

# Hedge Fund Industry Snapshot

Data as of August 2013

## Americas

New York: +800 773-2889  
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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Citi Prime Finance

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# Highlights

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## Performance, AUM & Flows

- Composite hedge fund performance, equal-weighted across funds, was down for August 2013 with performance ranging from -0.86% to -0.49%. Across the major hedge fund indices, returns were lower than the previous month which experienced +1.32% to +1.40% over the same period.
- Hedge fund strategy wise, top performing strategies in August 2013 include Dedicated Short at +2.34%, Distressed +0.52%, Event Driven +0.16% and Convertible Arbitrage at +0.12%. The lowest performing strategies include CTA/Managed Futures -0.91%, Equity Market Neutral at -0.67%, Emerging Markets at -0.54% and Multi Strategy at -0.50%.
- According to eVestment, industry assets rose for August 2013 finishing net positive at +\$1.91 billion. Asset growth was attributed solely from investor flows of +\$20.4 billion with negative performance returns decreasing assets and accounting for -\$18.4 billion.
- Net positive investor flows of +\$20.4 billion for August 2013 marks the sixth period of net positive flows YTD. August 2013 flows are higher than the mean monthly flows for 2013 which now stand at +\$3.6 billion. August 2012 net flows were +\$22.4 billion over the same period.

## Fund Profiles

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was -0.6%, medium single funds (\$100–\$500 million) -0.4% and small single funds (<\$100 million) -0.4%.
- Liquidity terms continued its consistent pattern from the recent reporting periods showing little changes to redemption notice periods with 64% of funds requiring 30 days or less notice for redemption. Across the entire subset of reporting funds, the majority (53%) required no lockup (43%) or less than 1 year lock up (10%).
- Consistent throughout recent reporting periods, large funds (>\$500 million AUM) continue to hold a large portion of industry AUM (73%) compared to medium funds (\$100–\$500 million) at 19% and small funds (<\$100 million) holding only 8%.

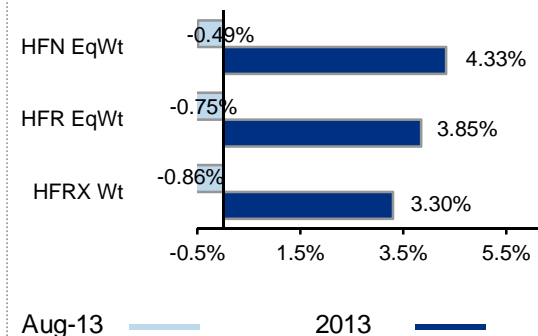
## Leverage, Shorts and Futures Market Positioning

- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.96x in August 2013 versus 2.0x in July and 1.98x in June.
- Looking across gross leverage, the following strategies showed the highest uses of leverage: Equity Market Neutral (5.65x), Global Macro (3.73x), Convertible Arbitrage (3.44x), and Multi Strategy (3.44x).
- Citi US short flows data included in this month's report show increased interest in the Energy and Utilities sectors. These sectors accounted for 18.8% of short executions and 17.5% of short covers in August vs. 12.8% of short executions and 12.3% of short covers in June 2013.
- August saw a rebound in volume and open interest in US futures markets. After several months of stable net positioning we saw large speculator accounts start to move again. The biggest change, in terms of percentage of total open interest was in the EuroFX where large speculator accounts shifted back to a net long from net short position in late July. They cut their net long position in the S&P contracts to the smallest it had been since December 2012 and built their net long position in gold. Net positioning in the 10-Year T-note futures didn't see much change, remaining modestly net short.

# Hedge Fund Industry: AUM, Performance

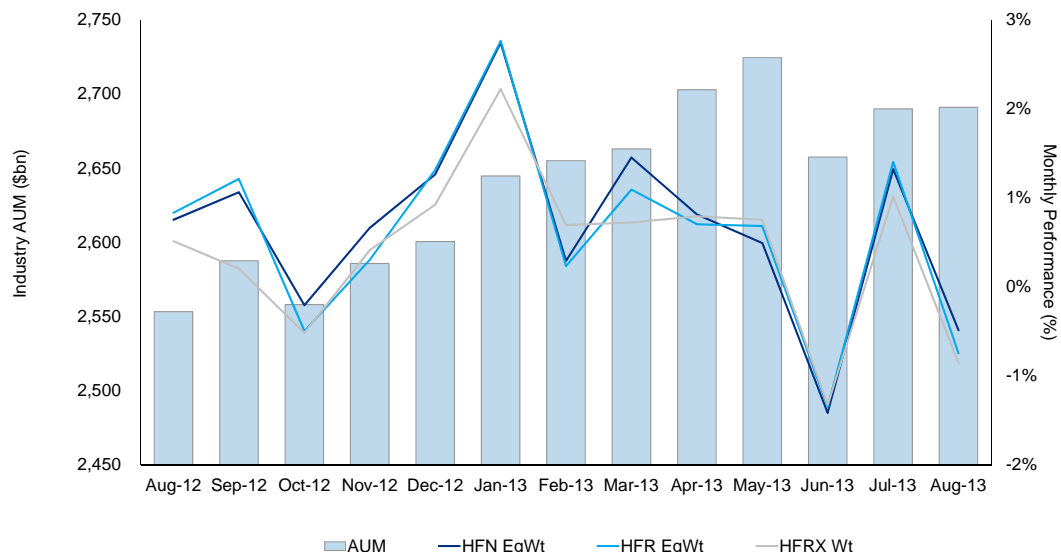
- Composite hedge fund performance, equal-weighted across funds, was down for August 2013 with performance ranging from -0.86% to -0.49%. Across the major hedge fund indices, returns were lower than the previous month which experienced +1.32% to +1.40% over the same period.
- Global financial markets declined in August as Emerging Market equities and currencies extended prior month declines, and investors positioned for volatility associated with reduction of stimulus by the US Federal Reserve and uncertainty over possible military conflict in the Middle East. US equities posted the worst monthly decline for 2013, with declines across most sectors led by Large Cap, Financials, Real Estate, Technology and Healthcare. European equities also declined, led by the UK, France & Germany, while Asian equities were mixed with losses in Japan offset by gains in China & Australia. Losses across Emerging Markets were widespread across the Middle East, Turkey, Egypt, India, Russia & Thailand, while Brazil and China posted gains partially offsetting prior month losses. Despite the weakness, US government bond yields rose with increases concentrated in shorter maturities as the yield curve flattened.
- Hedge fund strategy wise, top performing strategies in August 2013 include Dedicated Short at +2.34%, Distressed +0.52%, Event Driven +0.16% and Convertible Arbitrage at +0.12%. The lowest performing strategies include CTA/Managed Futures -0.91%, Equity Market Neutral at -0.67%, Emerging Markets at -0.54% and Multi Strategy at -0.50%.

## Industry Performance: Aug-13 / YTD



Source: HFR, eVestment|HFN.

## Monthly Industry AUM and Performance



Source: eVestment; Hedge Fund Research, Inc., © 2012.

## Note Pad

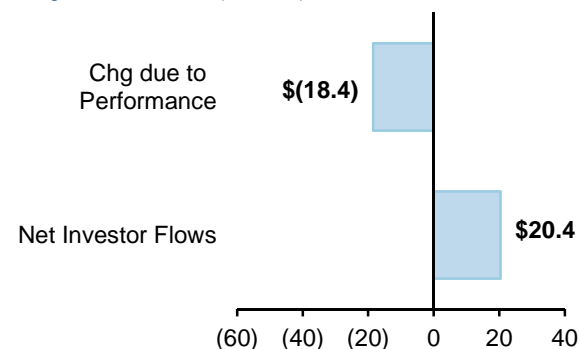
- MSCI World Index: -2.1%; +11.9% YTD
- MSCI EM Index: -1.7%; -10.2% YTD
- S&P 500: -2.9%; +15.4% YTD
- Citi US BIG Index: -0.5%; -3.4% YTD
- S&P GSCI: +3.4%; +3.0% YTD
- US Dollar Index: +0.8%; +3.0% YTD
- HFN Country Indices Apr-13/ YTD:
  - Brazil: -1.65% / -9.27%; Australia: +1.87% / +3.46%
  - China: +0.48%/+6.31%; Japan: -1.06%/+17.97%

# Hedge Fund Industry: Change in Industry Assets

- According to eVestment, industry assets rose for August 2013 increased finishing net positive at +\$1.91 billion. Asset growth was attributed solely from investor flows of +\$20.4 billion with negative performance returns accounting for -\$18.4 billion.
- August 2013 marks the third month with net negative industry performance losses reversing course from July gains of +\$17.12 billion. Mean monthly performance gains now stand at +\$7.7 billion for 2013 compared to +\$9.6 billion for 2012. August 2013 performance contrasts with August 2012 performance gains which stood at +\$17.74 billion.
- Net positive investor flows of +\$20.4 billion for August 2013 marks the sixth period of net positive flows YTD. August 2013 flows are higher than the mean monthly flows for 2013 which now stand at +\$3.6 billion. August 2012 net flows were +\$22.4 billion over the same period.
- Total industry AUM now stands at \$2.69 trillion for August 2013 an increase of +2% from December 2012 and an increase of +4.8% from July 2012.

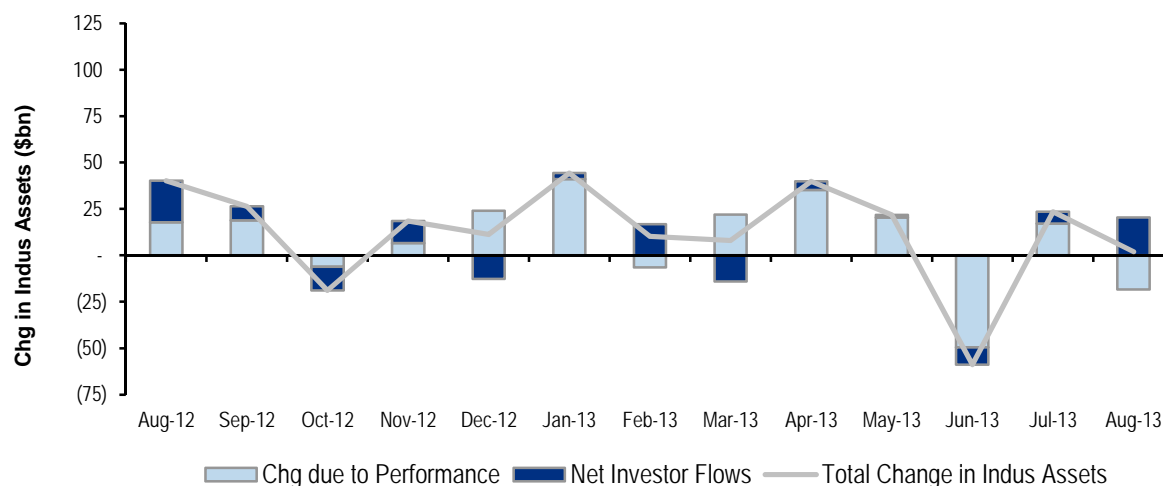
## Composition of Change in Assets

Aug -13 Amounts in (\$ Billion)



Source: eVestment|HFN.

## Monthly Change in Industry Assets and Composition

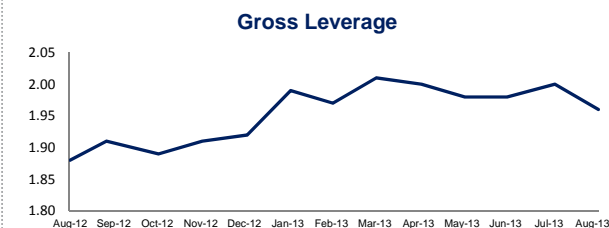


Source: eVestment

## Note Pad

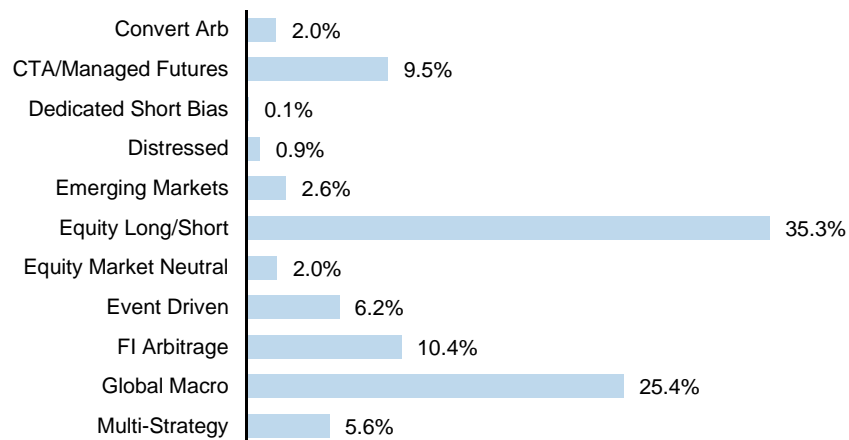
- The Citi Prime Finance calculation for gross leverage (as measured on a mean basis) 1.96x in August 2013 versus 2.00x in July and 1.98x in June.

Gross leverage (mean): defined as sum of (LMV + abs SMV)/Net Equity.



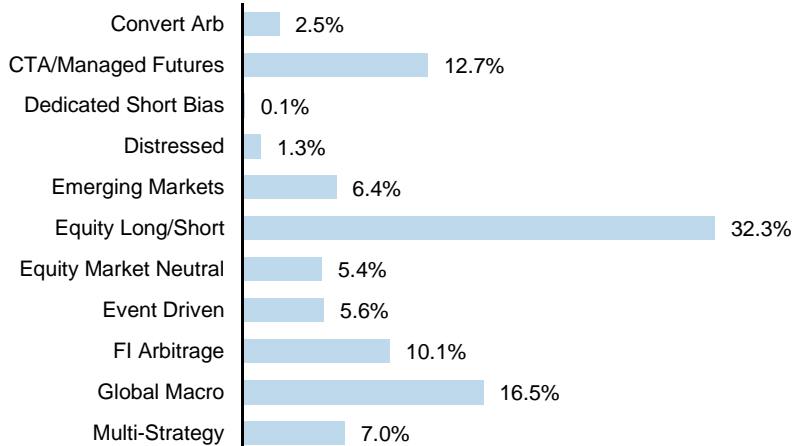
# Hedge Fund Stats by Strategy

## Hedge Fund Strategy Breakdown by Assets



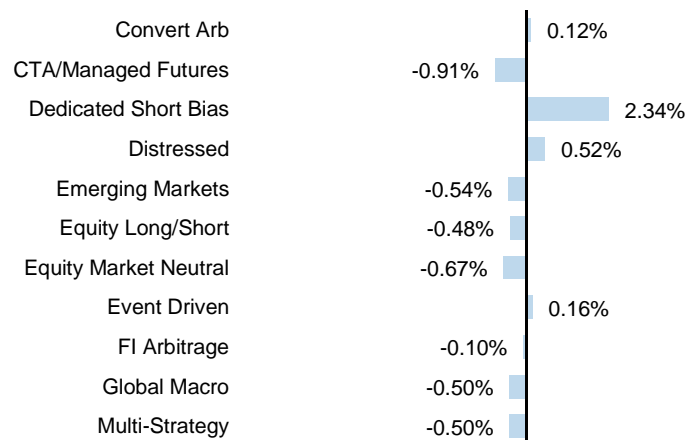
Source: Citi Prime Finance.

## Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi Prime Finance.

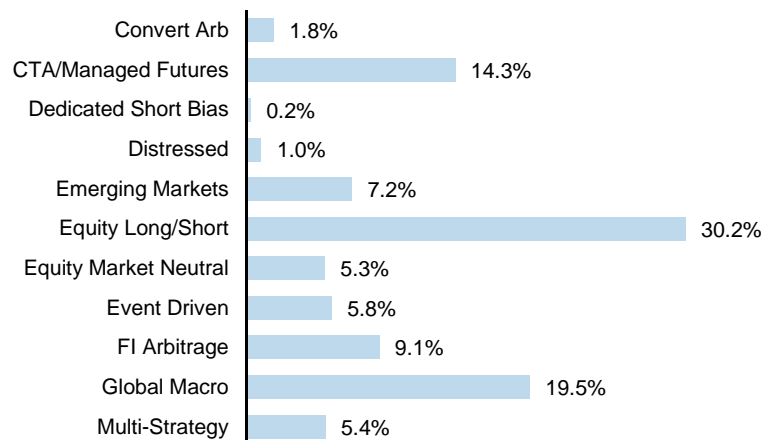
## Hedge Fund Performance by Strategy



Source: Citi Prime Finance.

## Hedge Fund Leverage Ratios by Strategy

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

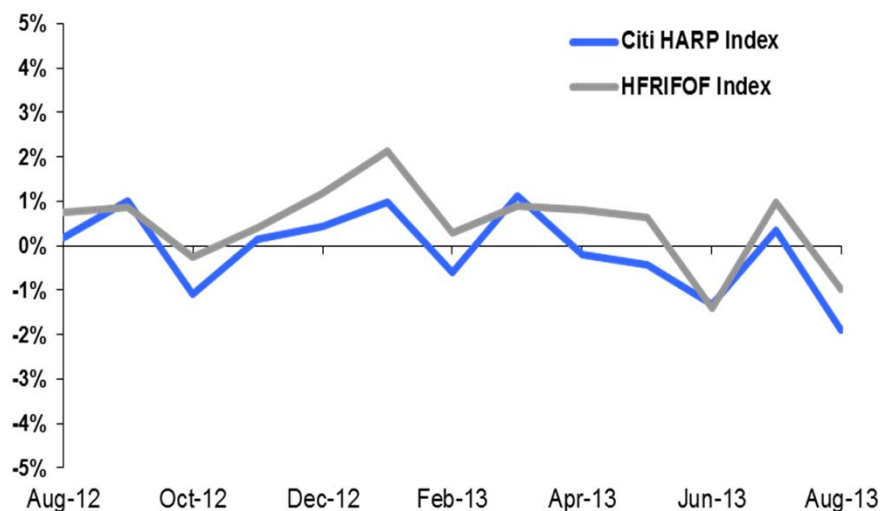


Source: Citi Prime Finance.

Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. Breakdown by assets and number of funds updated on a quarterly basis

# Citi Liquid Hedge Fund Replicator (HARP)

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**

	Aug-13	Jul-13	Aug-12	YTD-13
Citi Harp	-1.90%	0.36%	0.18%	-2.04%
HFRIFOF	-0.98%	0.98%	0.75%	3.37%

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	-1.58%	5.65%
Annualised Volatility	3.39%	3.33%
Sharpe Ratio	-0.49	1.67
Correlation	87%	-

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.

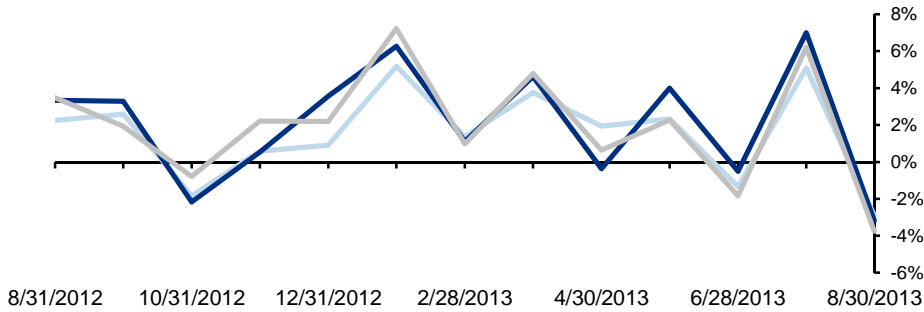
The Index contains weighted components. The components are a money market component and various index components. Each index component represents a class of asset in which the hedge fund sector is assumed to invest: bond, commodity, equity and foreign exchange.

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

## US Equities

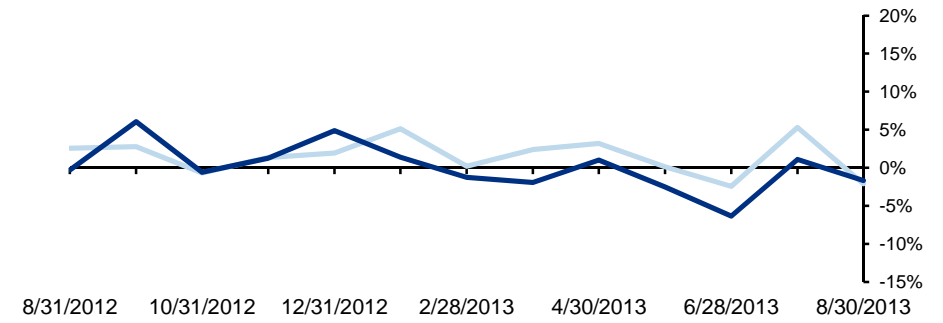
(Large Cap vs. Small Cap)



		Aug-13	July-13	Aug-12	YTD-13
S&P 500		-2.9%	5.1%	2.3%	15.4%
RUS 2000		-3.2%	7.0%	3.3%	18.9%
S&P Mid		-3.7%	6.2%	3.5%	16.5%

## Global Equities

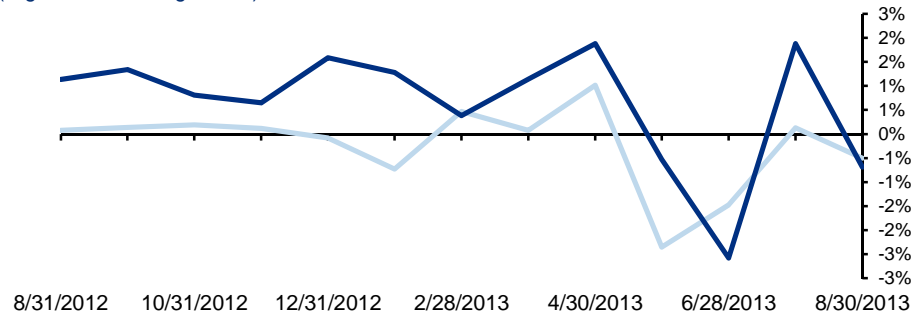
(Developed vs. Emerging)



		Aug-13	July-13	Aug-12	YTD-13
MSCI World		-2.1%	5.3%	2.6%	11.9%
MSCI EM		-1.7%	1.1%	-0.3%	-10.2%

## Fixed Income

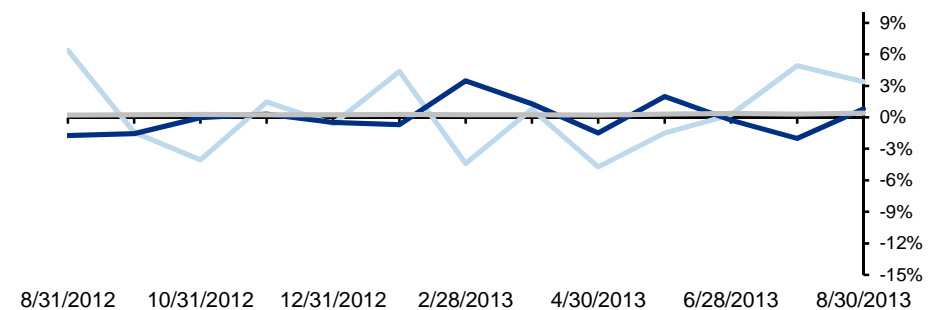
(High-Grade vs. High-Yield)



		Aug-13	July-13	Aug-12	YTD-13
Citi US BIG Index		-0.5%	0.1%	0.1%	-3.4%
Citi HY Bond Index		-0.7%	1.9%	1.1%	2.8%

## Commodities

(US\$ Performance)



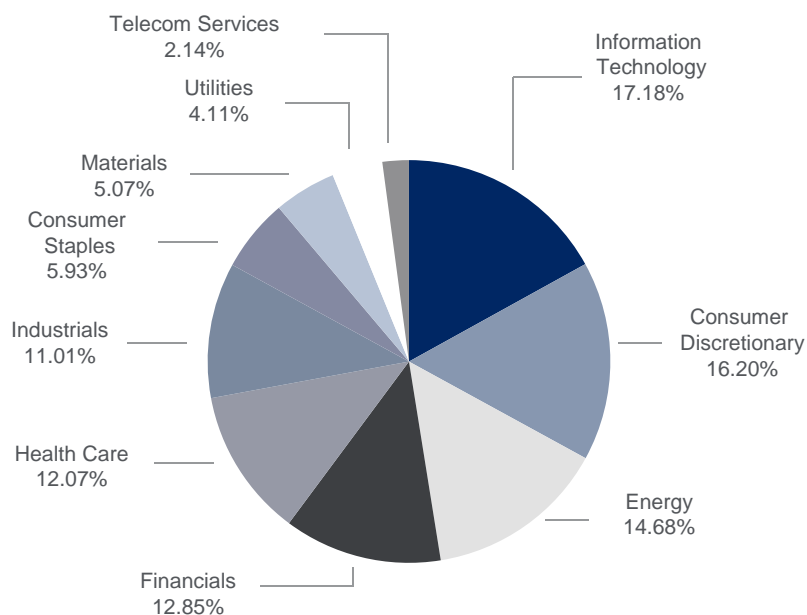
		Aug-13	July-13	Aug-12	YTD-13
S&P GSCI		3.4%	4.9%	6.4%	3.0%
US-\$ Index		0.8%	-2.0%	1.2%	3.0%
US 2yr Note		0.4%	0.3%	0.2%	2.3%

Source: Citi Prime Finance; FactSet; Citigroup Index LLC.

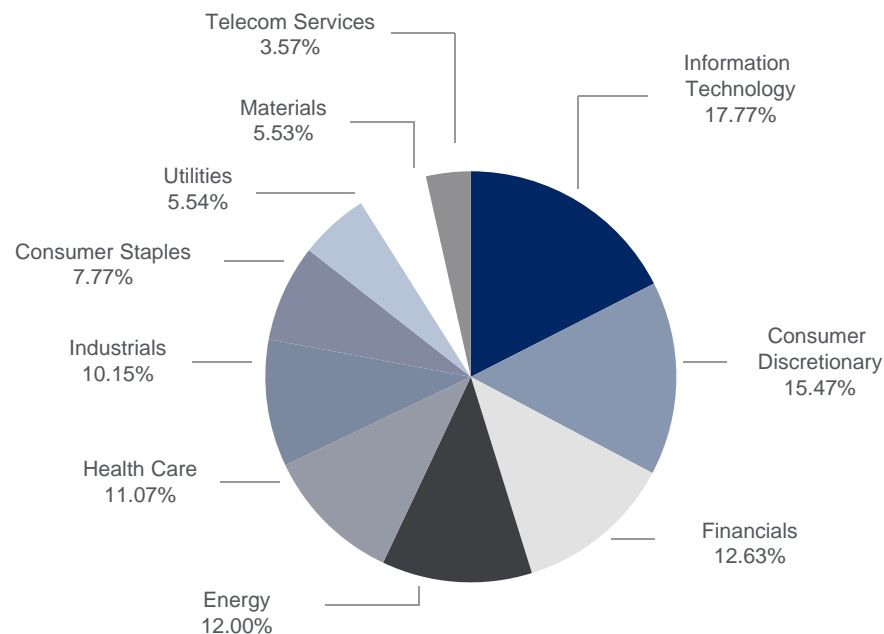


# US Securities Lending Sector Short Flows

## Short Sale Executions



## Short Cover Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Information Technology	17.18	15.84	8.46
Consumer Discretionary	16.20	16.22	-0.12
Energy	14.68	9.74	50.72
Financials	12.85	12.79	0.47
Health Care	12.07	12.41	-2.74
Industrials	11.01	11.13	-1.08
Consumer Staples	5.93	6.13	-3.26
Materials	5.07	5.28	-3.98
Utilities	4.11	3.04	35.2
Telecom Services	2.14	2.55	-16.08

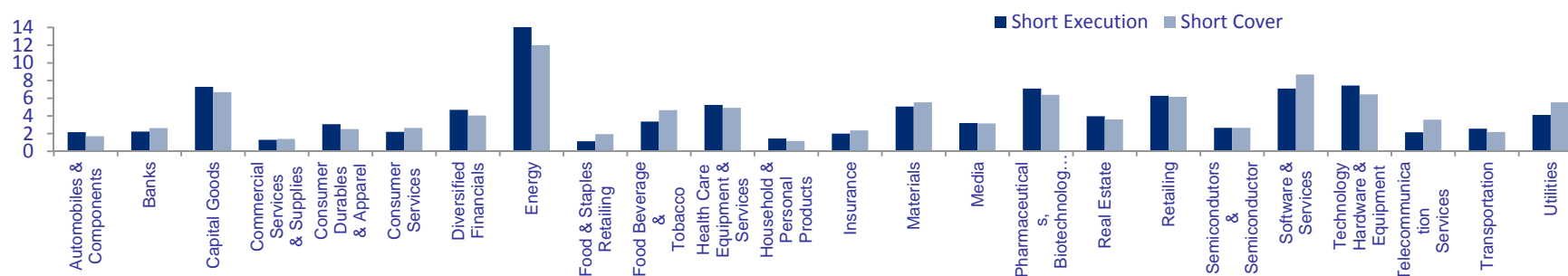
Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Information Technology	17.77	17.45	1.83
Consumer Discretionary	15.47	17.49	-11.55
Financials	12.63	14.05	-10.11
Energy	12.00	9.23	30.01
Health Care	11.07	13.44	-17.63
Industrials	10.15	12.11	-16.18
Consumer Staples	7.77	5.67	37.04
Utilities	5.54	3.03	82.84
Materials	5.53	5.33	3.75
Telecom Services	3.57	2.32	53.88

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

# US Securities Lending Industry Group Short Flows

## Citi Industry Group Short Flows

(% Short)



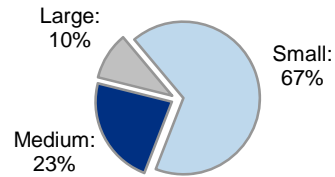
Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Energy	14.68	9.74	50.72
Technology Hardware & Equipment	7.44	3.75	98.40
Capital Goods	7.29	8.39	-13.11
Pharmaceuticals, Biotechnology & Life	7.10	6.44	10.25
Software & Services	7.09	9.39	-24.49
Retailing	6.27	5.99	4.67
Health Care Equipment & Services	5.24	5.97	-12.23
Materials	5.07	5.28	-3.98
Diversified Financials	4.68	5.26	-11.03
Utilities	4.11	3.04	35.20
Real Estate	3.96	3.10	27.74
Food Beverage & Tobacco	3.36	2.80	20.00
Media	3.19	2.58	23.64
Consumer Durables & Apparel	3.07	2.52	21.83
Semiconductors & Semiconductor	2.65	3.04	-12.83
Transportation	2.56	1.87	36.90
Banks	2.22	2.18	1.83
Consumer Services	2.19	3.34	-34.43
Automobiles & Components	2.17	1.90	14.21
Telecom Services	2.14	2.55	-16.08
Insurance	2.00	2.24	-10.71
Household & Personal Products	1.44	2.13	-32.39
Commercial Services & Supplies	1.29	0.86	50.00
Food & Staples Retailing	1.13	1.31	-13.74

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	12.00	9.23	30.01
Software & Services	8.69	10.36	-16.12
Capital Goods	6.68	8.51	-21.50
Technology Hardware & Equipment	6.43	4.26	50.94
Pharmaceuticals, Biotechnology & Life	6.39	6.36	0.47
Retailing	6.16	6.39	-3.60
Utilities	5.54	3.03	82.84
Materials	5.53	5.33	3.75
Health Care Equipment & Services	4.92	7.08	-30.51
Food Beverage & Tobacco	4.66	2.76	68.84
Diversified Financials	4.05	5.33	-24.02
Real Estate	3.61	3.48	3.74
Telecom Services	3.57	2.32	53.88
Media	3.15	2.77	13.72
Semiconductors & Semiconductor	2.65	3.21	-17.45
Consumer Services	2.64	3.46	-23.70
Banks	2.62	3.09	-15.21
Consumer Durables & Apparel	2.51	2.79	-10.04
Insurance	2.36	2.15	9.77
Transportation	2.18	1.98	10.10
Food & Staples Retailing	1.93	1.37	40.88
Automobiles & Components	1.70	2.19	-22.37
Commercial Services & Supplies	1.39	1.62	-14.20
Household & Personal Products	1.17	1.62	-27.78

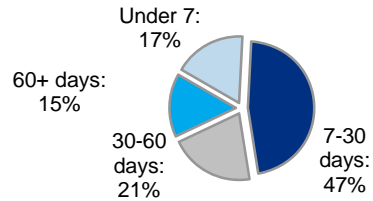
Source: S&P (GICS); Citi US Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value.

# Hedge Fund (Fund Level) Profiles

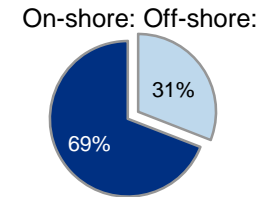
## By Fund Size—No. of Funds



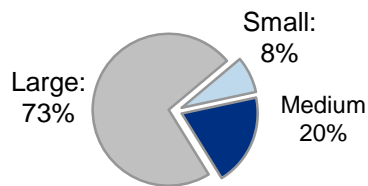
## Redemption Notice Period



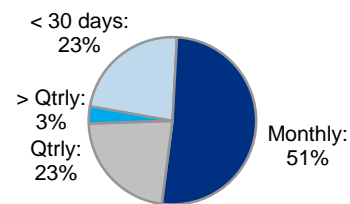
## On-shore/Off-shore



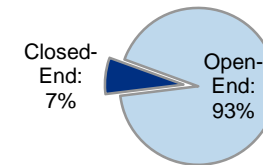
## By Fund Size—\$ AUM



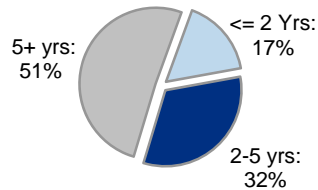
## Redemption Frequency



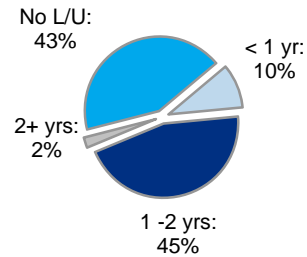
## Legal Status



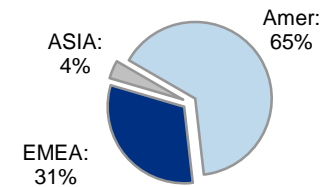
## By Fund Age—No. of Funds



## Lock-Up



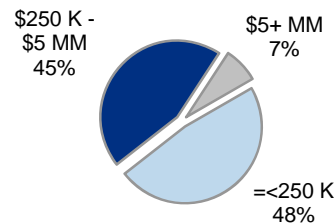
## Domicile (by \$ AUM)



## By Fund Age—\$ AUM



## Minimum Investment



Source: Citi 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.

# Hedge Fund (Fund Level) Profiles

## Hedge Funds: Large (>\$500 Million)

	% 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	9%	\$1,020	-0.4%	5.5%	72%	98%	1-2 yrs / 76%	7-30 days / 69%	Monthly / 56%
2-5 yrs	21%	\$962	-0.5%	4.3%	70%	63%	1-2 yrs / 79%	60+ days / 31%	Monthly / 40%
Over 5 yrs	70%	\$2,221	-0.7%	4.8%	66%	72%	1-2 yrs / 41%	7-30 days / 32%	Monthly / 47%
<b>Total</b>	<b>100%</b>	<b>\$1,959</b>	<b>-0.6%</b>	<b>4.6%</b>	<b>68%</b>	<b>69%</b>	<b>1-2 years / 51%</b>	<b>7-30 days / 34%</b>	<b>Monthly / 48%</b>

## Hedge Funds: Medium (\$100–\$500 Million)

Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice / % of Total	Preferred Redemption Frequency / % of Total
Under 2 yrs	5%	\$201	-0.4%	5.2%	71%	84%	1-2 yrs / 75%	7-30 days / 52%	Under 30 / 51%
2-5 yrs	30%	\$228	-0.4%	5.9%	70%	73%	1-2 yrs / 66%	7-30 days / 41%	Monthly / 49%
Over 5 yrs	65%	\$235	-0.4%	6.2%	70%	65%	No / 52%	7-30 days / 48%	Under 30 / 57%
<b>Total</b>	<b>100%</b>	<b>\$233</b>	<b>-0.4%</b>	<b>6.1%</b>	<b>71%</b>	<b>68%</b>	<b>No / 44%</b>	<b>7-30 days / 46%</b>	<b>Monthly / 52%</b>

## Hedge Funds: Small (<\$100 Million)

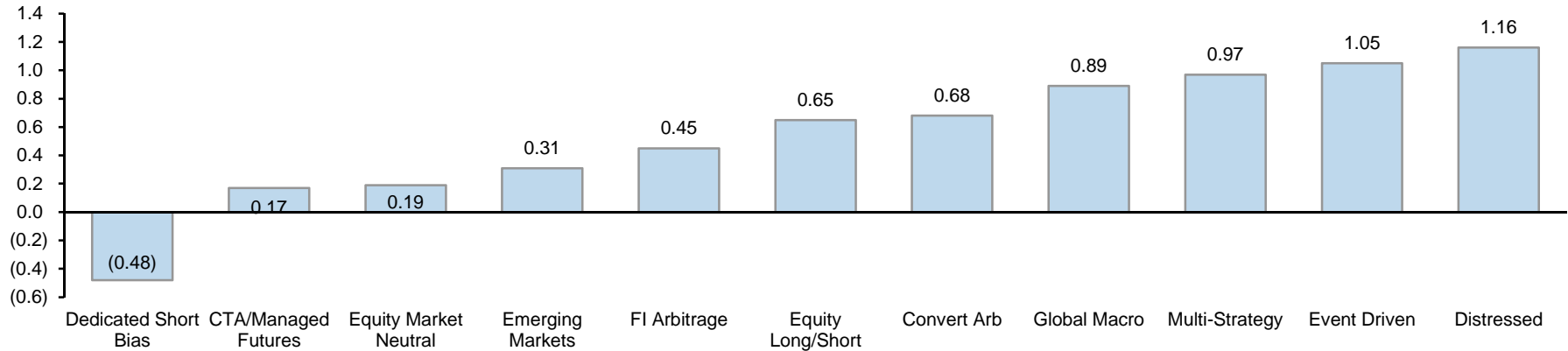
Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice / % of Total	Preferred Redemption Frequency / % of Total
Under 2 yrs	16%	\$31	0.0%	4.6%	87%	79%	1-2 yrs / 71%	7-30 days / 32%	Monthly / 44%
2-5 yrs	41%	\$25	-0.4%	4.3%	64%	78%	1-2 yrs / 63%	7-30 days / 43%	Monthly / 52%
Over 5 yrs	43%	\$36	-0.5%	4.9%	68%	65%	No / 42%	7-30 days / 55%	Monthly / 54%
<b>Total</b>	<b>100%</b>	<b>\$35</b>	<b>-0.4%</b>	<b>4.8%</b>	<b>67%</b>	<b>73%</b>	<b>1-2 yrs / 46%</b>	<b>7-30 days / 50%</b>	<b>Monthly / 52%</b>

Source: Citi Prime Finance.

Note: Domiciles, lock-up and redemption metrics updated quarterly. 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.

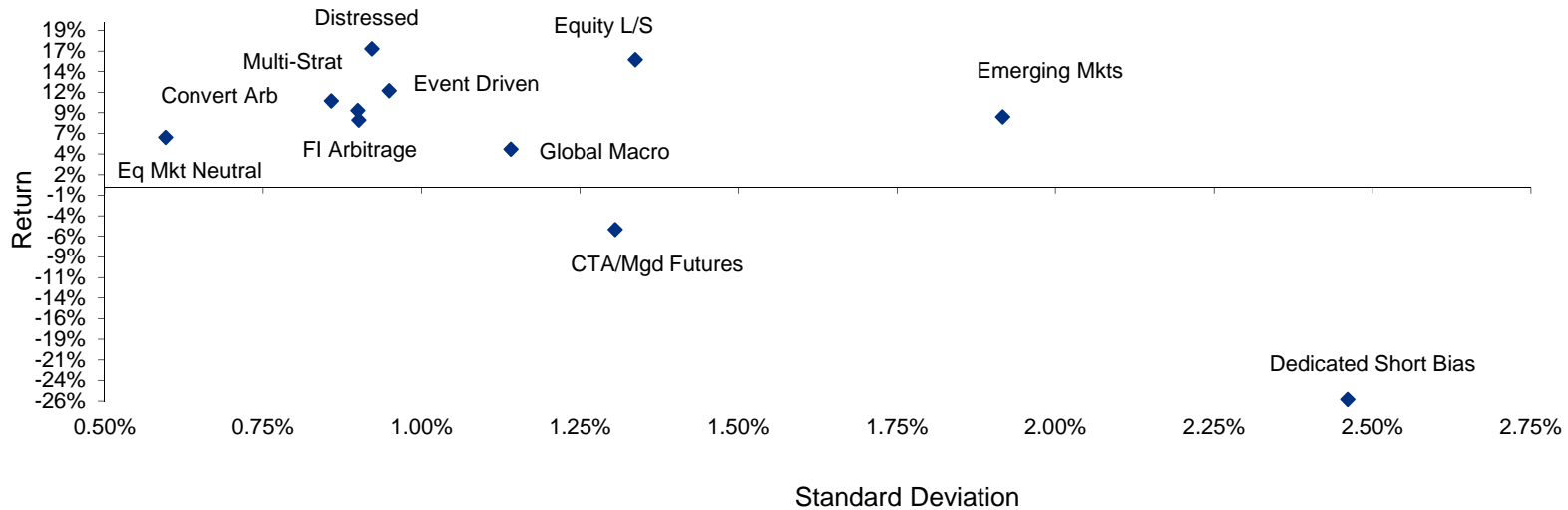
# Risk and Return Metrics

## Sharpe Ratios (Oct-04 - Aug-13)



Source: Credit Suisse Dow Jones Index

## Risk vs. Return (Aug-12 – Aug-13)



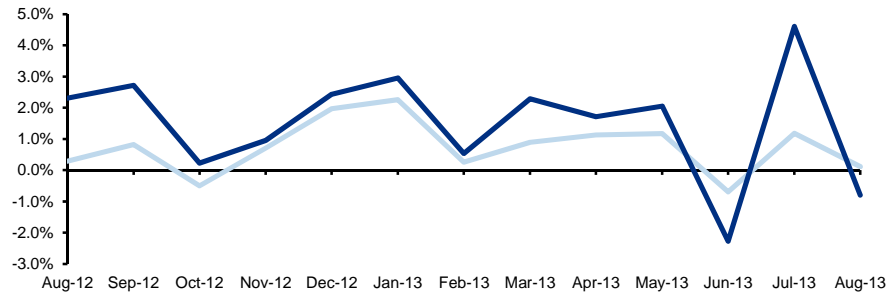
Source: Citi Prime Finance.

# Convertible Arbitrage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.3%	0.3%	0.9%	1.1%	1.2%	-0.7%	1.2%	0.1%					6.3%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

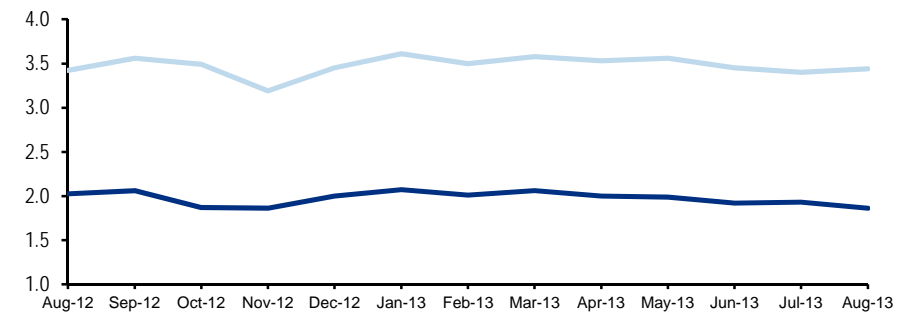


	August -13	July -13	August-12	YTD-13
Convert Arb	0.1%	1.2%	0.3%	6.2%
CWB ETF	-0.8%	4.6%	2.3%	11.9%

Source: Citi ICG Analytics; FactSet.

## Leverage Profile

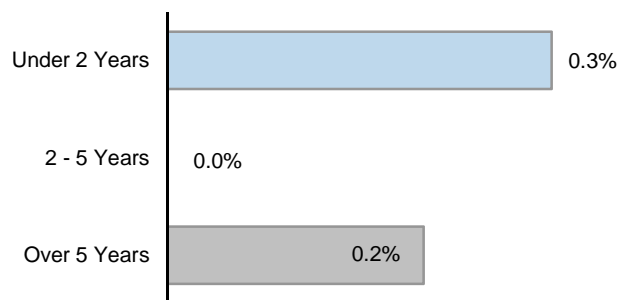
(Monthly, LTM)



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

Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>

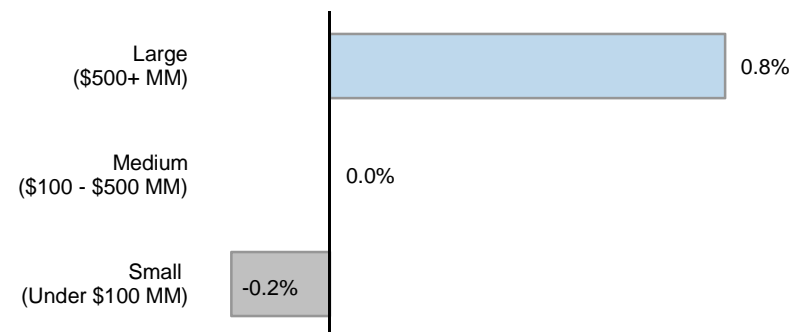


Source: Citi Prime Finance.

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

1. Universe and sample sizes may be small.

## Hedge Fund Performance by Size<sup>1</sup>

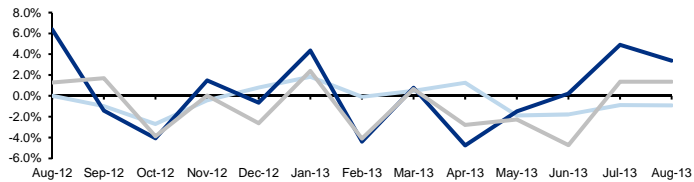


Source: Citi Prime Finance.

# CTA/Managed Futures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.8%	-0.1%	0.5%	1.3%	-1.9%	-1.8%	-0.9%	-0.9%					-2.0%

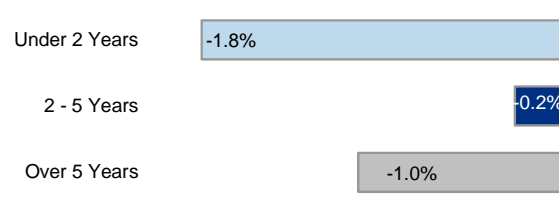
## Hedge Fund Performance vs. Benchmark



	August -13	July -13	August-12	YTD-13
CTA/Mgd Futures	-0.9%	-0.9%	0.0%	-1.0%
S&P GSCI Commodity (SPGSCI)	3.4%	4.9%	6.4%	-0.3%
DJ-UBS Commodity (DJAGK)	1.4%	1.4%	1.3%	-9.4%

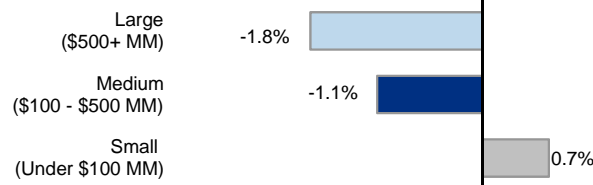
Source: Citi Prime Finance; FactSet.

## Hedge Fund Performance by Age



Source: Citi Prime Finance.

## Hedge Fund Performance by Size



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.

1. Universe and sample sizes may be small.

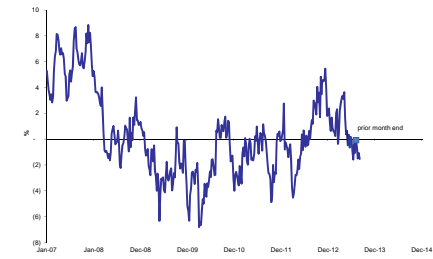
## Large Speculator Positions: CFTC Commitment Of Traders (Futures & Options) Report Net of Longs Less Shorts as Percent of Total Open Positions

### Combined S&P/Weighted Mini S&P Contracts



Last Update: 8/27/13 +0.7%

### US 10-Year Treasury Futures



Last Update: 8/27/13 -1.5%

### EuroFX Futures



Last Update: 8/27/13 +6.4%

### Gold Futures



Last Update: 8/27/13 +8.7%

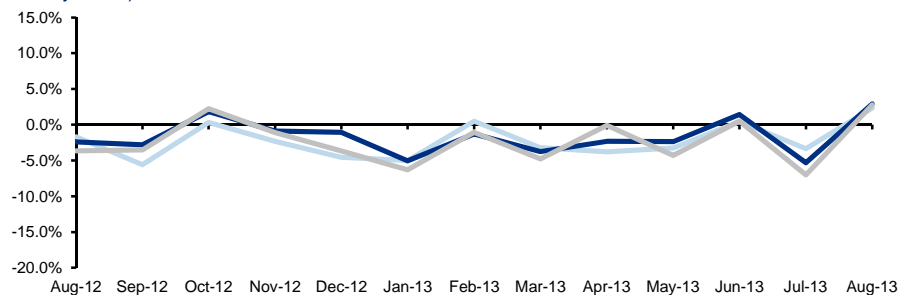
Source: CFTC, Bloomberg, Citi Futures Perspective.

# Dedicated Short Bias

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-5.0%	0.5%	-3.2%	-3.8%	-3.3%	0.5%	-3.4%	2.3%					-15.3%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

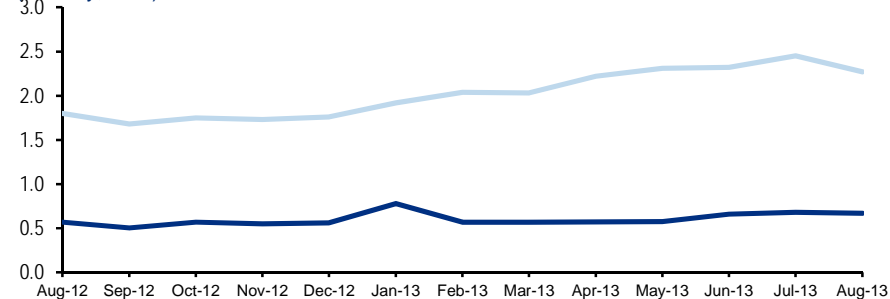


	August -13	July -13	August-12	YTD-13
Ded Short Bias	2.3%	-3.4%	-1.7%	-17.7%
S&P Short ETF (SH)	2.9%	-5.3%	-2.4%	-18.7%
Rus 2000 Short ETF (RWM)	2.8%	-7.0%	-3.6%	-23.1%

Source: Citi Prime Finance; 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

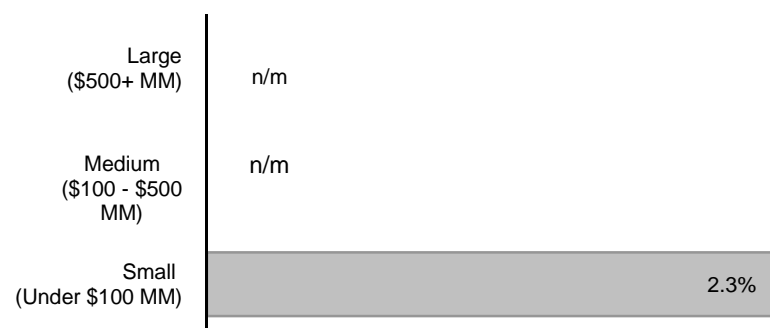
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

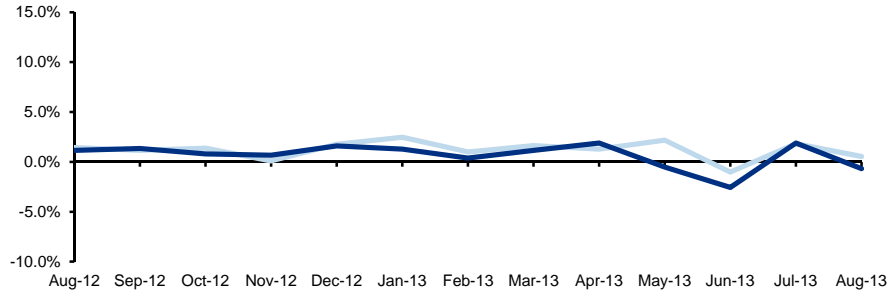
1. Universe and sample sizes may be small.



# Distressed

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.5%	1.0%	1.6%	1.3%	2.2%	-1.0%	1.8%	0.5%					9.8%

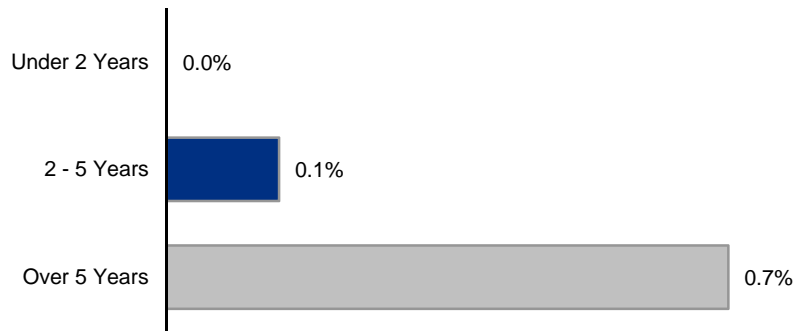
## Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	August -13	July -13	August-12	YTD-13
Distressed	0.5%	1.8%	1.4%	9.3%
Citi HY Bond Index	-0.7%	1.9%	1.1%	0.0%

Source: Citi Prime Finance; Citigroup Index LLC; Altman-NYU Salomon Center.

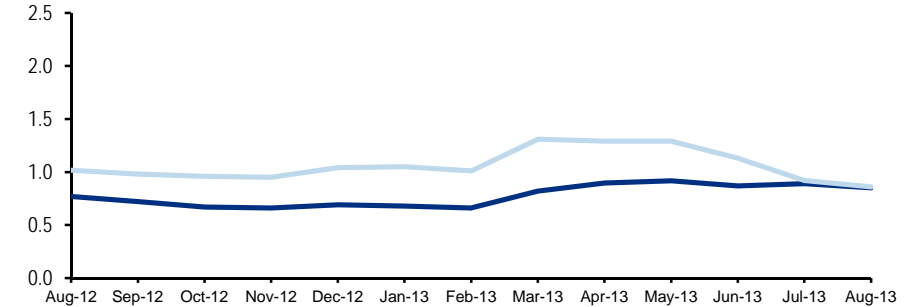
## Hedge Fund Performance by Age<sup>1</sup>



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.  
1. Universe and sample sizes may be small.

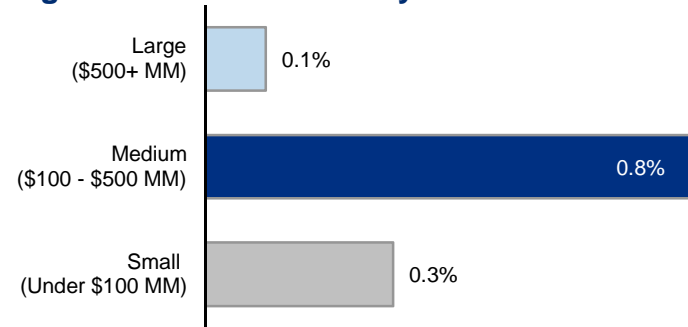
## Leverage Profile (Monthly, LTM)



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<sup>1</sup>



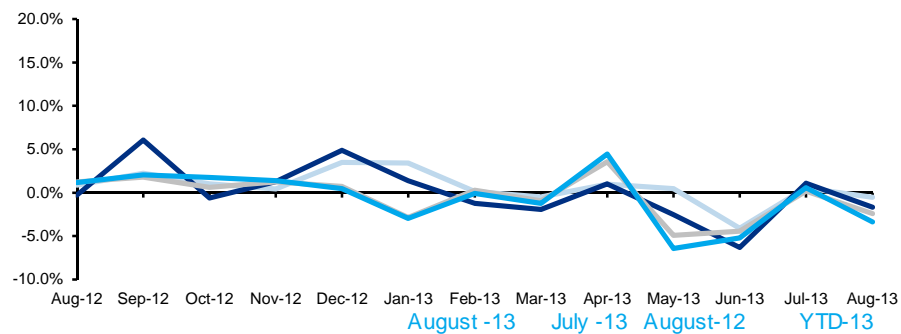
Source: Citi Prime Finance.

# Emerging Markets

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.4%	0.1%	-0.5%	1.0%	0.5%	-4.1%	0.5%	-0.5%					0.4%

## Hedge Fund Performance vs. Benchmark

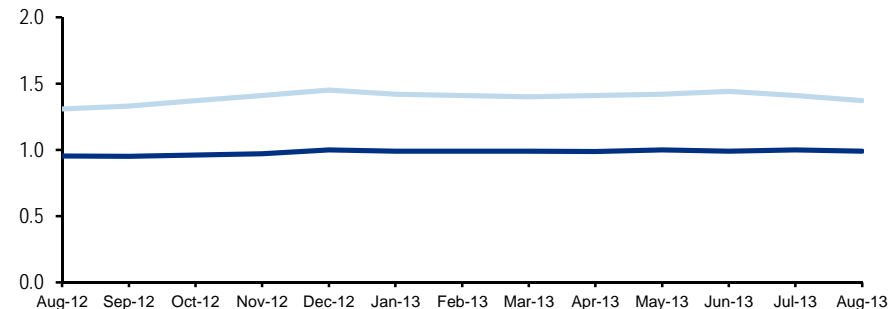
(Monthly, LTM)



Source: Citi Prime Finance; FactSet.

## Leverage Profile

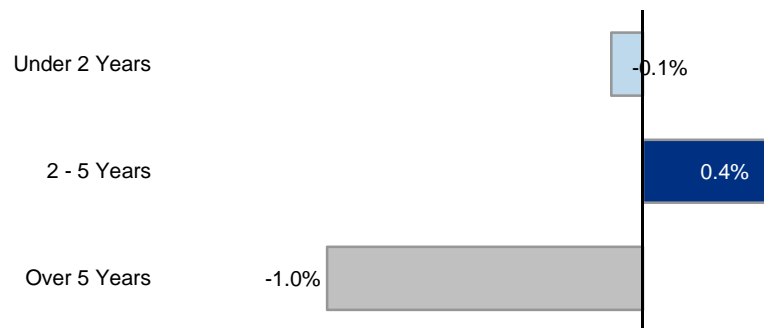
(Monthly, LTM)



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

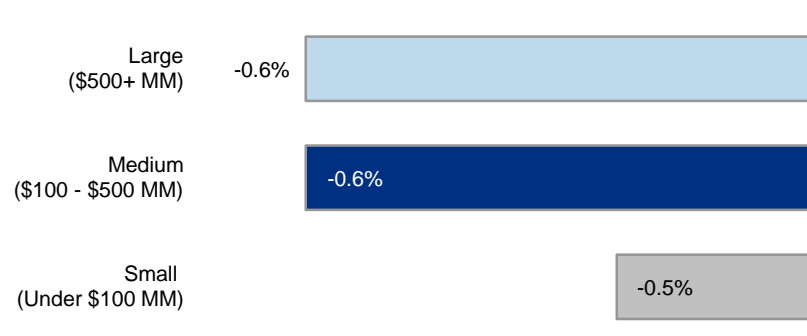
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

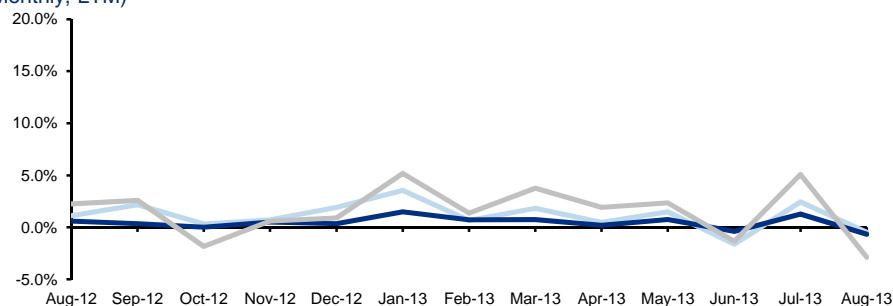
1. Universe and sample sizes may be small.

# Equity Long/Short

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.5%	0.7%	1.8%	0.5%	1.5%	-1.6%	2.4%	-0.5%					8.3%

## Hedge Fund Performance vs. Benchmark

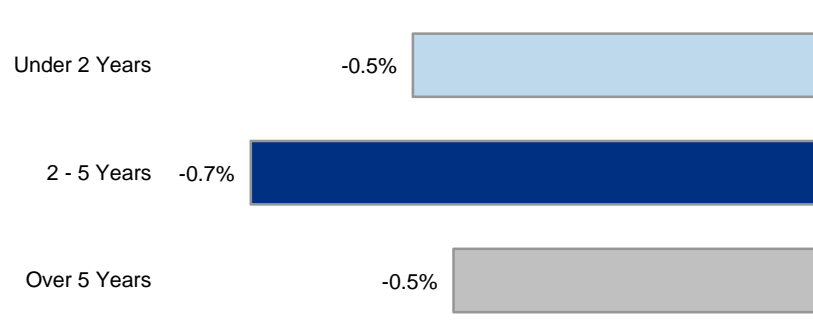
(Monthly, LTM)



	August -13	July -13	August-12	YTD-13
Eq Long/Short	-0.5%	2.4%	1.1%	8.8%
Eq Mkt Neutral	-0.7%	1.3%	0.6%	4.7%
S&P 500	-2.9%	5.1%	2.3%	18.3%

Source: Citi Prime Finance; FactSet.

## Hedge Fund Performance by Age<sup>1</sup>



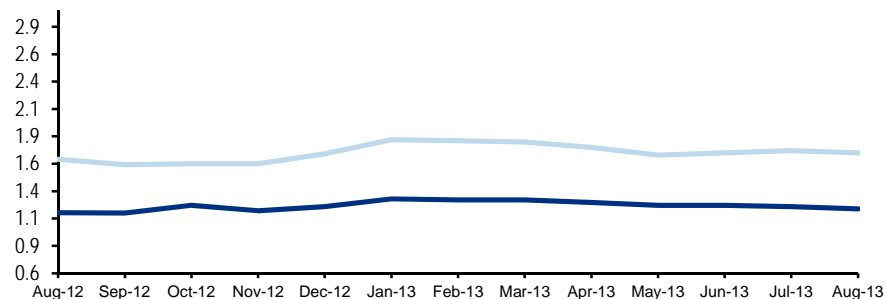
Source: Citi Prime Finance.

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

1. Universe and sample sizes may be small.

## Leverage Profile

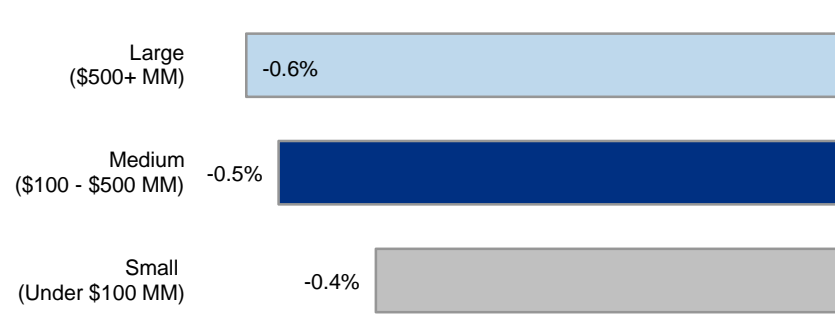
(Monthly, LTM)



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<sup>1</sup>



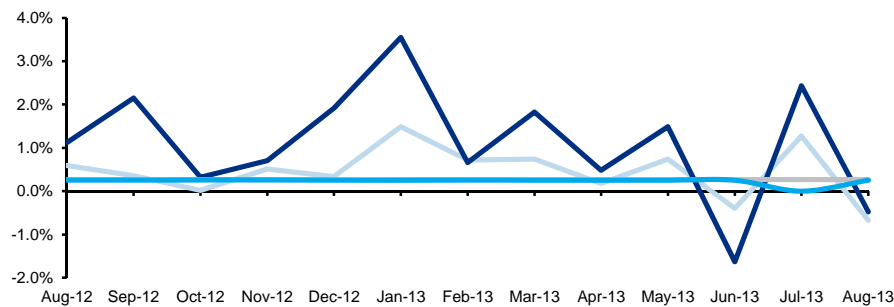
Source: Citi Prime Finance.

# Equity Market Neutral

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.5%	0.7%	0.7%	0.2%	0.7%	-0.4%	1.3%	-0.7%					4.1%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

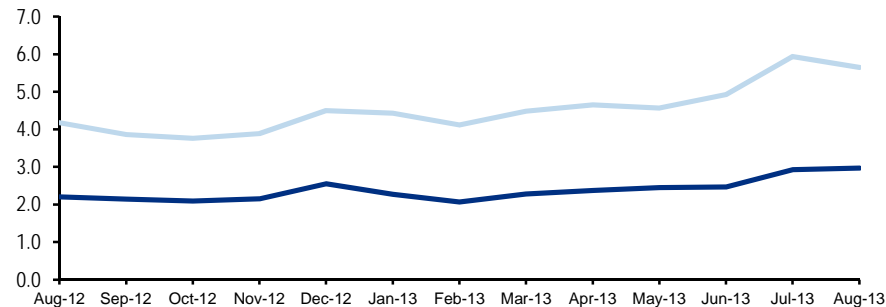


	August -13	July -13	August -12	YTD -13
Eq Mkt Neutral	-0.7%	1.3%	0.6%	4.7%
Eq Long/Short	-0.5%	2.4%	1.1%	8.8%
LIBOR + 300 bps	0.3%	0.3%	0.3%	1.9%
US T-Bill + 300 bps	0.3%	0.0%	0.3%	1.5%

Source: Citi Prime Finance; FactSet.

## Leverage Profile

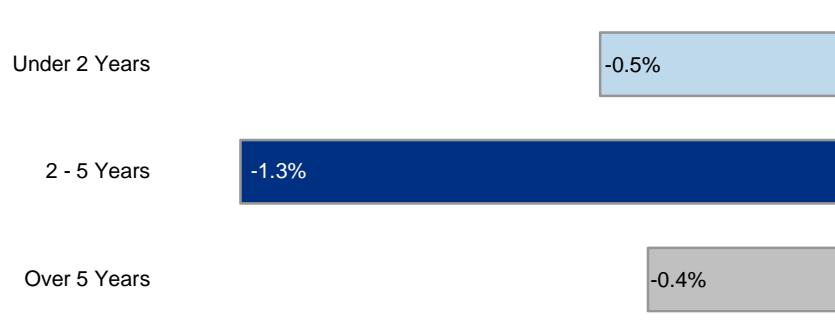
(Monthly, LTM)



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

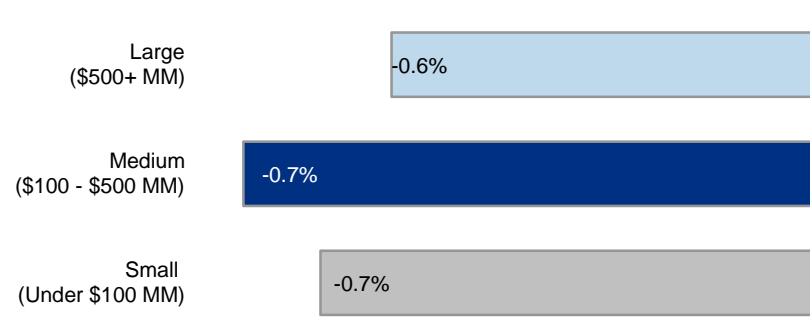
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

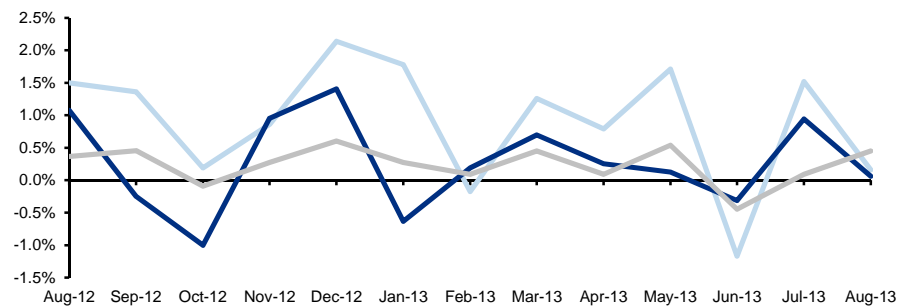
1. Universe and sample sizes may be small.

# Event Driven

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.8%	-0.2%	1.3%	0.8%	1.7%	-1.2%	1.5%	0.2%					5.9%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

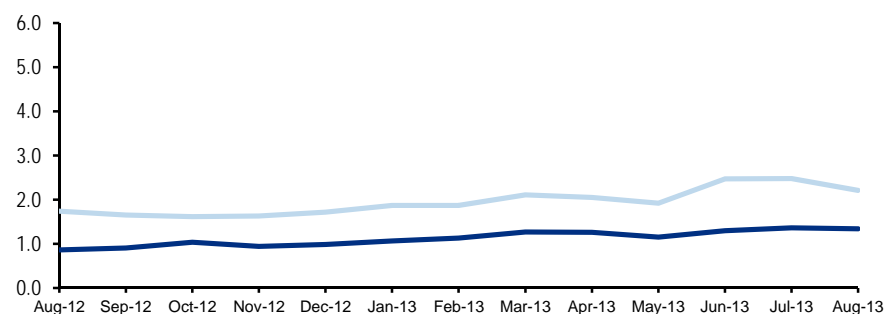


	August -13	July -13	August-12	YTD-13
Event Driven	0.2%	1.5%	1.5%	5.7%
The Merger Fund (MERFX)	0.1%	0.9%	1.1%	1.3%
AQR Div Arb Fund (ADANX)	0.4%	0.1%	0.4%	1.0%

Source: Citi Prime Finance; FactSet.

## Leverage Profile

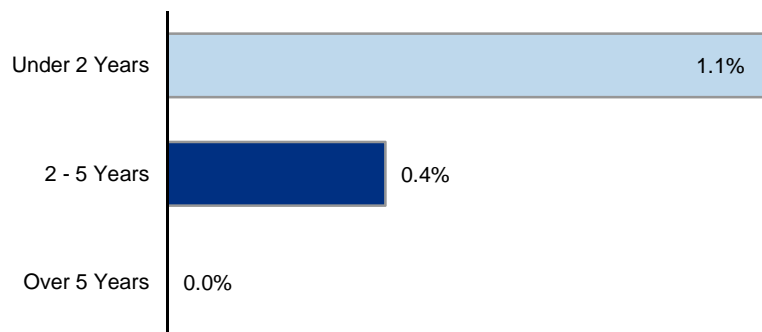
(Monthly, LTM)



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

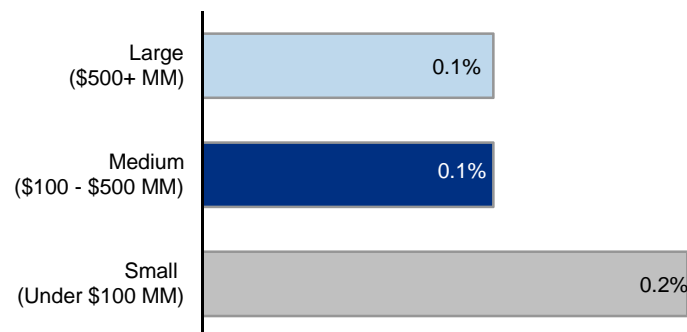
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

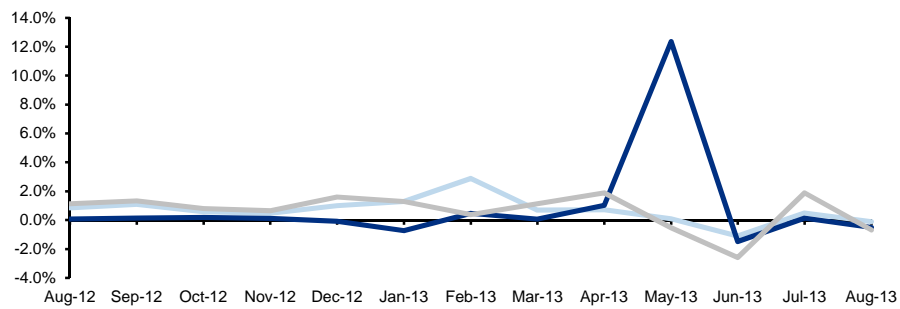
1. Universe and sample sizes may be small.

# FI Arbitrage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.3%	2.9%	0.7%	0.7%	0.1%	-1.1%	0.5%	-0.1%					5.0%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

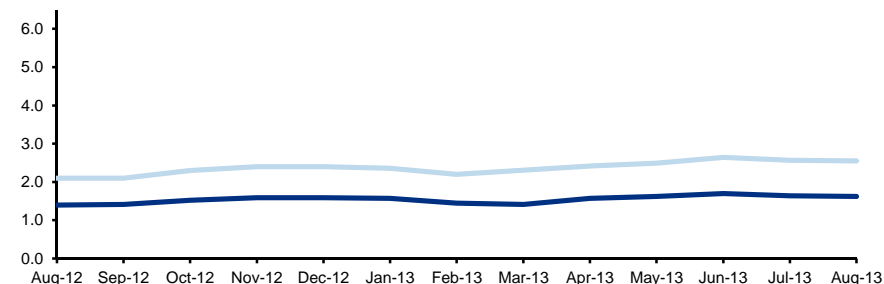


	August -13	July -13	August-12	YTD-13
FI Arbitrage	-0.1%	0.5%	0.8%	5.1%
Citi US BIG Index	-0.5%	0.1%	0.1%	0.0%
Citi HY Bond Index	-0.7%	1.9%	1.1%	0.0%

Source: Citi Prime Finance; Citigroup Index LLC.

## Leverage Profile

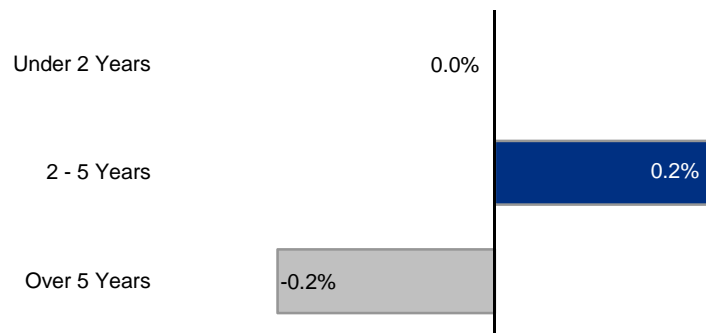
(Monthly, LTM)



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

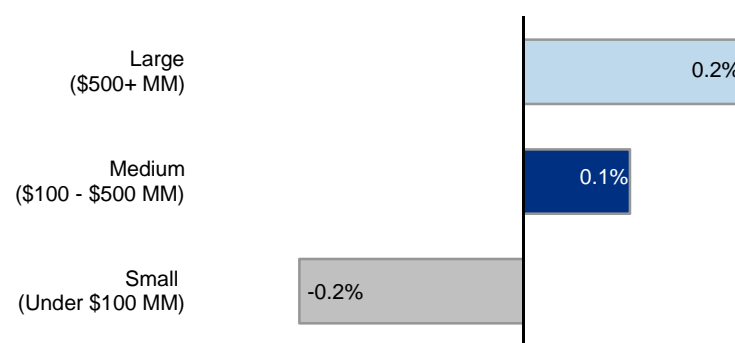
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

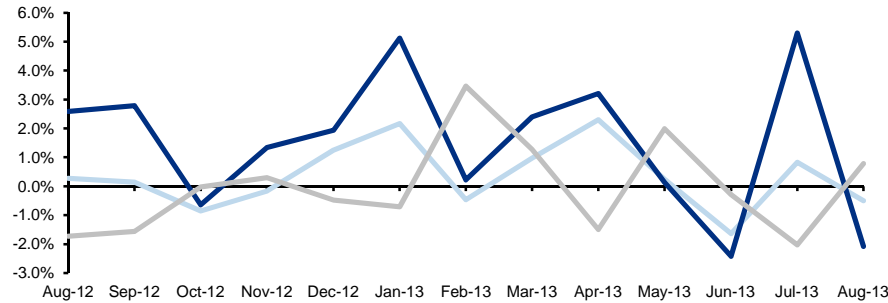
1. Universe and sample sizes may be small.

# Global Macro

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.2%	-0.5%	1.0%	2.3%	0.2%	-1.6%	0.8%	-0.5%					3.9%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

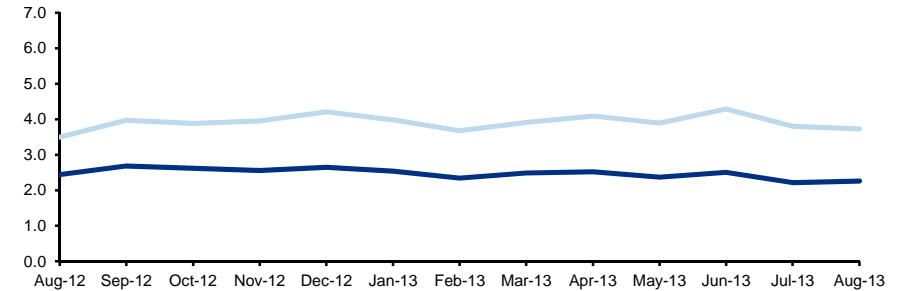


	August -13	July -13	August-12	YTD-13
Global Macro	-0.5%	0.8%	0.3%	4.4%
MSCI World	-2.1%	5.3%	2.6%	14.0%
US\$-Index	0.8%	-2.0%	-1.7%	2.2%

Source: Citi Prime Finance; FactSet.

## Leverage Profile

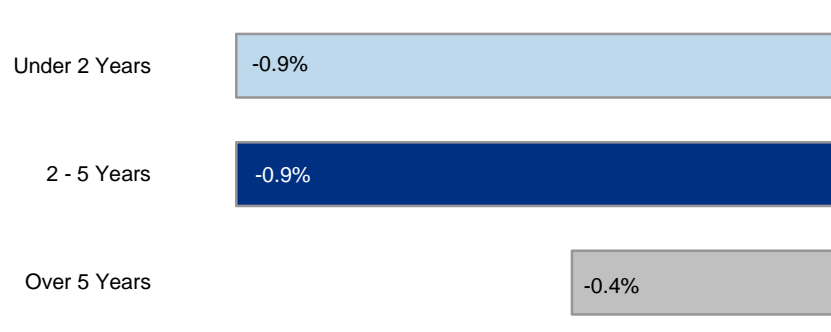
(Monthly, LTM)



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

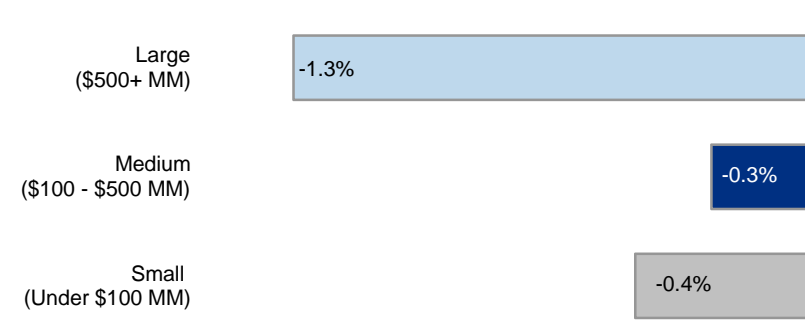
Source: Citi Prime Finance; FactSet.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



Source: Citi Prime Finance; FactSet.

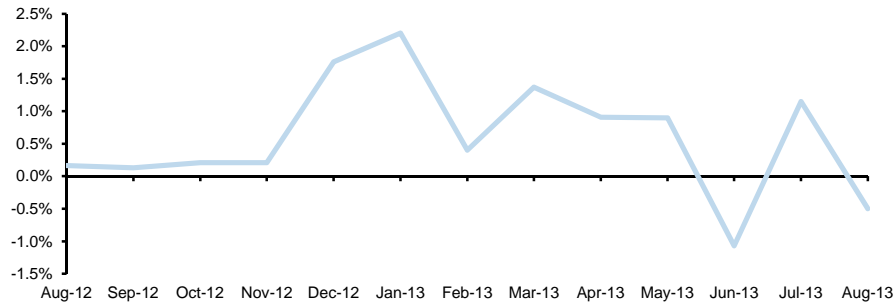
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.

1. Universe and sample sizes may be small.

# Multi-Strategy

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.2%	0.4%	1.4%	0.9%	0.9%	-1.1%	1.1%	-0.5%					5.4%

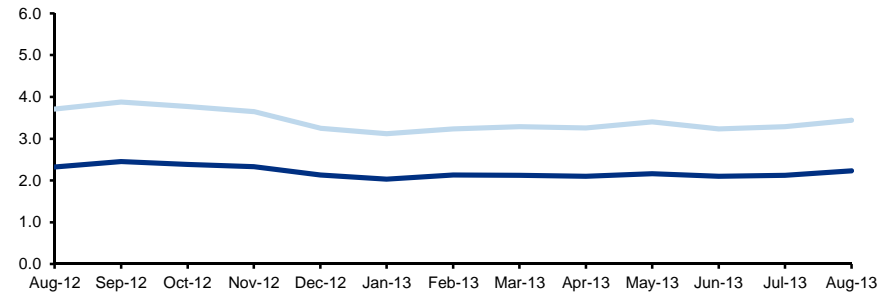
## Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	August -13	July -13	August-12	YTD-13
Multi-Strategy	-0.5%	1.1%	0.2%	5.9%

Source: Citi Prime Finance.

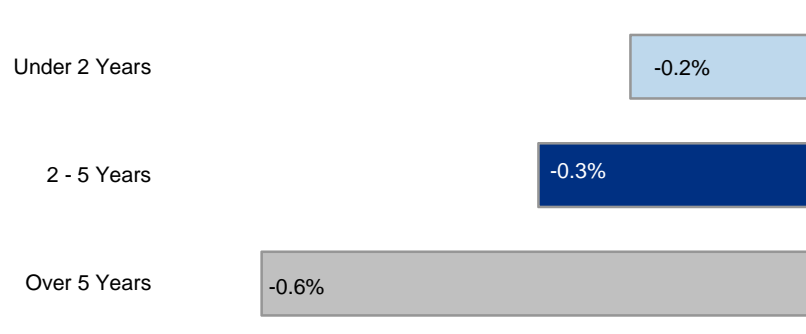
## Leverage Profile (Monthly, LTM)



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

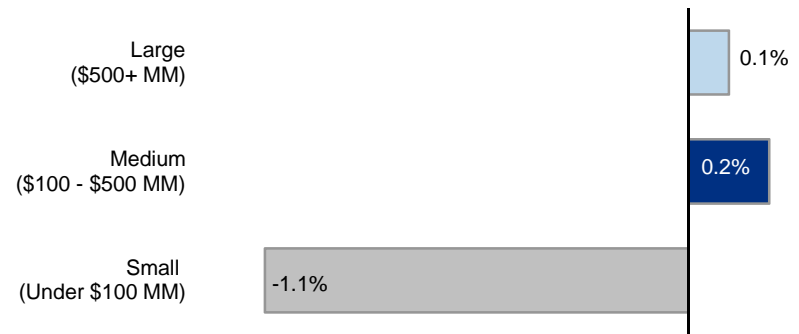
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.  
1. Universe and sample sizes may be small.



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