (LMV + abs SMV) / Net Equity

Hedge Fund Stats by Strategy

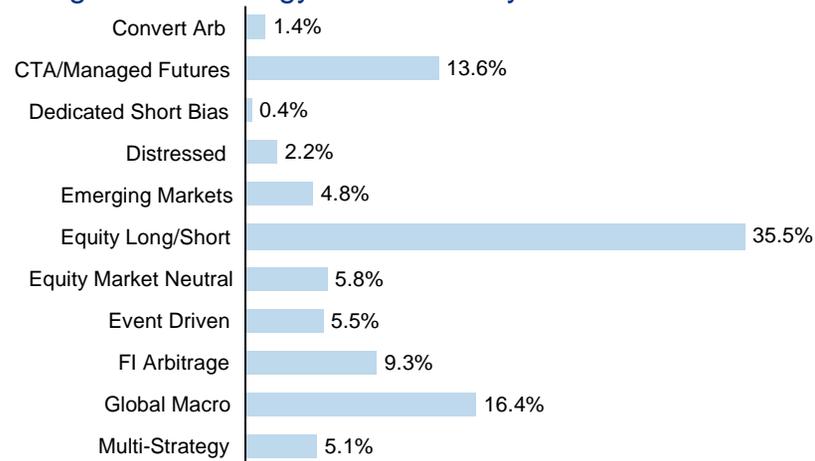
Data as of Oct-2010

Hedge Fund Strategy Breakdown by Assets



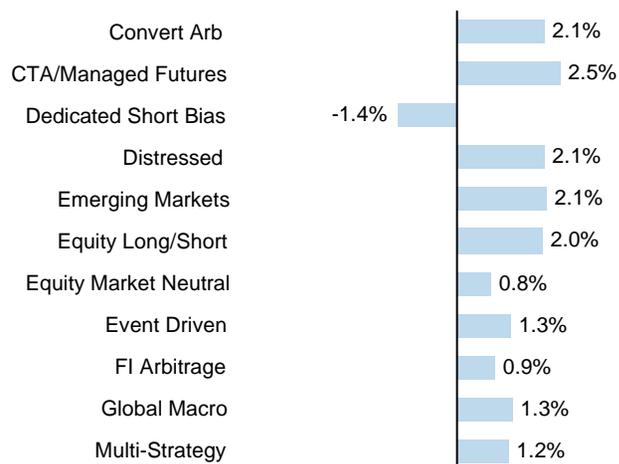
Source: Citi ICG Analytics

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi ICG Analytics

Hedge Fund Performance by Strategy

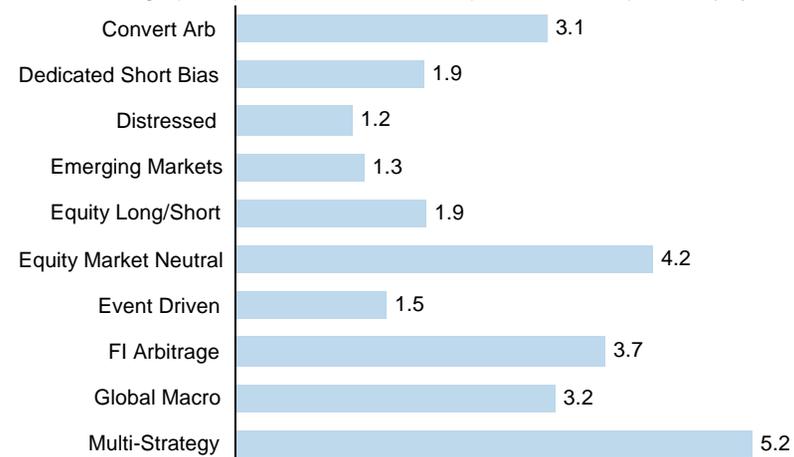


Source: Citi ICG Analytics

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

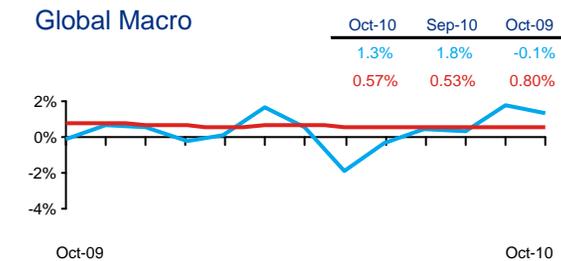
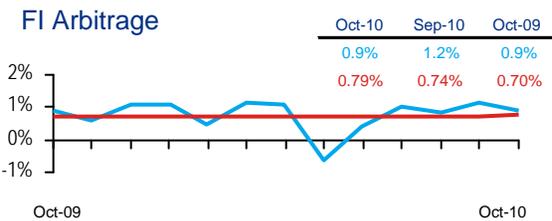
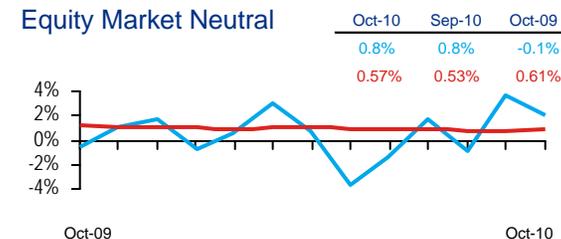
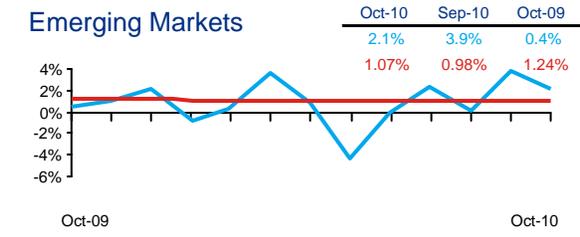
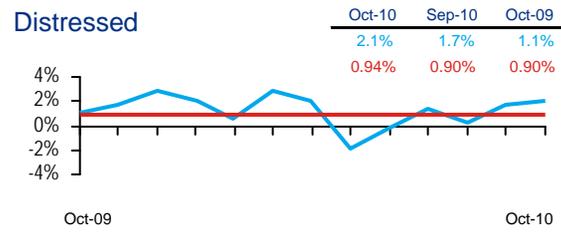
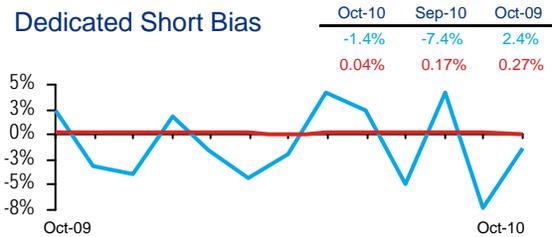
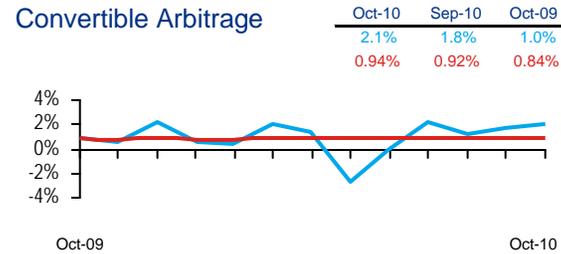


Source: Citi Prime Finance

Monthly Performance by Strategy

Data as of Oct-2010

Monthly Median: 
 Trailing 60 Month Median: 



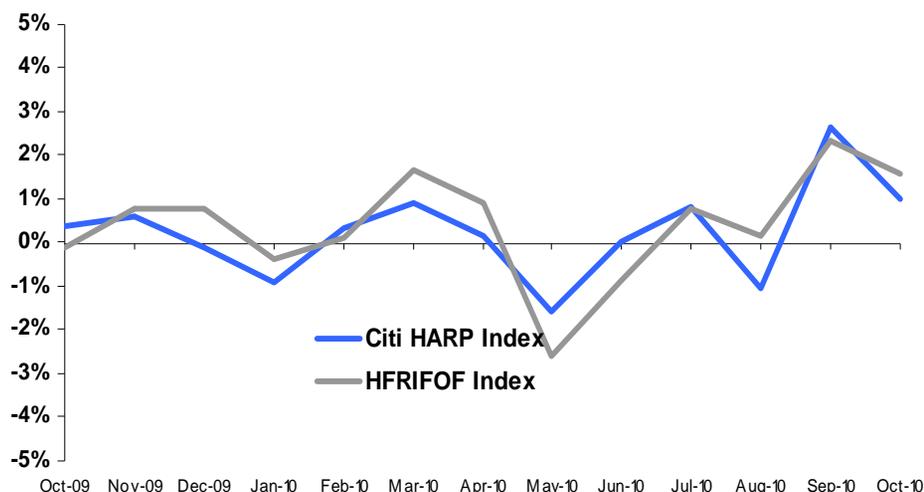
Source: Citi ICG Analytics

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 Oct-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

	Oct-10	Sep-10	Oct-09	YTD-10
Citi Harp	1.01%	2.63%	0.37%	2.29%
HFRIFOF	1.56%	2.32%	-0.09%	3.59%

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
Annualized Return	2.80%	5.21%
Annualized Volatility	3.88%	4.51%
Sharpe Ratio	0.654	1.098
Correlation	84.05%	-

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.

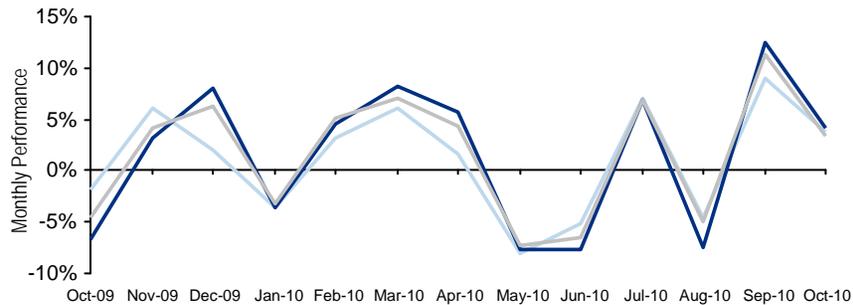
The Index contains weighted components. The components are a money market component and various index components. Each index component represents a class of asset in which the hedge fund sector is assumed to invest: bond, commodity, equity and foreign exchange.

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

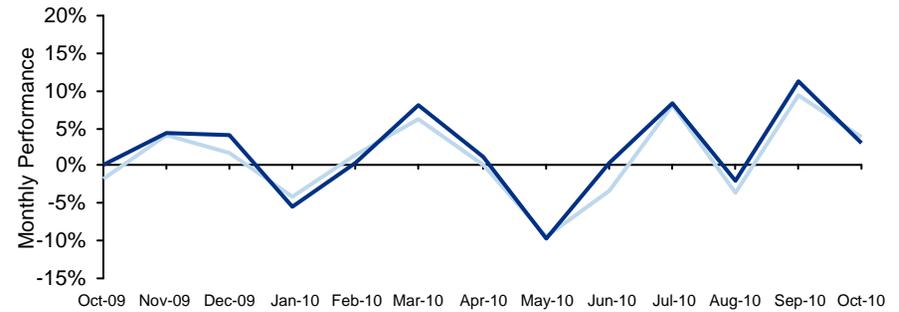
Data as of Oct-2010

US Equities (Large Cap vs. Small Cap)



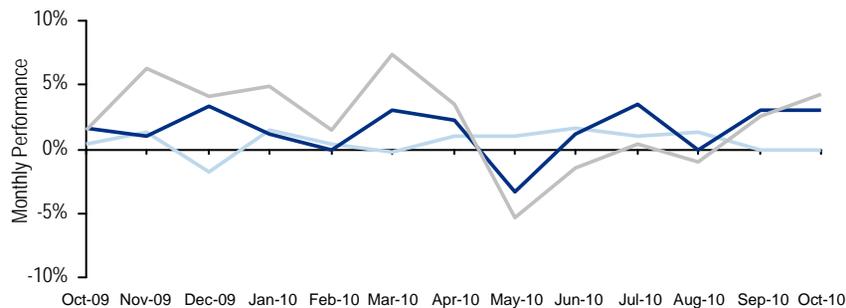
		Oct-10	Sep-10	Oct-09	YTD-10
S&P 500		3.8%	8.9%	-1.9%	7.8%
RUS 2000		4.1%	12.5%	-6.8%	13.6%
S&P Mid		3.4%	11.3%	-4.5%	15.4%

Global Equities (Developed vs. Emerging)



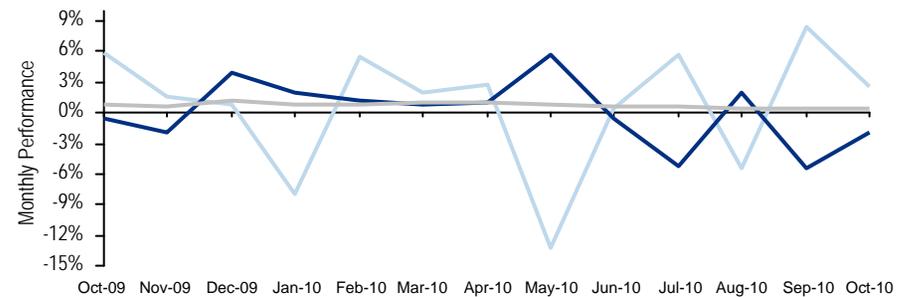
		Oct-10	Sep-10	Oct-09	YTD-10
MSCI World		3.7%	9.4%	-1.8%	6.9%
MSCI EM		2.9%	11.1%	0.1%	14.3%

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



		Oct-10	Sep-10	Oct-09	YTD-10
Citi US BIG Index		0.0%	0.0%	0.4%	7.7%
Citi HY Bond Index		3.0%	3.0%	1.6%	14.0%
Altman Defaulted		4.2%	2.5%	1.5%	17.0%

Commodities (US\$ performance)



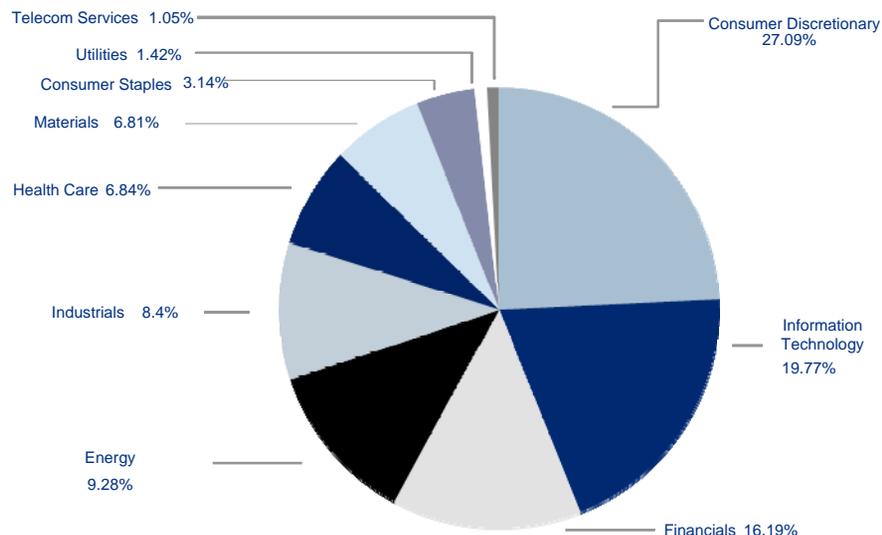
		Oct-10	Sep-10	Oct-09	YTD-10
S&P GSCI		2.6%	8.5%	5.9%	-1.4%
US-\$ Index		-1.8%	-5.4%	-0.5%	-0.8%
US 2yr Note		0.3%	0.4%	0.9%	0.7%

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

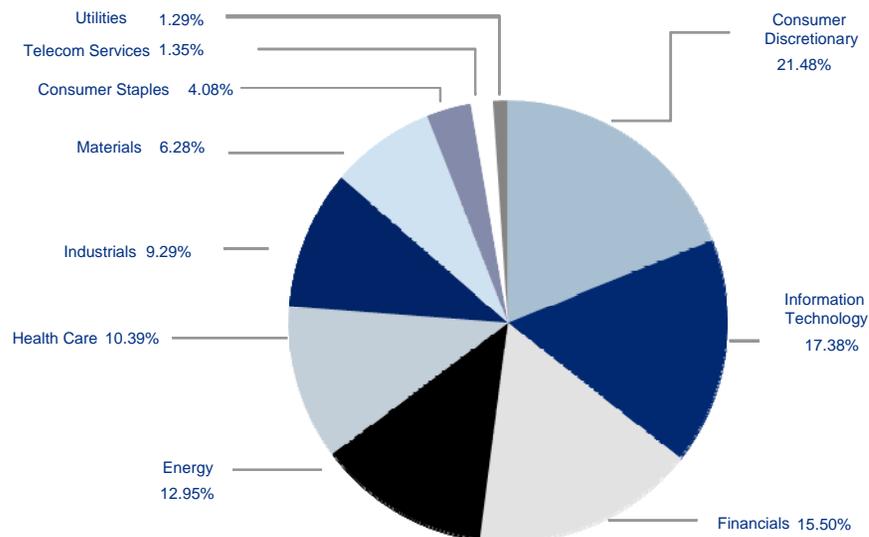
US Securities Lending Sector Short Flows

Data as of Oct-2010

Short Sale Executions



Short Cover Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Consumer Discretionary	27.09	24.27	11.62
Information Technology	19.77	19.73	0.2
Financials	16.19	11.96	35.37
Energy	9.28	13.91	-33.29
Industrials	8.4	10.04	-16.33
Health Care	6.84	6.72	1.79
Materials	6.81	7.39	-7.85
Consumer Staples	3.14	4.22	-25.59
Utilities	1.42	0.84	69.05
Telecom Services	1.05	0.92	14.13

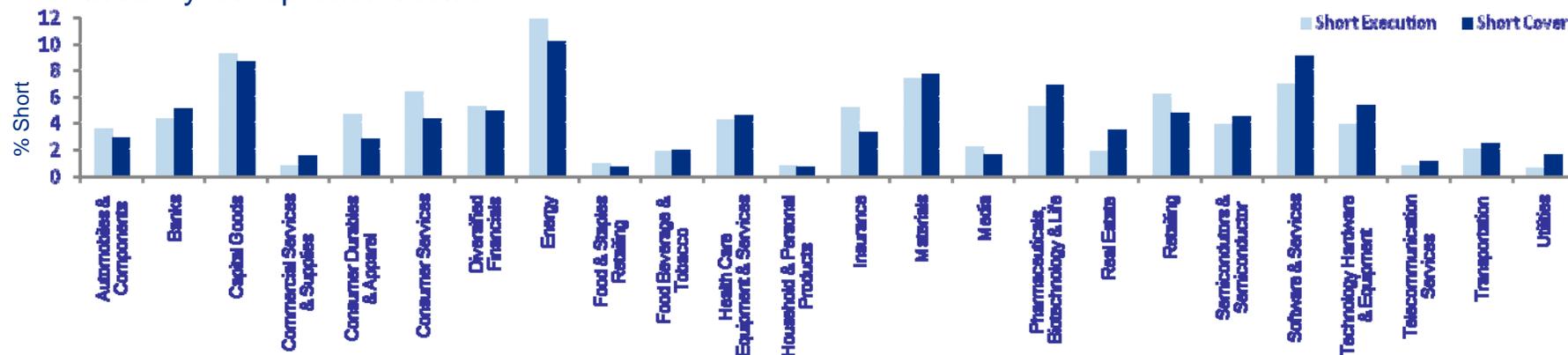
Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Consumer Discretionary	21.48	19.19	11.93
Information Technology	17.38	19.09	-8.96
Financials	15.50	15.22	1.84
Energy	12.95	11.70	10.68
Health Care	10.39	9.21	12.81
Industrials	9.29	10.76	-13.66
Materials	6.28	8.36	-24.88
Consumer Staples	4.08	3.30	23.64
Telecom Services	1.35	1.87	-27.81
Utilities	1.29	1.29	0

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 Oct-2010

Citi Industry Group Short Flows



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Software & Services	10.09	9.67	4.34
Energy	9.28	13.91	-33.29
Retailing	7.12	7.21	-1.25
Consumer Services	6.90	8.86	-22.12
Materials	6.81	7.39	-7.85
Media	6.20	2.32	167.24
Diversified Financials	5.90	4.33	36.26
Capital Goods	5.48	6.92	-20.81
Technology Hardware and Equipment	5.36	4.91	9.16
Banks	5.16	3.53	46.18
Pharmaceuticals, Biotechnology & Life	4.44	3.57	24.37
Semiconductors & Semiconductor	4.31	5.15	-16.31
Automobiles & Components	3.87	2.35	64.68
Consumer Durables & Apparel	3.00	3.52	-14.77
Insurance	2.87	2.06	39.32
Health Care Equipment & Services	2.40	3.16	-24.05
Real Estate	2.27	2.04	11.27
Transportation	2.19	2.02	-12.50
Food Beverage & Tobacco	1.63	2.50	-34.80
Utilities	1.42	0.84	69.05
Food & Staples Retailing	1.08	0.74	45.95
Telecom Services	1.05	0.92	14.13
Commercial Services and Supplies	0.74	1.11	-33.33
Household and Personal Products	0.43	0.98	-56.12

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	12.95	11.70	10.68
Software & Services	7.38	9.44	-21.82
Diversified Financials	6.70	4.66	43.78
Retailing	6.44	6.37	1.10
Capital Goods	6.28	7.70	-18.44
Materials	6.28	8.36	-24.88
Technology Hardware and Equipment	5.87	5.82	0.86
Pharmaceuticals, Biotechnology & Life	5.83	4.79	21.71
Consumer Services	4.98	4.85	2.68
Equipment & Services	4.57	4.42	3.39
Semiconductors & Semiconductor	4.13	3.84	7.55
Banks	4.13	4.64	-10.99
& Apparel	4.07	1.96	107.65
Components	3.29	3.02	8.94
Media	2.71	2.98	-9.06
Real Estate	2.62	2.38	10.08
Transportation	2.30	2.13	7.98
Tobacco	2.10	2.10	0.00
Insurance	2.04	3.54	-42.37
Telecom Services	1.35	1.87	-27.81
Utilities	1.29	1.29	0.00
Food Staples Retailing	1.19	0.43	176.74
Household and Personal Products	0.79	0.77	2.60
Commercial Services and Supplies	0.71	0.93	-23.66

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 Oct-2010

Citi Short Flows: October 2010

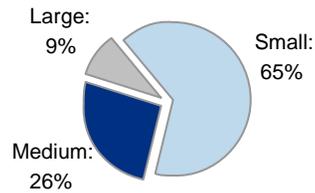
GICS Code	Description	% Short Executions This Month	% Short Executions From Last Month	% Change From Last Month	% Short Cover This Month	% Short Cover From Last Month	% Change From Last Month
Sector	Sector						
10	Energy	9.28	13.91	-33.29	12.95	11.70	10.68
15	Materials	6.81	7.39	-7.85	6.28	8.36	-24.88
20	Industrials	8.40	10.04	-16.33	9.29	10.76	-13.66
25	Consumer Discretionary	27.09	24.27	11.62	21.48	19.19	11.93
30	Consumer Staples	3.14	4.22	-25.59	4.08	3.30	23.64
35	Health Care	6.84	6.72	1.79	10.39	9.21	12.81
40	Financials	16.19	11.96	35.37	15.50	15.22	1.84
45	Information Technology	19.77	19.73	0.20	17.38	19.09	-8.96
50	Telecommunication Services	1.05	0.92	14.13	1.35	1.87	-27.81
55	Utilities	1.42	0.84	69.05	1.29	1.29	0.00
Industry Group	Industry Group						
1010	Energy	9.28	13.91	-33.29	12.95	11.70	10.68
1510	Materials	6.81	7.39	-7.85	6.28	8.36	-24.88
2010	Capital Goods	5.48	6.92	-20.81	6.28	7.70	-18.44
2020	Commercial Services & Supplies	0.74	1.11	-33.33	0.71	0.93	-23.66
2030	Transportation	2.19	2.02	8.42	2.30	2.13	7.98
2510	Automobiles & Components	3.87	2.35	64.88	3.29	3.02	8.94
2520	Consumer Durables & Apparel	3.00	3.52	-14.77	4.07	1.96	107.65
2530	Consumer Services	6.90	8.86	-22.12	4.98	4.85	2.68
2540	Media	6.20	2.32	167.24	2.71	2.98	-9.06
2550	Retailing	7.12	7.21	-1.25	6.44	6.37	1.10
3010	Food & Staples Retailing	1.08	0.74	45.95	1.19	0.43	176.74
3020	Food Beverage & Tobacco	1.63	2.50	-34.80	2.10	2.10	0.00
3030	Household & Personal Products	0.43	0.98	-56.12	0.79	0.77	2.60
3510	Health Care Equipment & Services	2.40	3.16	-24.05	4.57	4.42	3.39
3520	Pharmaceuticals, Biotechnology & Life Sciences	4.44	3.57	24.37	5.83	4.79	21.71
4010	Banks	5.16	3.53	46.18	4.13	4.64	-10.99
4020	Diversified Financials	5.90	4.33	36.26	6.70	4.66	43.78
4030	Insurance	2.87	2.06	39.32	2.04	3.54	-42.37
4040	Real Estate	2.27	2.04	11.27	2.62	2.38	10.08
4510	Software & Services	10.09	9.67	4.34	7.38	9.44	-21.82
4520	Technology Hardware & Equipment	5.36	4.91	9.16	5.87	5.82	0.86
4530	Semiconductors & Semiconductor Equipment	4.31	5.15	-16.31	4.13	3.84	7.55
5010	Telecommunication Services	1.05	0.92	14.13	1.35	1.87	-27.81
5510	Utilities	1.42	0.84	69.05	1.29	1.29	0.00

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

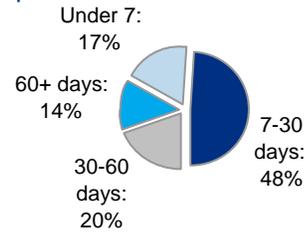
Hedge Fund (Fund Level) Profiles

Data as of Oct-2010

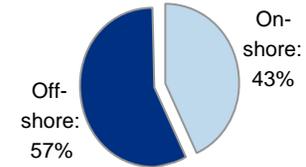
By Fund Size—No. of Funds



Redemption Notice Period



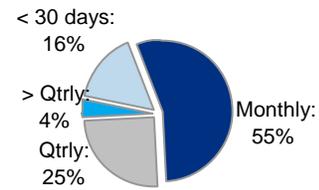
On-shore/Off-shore



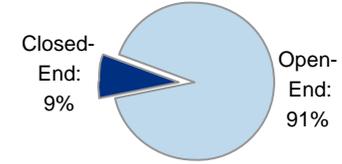
By Fund Size—\$ AUM



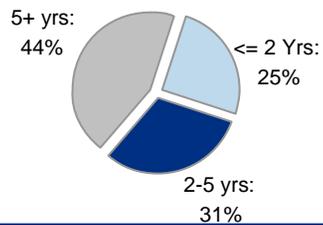
Redemption Frequency



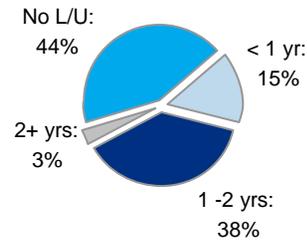
Legal Status



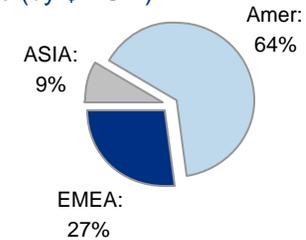
By Fund Age—No. of Funds



Lock-Up



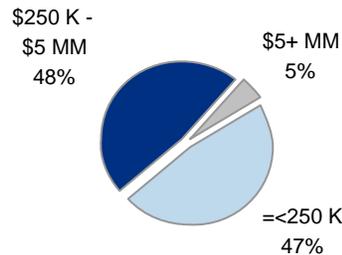
Domicile (by \$ AUM)



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 Oct-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	7%	\$841	1.7%	6.5%	89%	89%	n/m	60+ days / 35%	Monthly / 59%
2-5 yrs	17%	\$822	1.0%	7.3%	70%	68%	1-2 yrs / 46%	60+ days / 40%	Monthly / 51%
Over 5 yrs	76%	\$932	1.7%	6.5%	65%	68%	No / 47%	7-30 days / 38%	Monthly / 52%
Total	100%	\$891	1.6%	6.6%	67%	69%	1-2 yrs / 45%	7-30 days / 35%	Monthly / 52%

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%	\$180	1.2%	7.3%	65%	82%	1-2 yrs / 48%	7-30 days / 43%	Monthly / 58%
2-5 yrs	29%	\$185	1.5%	5.7%	71%	68%	No / 42%	7-30 days / 41%	Monthly / 52%
Over 5 yrs	59%	\$200	1.9%	6.1%	72%	61%	No / 52%	7-30 days / 53%	Monthly / 55%
Total	100%	\$192	1.6%	6.1%	71%	65%	No / 48%	7-30 days / 49%	Monthly / 55%

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%	\$24	1.4%	7.4%	65%	70%	1-2 yrs / 53%	7-30 days / 42%	Monthly / 56%
2-5 yrs	34%	\$26	1.5%	6.0%	67%	59%	No / 45%	7-30 days / 49%	Monthly / 57%
Over 5 yrs	46%	\$30	1.9%	6.0%	73%	52%	No / 50%	7-30 days / 55%	Monthly / 48%
Total	100%	\$27	1.6%	6.2%	70%	57%	No / 46%	7-30 days / 51%	Monthly / 53%

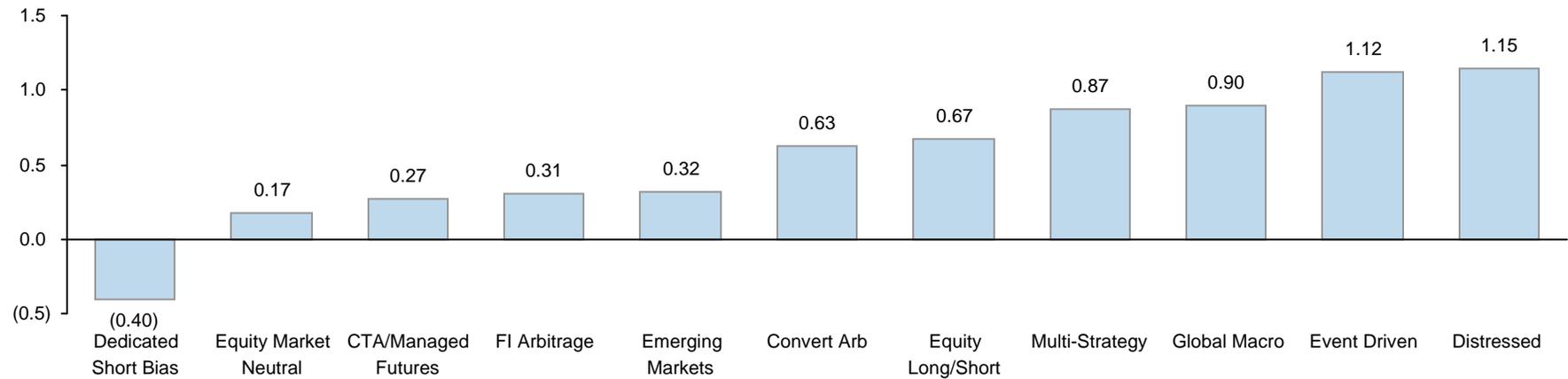
Source: Citi ICG Analytics

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

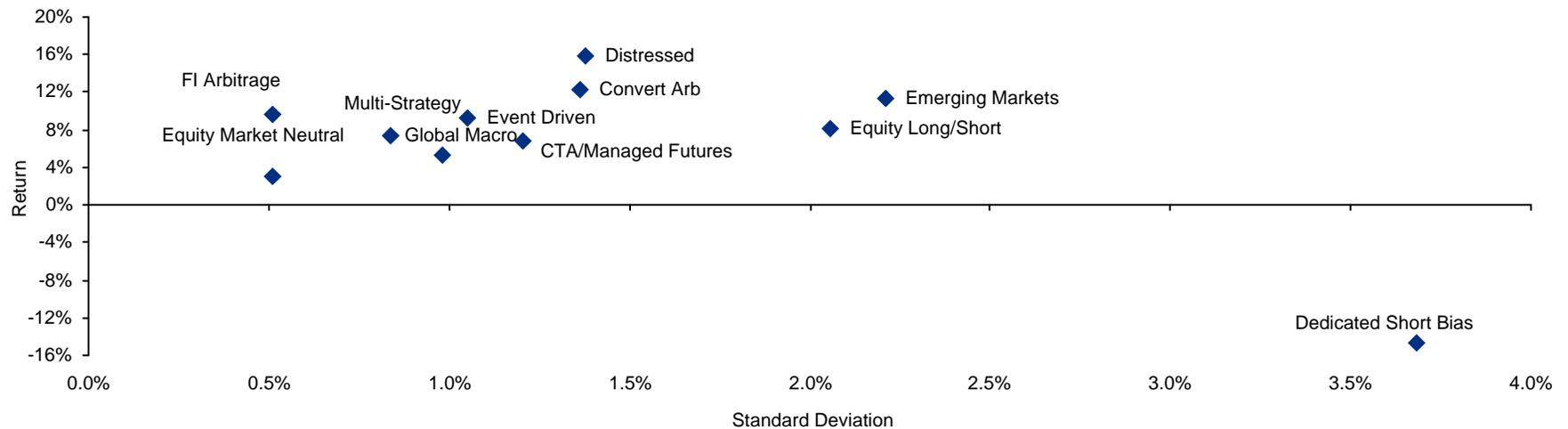
Data as of Oct-2010

Sharpe Ratios (Jun-94 – Oct-10)



Source: Credit Suisse Tremont

Risk vs. Return (Oct-09 – Oct-10)



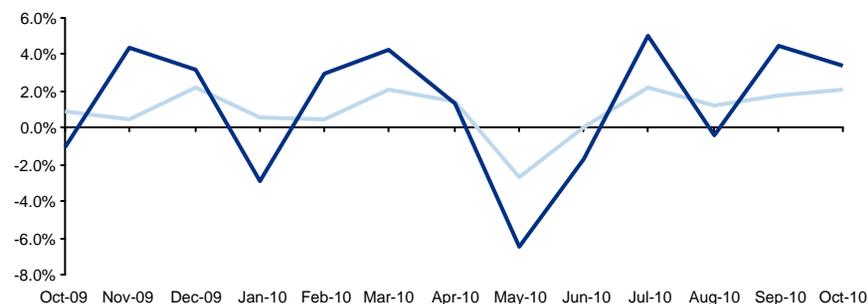
Source: Citi ICG Analytics

Convertible Arbitrage

Data as of Oct-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.6%	0.5%	2.0%	1.4%	-2.7%	0.0%	2.2%	1.2%	1.8%	2.1%			9.3%

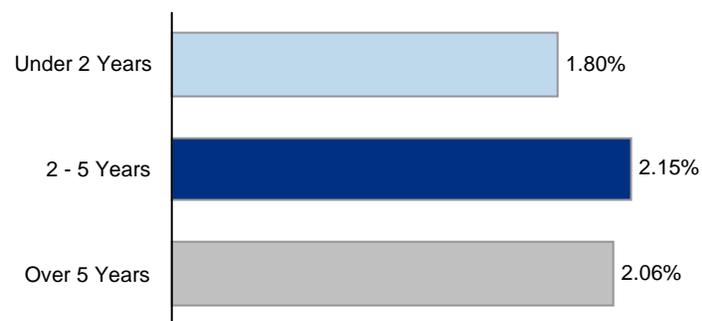
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Oct-10	Sep-10	Oct-09	YTD-10
Convert Arb	2.1%	1.8%	1.0%	9.3%
CWB ETF	3.4%	4.5%	-1.0%	9.6%

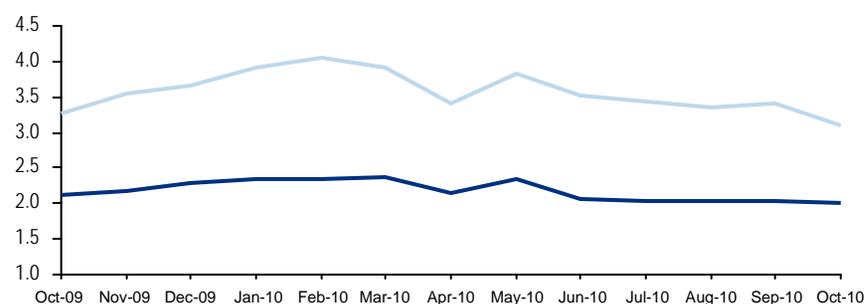
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

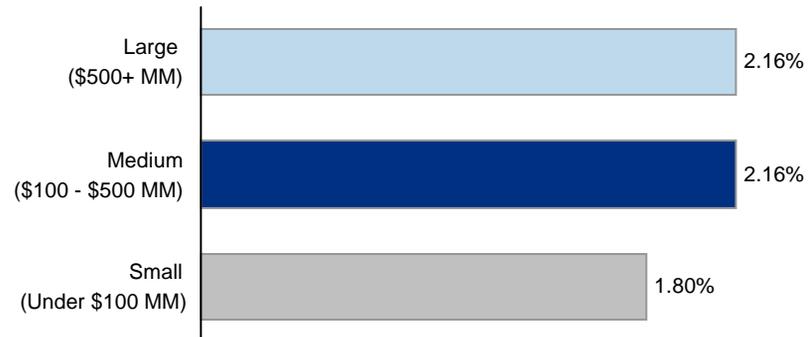
Leverage Profile (Monthly, LTM)



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 (1)



Source: Citi ICG Analytics

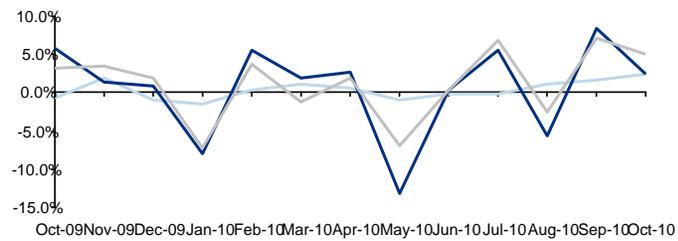
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

CTA/Managed Futures

Data as of Oct-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-1.4%	0.5%	1.1%	0.8%	-0.8%	-0.1%	0.0%	1.2%	1.8%	2.5%			5.5%

Hedge Fund Performance vs. Benchmark



	Oct-10	Sep-10	Oct-09	YTD-10
CTA/Mgd Futures	2.5%	1.8%	-0.6%	5.5%
S&P GSCI Commodity (SPGSCI)	2.6%	8.5%	5.9%	-1.4%
DJ-UBS Commodity (DJAGK)	5.0%	7.2%	3.3%	5.8%

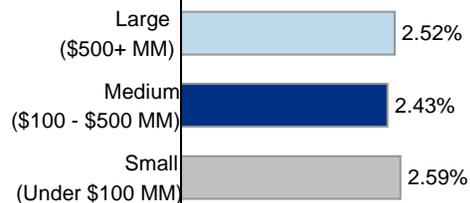
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size

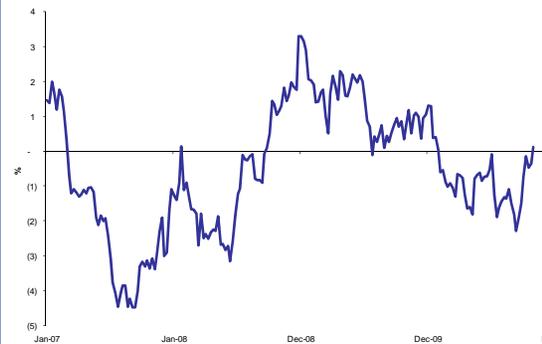


Source: Citi ICG Analytics

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.

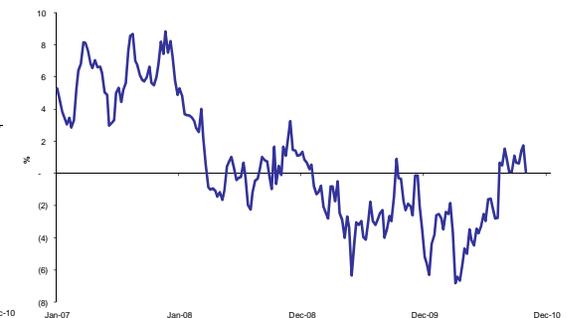
Large Speculator Positions: CFTC Commitment Of Trader (Futures & Options) Report Net of Longs Less Shorts As Percent of Total Open Positions

Combined S&P / Weighted Mini S&P Contracts



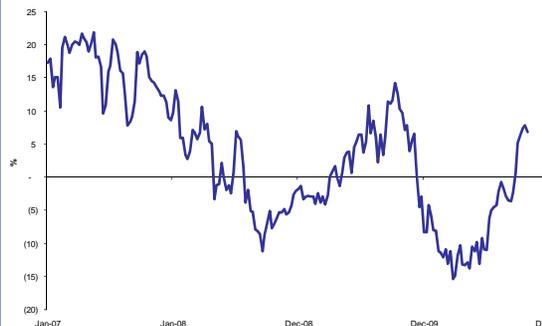
Last Update: 10/26/10 +0.1%

U.S. 10-Year Treasury Futures



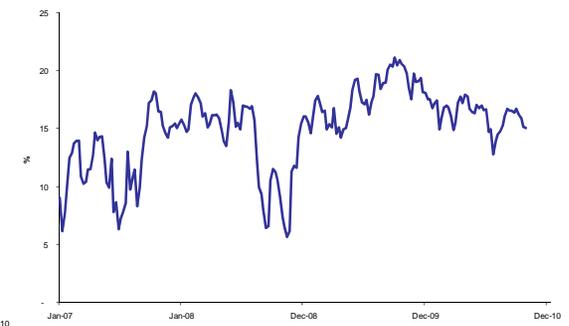
Last Update: 10/26/10 +0.1%

EuroFX Futures



Last Update: 10/26/10 +6.8%

Gold Futures



Last Update: 10/26/10 +15.0%

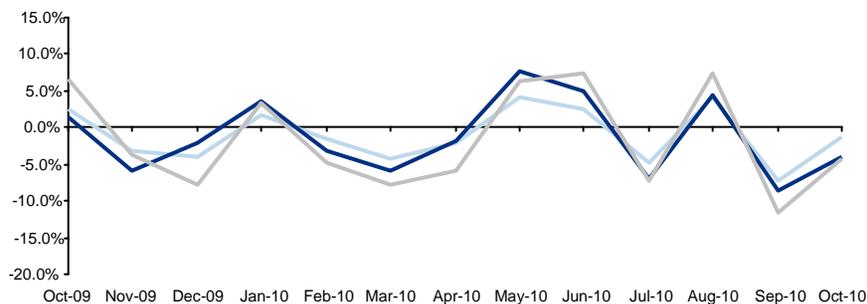
Source: CFTC, Bloomberg, Citi Futures Perspective

Dedicated Short Bias

Data as of Oct-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%	4.2%	-7.4%	-1.4%			-9.2%

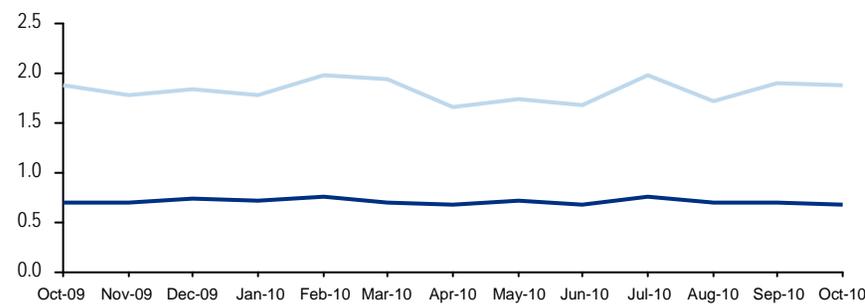
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Oct-10	Sep-10	Oct-09	YTD-10
Ded Short Bias	-1.4%	-7.4%	2.4%	-9.2%
S&P Short ETF (SH)	-3.9%	-8.5%	1.5%	-10.6%
Rus 2000 Short ETF (RWM)	-4.3%	-11.7%	6.5%	-18.1%

Source: Citi ICG Analytics; FactSet

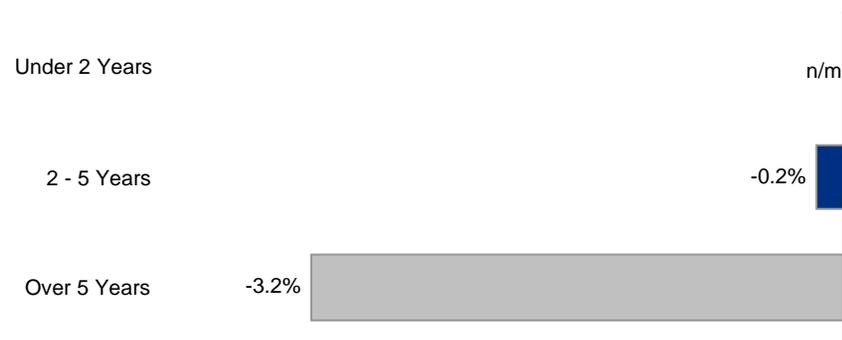
Leverage Profile (Monthly, LTM)



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

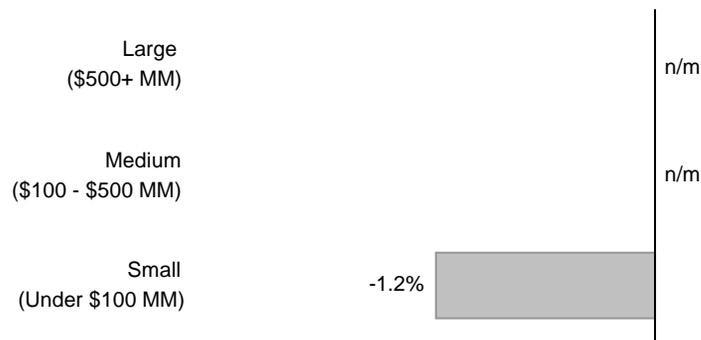
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

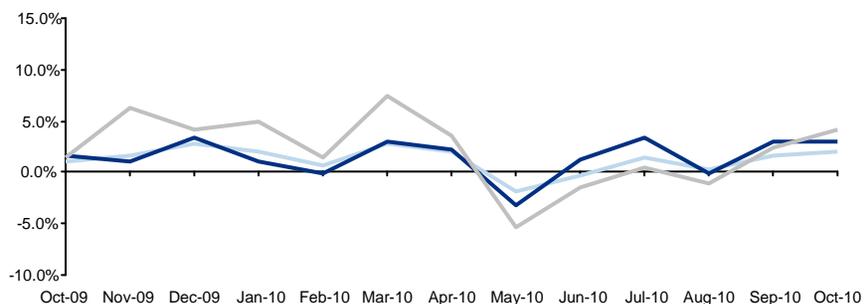
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Distressed

Data as of Oct-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.0%	0.6%	2.8%	2.1%	-1.9%	-0.3%	1.4%	0.2%	1.7%	2.1%			11.0%

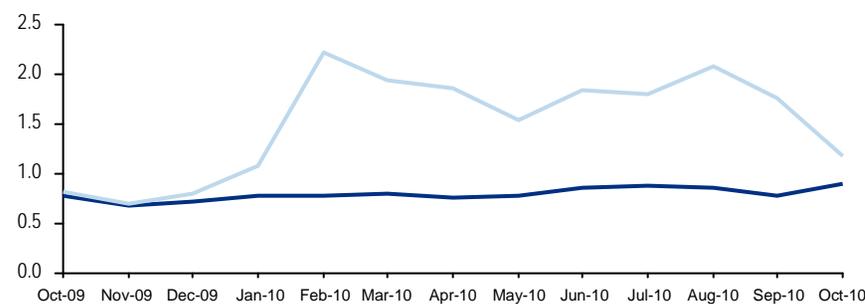
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Oct-10	Sep-10	Oct-09	YTD-10
Distressed	2.1%	1.7%	1.1%	11.0%
Citi HY Bond Index	3.0%	3.0%	1.6%	14.0%
Altman Defaulted Index	4.2%	2.5%	1.5%	17.0%

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

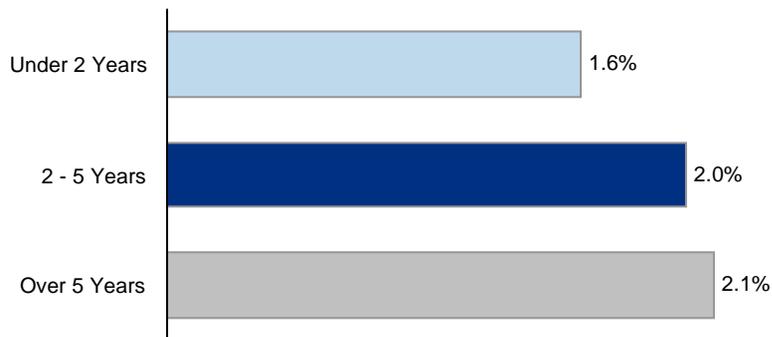
Leverage Profile (Monthly, LTM)



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

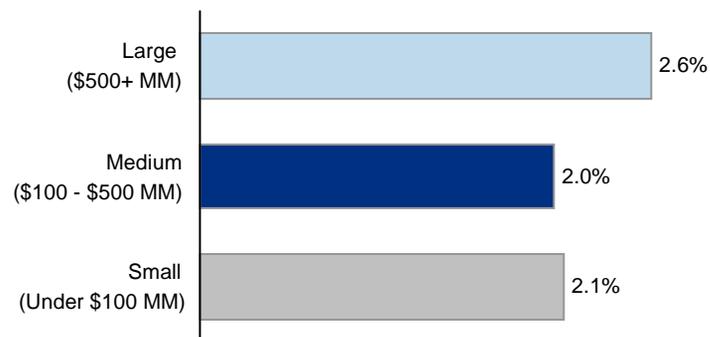
Source: Citi Prime Finance

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.

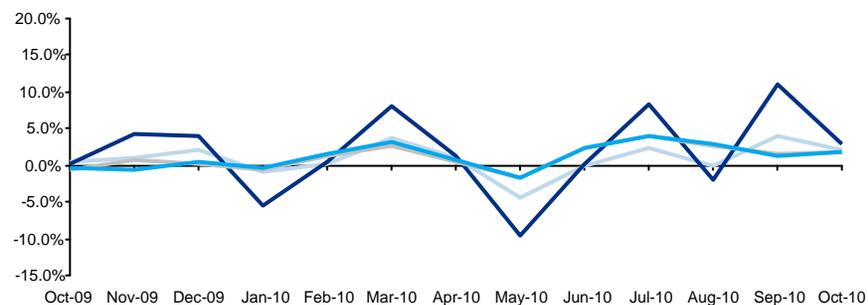


Emerging Markets

Data as of Oct-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.8%	0.3%	3.6%	0.9%	-4.4%	0.0%	2.3%	0.0%	3.9%	2.1%			8.0%

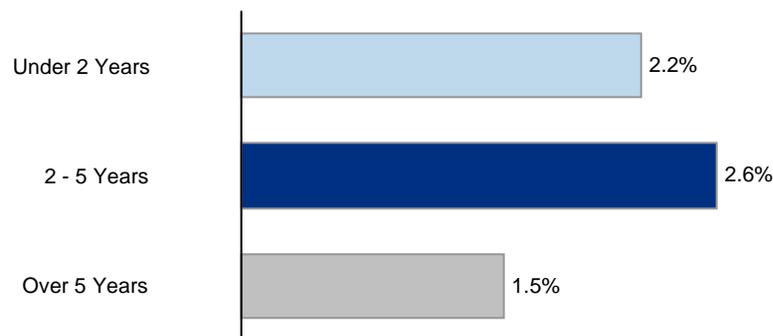
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Oct-10	Sep-10	Oct-09	YTD-10
Emerging Mkts	2.1%	3.9%	0.4%	8.0%
MSCI EM	2.9%	11.1%	0.1%	14.3%
JPM EMBIG Core ETF (EMB)	1.9%	1.6%	-0.5%	15.5%
DB EM Liquid ETF (PCY)	1.9%	1.3%	-0.4%	16.5%

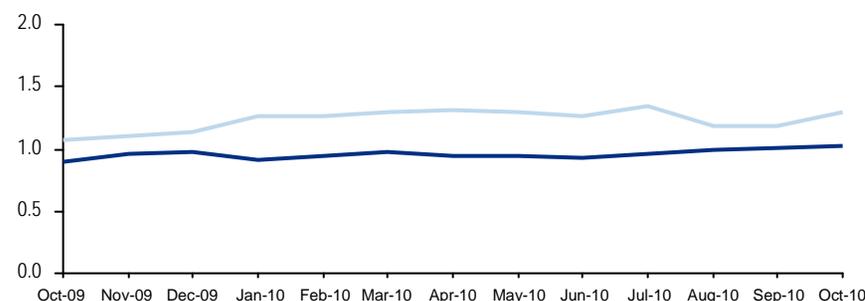
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

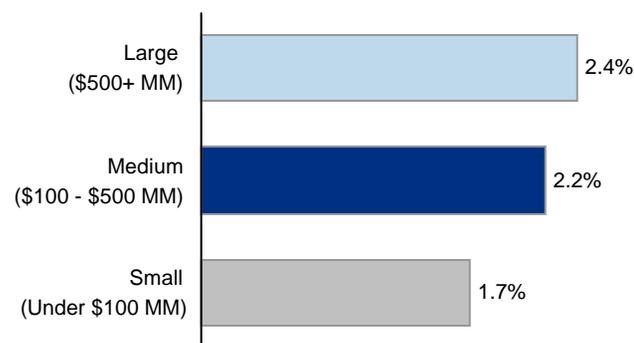
Leverage Profile (Monthly, LTM)



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

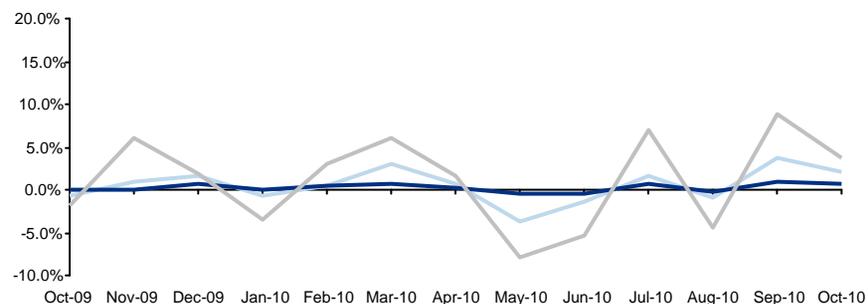
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Equity Long/Short

Data as of Oct-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.7%	0.5%	3.1%	0.8%	-3.7%	-1.3%	1.7%	-0.9%	3.7%	2.0%			5.1%

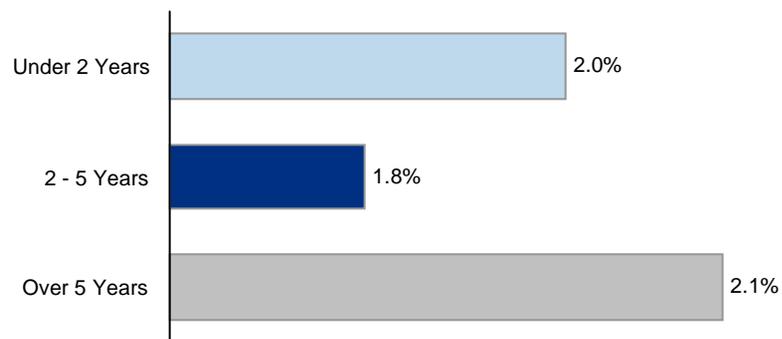
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Oct-10	Sep-10	Oct-09	YTD-10
Eq Long/Short		2.0%	3.7%	-0.6%	5.1%
Eq Mkt Neutral		0.8%	0.8%	-0.1%	2.4%
S&P 500		3.8%	8.9%	-1.9%	7.8%

Source: Citi ICG Analytics; FactSet

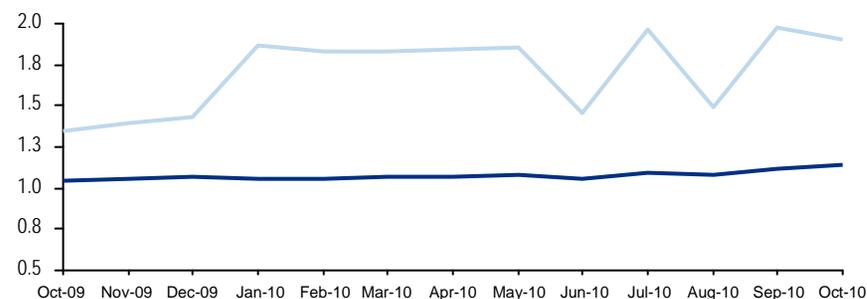
Hedge Fund Performance by Age



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)

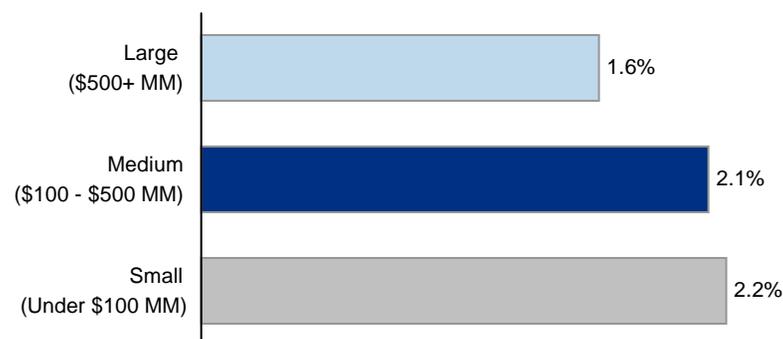


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

Source: Citi Prime Finance

Hedge Fund Performance by Size



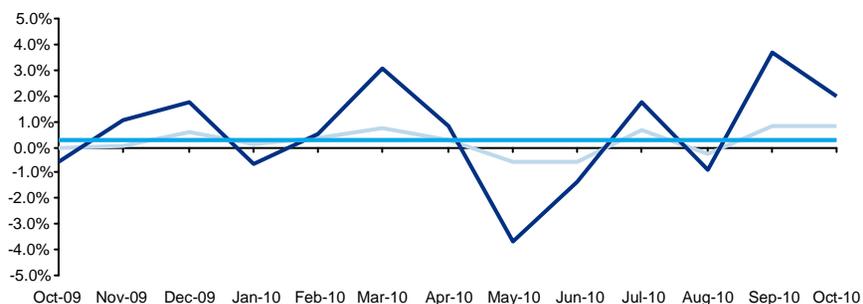
Source: Citi ICG Analytics

Equity Market Neutral

Data as of Oct-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%	-0.6%	-0.6%	0.7%	-0.3%	0.8%	0.8%			2.4%

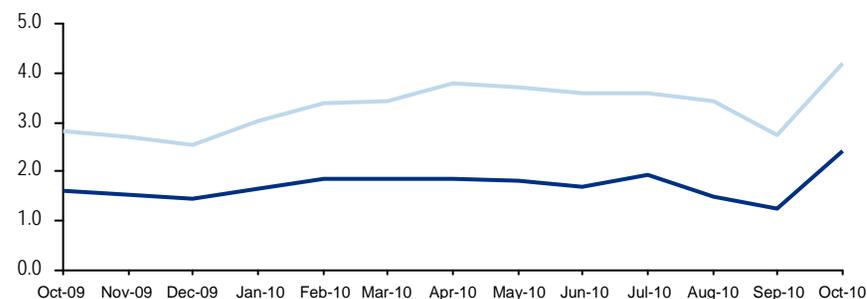
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Oct-10	Sep-10	Oct-09	YTD-10
Eq Mkt Neutral	0.8%	0.8%	-0.1%	2.4%
Eq Long/Short	2.0%	3.7%	-0.6%	5.1%
LIBOR + 300 bps	0.3%	0.3%	0.3%	2.8%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	2.6%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

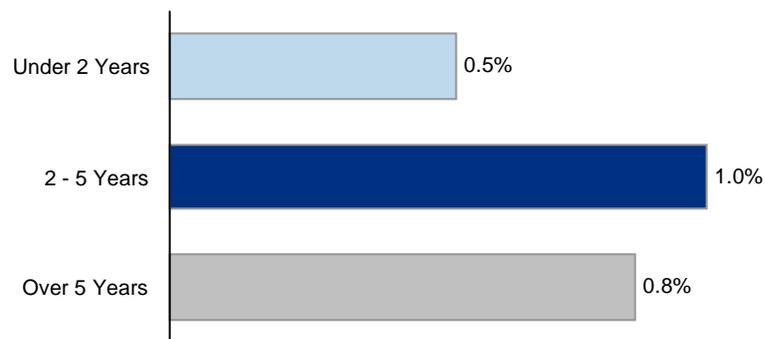


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

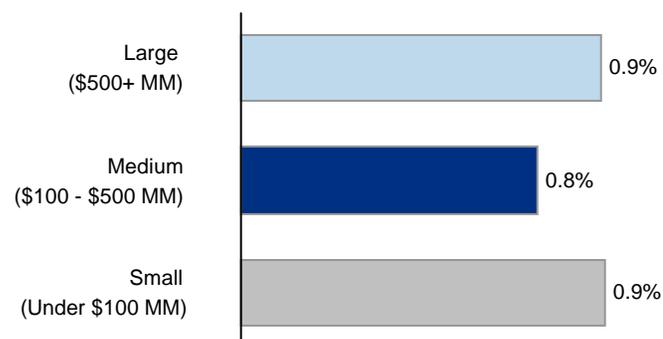
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

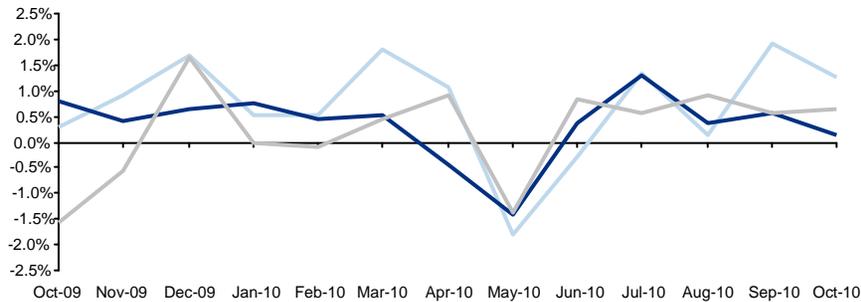
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Event Driven

Data as of Oct-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.5%	0.5%	1.8%	1.1%	-1.8%	-0.3%	1.4%	0.2%	1.9%	1.3%			6.6%

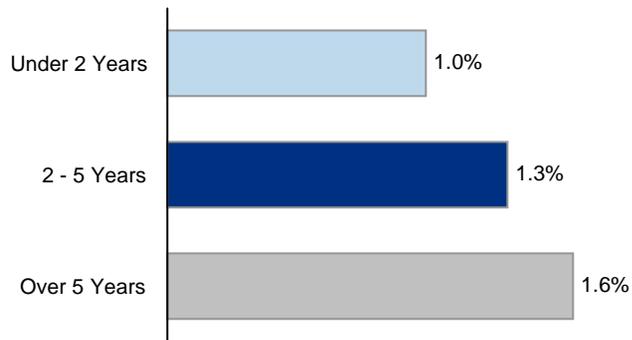
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Oct-10	Sep-10	Oct-09	YTD-10
Event Driven	1.3%	1.9%	0.3%	6.6%
The Merger Fund (MERFX)	0.1%	0.6%	0.8%	2.6%
AQR Div Arb Fund (ADANX)	0.6%	0.5%	-1.6%	3.4%

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)

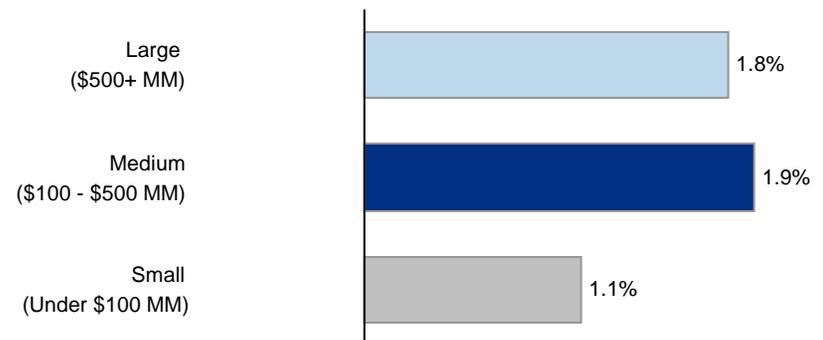


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi ICG Analytics

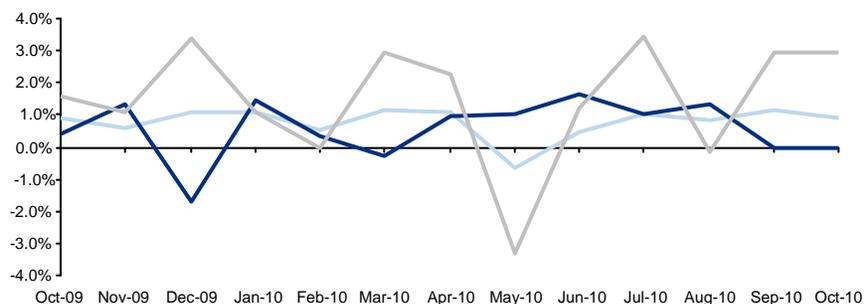


FI Arbitrage

Data as of Oct-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%	0.4%	1.1%	0.8%	1.2%	0.9%			7.8%

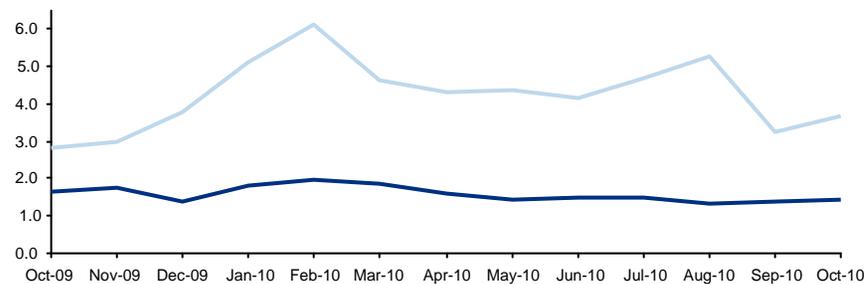
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Oct-10	Sep-10	Oct-09	YTD-10
FI Arbitrage	0.9%	1.2%	0.9%	7.8%
Citi US BIG Index	0.0%	0.0%	0.4%	7.7%
Citi HY Bond Index	3.0%	3.0%	1.6%	14.0%

Source: Citi ICG Analytics; Citigroup Index LLC

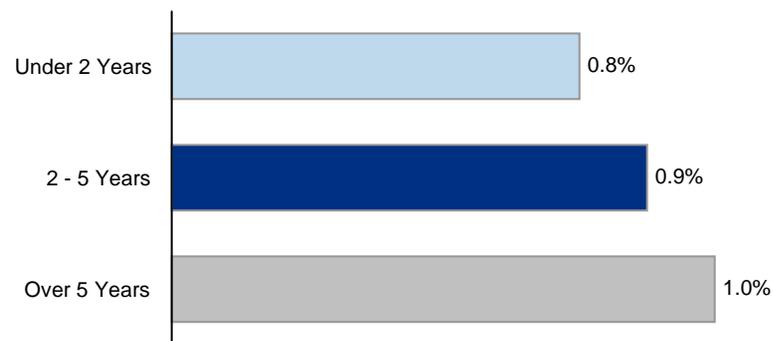
Leverage Profile (Monthly, LTM)



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

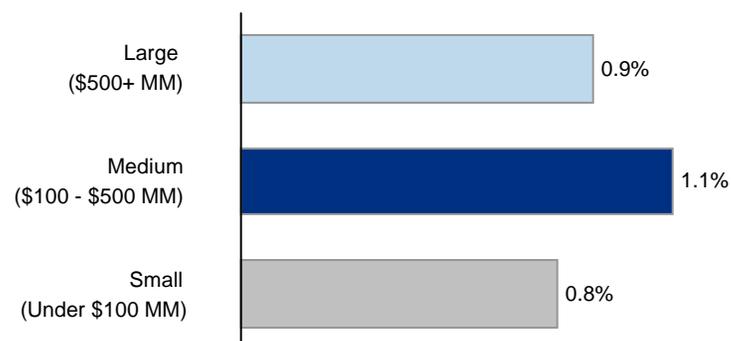
Source: Citi Prime Finance

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.

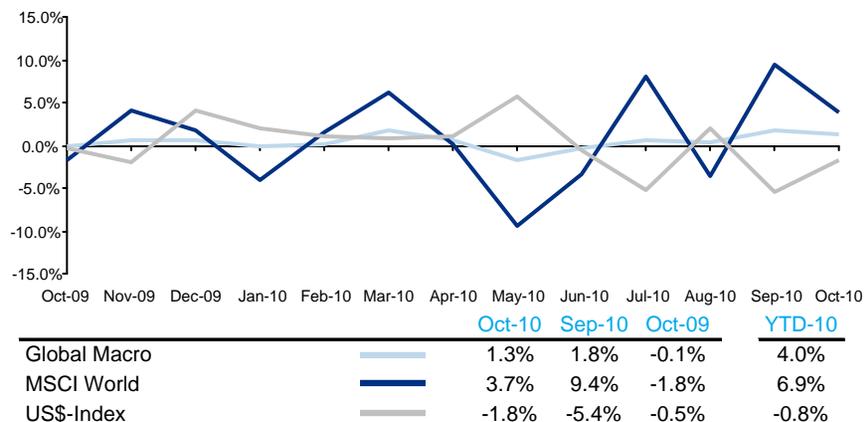


Global Macro

Data as of Oct-2010

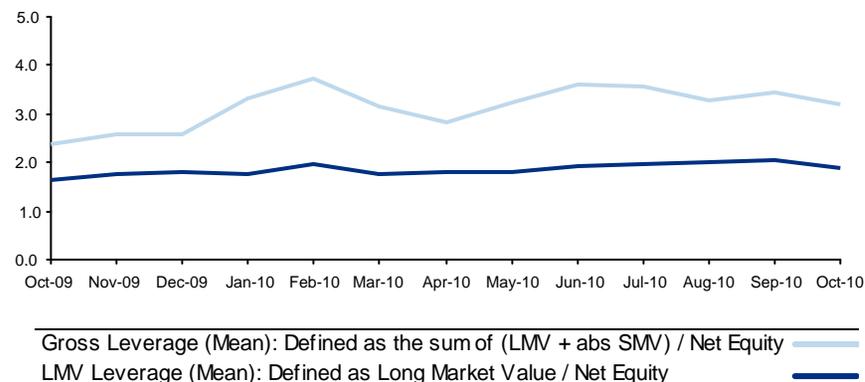
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.2%	0.1%	1.7%	0.6%	-1.9%	-0.4%	0.5%	0.4%	1.8%	1.3%			4.0%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



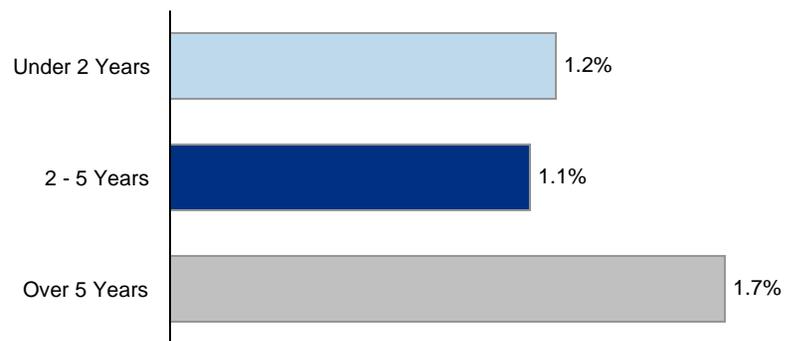
Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)



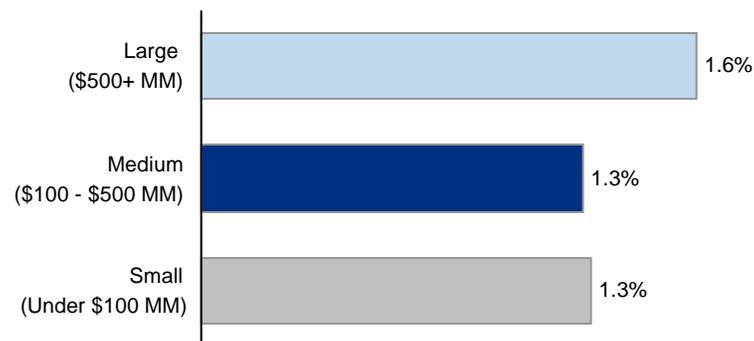
Source: Citi ICG Analytics; FactSet; Citi Prime Finance

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

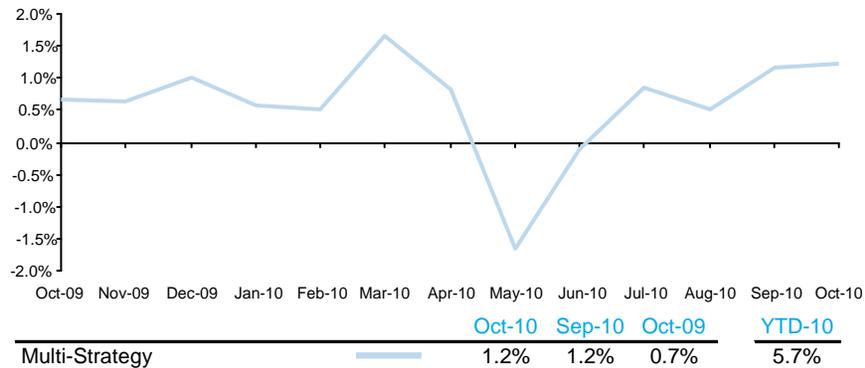
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Multi-Strategy

Data as of Oct-2010

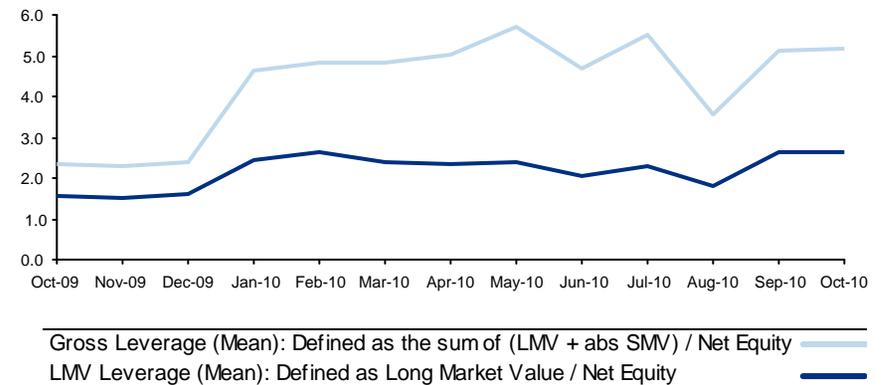
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.6%	0.5%	1.7%	0.8%	-1.7%	-0.1%	0.8%	0.5%	1.2%	1.2%			5.7%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



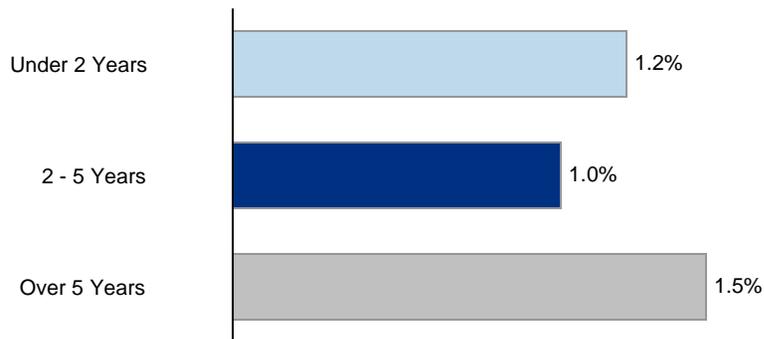
Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)



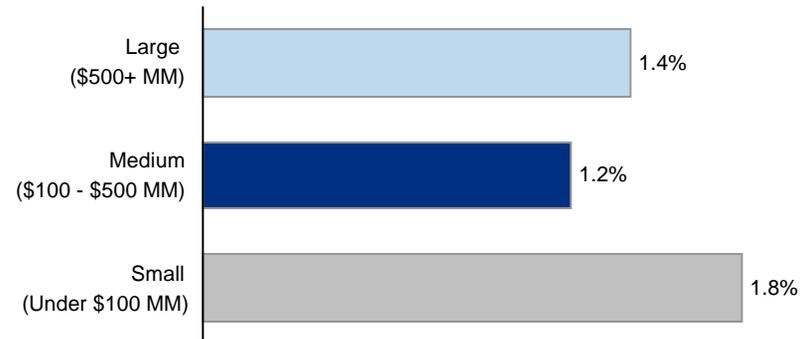
Source: Citi Prime Finance

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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