

Hedge Fund Industry Snapshot

Data as of September 2012

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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Highlights

Performance, AUM & Flows

- Composite hedge fund performance, equal-weighted across funds, was up in September 2012 with performance ranging from +0.20% to +1.06%. Returns were higher than the previous period (August 2012 +0.51% to +0.83%). The Citi HARP hedge fund replication index was +1.01% in September versus the HFRI Fund of Fund index that was +0.82%.
- Hedge fund strategy wise, top performing strategies in September 2012 include Emerging Markets +2.22%, Equity Long/Short +2.15%, and Event Driven +1.36%. The lowest performing strategies include Dedicated Short -5.59%, CTA/Managed Futures -0.99%, Multi Strategy +0.13%, and Global Macro at +0.14%.
- According to eVestment|HFN, the estimated industry assets increased for September 2012, finishing the month net positive at +\$29.56 billion. Gains were mostly attributed to performance at +\$21.15 billion while gains from investor flows accounted for +\$8.41 billion. Overall industry AuM remains below its \$2.94 trillion June 2008 peak.
- Net investor inflows of +\$8.41 billion for September 2012 mark the first consecutive period of net positive for 2012. September net flows were lower than the previous month, which experienced +\$22.47 billion over the same period. Year to date investor flows now stand at +\$40.37 billion compared to +\$49.15 billion over the same period last year.

Fund Profiles

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was +0.5%, medium single funds (\$100–\$500 million) +1.0% and small single funds (<\$100 million) +0.3%.
- Liquidity terms continued its consistent pattern from the recent reporting periods with September 2012 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 (52%) required no lockup (42%) 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 (72%) compared to medium funds (\$100–\$500 million) at 20% and small funds (<\$100 million) holding only 8%.

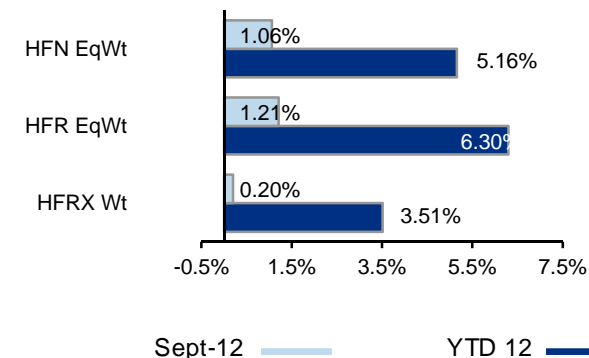
Leverage, Shorts and Futures Market Positioning

- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.71x in September 2012 versus 1.74x in August, and 1.73x in July.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Global Macro (3.97x), Multi Strategy (3.88x), Equity Market Neutral (3.86x), and Convertible Arbitrage (3.56x).
- Citi US short flows data included in this month's report show increased interest in the Consumer Discretionary and Information Technology sectors. These two sectors accounted for 35.96% of short executions and 31.89% of short covers in September versus 33.30% of short executions and 31.82% of short covers in August 2012.
- September saw some shifting in the large speculator net positioning (in Futures & Options) after several months of relatively quiet activity. The biggest changes that did take once again were seen in the EuroFX and Gold contracts. They continued to reduce a net short position in the EuroFX, in a declining aggregate open interest environment suggesting short covering. Large specs Large speculator net positioning (in Futures & Options) saw most activity in EuroFX and Gold contracts. They cut net shorts in the EuroFX, and in an increasing aggregate open interest environment. Large specs increased their net long positions in gold contracts for the fourth consecutive month with the net long now back to the largest it has been since August 2011.

Hedge Fund Industry: AUM, Performance

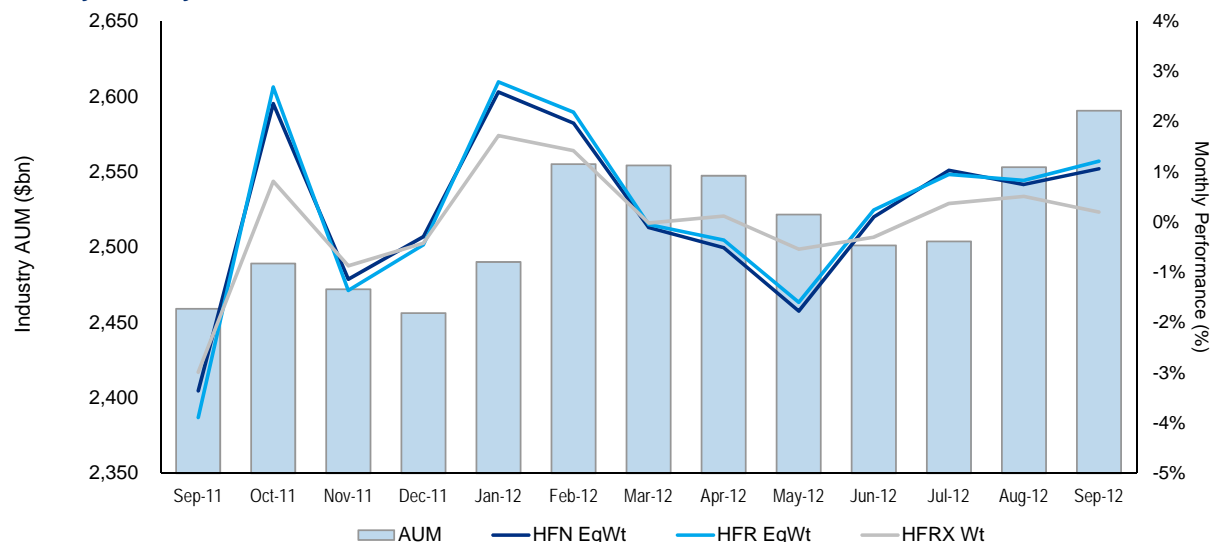
- Composite hedge fund performance, equal-weighted across funds, was up in September 2012 with performance ranging from +0.20% to +1.06%. Returns were higher than the previous period (August 2012 +0.51% to +0.83%). Year to date performance gains range from +3.51% to +5.16% compared to -3.89% to -2.99% over the same period in 2011.
- Equities posted gains in September to conclude the 3rd quarter, though gains were pared into month end on renewed European sovereign debt concerns despite stimulus measures by US, European and Japanese central banks. Equity gains were led by Cyclical, Financials and Commodity sensitive sectors, with regional leadership from Asian and Emerging Markets. US Treasury yields rose for the month but settled off mid-month highs as the long end of the curve steepened and high yield credit tightened for the month. The Euro settled with monthly gains against the US dollar, with these also pared into month end; the Pound posted similar gains while the Dollar strengthened against the Japanese Yen. Energies and Precious Metal Commodities diverged for the month with losses in Oil and gains across Aluminum and Silver; Natural Gas also posted a sharp increase.
- Hedge fund strategy wise, top performing strategies in September 2012 include Emerging Markets +2.22%, Equity Long/Short +2.15%, and Event Driven +1.36%. The lowest performing strategies include Dedicated Short -5.59%, CTA/Managed Futures -0.99%, Multi Strategy +0.13%, and Global Macro at +0.14%.
- According to eVestment|HFN, the estimated industry assets increased for September 2012, finishing the month net positive at +\$29.56 billion. Gains were mostly attributed to performance at +\$21.15 billion while gains from investor flows accounted for +\$8.41 billion. Industry AuM remains below its \$2.94 trillion June 2008 peak.

Industry Performance: Sept-12/YTD



Source: HFR, eVestment|HFN.

Monthly Industry AUM and Performance



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

Note Pad

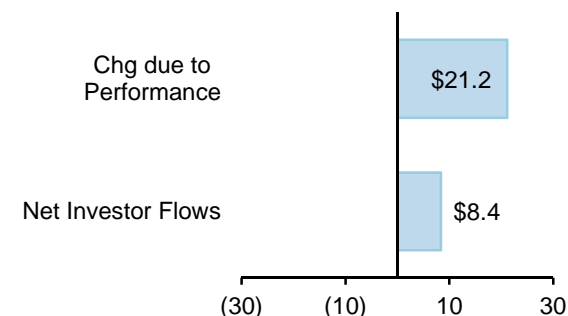
- MSCI World Index: +2.8%; +13.5% YTD
- MSCI EM Index: +6.1%; +13.5% YTD
- S&P 500: +2.6%; +15.8% YTD
- Citi US BIG Index: +0.13%; +3.94% YTD
- S&P GSCI: -1.4%; +5.0% YTD
- US Dollar Index: -1.6%; +0.5% YTD
- HFN Country Indices Sept/YTD:
 - Brazil: +1.46%/+11.68%; India: +8.88%/+22.95%;
 - China: +2.60%/+1.34%; Japan: +1.50%/+3.23%

Hedge Fund Industry: Change in Industry Assets

- According to eVestment|HFN, industry assets for September 2012 increased, finishing the month net positive at +\$29.56 billion. Gains were mostly attributed to performance totaling +\$21.15 billion while gains from net investor flows accounted for +\$8.41 billion.
- September 2012 marks the third consecutive month of 2012 in which performance contributed positively to industry AUM. September 2012 performance gains of +\$21.15 billion were higher than the previous month (August 2012 +\$17.74 billion). Year to date performance gains stand at +\$93.88 billion compared to -\$62.77 billion over the same period last year.
- Net investor inflows of +\$8.41 billion for September 2012 mark the first consecutive period of net positive for 2012. September net flows were lower than the previous month, which experienced +\$22.47 billion over the same period. Year to date investor flows now stand at +\$40.37 billion compared to +\$49.15 billion over the same period last year.
- Total industry AUM now stands at \$2.59 trillion for September 2012 and is up +3.87% from \$2.49 trillion in January 2012.

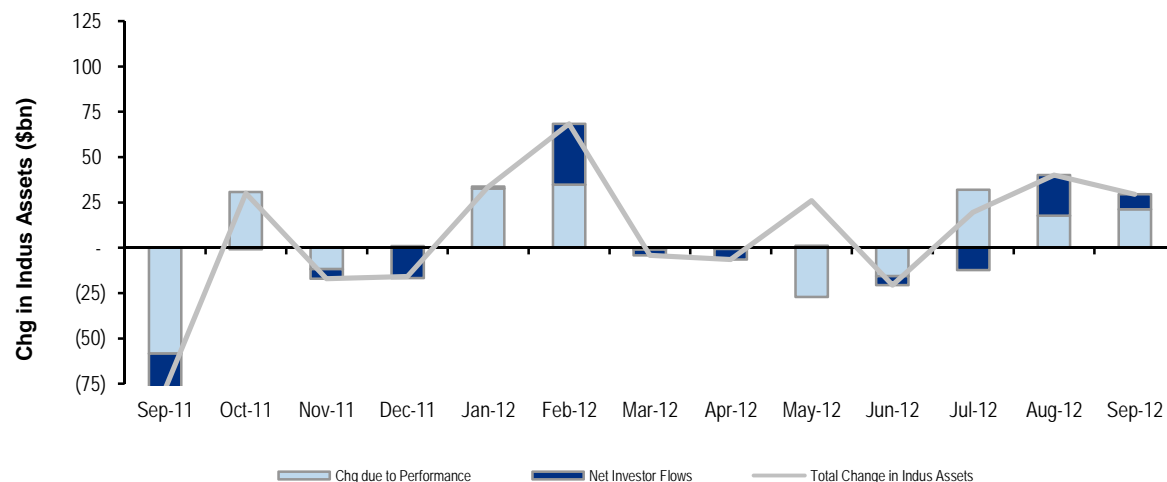
Composition of Change in Assets

Sept-12 Amounts in (\$ Billion)



Source: eVestment|HFN.

Monthly Change in Industry Assets and Composition



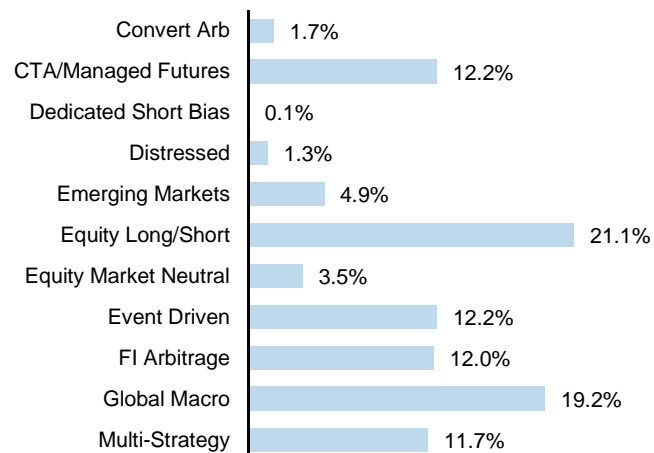
Source: eVestment|HFN.

Note Pad

- The Citi Prime Finance calculation for end-Sept gross leverage (as measured on a mean basis) was 1.71x, compared to recent months: Aug: 1.74x, July: 1.73x, and June: 1.75x
- Gross leverage (mean): defined as sum of (LMV + abs SMV)/Net Equity

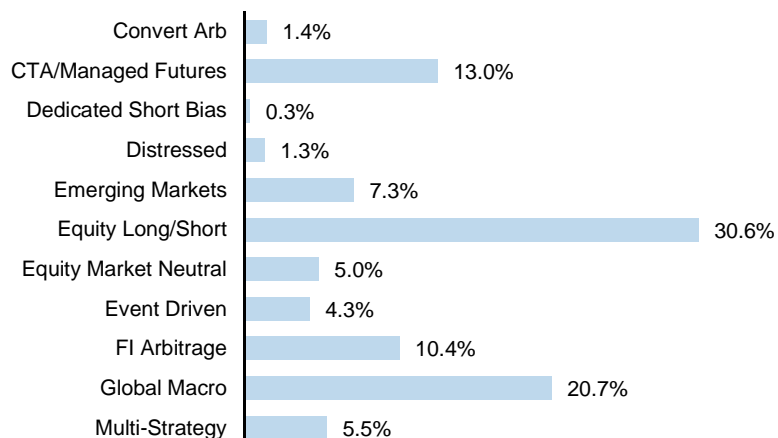
Hedge Fund Stats by Strategy

Hedge Fund Strategy Breakdown by Assets



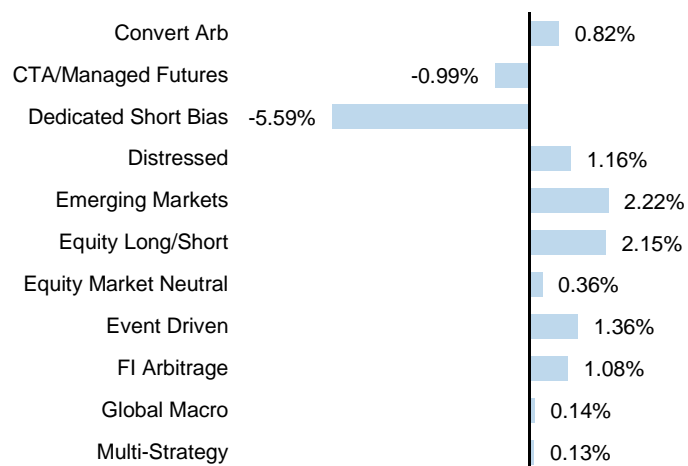
Source: Citi Prime Finance.

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi Prime Finance.

Hedge Fund Performance by Strategy

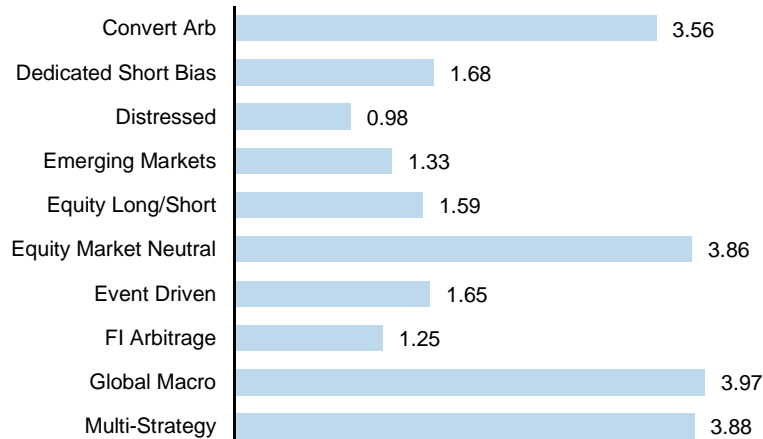


Source: Citi Prime Finance.

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



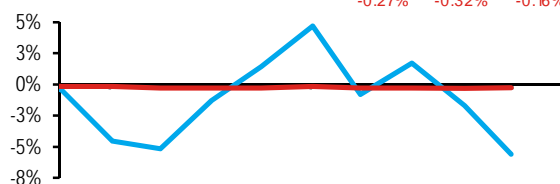
Source: Citi Prime Finance.

Monthly Performance by Strategy

— Monthly Median
— Trailing 60 Month Median

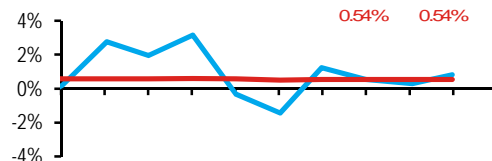
Dedicated Short Bias

Sept-12	Aug-12	Sept-11
-5.6%	-1.7%	3.6%
-0.27%	-0.32%	-0.16%



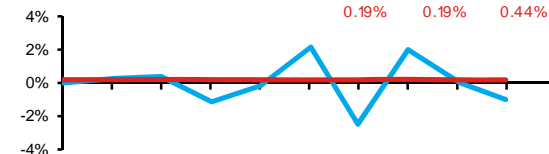
Convertible Arbitrage

Sept-12	Aug-12	Sept-11
0.8%	0.3%	-2.2%
0.54%	0.54%	0.73%



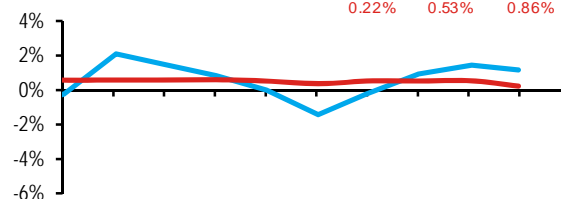
CTA/Managed Futures

Sept-12	Aug-12	Sept-11
-1.0%	0.0%	-0.4%
0.19%	0.19%	0.44%



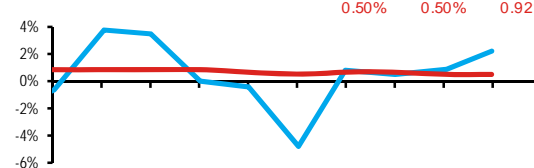
Distressed

Sept-12	Aug-12	Sept-11
1.2%	1.4%	-4.1%
0.22%	0.53%	0.86%



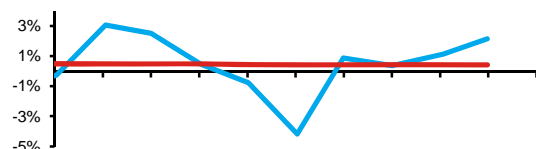
Emerging Markets

Sept-12	Aug-12	Sept-11
2.2%	0.9%	-5.5%
0.50%	0.50%	0.92%



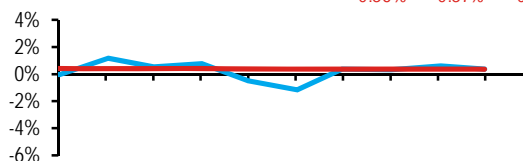
Equity Long/Short

Sept-12	Aug-12	Sept-11
2.2%	1.1%	-4.0%
0.41%	0.41%	0.55%



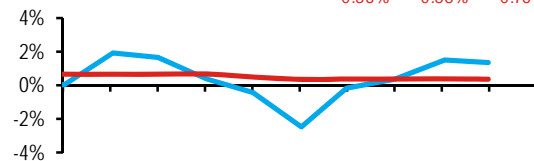
Equity Market Neutral

Sept-12	Aug-12	Sept-11
0.4%	0.6%	-1.4%
0.36%	0.37%	0.50%



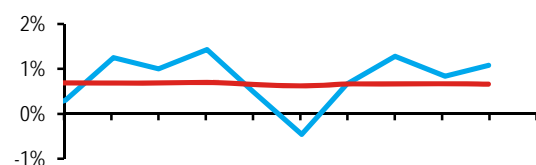
Event Driven

Sept-12	Aug-12	Sept-11
1.4%	1.5%	-2.3%
0.36%	0.38%	0.76%



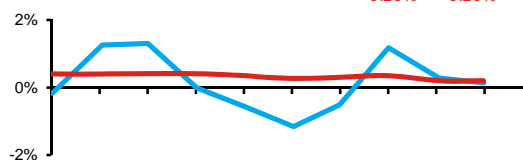
FI Arbitrage

Sept-12	Aug-12	Sept-11
1.1%	0.8%	-0.7%
0.66%	0.67%	0.74%



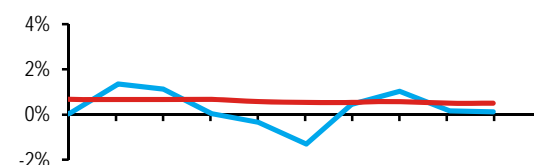
Global Macro

Sept-12	Aug-12	Sept-11
0.1%	0.3%	-1.2%
0.20%	0.20%	0.47%



Multi-Strategy

Sept-12	Aug-12	Sept-11
0.1%	0.2%	-1.1%
0.50%	0.50%	0.76%

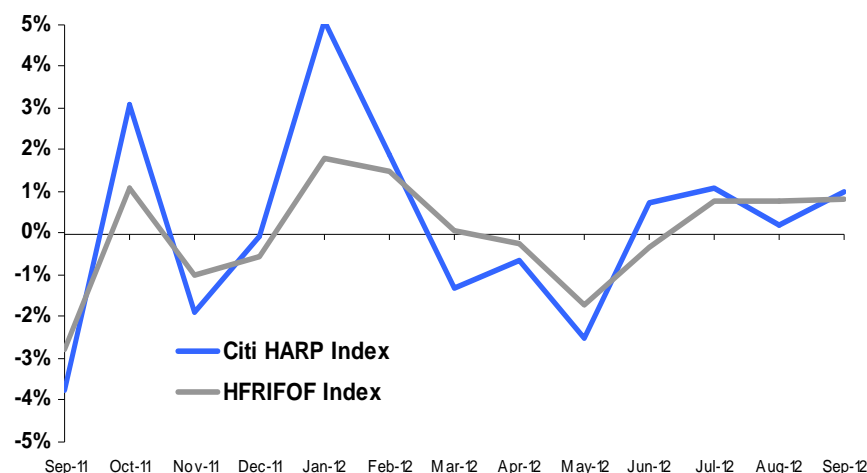


Source: Citi Prime Finance.

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

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

	Sep-12	Aug-12	Sep-11	YTD-12
Citi HARP	1.01%	0.18%	-3.77%	5.50%
HFRIFOF	0.82%	0.76%	-2.79%	3.38%

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	6.62%	2.89%
Annualised Volatility	7.38%	3.64%
Sharpe Ratio	0.89	0.77
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.

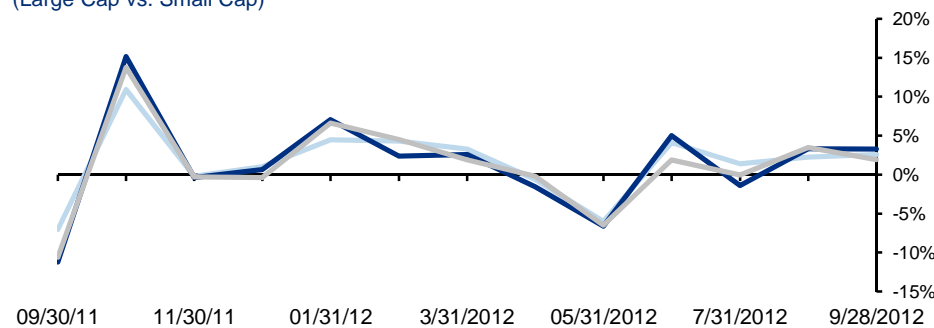
The Index contains weighted components. The components are a money market component and various index components. Each index component represents a class of asset in which the hedge fund sector is assumed to invest: bond, commodity, equity and foreign exchange.

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

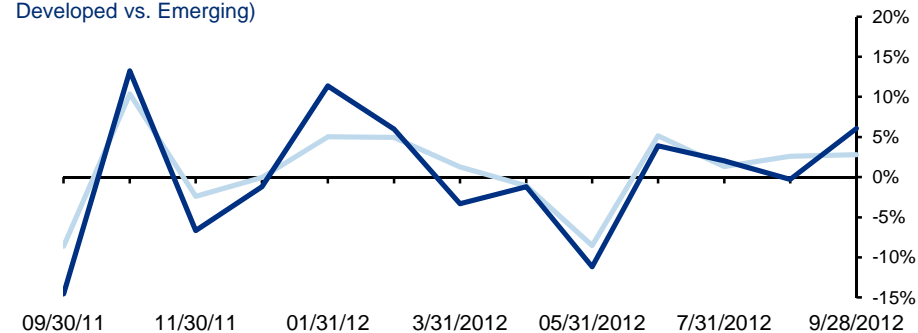
(Large Cap vs. Small Cap)



		Sept-12	Aug-12	Sept-11	YTD-12
S&P 500		2.6%	2.3%	-7.0%	15.8%
RUS 2000		3.3%	3.3%	-11.2%	14.1%
S&P Mid		1.9%	3.5%	-10.6%	13.5%

Global Equities

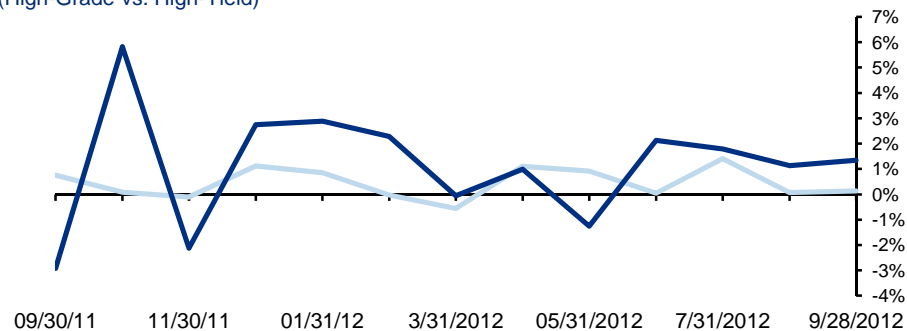
Developed vs. Emerging)



		Sept-12	Aug-12	Sept-11	YTD-12
MSCI World		2.8%	2.6%	-8.6%	13.5%
MSCI EM		6.1%	-0.3%	-14.6%	13.4%

Fixed Income

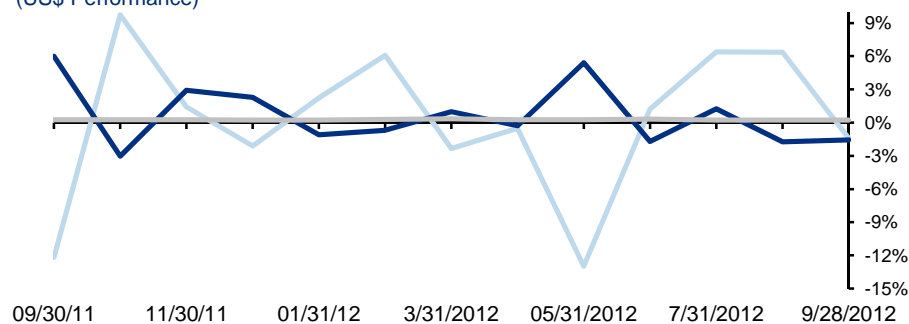
(High-Grade vs. High-Yield)



		Sept-12	Aug-12	Sept-11	YTD-12
Citi US BIG Index		0.1%	0.1%	0.7%	3.9%
Citi HY Bond Index		1.3%	1.1%	-2.9%	11.2%

Commodities

(US\$ Performance)

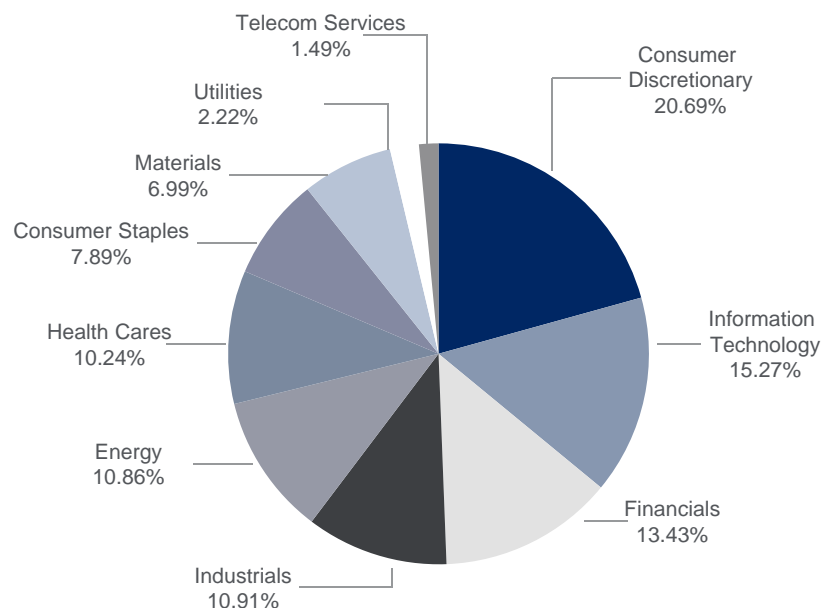


		Sept-12	Aug-12	Sept-11	YTD-12
S&P GSCI		-1.4%	6.4%	-12.2%	5.0%
US-\$ Index		-1.6%	-1.7%	6.0%	0.5%
US 2yr Note		0.2%	0.2%	0.3%	2.4%

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

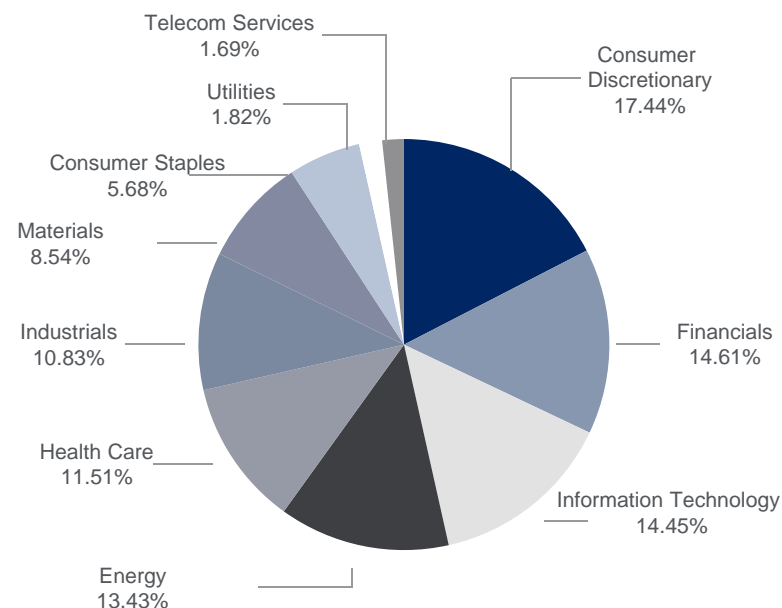
US Securities Lending Sector Short Flows

Short Sale Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Consumer Discretionary	20.69	17.52	18.09
Information Technology	15.27	15.54	-1.74
Financials	13.43	12.86	4.43
Industrials	10.91	8.81	23.84
Energy	10.86	13.74	-20.96
Health Care	10.24	12.19	-16.00
Consumer Staples	7.89	7.04	12.07
Materials	6.99	6.97	0.29
Utilities	2.22	2.65	-16.23
Telecom Services	1.49	2.69	-44.61

Short Cover Executions



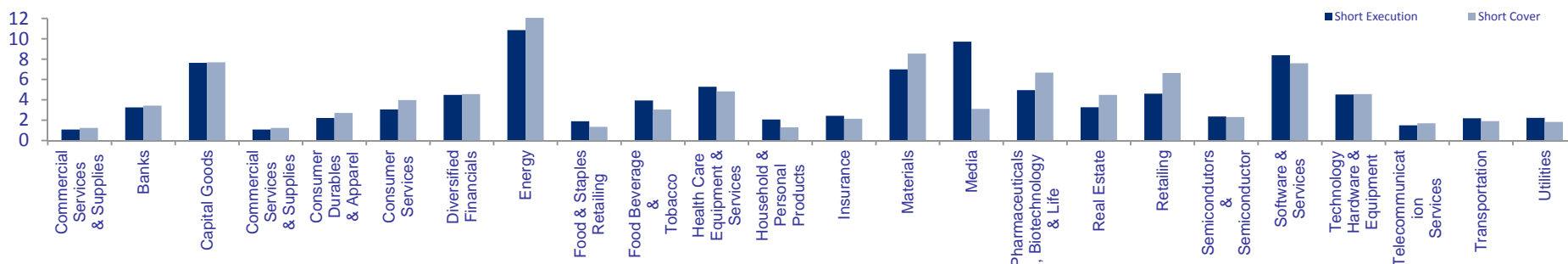
Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Consumer Discretionary	17.44	17.50	-0.34
Financials	14.61	11.85	23.29
Information Technology	14.45	13.97	3.44
Energy	13.43	14.87	-9.68
Health Care	11.51	15.11	-23.83
Industrials	10.83	8.56	26.52
Materials	8.54	7.09	20.45
Consumer Staples	5.68	7.14	-20.45
Utilities	1.82	2.49	-26.91
Telecom Services	1.69	1.41	19.86

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	10.86	13.74	-20.96
Media	9.72	5.19	87.28
Software & Services	8.39	8.24	1.82
Capital Goods	7.64	6.37	19.94
Materials	6.99	6.97	0.29
Health Care Equipment and Services	5.28	6.08	-13.16
Pharmaceuticals, Biotechnology & Life	4.95	6.10	-18.85
Retailing	4.60	6.57	-29.98
Technology Hardware and Equipment	4.52	5.24	-13.74
Diversified Financials	4.48	4.05	10.62
Food Beverage & Tobacco	3.94	3.26	20.86
Real Estate	3.27	2.89	13.15
Banks	3.26	3.61	-9.70
Consumer Services	3.06	2.76	10.87
Insurance	2.43	2.31	5.19
Semiconductors & Semiconductor	2.36	2.06	14.56
Utilities	2.22	2.65	-16.23
Consumer Durables & Apparel	2.21	2.15	2.79
Transportation	2.19	1.51	45.03
Household & Personal Products	2.07	1.11	86.49
Food & Staples Retailing	1.89	2.67	-29.21
Telecom Services	1.49	2.69	-44.61
Automobiles & Components	1.11	0.84	32.14
Commercial Services & Supplies	1.08	0.93	16.13

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	13.43	14.87	-9.68
Materials	8.54	7.09	20.45
Capital Goods	7.69	5.65	36.11
Software & Services	7.59	5.67	33.86
Pharmaceuticals, Biotechnology & Life	6.68	8.68	-23.04
Retailing	6.64	6.95	-4.46
Health Care Equipment and Services	4.83	6.44	-25.00
Diversified Financials	4.56	4.14	10.14
Technology Hardware and Equipment	4.56	5.89	-22.58
Real Estate	4.48	2.41	85.89
Consumer Services	3.98	3.50	13.71
Banks	3.43	2.78	23.38
Media	3.11	3.23	-3.72
Food Beverage & Tobacco	3.04	3.60	-15.56
Consumer Durables & Apparel	2.71	2.51	7.97
Semiconductors & Semiconductor	2.31	2.40	-3.75
Insurance	2.13	2.51	-15.14
Transportation	1.90	2.00	-5.00
Utilities	1.82	2.49	-26.91
Telecom Services	1.69	1.41	19.86
Food & Staples Retailing	1.34	2.60	-48.46
Household & Personal Products	1.29	0.94	37.23
Commercial Services & Supplies	1.24	0.91	36.26
Automobiles & Components	1.00	1.32	-24.24

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 Short Flows Summary

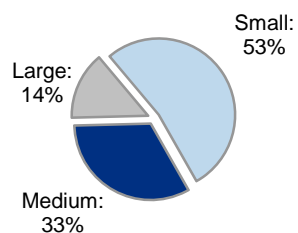
Citi Short Flows: September 2012

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	10.86	13.74	-20.96	13.43	14.87	-9.68
15	Materials	6.99	6.97	0.29	8.54	7.09	20.45
20	Industrials	10.91	8.81	23.84	10.83	8.56	26.52
25	Consumer Discretionary	20.69	17.52	18.09	17.44	17.50	-0.34
30	Consumer Staples	7.89	7.04	12.07	5.68	7.14	-20.45
35	Health Care	10.24	12.19	-16.00	11.51	15.11	-23.83
40	Financials	13.43	12.86	4.43	14.61	11.85	23.29
45	Information Technology	15.27	15.54	-1.74	14.45	13.97	3.44
50	Telecommunication Services	1.49	2.69	-44.61	1.69	1.41	19.86
55	Utilities	2.22	2.65	-16.23	1.82	2.49	-26.91
Industry Group	Industry Group						
1010	Energy	10.86	13.74	-20.96	13.43	14.87	-9.68
1510	Materials	6.99	6.97	0.29	8.54	7.09	20.45
2010	Capital Goods	7.64	6.37	19.94	7.69	5.65	36.11
2020	Commercial Services & Supplies	1.08	0.93	16.13	1.24	0.91	36.26
2030	Transportation	2.19	1.51	45.03	1.90	2.00	-5.00
2510	Automobiles & Components	1.11	0.84	32.14	1.00	1.32	-24.24
2520	Consumer Durables & Apparel	2.21	2.15	2.79	2.71	2.51	7.97
2530	Consumer Services	3.06	2.76	10.87	3.98	3.50	13.71
2540	Media	9.72	5.19	87.28	3.11	3.23	-3.72
2550	Retailing	4.60	6.57	-29.98	6.64	6.95	-4.46
3010	Food & Staples Retailing	1.89	2.67	-29.21	1.34	2.60	-48.46
3020	Food Beverage & Tobacco	3.94	3.26	20.86	3.04	3.60	-15.56
3030	Household & Personal Products	2.07	1.11	86.49	1.29	0.94	37.23
3510	Health Care Equipment & Services	5.28	6.08	-13.16	4.83	6.44	-25.00
3520	Pharmaceuticals, Biotechnology & Life Sciences	4.95	6.10	-18.85	6.68	8.68	-23.04
4010	Banks	3.26	3.61	-9.70	3.43	2.78	23.38
4020	Diversified Financials	4.48	4.05	10.62	4.56	4.14	10.14
4030	Insurance	2.43	2.31	5.19	2.13	2.51	-15.14
4040	Real Estate	3.27	2.89	13.15	4.48	2.41	85.89
4510	Software & Services	8.39	8.24	1.82	7.59	5.67	33.86
4520	Technology Hardware & Equipment	4.52	5.24	-13.74	4.56	5.89	-22.58
4530	Semiconductors & Semiconductor Equipment	2.36	2.06	14.56	2.31	2.40	-3.75
5010	Telecommunication Services	1.49	2.69	-44.61	1.69	1.41	19.86
5510	Utilities	2.22	2.65	-16.23	1.82	2.49	-26.91

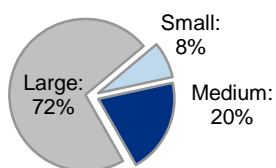
Source: S&P (GICS); Citi US Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value.

Hedge Fund (Fund Level) Profiles

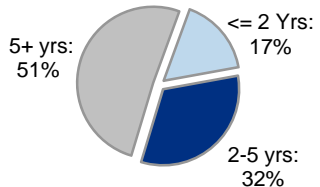
By Fund Size—No. of Funds



By Fund Size—\$ AUM



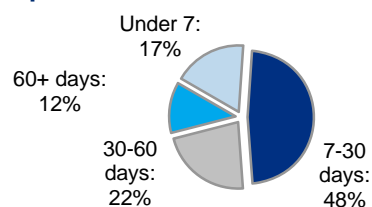
By Fund Age—No. of Funds



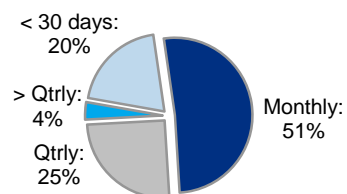
By Fund Age—\$ AUM



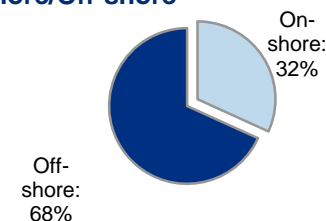
Redemption Notice Period



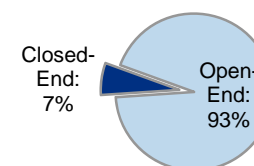
Redemption Frequency



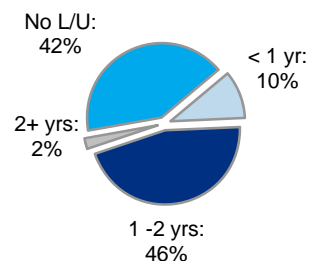
On-shore/Off-shore



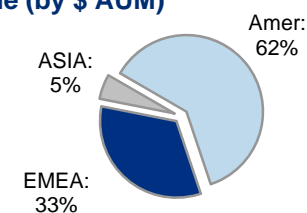
Legal Status



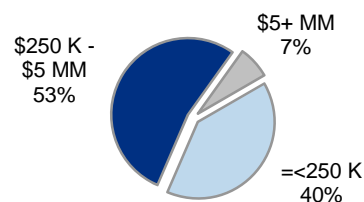
Lock-Up



Domicile (by \$ 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)

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	2%	\$1,028	0.2%	4.5%	72%	98%	1-2 yrs / 76%	7-30 days / 69%	Monthly / 56%
2-5 yrs	20%	\$1,317	0.9%	2.4%	74%	63%	1-2 yrs / 79%	60+ days / 31%	Monthly / 40%
Over 5 yrs	77%	\$1,787	0.4%	3.6%	66%	72%	1-2 yrs / 41%	7-30 days / 32%	Monthly / 47%
Total	100%	\$1,680	0.5%	3.5%	68%	69%	1-2 years / 51%	7-30 days / 34%	Monthly / 48%

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	8%	\$215	-0.3%	0.3%	72%	84%	1-2 yrs / 75%	7-30 days / 52%	Under 30 / 51%
2-5 yrs	32%	\$218	0.6%	5.6%	70%	73%	1-2 yrs / 66%	7-30 days / 41%	Monthly / 49%
Over 5 yrs	60%	\$226	1.0%	6.2%	70%	65%	No / 52%	7-30 days / 48%	Under 30 / 57%
Total	100%	\$218	1.0%	5.9%	71%	68%	No / 44%	7-30 days / 46%	Monthly / 52%

Hedge Funds: Small (<\$100 Million)

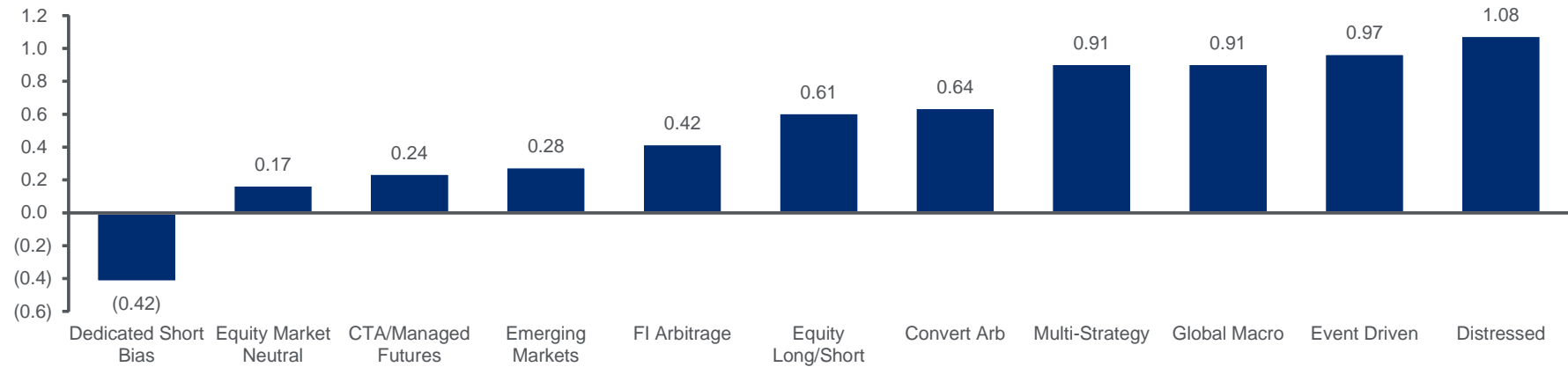
Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	8%	\$30	0.9%	4.4%	89%	79%	1-2 yrs / 71%	7-30 days / 32%	Monthly / 44%
2-5 yrs	34%	\$31	0.8%	7.7%	66%	78%	1-2 yrs / 63%	7-30 days / 43%	Monthly / 52%
Over 5 yrs	58%	\$35	1.2%	5.6%	68%	65%	No / 42%	7-30 days / 55%	Monthly / 54%
Total	100%	\$33	0.3%	5.8%	69%	73%	1-2 yrs / 46%	7-30 days / 50%	Monthly / 52%

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. Median YTD performance is calculated from funds reporting for all underlying periods. "n/m" = Not Meaningful.

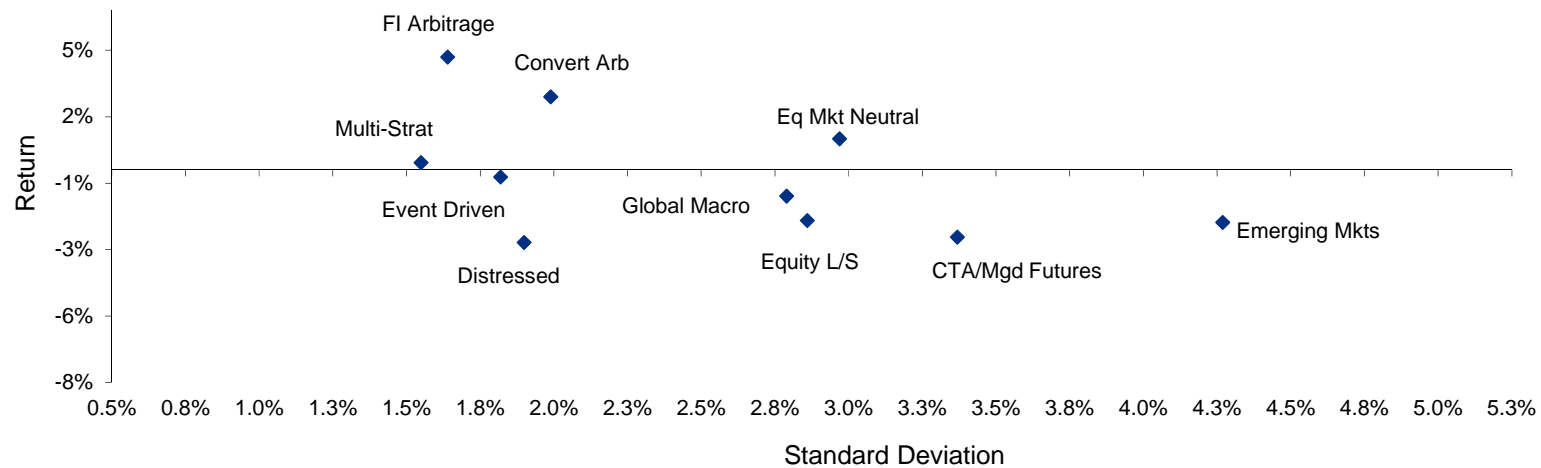
Risk and Return Metrics

Sharpe Ratios (July-94–Sept-12)



Source: Credit Suisse Tremont.

Risk vs. Return (Sept 11–Sept 12)



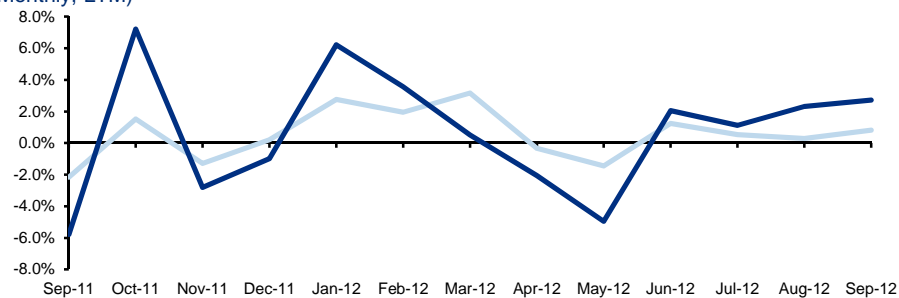
Source: Citi Prime Finance.

Convertible Arbitrage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.8%	2.0%	3.2%	-0.3%	-1.5%	1.2%	0.5%	0.3%	0.8%				9.0%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

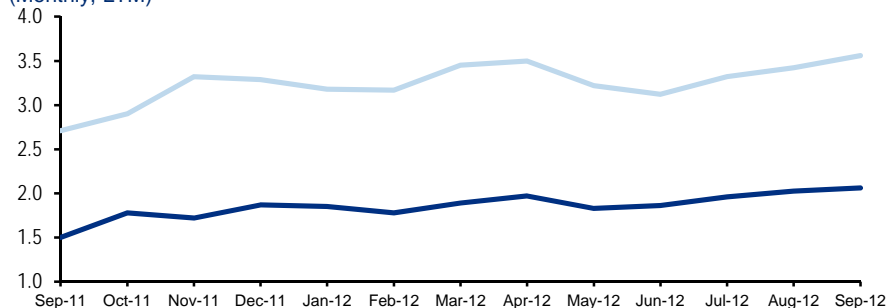


	Sep-12	Aug-12	Sept-11	YTD-12
Convert Arb	0.8%	0.3%	-1.8%	9.0%
CWB ETF	2.7%	2.3%	-5.7%	11.5%

Source: Citi ICG Analytics; FactSet.

Leverage Profile

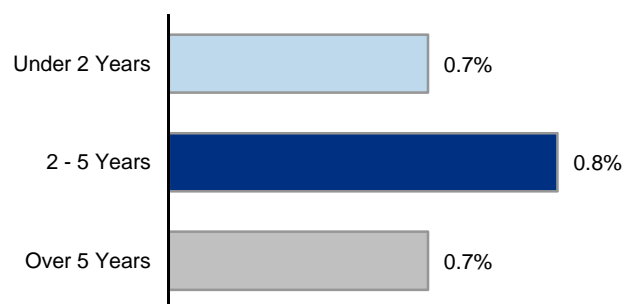
(Monthly, LTM)



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 Age¹

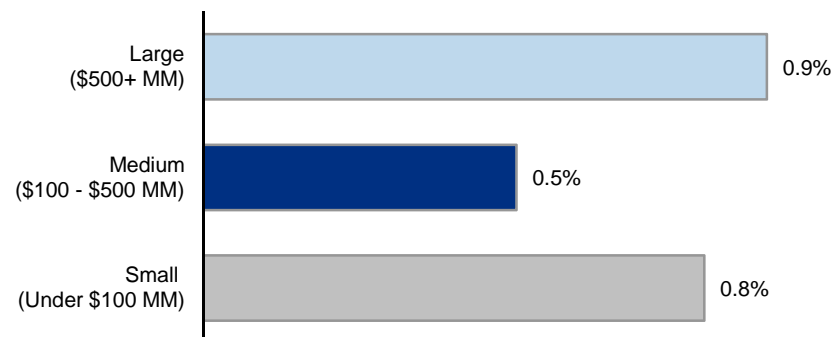


Source: Citi Prime Finance.

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 Size¹

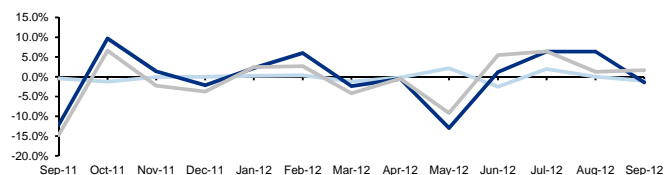


Source: Citi ICG Analytics.

CTA/Managed Futures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.3%	0.4%	-1.1%	-0.2%	2.1%	-2.5%	2.0%	0.0%	-1.0%				0.1%

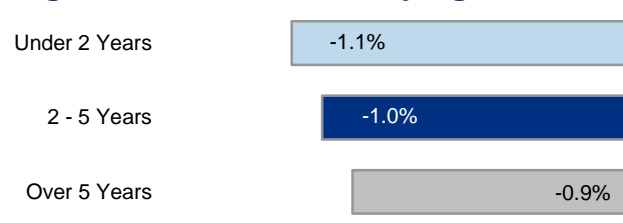
Hedge Fund Performance vs. Benchmark



	Sept-12	Aug-12	Sept-11	YTD-12
CTA/Mgd Futures	-1.0%	0.0%	0.1%	0.1%
S&P GSCI Commodity (SPGSCI)	-1.4%	6.4%	-1.8%	5.0%
DJ-UBS Commodity (DJAGK)	1.7%	1.3%	1.0%	6.4%

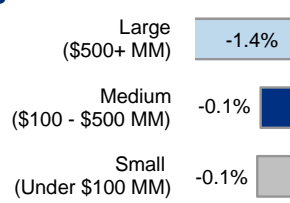
Source: Citi Prime Finance; FactSet.

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.

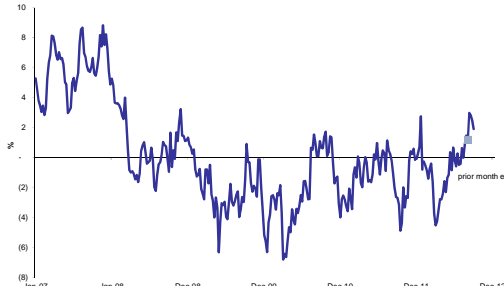
Large Speculator Positions: CFTC Commitment Of Trader (Futures & Options) Report Net of Longs Less Shorts as Percent of Total Open Positions

Combined S&P/Weighted Mini S&P Contracts



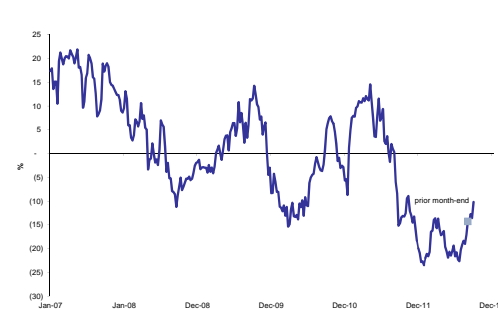
Last Update: 9/25/12 +1.2%

US 10-Year Treasury Futures



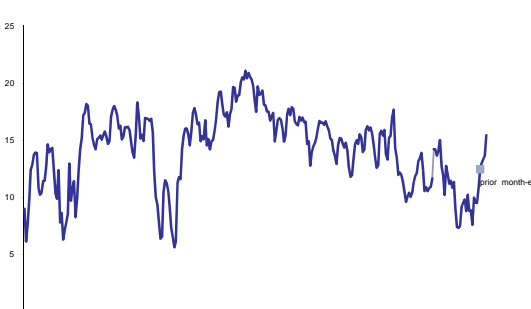
Last Update: 9/25/12 +1.9%

EuroFX Futures



Last Update: 9/25/12 -10.2%

Gold Futures



Last Update: 9/25/12 +15.5%

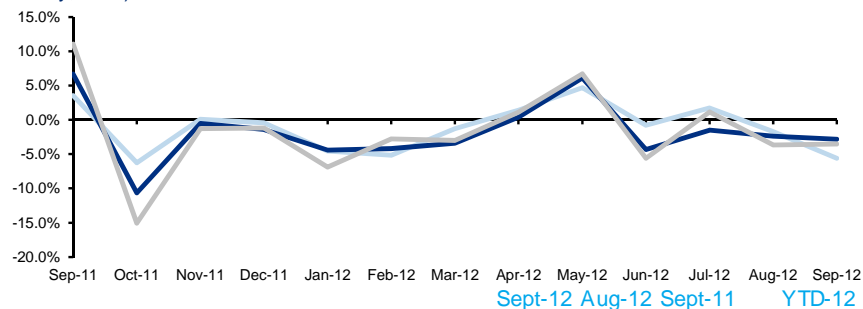
Source: CFTC, Bloomberg, Citi Futures Perspective.

Dedicated Short Bias

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-4.5%	-5.2%	-1.3%	1.4%	4.7%	-0.8%	1.7%	-1.7%	-5.6%				-11.2%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

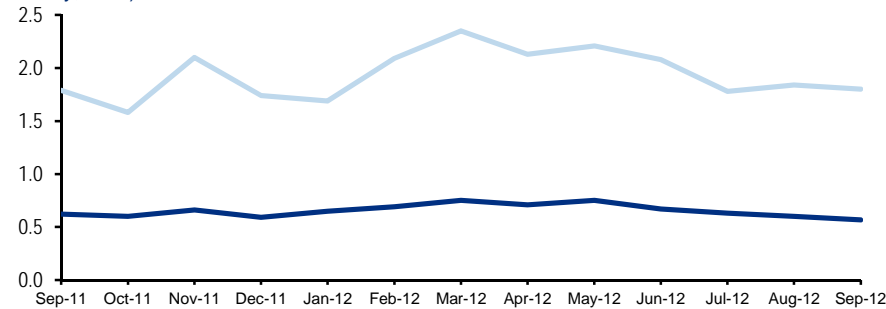


	Sep-12	Aug-12	Sept-11	YTD-12
Ded Short Bias	-5.6%	-1.7%	4.9%	-11.2%
S&P Short ETF (SH)	-2.8%	-2.4%	3.7%	-16.4%
Rus 2000 Short ETF (RWM)	-3.5%	-3.6%	5.8%	-16.4%

Source: Citi Prime Finance; FactSet.

Leverage Profile

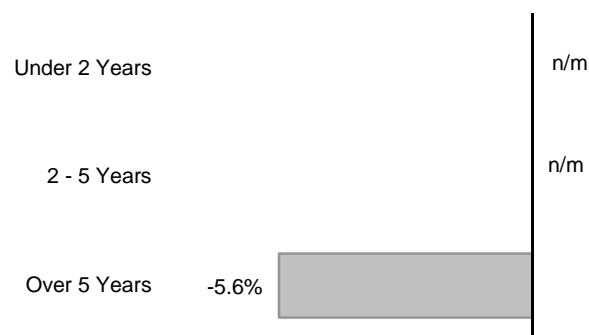
(Monthly, LTM)



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 Age¹

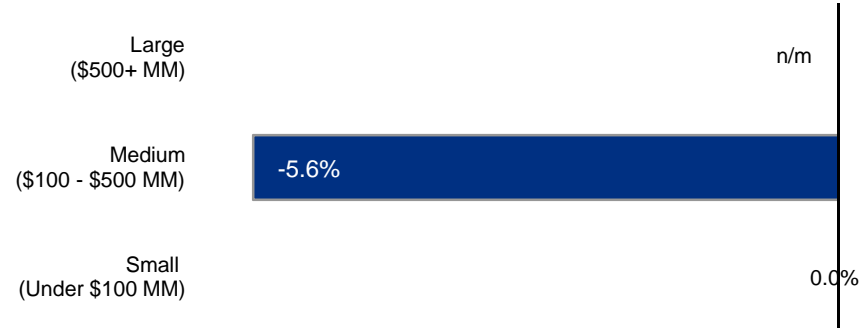


Source: Citi Prime Finance.

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 Size¹



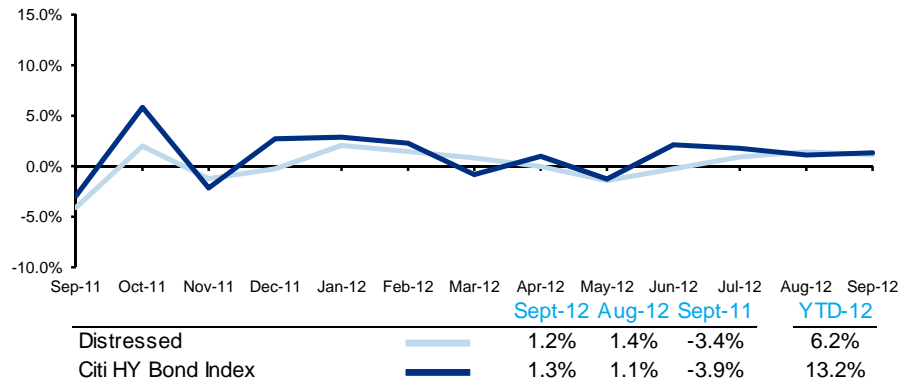
Source: Citi Prime Finance.

Distressed

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.1%	1.5%	0.8%	0.0%	-1.4%	-0.2%	0.9%	1.4%	1.2%				6.2%

Hedge Fund Performance vs. Benchmark

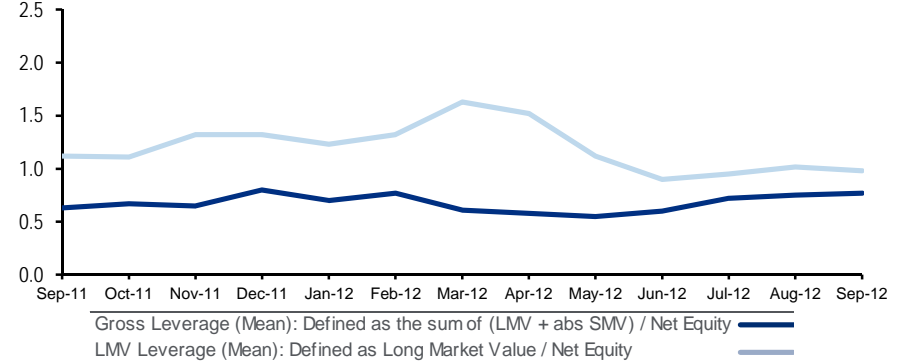
(Monthly, LTM)



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

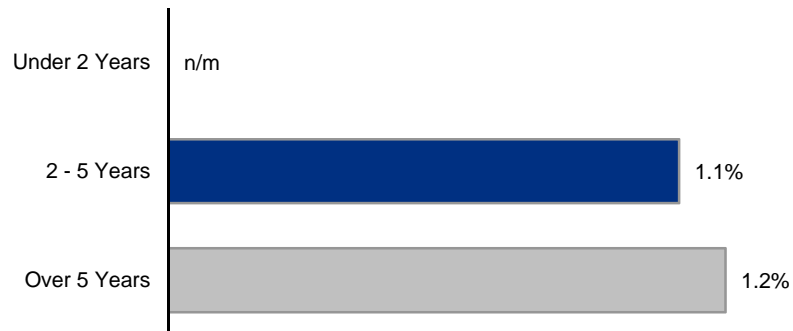
Leverage Profile

(Monthly, LTM)



Source: Citi Prime Finance.

Hedge Fund Performance by Age¹

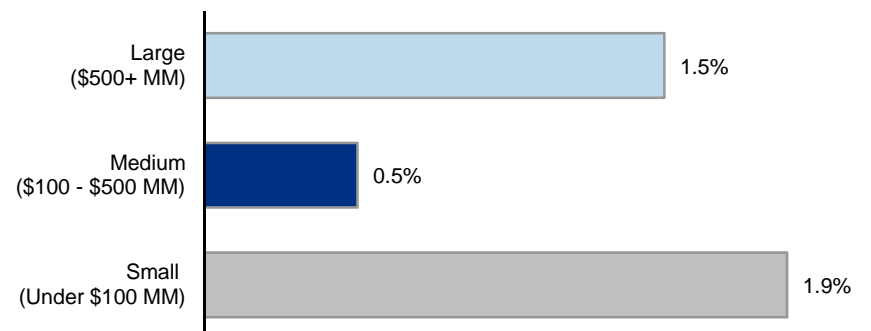


Source: Citi Prime Finance.

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

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Hedge Fund Performance by Size¹



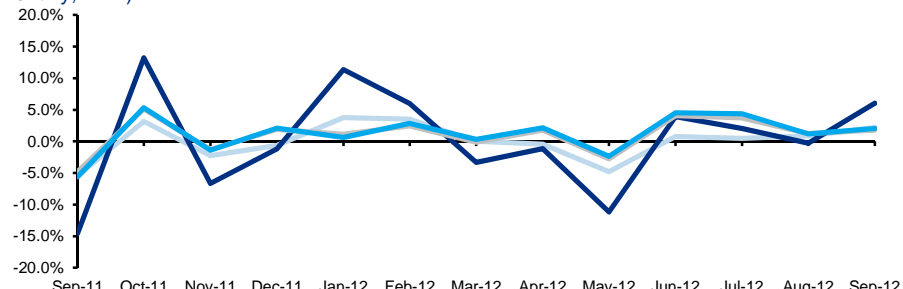
Source: Citi Prime Finance.

Emerging Markets

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.8%	3.5%	0.0%	-0.4%	-4.8%	0.8%	0.5%	0.9%	2.2%				6.4%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

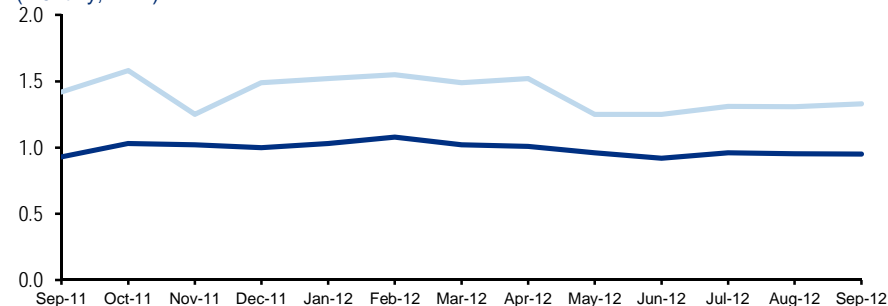


	Sept-12	Aug-12	Sept-11	YTD-12
Emerging Mkts	2.2%	0.9%	-3.8%	6.4%
MSCI EM	6.1%	-0.3%	-8.9%	13.4%
JPM EMBIG Core ETF (EMB)	1.8%	1.2%	0.5%	13.3%
DB EM Liquid ETF (PCY)	2.0%	1.2%	1.5%	15.7%

Source: Citi Prime Finance; FactSet.

Leverage Profile

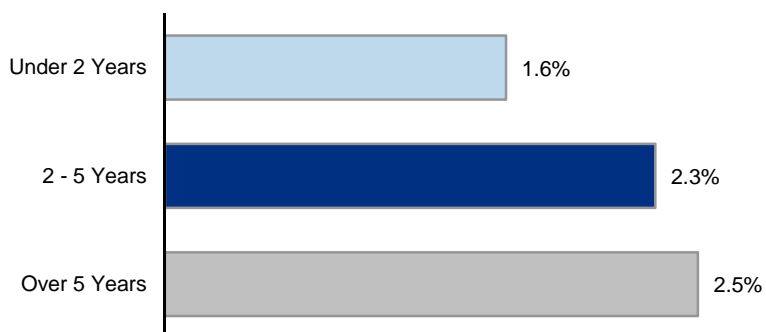
(Monthly, LTM)



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 Age¹

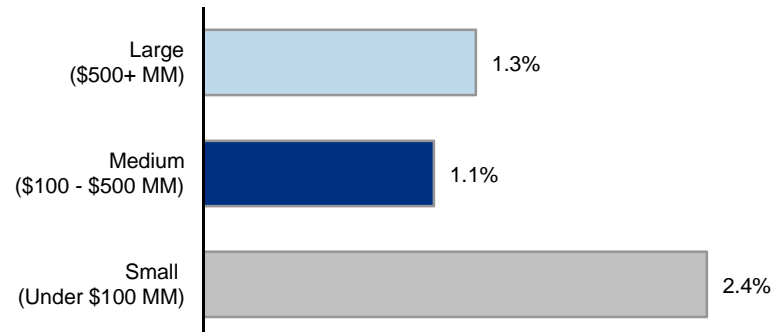


Source: Citi Prime Finance.

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Hedge Fund Performance by Size¹



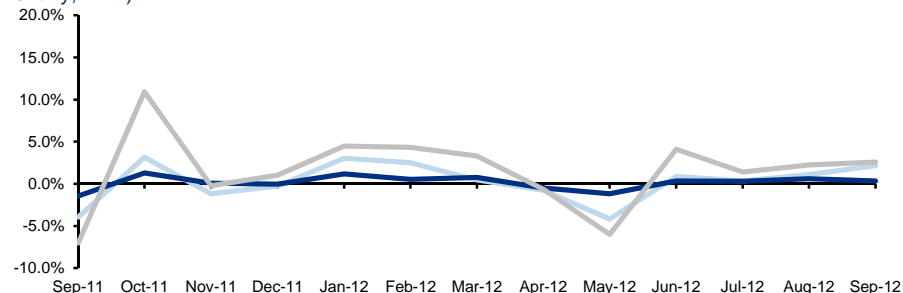
Source: Citi Prime Finance.

Equity Long/Short

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.1%	2.5%	0.5%	-0.8%	-4.2%	0.9%	0.4%	1.1%	2.2%				5.6%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

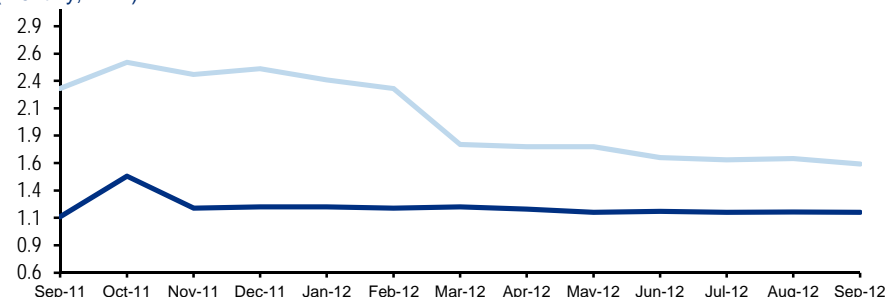


	Sept-12	Aug-12	Sept-11	YTD-12
Eq Long/Short	2.2%	1.1%	-4.2%	5.6%
Eq Mkt Neutral	0.4%	0.6%	-1.1%	2.4%
S&P 500	2.6%	2.3%	-5.4%	15.8%

Source: Citi Prime Finance; FactSet.

Leverage Profile

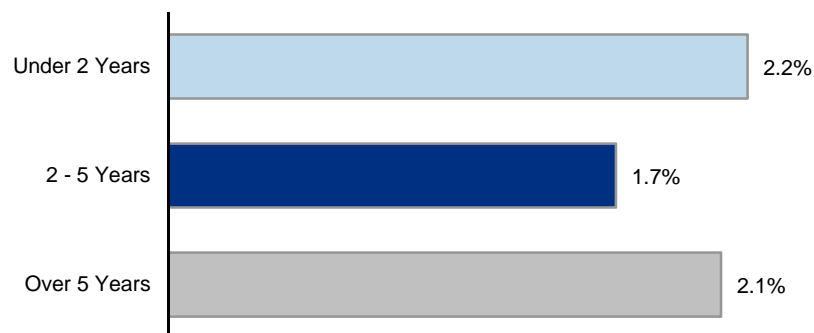
(Monthly, LTM)



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 Age¹

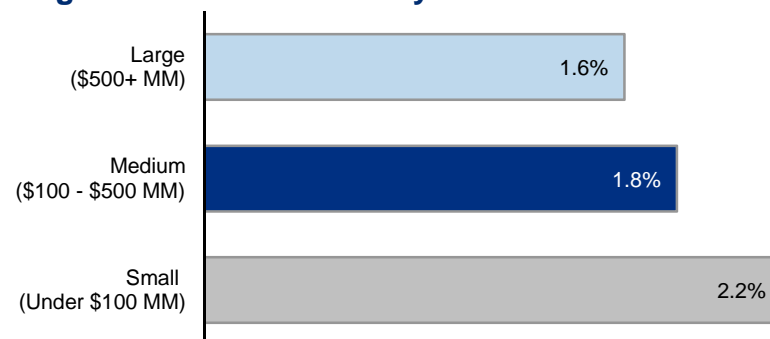


Source: Citi Prime Finance.

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 Size¹



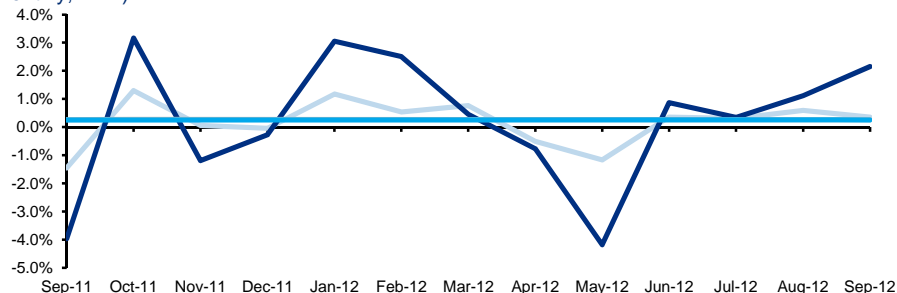
Source: Citi Prime Finance.

Equity Market Neutral

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.2%	0.5%	0.8%	-0.5%	-1.2%	0.4%	0.3%	0.6%	0.4%				2.4%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

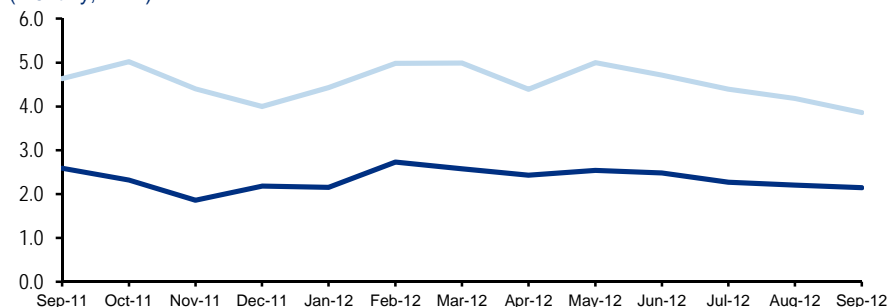


	Sept-12	Aug-12	Sept-11	YTD-12
Eq Mkt Neutral	0.4%	0.6%	-1.1%	2.4%
Eq Long/Short	2.2%	1.1%	-4.2%	5.6%
LIBOR + 300 bps	0.3%	0.3%	0.3%	2.4%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	2.3%

Source: Citi Prime Finance; FactSet.

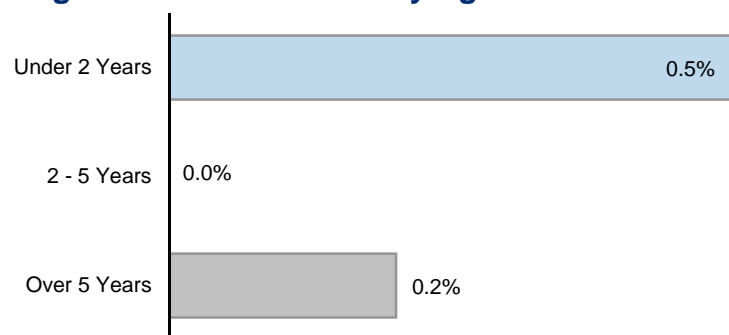
Leverage Profile

(Monthly, LTM)



Source: Citi Prime Finance.

Hedge Fund Performance by Age¹

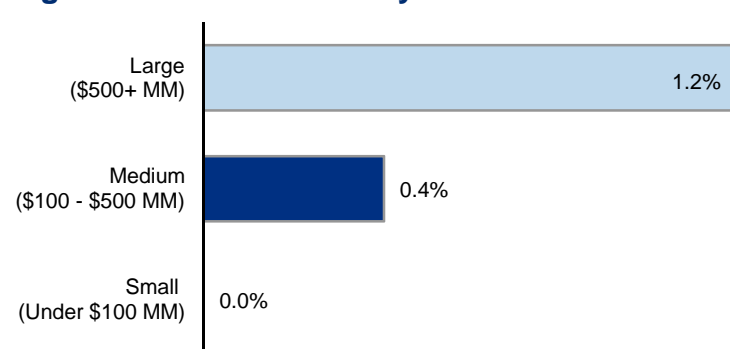


Source: Citi Prime Finance.

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Hedge Fund Performance by Size¹



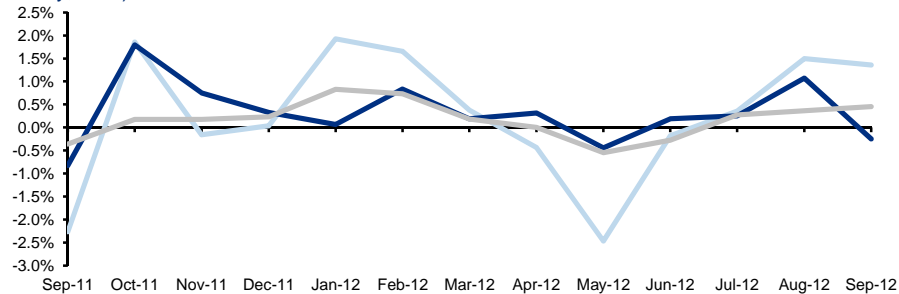
Source: Citi Prime Finance.

Event Driven

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.9%	1.7%	0.4%	-0.4%	-2.5%	-0.2%	0.4%	1.5%	1.4%				4.1%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

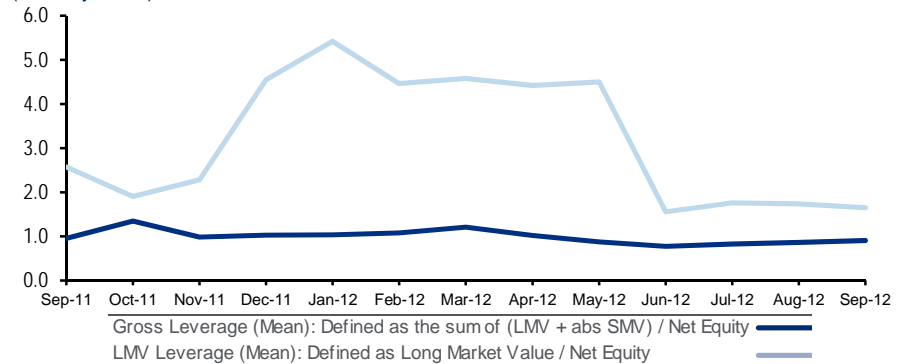


	Sept-12	Aug-12	Sept-11	YTD-12
Event Driven	1.4%	1.5%	-2.9%	4.1%
The Merger Fund (MERFX)	-0.3%	1.1%	-2.0%	2.2%
AQR Div Arb Fund (ADANX)	0.5%	0.4%	-0.2%	2.0%

Source: Citi Prime Finance; FactSet.

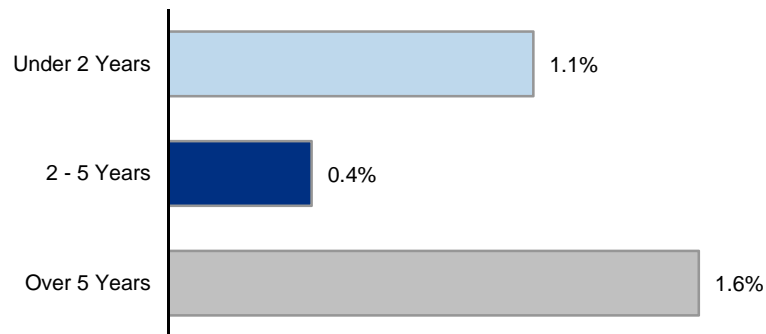
Leverage Profile

(Monthly, LTM)



Source: Citi Prime Finance.

Hedge Fund Performance by Age¹

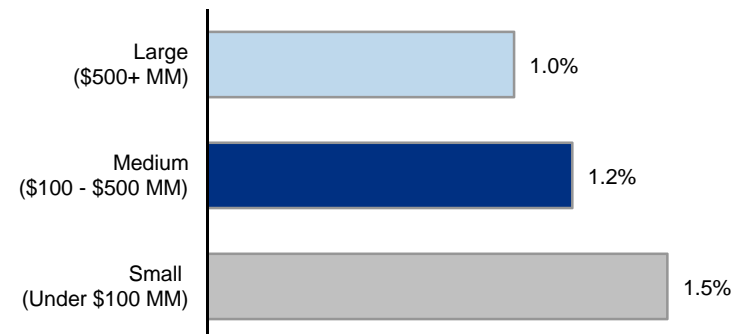


Source: Citi Prime Finance.

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 Size¹



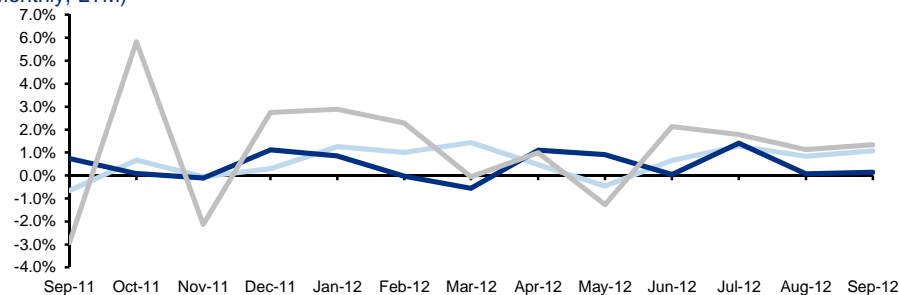
Source: Citi Prime Finance.

FI Arbitrage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.3%	1.0%	1.4%	0.5%	-0.5%	0.7%	1.3%	0.8%	1.1%				7.6%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

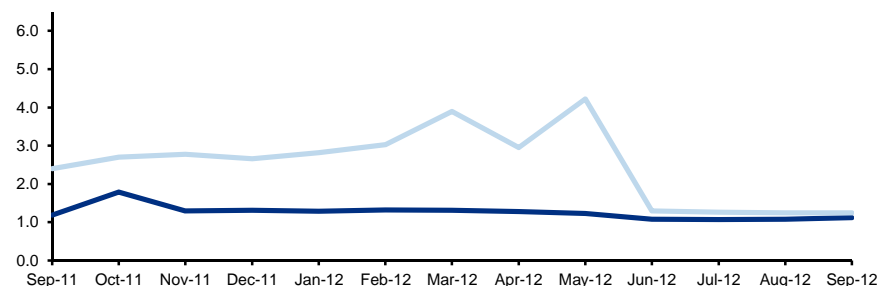


	Sept-12	Aug-12	Sept-11	YTD-12
FI Arbitrage	1.1%	0.8%	-0.9%	7.6%
Citi US BIG Index	0.1%	0.1%	1.6%	3.9%
Citi HY Bond Index	1.3%	1.1%	-3.9%	0.0%

Source: Citi Prime Finance; Citigroup Index LLC.

Leverage Profile

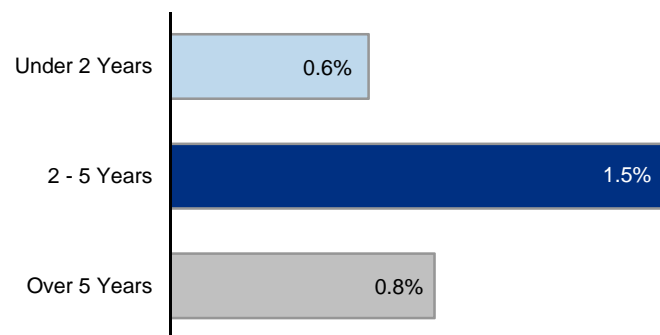
(Monthly, LTM)



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 Age¹

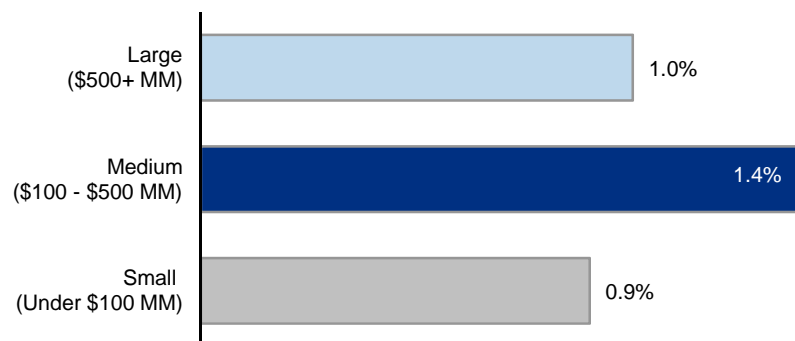


Source: Citi Prime Finance.

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 Size¹



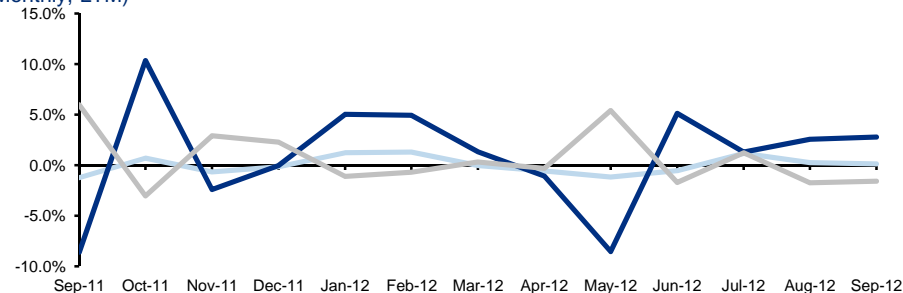
Source: Citi Prime Finance.

Global Macro

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.3%	1.3%	0.0%	-0.6%	-1.2%	-0.5%	1.2%	0.3%	0.1%				1.9%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

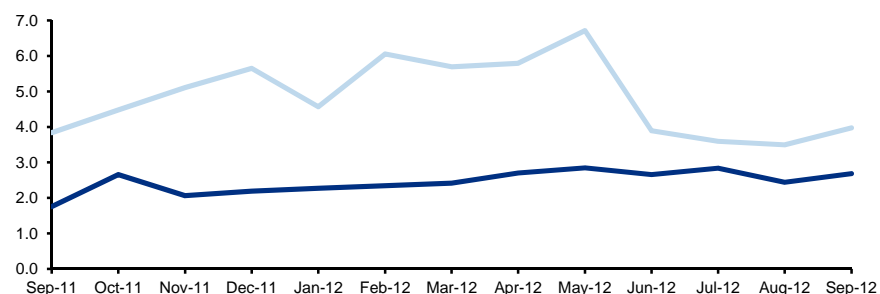


	Sept-12	Aug-12	Sept-11	YTD-12
Global Macro	0.1%	0.3%	-1.5%	1.9%
MSCI World	2.8%	2.6%	-7.0%	13.6%
US\$-Index	-1.6%	-1.7%	0.3%	-0.1%

Source: Citi Prime Finance; FactSet.

Leverage Profile

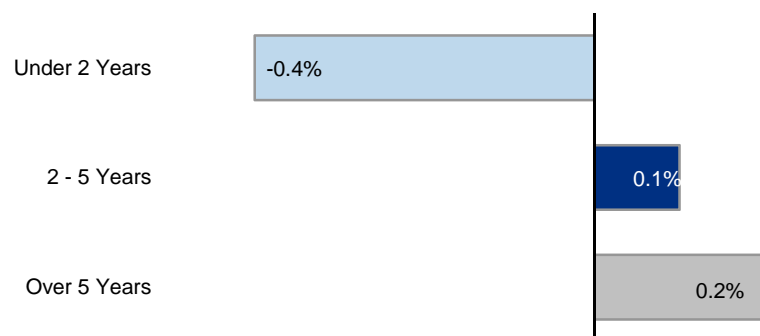
(Monthly, LTM)



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; FactSet.

Hedge Fund Performance by Age¹

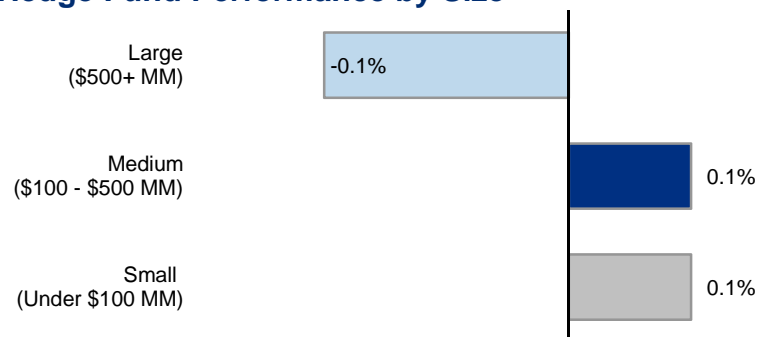


Source: Citi Prime Finance.

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

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Hedge Fund Performance by Size¹



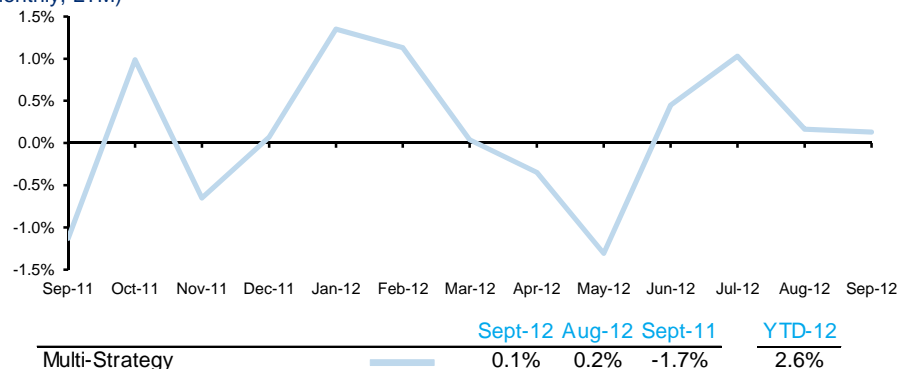
Source: Citi Prime Finance; FactSet.

Multi-Strategy

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.4%	1.1%	0.0%	-0.3%	-1.3%	0.5%	1.0%	0.2%	0.1%				2.6%

Hedge Fund Performance vs. Benchmark

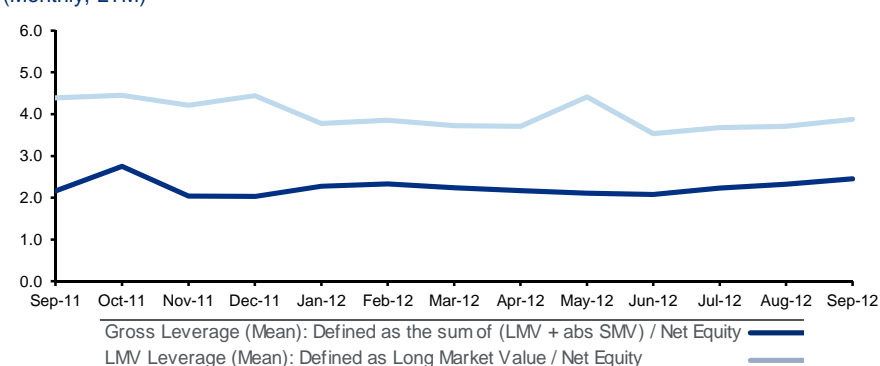
(Monthly, LTM)



Source: Citi Prime Finance.

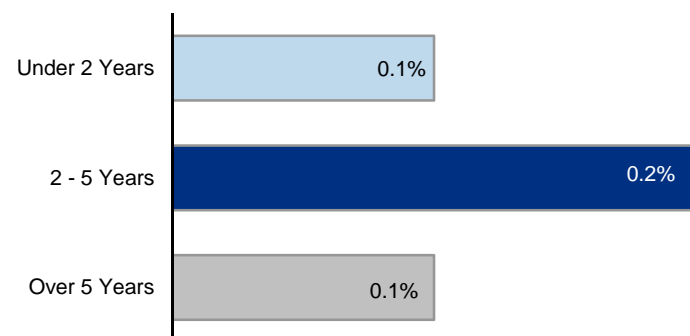
Leverage Profile

(Monthly, LTM)



Source: Citi Prime Finance.

Hedge Fund Performance by Age¹

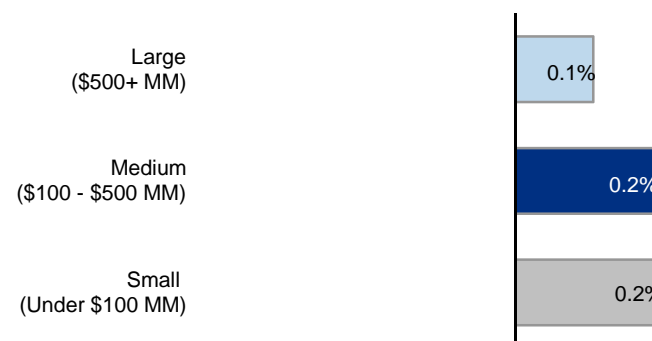


Source: Citi Prime Finance.

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 Size¹



Source: Citi Prime Finance.

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