

Citi Prime Finance



Market Commentary
Report Date: October 2011

www.citigroupgcib.com

Hedge Fund Industry Snapshot

Data as of September 2011

Americas

New York: 800 773 2889
Boston: 617 346 9335
San Francisco: 415 617 8554

EMEA

EMEA: 44 (0) 207 986 0822

Asia Pac

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

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Performance, AUM & Flows:

- Composite hedge fund performance, equal-weighted across funds, was down in September 2011 with performance losses ranging from -3.43 to -2.99%. The Citi HARP hedge fund replication index was -3.76% in September versus the HFRI Fund of Fund index that was -2.78%. September 2011 performance returns proved to be comparable to August 2011 which experienced -3.47% to -3.09% over the same period.
- Continued volatility influenced performance across most hedge fund strategies and only Dedicated Short Bias (+4.6%) experienced positive returns for September 2011. All other strategies experienced losses across the board including: Emerging Markets (-5.43%), Distressed (-4.02%), Equity Long/Short (-3.96%), Event Driven (-2.31%), Equity Market Neutral (-1.15%), Global Macro (-1.08%), Convertible Arbitrage (-1.02%), Multi-Strategy (-0.72%), and Fixed Income Arbitrage (-0.67%).
- Affirming the challenging year, from our aggregated dataset of reporting funds we calculate the number of funds reporting positive September performance at 29.7% and positive YTD performance at 34.2%. Please see our new Hedge Fund Performance: Red/Black report on Page 6.
- According to eVestment|HFN (HFN), hedge fund industry AUM ended September 2011 at \$2.46 trillion, down from \$2.54 trillion in August 2011. Industry AUM remains well below its \$2.94 trillion June 2008 peak.
- Decreases in AUM attributable to negative performance accounted for a decrease of -\$59.5 billion for September 2011, while negative net investor inflows accounted for a decrease of -\$14.5 billion. Year-to-date declines in AUM due to performance losses now stand at -\$63.8 billion compared to gains of +\$119.1 billion over the same year-ago period

Fund Profiles:

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was -1.7% medium single funds (\$100-\$500 million) -2.7% and small single funds (<\$100 million) -4.7%.
- Liquidity terms continued its consistent pattern from the previous reporting periods with September 2011 showing little changes to redemption notice periods with 65% of funds requiring 30 days or less notice for redemption. Across the entire subset of reporting funds, the majority (56%) required no lockup (38%) or less than 1 year lock up (18%), a decrease from August 2011 which saw no lockup required across 40% of funds and less than 1 year lock up across 21% of funds.
- Consistent throughout recent reporting periods, large funds (> \$500 million AUM) continue to hold a large portion of industry AUM (71%) compared to medium funds (\$100-\$500 million) at 21% and small funds (<\$100 million) holding only 8%.

Leverage & Shorts:

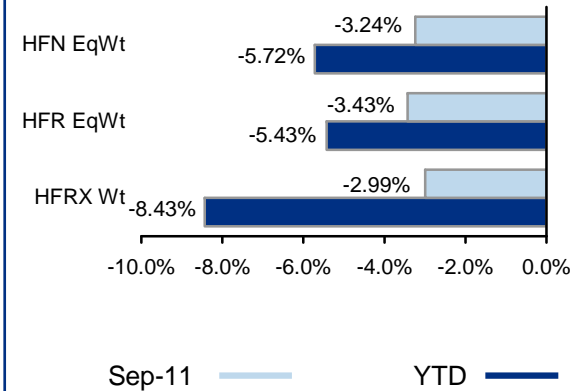
- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.76x in September 2011 versus 1.78x in August, 1.78x in July and 1.76x in June.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Equity Market Neutral (4.63x), Multi Strategy (4.39x), Global Macro (3.84x), Convertible Arbitrage (2.71x) and Event Driven (2.57x). Use of leverage in all other strategies was generally lower month over month across the board.
- Citi U.S. short flows data included in this month's report shows a decrease in the concentration of interest in the Information Technology, Financials & Consumer. These three sectors accounted for 54.9% of short executions and 48.4% of short flows versus 55.2% % of short executions and 54.4% of short flows in August.
- Large speculator net positioning in Treasury and S&P futures didn't change too much in September, digesting the moves of a very volatile August. The large speculators did build their net short positions in TY (futures & options) to levels last seen (in terms of total open interest) in February 2011. Large speculators reduced a net short S&P combined e-mini & big contract (futures & options) position but the overall position remains near the largest net short exposure it had been since 2007. Net positioning, however, in the EuroFX contracts did post a significant change slipping to a net short position (the largest since December 2009) from a modest net long at end-August.

Hedge Fund Industry: AUM, Performance

Data as of Sep-2011

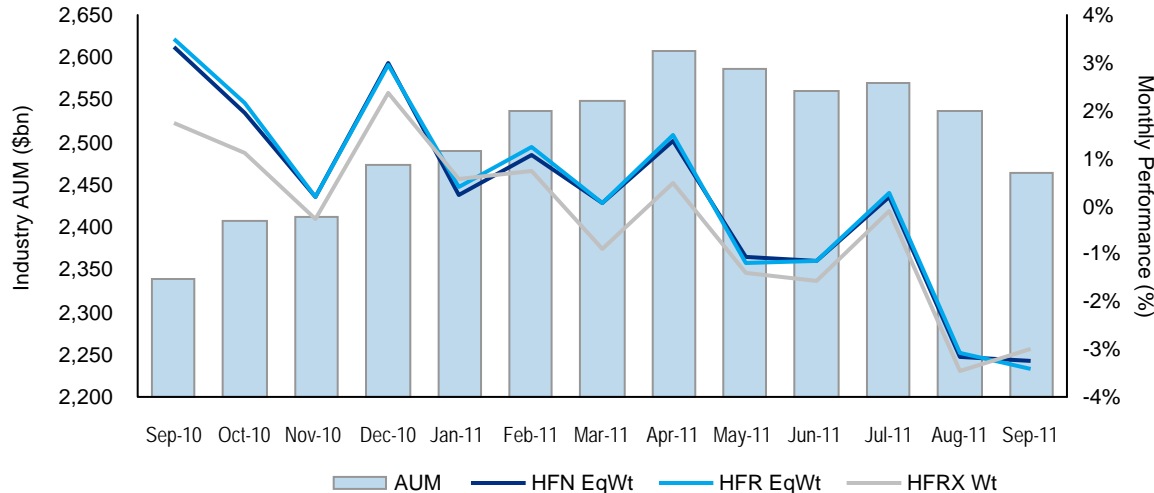
- Composite hedge fund performance, equal-weighted across funds, was down in September 2011 with performance losses ranging from -2.99% to -3.43%. Returns were lower than last month (August 2011 - 3.09% to -3.47%). The YTD median performance for funds of all sizes is in negative territory: Large Funds (-1.7%), Medium Funds (-2.7%) and Small Funds (-4.7%).
- Volatility intensified in September from elevated August levels, with Equity Markets posting monthly losses which also extended through commodity and credit markets. While European equities continued to experience weakness, other developed and emerging markets also experienced substantial declines in September. Reversing August gains, gold experienced a sharp reversal in September, with similar losses in oil and more substantial losses across agricultural commodities and other precious metals.
- Hedge fund strategy wise, the only strategy with positive performance in September was Dedicated Short at +4.58%. All other strategies experienced losses across the board including Emerging Markets (-5.43%), Distressed (-4.02%), Equity Long/Short (-3.96%) and Event Driven (-2.31%).
- Industry AUM, estimated at \$2.46 trillion according to eVestment|HFN is down from \$2.54 trillion in August. Depending on the source, estimates of industry AUM ranges from \$2.02 to \$2.54 trillion compared to the Q2 2008 peak range of \$1.9 to \$3.0 trillion.

Industry Performance: Sep-11 / YTD



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

Monthly Industry AUM and Performance



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

Note Pad:

- MSCI World Index: -8.6%; -11.8% YTD
- MSCI Emerging Markets Index: -14.6%; -21.7% YTD
- S&P 500: -7.0%; -8.7% YTD
- Citi US BIG Index: +0.7%; +6.7% YTD
- S&P GSCI: -12.2%; -9.3% YTD
- U.S. Dollar Index: +6.0%; -0.6% YTD
- eVestment|HFN Country Indices September /YTD:
Brazil -8.38% / -10.05%; Russia -13.99% / -22.22%;
India: -6.10% / -23.75%; China: -7.52% / -12.80%

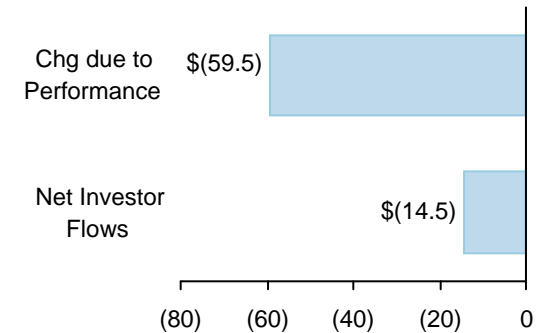


Hedge Fund Industry: Change in Industry Assets

Data as of Sep-2011

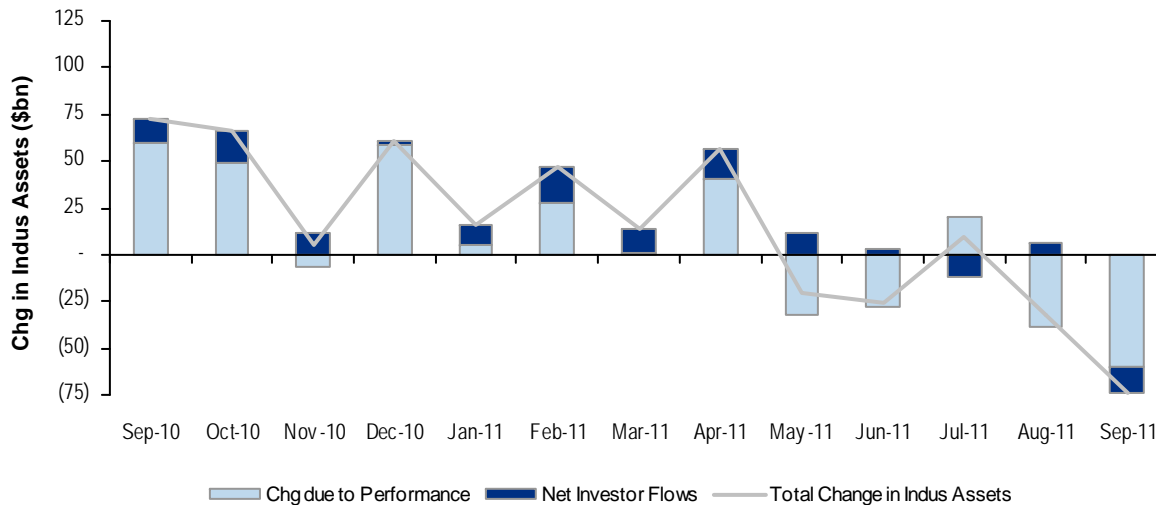
- According to eVestment|HFN, the estimated change in industry assets for September 2011 was -\$74.08 billion. Losses stemmed from both performance (-\$59.54 billion) and Investor Flows (-\$14.54 billion) – something not seen since June 2010.
- September marks the fourth month out of the past five where Performance contributed negatively to AUM. September 2011 performance losses of -\$59.54 billion were the largest since May 2010 (-\$66.95 billion.) Year-to-date declines in AUM due to performance losses now stand at -\$63.8 billion compared to gains of +\$119.11 billion over the same year-ago period.
- Net investor inflows of -\$14.54 billion were a reversal from the positive +\$6.72 billion seen in August. Additionally, there have only been three negative months in the past twenty-one; September 2011 (-\$14.54 billion); July 2011 (-\$11.5 billion); and June 2010 (-\$2.54 billion.)
- Total industry AUM of \$2.46 trillion in September 2011 is down (-2.9%) from \$2.54 trillion in August 2011. Year to date industry AUM is now down (0.4%). It is important to note, however, that industry AUM levels are still well below the June 2008 peak estimated by HFN at \$2.90 trillion.

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



Source: eVestment|HFN

Monthly Change in Industry Assets and Composition



Source: eVestment|HFN

Note Pad:

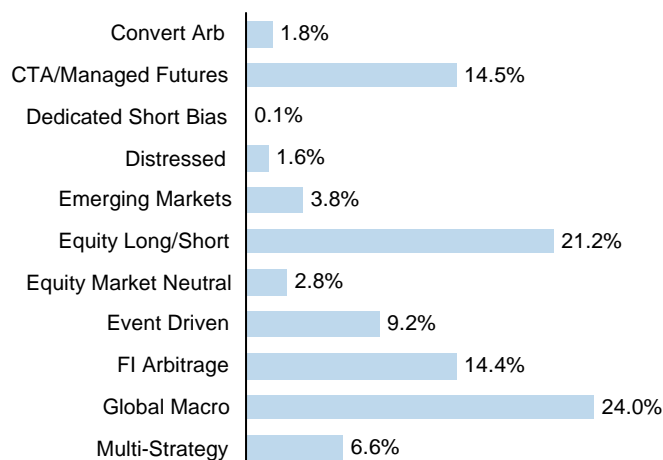
- The Citi Prime Finance calculation for end-September gross leverage (as measured on a mean basis) was 1.76x, basically in-line with recent months: August (1.78x), July (1.78x), June (1.76x) and May (1.78x)
- Gross leverage (mean): defined as sum of (LMV + abs SMV) / Net Equity



Hedge Fund Stats by Strategy

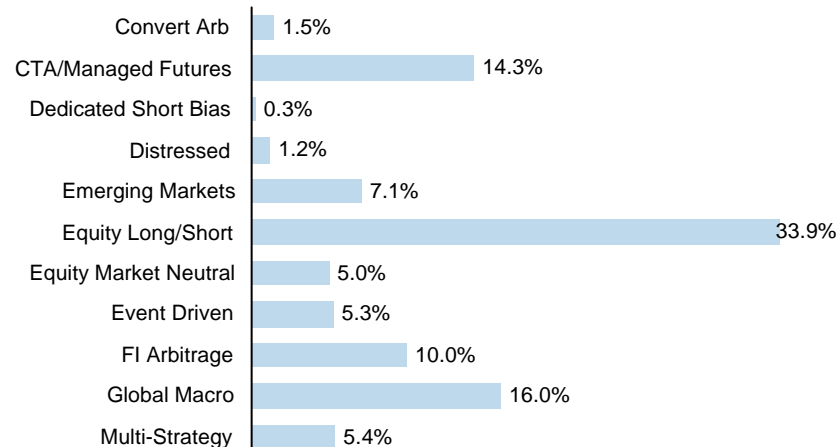
Data as of Sep-2011

Hedge Fund Strategy Breakdown by Assets



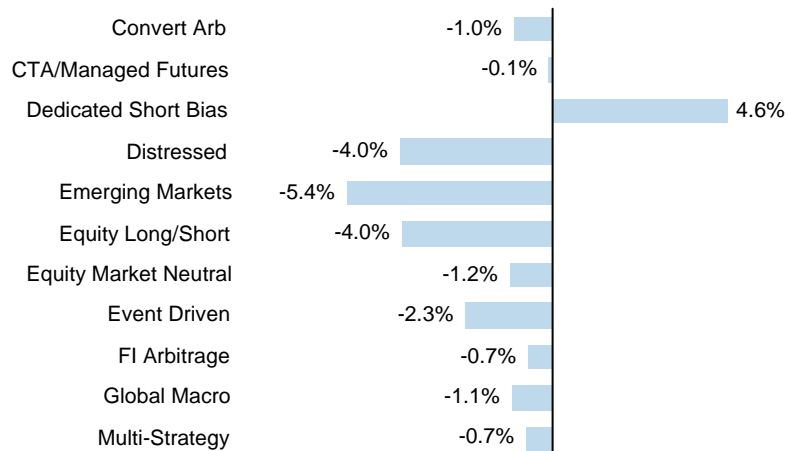
Source: Citi ICG Analytics

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi ICG Analytics

Hedge Fund Performance by Strategy

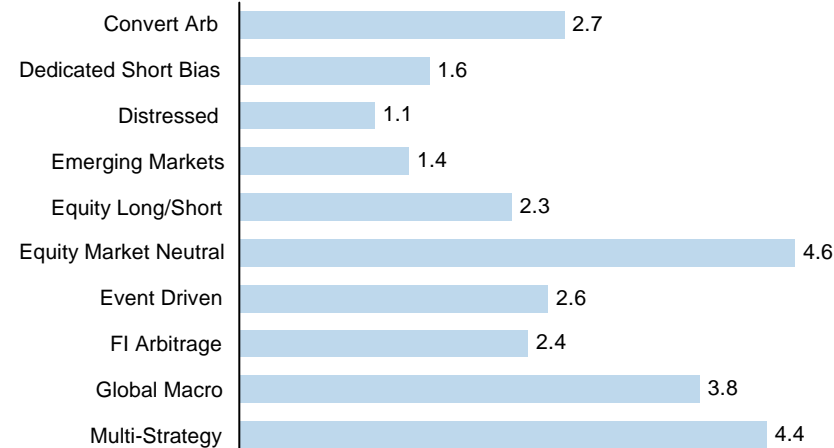


Source: Citi ICG Analytics

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

Hedge Fund Leverage Ratios by Strategy

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

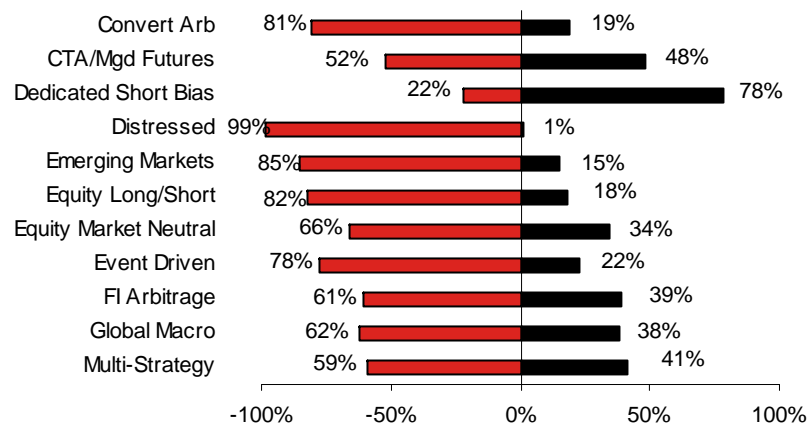


Source: Citi Prime Finance

Hedge Fund Performance: Red/Black Report

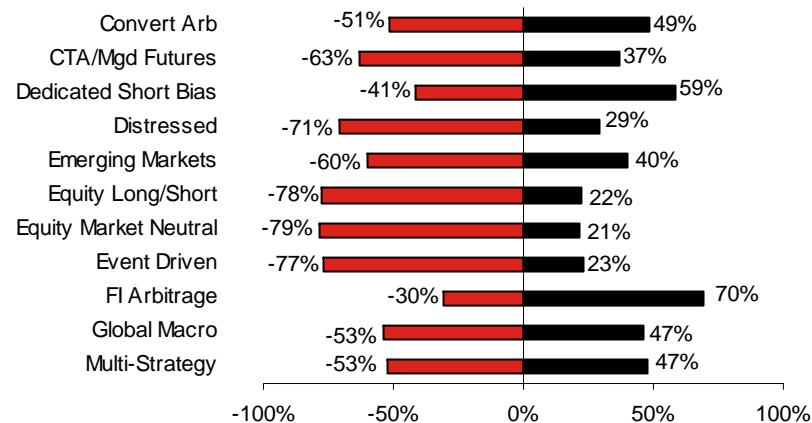
Data as of Sep-2011

Sep-2011: Percentage of Reporting Funds Negative (—) / Positive (—) Performance



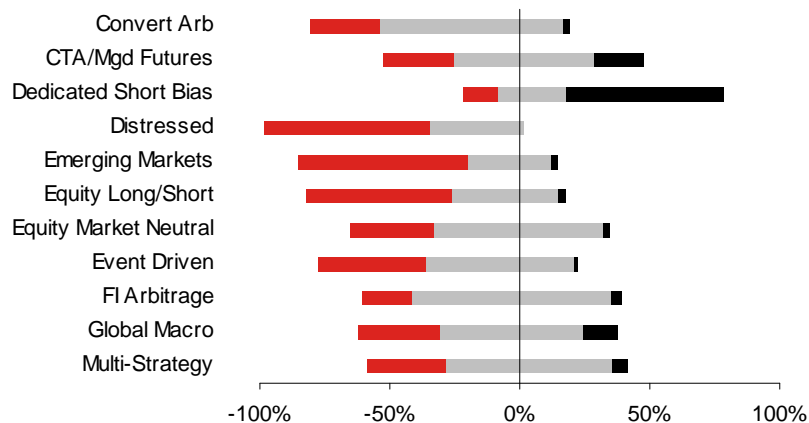
Source: Citi ICG Analytics

YTD Sep-2011: Percentage of Reporting Funds Negative (—) / Positive (—) Performance



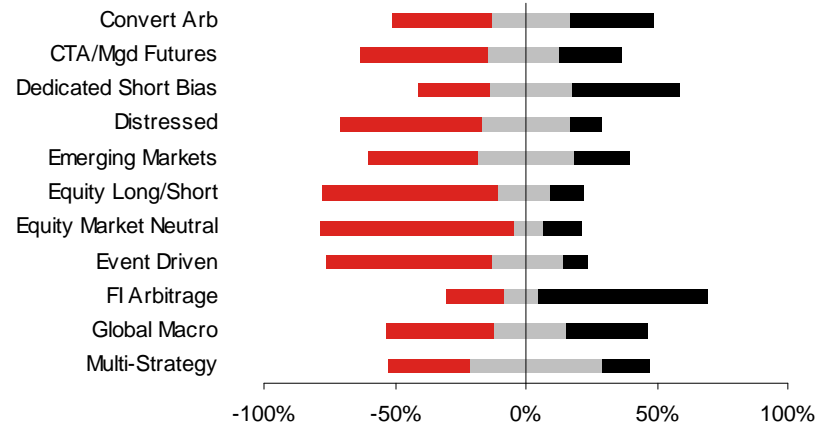
Source: Citi ICG Analytics

Sep-2011: Percentage of Reporting Funds w/Performance Below -3% (—) / Btwn 0% +/- 3% (—) / Above +3% (—)



Source: Citi ICG Analytics

YTD Sep-2011: Percentage of Reporting Funds w/Performance Below -3% (—) / Btwn 0% +/- 3% (—) / Above +3% (—)





Source: Citi Prime Finance

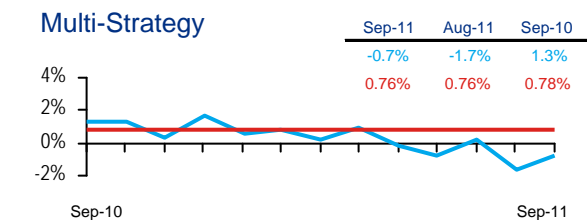
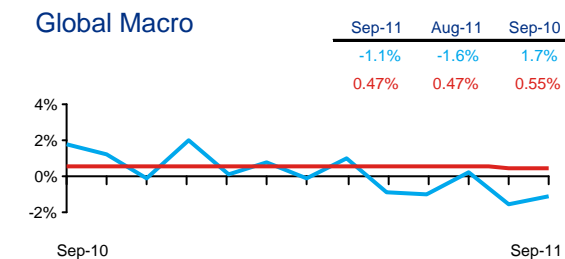
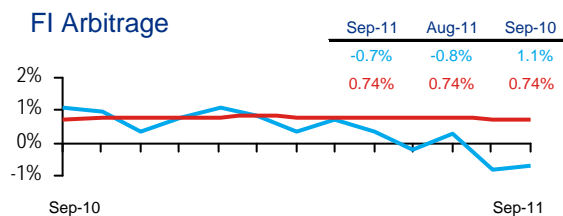
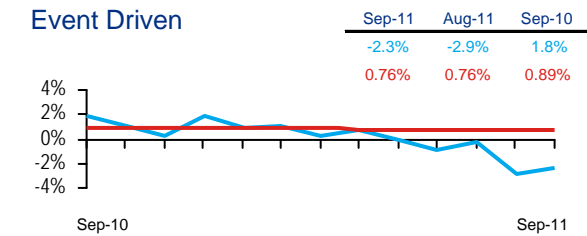
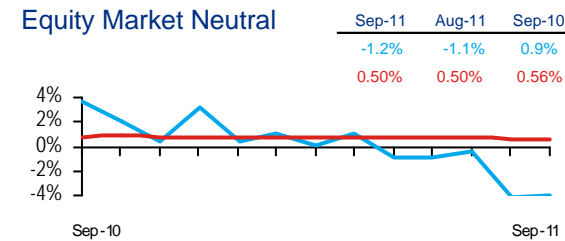
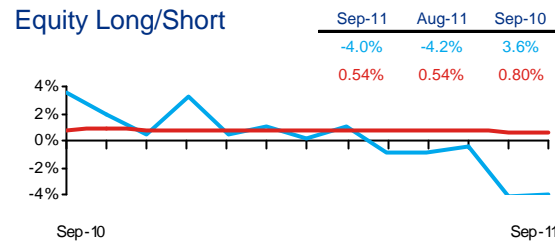
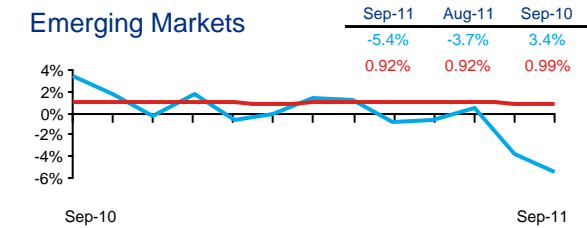
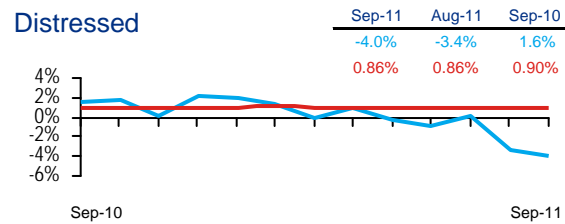
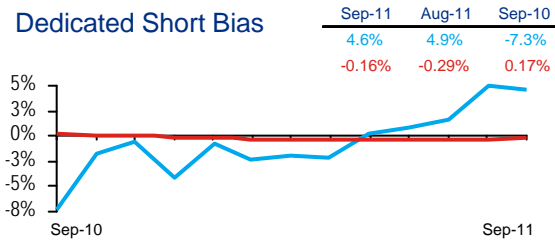
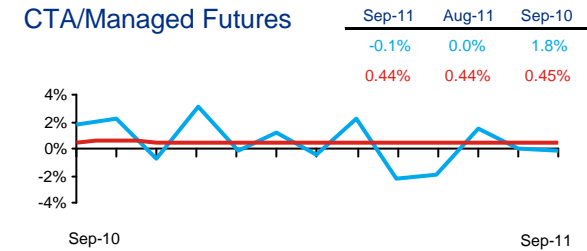
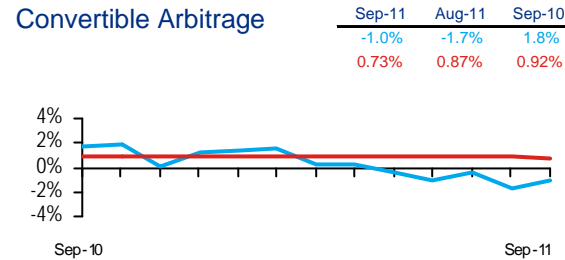
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.



Monthly Performance by Strategy

Data as of Sep-2011

Monthly Median: 
 Trailing 60 Month Median: 



Source: Citi ICG Analytics

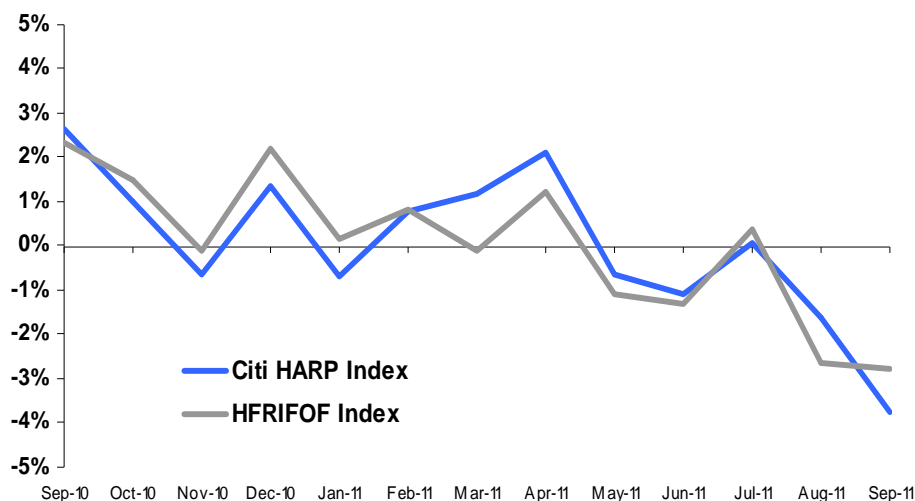
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.



Citi Liquid Hedge Fund Replicator (HARP)

Data as of Sep-2011

Citi HARP Index vs. Benchmark (monthly rolling)



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

	Sep-11	Aug-11	Sep-10	YTD-11
Citi Harp	-3.76%	-1.60%	2.63%	-3.64%
HFRIFOF	-2.78%	-2.63%	2.35%	-5.30%

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

Annualized Performance: Last 12-Month	Citi HARP Index	HFRIFOF
Annualised Return	-2.07%	-1.83%
Annualised Volatility	5.55%	5.40%
Sharpe Ratio	-0.401	-0.368
Correlation	87.7%	-

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.

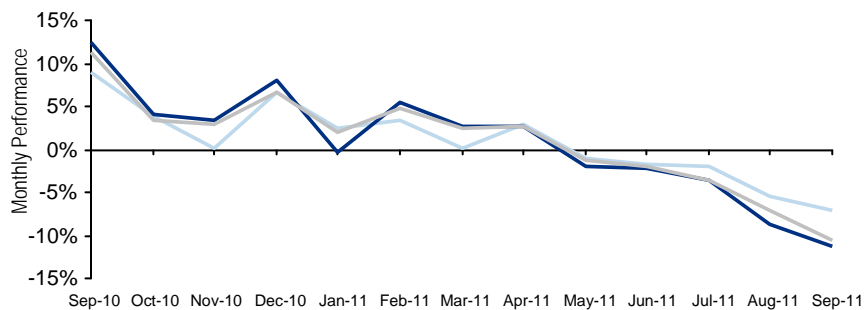
The weighting within the Index of each component is determined monthly. Every month, a multiple linear regression algorithm is used to identify the appropriate weighting.



Market Performance

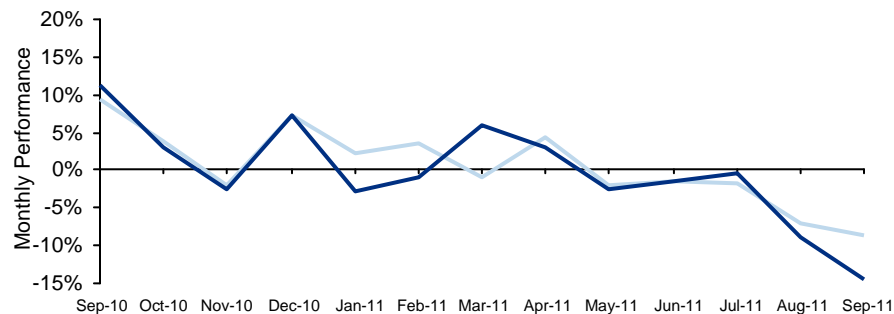
Data as of Sep-2011

US Equities (Large Cap vs. Small Cap)



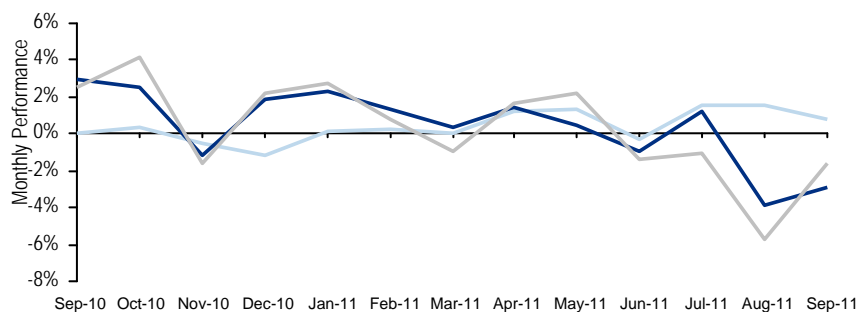
	Sep-11	Aug-11	Sep-10	YTD-11
S&P 500	-7.0%	-5.4%	8.9%	-8.7%
RUS 2000	-11.2%	-8.7%	12.5%	-17.0%
S&P Mid	-10.6%	-7.1%	11.3%	-13.0%

Global Equities (Developed vs. Emerging)



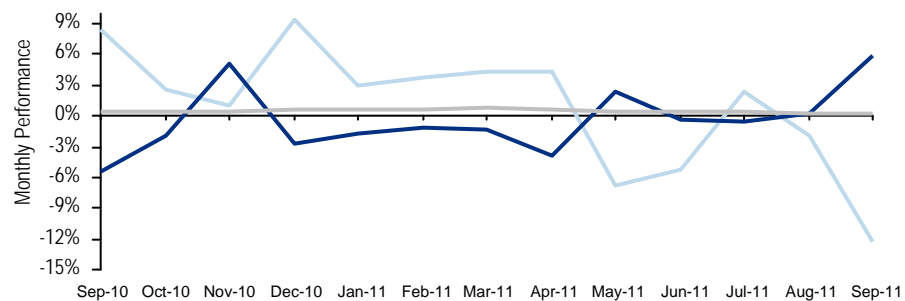
	Sep-11	Aug-11	Sep-10	YTD-11
MSCI World	-8.6%	-7.0%	9.4%	-11.8%
MSCI EM	-14.6%	-8.9%	11.1%	-21.7%

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



	Sep-11	Aug-11	Sep-10	YTD-11
Citi US BIG Index	0.7%	1.6%	0.0%	6.7%
Citi HY Bond Index	-2.9%	-3.9%	3.0%	-0.8%
Altman Defaulted	-1.6%	-5.7%	2.5%	-3.5%

Commodities (US\$ performance)



	Sep-11	Aug-11	Sep-10	YTD-11
S&P GSCI	-12.2%	-1.8%	8.5%	-9.3%
US-\$ Index	6.0%	0.3%	-5.4%	-0.6%
US 2yr Note	0.3%	0.2%	0.4%	0.5%

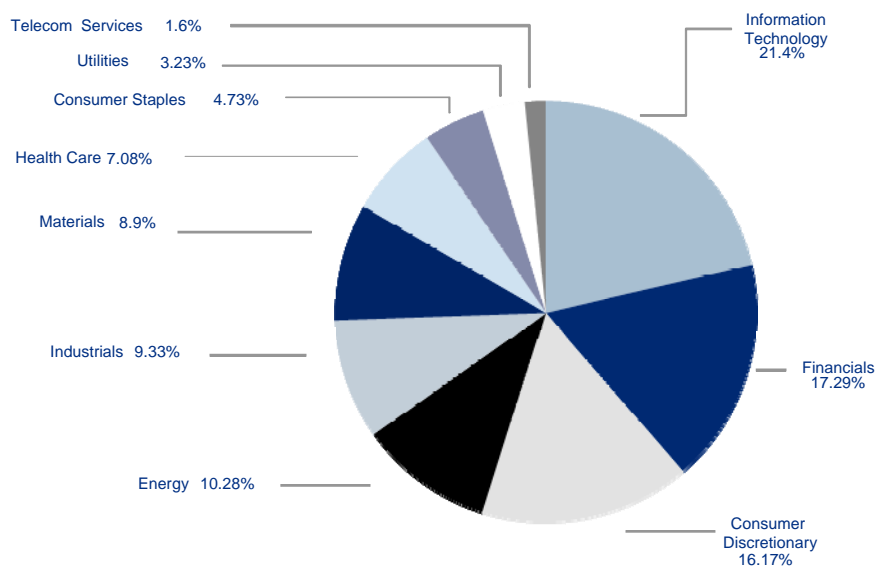
Source: Citi ICG Analytics; FactSet; Citigroup Index LLC; Altman-NYU Salomon Center defaulted Debt Security Indexes.



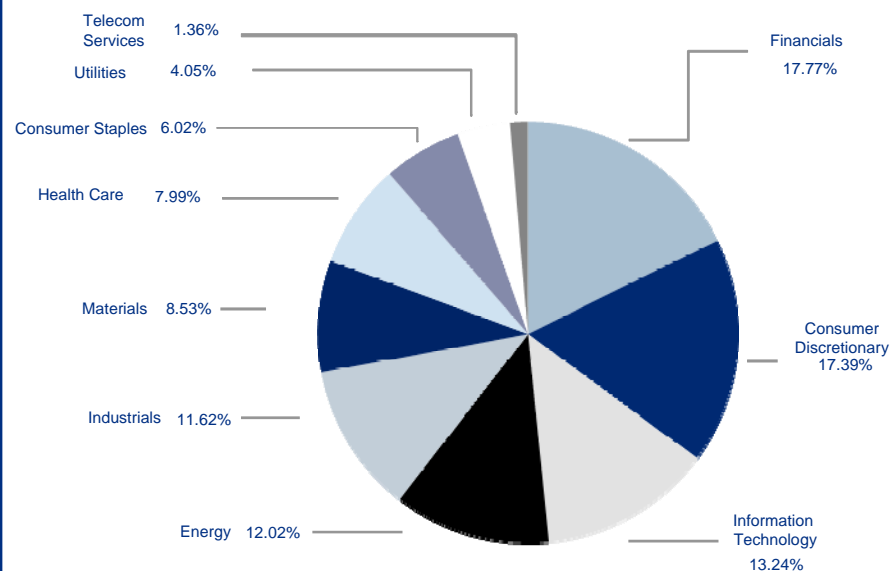
US Securities Lending Sector Short Flows

Data as of Sep-2011

Short Sale Executions



Short Cover Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Information Technology	21.4	19.27	11.05
Financials	17.29	18.53	-6.69
Consumer Discretionary	16.17	17.41	-7.12
Energy	10.28	13.35	-23
Industrials	9.33	8.93	4.48
Materials	8.9	6.30	41.27
Health Care	7.08	8.36	-15.31
Consumer Staples	4.73	3.66	29.23
Utilities	3.23	3.12	3.53
Telecom Services	1.6	1.08	48.15

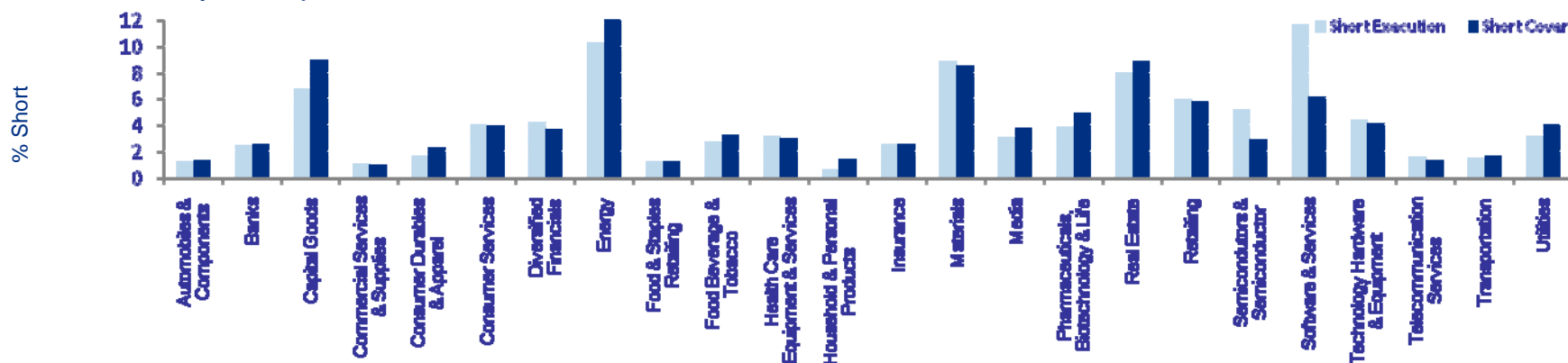
Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Financials	17.77	20.51	-13.36
Consumer Discretionary	17.39	17.60	-1.19
Information Technology	13.24	16.31	-18.82
Energy	12.02	12.02	-1.31
Industrials	11.62	10.08	15.28
Materials	8.53	5.82	46.56
Health Care	7.99	8.44	-5.33
Consumer Staples	6.02	3.52	71.02
Utilities	4.05	4.24	-4.48
Telecom Services	1.36	1.30	4.62

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 Sep-2011

Citi Industry Group Short Flows



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Software & Services	11.77	8.80	33.75
Energy	10.28	13.35	-23.00
Materials	8.90	6.30	41.27
Real Estate	7.97	10.45	-23.73
Capital Goods	6.75	6.36	-23.73
Retailing	6.03	5.35	12.71
Semiconductors & Semiconductor	5.19	4.46	16.37
Technology Hardware and Equipment	4.44	6.01	-26.12
Diversified Financials	4.22	3.71	13.75
Consumer Services	4.10	4.65	-11.83
Pharmaceuticals, Biotechnology & Life	3.86	4.94	-21.86
Utilities	3.23	3.12	3.53
Health Care Equipment and Services	3.22	3.42	-5.85
Media	3.08	3.45	-10.72
Food Beverage & Tobacco	2.77	1.89	46.56
Insurance	2.59	2.18	18.81
Banks	2.52	2.19	15.07
Consumer Durables & Apparel	1.68	1.98	-15.15
Telecom Services	1.60	1.08	48.15
Transportation	1.52	1.11	36.94
Food & Staples Retailing	1.29	1.12	15.18
Automobiles & Components	1.28	1.97	-35.03
Commercial Services & Supplies	1.07	1.45	-26.21
Household & Personal Products	0.67	0.65	3.08

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	12.02	12.18	-1.31
Capital Goods	8.95	7.34	21.93
Real Estate	8.87	12.10	-26.69
Materials	8.53	5.82	46.56
Software & Services	6.18	6.62	-6.65
Retailing	5.83	5.69	2.46
Pharmaceuticals, Biotechnology & Life	4.96	4.49	10.47
Technology Hardware and Equipment	4.14	5.38	-23.05
Utilities	4.05	4.24	-4.48
Consumer Services	3.98	4.49	-11.36
Media	3.84	2.39	60.67
Diversified Financials	3.72	3.04	22.37
Food Beverage & Tobacco	3.25	2.30	41.30
Health Care Equipment and Services	3.03	3.94	-23.10
Semiconductors & Semiconductor	2.92	4.31	-32.25
Insurance	2.62	2.39	9.62
Banks	2.56	2.97	-13.80
Consumer Durables & Apparel	2.35	2.52	-6.75
Transportation	1.67	1.75	-4.57
Household & Personal Products	1.47	0.67	119.40
Automobiles & Components	1.39	2.49	-44.18
Telecom Services	1.36	1.30	4.62
Food & Staples Retailing	1.30	0.55	136.36
Commercial Services & Supplies	1.00	0.99	1.01

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 Sep-2011

Citi Short Flows: August 2011

GICS Code	Description	% Short Executions This Month	% Short Executions From Last Month	% Change From Last Month	% Short Cover This Month	% Short Cover From Last Month	% Change From Last Month
Sector	Sector						
10	Energy	10.28	13.61	-24.47	12.02	12.34	-2.59
15	Materials	8.90	6.46	37.77	8.53	5.83	46.31
20	Industrials	9.33	8.78	6.26	11.62	10.13	14.71
25	Consumer Discretionary	16.17	17.33	-6.69	17.39	17.74	-1.97
30	Consumer Staples	4.73	3.67	28.88	6.02	3.55	69.58
35	Health Care	7.08	8.44	-16.11	7.99	8.40	-4.88
40	Financials	17.29	17.82	-2.97	17.77	19.83	-10.39
45	Information Technology	21.40	19.69	8.68	13.27	16.50	-19.76
50	Telecommunication Services	1.60	1.06	50.94	1.36	1.34	1.49
55	Utilities	3.23	3.14	2.87	4.05	4.37	-7.32
Industry Group	Industry Group						
1010	Energy	10.28	13.61	-24.47	12.02	12.34	-2.59
1510	Materials	8.90	6.46	37.77	8.53	5.83	46.31
2010	Capital Goods	6.75	6.37	8.97	8.95	7.35	21.77
2020	Commercial Services & Supplies	1.07	1.28	-16.41	1.00	1.01	-0.99
2030	Transportation	1.52	1.14	33.33	1.67	1.77	-5.65
2510	Automobiles & Components	1.28	1.97	-35.03	1.39	2.40	-42.08
2520	Consumer Durables & Apparel	1.68	2.00	-16.00	2.35	2.55	-7.84
2530	Consumer Services	4.10	4.55	-9.89	3.98	4.64	-14.22
2540	Media	3.08	3.43	-10.20	3.84	2.37	62.03
2550	Retailing	6.03	5.39	11.87	5.83	5.79	0.69
3010	Food & Staples Retailing	1.29	1.12	15.18	1.30	0.57	128.07
3020	Food Beverage & Tobacco	2.77	1.92	44.27	3.25	2.30	41.30
3030	Household & Personal Products	0.67	0.63	6.35	1.47	0.68	116.18
3510	Health Care Equipment & Services	3.22	3.42	-5.85	3.03	3.88	-21.91
3520	Pharmaceuticals, Biotechnology & Life Sciences	3.86	5.02	-23.11	4.96	4.52	9.73
4010	Banks	2.52	2.16	16.67	2.56	2.93	-12.63
4020	Diversified Financials	4.22	3.56	18.54	3.72	2.82	31.91
4030	Insurance	2.59	2.12	22.17	2.62	2.20	19.09
4040	Real Estate	7.97	9.99	-20.22	8.87	11.88	-25.34
4510	Software & Services	11.77	8.96	31.36	6.18	6.59	-6.22
4520	Technology Hardware & Equipment	4.44	6.19	-28.27	4.14	5.47	-24.31
4530	Semiconductors & Semiconductor Equipment	5.19	4.55	14.07	2.92	4.44	-34.23
5010	Telecommunication Services	1.60	1.06	50.94	1.36	1.34	1.49
5510	Utilities	3.23	3.14	2.87	4.05	4.37	-7.32

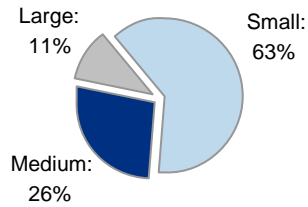
Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value



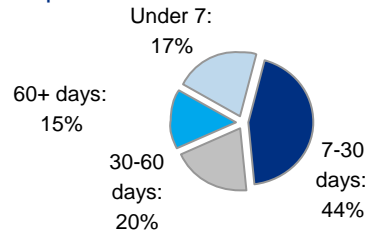
Hedge Fund (Fund Level) Profiles

Data as of Sep-2011

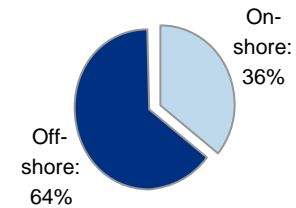
By Fund Size—No. of Funds



Redemption Notice Period



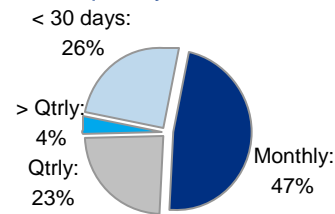
On-shore/Off-shore



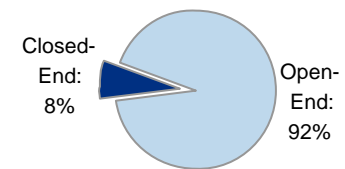
By Fund Size—\$ AUM



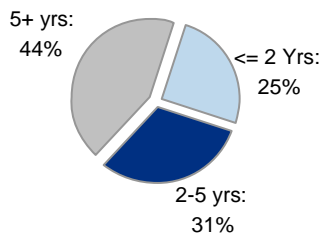
Redemption Frequency



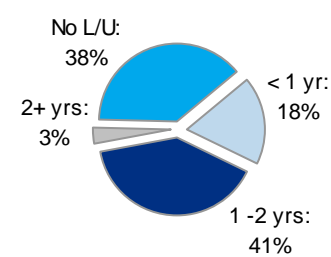
Legal Status



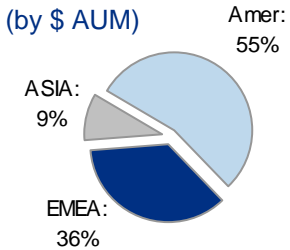
By Fund Age—No. of Funds



Lock-Up



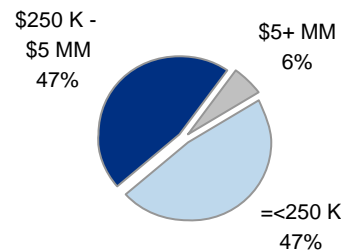
Domicile (by \$ AUM)



By Fund Age—\$ AUM



Minimum Investment



Source: Citi ICG Analytics

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



Hedge Fund (Fund Level) Profiles

Data as of Sep-2011

Hedge Funds: Large (>\$500 MM)

Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	6%	\$886	-0.7%	1.5%	36%	84%	n/m	7-30 days / 44%	Under 30 / 45%
2-5 yrs	22%	\$854	-1.0%	1.4%	57%	74%	1-2 yrs / 48%	7-30 days / 31%	Monthly / 48%
Over 5 yrs	72%	\$1,007	-1.4%	-2.6%	62%	67%	No / 51%	7-30 days / 41%	Monthly / 51%
Total	100%	\$962	-1.2%	-1.7%	60%	69%	No / 48%	7-30 days / 39%	Monthly / 50%

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%	\$152	-0.5%	-2.6%	38%	76%	1-2 yrs / 46%	Under 7 / 35%	Under 30 / 52%
2-5 yrs	30%	\$174	-1.4%	-2.5%	55%	73%	No / 39%	7-30 days / 43%	Monthly / 50%
Over 5 yrs	58%	\$196	-1.8%	-2.9%	67%	66%	No / 48%	7-30 days / 47%	Monthly / 50%
Total	100%	\$181	-1.5%	-2.7%	61%	69%	No / 45%	7-30 days / 44%	Monthly / 49%

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	18%	\$24	-1.4%	-3.6%	41%	73%	1-2 yrs / 55%	7-30 days / 34%	Under 30 / 45%
2-5 yrs	33%	\$27	-1.9%	-4.3%	53%	67%	1-2 yrs / 43%	7-30 days / 41%	Monthly / 51%
Over 5 yrs	49%	\$30	-2.9%	-5.2%	67%	62%	No / 44%	7-30 days / 49%	Monthly / 49%
Total	100%	\$28	-2.2%	-4.7%	58%	65%	1-2 yrs / 42%	7-30 days / 45%	Monthly / 47%

Source: Citi ICG Analytics

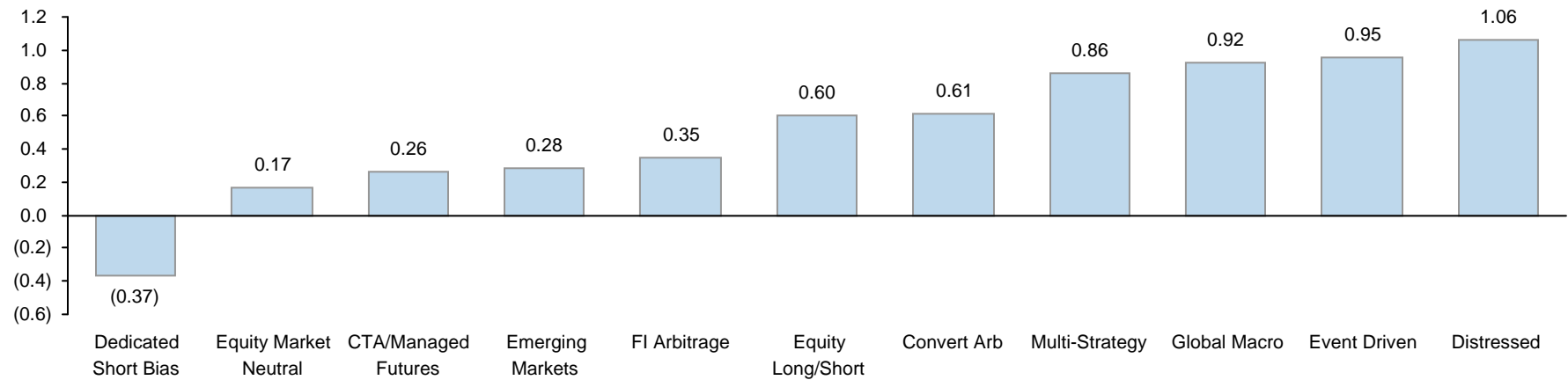
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. Median YTD performance is calculated from funds reporting for all underlying periods. - "n/m" = Not Meaningful.



Risk and Return Metrics

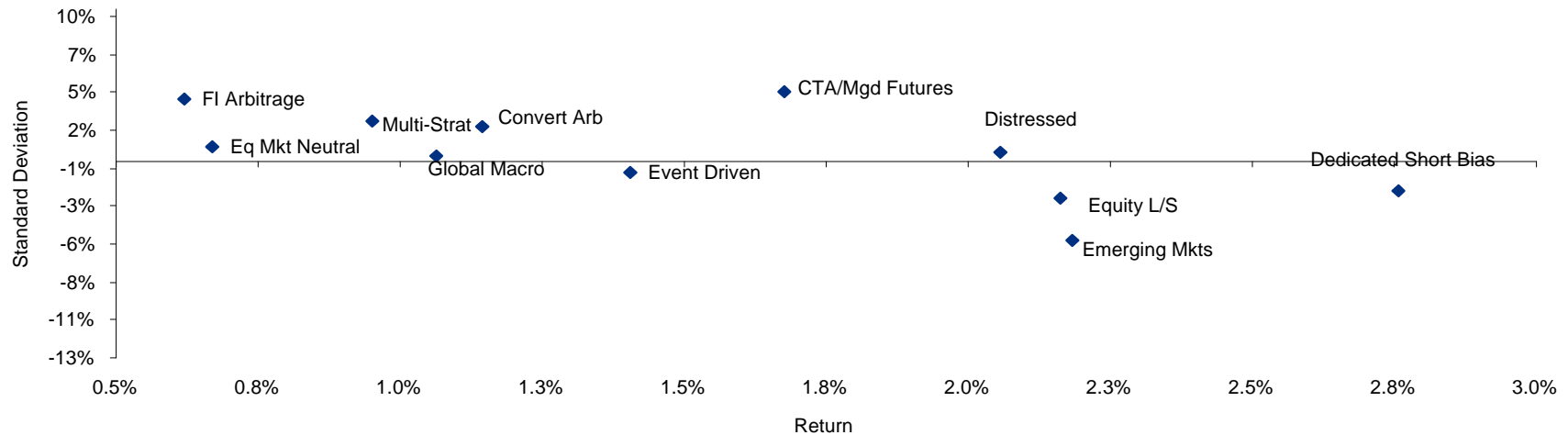
Data as of Sep-2011

Sharpe Ratios (Jun-94 – Sep-11)



Source: Credit Suisse Tremont

Risk vs. Return (Aug-10 – Sep-11)



Source: Citi ICG Analytics

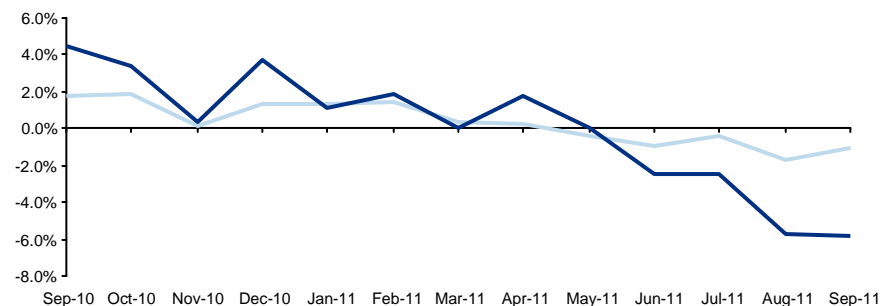


Convertible Arbitrage

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.4%	1.5%	0.3%	0.3%	-0.4%	-1.0%	-0.4%	-1.7%	-1.0%				-1.0%

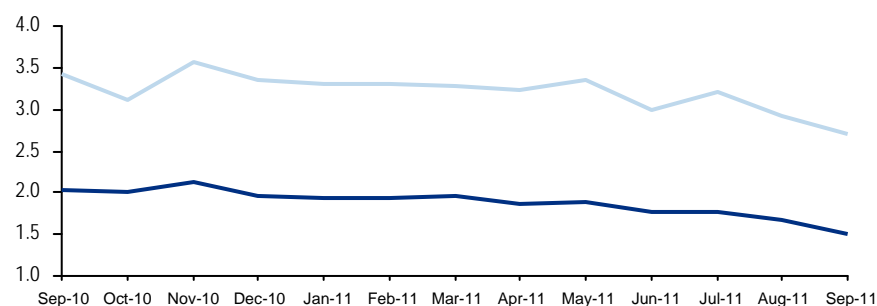
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Sep-11	Aug-11	Sep-10	YTD-11
Convert Arb	-1.0%	-1.7%	1.8%	-1.0%
CWB ETF	-5.8%	-5.7%	4.5%	-11.5%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

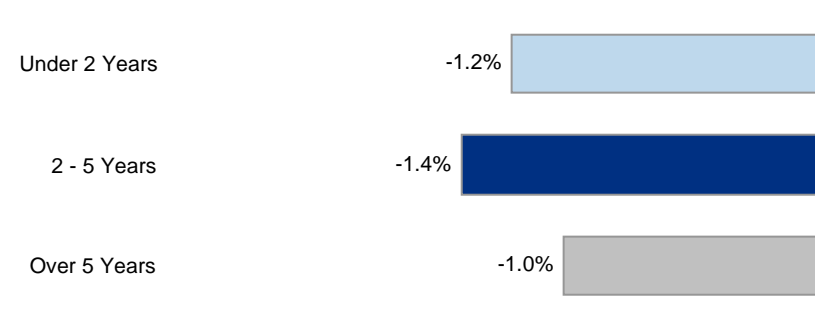


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

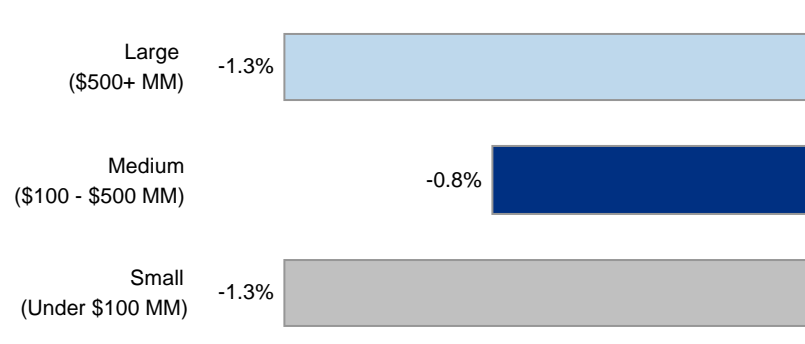
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi 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.

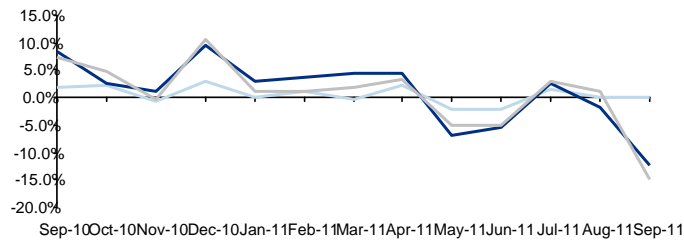


CTA/Managed Futures

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.1%	1.3%	-0.4%	2.2%	-2.3%	-2.0%	1.4%	0.0%	-0.1%				-0.1%

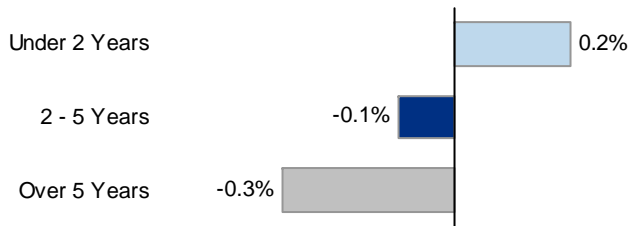
Hedge Fund Performance vs. Benchmark



	Sep-11	Aug-11	Sep-10	YTD-11
CTA/Mgd Futures	-0.1%	0.0%	1.8%	-0.1%
S&P GSCI Commodity (SPGSCI)	-12.2%	-1.8%	8.5%	-9.3%
DJ-UBS Commodity (DJAGK)	-14.7%	1.0%	7.2%	-13.7%

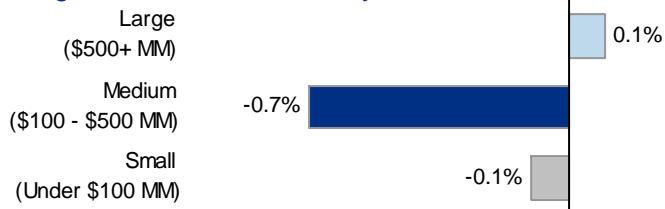
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size

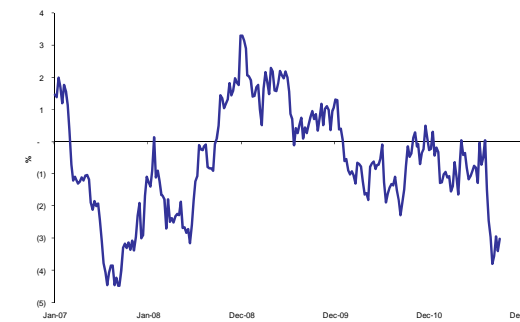


Source: Citi ICG Analytics

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.

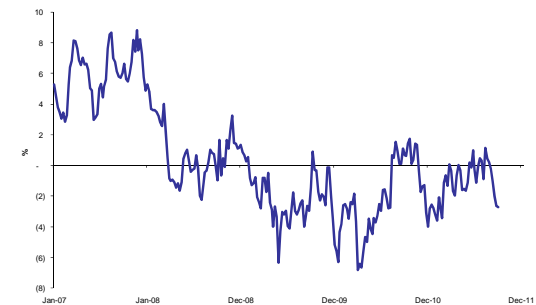
Large Speculator Positions: CFTC Commitment Of Trader (Futures & Options) Report Net of Longs Less Shorts As Percent of Total Open Positions

Combined S&P / Weighted Mini S&P Contracts



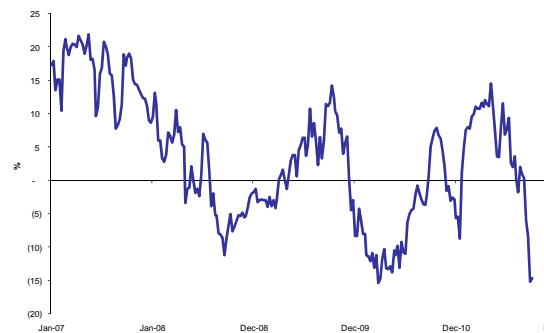
Last Update: 9/27/11 -3.0%

U.S. 10-Year Treasury Futures



Last Update: 9/27/11 -2.7%

EuroFX Futures



Last Update: 9/27/11 -14.6%

Gold Futures



Last Update: 9/27/11 +9.6%

Source: CFTC, Bloomberg, Citi Futures Perspective

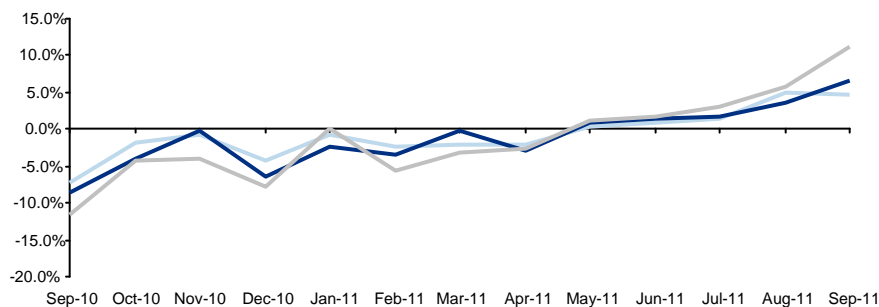


Dedicated Short Bias

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.8%	-2.3%	-2.0%	-2.1%	0.3%	0.9%	1.5%	4.9%	4.6%				4.8%

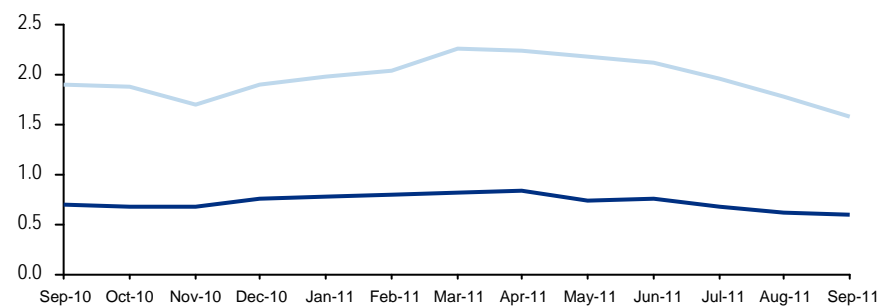
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Sep-11	Aug-11	Sep-10	YTD-11
Ded Short Bias	4.6%	4.9%	-7.3%	4.8%
S&P Short ETF (SH)	6.7%	3.7%	-8.5%	5.2%
Rus 2000 Short ETF (RWM)	11.1%	5.8%	-11.7%	11.3%

Source: Citi ICG Analytics; FactSet

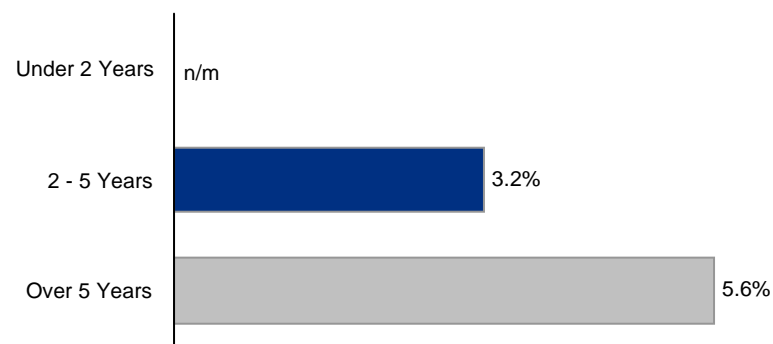
Leverage Profile (Monthly, LTM)



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

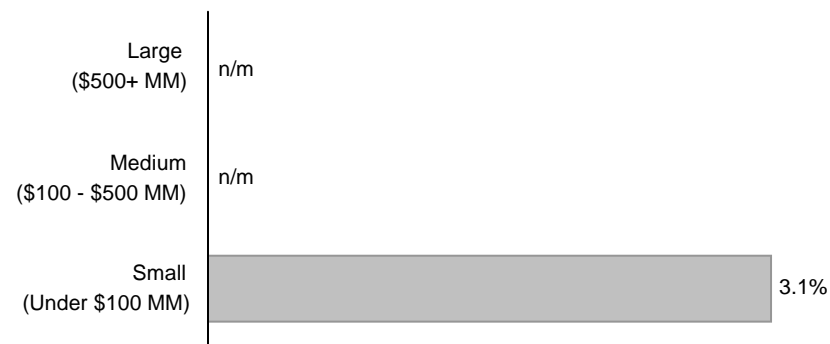
Source: Citi Prime Finance

Hedge Fund Performance by Age (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.

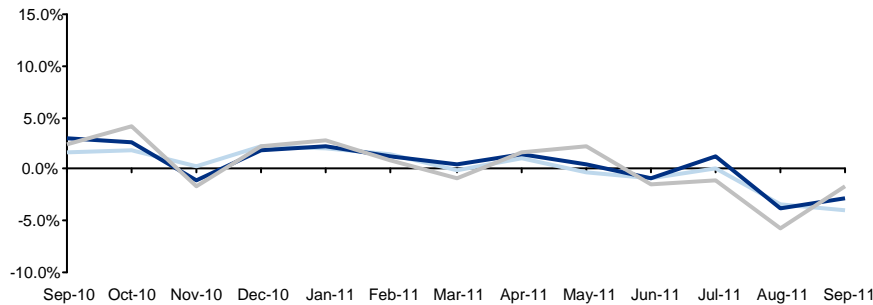


Distressed

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.1%	1.4%	-0.1%	1.0%	-0.2%	-0.8%	0.1%	-3.4%	-4.0%				-4.1%

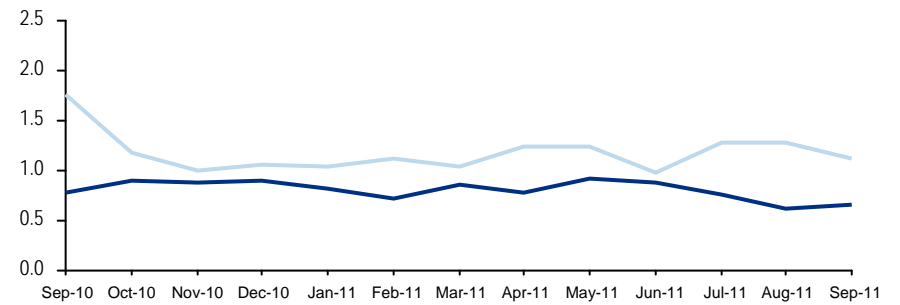
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Sep-11	Aug-11	Sep-10	YTD-11
Distressed	-4.0%	-3.4%	1.6%	-4.1%
Citi HY Bond Index	-2.9%	-3.9%	3.0%	-0.8%
Altman Defaulted Index	-1.6%	-5.7%	2.5%	-3.5%

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

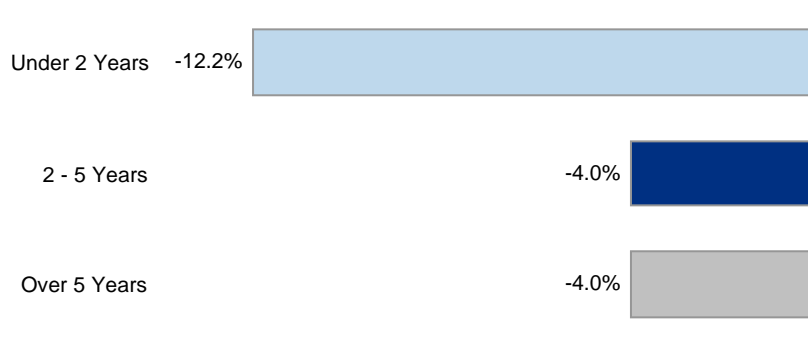
Leverage Profile (Monthly, LTM)



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

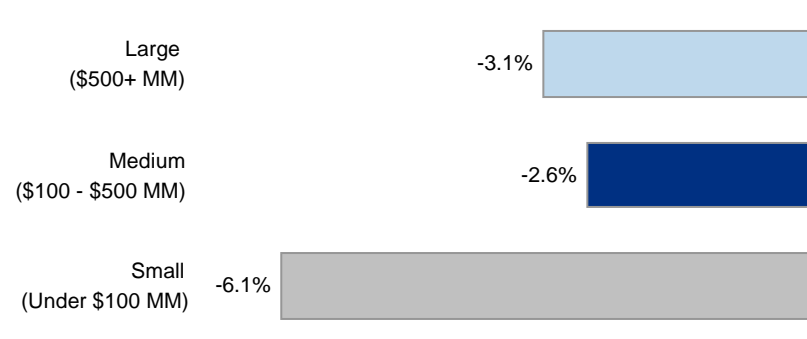
Source: Citi Prime Finance

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.

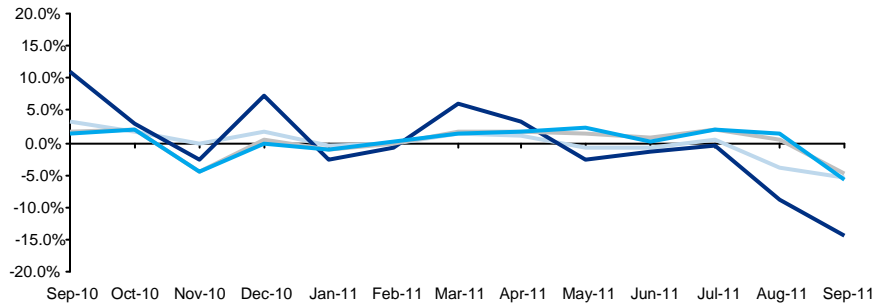


Emerging Markets

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.6%	0.0%	1.4%	1.2%	-0.9%	-0.7%	0.4%	-3.7%	-5.4%				-8.3%

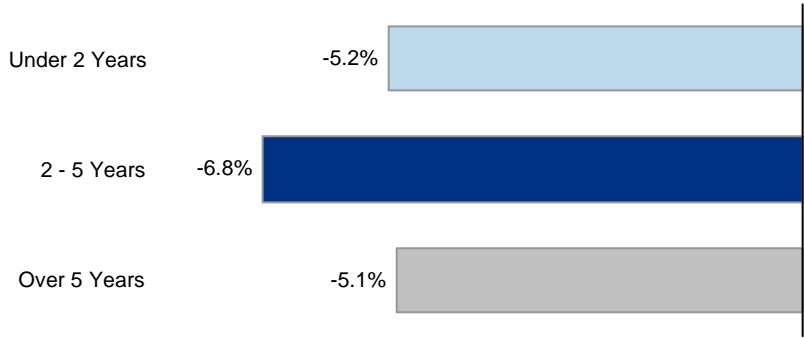
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Sep-11	Aug-11	Sep-10	YTD-11
Emerging Mkts	-5.4%	-3.7%	3.4%	-8.3%
MSCI EM	-14.6%	-8.9%	11.1%	-21.7%
JPM EMBIG Core ETF (EMB)	-4.8%	0.5%	1.6%	1.8%
DB EM Liquid ETF (PCY)	-5.6%	1.5%	1.3%	2.3%

Source: Citi ICG Analytics; FactSet

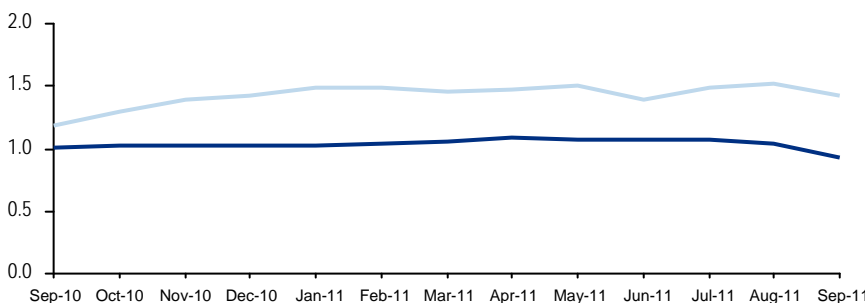
Hedge Fund Performance by Age



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.

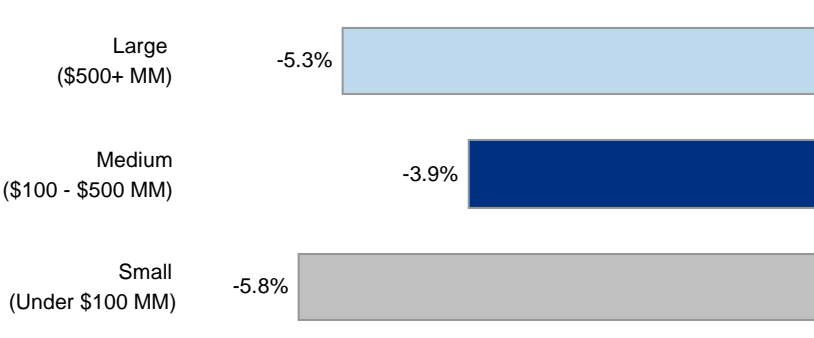
Leverage Profile (Monthly, LTM)



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

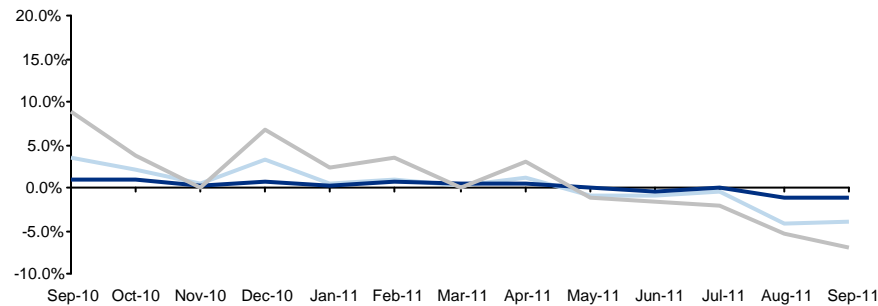


Equity Long/Short

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.4%	1.0%	0.2%	1.1%	-0.9%	-0.9%	-0.5%	-4.2%	-4.0%				-7.6%

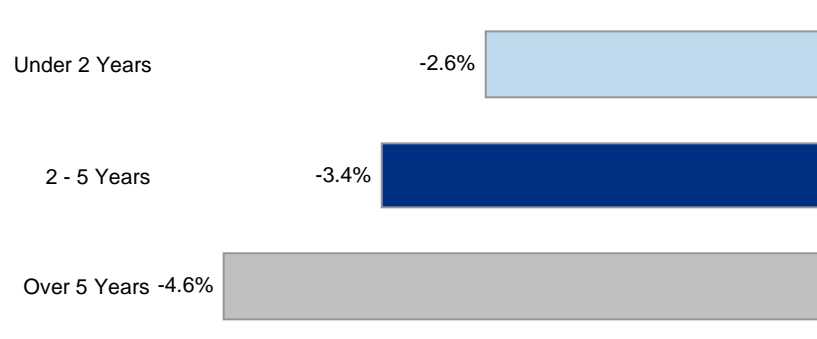
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Sep-11	Aug-11	Sep-10	YTD-11
Eq Long/Short	-4.0%	-4.2%	3.6%	-7.6%
Eq Mkt Neutral	-1.2%	-1.1%	0.9%	-1.0%
S&P 500	-7.0%	-5.4%	8.9%	-8.7%

Source: Citi ICG Analytics; FactSet

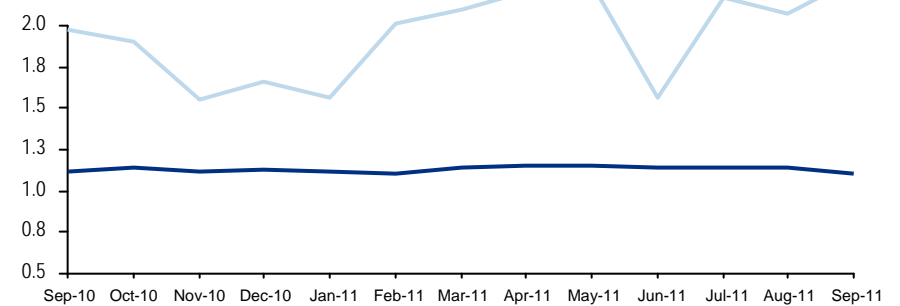
Hedge Fund Performance by Age



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)

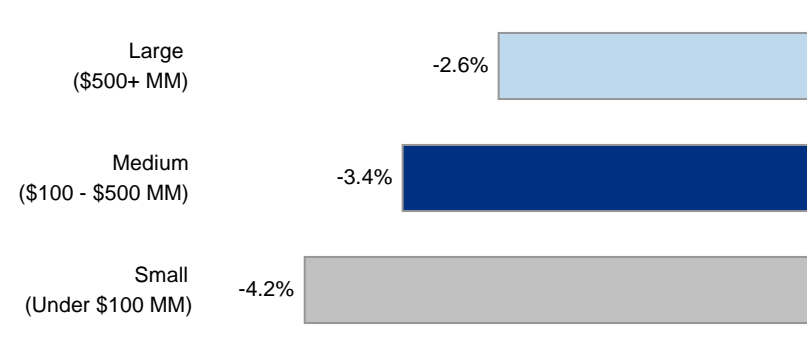


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

Source: Citi Prime Finance

Hedge Fund Performance by Size



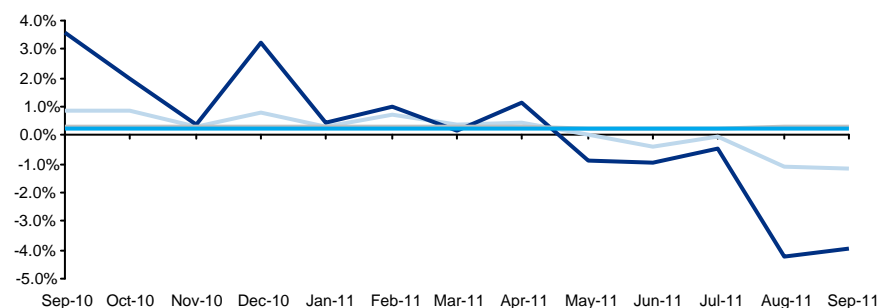
Source: Citi ICG Analytics

Equity Market Neutral

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.3%	0.7%	0.4%	0.4%	0.0%	-0.4%	0.0%	-1.1%	-1.2%				-1.0%

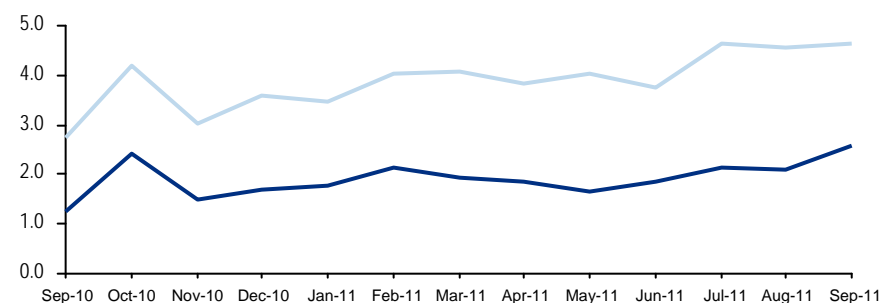
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Sep-11	Aug-11	Sep-10	YTD-11
Eq Mkt Neutral	-1.2%	-1.1%	0.9%	-1.0%
Eq Long/Short	-4.0%	-4.2%	3.6%	-7.6%
LIBOR + 300 bps	0.3%	0.3%	0.3%	2.4%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	2.3%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

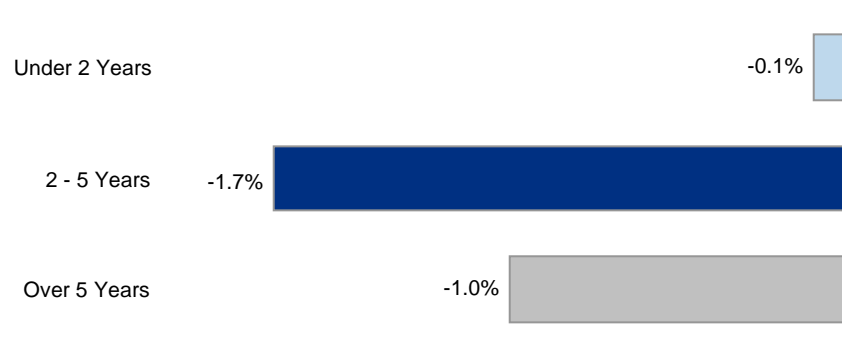


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

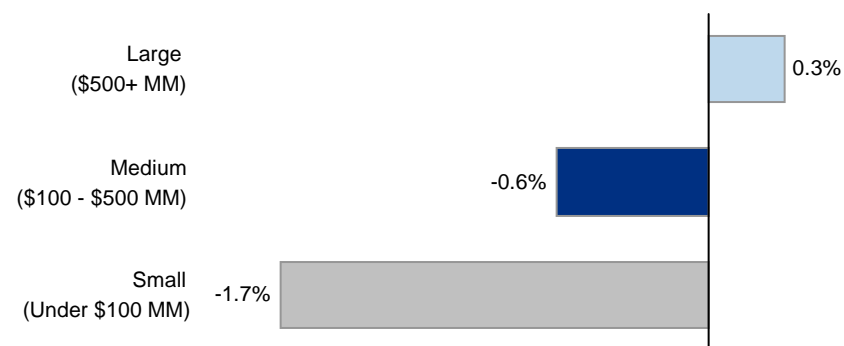
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

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

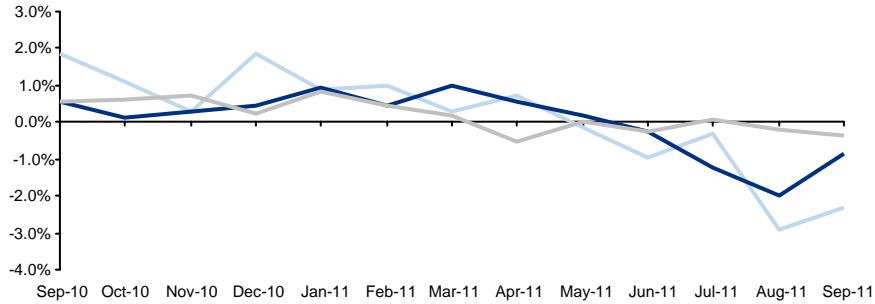


Event Driven

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.9%	1.0%	0.3%	0.7%	-0.1%	-1.0%	-0.3%	-2.9%	-2.3%				-3.8%

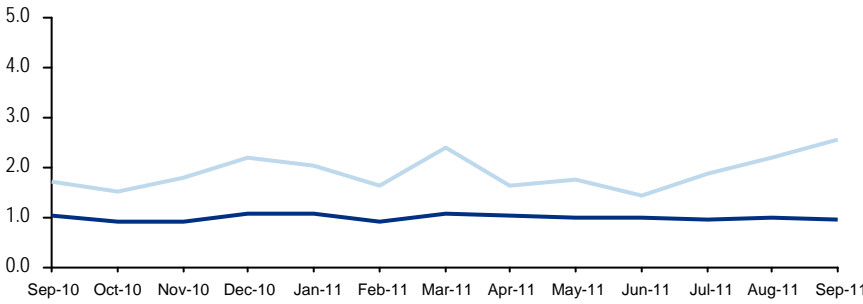
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Sep-11	Aug-11	Sep-10	YTD-11
Event Driven	-2.3%	-2.9%	1.8%	-3.8%
The Merger Fund (MERFX)	-0.8%	-2.0%	0.6%	-1.2%
AQR Div Arb Fund (ADANX)	-0.4%	-0.2%	0.5%	0.2%

Source: Citi ICG Analytics; FactSet

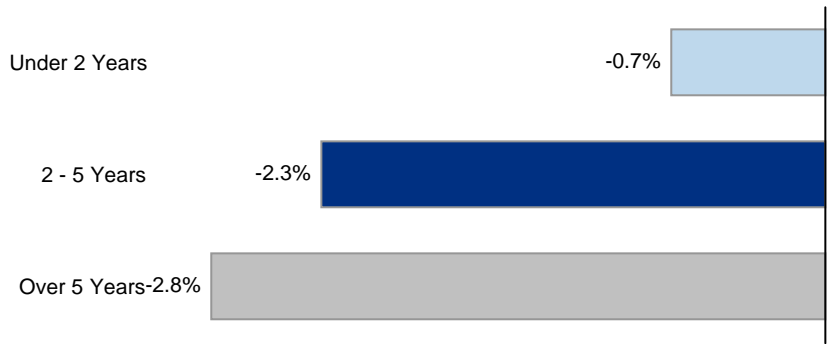
Leverage Profile (Monthly, LTM)



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

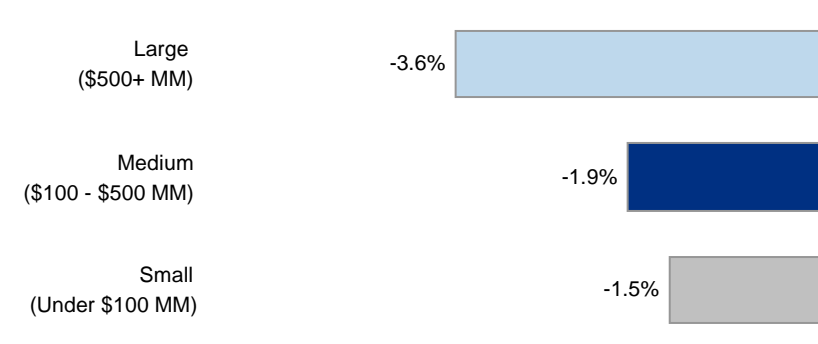
Source: Citi Prime Finance

Hedge Fund Performance by Age



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.

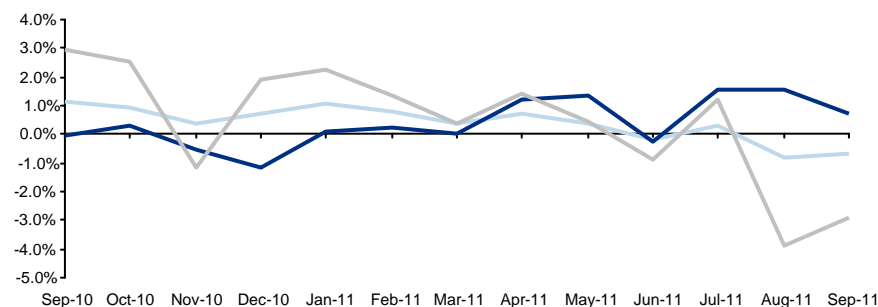


FI Arbitrage

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.1%	0.8%	0.4%	0.7%	0.4%	-0.2%	0.3%	-0.8%	-0.7%				1.9%

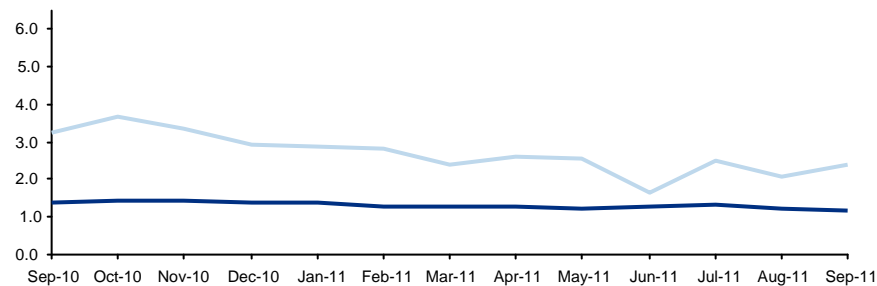
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Sep-11	Aug-11	Sep-10	YTD-11
FI Arbitrage	-0.7%	-0.8%	1.1%	1.9%
Citi US BIG Index	0.7%	1.6%	0.0%	6.7%
Citi HY Bond Index	-2.9%	-3.9%	3.0%	-0.8%

Source: Citi ICG Analytics; Citigroup Index LLC

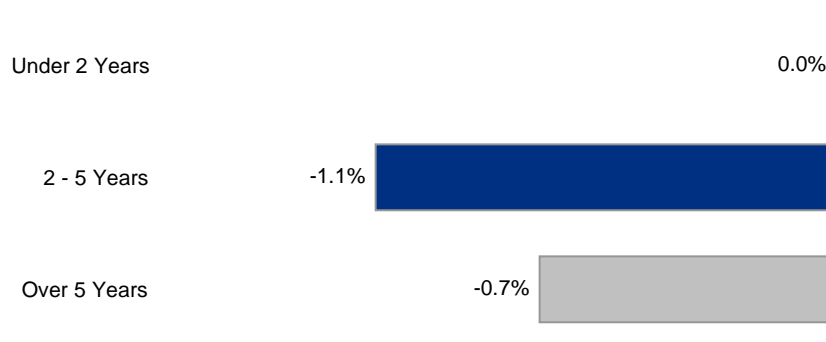
Leverage Profile (Monthly, LTM)



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

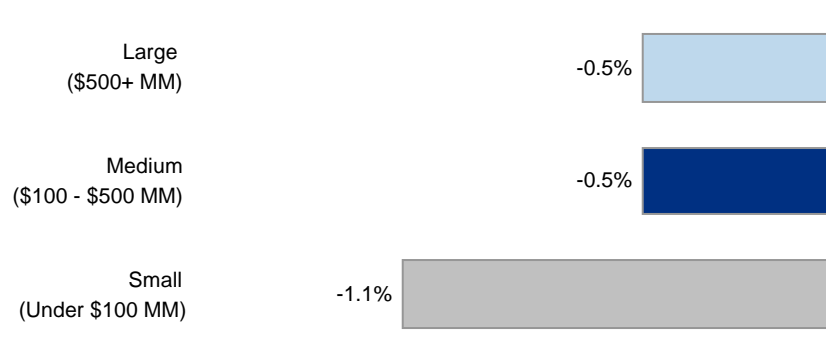
Source: Citi Prime Finance

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.

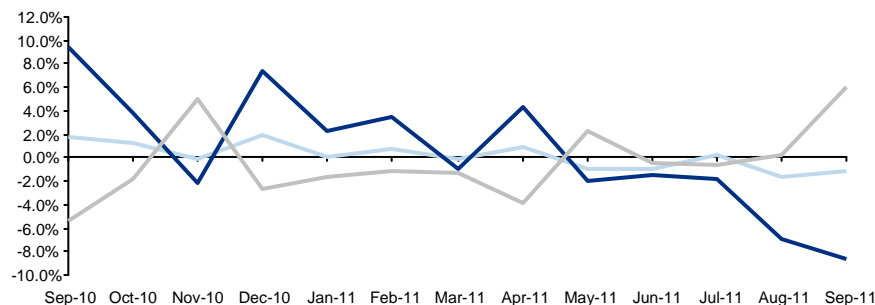


Global Macro

Data as of Sep-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.1%	0.8%	-0.1%	1.0%	-0.9%	-1.0%	0.2%	-1.6%	-1.1%				-2.6%

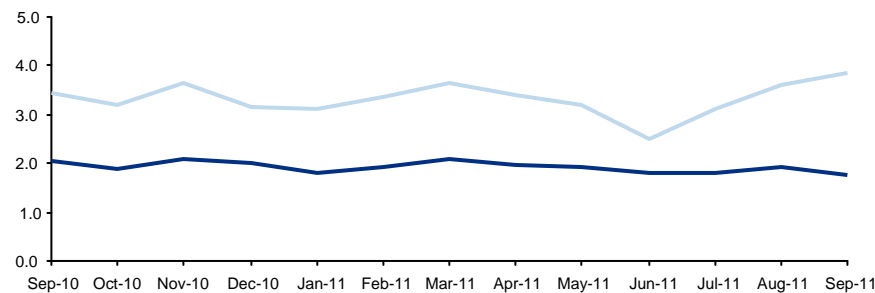
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Sep-11	Aug-11	Sep-10	YTD-11
Global Macro	-1.1%	-1.6%	1.7%	-2.6%
MSCI World	-8.6%	-7.0%	9.4%	-11.8%
US\$-Index	6.0%	0.3%	-5.4%	-0.6%

Source: Citi ICG Analytics; FactSet

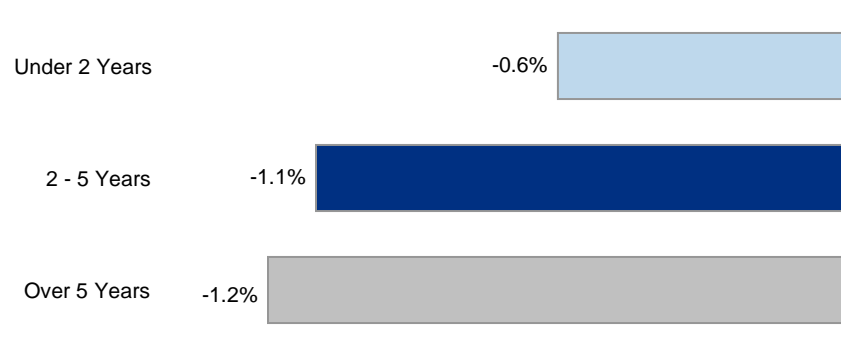
Leverage Profile (Monthly, LTM)



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

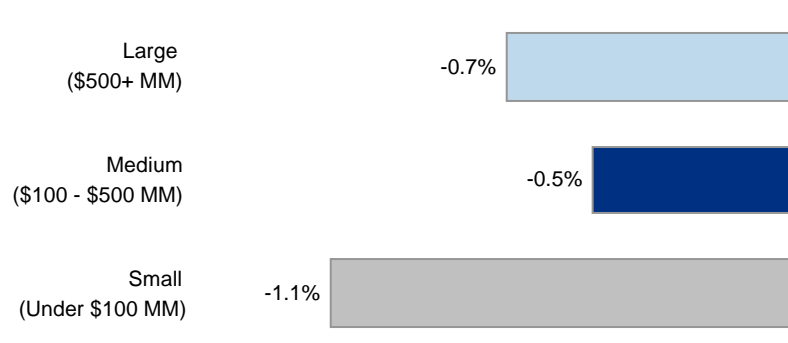
Source: Citi ICG Analytics; FactSet; Citi Prime Finance

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

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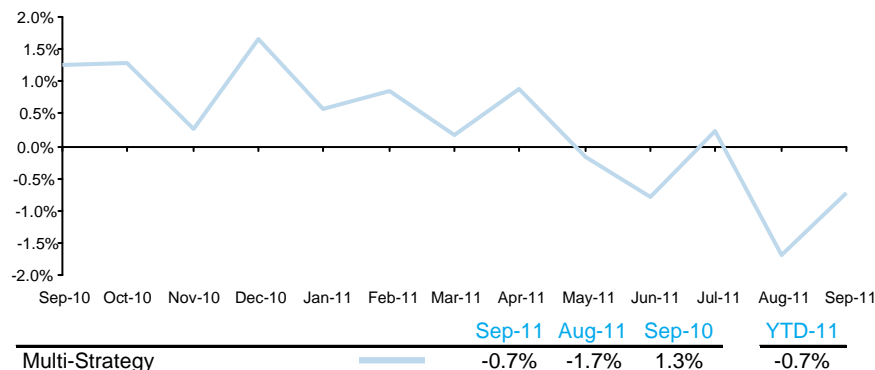


Multi-Strategy

Data as of Sep-2011

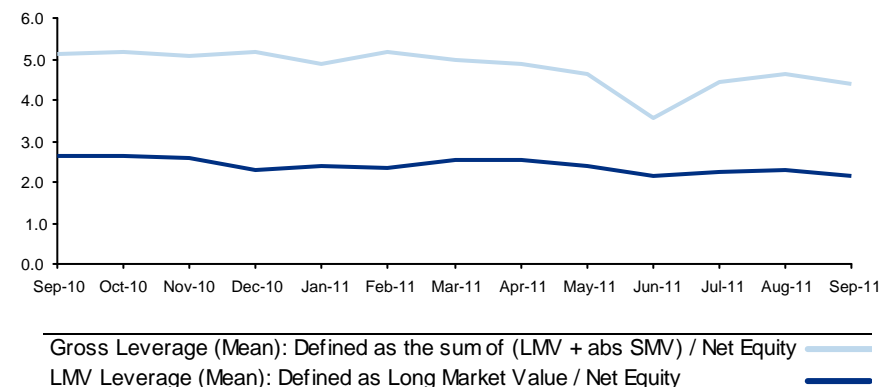
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.6%	0.8%	0.2%	0.9%	-0.2%	-0.8%	0.2%	-1.7%	-0.7%				-0.7%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



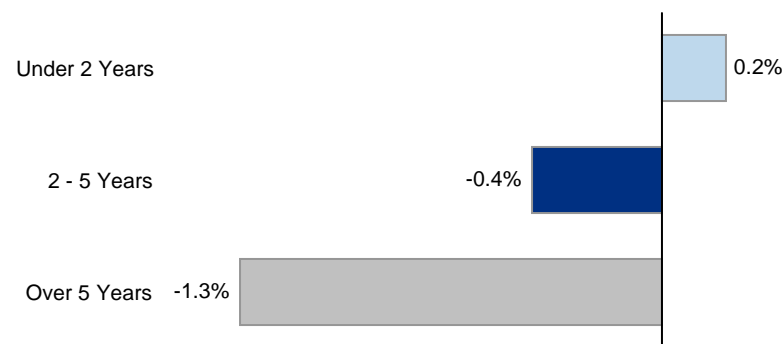
Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)



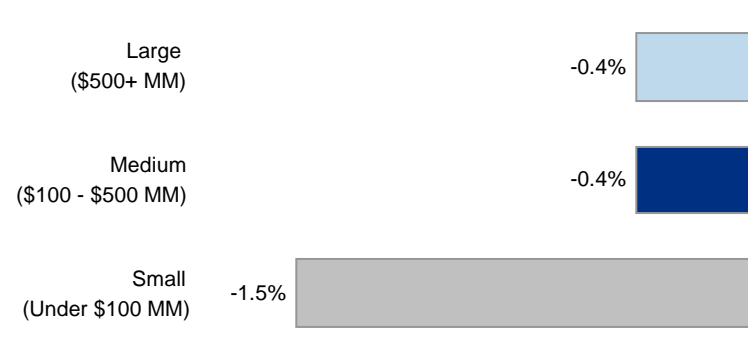
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

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Contacts

For further information, please contact:

Prime Finance: Mark Aldoroty, mark.j.aldoroty@citi.com 212-723-5640

Citi ICG Analytics: Lynn S. Hambright, CFA, Senior Analyst; lynn.s.hambright@citi.com 212-816-9420

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