



Citi Prime Finance

Hedge Fund Industry Snapshot

Data as of August 2010

Citi Prime Finance

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Market Commentary

Report Date: September 2010

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Performance, AUM & Flows:

- Equal-weighted hedge fund composite indices were up for the second month in a row in August 2010, posting gains of +0.10% to +0.19%. These gains bring the year-to-date industry performance to +0.2% to +1.9%. The Citi HARP hedge fund replication index was -1.05% in August versus the HFRI Fund of Fund index that was 0.03%. Year-to-date, the HARP index was down -1.32% and the HFRIFO index was -0.4%. The summer months of 2010 (June through August) saw performance returns of +0.31% to +0.86% proving to be lower than 2009 which experienced +0.96% to +1.39% over the same period.
- Higher volatility and low conviction continue to influence markets. Dedicated Short Bias Strategies saw the largest gains in August at +4.10%. There were modest declines in Long/Short (-0.75%) and Equity Market Neutral (-0.28%) funds. More stable Commodity Prices helped CTA Managed Futures post gains at +1.51%. Convertible Arbitrage funds returned positive gains as well at +1.25%. Global Macro, Multi-Strategy and Event Driven funds were also up, although more modestly than the other strategies.
- According to HedgeFund.net (HFN), hedge fund industry AUM ended August 2010 at \$2.27 trillion, up slightly from \$2.25 trillion in July 2010 (+1.0%). This is the third consecutive month AUM has experienced slight gains. Industry AUM remains well below its \$2.94 trillion June 2008 peak.
- Increases in AUM attributable to performance totaled +\$15.2 billion while net investor inflows were +\$8.4 billion (the 2nd highest total of 2010 after +\$12.1 billion in February). Overall, year-to-date investor allocations are only a net +\$37.9 billion.
- Overall performance improved for August with hedge funds experiencing gains of +\$15.2 billion. July and August are the first back to back positive performance months since March and April of 2010. For the first 8 months of 2010, performance related AUM gains were +\$62.7 billion compared to +\$232.3 billion year-ago.

Fund Profiles:

- Liquidity terms continued their consistent pattern of 2010 with August showing little changes to redemption notice periods with 67% of funds requiring 30 days or less notice for redemption. Across the entire subset of reporting funds, the majority (59%) required no lockup (45%) or less than 1 year lock up (14%).
- Consistent throughout 2010, large funds (> \$500 million AUM) continue to hold a large portion of industry AUM (65%) compared to medium funds (\$100-\$500 million) at 25% and small funds (<\$100 million) holding only 10%.

Leverage & Shorts:

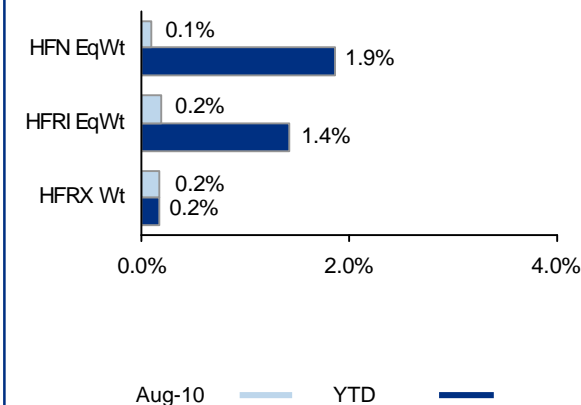
- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.93x in August 2010 versus 1.79x in July, 1.71x in June and 1.80x in May.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Fixed Income Arbitrage (5.25x), Multi Strategy (3.58x), Equity Market Neutral (3.43x) and Global Macro (3.28x). Use of leverage in directional strategies was generally lower across the board.
- Citi U.S. short flows data included in this month's report shows the Consumer Discretionary, Information Technology & Financial sectors continue to dominate activity jumping in terms of their dominance during August. In August 2010, these three sectors accounted for 57.9% of short executions and 53.42% of short flows versus 54.4% of short executions and 52.0% of short flows in July 2010.
- In the major futures markets, large speculator net positioning saw more changes in the month of August than in July with an underlying theme appearing to be consistent with a more cautious outlook for the economy. The two largest moves were a rebuild of net long exposure in Gold and a swing back to a net long exposure in Treasuries for the first time since October 2009. 10-Year U.S. Treasury futures shifted from a net short exposure of 2.8% to a net long of 0.9%. In the combined S&P/ Weighted Mini S&P futures market, large speculators moved from a net 0.1% short position at the end of July to a net 1.8% short position by the end of August according to the CFTC's Commitment of Trader report.

Hedge Fund Industry: AUM, Performance

Data as of August 2010

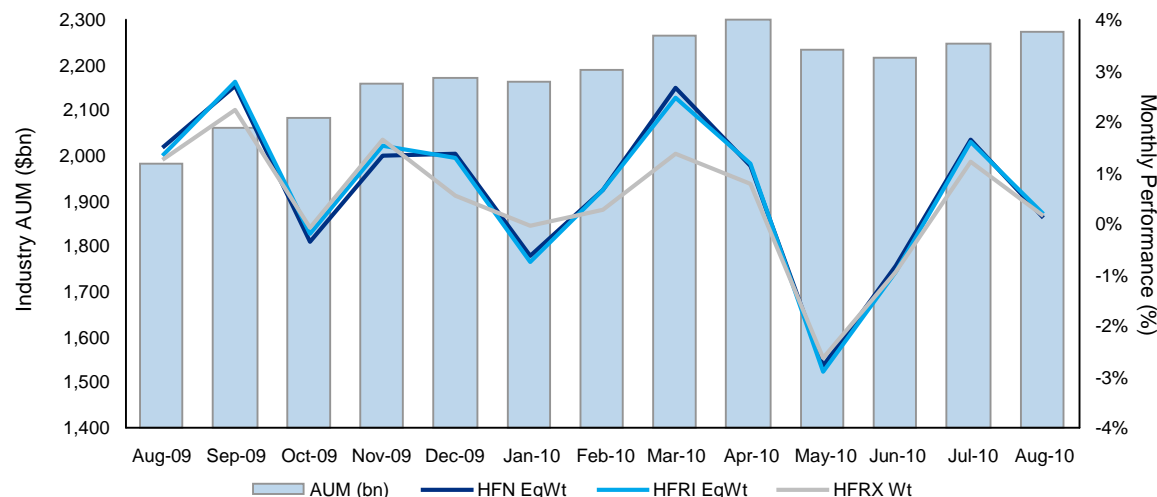
- Composite hedge fund performance, equal-weighted across funds, was up in August 2010 with gains ranging from +0.10% to +0.19%. These returns continued to trail performance year-ago August (+1.25% to +1.49%) and gains of +1.23% to +1.63% in July 2010. Year-to-date performance in 2010 ranged from +0.20% to +1.90%.
- Markets were again volatile as uncertainty surrounding deflation/inflation scenarios and concerns for a double dip recession have yet to abate. In August, China experienced the highest inflation rate in almost two years at 3.5% while Euro area inflation declined to 1.6%, from 1.7% in July. In the US, investors remain hesitant due to weak employment figures, decade-low existing home sales estimates and the potential shift in power from mid-term Congressional elections.
- Equity Markets suffered across the globe: S&P 500, -4.5%; MSCI World index, -3.7%; MSCI EM, -1.9% but Equity-focused Hedge funds fared better given a focus on risk. The FI markets also showed a lower preference for risk: Citi US BIG Index +1.3%; HY Bond -0.1%; Distressed -1.1% - and similarly, FI-focused Hedge Funds faring better than their respective market benchmarks.
- Industry AUM, estimated at \$2.27 trillion according to HFN is up from July's \$2.24 trillion- and close to 2010's high (\$2.29 trillion in April). Depending on the source, estimates of industry AUM range from \$1.7 to \$2.27 trillion compared to the Q2 2008 peak range of \$1.9 to \$3.0 trillion.

Industry Performance: Aug-10 / YTD



Source: HedgeFund.net (HFN)

Monthly Industry AUM and Performance



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

Note Pad:

- MSCI World Index: -3.7% August; -5.8% YTD; MSCI Emerging Markets Index: -1.9% August; -0.1% YTD
- S&P 500: -4.5% August; -4.6% YTD
- Citi US BIG Index: +1.3% August; +7.8% YTD
- S&P GSCI: -5.5% June; -11.4% YTD
- U.S. Dollar Index: 2.0% August; 6.9% YTD
- HFN Country Indices August/ YTD:
Brazil +0.84% / 3.05%; Russia -1.73% / +3.79%; India: +0.61% / +6.04%; China: +0.67% / -3.91%

Hedge Fund Industry: Change in Industry Assets

Data as of August 2010

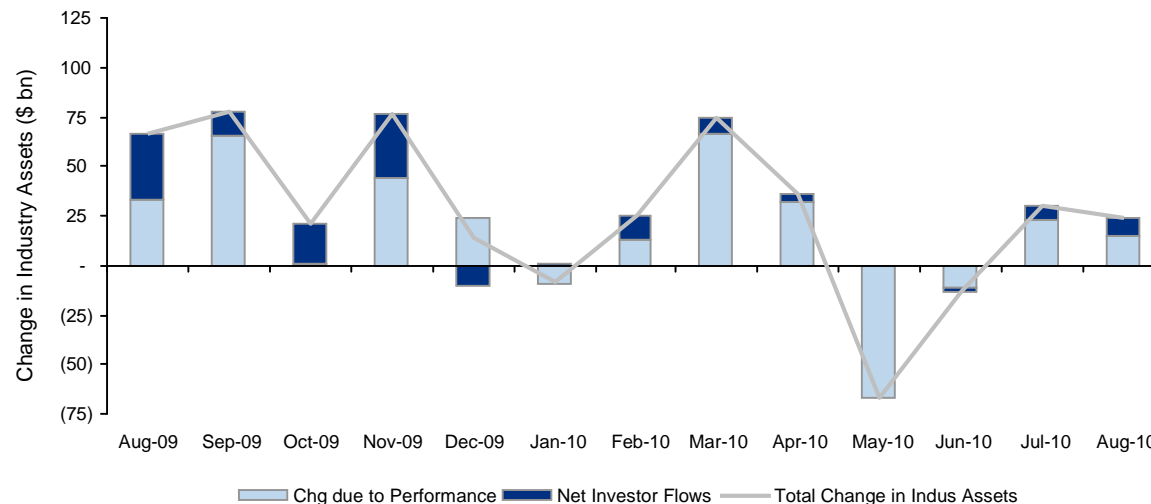
- According to HFN, the estimated change in industry assets for August 2010 was +\$23.58 billion. Gains stemmed mostly from performance (+\$15.2 billion) although positive net investor flows (amounting to +\$8.4 billion) were also a contributor.
- August 2010 marks a second consecutive month of increases in hedge fund industry assets from performance. However, even so, the back-to-back performance gains seen July-August 2010 (+\$37.85 billion) are well below the year-ago similar period level of +\$82.79 billion.
- Net investor inflows of +\$8.4 billion marks the second month of net inflows – a potential sign of some reversal in sentiment after flat flows in April – June 2010. Uncertainty in the pace of the global economic recovery and a bleak US unemployment picture continue to weigh on investor enthusiasm as flows remain well below August 2009's +\$33.24 billion.
- HFN estimates total industry AUM at \$2.27 trillion in August 2010—up slightly from July 2010's \$2.25 trillion and up 15% from August 2009's \$1.98 trillion. It is important to note, however, that these levels are still well below the industry's June 2008 peak estimated by HFN at \$2.90 trillion.

Composition of Change in Assets: Aug-10 Amounts in (\$ bn)



Source: HedgeFund.net (HFN)

Monthly Change in Industry Assets and Composition



Source: HedgeFund.net (HFN)

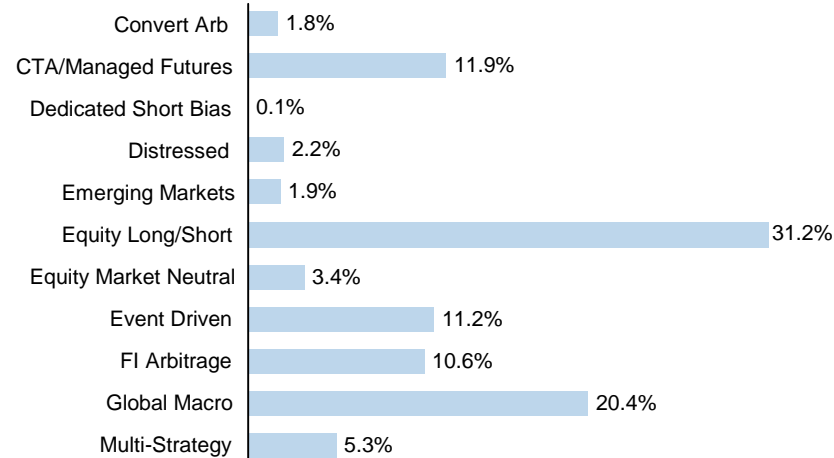
Note Pad:

- The Citi Prime Finance calculation for end-August gross leverage (as measured on a mean basis) was 1.93x, up from 1.79x at end-July
- Gross leverage (mean): defined as $\text{sum of (LMV + abs SMV)} / \text{Net Equity}$

Hedge Fund Stats by Strategy

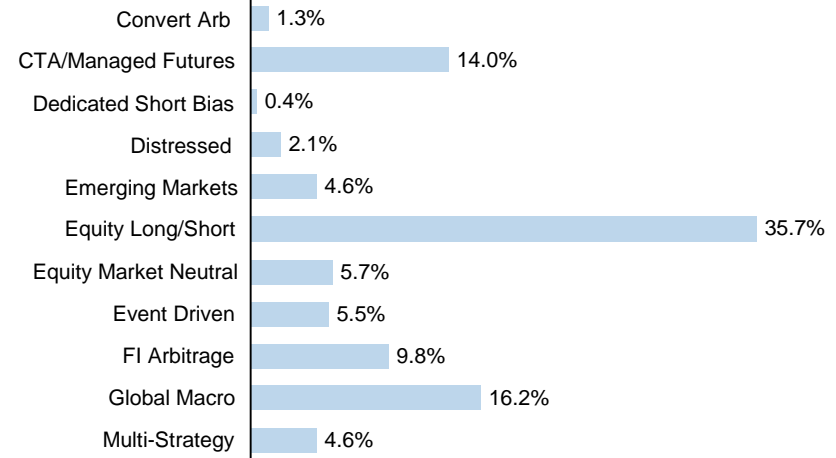
Data as of August 2010

Hedge Fund Strategy Breakdown by Assets



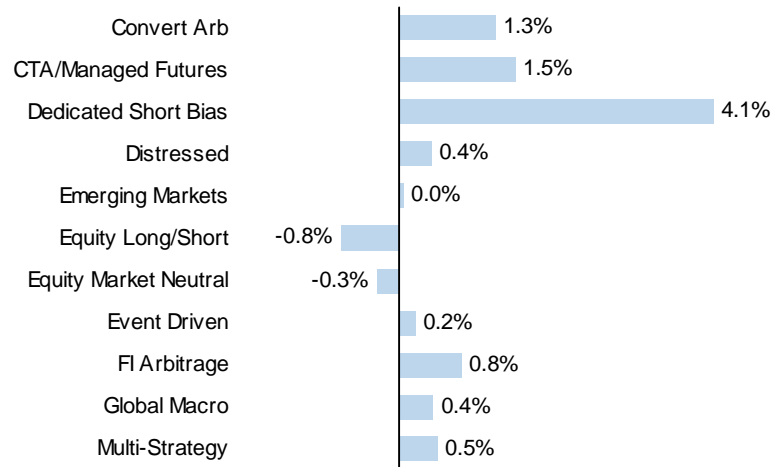
Source: Citi ICG Analytics

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi ICG Analytics

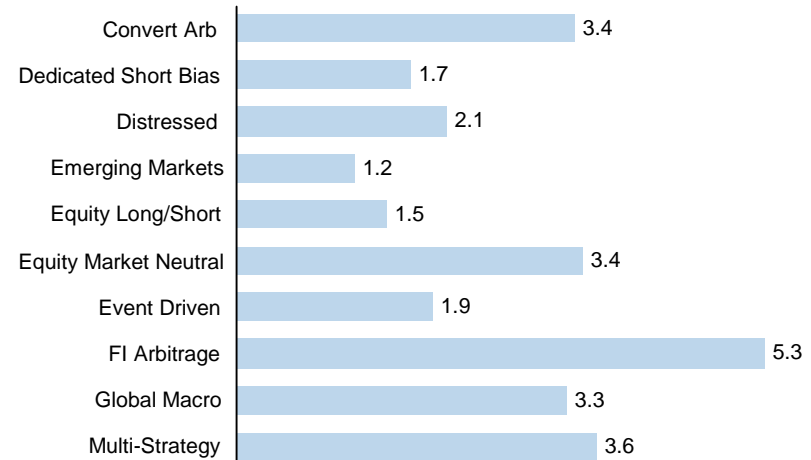
Hedge Fund Performance by Strategy



Source: Citi ICG Analytics

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.

Monthly Performance by Strategy

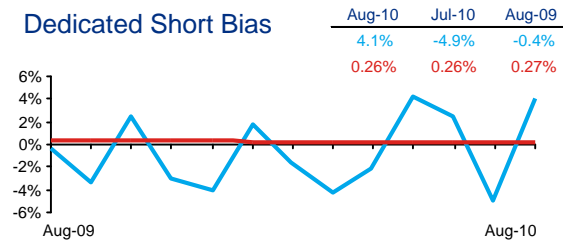
Data as of August 2010

Monthly Median:

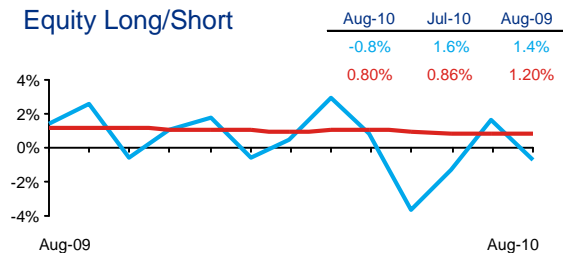
Trailing 60 Month Median:



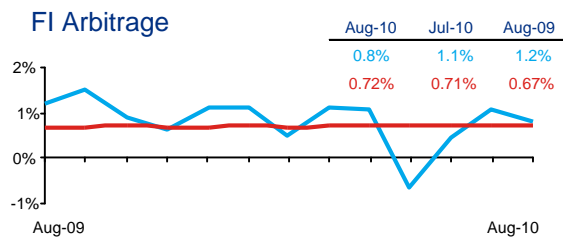
Dedicated Short Bias



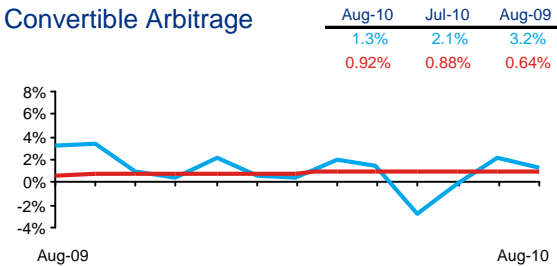
Equity Long/Short



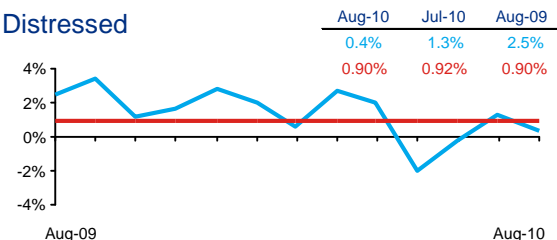
FI Arbitrage



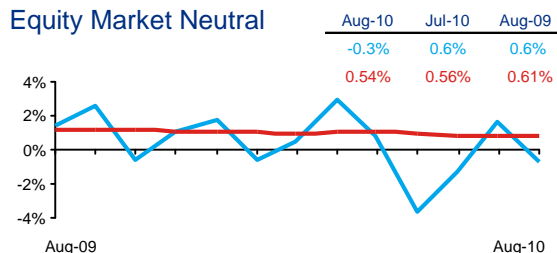
Convertible Arbitrage



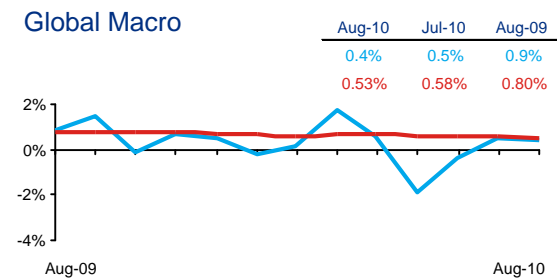
Distressed



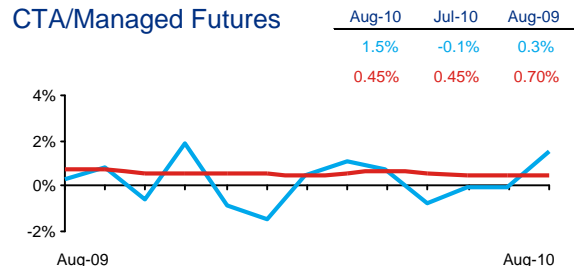
Equity Market Neutral



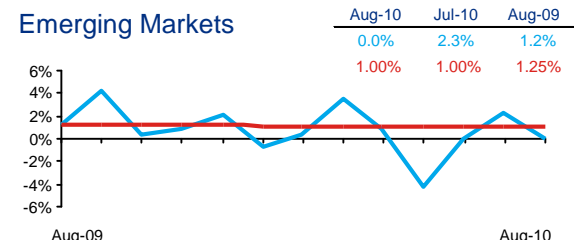
Global Macro



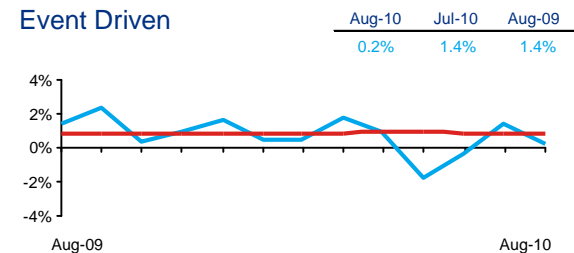
CTA/Managed Futures



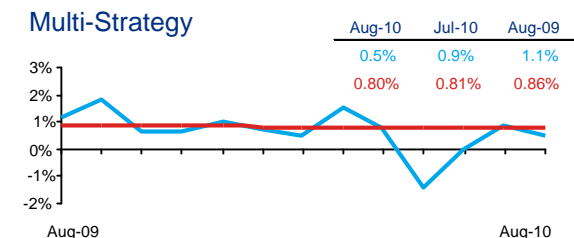
Emerging Markets



Event Driven



Multi-Strategy



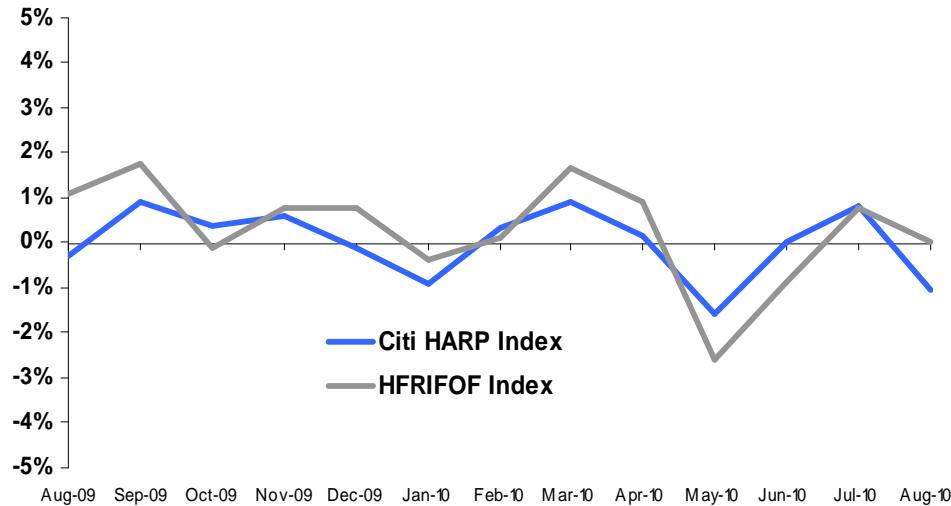
Source: Citi ICG Analytics

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

Citi Liquid Hedge Fund Replicator (HARP)

Data as of August 2010

Citi HARP Index vs. Benchmark (monthly rolling)



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

	Aug-10	Jul-10	Aug-09	YTD-10
Citi Harp	-1.05%	0.83%	-0.28%	-1.132%
HFRIFO	0.03%	0.78%	1.09%	-0.40%

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

Annualized Performance: Last 12-Month	Citi HARP Index	HFRIFO
Annualised Return	0.43%	2.82%
Annualised Volatility	2.85%	4.10%
Sharpe Ratio	0.060	0.625
Correlation	80.10%	-

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.

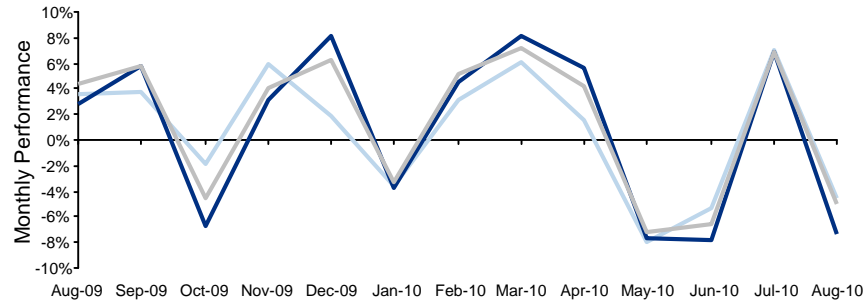
The Index contains weighted components. The components are a money market component and various index components. Each index component represents a class of asset in which the hedge fund sector is assumed to invest: bond, commodity, equity and foreign exchange.

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

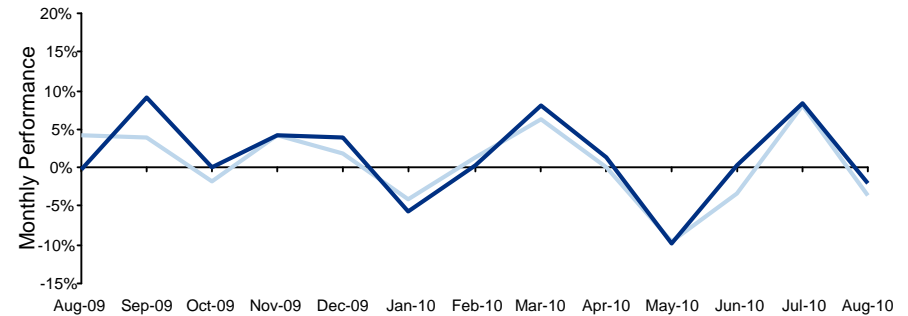
Data as of August 2010

US Equities (Large Cap vs. Small Cap)



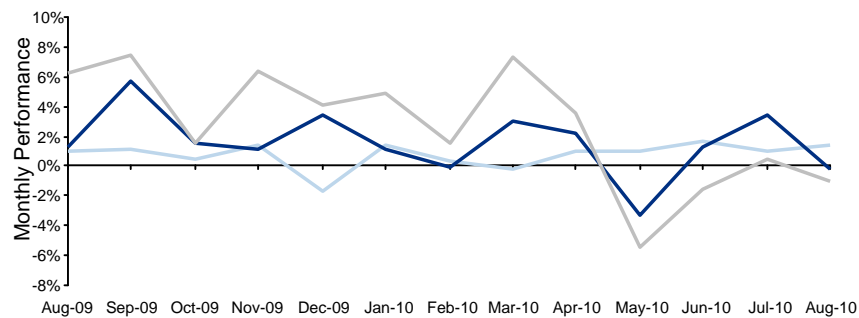
		Aug-10	Jul-10	Aug-09	YTD-10
S&P 500		-4.5%	7.0%	3.6%	-4.6%
RUS 2000		-7.4%	6.9%	2.9%	-3.0%
S&P Mid		-4.9%	6.9%	4.4%	0.2%

Global Equities (Developed vs. Emerging)



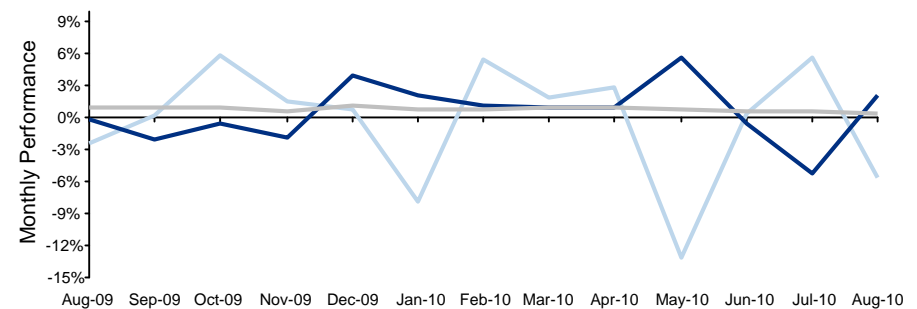
		Aug-10	Jul-10	Aug-09	YTD-10
MSCI World		-3.7%	8.1%	4.2%	-5.8%
MSCI EM		-1.9%	8.4%	-0.3%	-0.1%

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



		Aug-10	Jul-10	Aug-09	YTD-10
Citi US BIG Index		1.3%	1.0%	1.1%	7.8%
Citi HY Bond Index		-0.1%	3.4%	1.3%	7.5%
Altman Defaulted		-1.1%	0.4%	6.2%	9.6%

Commodities (US\$ performance)



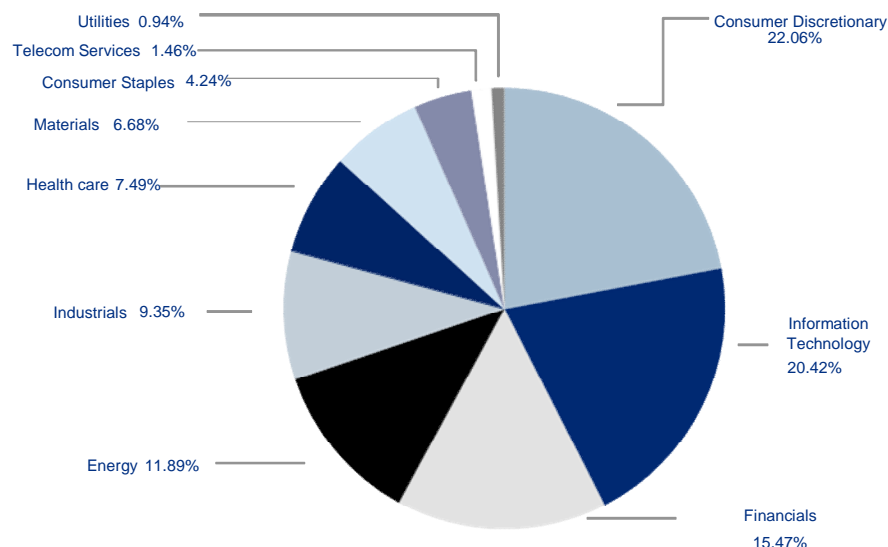
		Aug-10	Jul-10	Aug-09	YTD-10
S&P GSCI		-5.5%	5.6%	-2.4%	-11.4%
US-\$ Index		2.0%	-5.2%	-0.2%	6.9%
US 2yr Note		0.5%	0.6%	1.0%	0.7%

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

US Securities Lending Sector Short Flows

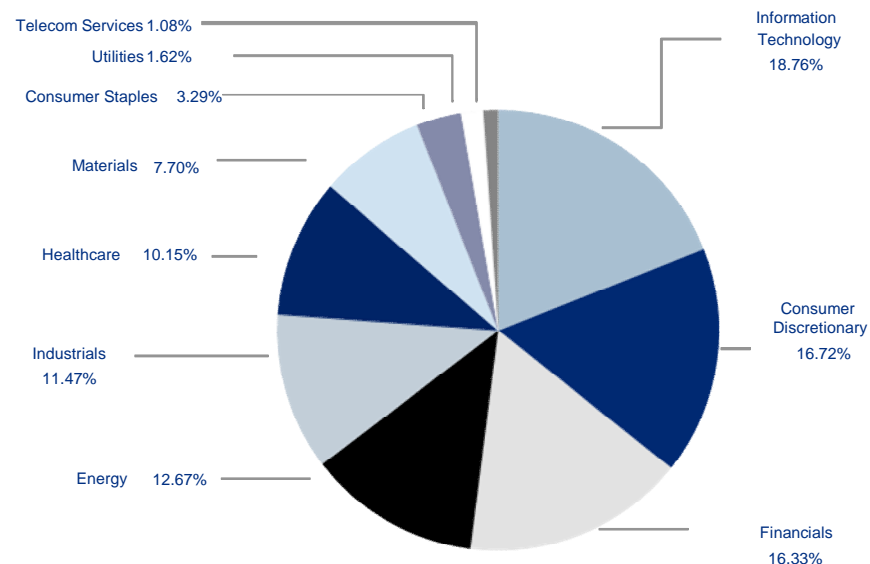
Data as of August 2010

Short Sale Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Consumer Discretionary	22.06	22.99	-4.05
Information Technology	20.42	14.76	38.35
Financials	15.47	16.65	-7.09
Energy	11.89	11.86	0.25
Industrials	9.35	12.00	-22.08
Health Care	7.49	9.45	-20.74
Materials	6.68	7.35	-9.12
Consumer Staples	4.24	3.54	19.77
Telecom Services	1.46	0.81	80.25
Utilities	0.94	0.58	62.07

Short Cover Executions

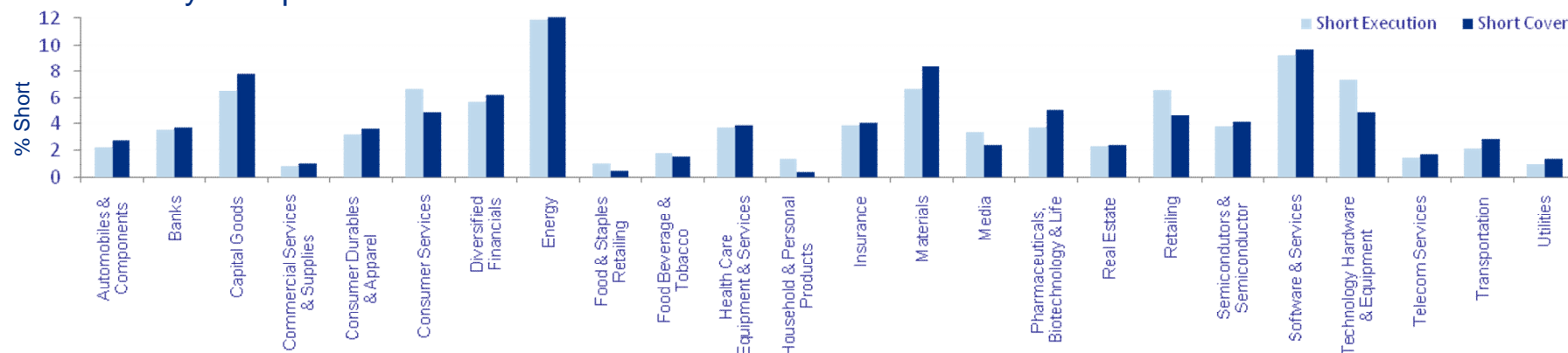


Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Information Technology	18.76	19.19	-2.24
Consumer Discretionary	18.29	16.27	12.42
Financials	16.37	16.68	-1.86
Energy	12.03	10.12	18.87
Industrials	11.71	12.60	-7.06
Health Care	9.03	11.43	-21
Materials	8.43	7.67	9.91
Consumer Staples	2.34	3.28	-28.66
Telecom Services	1.70	1.12	51.79
Utilities	1.35	1.63	-17.18

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 August 2010*

Citi Industry Group Short Flows



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Energy	11.87	10.48	13.26
Capital Goods	9.24	8.54	8.20
Materials	7.36	9.50	-22.53
Software & Services	6.94	10.76	-35.50
Consumer Services	6.38	6.39	-0.16
Retailing	6.20	4.93	25.76
Diversified Financials	5.27	4.66	13.09
Pharmaceuticals, Biotechnology & Life	5.22	4.70	11.06
Insurance	5.16	2.85	81.05
Consumer Durables & Apparel	4.68	4.17	12.23
Banks	4.34	3.26	33.13
Healthcare Equipment & Services	4.23	2.72	55.51
Technology Hardware & Equipment	3.88	5.53	-29.84
Semiconductors & Semiconductor	3.88	3.88	0.00
Automobiles & Components	3.57	2.59	37.84
Media	2.18	2.67	-18.35
Transportation	2.02	2.05	-1.46
Real Estate	1.90	2.41	-21.16
Food, Beverage & Tobacco	1.83	2.64	-30.68
Food & Staples Retailing	0.95	1.23	-22.76
Telecom Services	0.80	0.99	-19.19
Household & Personal Products	0.78	0.84	-7.14
Commercial Services & Supplies	0.76	0.88	-13.64
Utilities	0.57	1.31	-56.49

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	10.15	13.69	-25.86
Software & Services	9.10	10.44	-12.84
Capital Goods	8.61	8.09	6.43
Materials	7.70	8.46	-8.98
Pharmaceuticals, Biotechnology & Life	6.89	4.38	57.31
Technology, Hardware & Equipment	5.38	5.95	-9.58
Retailing	4.79	5.07	-5.52
Healthcare Equipment & Services	4.58	4.52	1.33
Semiconductors & Semiconductor	4.48	4.63	-3.24
Banks	5.06	3.76	34.57
Consumer Services	4.29	3.73	15.01
Diversified Financials	3.65	3.18	14.78
Real Estate	3.46	4.31	-19.72
Insurance	3.29	1.46	125.34
Media	1.58	3.04	-48.03
Automobiles & Components	2.89	3.95	-26.84
Transportation	2.50	2.00	25.00
Consumer Durables & Apparel	2.79	2.21	26.24
Food, Beverage & Tobacco	1.93	1.28	50.78
Utilities	1.62	1.55	4.52
Commercial Services & Supplies	1.55	1.76	-11.93
Telecom Services	1.08	1.27	-14.96
Food & Staples Retailing	0.71	0.60	18.33
Household & Personal Products	0.65	0.21	209.52

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



US Securities Lending Short Flows Summary

Data as of August 2010

Citi Short Flows: August 2010

GICS Code	Description	% Short Executions This Month	% Short Executions From Last Month	% Change From Last Month	% Short Cover This Month	% Short Cover From Last Month	% Change From Last Month
Sector	Sector						
10	Energy	11.89	11.86	0.25	12.03	10.12	18.87
15	Materials	6.68	7.35	-9.12	8.43	7.67	9.91
20	Industrials	9.35	12.00	-22.08	11.71	12.60	-7.06
25	Consumer Discretionary	22.06	22.99	-4.05	18.29	16.27	12.42
30	Consumer Staples	4.24	3.54	19.77	2.34	3.28	-28.66
35	Health Care	7.49	9.45	-20.74	9.03	11.43	-21.00
40	Financials	15.47	16.65	-7.09	16.37	16.68	-1.86
45	Information Technology	20.42	14.76	38.35	18.76	19.19	-2.24
50	Telecommunication Services	1.46	0.81	80.25	1.70	1.12	51.79
55	Utilities	0.94	0.58	62.07	1.35	1.63	-17.18
Industry Group	Industry Group						
1010	Energy	11.89	11.86	0.25	12.03	10.12	18.87
1510	Materials	6.68	7.35	-9.12	8.43	7.67	9.91
2010	Capital Goods	6.50	9.22	-29.50	7.78	8.56	-9.11
2020	Commercial Services & Supplies	0.76	0.76	0.00	1.03	1.55	-33.55
2030	Transportation	2.09	2.02	3.47	2.89	2.50	15.60
2510	Automobiles & Components	2.21	3.56	-37.92	2.73	2.88	-5.21
2520	Consumer Durables & Apparel	3.21	4.68	-31.41	3.64	2.78	30.94
2530	Consumer Services	6.66	6.37	4.55	4.94	4.27	15.69
2540	Media	3.40	2.18	55.96	2.35	1.57	49.68
2550	Retailing	6.57	6.19	6.14	4.63	4.77	-2.94
3010	Food & Staples Retailing	1.04	0.94	10.64	0.45	0.71	-36.62
3020	Food Beverage & Tobacco	1.80	1.82	-1.10	1.51	1.92	-21.35
3030	Household & Personal Products	1.40	0.77	81.82	0.38	0.65	-41.54
3510	Health Care Equipment & Services	3.75	4.23	-11.35	3.93	4.56	-13.82
3520	Pharmaceuticals, Biotechnology & Life Sciences	3.73	5.22	-28.54	5.09	6.87	-25.91
4010	Banks	3.60	4.34	-17.05	3.73	5.04	-25.99
4020	Diversified Financials	5.67	5.26	7.79	6.22	4.89	27.20
4030	Insurance	3.89	5.15	-24.47	4.03	3.29	22.49
4040	Real Estate	2.30	1.90	21.05	2.39	3.45	-30.72
4510	Software & Services	9.21	6.96	32.33	9.66	9.33	3.54
4520	Technology Hardware & Equipment	7.39	3.88	90.46	4.93	5.36	-8.02
4530	Semiconductors & Semiconductor Equipment	3.82	3.93	-2.80	4.17	4.50	-7.33
5010	Telecommunication Services	1.46	0.81	80.25	1.70	1.12	51.79
5510	Utilities	0.94	0.58	62.07	1.35	1.63	-17.18

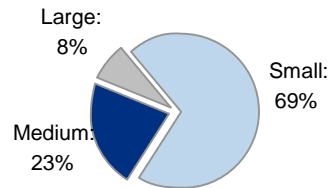
Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value



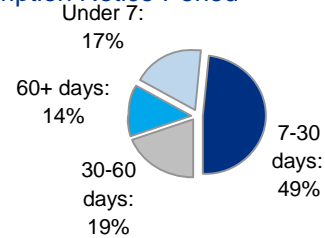
Hedge Fund (Fund Level) Profiles

Data as of August 2010

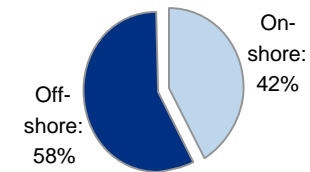
By Fund Size—No. of Funds



Redemption Notice Period



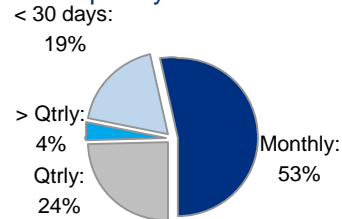
On-shore/Off-shore



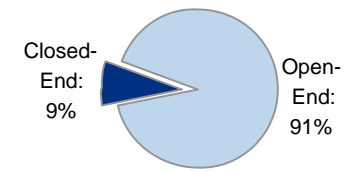
By Fund Size—\$ AUM



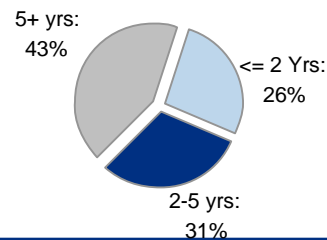
Redemption Frequency



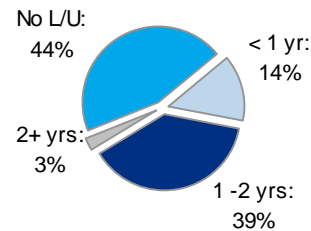
Legal Status



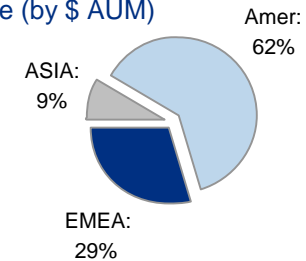
By Fund Age—No. of Funds



Lock-Up



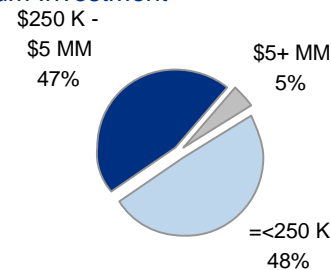
Domicile (by \$ AUM)



By Fund Age—\$ AUM



Minimum Investment



Source: Citi ICG Analytics

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

Hedge Fund (Fund Level) Profiles

Data as of August 2010

Hedge Funds: Large (>\$500 MM)

Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	10%	\$777	-0.2%	4.3%	62%	69%	n/m	n/m	Under 30 / 43%
2-5 yrs	16%	\$752	0.7%	4.9%	68%	68%	1-2 yrs / 57%	30-60 days / 35%	Monthly / 47%
Over 5 yrs	74%	\$944	0.2%	2.1%	67%	65%	No / 46%	7-30 days / 36%	Monthly / 49%
Total	100%	\$869	0.3%	3.1%	67%	66%	1-2 yrs / 44%	7-30 days / 34%	Monthly / 47%

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	15%	\$190	0.4%	4.7%	51%	75%	1-2 yrs / 44%	7-30 days / 43%	Monthly / 51%
2-5 yrs	30%	\$185	0.2%	1.7%	67%	69%	1-2 yrs / 47%	7-30 days / 38%	Monthly / 52%
Over 5 yrs	55%	\$209	0.3%	1.7%	71%	62%	No / 53%	7-30 days / 52%	Monthly / 55%
Total	100%	\$195	0.3%	2.2%	68%	65%	No / 47%	7-30 days / 48%	Monthly / 53%

Hedge Funds: Small (<\$100 MM)

Hedge Fund Age	% of Total	Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	23%	\$16	0.5%	3.2%	55%	65%	1-2 yrs / 64%	7-30 days / 41%	Monthly / 50%
2-5 yrs	34%	\$19	0.2%	1.3%	68%	60%	No / 47%	7-30 days / 50%	Monthly / 58%
Over 5 yrs	44%	\$22	0.1%	0.5%	74%	52%	No / 52%	7-30 days / 55%	Monthly / 50%
Total	100%	\$20	0.2%	1.3%	68%	57%	No / 48%	7-30 days / 51%	Monthly / 52%

Source: Citi ICG Analytics

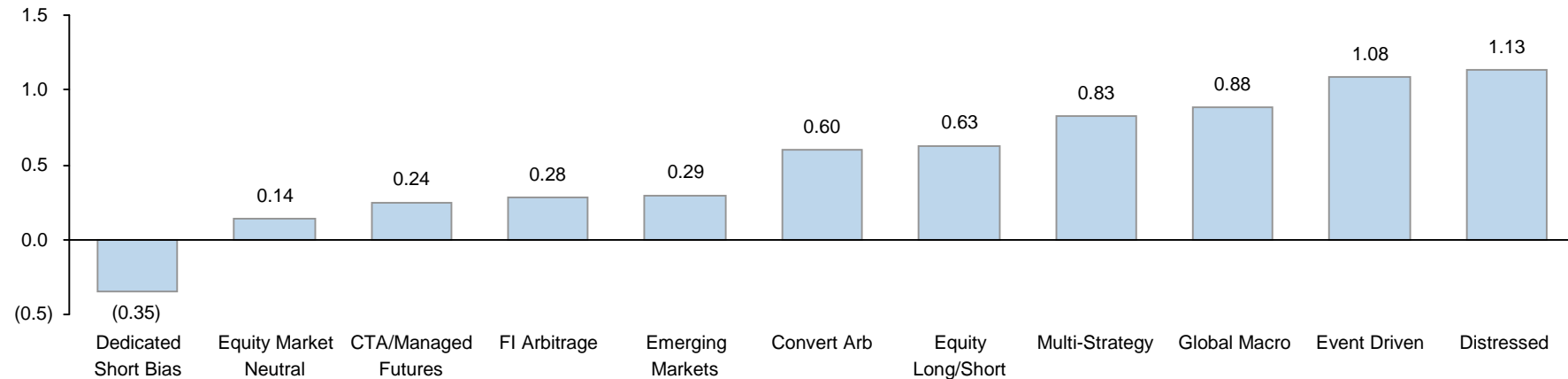
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. Median YTD performance is calculated from funds reporting for all underlying periods. - "n/m" = Not Meaningful.



Risk and Return Metrics

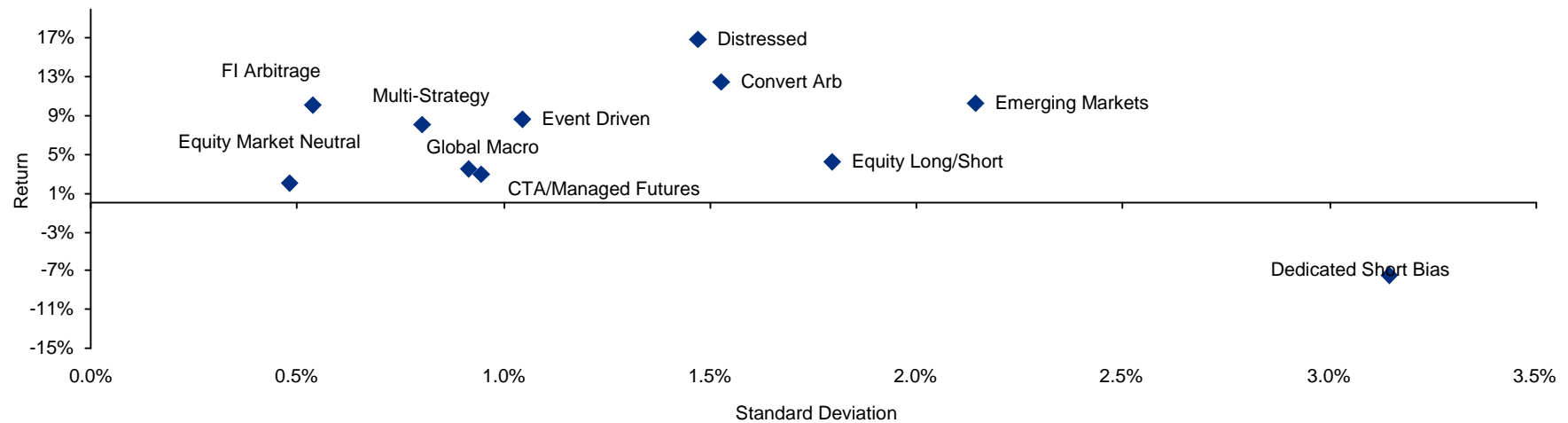
Data as of August 2010

Sharpe Ratios (Jun-94 – Aug-10)



Source: Credit Suisse Tremont

Risk vs. Return – LTM: (Sep-09 – Aug-10)



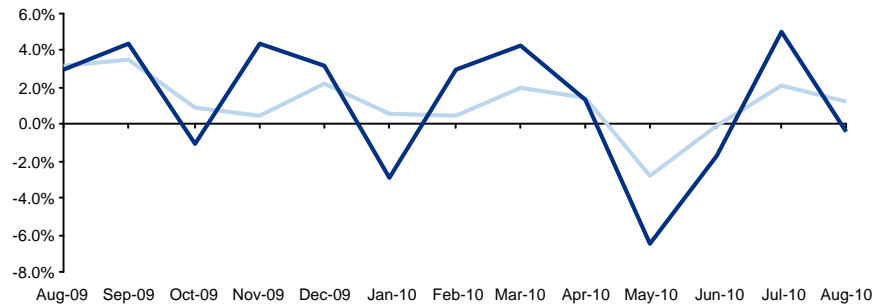
Source: Citi ICG Analytics

Convertible Arbitrage

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.6%	0.5%	2.0%	1.4%	-2.7%	-0.1%	2.1%	1.3%					5.0%

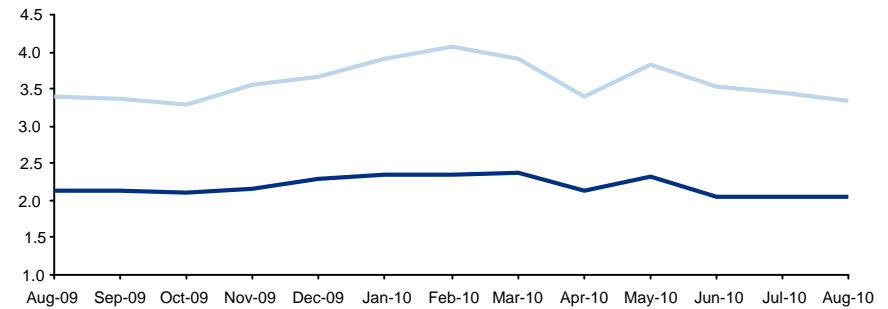
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Aug-10	Jul-10	Aug-09	YTD-10
Convert Arb	1.3%	2.1%	3.2%	5.0%
CWB ETF	-0.4%	5.0%	3.0%	1.4%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

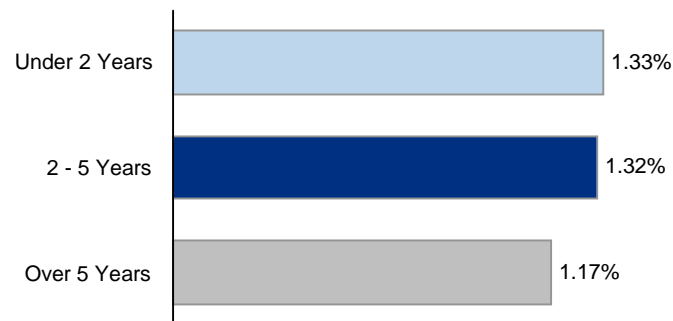


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

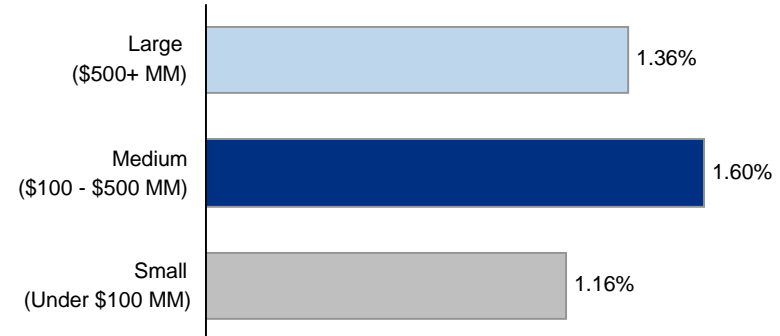
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

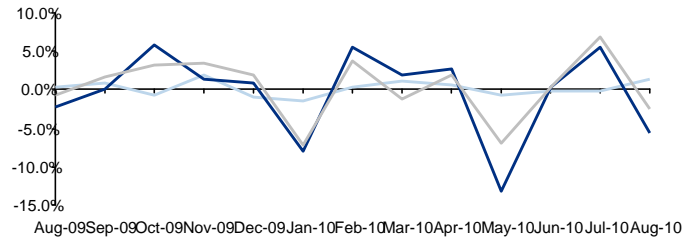
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

CTA/Managed Futures

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-1.5%	0.5%	1.1%	0.7%	-0.8%	-0.1%	-0.1%	1.5%					1.4%

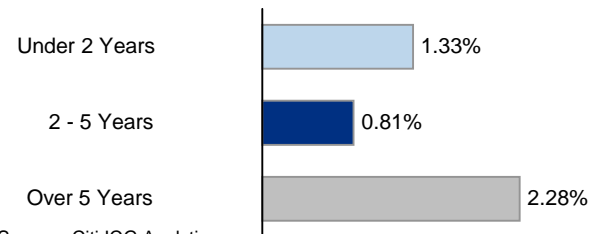
Hedge Fund Performance vs. Benchmark



	Aug-10	Jul-10	Aug-09	YTD-10
CTA/Mgd Futures	1.5%	-0.1%	0.3%	1.4%
S&P GSCI Commodity (SPGSCI)	-5.5%	5.6%	-2.4%	-11.4%
DJ-UBS Commodity (DJAGK)	-2.6%	6.8%	-0.6%	-6.0%

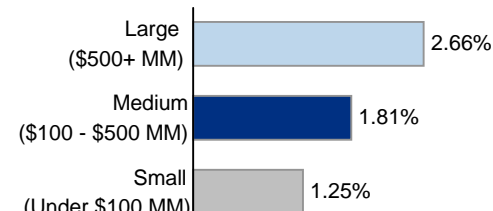
Source: Citi ICG Analytics; FactSet

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

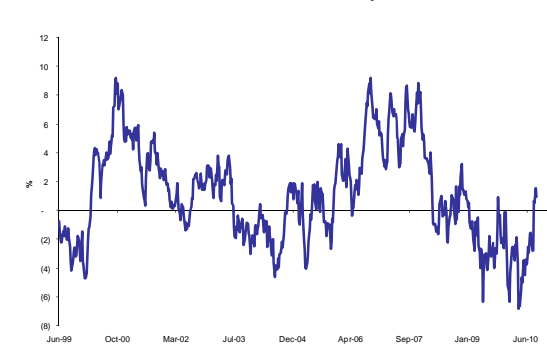
Large Speculator Positions: CFTC Commitment Of Trader (Futures & Options) Report Net of Longs Less Shorts As Percent of Total Open Positions

Combined S&P / Weighted Mini S&P Contracts



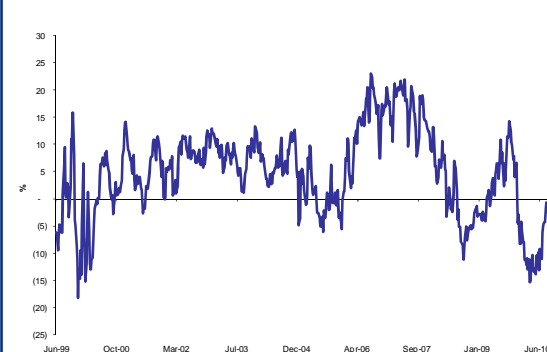
Last Update: 8/31/10 -1.8%

U.S. 10-Year Treasury Futures



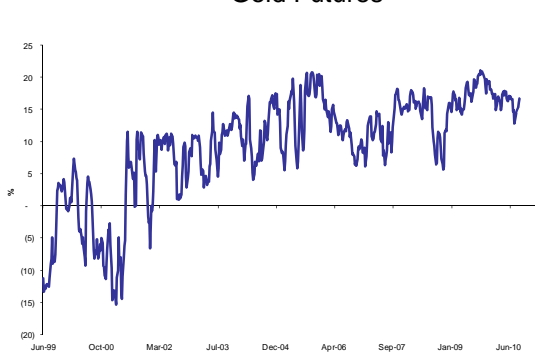
Last Update: 8/31/10 0.9%

EuroFX Futures



Last Update: 8/31/10 -3.5%

Gold Futures



Last Update: 8/31/10 +16.7%

Source: CFTC, Bloomberg, Citi Futures Perspective

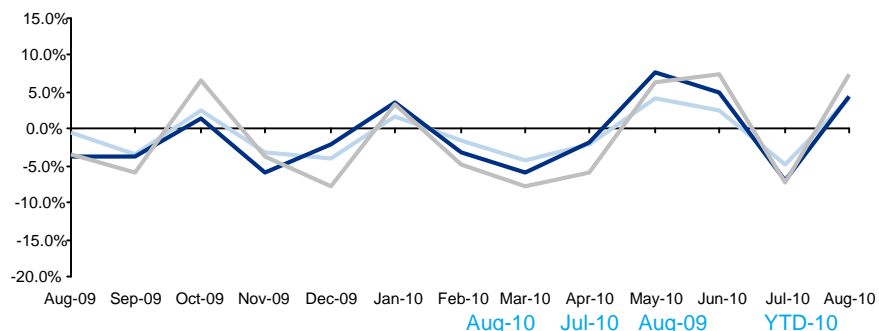


Dedicated Short Bias

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.7%	-1.6%	-4.3%	-2.0%	4.2%	2.5%	-4.9%	4.1%					-0.7%

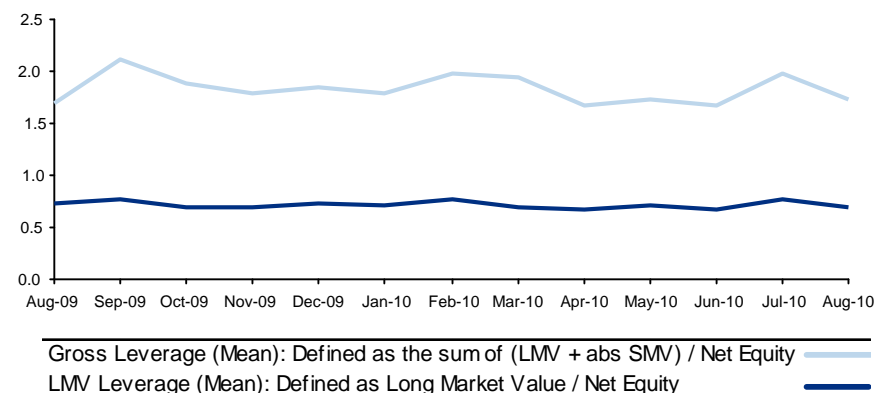
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



Ded Short Bias	4.1%	-4.9%	-0.4%	-0.7%
S&P Short ETF (SH)	4.4%	-7.0%	-3.8%	1.7%
Rus 2000 Short ETF (RWM)	7.3%	-7.4%	-3.5%	-3.1%

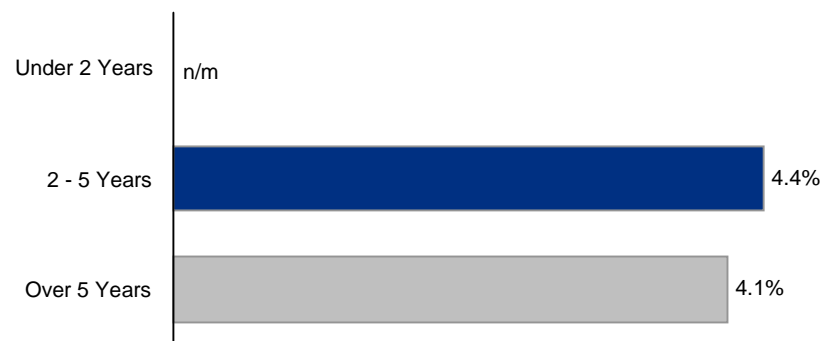
Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)



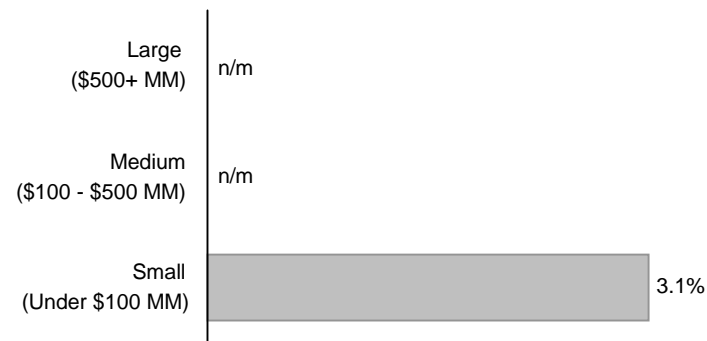
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

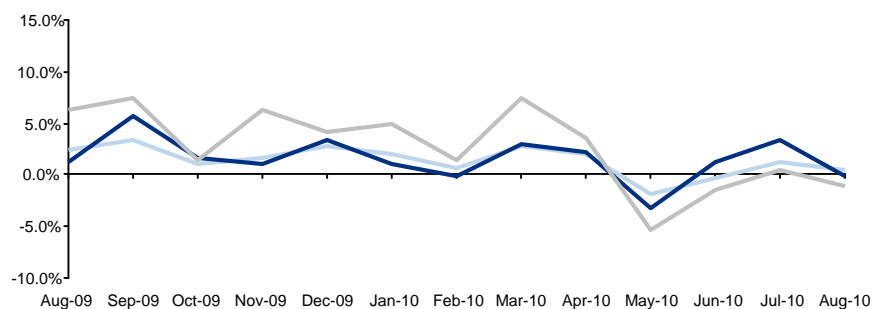
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Distressed

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.0%	0.6%	2.8%	2.1%	-1.9%	-0.3%	1.3%	0.4%					6.9%

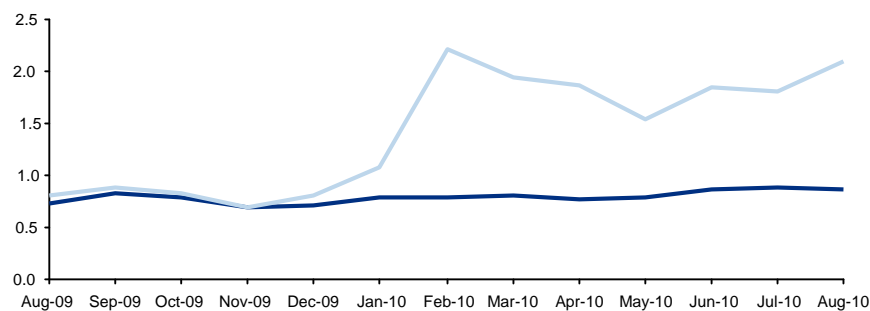
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Aug-10	Jul-10	Aug-09	YTD-10
Distressed	0.4%	1.3%	2.5%	6.9%
Citi HY Bond Index	-0.1%	3.4%	1.3%	7.5%
Altman Defaulted Index	-1.1%	0.4%	6.2%	9.6%

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

Leverage Profile (Monthly, LTM)

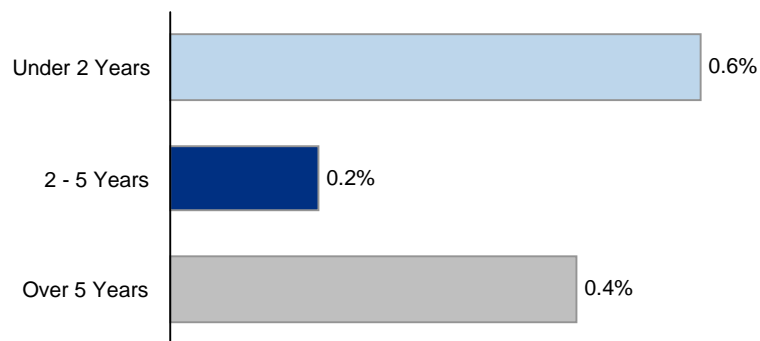


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

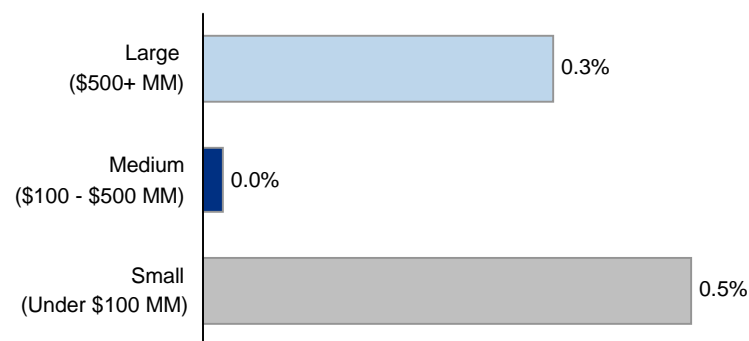
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

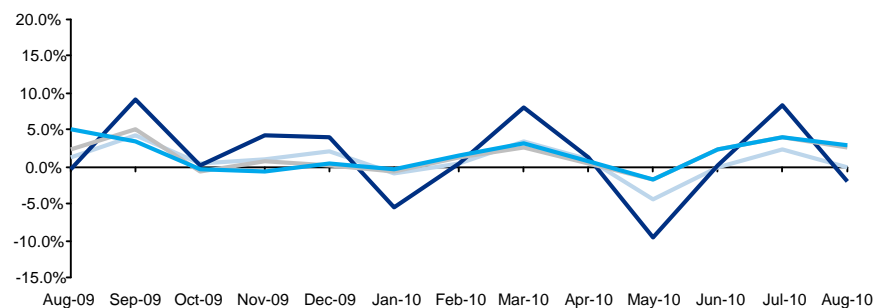
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Emerging Markets

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.8%	0.3%	3.6%	1.0%	-4.3%	0.0%	2.3%	0.0%					1.9%

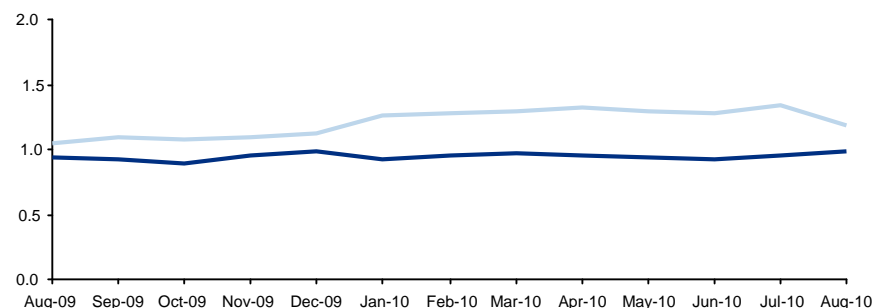
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Aug-10	Jul-10	Aug-09	YTD-10
Emerging Mkts	0.0%	2.3%	1.2%	1.9%
MSCI EM	-1.9%	8.4%	-0.3%	-0.1%
JPM EMBIG Core ETF (EMB)	2.6%	4.1%	2.4%	11.5%
DB EM Liquid ETF (PCY)	2.8%	4.0%	5.0%	12.9%

Source: Citi ICG Analytics; FactSet

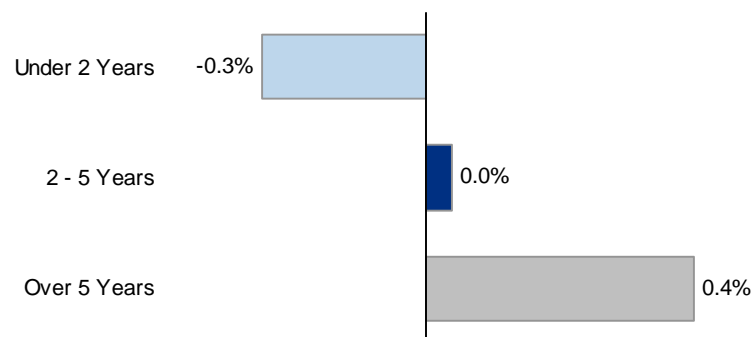
Leverage Profile (Monthly, LTM)



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

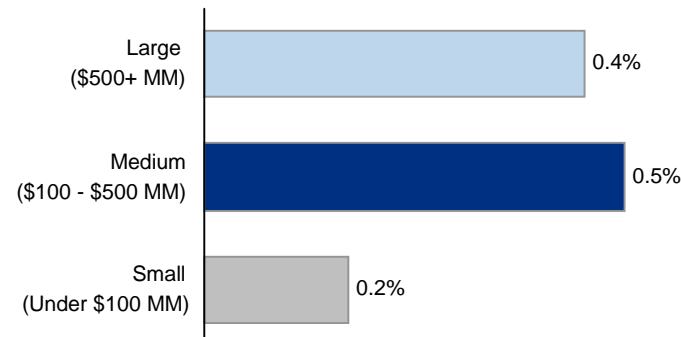
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

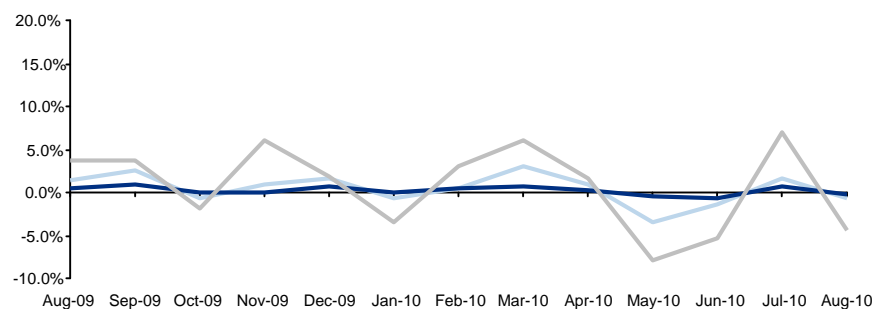
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Equity Long/Short

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.6%	0.5%	3.0%	0.8%	-3.6%	-1.3%	1.6%	-0.8%					-0.5%

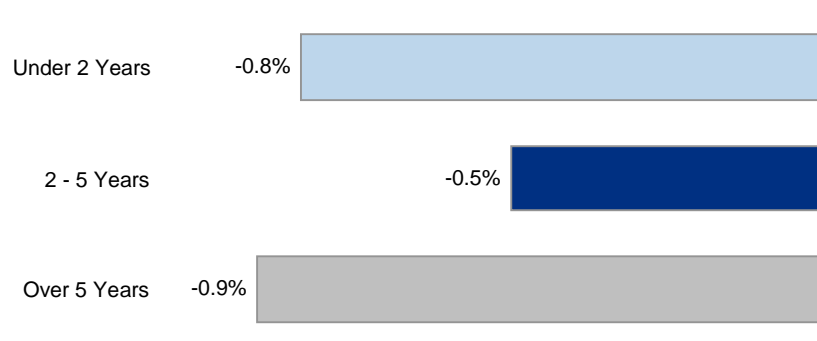
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Aug-10	Jul-10	Aug-09	YTD-10
Eq Long/Short	-0.8%	1.6%	1.4%	-0.5%
Eq Mkt Neutral	-0.3%	0.6%	0.6%	0.7%
S&P 500	-4.5%	7.0%	3.6%	-4.6%

Source: Citi ICG Analytics; FactSet

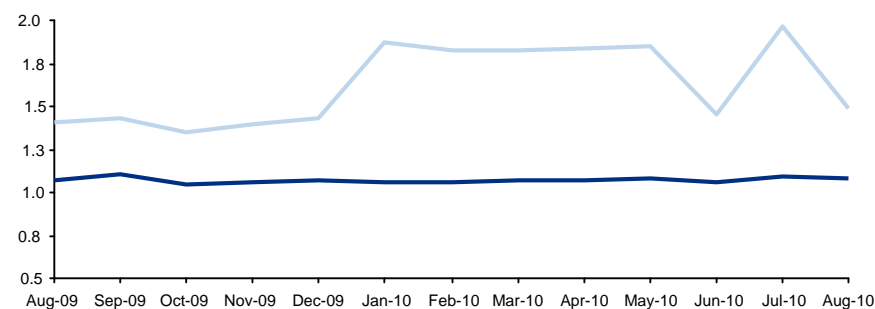
Hedge Fund Performance by Age



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)

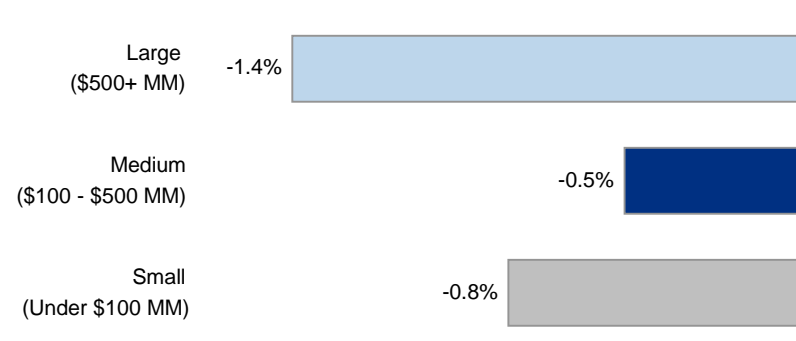


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi ICG Analytics

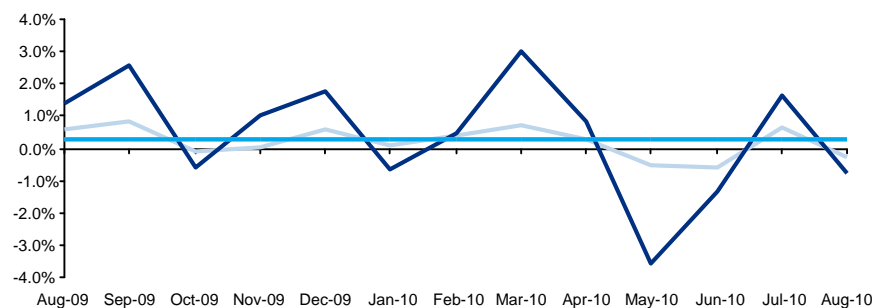


Equity Market Neutral

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.1%	0.4%	0.7%	0.3%	-0.5%	-0.6%	0.6%	-0.3%					0.7%

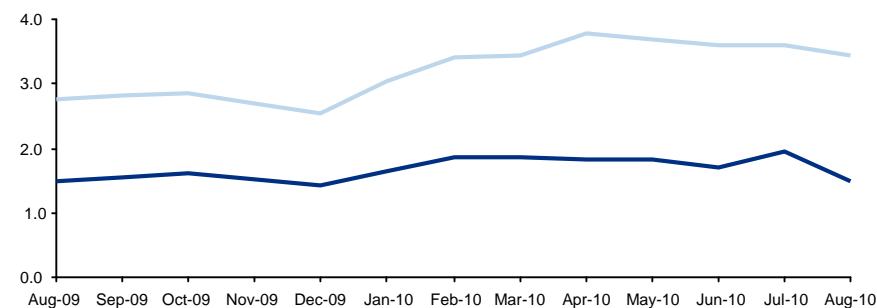
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Aug-10	Jul-10	Aug-09	YTD-10
Eq Mkt Neutral	-0.3%	0.6%	0.6%	0.7%
Eq Long/Short	-0.8%	1.6%	1.4%	-0.5%
LIBOR + 300 bps	0.3%	0.3%	0.3%	2.2%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	2.1%

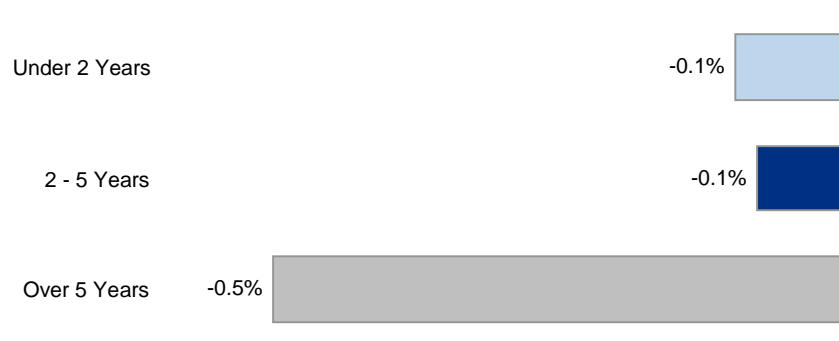
Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)



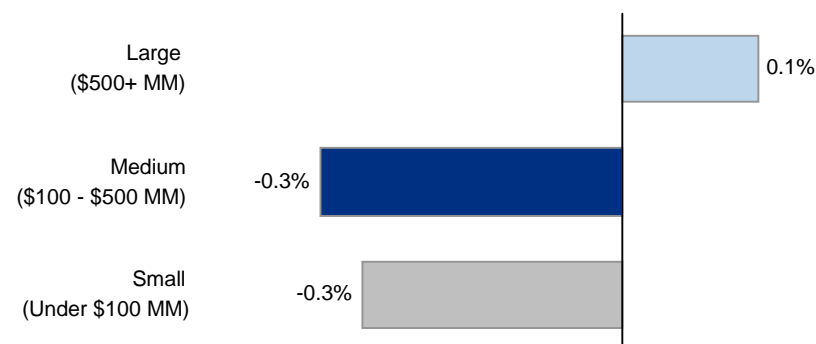
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

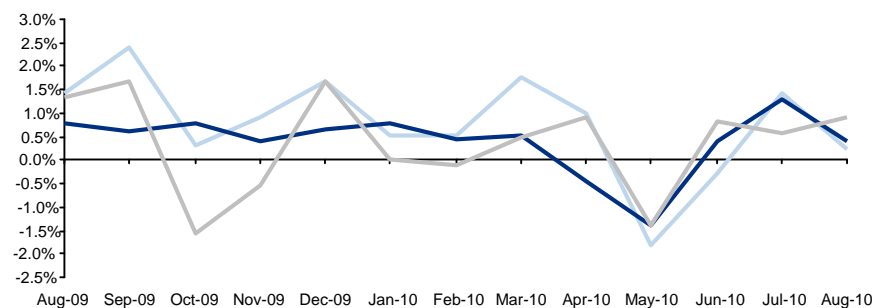
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Event Driven

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.5%	0.5%	1.8%	1.0%	-1.8%	-0.3%	1.4%	0.2%					3.3%

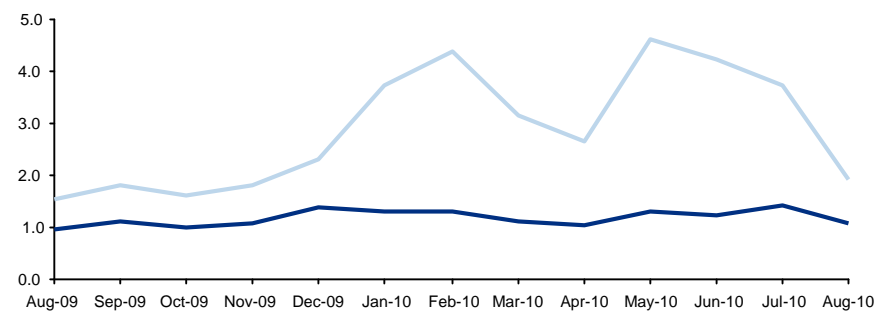
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Aug-10	Jul-10	Aug-09	YTD-10
Event Driven	0.2%	1.4%	1.4%	3.3%
The Merger Fund (MERFX)	0.4%	1.3%	0.8%	1.9%
AQR Div Arb Fund (ADANX)	0.9%	0.6%	1.3%	2.2%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

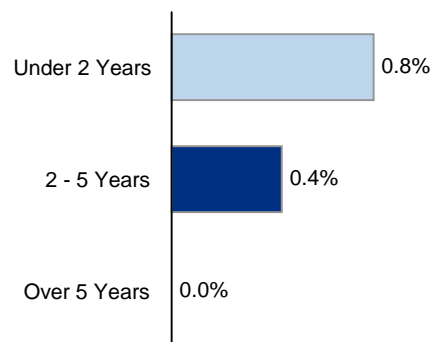


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

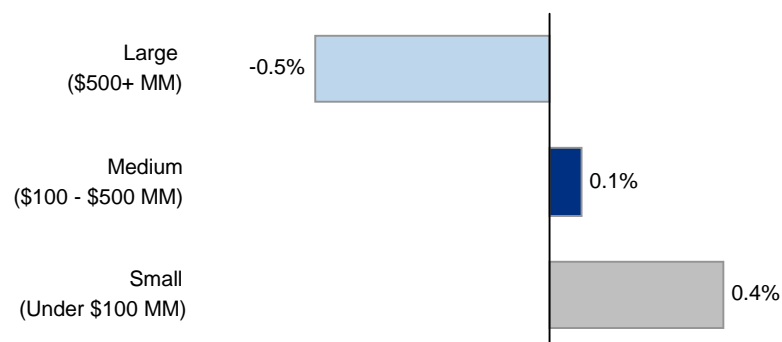
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

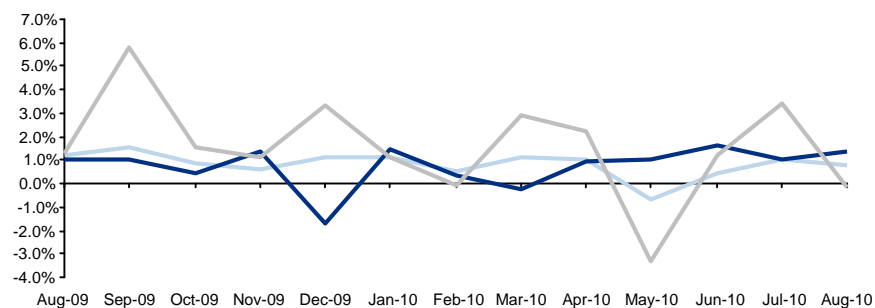
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

FI Arbitrage

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.1%	0.5%	1.1%	1.1%	-0.6%	0.4%	1.1%	0.8%					5.5%

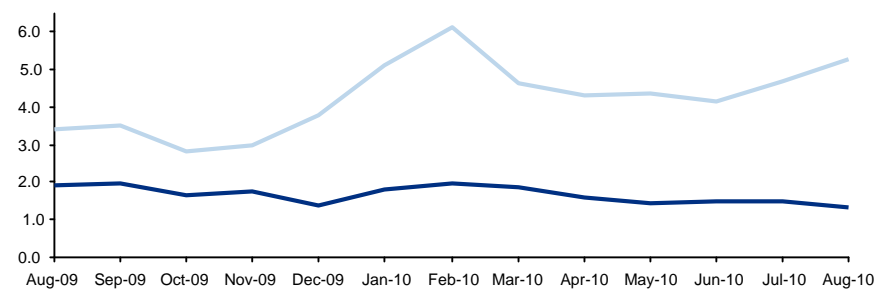
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Aug-10	Jul-10	Aug-09	YTD-10
FI Arbitrage	0.8%	1.1%	1.2%	5.5%
Citi US BIG Index	1.3%	1.0%	1.1%	7.8%
Citi HY Bond Index	-0.1%	3.4%	1.3%	7.5%

Source: Citi ICG Analytics; Citigroup Index LLC

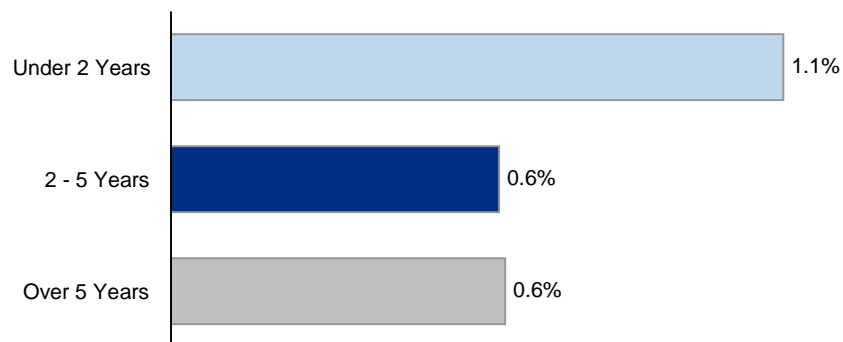
Leverage Profile (Monthly, LTM)



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

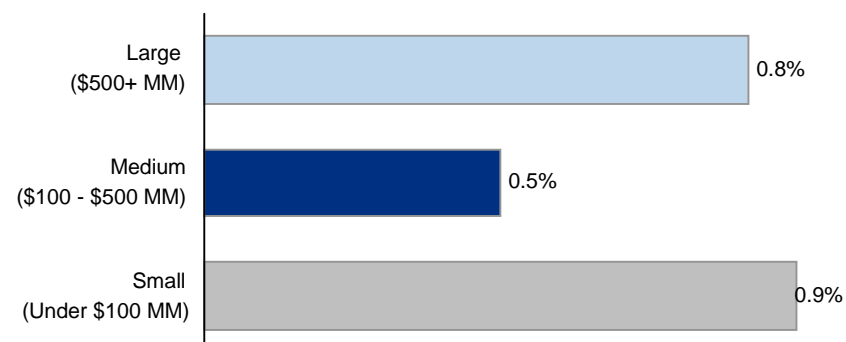
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

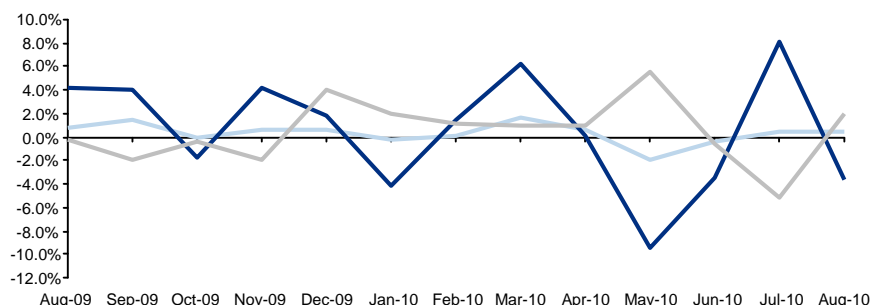
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Global Macro

Data as of August 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.2%	0.1%	1.7%	0.6%	-1.9%	-0.4%	0.5%	0.4%					0.9%

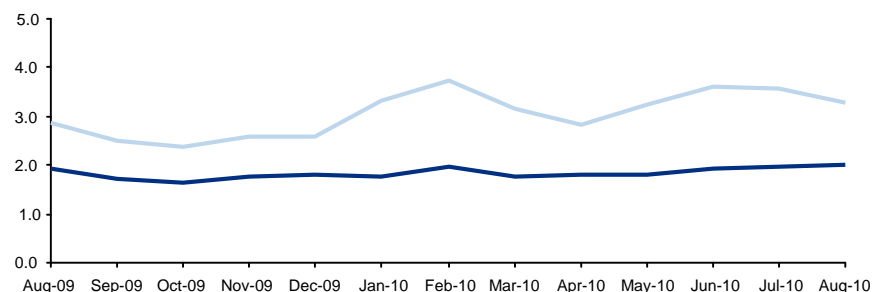
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Aug-10	Jul-10	Aug-09	YTD-10
Global Macro	0.4%	0.5%	0.9%	0.9%
MSCI World	-3.7%	8.1%	4.2%	-5.8%
US\$-Index	2.0%	-5.2%	-0.2%	6.9%

Source: Citi ICG Analytics; FactSet

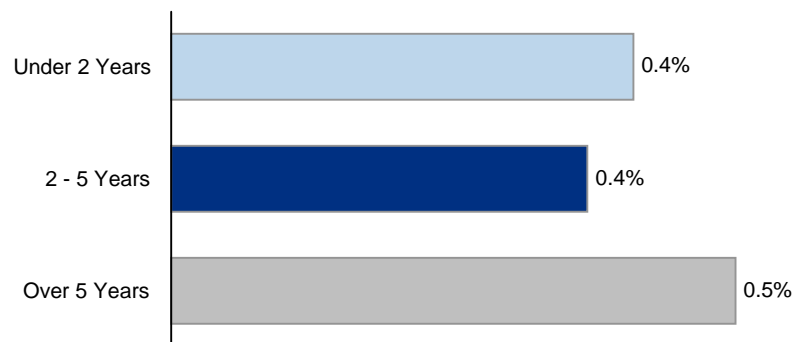
Leverage Profile (Monthly, LTM)



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

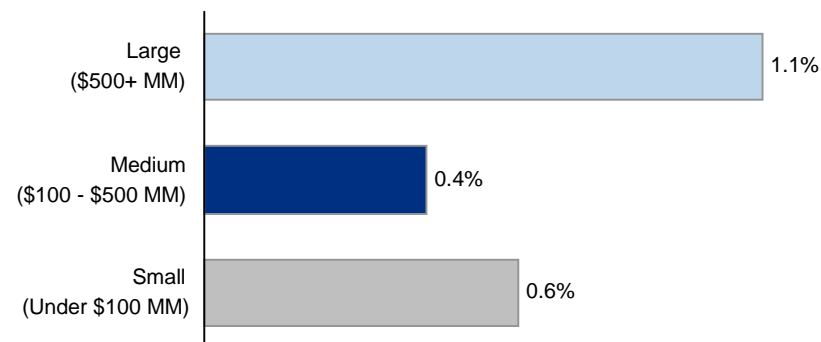
Source: Citi ICG Analytics; FactSet; Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics; FactSet; Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi ICG Analytics; FactSet; Citi Prime Finance

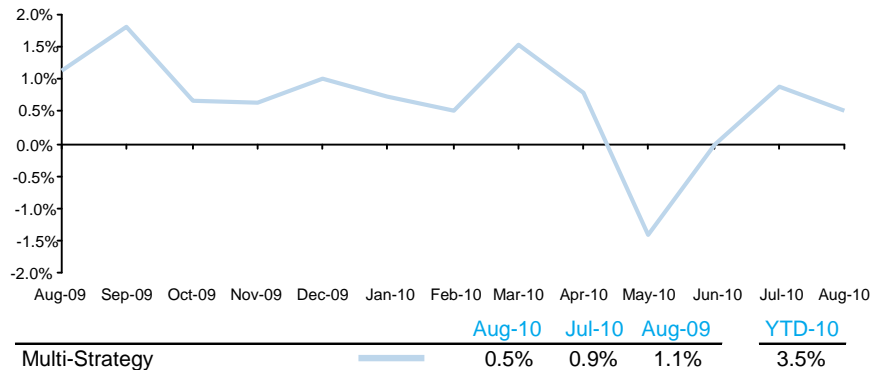
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small

Multi-Strategy

Data as of August 2010

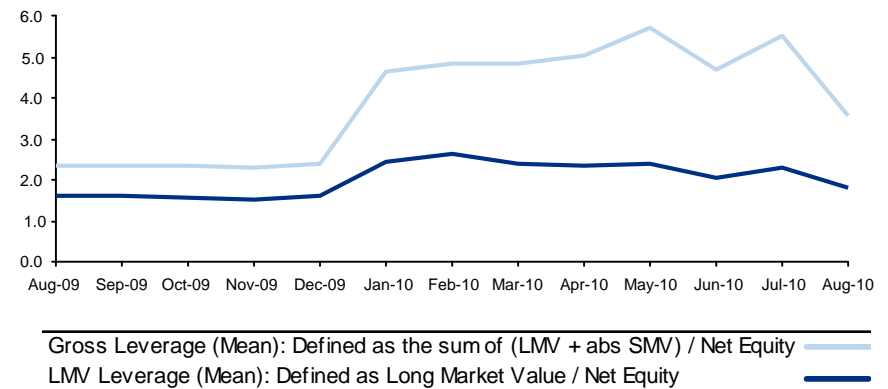
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.7%	0.5%	1.5%	0.8%	-1.4%	0.0%	0.9%	0.5%					3.5%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



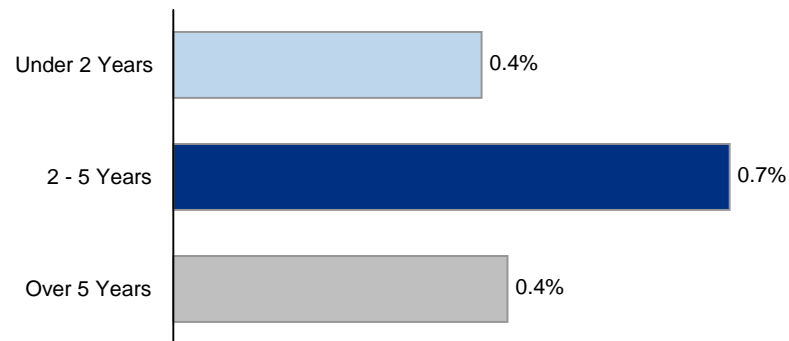
Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)



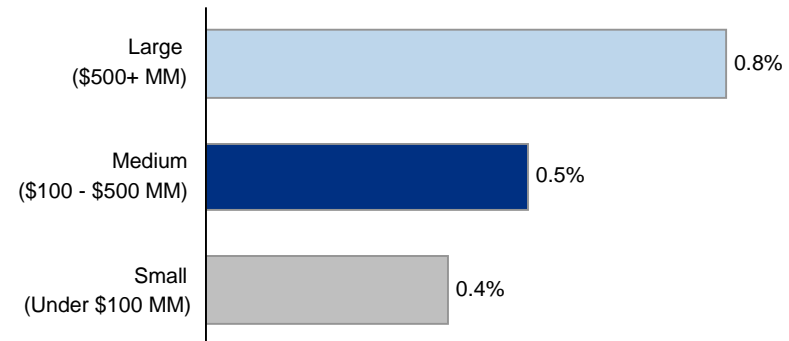
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

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

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