



Citi Prime Finance

Hedge Fund Industry Snapshot

Data as of December 2010

Citi Prime Finance

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Market Commentary

Report Date: January 2010

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Performance, AUM & Flows:

- Equal-weighted hedge fund composite indices were up for December 2010 with gains ranging from of +2.36% to +3.21%. These gains bring the year-to-date industry performance to +5.19% to +10.72%. The Citi HARP hedge fund replication index was +1.35% in December versus the HFRI Fund of Fund index that was +2.09%. Year-to-date, the HARP index was +2.99% and the HFRIFO index was +5.60%. December 2010 performance returns proved to be higher than December 2009 which experienced +0.55% to +1.37% over the same period.
- An overall upbeat sentiment influenced Equity Markets in December. Equity Long/Short strategy funds saw the largest positive gains at +3.27%, followed by CTA/Managed Futures (+3.18%), Global Macro (+2.17%), Emerging Markets (+2.04%), Distressed (+1.99%) and Event Driven (+1.98%). Dedicated Short Bias strategies were the only subset of funds experiencing losses (-4.49%). Remaining strategies were up although more modestly than the top six strategies.
- According to HedgeFund.net (HFN), hedge fund industry AUM ended December 2010 at \$2.47 trillion, up from \$2.41 trillion in November 2010. This is the sixth consecutive month Industry AUM has increased. However, Industry AUM remains well below its \$2.94 trillion June 2008 peak.
- Increases in AUM attributable to net investor inflows were only +\$1.07 billion while positive performance accounted for an increase of +\$60.1 billion. Overall, 2010 net investor flows were +\$79.4 billion compared to -\$128.54 billion over the same period a year ago.
- Increases to industry AUM from performance were +\$60.06 billion – the third largest of the year after March (+66.76 billion) and September (+\$60.09 billion) – and higher than year-ago December 2009 of +\$24.36 billion. For 2010, performance related AUM gains were +\$221.2 billion compared to +\$367.8 billion in 2009.

Fund Profiles:

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was +2.0%; medium single funds (\$100-\$500 million) +1.8% and small single funds (<\$100 million) +2.3%.
- Liquidity terms continued their consistent pattern of 2010 with December 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 (61%) required no lockup (44%) or less than 1 year lock up (17%).
- Consistent throughout 2010, large funds (> \$500 million AUM) continue to hold a large portion of industry AUM (67%) compared to medium funds (\$100-\$500 million) at 24% and small funds (<\$100 million) holding only 9%.

Leverage & Shorts:

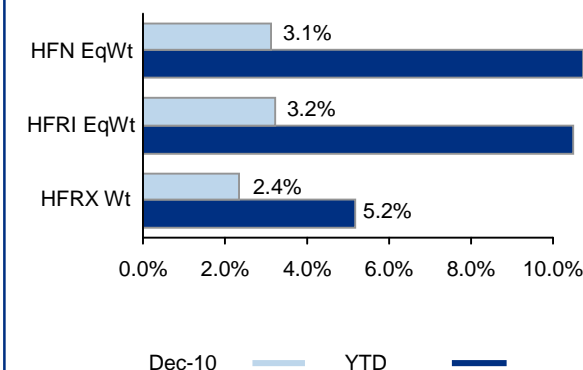
- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.79 x in December 2010 versus 1.81x in November, 1.80x in October and 1.79x in September.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Multi Strategy (5.16x), Equity Market Neutral (3.58x), Convertible Arbitrage (3.35x), Global Macro (3.17x), Fixed Income Arbitrage (2.95x). Use of leverage in other strategies was generally lower across the board.
- Citi U.S. short flows data included in this month's report shows a continued strong concentration of interest in the Consumer Discretionary, Financials & Information Technology & sectors. These three sectors accounted for 55.25% of short executions and 54.68% of short flows versus 59.26% of short executions and 53.16% of short flows in November 2010.
- In December the biggest changes in large speculator net positioning in Futures and Options (as a percentage of total open interest and including both futures & options) in 10 Year Treasuries, S&P, EuroFX and Gold futures markets came in builds in the net short position in both Treasuries and EuroFX. The net short position in Treasury contracts (-4.0%) is back to the largest it has been in terms of percentage of open interest since May 2010 (-4.5% 5/25/10) and in EuroFX contracts (-5.7%) back to where it had been in July 2010 (-6.2% 7/6/10). There was little change in positioning in the S&P and Gold markets. Large speculators remain close to neutral on the S&P and net long Gold.

Hedge Fund Industry: AUM, Performance

Data as of Dec-2010

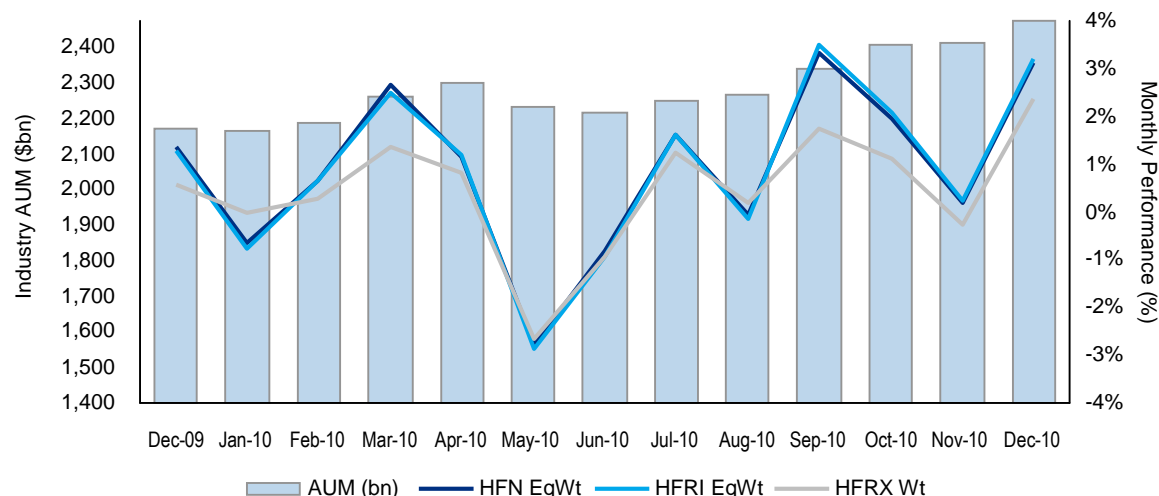
- Composite hedge fund performance, equal-weighted across funds, was up in December 2010 with gains ranging from +2.36% to +3.14%. Returns were higher than last month's (-0.27%) to +0.21% and above year-ago December 2009 of +0.55% to +1.37%. Year-to-date 2010 performance ranged from +5.2% to +10.7% relative to +13.4% to +20.0% in 2009.
- Equity markets continued their 2010 broad advance with large positive returns in December (S&P 500, +6.7%; MSCI World index, +7.4%, MSCI EM +7.1%.) The US dollar declined during the month (U.S. dollar index, -2.7%) putting pressure on rates (Citi US BIG -1.2%.) Commodities prices generally rose (S&P GSCI up 9.4%.) Across broad global economic measures, the US inflation rate quickened to 1.5% in December from 1.1% in November. China's economy grew by 9.8% in the year to the fourth quarter, bringing growth for the full year to 10.3%. British inflation went up to 3.7% in December, 0.4 percentage points higher than in November. Brazil's central bank raised its benchmark interest rate by half a percentage point to 11.25%.
- Once again investors showed a preference for riskier assets although not quite as clear cut as in prior months. Nonetheless, 2010 closed and marked outperformance seen from small cap, emerging markets and defaulted and high yield debt. Hedge fund strategy wise all but FI Arbitrage and Dedicated Short Bias had December monthly returns above their 60-month trailing medians.
- Industry AUM, estimated at \$2.47 trillion according to HFN, is up from November's \$2.41 trillion and up 13.9% from the \$2.172 trillion seen at December 2009. Depending on the source, estimates of industry AUM ranges from \$1.92 to \$2.47 trillion compared to the Q2 2008 peak range of \$1.9 to \$3.0 trillion.

Industry Performance: Dec-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: +7.4% December; +12.3% YTD
YTD MSCI Emerging Markets Index: +7.1% December; +19.2% YTD
- S&P 500: +6.7% December; +15.1% YTD
- Citi US BIG Index: -1.2% December; 6.3% YTD
- S&P GSCI: +9.4% December; +9.0% YTD
- U.S. Dollar Index: -2.7% December; +1.5% YTD
- HFN Country Indices December / YTD:
Brazil +2.37% / +12.64%; Russia +8.23% / +22.71%; India: +3.72% / +14.86%; China: -0.32% / +5.99%

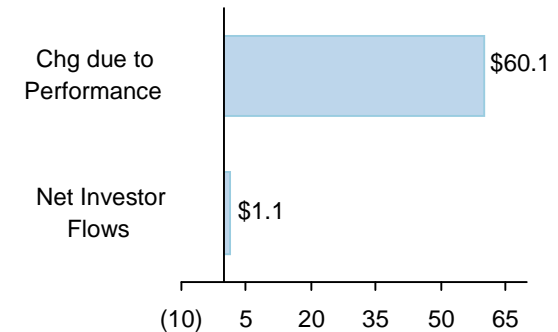


Hedge Fund Industry: Change in Industry Assets

Data as of Dec-2010

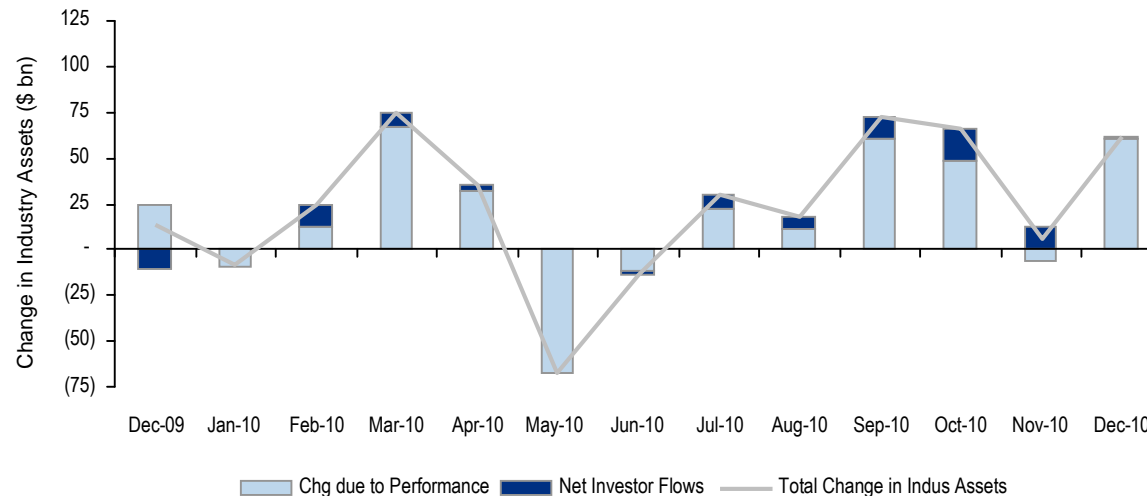
- According to HFN, the estimated change in industry assets was +\$61.13 billion for December 2010 and +\$300.56 billion for the year. Gains stemmed mostly from performance (+\$60.06 billion, \$221.21 billion) as net investor flows accounted for only +\$1.07 billion and \$79.35 billion, respectively. The 2010 year-to-date increase in AUM was up over 25% from the \$239.3 billion seen in 2009.
- December marks the third highest increase of 2010 in industry assets due to positive performance (March 2010 +\$66.76 billion, September +\$60.09 billion, December +\$60.06 billion.) The year-to-date 2010 total of \$221.21 billion, however, is down from \$367.8 billion seen in 2009.
- Uncertainty in the pace of the global economic recovery appears to linger and may still contribute to challenges faced in the current capital raising landscape. Although December's net investor inflows of \$1.07 billion are below the 2010 median of +\$7.23 billion, 2010 saw eleven months of positive net investor flows and thus a relief from the large negative outflows seen in 2009.
- Total industry AUM of \$2.47 trillion is up 13.9% for the year, up from the \$2.17 trillion seen at December 2009. This compares to an increase of 12.4% seen in the 2009/2008 period. All figures are provided from HFN.

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



Source: HedgeFund.net (HFN)

Monthly Change in Industry Assets and Composition



Source: HedgeFund.net (HFN)

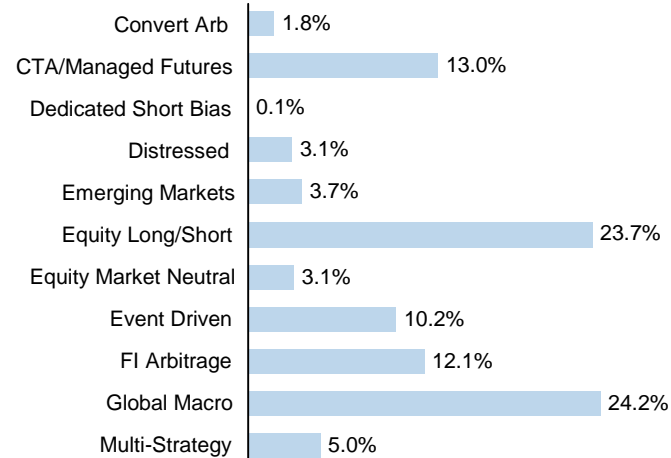
Note Pad:

- The Citi Prime Finance calculation for end-December gross leverage (as measured on a mean basis) was 1.79x, in line with most months this year
- Gross leverage (mean): defined as sum of (LMV + abs SMV) / Net Equity

Hedge Fund Stats by Strategy

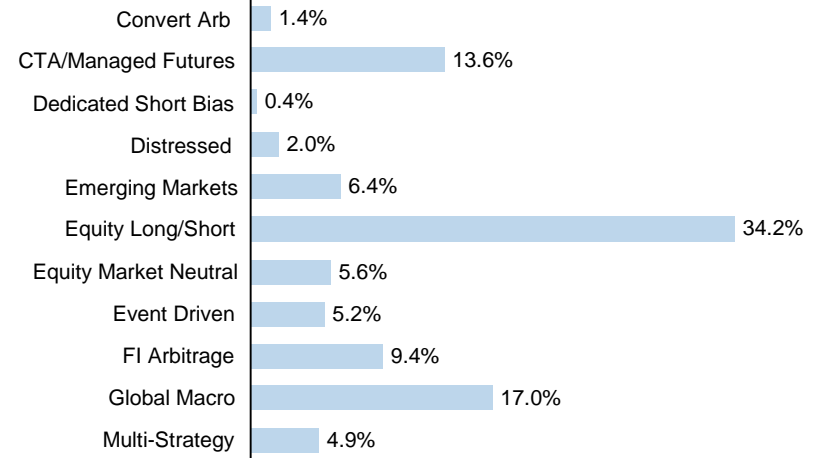
Data as of Dec-2010

Hedge Fund Strategy Breakdown by Assets



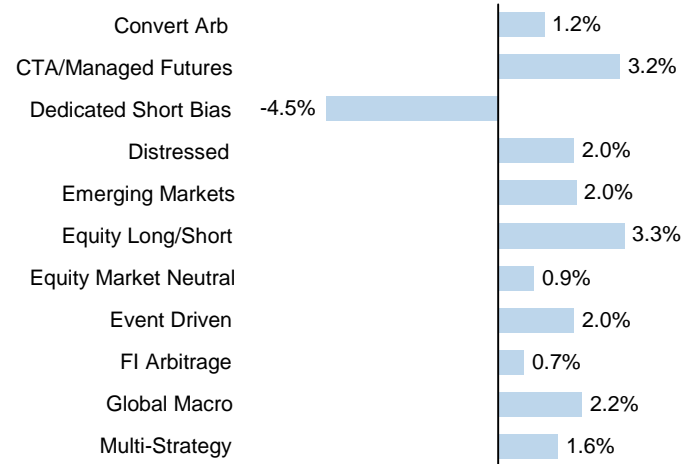
Source: Citi ICG Analytics

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi ICG Analytics

Hedge Fund Performance by Strategy

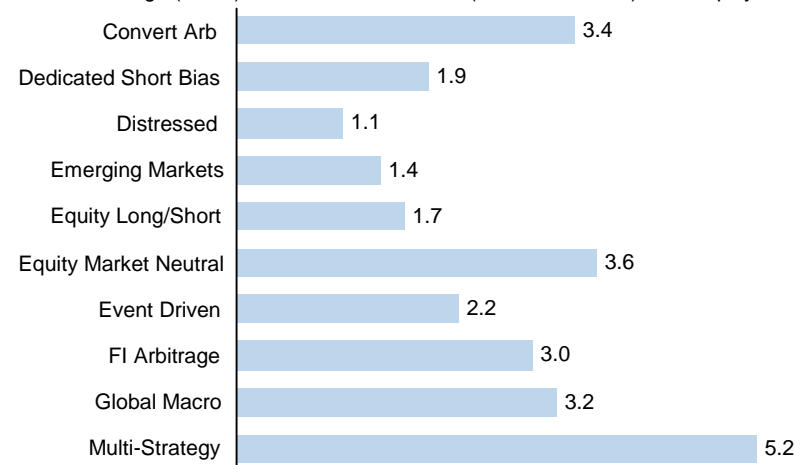


Source: Citi ICG Analytics

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

Data as of Dec-2010

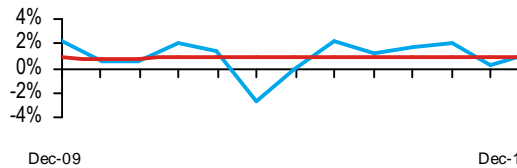
Monthly Median:

Trailing 60 Month Median:



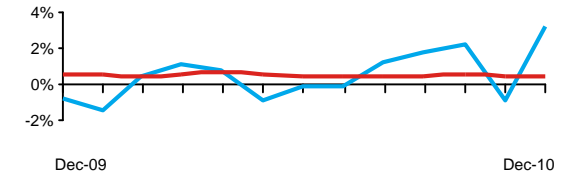
Convertible Arbitrage

Dec-10	Nov-10	Dec-09
1.2%	0.2%	2.2%
0.96%	0.94%	0.84%



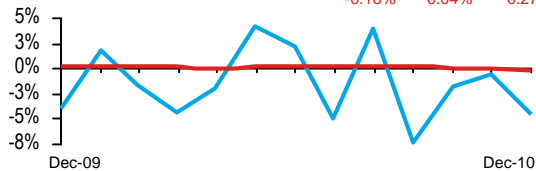
CTA/Managed Futures

Dec-10	Nov-10	Dec-09
3.2%	-0.9%	-0.8%
0.45%	0.45%	0.55%



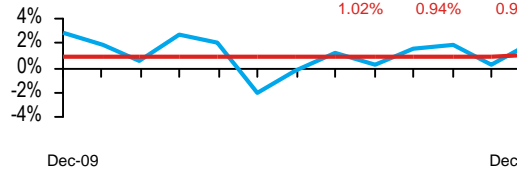
Dedicated Short Bias

Dec-10	Nov-10	Dec-09
-4.5%	-0.7%	-4.0%
-0.16%	0.04%	0.27%



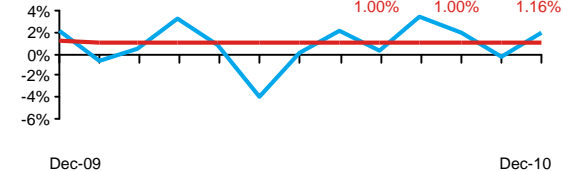
Distressed

Dec-10	Nov-10	Dec-09
2.0%	0.2%	2.9%
1.02%	0.94%	0.90%



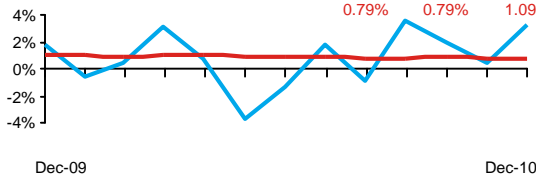
Emerging Markets

Dec-10	Nov-10	Dec-09
2.0%	-0.2%	2.1%
1.00%	1.00%	1.16%



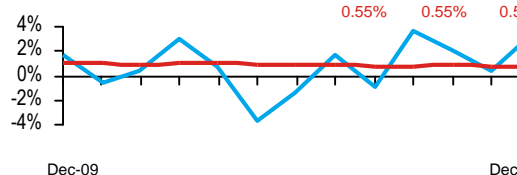
Equity Long/Short

Dec-10	Nov-10	Dec-09
3.3%	0.4%	1.7%
0.79%	0.79%	1.09%



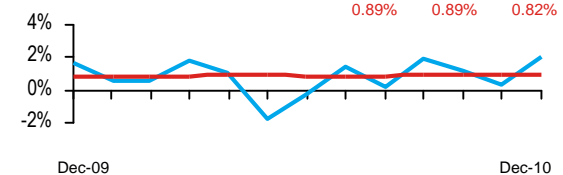
Equity Market Neutral

Dec-10	Nov-10	Dec-09
0.9%	0.3%	0.6%
0.55%	0.55%	0.59%



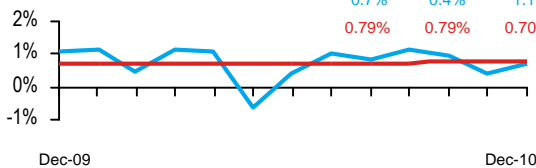
Event Driven

Dec-10	Nov-10	Dec-09
2.0%	0.3%	1.7%
0.89%	0.89%	0.82%



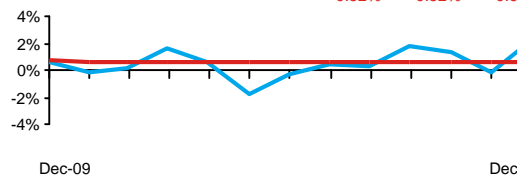
FI Arbitrage

Dec-10	Nov-10	Dec-09
0.7%	0.4%	1.1%
0.79%	0.79%	0.70%



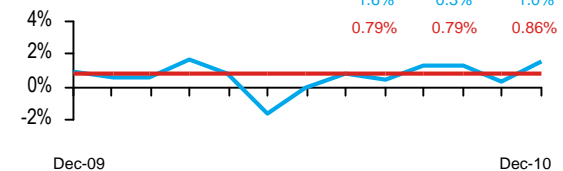
Global Macro

Dec-10	Nov-10	Dec-09
2.2%	-0.1%	0.5%
0.52%	0.52%	0.67%



Multi-Strategy

Dec-10	Nov-10	Dec-09
1.6%	0.3%	1.0%
0.79%	0.79%	0.86%



Source: Citi ICG Analytics

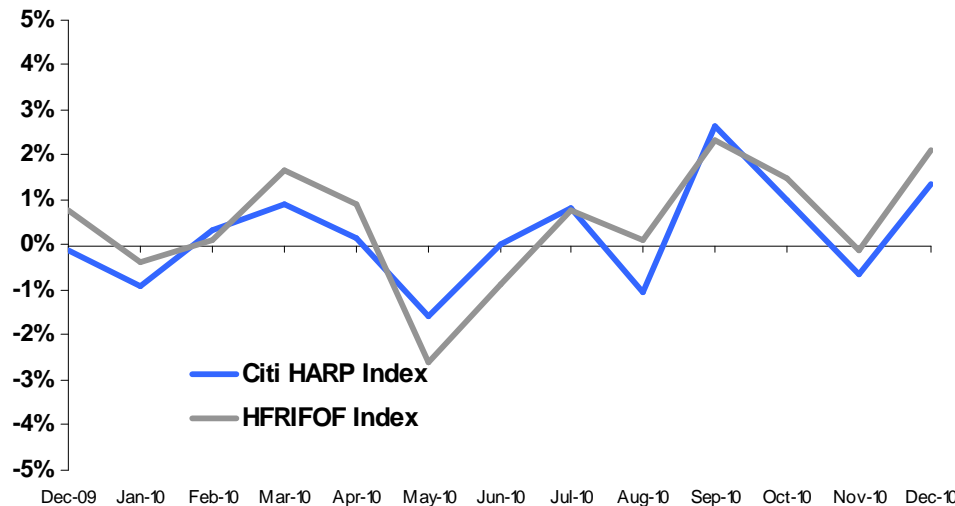
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.



Citi Liquid Hedge Fund Replicator (HARP)

Data as of Dec-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

	Dec-10	Nov-10	Dec-09	YTD-10
Citi Harp	1.35%	-0.66%	-0.10%	2.99%
HFRIFO	2.09%	-0.10%	0.76%	5.60%

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	2.99%	5.60%
Annualised Volatility	4.12%	4.83%
Sharpe Ratio	0.654	1.099
Correlation	86.59%	-

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.

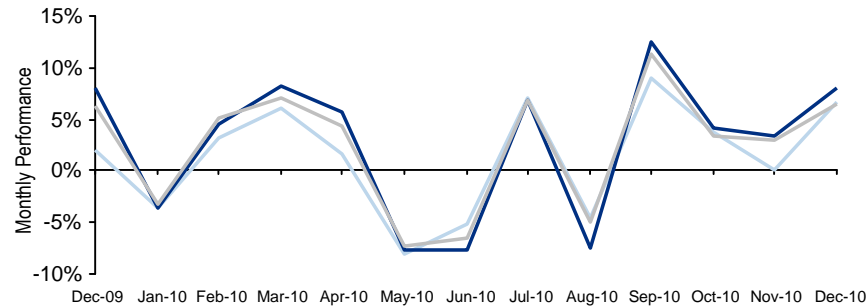
The Index contains weighted components. The components are a money market component and various index components. Each index component represents a class of asset in which the hedge fund sector is assumed to invest: bond, commodity, equity and foreign exchange.

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

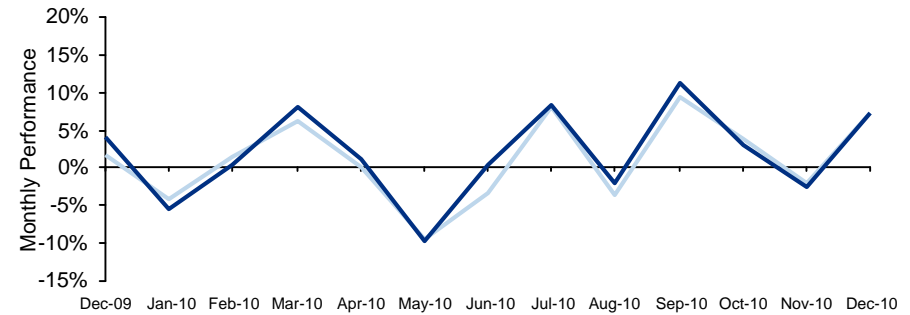
Data as of Dec-2010

US Equities (Large Cap vs. Small Cap)



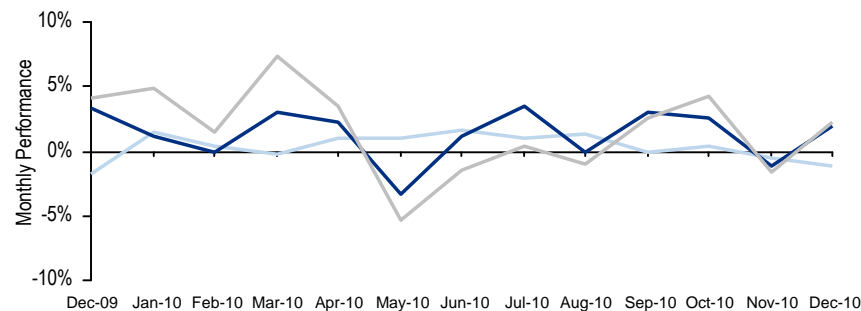
		Dec-10	Nov-10	Dec-09	YTD-10
S&P 500		6.7%	0.0%	1.9%	15.1%
RUS 2000		7.9%	3.5%	8.0%	26.9%
S&P Mid		6.6%	3.0%	6.3%	26.6%

Global Equities (Developed vs. Emerging)



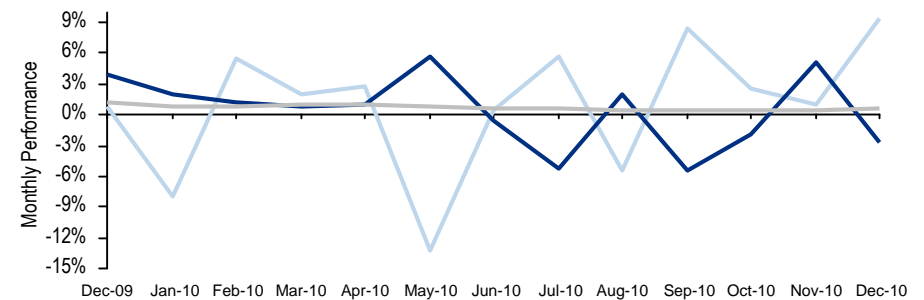
		Dec-10	Nov-10	Dec-09	YTD-10
MSCI World		7.4%	-2.1%	1.8%	12.3%
MSCI EM		7.1%	-2.6%	4.0%	19.2%

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



		Dec-10	Nov-10	Dec-09	YTD-10
Citi US BIG Index		-1.2%	-0.5%	-1.7%	6.3%
Citi HY Bond Index		1.9%	-1.1%	3.4%	14.3%
Altman Defaulted		2.2%	-1.6%	4.1%	17.7%

Commodities (US\$ performance)



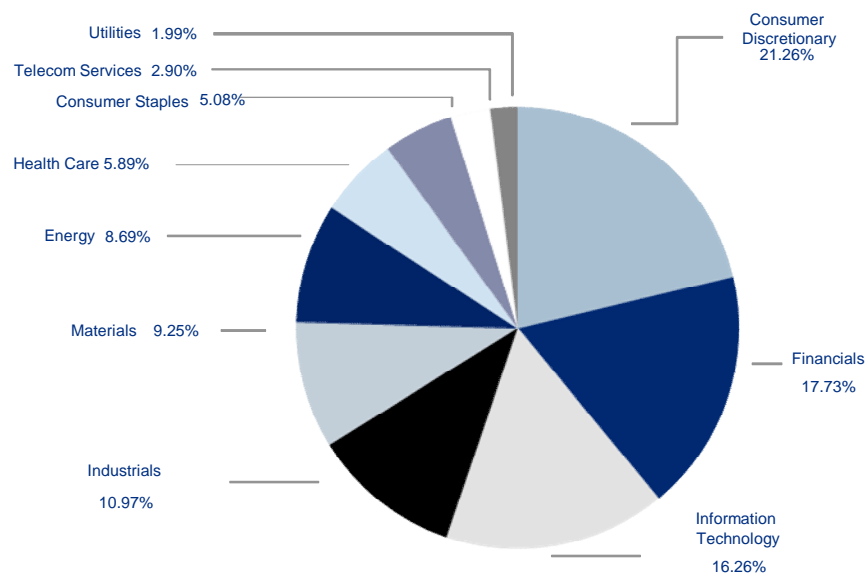
		Dec-10	Nov-10	Dec-09	YTD-10
S&P GSCI		9.4%	1.1%	0.9%	9.0%
US-\$ Index		-2.7%	5.1%	4.0%	1.5%
US 2yr Note		0.6%	0.5%	1.1%	0.7%

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

US Securities Lending Sector Short Flows

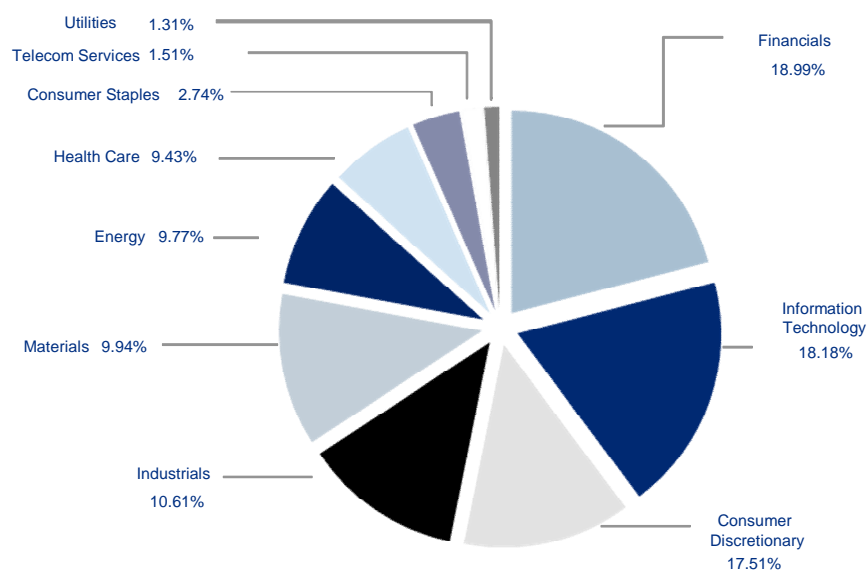
Data as of Dec-2010

Short Sale Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Consumer Discretionary	21.26	21.77	-2.34
Financials	17.73	14.19	24.95
Information Technology	16.26	23.81	-31.71
Industrials	10.97	10.19	7.65
Materials	9.25	7.71	19.97
Energy	8.69	10.68	-18.63
Health Care	5.89	5.19	13.49
Consumer Staples	5.08	4.26	19.25
Telecom Services	2.9	1.40	107.14
Utilities	1.99	0.81	145.68

Short Cover Executions



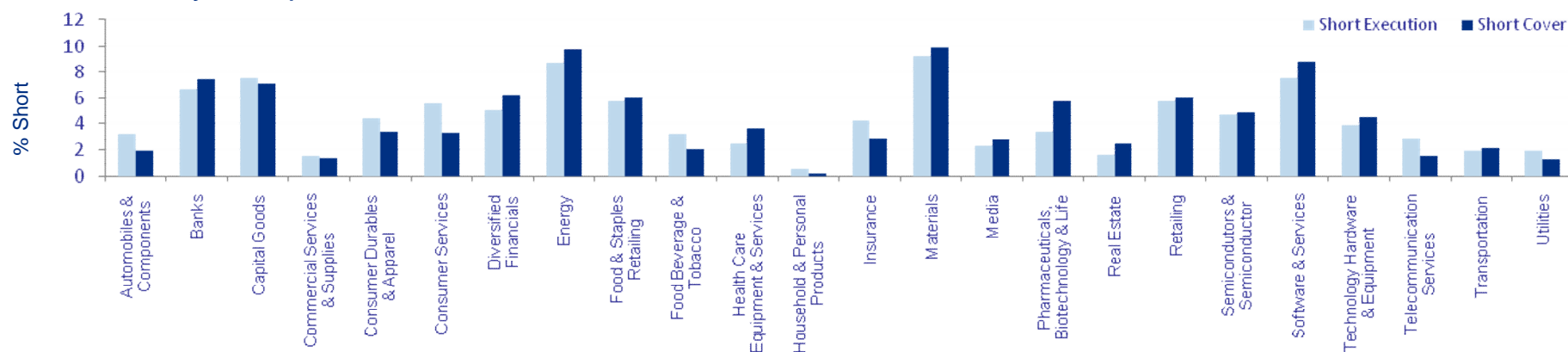
Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Financials	18.99	13.32	42.57
Information Technology	18.18	21.09	-13.8
Consumer Discretionary	17.51	18.74	-6.56
Industrials	10.61	12.16	-12.75
Materials	9.94	8.70	14.25
Energy	9.77	12.55	-22.15
Health Care	9.43	6.85	37.66
Consumer Staples	2.74	3.78	-27.51
Telecom Services	1.51	1.62	-6.79
Utilities	1.31	1.19	10.08

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 Dec-2010

Citi Industry Group Short Flows



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Materials	9.25	7.71	19.97
Energy	8.69	10.68	-18.63
Software and Services	7.57	11.75	-35.57
Capital Goods	7.52	6.95	8.20
Banks	6.72	4.71	42.68
Retailing	5.73	5.11	12.13
Consumer Services	5.62	5.77	-2.60
Diversified Financials	5.12	4.09	25.18
Semiconductors & Semiconductor	4.75	6.28	-24.36
Consumer Durables & Apparel	4.44	3.78	17.46
Insurance	4.24	2.72	55.88
Technology Hardware and Equipment	3.94	5.78	-31.83
Pharmaceuticals, Biotechnology & Life	3.41	3.25	4.92
Food Beverage & Tobacco	3.23	2.51	28.69
Automobiles & Components	3.21	4.50	-28.67
Telecom Services	2.90	1.40	107.14
Health Care Equipment and Services	2.48	1.94	27.84
Media	2.25	2.61	-13.79
Utilities	1.99	0.81	145.68
Transportation	1.94	2.39	-18.83
Real Estate	1.65	2.67	-38.20
Commercial Services and Supplies	1.51	0.85	77.65
Food & Staples Retailing	1.36	1.42	-4.23
Household & Personal Products	0.49	0.32	53.12

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Materials	9.94	8.70	14.25
Energy	9.77	12.55	-22.15
Software and Services	8.82	10.97	-19.60
Banks	7.49	3.98	88.19
Capital Goods	7.14	9.06	-21.19
Diversified Financials	6.19	3.43	80.47
Retailing	6.02	4.91	22.61
Pharmaceuticals, Biotechnology & Life	5.80	4.11	41.12
Semiconductors & Semiconductor	4.89	4.60	6.30
Technology Hardware and Equipment	4.48	5.52	-18.84
Health Care Equipment and Services	3.62	2.74	32.12
Consumer Durables & Apparel	3.43	3.86	-11.14
Consumer Services	3.33	4.15	-19.76
Insurance	2.88	2.15	33.95
Media	2.81	2.53	11.07
Real Estate	2.43	3.77	-35.54
Transportation	2.12	1.68	26.19
Food Beverage & Tobacco	2.00	2.59	-22.78
Automobiles & Components	1.92	3.28	-44.46
Telecom Services	1.51	1.62	-6.79
Commercial Services and Supplies	1.35	1.42	-4.93
Utilities	1.31	1.19	10.08
Food & Staples Retailing	0.55	0.83	-33.73
Household & Personal Products	0.19	0.36	-47.22

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 Dec-2010

Citi Short Flows: December 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	8.69	10.68	-18.63	9.77	12.55	-22.15
15	Materials	9.25	7.71	19.97	9.94	8.70	14.25
20	Industrials	10.97	10.19	7.65	10.61	12.16	-12.75
25	Consumer Discretionary	21.26	21.77	-2.34	17.51	18.74	-6.56
30	Consumer Staples	5.08	4.26	19.25	2.74	3.78	-27.51
35	Health Care	5.89	5.19	13.49	9.43	6.85	37.66
40	Financials	17.73	14.19	24.95	18.99	13.32	42.57
45	Information Technology	16.26	23.81	-31.71	18.18	21.09	-13.80
50	Telecommunication Services	2.90	1.40	107.14	1.51	1.62	-6.79
55	Utilities	1.99	0.81	145.68	1.31	1.19	10.08
Industry Group	Industry Group						
1010	Energy	8.69	10.68	-18.63	9.77	12.55	-22.15
1510	Materials	9.25	7.71	19.97	9.94	8.70	14.25
2010	Capital Goods	7.52	6.95	8.20	7.14	9.06	-21.19
2020	Commercial Services & Supplies	1.51	0.85	77.65	1.35	1.42	-4.93
2030	Transportation	1.94	2.39	-18.83	2.12	1.68	26.19
2510	Automobiles & Components	3.21	4.50	-28.67	1.92	3.28	-41.46
2520	Consumer Durables & Apparel	4.44	3.78	17.46	3.43	3.86	-11.14
2530	Consumer Services	5.62	5.77	-2.60	3.33	4.15	-19.76
2540	Media	2.25	2.61	-13.79	2.81	2.53	11.07
2550	Retailing	5.73	5.11	12.13	6.02	4.91	22.61
3010	Food & Staples Retailing	1.36	1.42	-4.23	0.55	0.83	-33.73
3020	Food Beverage & Tobacco	3.23	2.51	28.69	2.00	2.59	-22.78
3030	Household & Personal Products	0.49	0.32	53.12	0.19	0.36	-47.22
3510	Health Care Equipment & Services	2.48	1.94	27.84	3.62	2.74	32.12
3520	Pharmaceuticals, Biotechnology & Life Sciences	3.41	3.25	4.92	5.80	4.11	41.12
4010	Banks	6.72	4.71	42.68	7.49	3.98	88.19
4020	Diversified Financials	5.12	4.09	25.18	6.19	3.43	80.47
4030	Insurance	4.24	2.72	55.88	2.88	2.15	33.95
4040	Real Estate	1.65	2.67	-38.20	2.43	3.77	-35.54
4510	Software & Services	7.57	11.75	-35.57	8.82	10.97	-19.60
4520	Technology Hardware & Equipment	3.94	5.78	-31.83	4.48	5.52	-18.84
4530	Semiconductors & Semiconductor Equipment	4.75	6.28	-24.36	4.89	4.60	6.30
5010	Telecommunication Services	2.90	1.40	107.14	1.51	1.62	-6.79
5510	Utilities	1.99	0.81	145.68	1.31	1.19	10.08

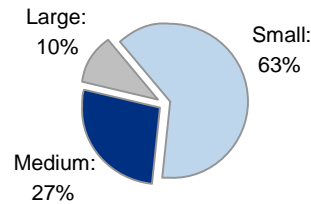
Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value



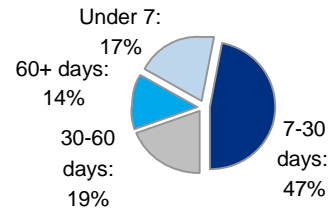
Hedge Fund (Fund Level) Profiles

Data as of Dec-2010

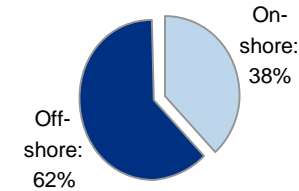
By Fund Size—No. of Funds



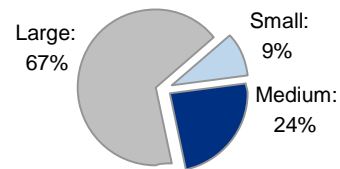
Redemption Notice Period



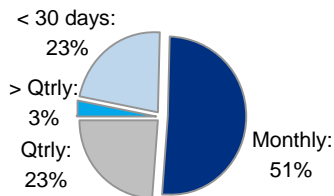
On-shore/Off-shore



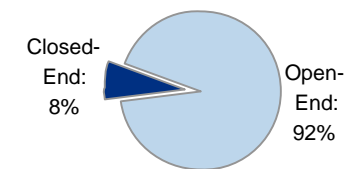
By Fund Size—\$ AUM



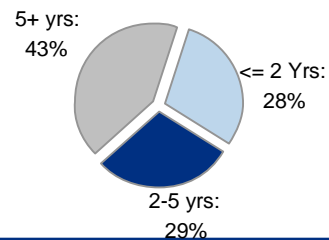
Redemption Frequency



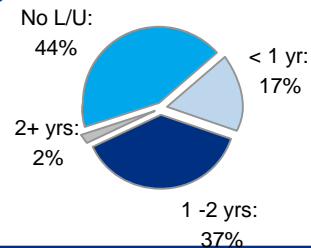
Legal Status



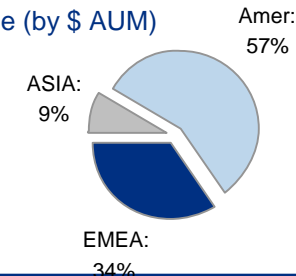
By Fund Age—No. of Funds



Lock-Up



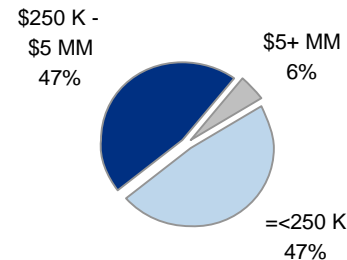
Domicile (by \$ AUM)



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 Dec-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%	\$792	1.3%	4.8%	66%	76%	n/m	30-60 days / 32%	Under 30 / 45%
2-5 yrs	16%	\$949	1.0%	9.6%	65%	78%	1-2 yrs / 58%	30-60 days / 39%	Monthly / 36%
Over 5 yrs	74%	\$1,027	2.4%	8.9%	65%	72%	No / 48%	7-30 days / 36%	Monthly / 49%
Total	100%	\$964	2.0%	8.8%	65%	73%	No / 45%	7-30 days / 32%	Monthly / 46%

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	16%	\$172	1.6%	7.7%	46%	77%	1-2 yrs / 55%	7-30 days / 43%	Monthly / 43%
2-5 yrs	29%	\$183	1.6%	8.0%	66%	70%	1-2 yrs / 45%	7-30 days / 43%	Monthly / 52%
Over 5 yrs	55%	\$201	2.2%	8.8%	71%	64%	No / 53%	7-30 days / 52%	Monthly / 53%
Total	100%	\$190	1.8%	8.3%	66%	67%	No / 48%	7-30 days / 49%	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	22%	\$27	1.6%	8.2%	49%	75%	1-2 yrs / 61%	7-30 days / 38%	Monthly / 43%
2-5 yrs	32%	\$26	2.2%	9.8%	63%	64%	No / 46%	7-30 days / 48%	Monthly / 56%
Over 5 yrs	45%	\$30	2.7%	9.4%	71%	56%	No / 51%	7-30 days / 55%	Monthly / 47%
Total	100%	\$28	2.3%	9.4%	64%	63%	No / 48%	7-30 days / 50%	Monthly / 49%

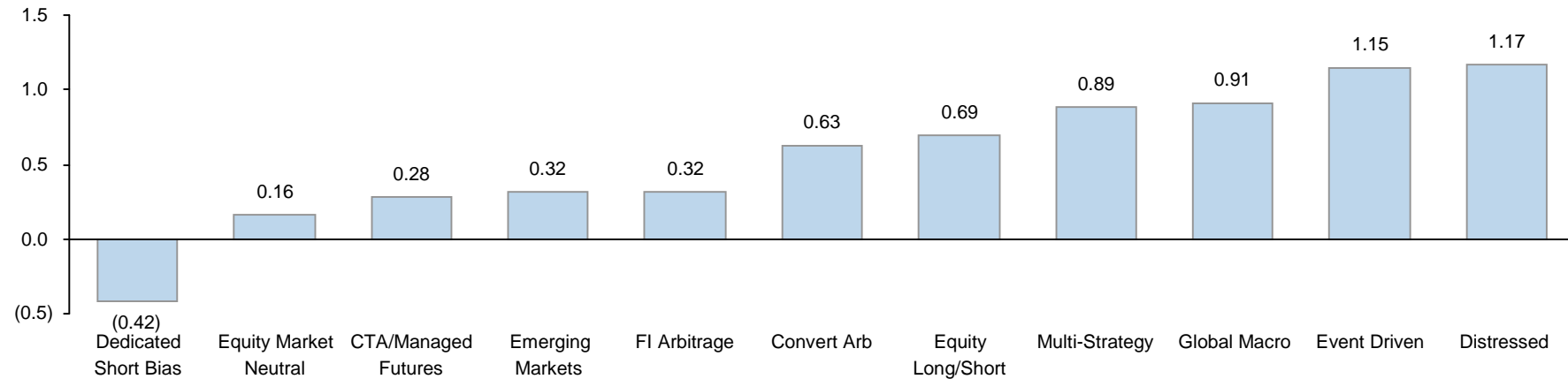
Source: Citi ICG Analytics

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

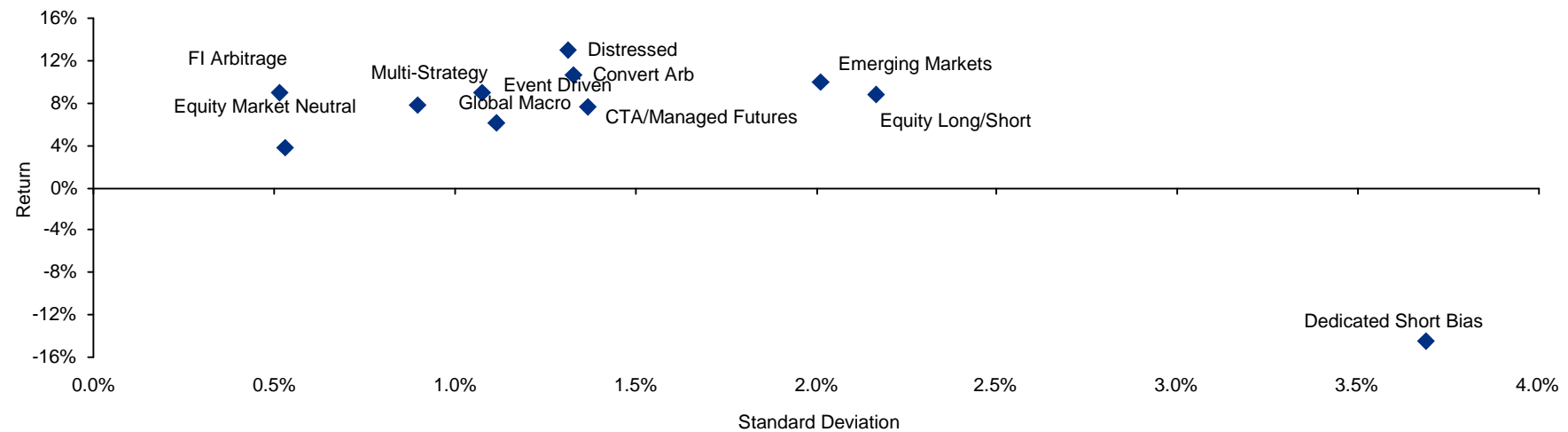
Data as of Dec-2010

Sharpe Ratios (Jun-94 – Dec-10)



Source: Credit Suisse Tremont

Risk vs. Return (Jan-10 – Dec-10)



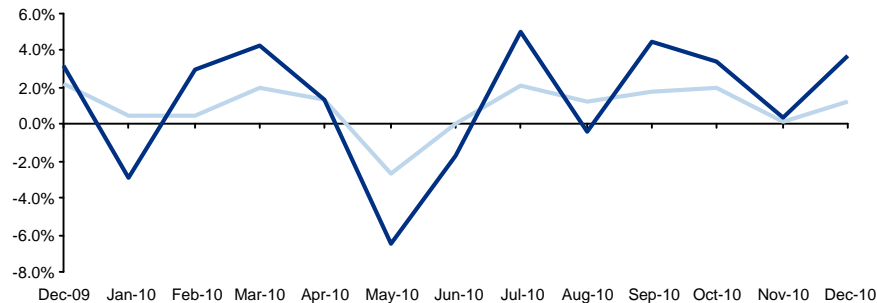
Source: Citi ICG Analytics

Convertible Arbitrage

Data as of Dec-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.5%	0.5%	2.0%	1.4%	-2.7%	0.0%	2.1%	1.2%	1.7%	2.0%	0.2%	1.2%	10.6%

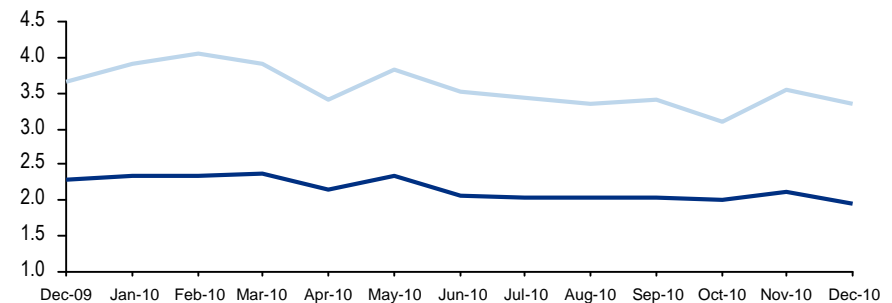
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Dec-10	Nov-10	Dec-09	YTD-10
Convert Arb	1.2%	0.2%	2.2%	10.6%
CWB ETF	3.7%	0.3%	3.2%	14.0%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

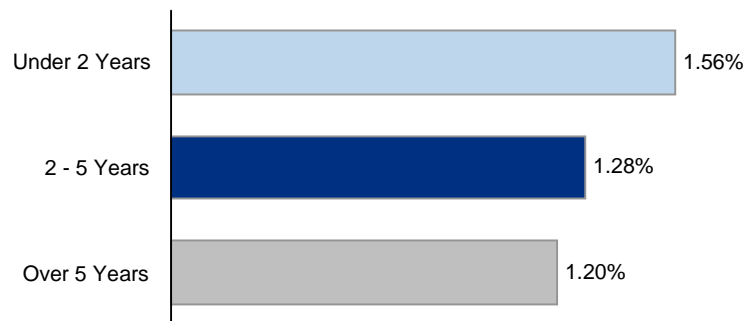


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

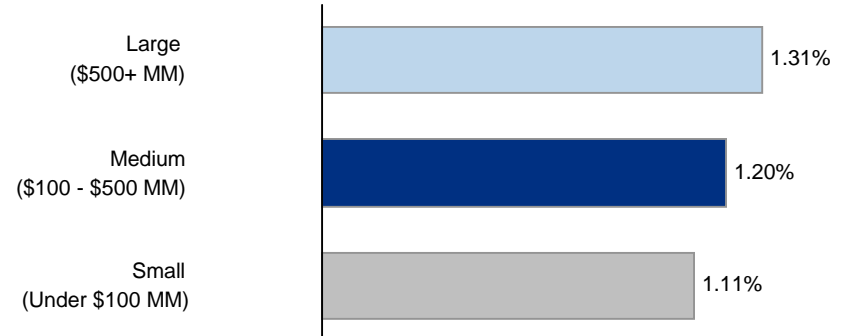
Source: Citi Prime Finance

Hedge Fund Performance by Age ⁽¹⁾



Source: Citi ICG Analytics

Hedge Fund Performance by Size ⁽¹⁾



Source: Citi ICG Analytics

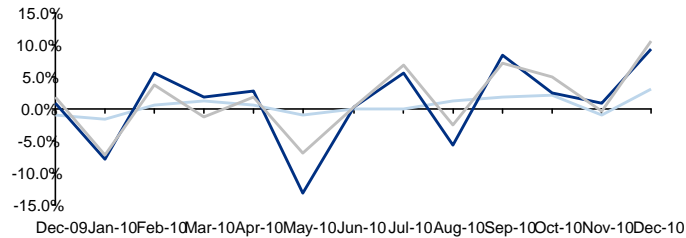
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. ⁽¹⁾ Universe and sample sizes may be small.

CTA/Managed Futures

Data as of Dec-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-1.4%	0.5%	1.1%	0.8%	-0.8%	-0.1%	-0.1%	1.2%	1.8%	2.2%	-0.9%	3.2%	7.6%

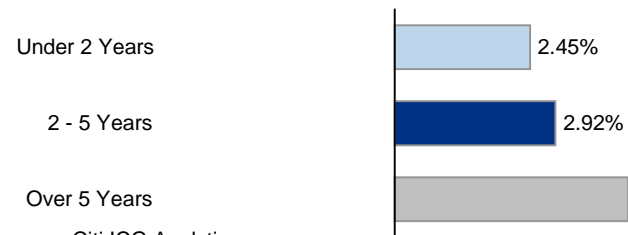
Hedge Fund Performance vs. Benchmark



	Dec-10	Nov-10	Dec-09	YTD-10
CTA/Mgd Futures	3.2%	-0.9%	-0.8%	7.6%
S&P GSCI Commodity (SPGSCI)	9.4%	1.1%	0.9%	9.0%
DJ-UBS Commodity (DJAGK)	10.7%	-0.4%	2.0%	16.7%

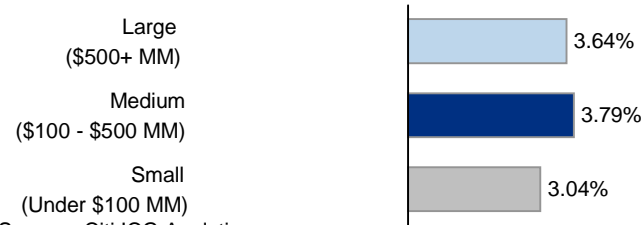
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size

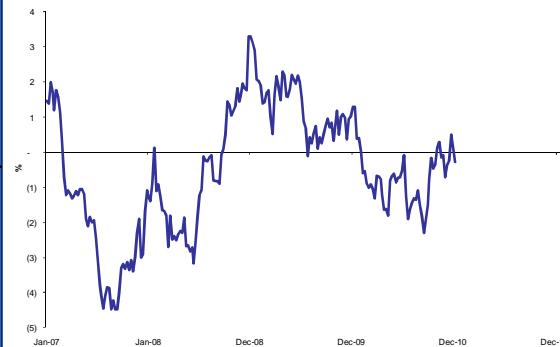


Source: Citi ICG Analytics

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

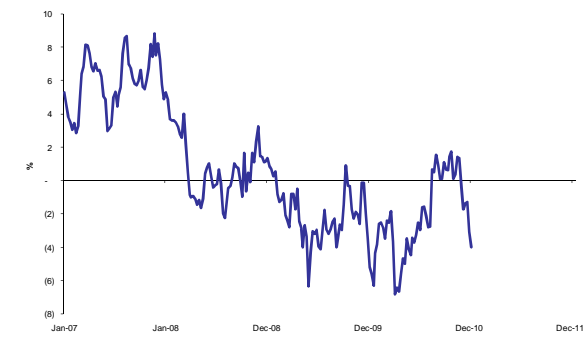
Large Speculator Positions: CFTC Commitment Of Trader (Futures & Options) Report Net of Longs Less Shorts As Percent of Total Open Positions

Combined S&P / Weighted Mini S&P Contracts



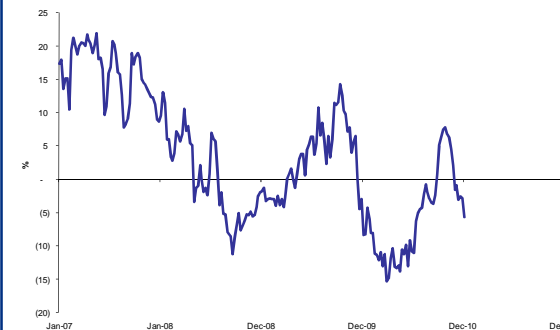
Last Update: 12/28/10 -0.3%

U.S. 10-Year Treasury Futures



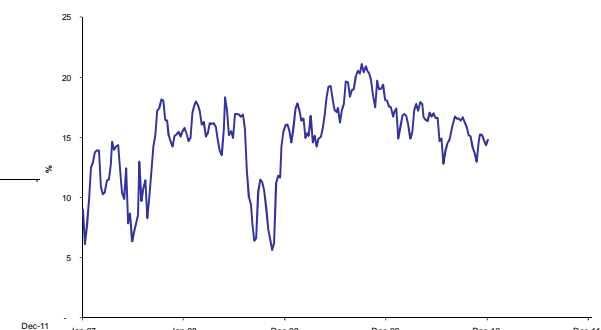
Last Update: 12/28/10 -4.0%

EuroFX Futures



Last Update: 12/28/10 -5.7%

Gold Futures



Last Update: 12/28/10 +14.8%

Source: CFTC, Bloomberg, Citi Futures Perspective

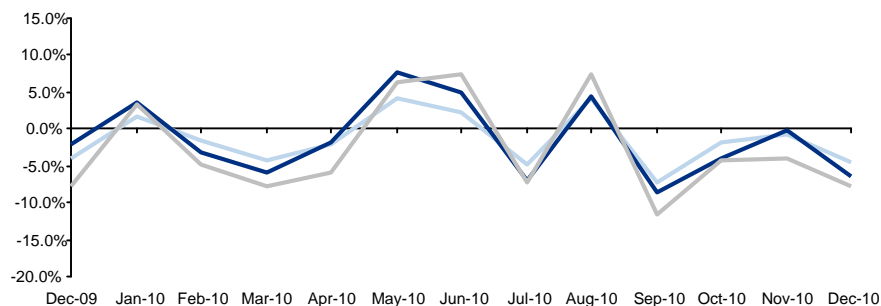


Dedicated Short Bias

Data as of Dec-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%	2.2%	-4.9%	4.1%	-7.3%	-1.8%	-0.7%	-4.5%	-14.5%

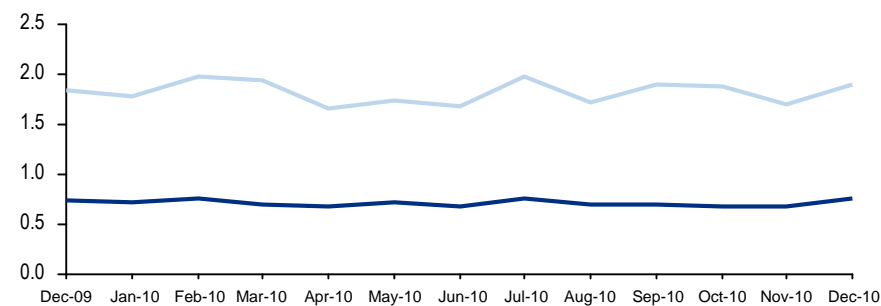
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Dec-10	Nov-10	Dec-09	YTD-10
Ded Short Bias	-4.5%	-0.7%	-4.0%	-14.5%
S&P Short ETF (SH)	-6.5%	-0.3%	-2.1%	-16.6%
Rus 2000 Short ETF (RWM)	-7.7%	-4.0%	-7.7%	-27.4%

Source: Citi ICG Analytics; FactSet

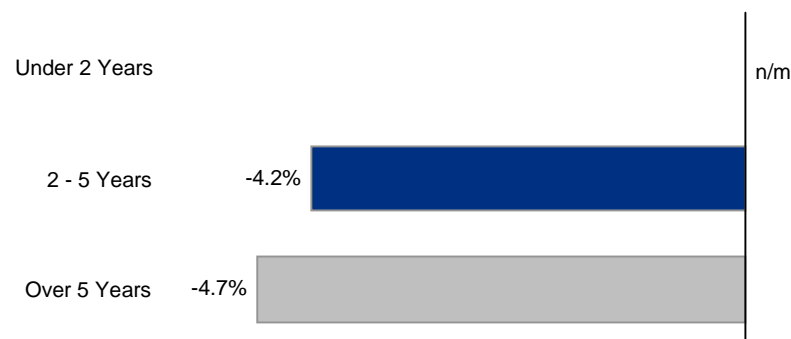
Leverage Profile (Monthly, LTM)



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

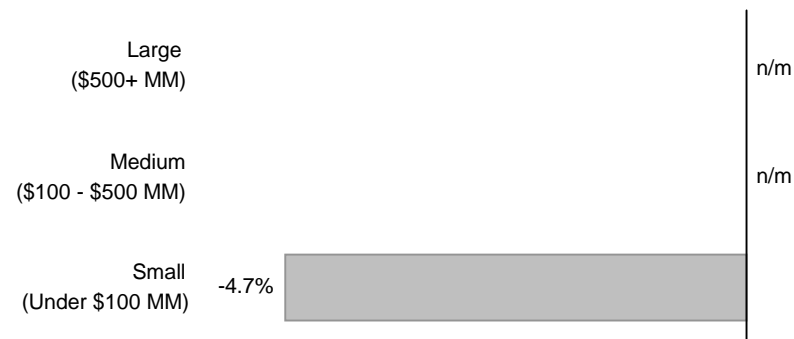
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

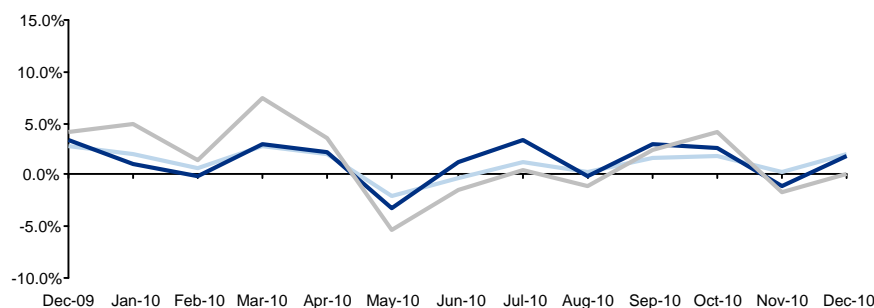
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Distressed

Data as of Dec-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.0%	0.6%	2.7%	2.0%	-2.0%	-0.2%	1.3%	0.2%	1.6%	1.9%	0.2%	2.0%	13.0%

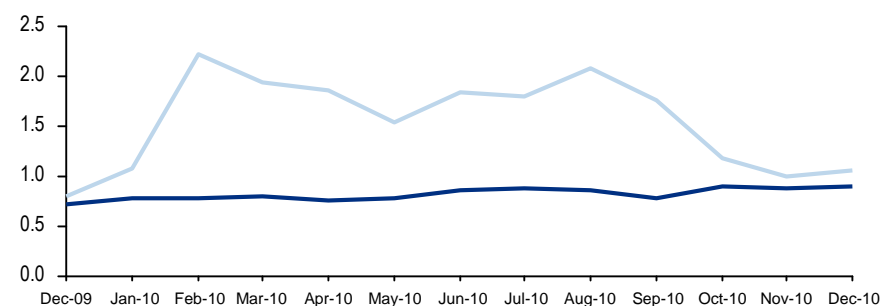
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Dec-10	Nov-10	Dec-09	YTD-10
Distressed	2.0%	0.2%	2.9%	13.0%
Citi HY Bond Index	1.9%	-1.1%	3.4%	14.3%
Altman Defaulted Index	0.0%	-1.6%	4.1%	15.1%

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

Leverage Profile (Monthly, LTM)

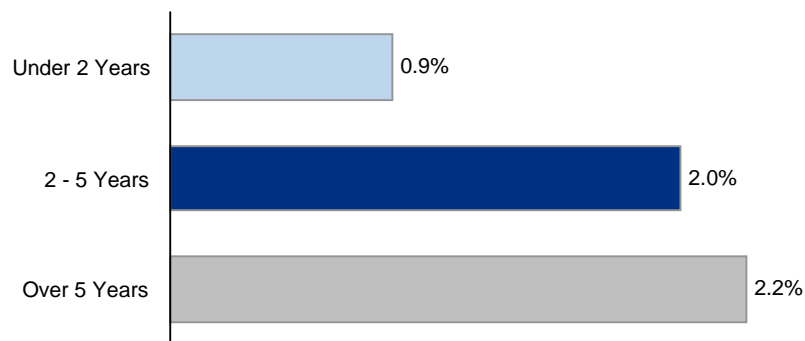


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

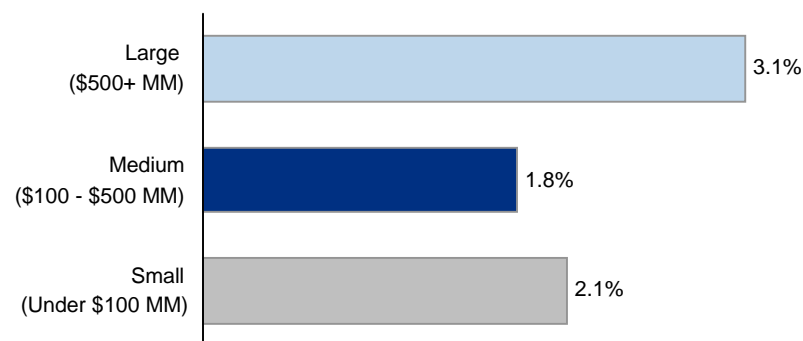
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

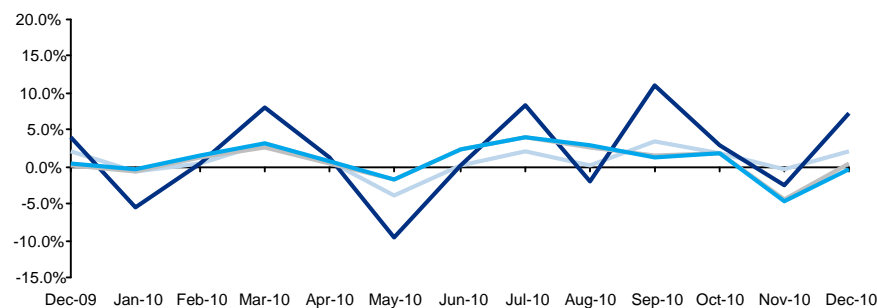
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Emerging Markets

Data as of Dec-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.7%	0.4%	3.3%	0.9%	-3.9%	0.1%	2.1%	0.3%	3.5%	1.9%	-0.2%	2.0%	9.9%

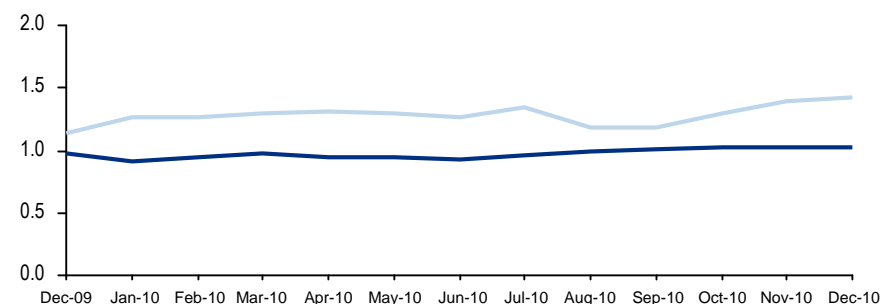
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Dec-10	Nov-10	Dec-09	YTD-10
Emerging Mkts	2.0%	-0.2%	2.1%	9.9%
MSCI EM	7.1%	-2.6%	4.0%	19.2%
JPM EMBIG Core ETF (EMB)	0.4%	-4.4%	0.2%	10.8%
DB EM Liquid ETF (PCY)	-0.3%	-4.6%	0.3%	10.8%

Source: Citi ICG Analytics; FactSet

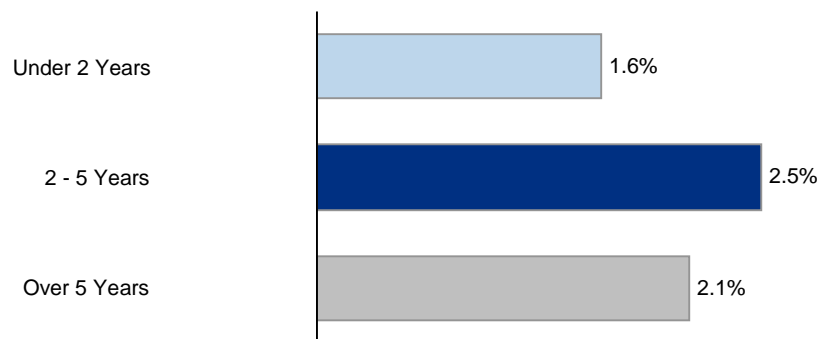
Leverage Profile (Monthly, LTM)



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

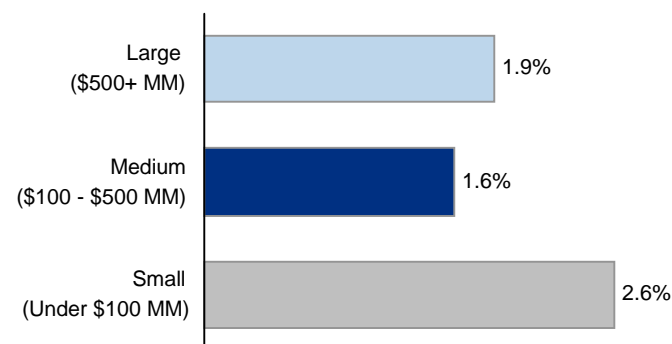
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

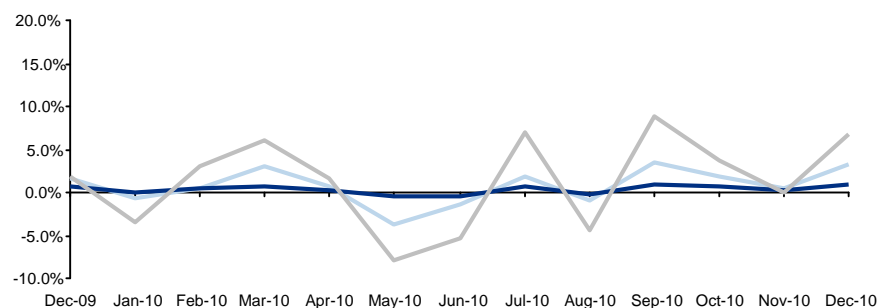
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Equity Long/Short

Data as of Dec-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%	-3.7%	-1.3%	1.8%	-0.9%	3.6%	2.0%	0.4%	3.3%	8.8%

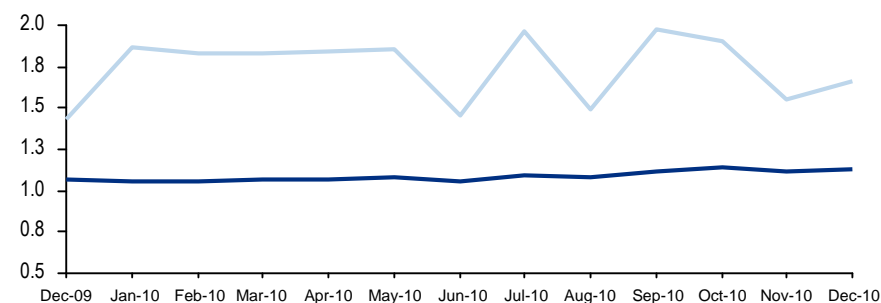
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Dec-10	Nov-10	Dec-09	YTD-10
Eq Long/Short	3.3%	0.4%	1.7%	8.8%
Eq Mkt Neutral	0.9%	0.3%	0.6%	3.7%
S&P 500	6.7%	0.0%	1.9%	15.1%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

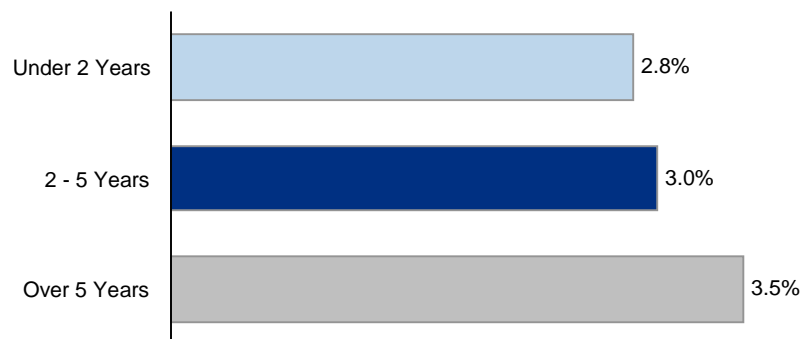


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

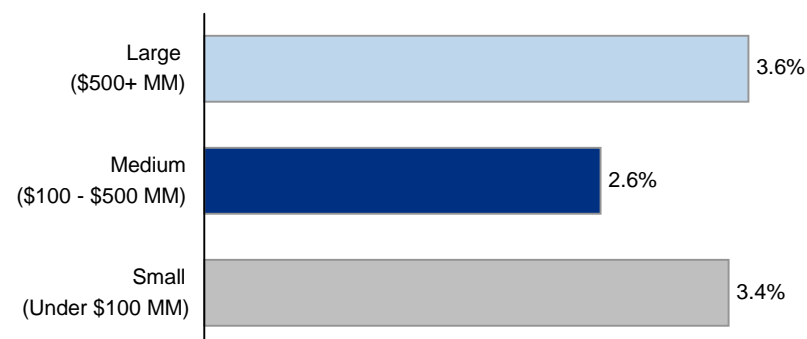
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

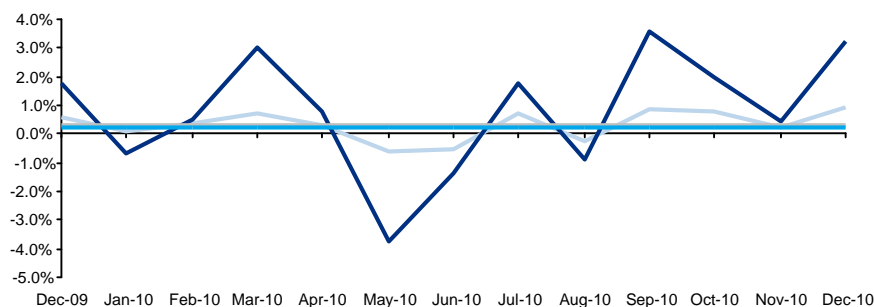
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Equity Market Neutral

Data as of Dec-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%	-0.6%	-0.5%	0.7%	-0.3%	0.8%	0.8%	0.3%	0.9%	3.7%

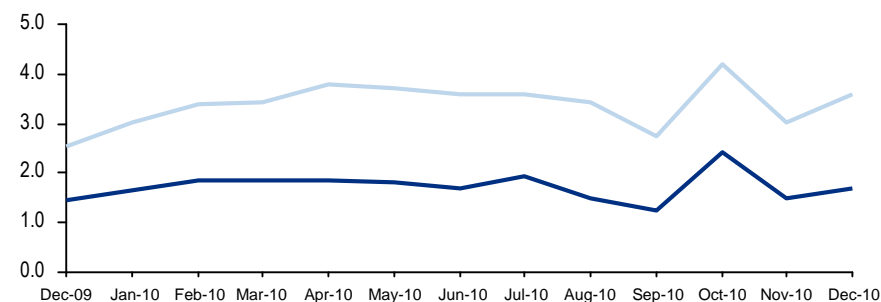
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Dec-10	Nov-10	Dec-09	YTD-10
Eq Mkt Neutral	0.9%	0.3%	0.6%	3.7%
Eq Long/Short	3.3%	0.4%	1.7%	8.8%
LIBOR + 300 bps	0.3%	0.3%	0.3%	3.3%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	3.2%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

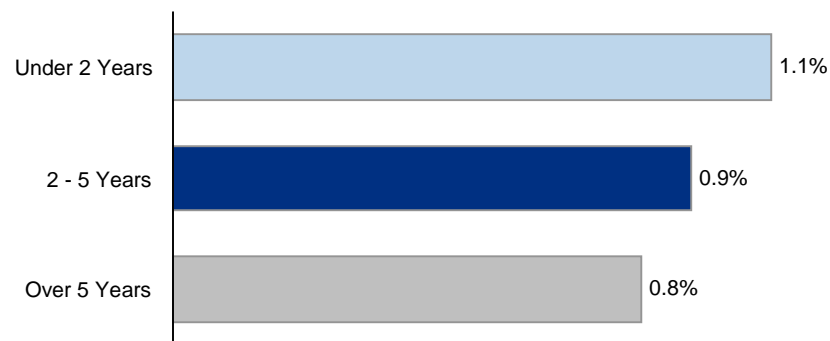


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

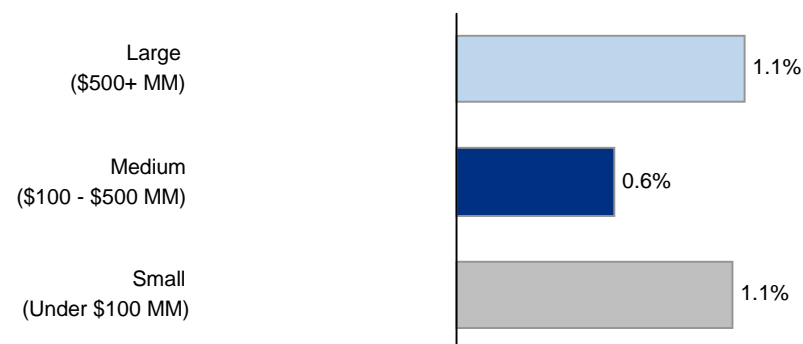
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

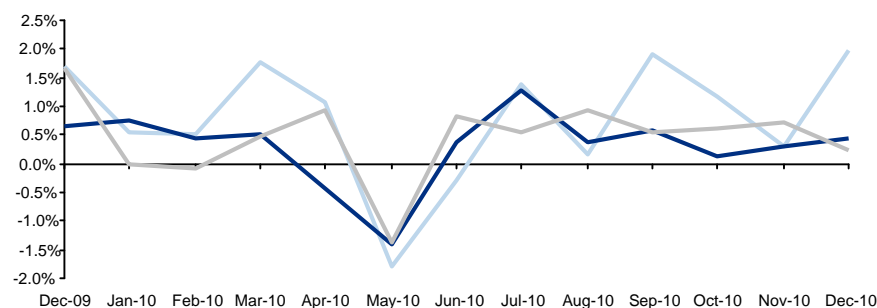
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Event Driven

Data as of Dec-2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.5%	0.5%	1.8%	1.1%	-1.8%	-0.3%	1.4%	0.2%	1.9%	1.2%	0.3%	2.0%	9.0%

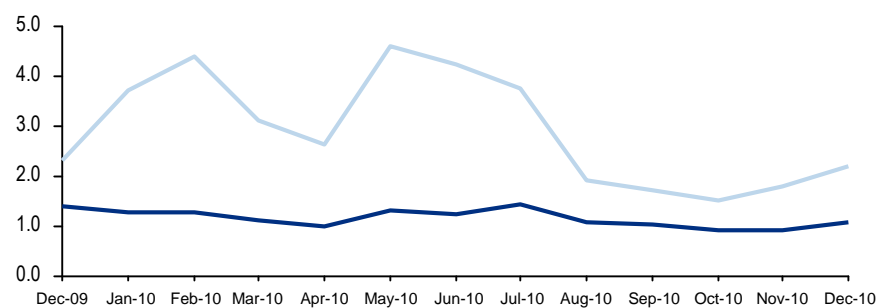
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Dec-10	Nov-10	Dec-09	YTD-10
Event Driven	2.0%	0.3%	1.7%	9.0%
The Merger Fund (MERFX)	0.4%	0.3%	0.6%	3.4%
AQR Div Arb Fund (ADANX)	0.2%	0.7%	1.7%	4.4%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

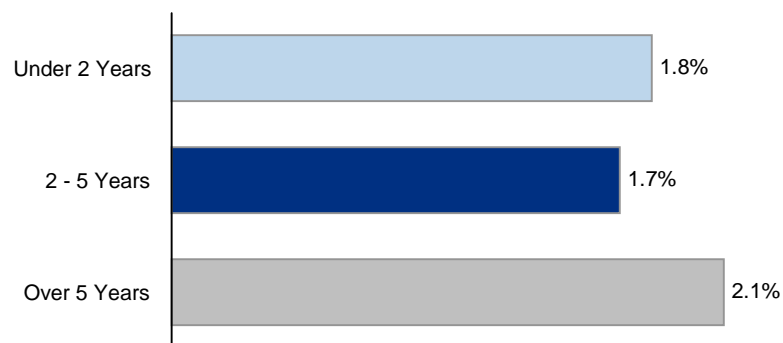


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

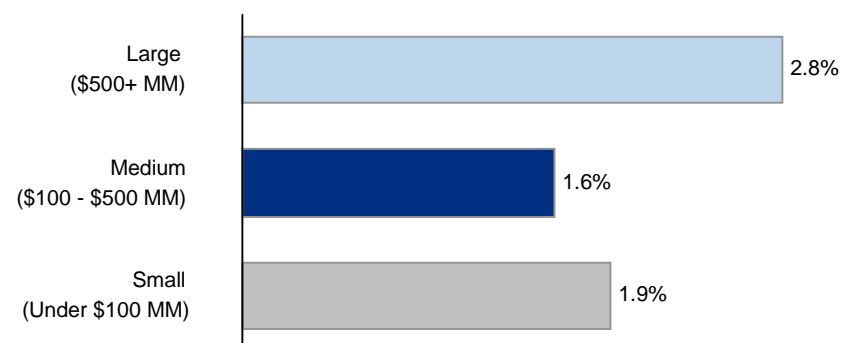
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

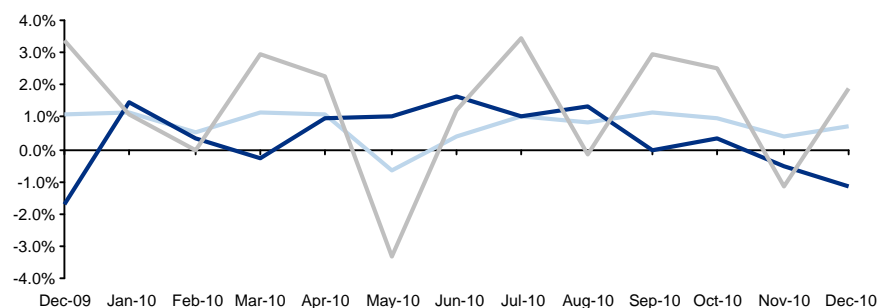
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

FI Arbitrage

Data as of Dec-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%	1.0%	0.8%	1.1%	1.0%	0.4%	0.7%	9.0%

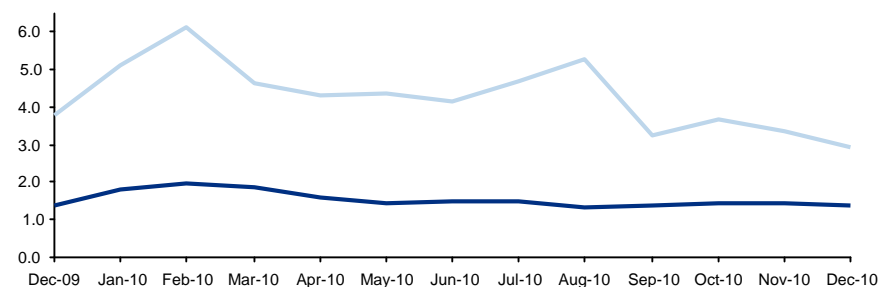
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Dec-10	Nov-10	Dec-09	YTD-10
FI Arbitrage	0.7%	0.4%	1.1%	9.0%
Citi US BIG Index	-1.2%	-0.5%	-1.7%	6.3%
Citi HY Bond Index	1.9%	-1.1%	3.4%	14.3%

Source: Citi ICG Analytics; Citigroup Index LLC

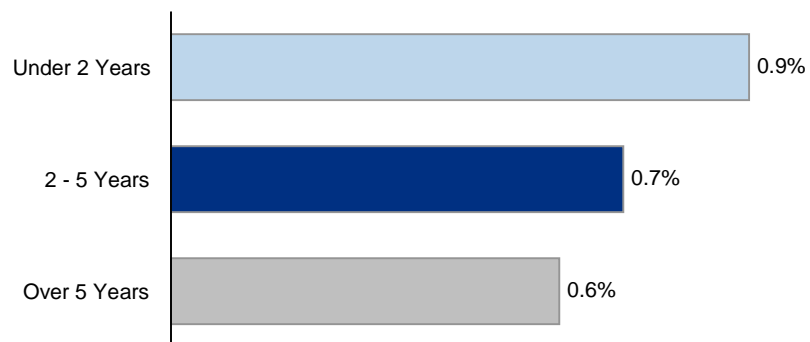
Leverage Profile (Monthly, LTM)



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

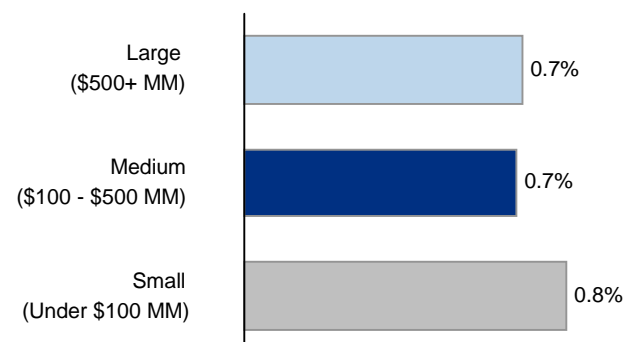
Source: Citi Prime Finance

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size



Source: Citi ICG Analytics

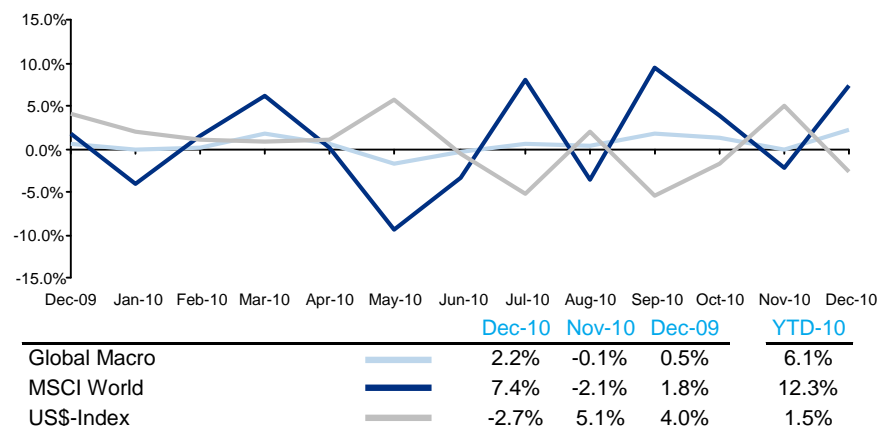
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Global Macro

Data as of Dec-2010

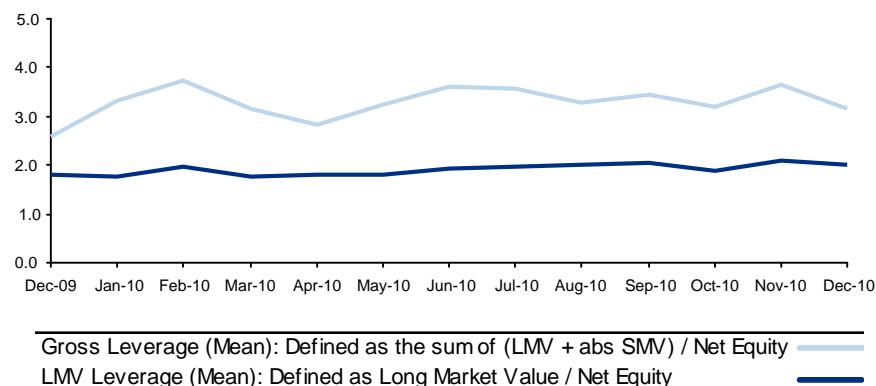
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.2%	0.1%	1.7%	0.6%	-1.9%	-0.3%	0.5%	0.4%	1.7%	1.3%	-0.1%	2.2%	6.1%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



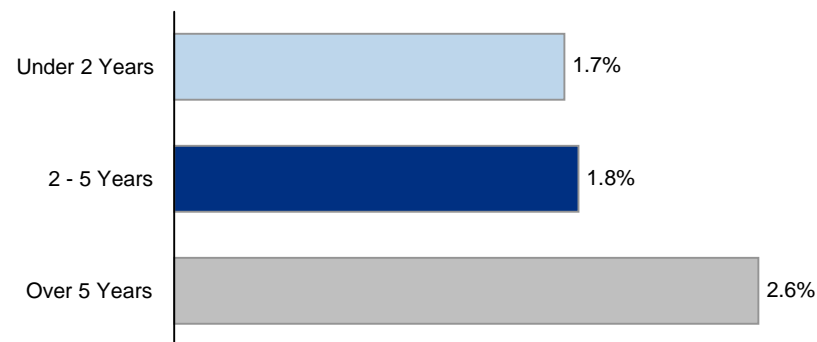
Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)



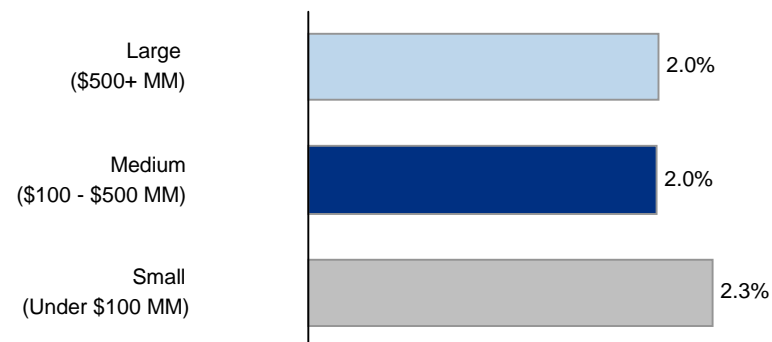
Source: Citi ICG Analytics; FactSet; Citi Prime Finance

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

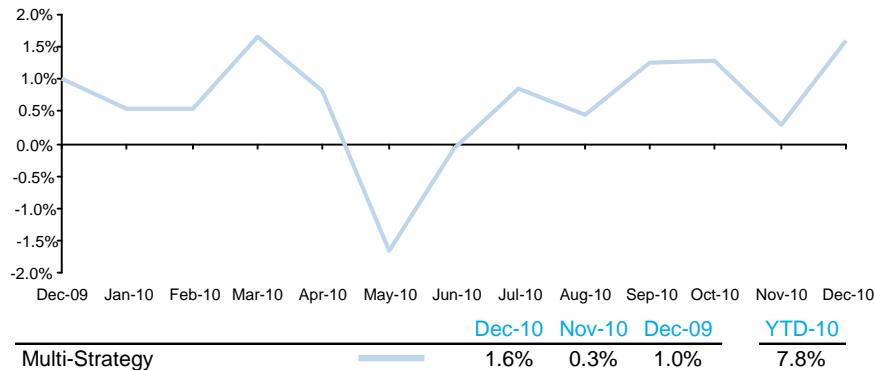
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. (1) Universe and sample sizes may be small.

Multi-Strategy

Data as of Dec-2010

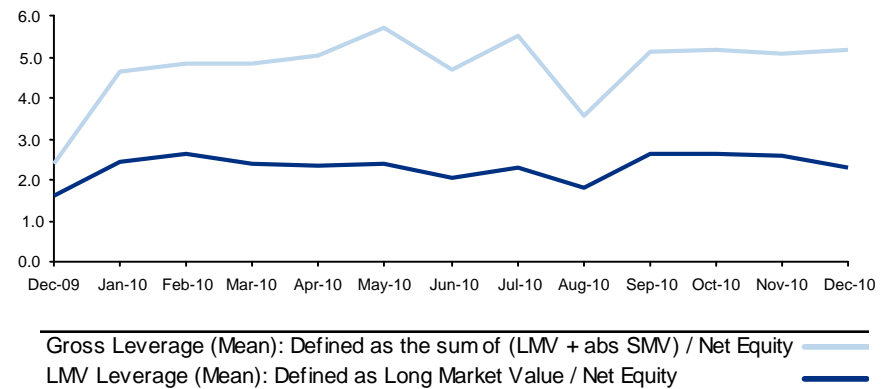
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.6%	0.5%	1.7%	0.8%	-1.7%	-0.1%	0.9%	0.4%	1.3%	1.3%	0.3%	1.6%	7.8%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



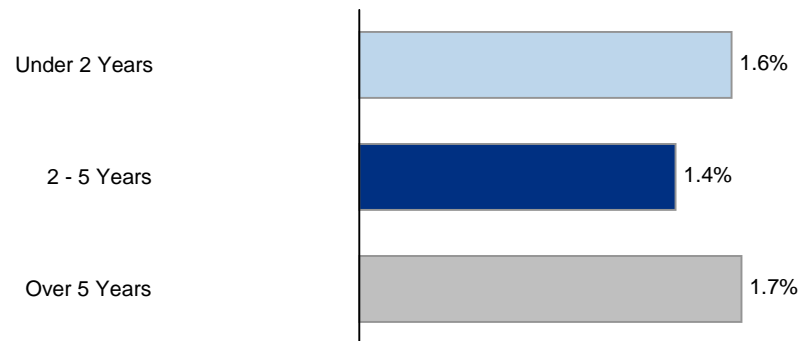
Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)



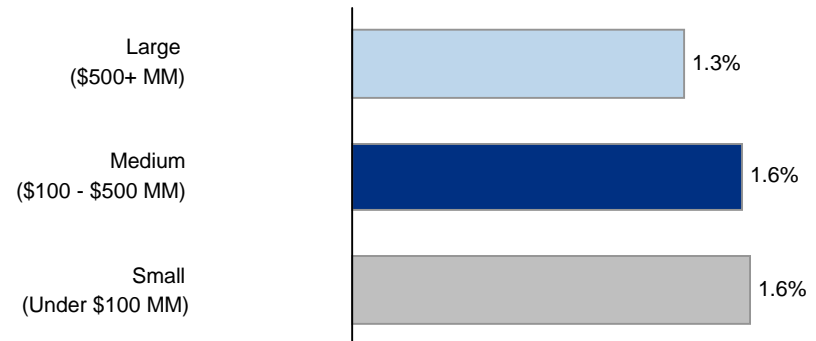
Source: Citi Prime Finance

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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