Citi Prime Finance

Market Commentary
Report Date: August 2011

www.citigroupgcib.com

Hedge Fund Industry Snapshot

Data as of July 2011

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

EMEA
EMEA: 44 (0) 207 986 0822

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

Table of Contents

Highlights-

Data as of Jul-2011

Performance, AUM & Flows:

- Composite hedge fund performance, equal-weighted across funds, were mixed in July 2011 with performance ranging from -0.11% to +0.45%. The Citi HARP hedge fund replication index was +0.06% in July versus the HFRI Fund of Fund index that was +0.38%. July 2011 performance returns proved to be higher than June 2011 which experienced -1.59% to -1.16% over the same period.
- Volatile markets influenced the highest gains across the following strategies: Dedicated Short Bias (+1.49%) CTA/Managed Futures (+1.44%), Global Macro (+0.44%.), Emerging Markets (+0.31%) and Multi Strategy (+0.31%). Strategies experiencing negative performance include Event Driven (-0.38%), Equity Long/Short (-0.32%), Convertible Arbitrage (-0.24%) and Equity Market Neutral (-0.02%).
- According to HedgeFund.net (HFN), hedge fund industry AUM ended July 2011 at $2.567 trillion, up from $2.56 trillion in June 2011. This is the first month AUM has experienced gains since April 2011. Industry AUM remains well below its $2.94 trillion June 2008 peak.
- Increases in AUM attributable to performance accounted for an increase of +$20.85 billion for July 2011, while negative net investor flows accounted for a decrease of -$14.1 billion. Overall year-to-date investor allocations are a net $59.55 billion compared to $29.53 billion year ago.

Fund Profiles:

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>$500 million) was +0.3%; medium single funds ($100-$500 million) +0.2% and small single funds (<$100 million) +0.2%.
- Liquidity terms continued its consistent pattern from the previous reporting periods with June 2011 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 (60%) required no lockup (38%) or less than 1 year lock up (22%).
- Consistent throughout previous reporting periods, large funds (> $500 million AUM) continue to hold a large potion of industry AUM (70%) compared to medium funds ($100-$500 million) at 22% and small funds (<$100 million) holding only 8%.

Leverage & Shorts:

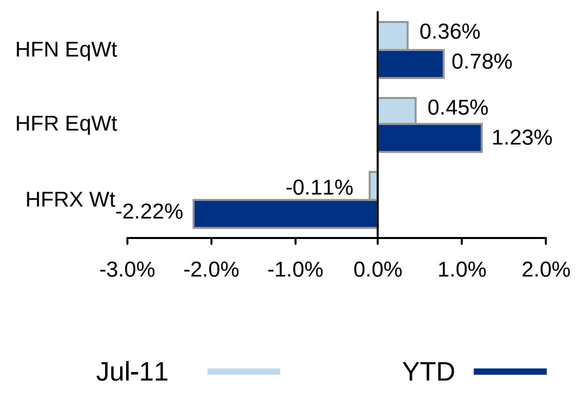
- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.78x in July 2011 versus 1.76x in June, 1.78x in May and 1.81x in April.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Equity Market Neutral (4.64x), Multi Strategy (4.43x), Convertible Arbitrage (3.21x) Global Macro (3.10x), and Fixed Income Arbitrage (2.52x). Use of leverage in all other strategies was generally higher month over month across the board.
- Citi U.S. short flows data included in this month's report shows a decrease in the concentration of interest in the Information Technology, Consumer Discretionary, & Financials sectors. These three sectors accounted for 58.91% of short executions and 56.65% of short flows versus 60.14% of short executions and 61.38% of short flows in June 2011.
- As of end-July the large speculator net positions in TY, S&P (combined e-mini and large contracts), EuroFX and Gold contracts didn't move much from the prior month. One point of note was a shift from being net short to being net long in TY futures & options, but the overall positioning in terms of percentage of open interest remains close to neutral. Large specs increased their net long position in gold while cutting their net long in EuroFX. Net positioning in the S&P remained close to neutral too, but large specs did trim their net short exposure.

Hedge Fund Industry: AUM, Performance

Data as of Jul-2011

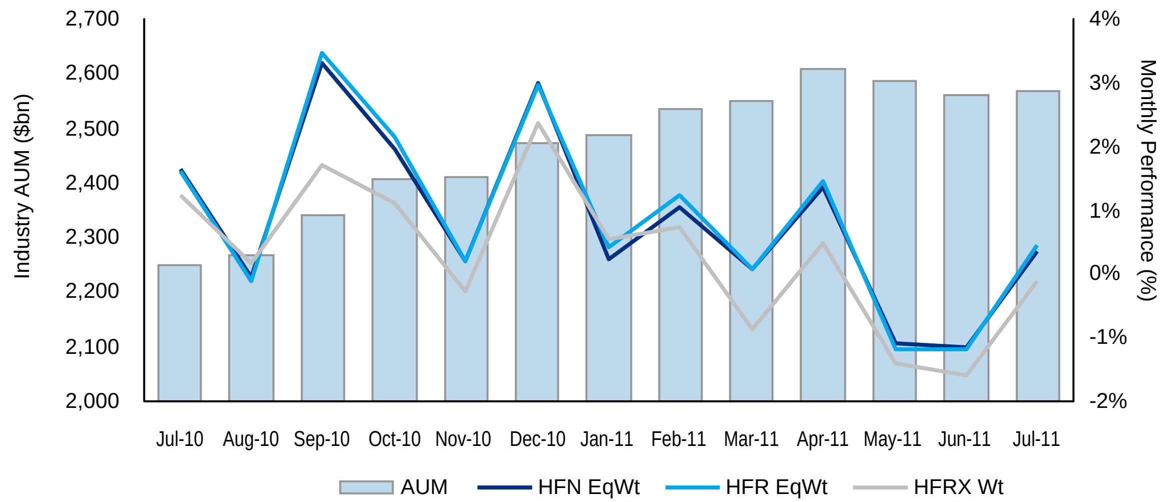
- Composite hedge fund performance, equal-weighted across funds, was mixed in July 2011 with performance ranging from -0.11% to +0.45%. Returns were higher than last month's (June 2011 -1.59% to -1.16%) and the first month of positive returns since April 2011 (+0.47% to +1.47%).
- Equity markets extended declines in July as investors exhibited concern with regard to both the extension of the U.S. debt limit and continuing concerns about European sovereign debt risk. US fixed income yields fell while gold posted record gains; the US dollar traded in a wide range over the month.
- Hedge fund strategy wise, July's top performing strategies were Dedicated Short (+1.49%) , CTA/Managed Futures (+1.44%) , and Global Macro (+0.44%). Those experiencing losses were Event Driven (-0.38%), Equity Long /Short (-0.32%) and Convertible Arbitrage (-0.24%).
- Industry AUM, estimated at $2.57 trillion according to HFN is up slightly from June's $2.56 trillion. Depending on the source, estimates of industry AUM ranges from $2.02 to $2.57 trillion compared to the Q2 2008 peak range of $1.9 to $3.0 trillion.

Industry Performance: Jul-11 / YTD



Source: HedgeFund.net (HFN)

Monthly Industry AUM and Performance



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

Note Pad:

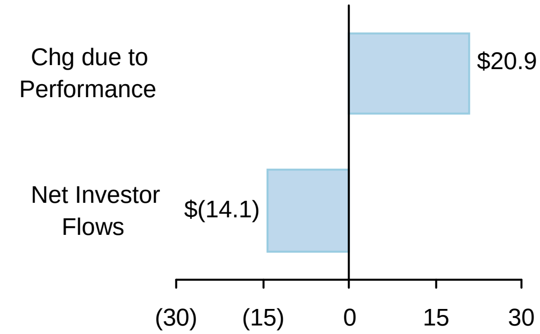
- MSCI World Index: -1.8%; +3.7% YTD
- MSCI Emerging Markets Index: -0.4%; +0.7% YTD
- S&P 500: -2.0%; +3.9% YTD
- Citi US BIG Index: +1.6%; +4.3% YTD
- S&P GSCI: +2.4%; +5.2% YTD
- U.S. Dollar Index: -0.5%; -6.5% YTD
- HFN Country Indices July/ YTD: Brazil -1.82% / +1.06%; Russia +2.39% / +1.66%; India: -0.25% / -9.83%; China: +0.87% / -0.75%

Hedge Fund Industry: Change in Industry Assets

Data as of Jul-2011

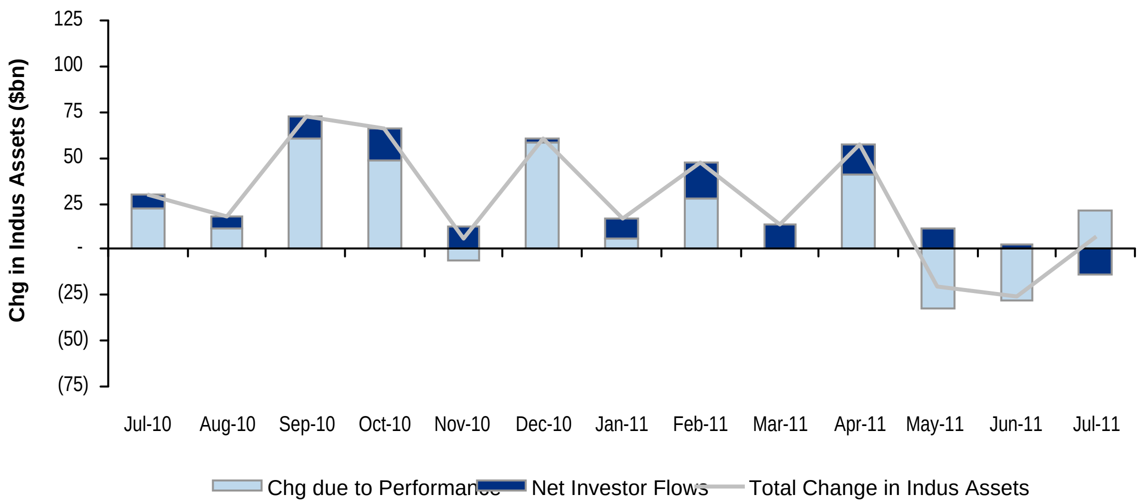
- According to HFN, the estimated change in industry assets for July 2011 was +$6.75 billion. Gains from performance were +$20.85 billion offset by investor outflows of -$14.1 billion.
- July 2011 performance gains of +$20.85 billion marked the first month of an increase in hedge fund industry assets due to performance since April (+$40.53 billion.)   Year to date performance gains due to performance stand at +$34.99 billion.
- Net investor outflows of -$14.1 billion marked the first month of negative net outflows since June 2010 (-$2.54 billion) and the most observed since April 2009 (-$51.04 billion.)
- Total industry AUM of $2.57 trillion in July 2011 is up +0.2% from $2.56 trillion in June 2011. Year to date industry AUM has grown 3% compared to 4% over the same time period in 2010.   It is important to note, however, that industry AUM levels are still well below the June 2008 peak estimated by HFN at $2.90 trillion.

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



Source: HedgeFund.net (HFN)

Monthly Change in Industry Assets and Composition



Source: HedgeFund.net (HFN)

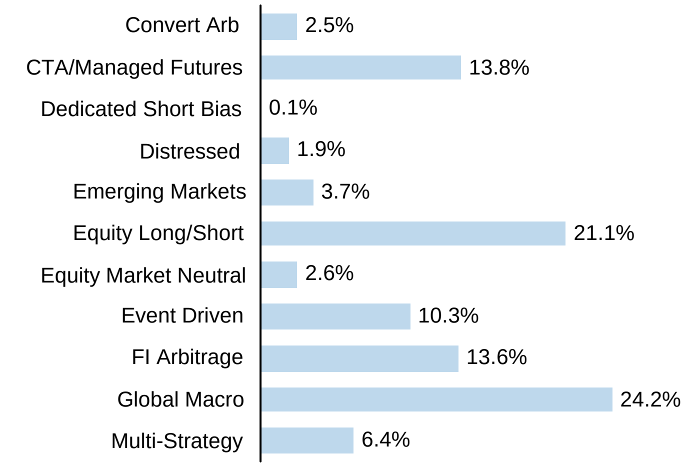
Note Pad:

- The Citi Prime Finance calculation for end-July gross leverage (as measured on a mean basis) was 1.78x, basically in-line with recent months: June (1.76x), May (1.78x), and April : (1.81x)
- Gross leverage (mean): defined as sum of (LMV + abs SMV) / Net Equity

Hedge Fund Stats by Strategy

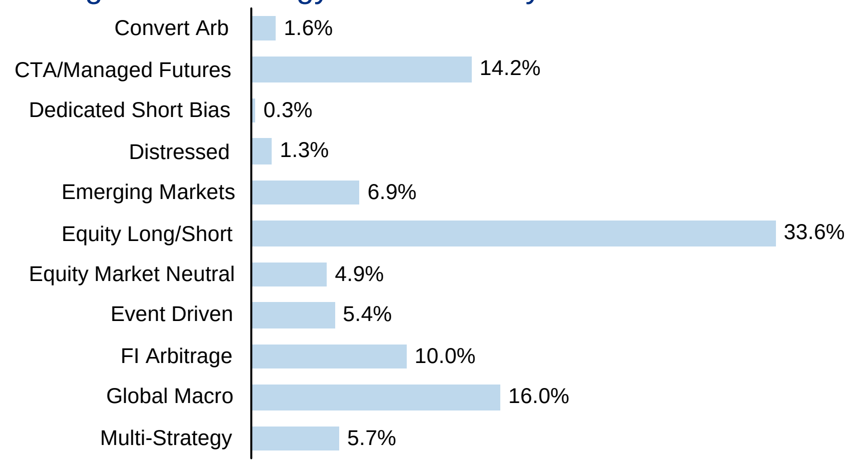
Data as of Jul-2011

Hedge Fund Strategy Breakdown by Assets



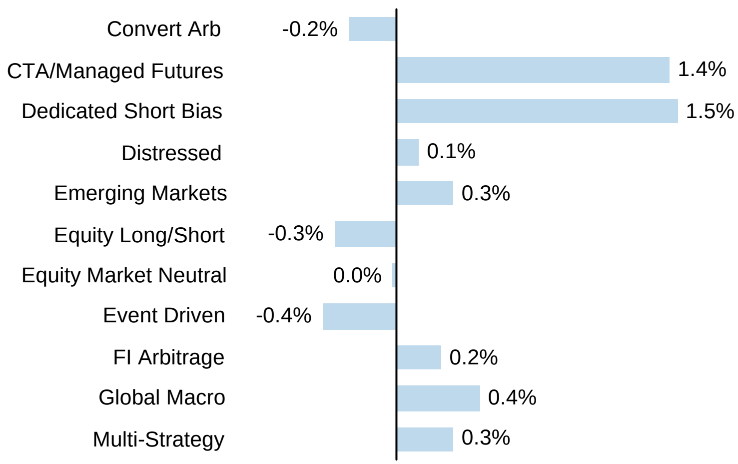
Source: Citi ICG Analytics

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi ICG Analytics

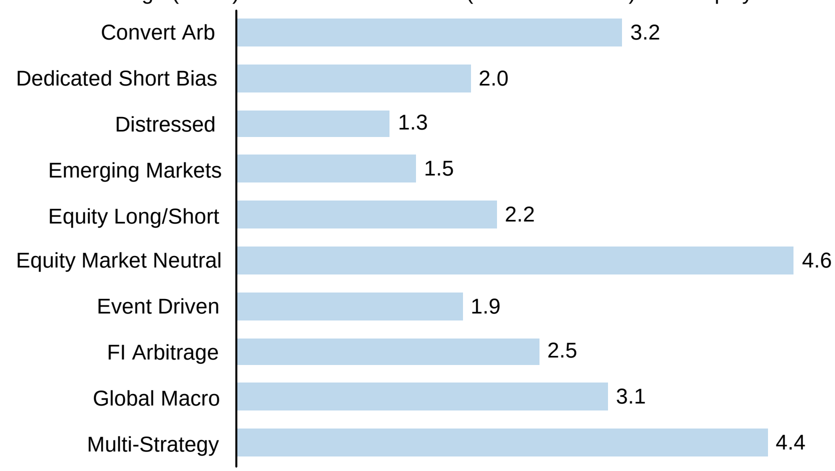
Hedge Fund Performance by Strategy



Source: Citi ICG Analytics

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

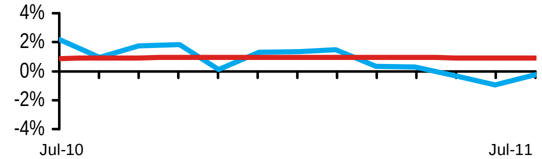
Data as of Jul-2011

Monthly Median:

Trailing 60 Month Median:

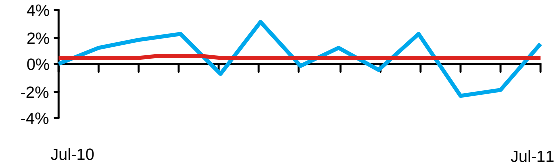
Convertible Arbitrage

Jul-11	Jun-11	Jul-10
-0.2%	-1.0%	2.2%
0.92%	0.92%	0.87%



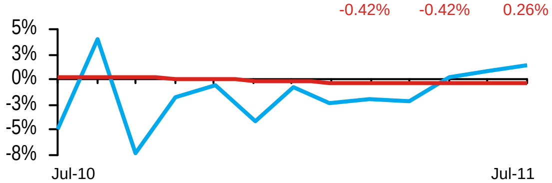
CTA/Managed Futures

Jul-11	Jun-11	Jul-10
1.4%	-2.0%	-0.1%
0.47%	0.39%	0.45%



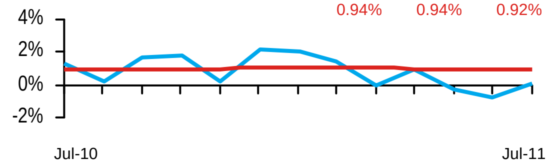
Dedicated Short Bias

Jul-11	Jun-11	Jul-10
1.5%	0.9%	-4.9%
-0.42%	-0.42%	0.26%



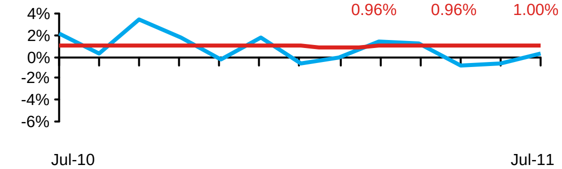
Distressed

Jul-11	Jun-11	Jul-10
0.1%	-0.8%	1.3%
0.94%	0.94%	0.92%



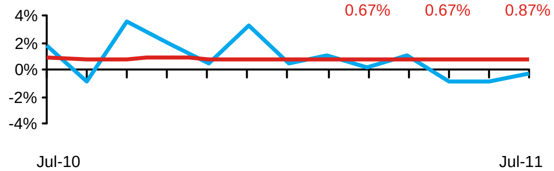
Emerging Markets

Jul-11	Jun-11	Jul-10
0.3%	-0.6%	2.2%
0.96%	0.96%	1.00%



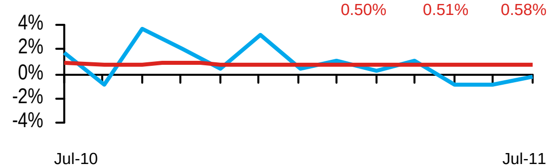
Equity Long/Short

Jul-11	Jun-11	Jul-10
-0.3%	-0.9%	1.8%
0.67%	0.67%	0.87%



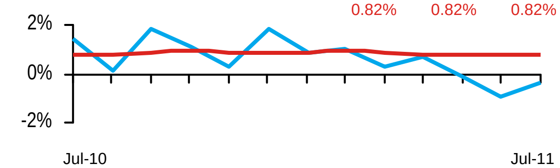
Equity Market Neutral

Jul-11	Jun-11	Jul-10
0.0%	-0.4%	0.7%
0.50%	0.51%	0.58%



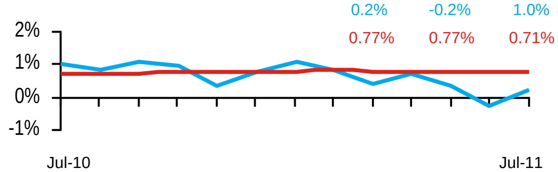
Event Driven

Jul-11	Jun-11	Jul-10
-0.4%	-1.0%	1.4%
0.82%	0.82%	0.82%



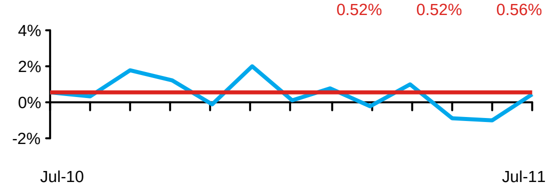
FI Arbitrage

Jul-11	Jun-11	Jul-10
0.2%	-0.2%	1.0%
0.77%	0.77%	0.71%



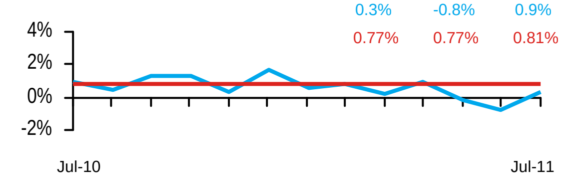
Global Macro

Jul-11	Jun-11	Jul-10
0.4%	-1.0%	0.6%
0.52%	0.52%	0.56%



Multi-Strategy

Jul-11	Jun-11	Jul-10
0.3%	-0.8%	0.9%
0.77%	0.77%	0.81%



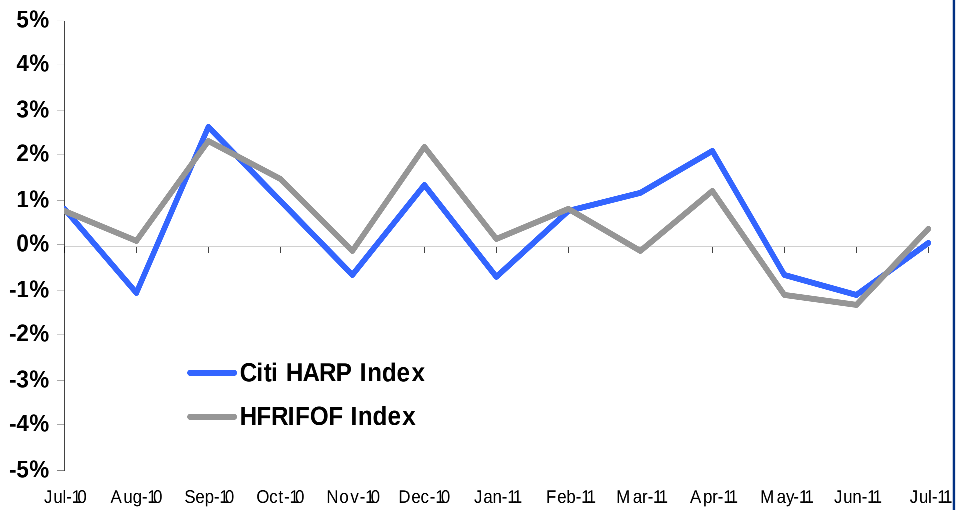
Source: Citi ICG Analytics

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 Jul-2011

Citi HARP Index vs. Benchmark (monthly rolling)



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

	Jul-11	Jun-11	Jul-10	YTD-11
Citi Harp	0.06%	-1.11%	0.83%	1.69%
HFRIFOF	0.38%	-1.29%	0.77%	0.09%

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	5.02%	6.28%
Annualised Volatility	4.40%	3.99%
Sharpe Ratio	1.105	1.53
Correlation	81.6%	-

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.

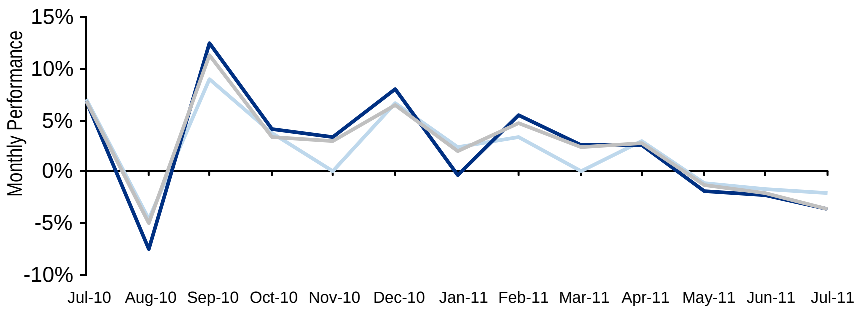
The Index contains weighted components. The components are a money market component and various index components. Each index component represents a class of asset in which the hedge fund sector is assumed to invest: bond, commodity, equity and foreign exchange.

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

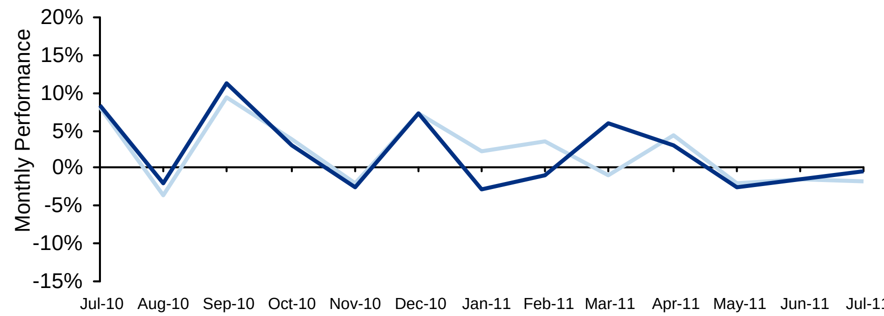
Data as of Jul-2011

US Equities (Large Cap vs. Small Cap)



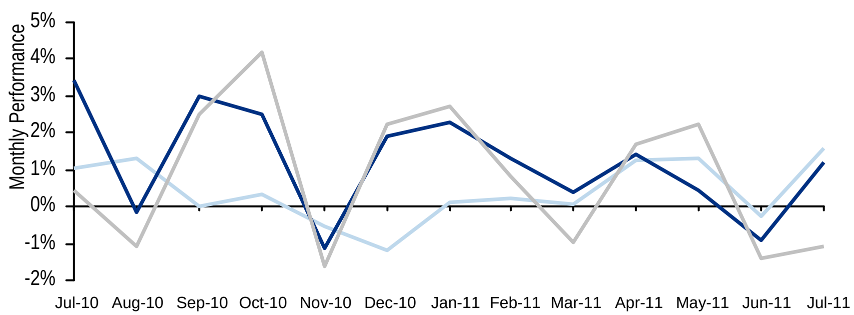
		Jul-11	Jun-11	Jul-10	YTD-11
S&P 500		-2.0%	-1.7%	7.0%	3.9%
RUS 2000		-3.6%	-2.3%	6.9%	2.4%
S&P Mid		-3.5%	-2.0%	6.9%	4.7%

Global Equities (Developed vs. Emerging)



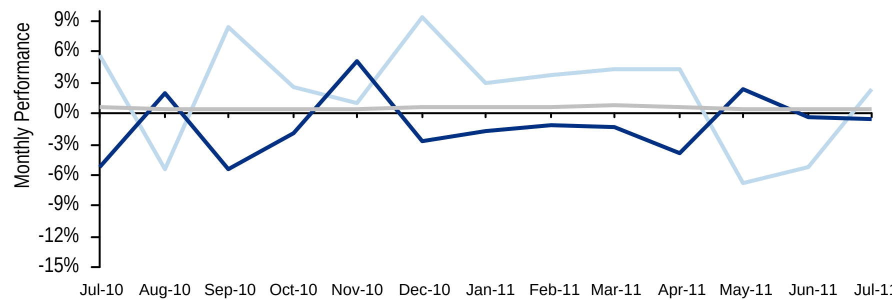
		Jul-11	Jun-11	Jul-10	YTD-11
MSCI World		-1.8%	-1.5%	8.1%	3.7%
MSCI EM		-0.4%	-1.5%	8.4%	0.7%

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



		Jul-11	Jun-11	Jul-10	YTD-11
Citi US BIG Index		1.6%	-0.3%	1.0%	4.3%
Citi HY Bond Index		1.2%	-0.9%	3.4%	6.3%
Altman Defaulted		-1.1%	-1.4%	0.4%	4.0%

Commodities (US$ performance)



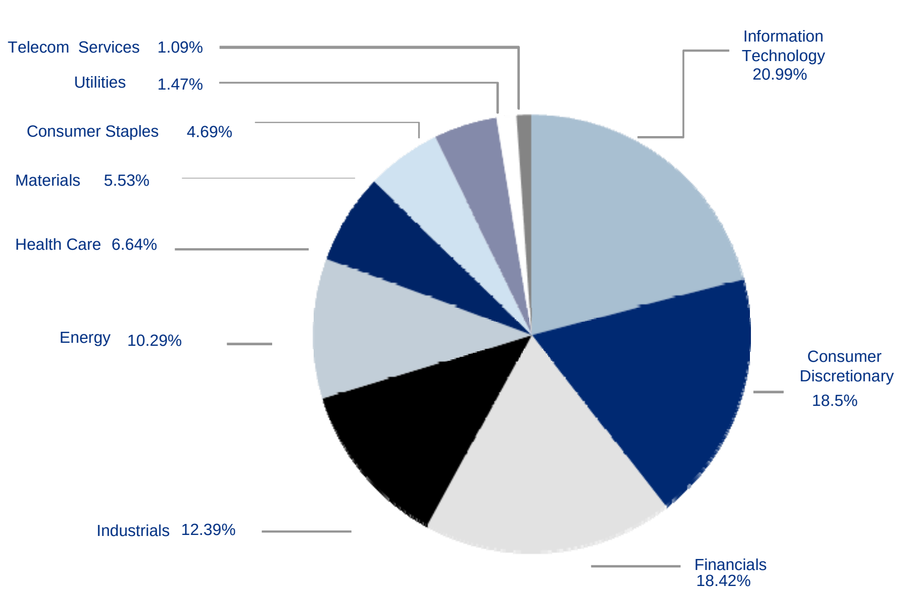
		Jul-11	Jun-11	Jul-10	YTD-11
S&P GSCI		2.4%	-5.3%	5.6%	5.2%
US-$ Index		-0.5%	-0.4%	-5.2%	-6.5%
US 2yr Note		0.4%	0.5%	0.6%	0.6%

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

US Securities Lending Sector Short Flows

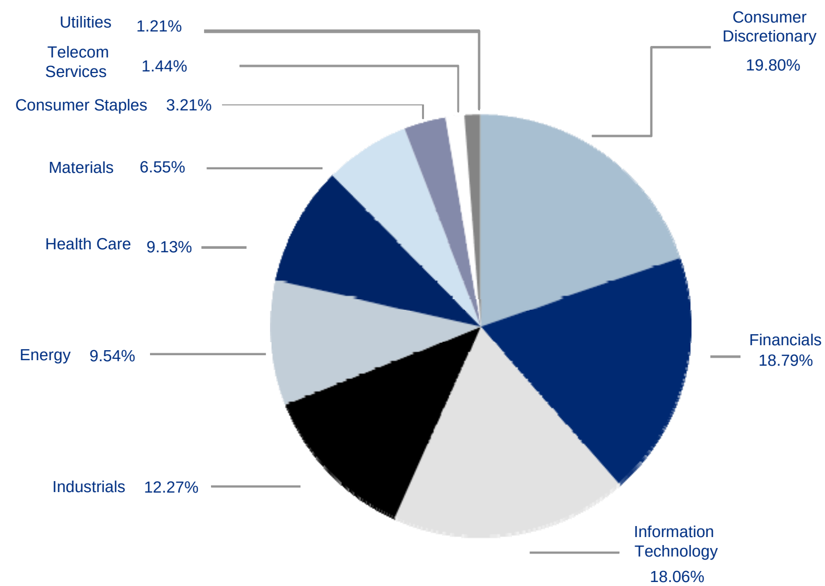
Data as of Jul-2011

Short Sale Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Information Technology	20.99	21.21	-1.04
Consumer Discretionary	18.5	21.89	-15.49
Financials	18.42	17.22	6.97
Industrials	12.39	9.85	25.79
Energy	10.29	7.90	30.25
Health Care	6.64	8.68	-23.5
Materials	5.53	7.42	-25.47
Consumer Staples	4.69	3.94	19.04
Utilities	1.47	1.03	42.72
Telecom Services	1.09	0.87	25.29

Short Cover Executions



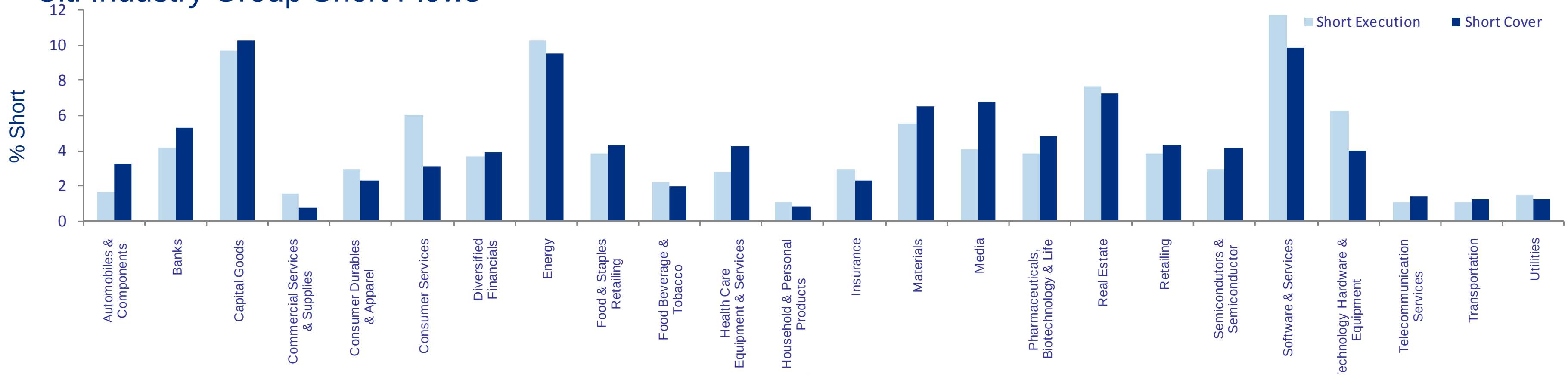
Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Consumer Discretionary	19.80	15.24	29.92
Financials	18.79	25.19	-25.41
Information Technology	18.06	21.52	-16.08
Industrials	12.27	7.85	56.31
Energy	9.54	8.38	13.84
Health Care	9.13	9.03	1.11
Materials	6.55	7.16	-8.52
Consumer Staples	3.21	2.74	17.15
Telecom Services	1.44	1.31	9.92
Utilities	1.21	1.59	-23.9

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 Jul-2011

Citi Industry Group Short Flows



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Software & Services	11.75	10.15	15.76
Energy	10.29	7.90	30.25
Capital Goods	9.68	6.77	42.98
Real Estate	7.64	9.49	-19.49
Technology Hardware and Equipment	6.28	6.69	-6.13
Consumer Services	6.02	5.10	18.04
Materials	5.53	7.42	-25.47
Banks	4.15	3.37	23.15
Media	4.06	3.53	15.01
Retailing	3.84	4.38	-12.33
Pharmaceuticals, Biotechnology & Life	3.82	5.22	-26.82
Diversified Financials	3.65	2.02	80.69
Insurance	2.97	2.34	26.92
Semiconductors & Semiconductor	2.97	4.37	-32.04
Consumer Durables & Apparel	2.95	3.97	-25.69
Health Care Equipment and Services	2.82	3.45	-18.26
Food Beverage & Tobacco	2.19	2.01	8.96
Automobiles & Components	1.64	4.91	-66.60
Commercial Services & Supplies	1.60	1.67	-4.19
Utilities	1.47	1.03	42.72
Food & Staples Retailing	1.38	1.01	36.63
Household & Personal Products	1.12	0.93	20.43
Transportation	1.10	1.40	-21.43
Telecom Services	1.09	0.87	25.29

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Capital Goods	10.23	5.92	72.80
Software & Services	9.88	8.12	21.67
Energy	9.54	8.38	13.84
Real Estate	7.30	16.46	-55.65
Media	6.79	2.37	186.50
Materials	6.55	7.16	-8.52
Banks	5.32	3.28	62.20
Pharmaceuticals, Biotechnology & Life	4.85	5.10	-4.90
Retailing	4.35	3.75	16.00
Health Care Equipment and Services	4.29	3.93	9.16
Semiconductors & Semiconductor	4.15	7.65	-45.75
Technology Hardware and Equipment	4.03	5.75	-29.91
Diversified Financials	3.89	3.05	27.54
Automobiles & Components	3.27	3.59	-8.91
Consumer Services	3.11	2.35	32.34
Insurance	2.28	2.40	-5.00
Consumer Durables & Apparel	2.27	3.18	-28.62
Food Beverage & Tobacco	1.98	1.46	35.62
Telecom Services	1.44	1.31	9.92
Transportation	1.28	1.26	1.59
Utilities	1.21	1.59	-23.90
Household & Personal Products	0.84	0.38	121.05
Commercial Services & Supplies	0.76	0.66	15.15
Food & Staples Retailing	0.39	0.90	-56.67

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 Jul-2011

Citi Short Flows: July 2011

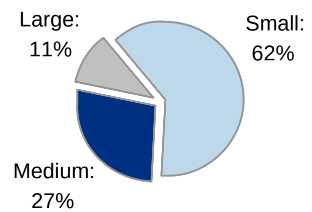
GICS Code	Description	% Short Executions This Month	% Short Executions From Last Month	% Change From Last Month	% Short Cover This Month	% Short Cover From Last Month	% Change From Last Month
Sector	**Sector**						
10	Energy	10.29	7.90	30.25	9.54	8.38	13.84
15	Materials	5.53	7.42	-25.47	6.55	7.16	-8.52
20	Industrials	12.39	9.85	25.79	12.27	7.85	56.31
25	Consumer Discretionary	18.50	21.89	-15.49	19.80	15.24	29.92
30	Consumer Staples	4.69	3.94	19.04	3.21	2.74	17.15
35	Health Care	6.64	8.68	-23.50	9.13	9.03	1.11
40	Financials	18.42	17.22	6.97	18.79	25.19	-25.41
45	Information Technology	20.99	21.21	-1.04	18.06	21.52	-16.08
50	Telecommunication Services	1.09	0.87	25.29	1.44	1.31	9.92
55	Utilities	1.47	1.03	42.72	1.21	1.59	-23.90
Industry Group	**Industry Group**						
1010	Energy	10.29	7.90	30.25	9.54	8.38	13.84
1510	Materials	5.53	7.42	-25.47	6.55	7.16	-8.52
2010	Capital Goods	9.68	6.77	42.98	10.23	5.92	72.80
2020	Commercial Services & Supplies	1.60	1.67	-4.19	0.76	0.66	15.15
2030	Transportation	1.10	1.40	-21.43	1.28	1.26	1.59
2510	Automobiles & Components	1.64	4.91	-66.60	3.27	3.59	-8.91
2520	Consumer Durables & Apparel	2.95	3.97	-25.69	2.27	3.59	-8.91
2530	Consumer Services	6.02	5.10	18.04	3.11	2.35	32.34
2540	Media	4.06	3.53	15.01	6.79	2.37	186.50
2550	Retailing	3.84	4.38	-12.33	4.35	3.75	16.00
3010	Food & Staples Retailing	1.38	1.01	36.63	0.39	0.90	-56.67
3020	Food Beverage & Tobacco	2.19	2.01	8.96	1.98	1.46	35.62
3030	Household & Personal Products	1.12	0.93	20.43	0.84	0.38	121.05
3510	Health Care Equipment & Services	2.82	3.45	-18.26	4.29	3.93	9.16
3520	Pharmaceuticals,Biotechnology & Life Sciences	3.82	5.22	-26.82	4.85	5.10	-4.90
4010	Banks	4.15	3.37	23.15	5.32	3.28	62.20
4020	Diversified Financials	3.65	2.02	80.69	3.89	3.05	27.54
4030	Insurance	2.97	2.34	26.92	2.28	2.40	-5.00
4040	Real Estate	7.64	9.49	-19.49	7.30	16.46	-55.65
4510	Software & Services	11.75	10.15	15.76	9.88	8.12	21.67
4520	Technology Hardware & Equipment	6.28	6.69	-6.13	4.03	5.75	-29.91
4530	Semiconductors & Semiconductor Equipment	2.97	4.37	-32.04	4.15	7.65	-45.75
5010	Telecommunication Services	1.09	0.87	25.29	1.44	1.31	9.92
5510	Utilities	1.47	1.03	42.72	1.21	1.59	-23.90

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

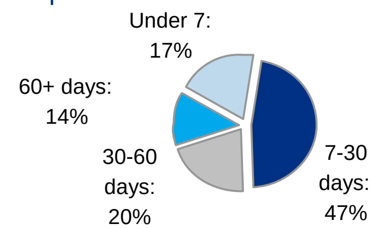
Hedge Fund (Fund Level) Profiles

Data as of Jul-2011

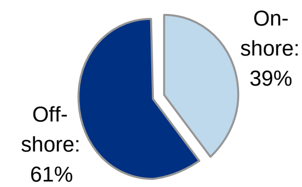
By Fund Size—No. of Funds



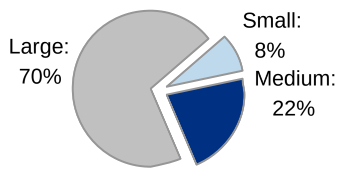
Redemption Notice Period



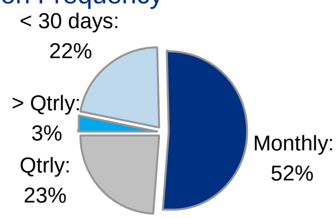
On-shore/Off-shore



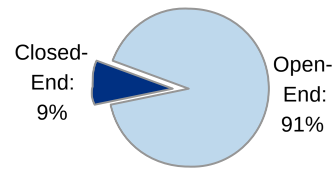
By Fund Size—$ AUM



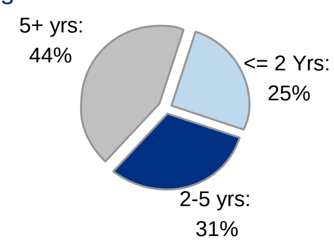
Redemption Frequency



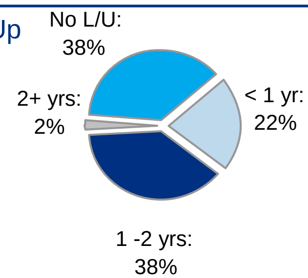
Legal Status



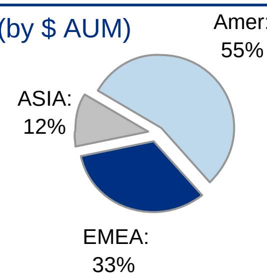
By Fund Age—No. of Funds



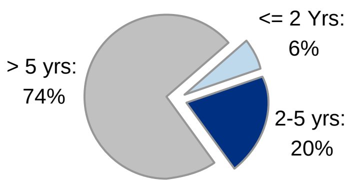
Lock-Up



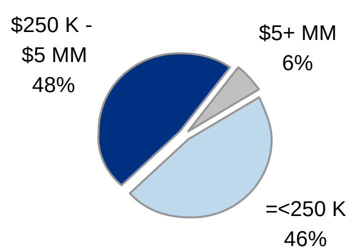
Domicile (by $ AUM)



By Fund Age—$ AUM



Minimum Investment



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

Hedge Fund (Fund Level) Profiles

Data as of Jul-2011

Hedge Funds: Large (>$500 MM)

Hedge Fund Age	% of Total	Median AUM ($MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	6%	$863	0.5%	2.9%	48%	76%	n/m	60+ days / 44%	Monthly / 46%
2-5 yrs	21%	$913	0.3%	2.2%	61%	72%	1-2 yrs / 59%	30-60 days / 33%	Monthly / 37%
Over 5 yrs	73%	$1,027	0.3%	0.9%	65%	72%	1-2 yrs / 46%	7-30 days / 36%	Monthly / 50%
Total	100%	$960	0.3%	1.2%	63%	72%	1-2 yrs / 48%	7-30 days / 31%	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	11%	$134	0.3%	1.6%	45%	76%	1-2 yrs / 62%	7-30 days / 36%	Under 30 / 47%
2-5 yrs	31%	$180	0.2%	1.6%	59%	73%	1-2 yrs / 48%	7-30 days / 44%	Monthly / 55%
Over 5 yrs	58%	$192	0.2%	1.3%	73%	63%	No / 47%	7-30 days / 51%	Monthly / 52%
Total	100%	$182	0.2%	1.4%	66%	67%	No / 43%	7-30 days / 48%	Monthly / 51%

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	19%	$28	0.3%	0.5%	48%	78%	1-2 yrs / 71%	7-30 days / 37%	Monthly / 45%
2-5 yrs	34%	$27	0.2%	0.4%	59%	64%	1-2 yrs / 47%	7-30 days / 46%	Monthly / 55%
Over 5 yrs	48%	$31	0.1%	0.8%	71%	58%	No / 48%	7-30 days / 54%	Monthly / 49%
Total	100%	$29	0.2%	0.6%	63%	63%	1-2 yrs / 44%	7-30 days / 49%	Monthly / 51%

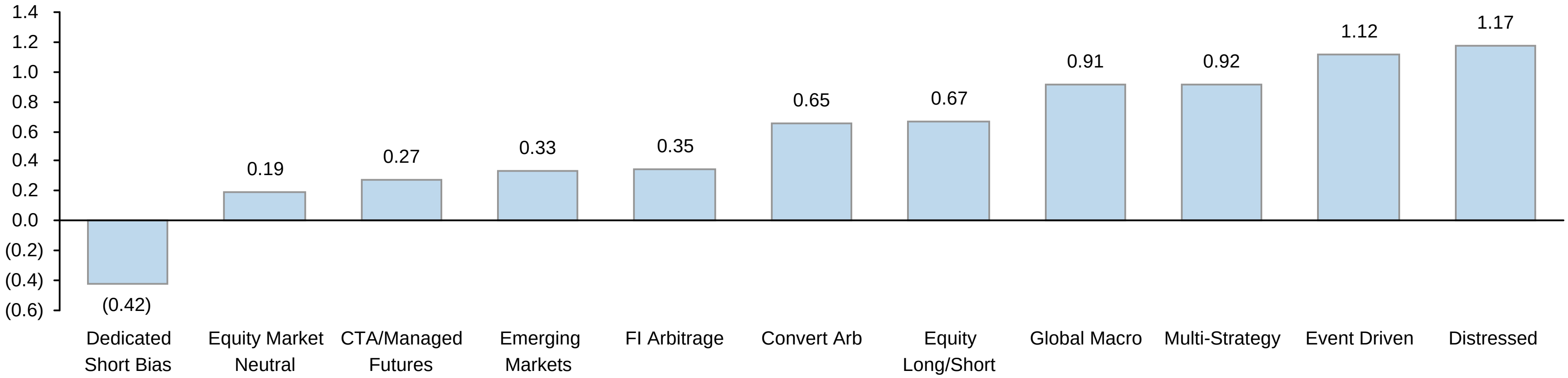
Source: Citi ICG Analytics

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

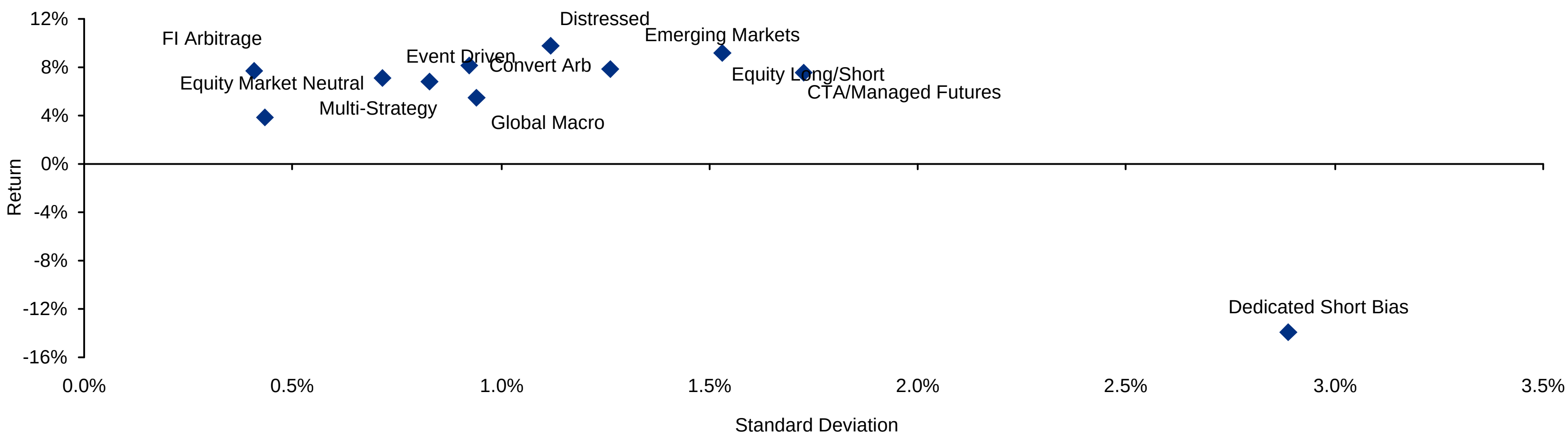
Data as of Jul-2011

Sharpe Ratios (Jun-94 –Jul-11)



Source: Credit Suisse Tremont

Risk vs. Return (Aug-10 – Jul-11)



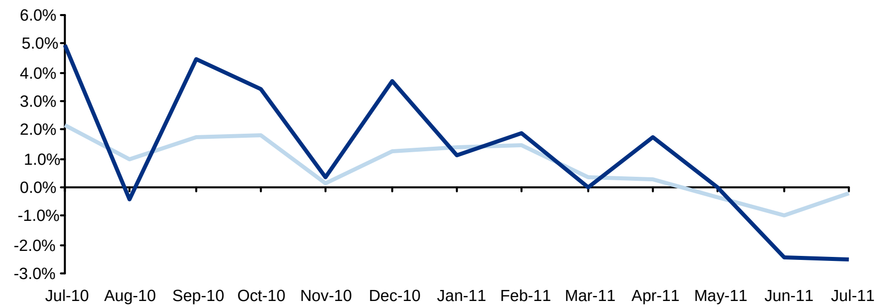
Source: Citi ICG Analytics

Convertible Arbitrage

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**1.4%**	**1.5%**	**0.3%**	**0.3%**	**-0.3%**	**-1.0%**	**-0.2%**						**1.9%**

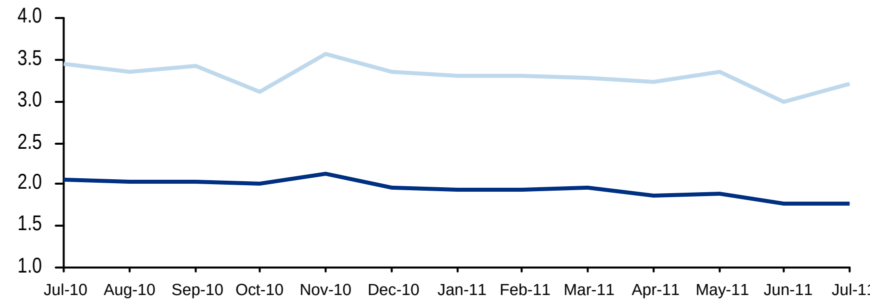
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jul-11	Jun-11	Jul-10	YTD-11
Convert Arb		-0.2%	-1.0%	2.2%	1.9%
CWB ETF		-2.5%	-2.5%	5.0%	-0.3%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

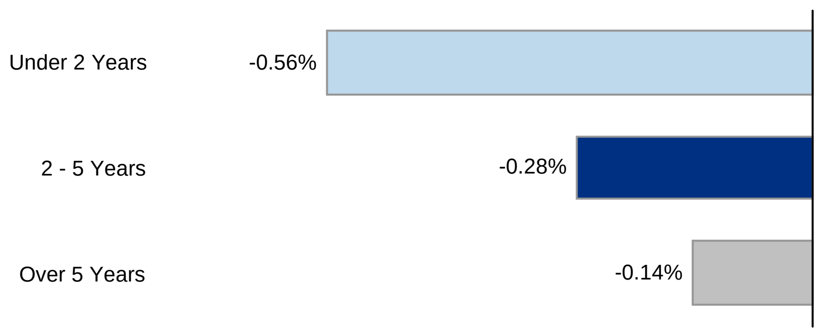


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

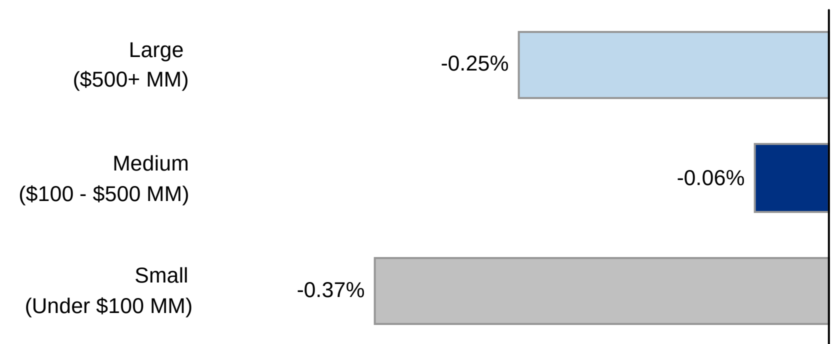
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

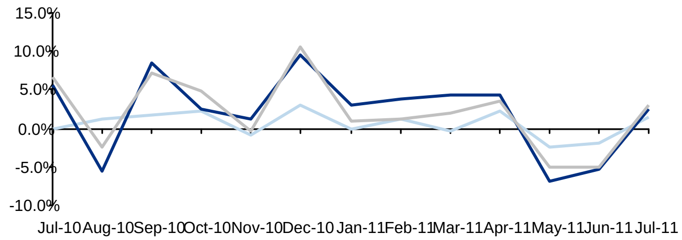
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

CTA/Managed Futures

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.1%	1.2%	-0.4%	2.2%	-2.3%	-2.0%	1.4%						-0.1%

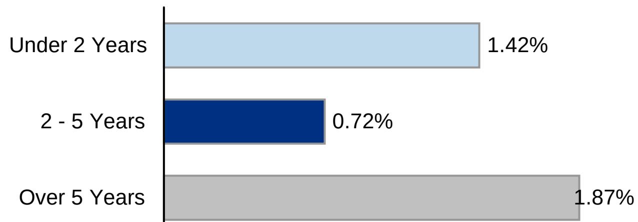
Hedge Fund Performance vs. Benchmark



		Jul-11	Jun-11	Jul-10	YTD-11
CTA/Mgd Futures		1.4%	-2.0%	-0.1%	-0.1%
S&P GSCI Commodity (SPGSCI)		2.4%	-5.3%	5.6%	5.2%
DJ-UBS Commodity (DJAGK)		3.0%	-5.0%	6.8%	0.3%

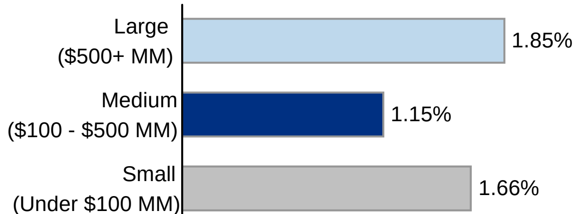
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

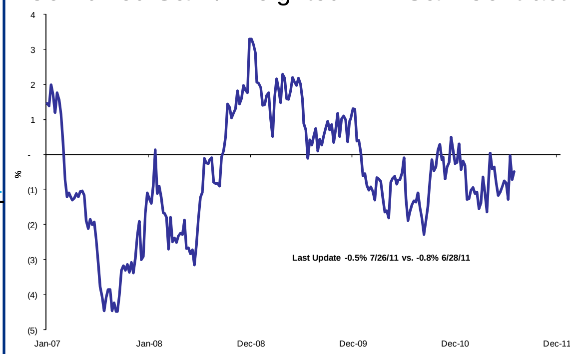
Hedge Fund Performance by Size



Source: Citi ICG Analytics

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:7/26/11 -0.5%

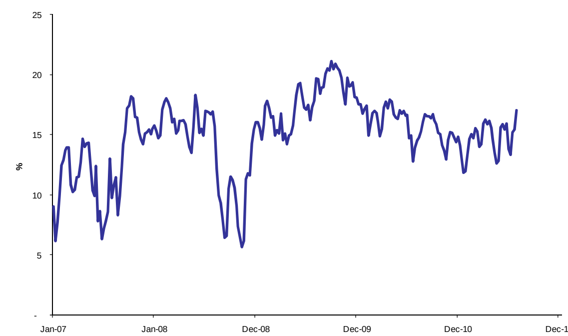
U.S. 10-Year Treasury Futures

Last Update: 7/26/11 +0.3%

EuroFX Futures

Last Update: 7/26/11 +3.6%

Gold Futures



Last Update: 7/26/11 +17.0%

Source: CFTC, Bloomberg, Citi Futures Perspective

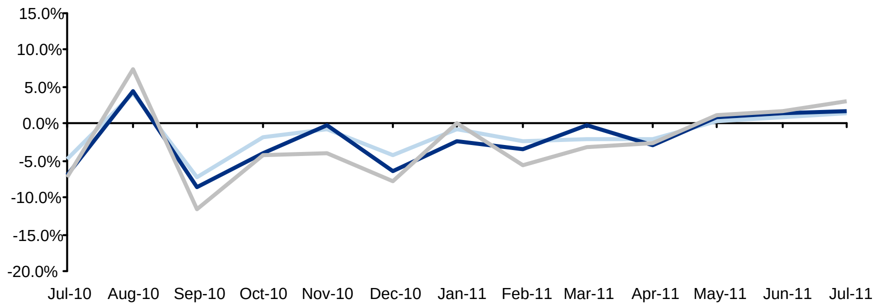
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Dedicated Short Bias

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**-0.8%**	**-2.3%**	**-2.0%**	**-2.2%**	**0.3%**	**0.9%**	**1.5%**						**-4.6%**

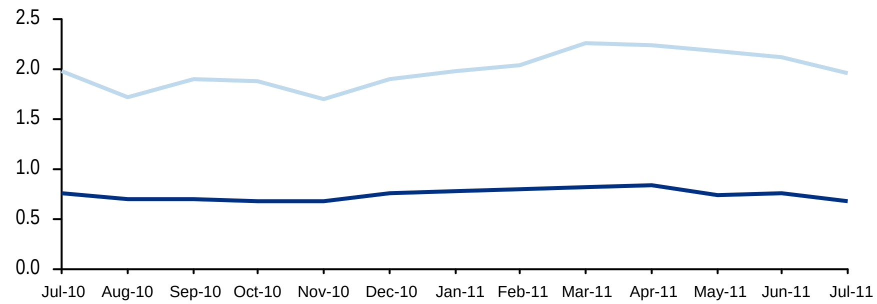
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-11	Jun-11	Jul-10	YTD-11
Ded Short Bias	1.5%	0.9%	-4.9%	-4.6%
S&P Short ETF (SH)	1.8%	1.4%	-7.0%	-5.0%
Rus 2000 Short ETF (RWM)	3.2%	1.8%	-7.4%	-5.3%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

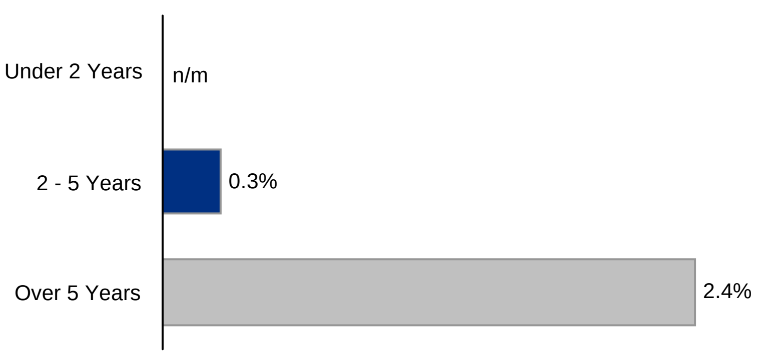


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

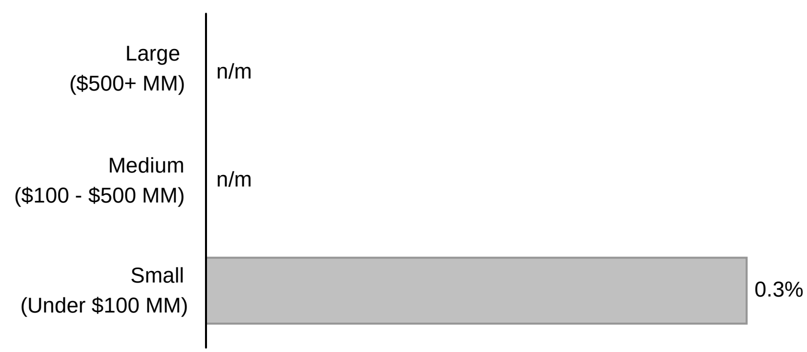
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

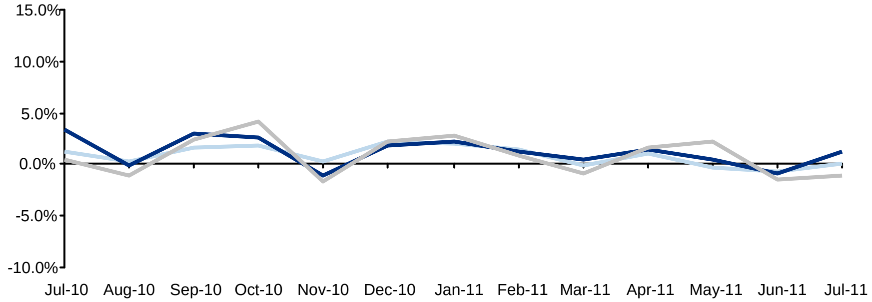
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Distressed

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**2.0%**	**1.4%**	**-0.1%**	**1.0%**	**-0.3%**	**-0.8%**	**0.1%**						**3.4%**

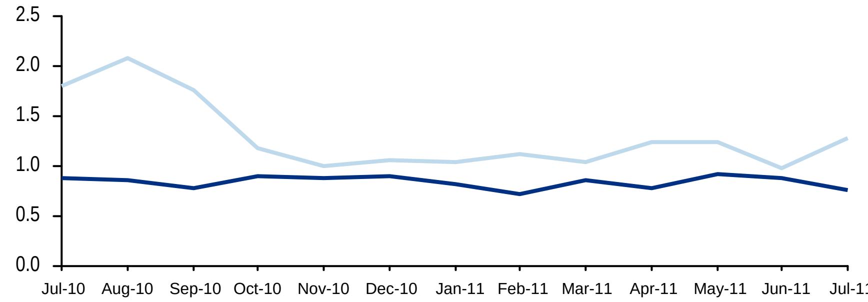
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jul-11	Jun-11	Jul-10	YTD-11
Distressed		0.1%	-0.8%	1.3%	3.4%
Citi HY Bond Index		1.2%	-0.9%	3.4%	6.3%
Altman Defaulted Index		-1.1%	-1.4%	0.4%	4.0%

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

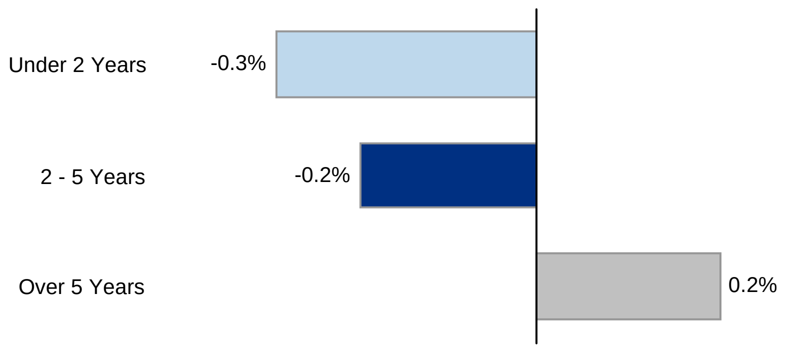
Leverage Profile (Monthly, LTM)



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

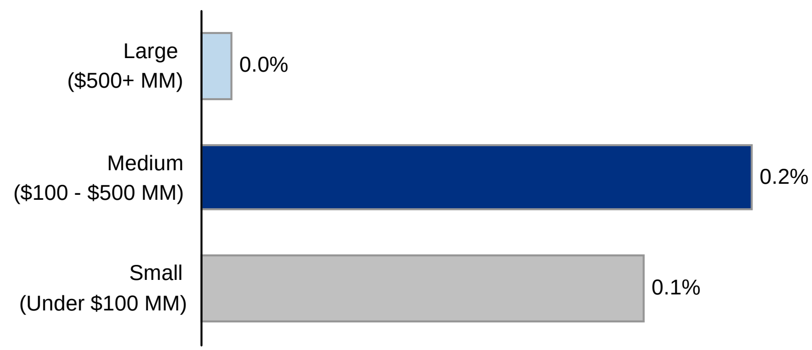
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

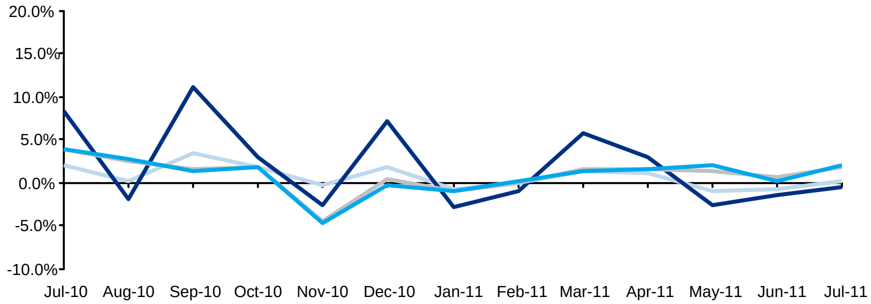
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Emerging Markets

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**-0.6%**	**-0.1%**	**1.3%**	**1.2%**	**-0.9%**	**-0.6%**	**0.3%**						**0.7%**

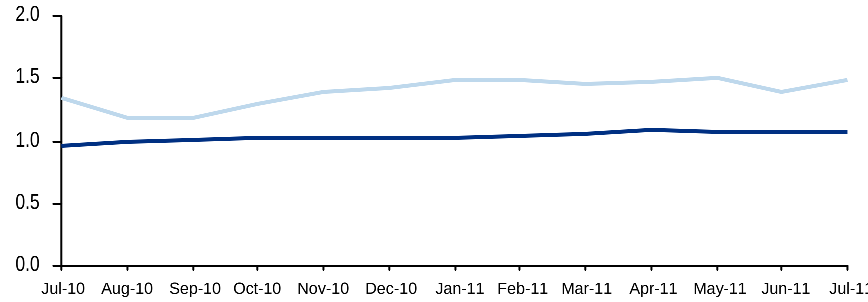
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-11	Jun-11	Jul-10	YTD-11
Emerging Mkts	0.3%	-0.6%	2.2%	0.7%
MSCI EM	-0.4%	-1.5%	8.4%	0.7%
JPM EMBIG Core ETF (EMB)	2.0%	0.6%	4.1%	6.3%
DB EM Liquid ETF (PCY)	2.0%	0.2%	4.0%	6.7%

Source: Citi ICG Analytics; FactSet

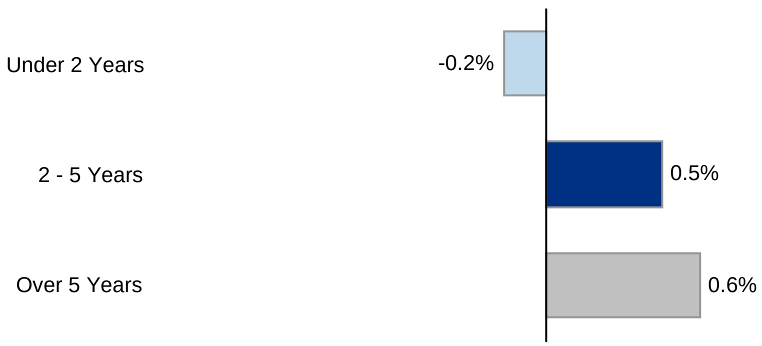
Leverage Profile (Monthly, LTM)



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

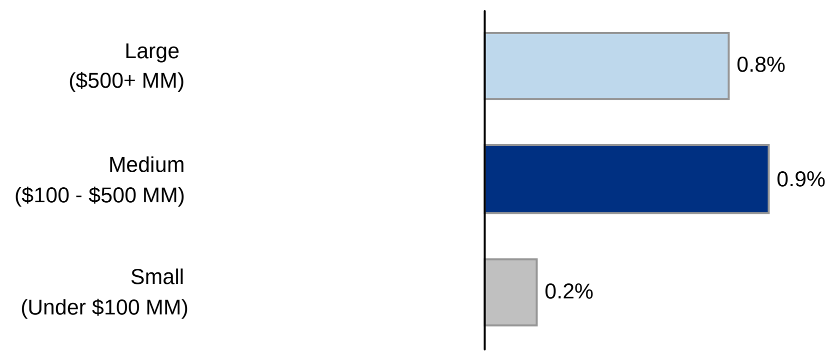
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

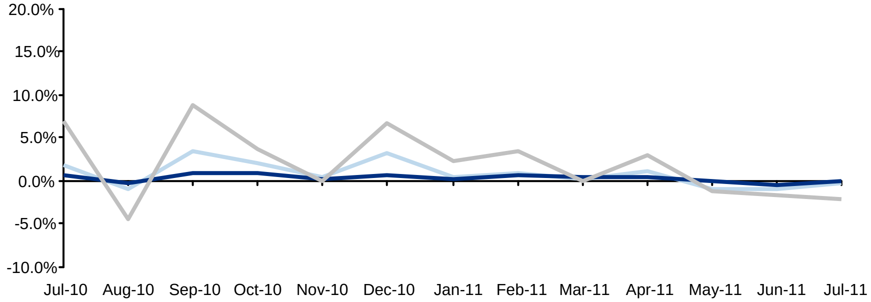
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Equity Long/Short

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**0.4%**	**1.0%**	**0.2%**	**1.1%**	**-0.9%**	**-0.9%**	**-0.3%**						**0.6%**

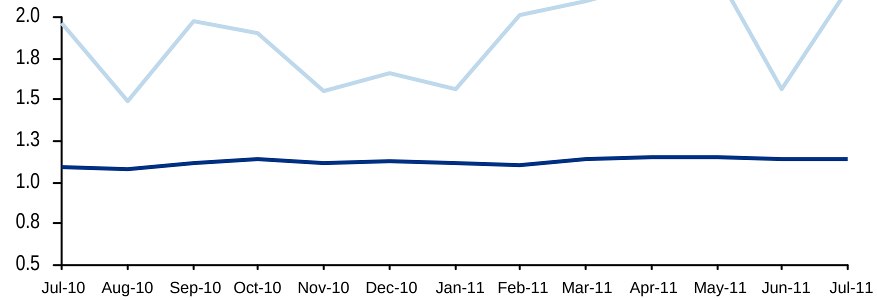
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-11	Jun-11	Jul-10	YTD-11
Eq Long/Short	-0.3%	-0.9%	1.8%	0.6%
Eq Mkt Neutral	0.0%	-0.4%	0.7%	1.3%
S&P 500	-2.0%	-1.7%	7.0%	3.9%

Source: Citi ICG Analytics; FactSet

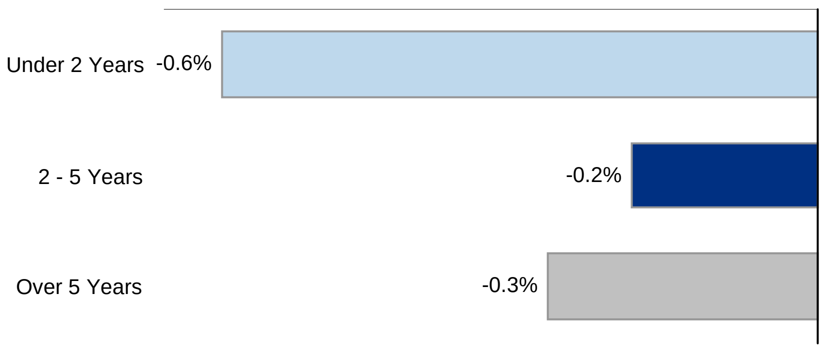
Leverage Profile (Monthly, LTM)



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

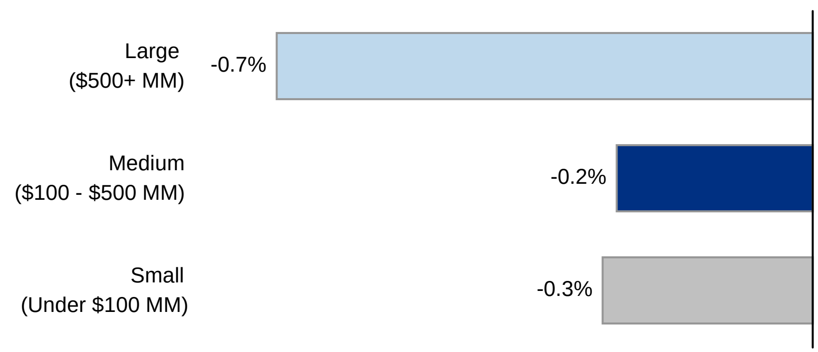
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

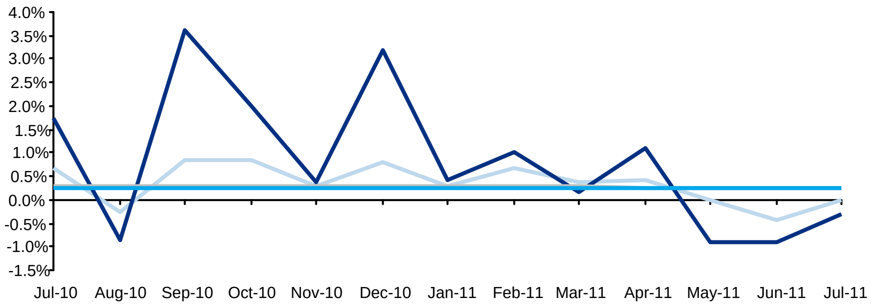
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Equity Market Neutral

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**0.3%**	**0.7%**	**0.4%**	**0.4%**	**0.0%**	**-0.4%**	**0.0%**						**1.3%**

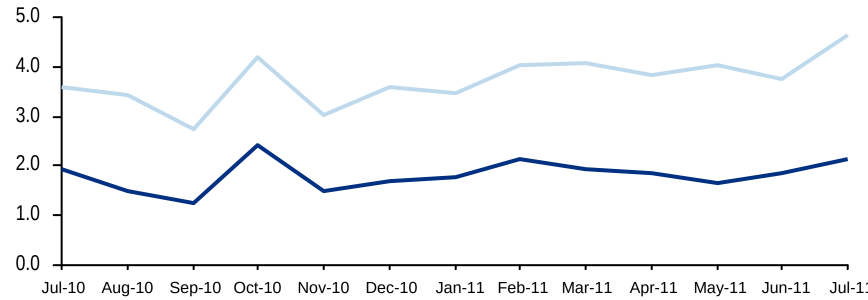
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-11	Jun-11	Jul-10	YTD-11
Eq Mkt Neutral	0.0%	-0.4%	0.7%	1.3%
Eq Long/Short	-0.3%	-0.9%	1.8%	0.6%
LIBOR + 300 bps	0.3%	0.3%	0.3%	1.9%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	1.8%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

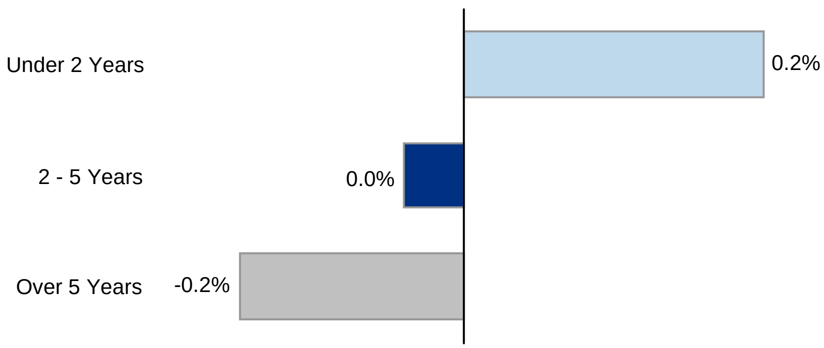


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

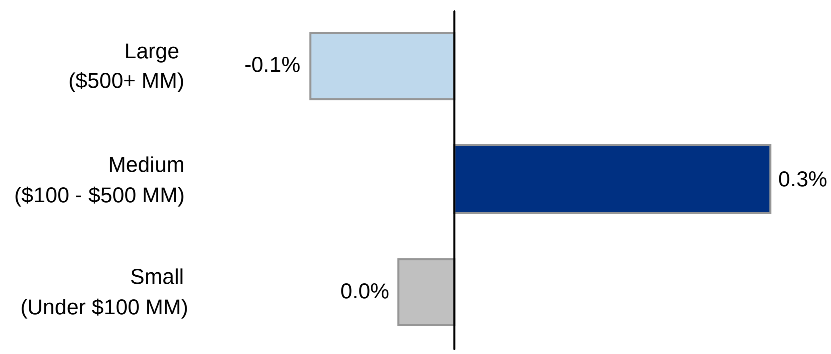
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

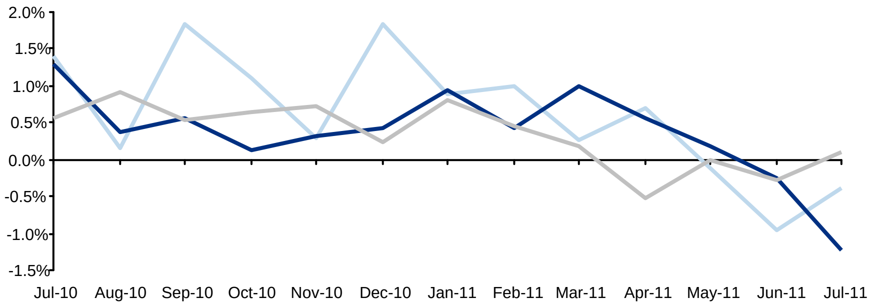
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Event Driven

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**0.9%**	**1.0%**	**0.3%**	**0.7%**	**-0.1%**	**-1.0%**	**-0.4%**						**1.4%**

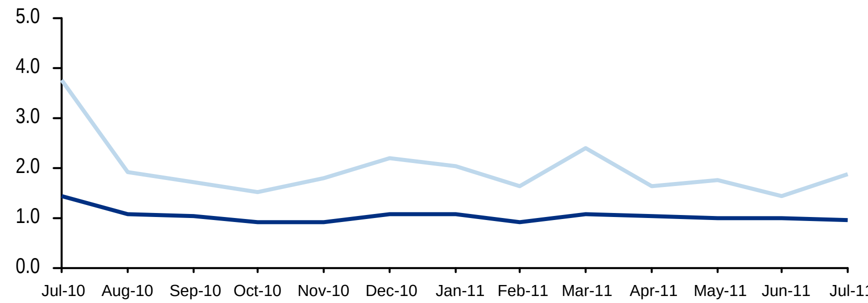
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-11	Jun-11	Jul-10	YTD-11
Event Driven	-0.4%	-1.0%	1.4%	1.4%
The Merger Fund (MERFX)	-1.2%	-0.2%	1.3%	1.6%
AQR Div Arb Fund (ADANX)	0.1%	-0.3%	0.6%	0.7%

Source: Citi ICG Analytics; FactSet

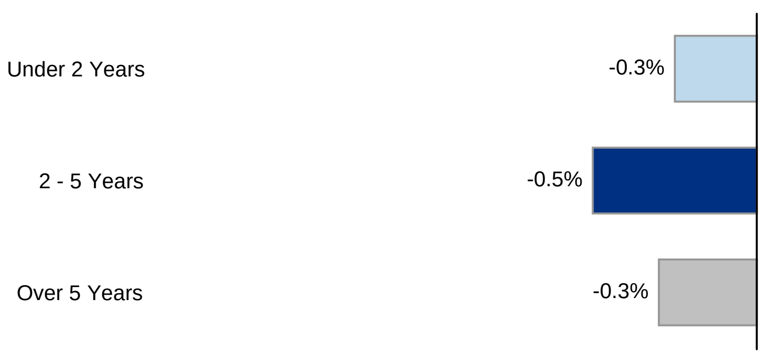
Leverage Profile (Monthly, LTM)



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

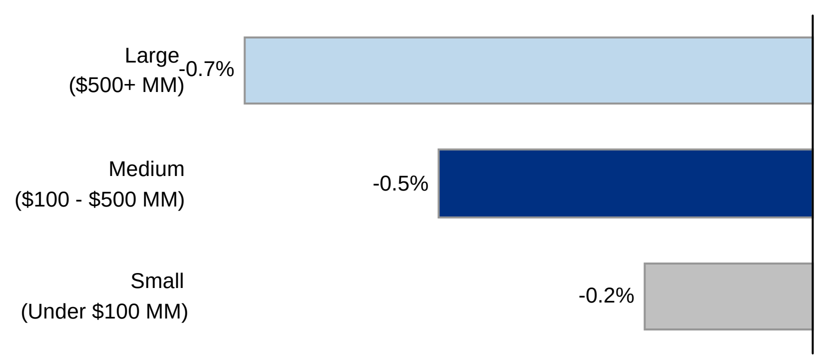
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

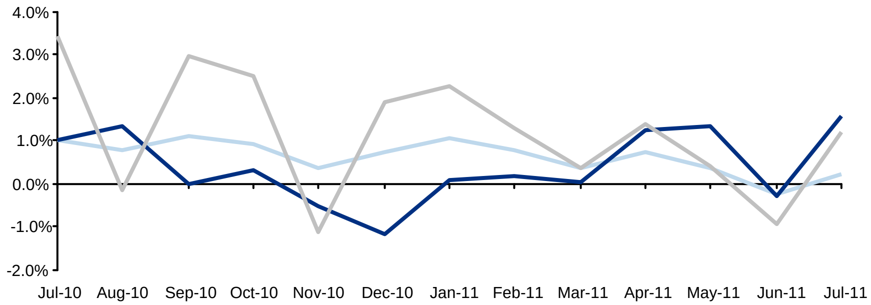
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

FI Arbitrage

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**1.1%**	**0.8%**	**0.4%**	**0.7%**	**0.4%**	**-0.2%**	**0.2%**						**3.4%**

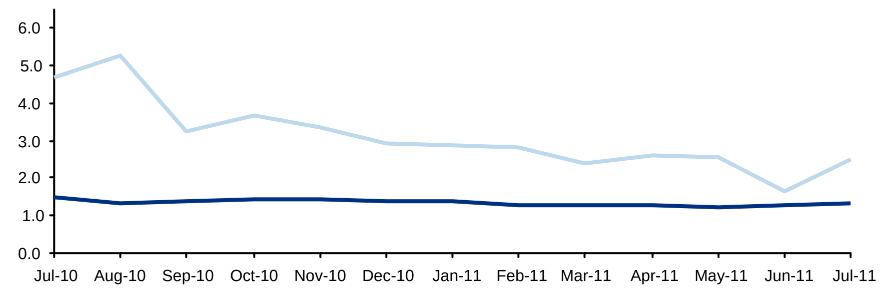
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jul-11	Jun-11	Jul-10	YTD-11
FI Arbitrage		0.2%	-0.2%	1.0%	3.4%
Citi US BIG Index		1.6%	-0.3%	1.0%	4.3%
Citi HY Bond Index		1.2%	-0.9%	3.4%	6.3%

Source: Citi ICG Analytics; Citigroup Index LLC

Leverage Profile (Monthly, LTM)

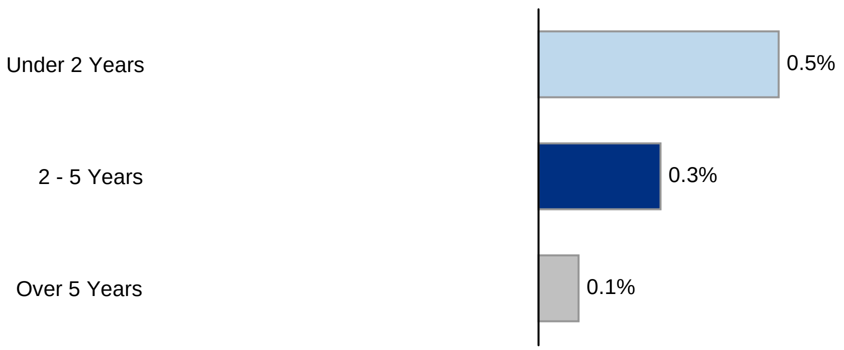


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

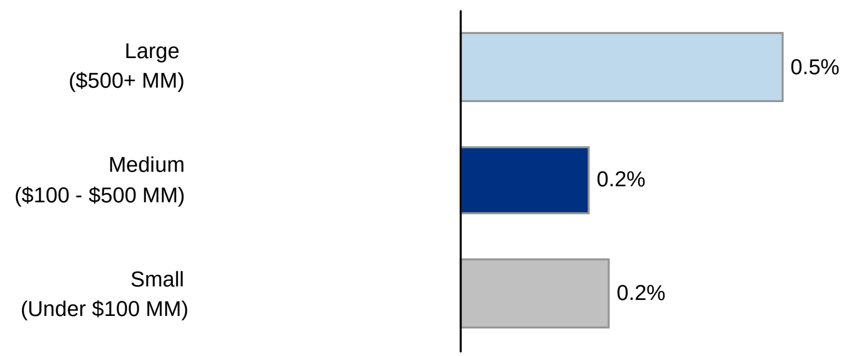
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

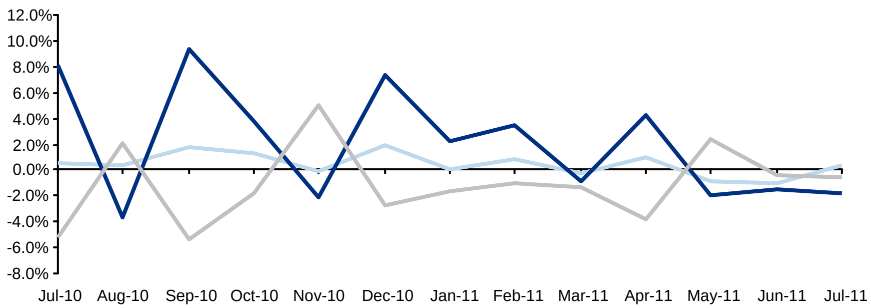
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Global Macro

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**0.1%**	**0.8%**	**-0.2%**	**1.0%**	**-0.9%**	**-1.0%**	**0.4%**						**0.2%**

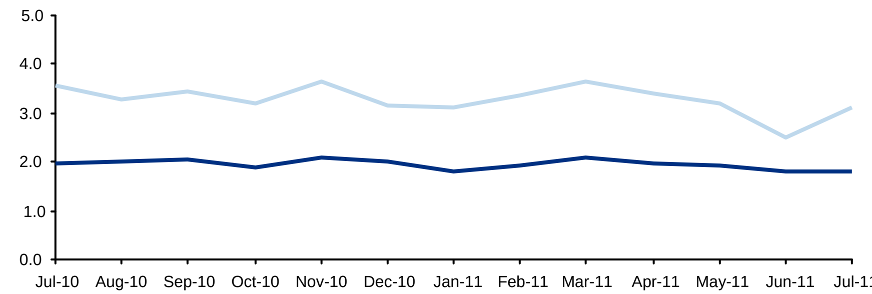
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Jul-11	Jun-11	Jul-10	YTD-11
Global Macro	0.4%	-1.0%	0.6%	0.2%
MSCI World	-1.8%	-1.5%	8.1%	3.7%
US$-Index	-0.5%	-0.4%	-5.2%	-6.5%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

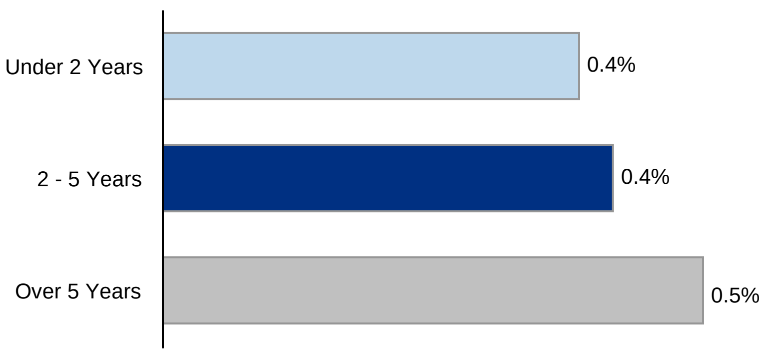


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

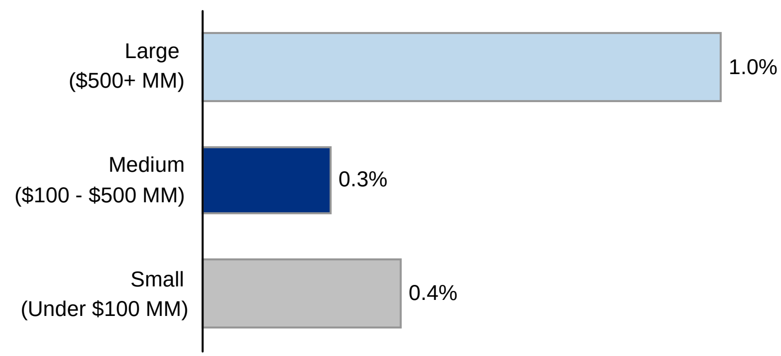
Source: Citi ICG Analytics; FactSet; Citi Prime Finance

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

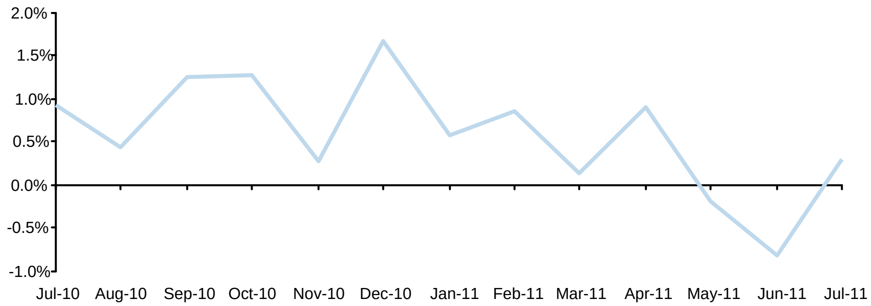
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Multi-Strategy

Data as of Jul-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**0.6%**	**0.9%**	**0.2%**	**0.9%**	**-0.2%**	**-0.8%**	**0.3%**						**1.8%**

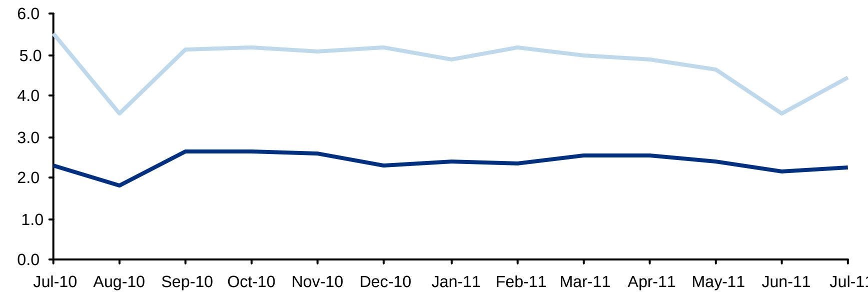
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



		Jul-11	Jun-11	Jul-10	YTD-11
Multi-Strategy		0.3%	-0.8%	0.9%	1.8%

Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)

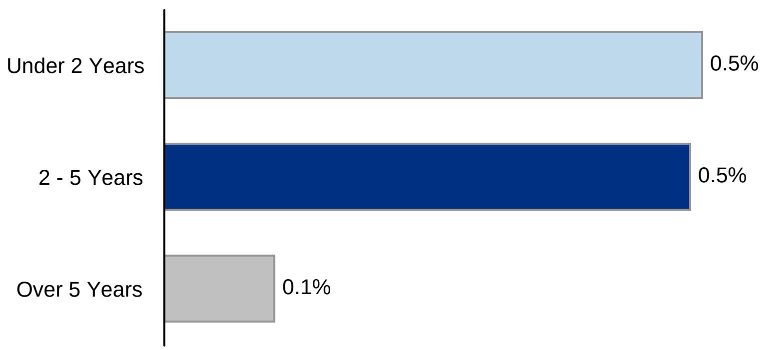


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

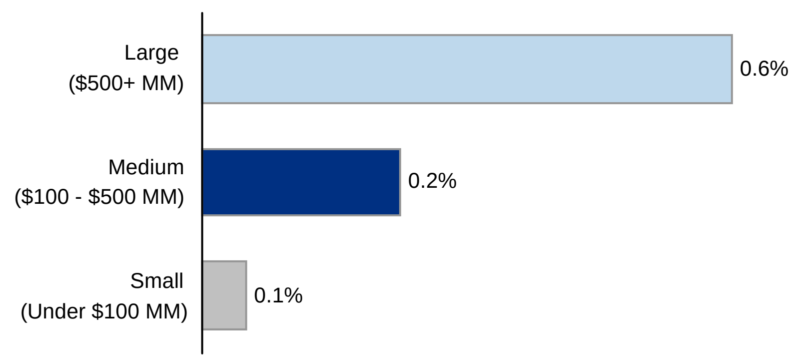
Source: Citi Prime Finance

Hedge Fund Performance by 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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