

Citi Prime Finance



Market Commentary
Report Date: December 2011

www.citigroupgcib.com

Hedge Fund Industry Snapshot

Data as of November 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

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Performance, AUM & Flows:

- Composite hedge fund performance, equal-weighted across funds, were down in November 2011 with performance losses ranging from -1.01% to -0.87%. The Citi HARP hedge fund replication index was -0.66% in November versus the HFRI Fund of Fund index that was -0.10%. November 2011 performance reversed the modest uptick in October 2011 and marked the 3rd time in the past 4 months that hedge funds posted net declines.
- Dedicated Short Bias strategies posted a modest (+0.5%) increase, but all other strategies were unchanged or lower. Emerging Markets strategies posted the most significant declines (-2.0%) followed by Distressed Securities (-1.2%) and both Equity Long/Short and Convertible Arbitrage strategies (-1.1%).
- Looking at the distribution of returns within each strategy, there were only 3 where the majority of reporting funds were in the black as opposed to the red during November 2011. These were Fixed Income Arbitrage (51% in the black); Equity Market Neutral (54%) and Dedicated Short Bias (63%). Year-to-date, the only strategy that has more funds reporting positive as opposed to negative returns was Fixed Income Arbitrage with 64% of funds showing gains. All other strategies showed that the majority of funds were in the red.
- According to eVestment/HFN, hedge fund industry AUM ended November 2011 at \$2.48 trillion, down slightly from October's \$2.49 trillion but up from last year's November figure of \$2.41 trillion. The recent AUM peak was recorded in April 2011 when assets reached \$2.61 trillion. Industry AUM overall remains well below its \$2.94 trillion June 2008 peak.
- Decreases in AUM in November 2011 were attributable to both negative performance -\$8.0 billion and negative investor flows -\$5.2 billion. In comparison, November 2011 AUM showed a modest increase with performance down -\$6.7 billion but investor flows up \$12.1 billion. Year-to-date performance is -\$162.4 billion with such losses offset by only modest investor flows of \$46.5 billion.

Fund Profiles:

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was -0.5% medium single funds (\$100-\$500 million) -0.6% and small single funds (<\$100 million) -0.6%.
- Liquidity terms in November 2011 showed that the majority of funds (46%) required 30 days or less notice period for redemptions and that 51% allowed monthly redemptions. Across the entire subset of reporting funds, the majority (63%) required no lockup (37%) or less than 1 year lock up (26%).
- Consistent throughout recent reporting periods, large funds (> \$500 million AUM) continue to hold a large portion of industry AUM (72%) compared to medium funds (\$100-\$500 million) at 20% and small funds (<\$100 million) holding only 8%.

Leverage & Shorts:

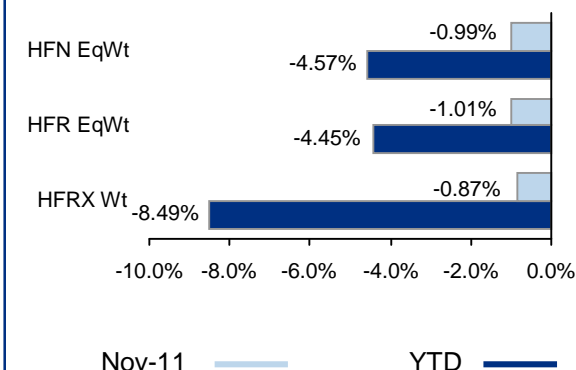
- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.84x in November 2011 versus 1.79x in October and 1.76x in September.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Global Macro 5.1x; Equity Market Neutral 4.4x; Multi-Strategy 4.2x and Convertible Arbitrage 3.3x. Strategies using the lowest leverage were Distressed Securities and Emerging Markets at 1.3x.
- Citi U.S. short flows data included in this month's report shows a stabilization of interest in the Information Technology, Consumer Discretionary, & Financials sectors. These three sectors accounted for 48.48% of short executions and 50.13% of short cover. This compares to 48.45% and 49.28% respectively in October 2011. These figures remain substantially lower than the 58.91% of short executions and 56.65% of short cover noted back in August 2011.
- In November the largest swing in large speculator net positioning in terms of percentage of total open interest came in a building in the net long gold (futures & options) exposure. The move, however, came in the context of a drop in total open interest. At the end of November total open interest was down 37% from the August 2011 peak. The next largest move was in net positioning in the EuroFX contracts where large speculators increased a net short position. Large speculators swung back from a net short position in TY contracts to a net long position with their overall positioning remaining close to neutral. The overall net large speculator position remained short in the S&P combined e-mini & big contracts (futures & options). While the net short position was trimmed slightly from where it was at end-October, it remains at levels (in terms of percentage of total open interest) last seen in June 2008.

Hedge Fund Industry: AUM, Performance

Data as of Nov-2011

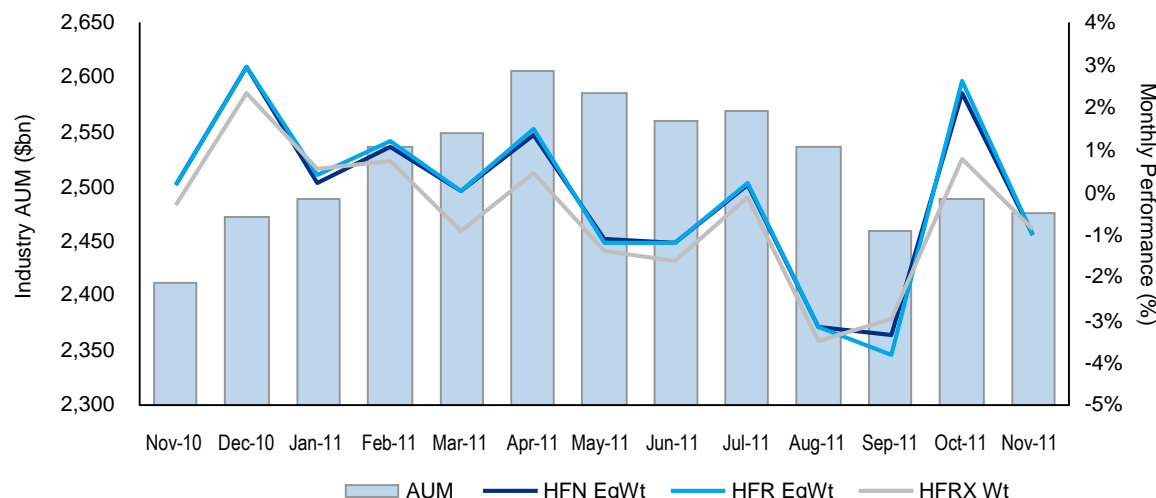
- Composite hedge fund performance, equal-weighted across funds, was down in November 2011 with performance losses ranging from -0.87% to -1.01%. November marked the 3rd time in the past 4 months that returns were down. Year-to-date performance ranged from -4.45% to -8.49%.
- Sustained uncertainty about the European debt crisis continued to foster highly volatile market conditions during November 2011. According to HFR, relative value funds were adversely affected as U.S. interest rates declined while borrowing costs breached unsustainable levels for several indebted European sovereign issuers and global financial institutions remained vulnerable to additional losses and risk. This combination of factors had a particular impact on equity and credit sensitive strategies.
- Looking at specific strategies, there were few gains to be noted in November 2011. The best performing strategy was Dedicated Short Bias at +0.5% followed by Equity Market Neutral at +0.1%. All other strategies were unchanged or lower. Emerging Markets led the declines with November 2011 losses of -2.0% followed by Distressed Securities (-1.2%) and Convertible Arbitrage & Equity Long/Short (-1.1%).
- Industry AUM, estimated at \$2.48 trillion according to eVestment/HFN is down from October's \$2.49 trillion.

Industry Performance: Nov-11 / YTD



Source: eVestment|HFN

Monthly Industry AUM and Performance



Source: eVestment|HFN; Hedge Fund Research, Inc., © 2010; www.hedgefundresearch.com

Note Pad:

- MSCI World Index: -2.4%; -7.1% YTD
- MSCI Emerging Markets Index: -6.7%; -14.9% YTD
- S&P 500: -0.2%; -1.3% YTD
- Citi US BIG Index: -0.1%; +6.5% YTD
- S&P GSCI: +1.4%; -2.0% YTD
- U.S. Dollar Index: +2.9%; +0.8% YTD
- HFN Country Indices September /YTD:
 Brazil -3.70% / -7.27%; Russia -3.48% / -17.60%;
 India: -11.89% / -30.78%; China: -2.59% / -11.90%

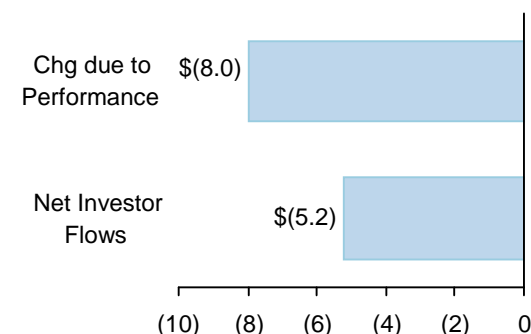


Hedge Fund Industry: Change in Industry Assets

Data as of Nov-2011

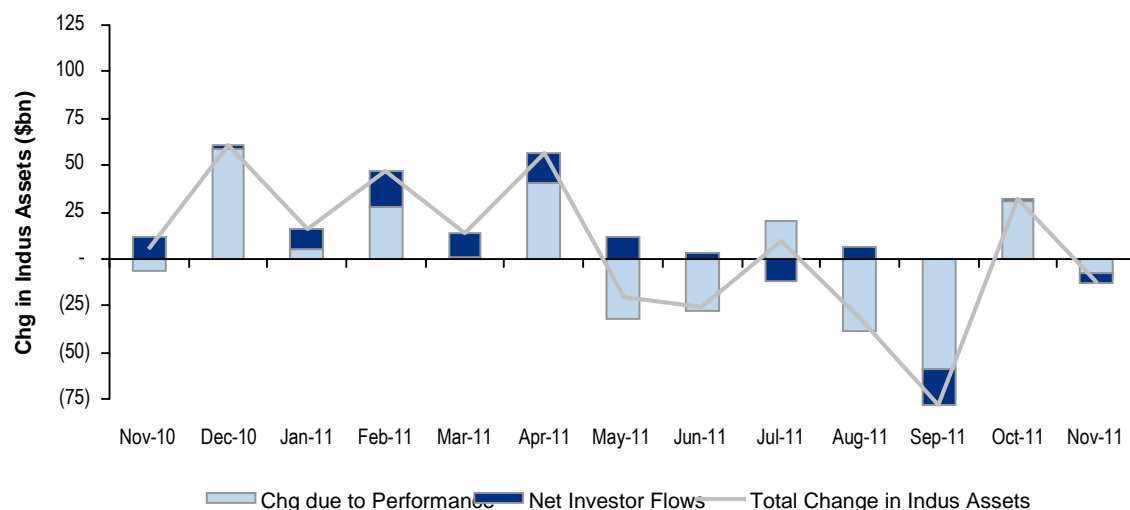
- According to eVestment/HFN, the estimated change in industry assets for November 2011 was negative at -\$13.15 billion. Declines were evident in both performance (-\$7.95 billion) and investor flows (-\$5.2 billion). This compares to October 2011 performance which showed a net +\$31.69 billion gain in AUM with performance up \$30.85 billion and investor flows up \$0.84 billion.
- Year-to-date, performance losses continue to be the primary drag on industry assets. January-November 2011 performance-related losses were -\$162.38 billion whereas investor flows in that same period remained net positive at +\$46.51 billion. These figures compare to 2010 when January-November performance was +161.15 billion and investor flows were +\$78.28 billion.
- Performance had been net positive from January-July 2011 until losses in August caused the trend to reverse. Investor flows peaked in June 2011 at +\$73.65 billion before reversing. Overall, investor flows have only been down in 3 of the past 11 months.
- Total industry AUM of \$2.48 trillion in November 2011 is down -0.5% from October's \$2.49 trillion, but up +2.7% from year-ago when AUM was only \$2.41 trillion. April 2011 marked the recent peak for industry assets as total AUM hit a post-2008 high of \$2.61 trillion. Prior to that month, the industry's peak AUM was noted in June 2008 at just over \$2.9 trillion.

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



Source: eVestment|HFN

Monthly Change in Industry Assets and Composition



Source: eVestment|HFN

Note Pad:

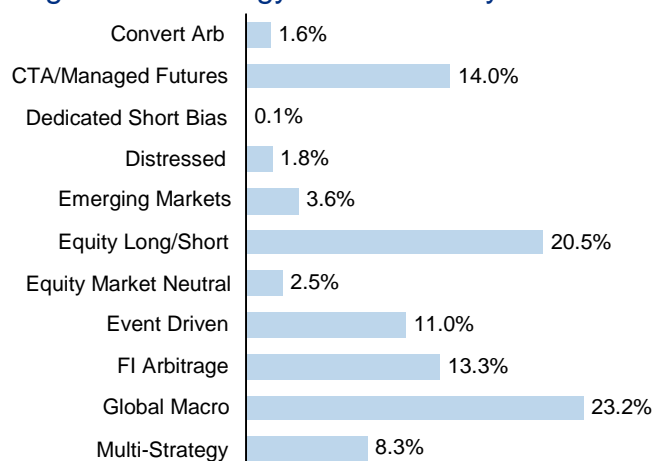
- The Citi Prime Finance calculation for end-November gross leverage (as measured on a mean basis) was 1.84x, up from recent months: October (1.79x), September (1.76x), and August (1.78x)
- Gross leverage (mean): defined as $\text{sum of (LMV + abs SMV)} / \text{Net Equity}$



Hedge Fund Stats by Strategy

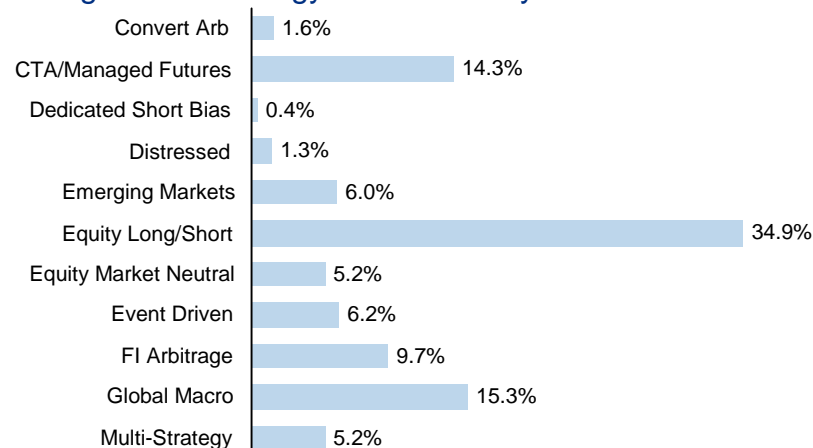
Data as of Nov-2011

Hedge Fund Strategy Breakdown by Assets



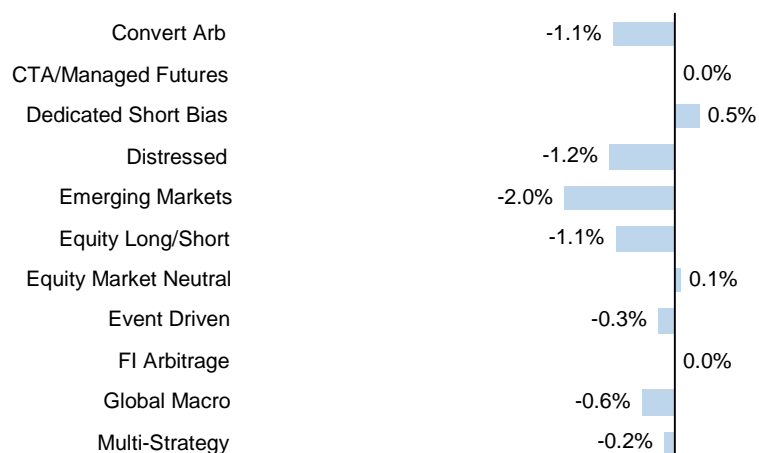
Source: Citi ICG Analytics

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi ICG Analytics

Hedge Fund Performance by Strategy

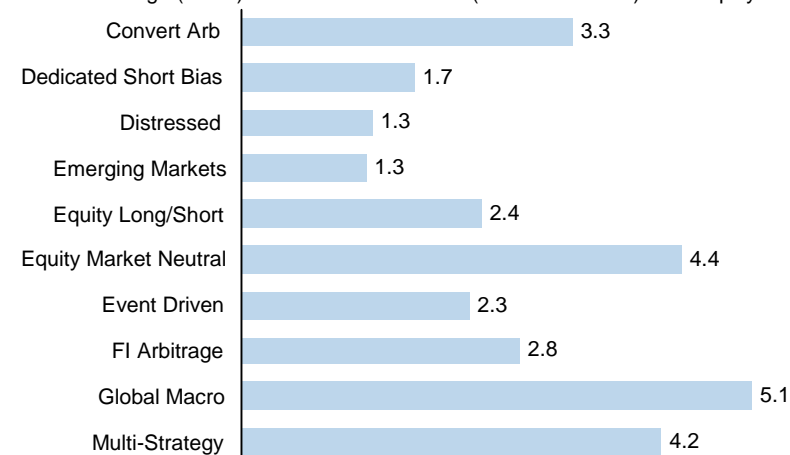


Source: Citi ICG Analytics

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



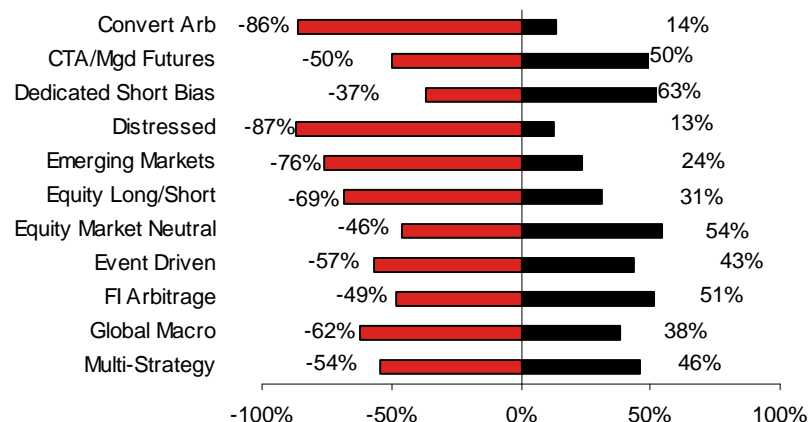
Source: Citi Prime Finance



Hedge Fund Performance: Red/Black Report

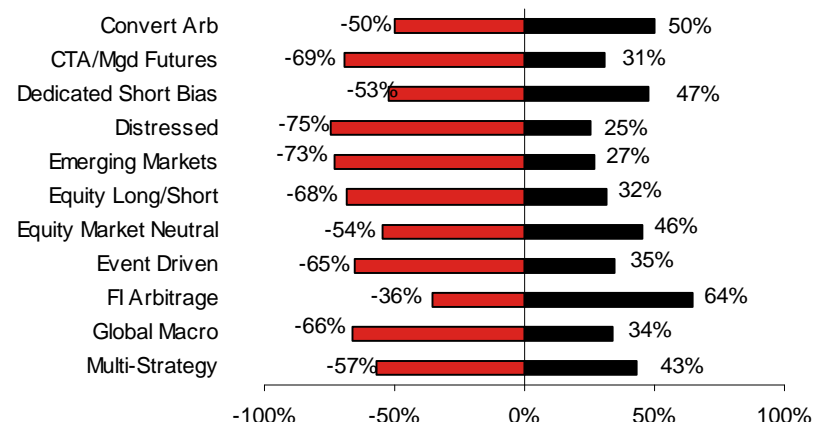
Data as of Nov-2011

Nov-2011: Percentage of Reporting Funds
Negative (—) / Positive (—) Performance



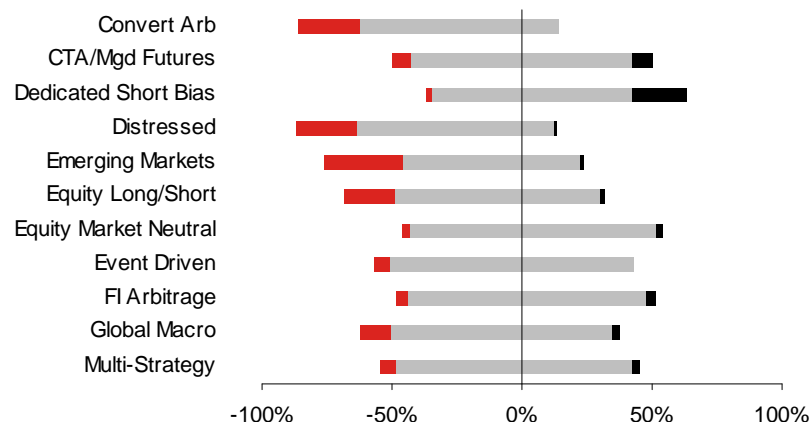
Source: Citi ICG Analytics

YTD Nov-2011: Percentage of Reporting Funds
Negative (—) / Positive (—) Performance



Source: Citi ICG Analytics

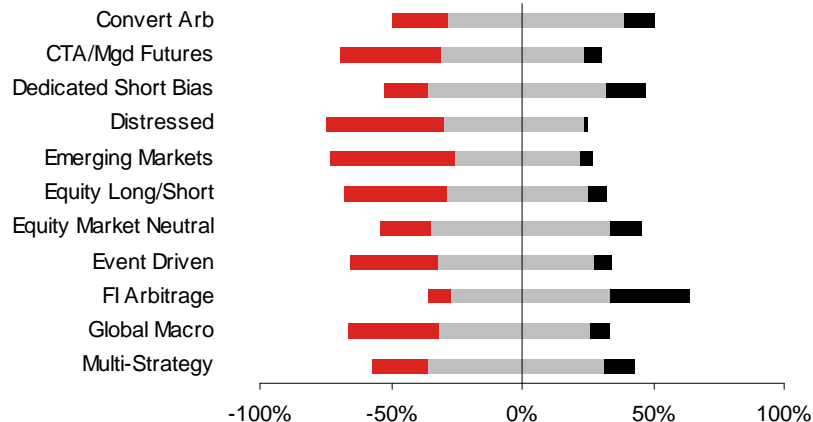
Nov-2011: Percentage of Reporting Funds w/Performance
Below -3% (—) / Btwn 0% +/- 3% (—) / Above +3% (—)



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.

YTD Nov-2011: Percentage of Reporting Funds w/Performance
Below -3% (—) / Btwn 0% +/- 3% (—) / Above +3% (—)



Source: Citi ICG Analytics



Monthly Performance by Strategy

Data as of Nov-2011

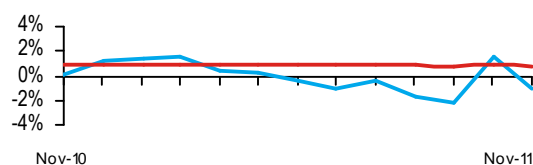
Monthly Median:

Trailing 60 Month Median:



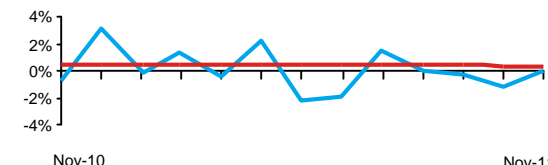
Convertible Arbitrage

Nov-11	Oct-11	Sep-10
-1.1%	1.6%	0.1%
0.73%	0.87%	0.93%



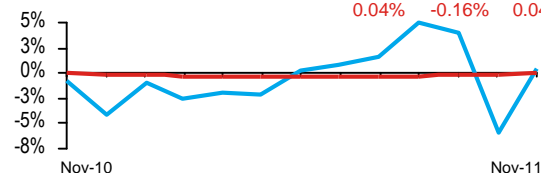
CTA/Managed Futures

Nov-11	Oct-11	Sep-10
0.0%	-1.3%	-0.7%
0.22%	0.30%	0.48%



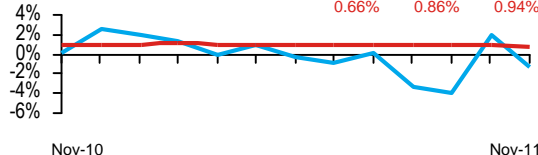
Dedicated Short Bias

Nov-11	Oct-11	Sep-10
0.5%	-5.9%	-0.7%
0.04%	-0.16%	0.04%



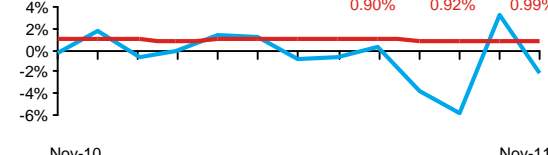
Distressed

Nov-11	Oct-11	Sep-10
-1.2%	2.0%	0.2%
0.66%	0.86%	0.94%



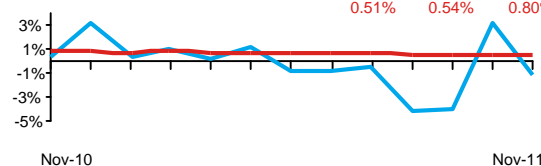
Emerging Markets

Nov-11	Oct-11	Sep-10
-2.0%	3.2%	-0.3%
0.90%	0.92%	0.99%



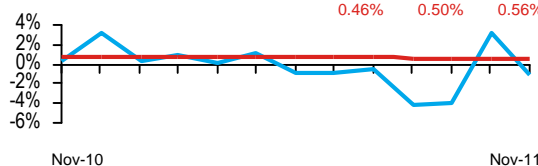
Equity Long/Short

Nov-11	Oct-11	Sep-10
-1.1%	3.1%	0.4%
0.51%	0.54%	0.80%



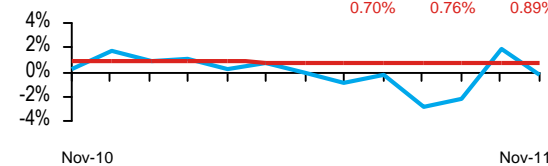
Equity Market Neutral

Nov-11	Oct-11	Sep-10
0.1%	1.3%	0.3%
0.46%	0.50%	0.56%



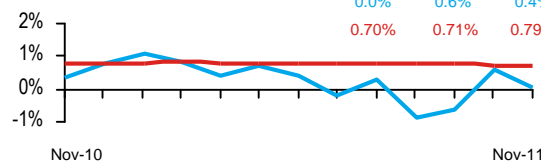
Event Driven

Nov-11	Oct-11	Sep-10
-0.3%	1.9%	0.3%
0.70%	0.76%	0.89%



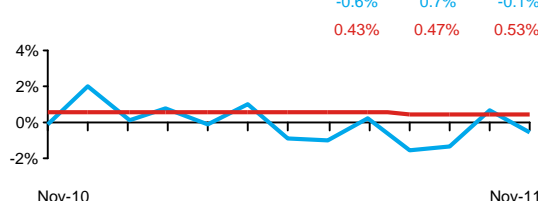
FI Arbitrage

Nov-11	Oct-11	Sep-10
0.0%	0.6%	0.4%
0.70%	0.71%	0.79%



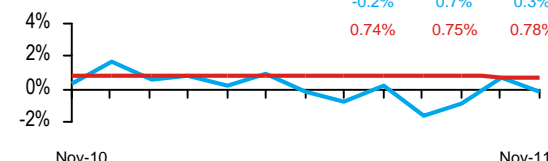
Global Macro

Nov-11	Oct-11	Sep-10
-0.6%	0.7%	-0.1%
0.43%	0.47%	0.53%



Multi-Strategy

Nov-11	Oct-11	Sep-10
-0.2%	0.7%	0.3%
0.74%	0.75%	0.78%



Source: Citi ICG Analytics

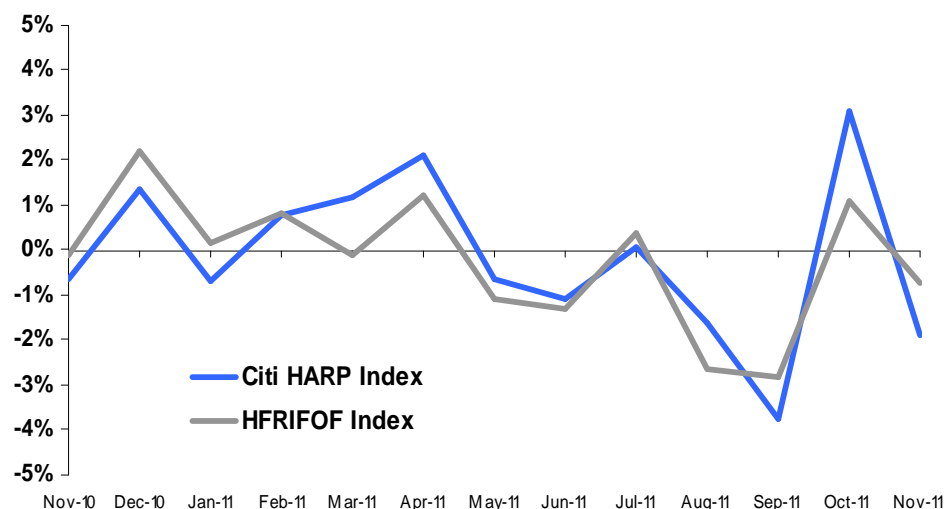
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.



Citi Liquid Hedge Fund Replicator (HARP)

Data as of Nov-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

	Nov-11	Oct-11	Nov-10	YTD-11
Citi HARP	-1.88%	3.08%	-0.66%	-2.61%
HFRIFO	-0.71%	1.11%	-0.10%	-4.92%

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	-1.29%	-2.82%
Annualised Volatility	6.61%	5.33%
Sharpe Ratio	-0.208	-0.545
Correlation	84.97%	-

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.

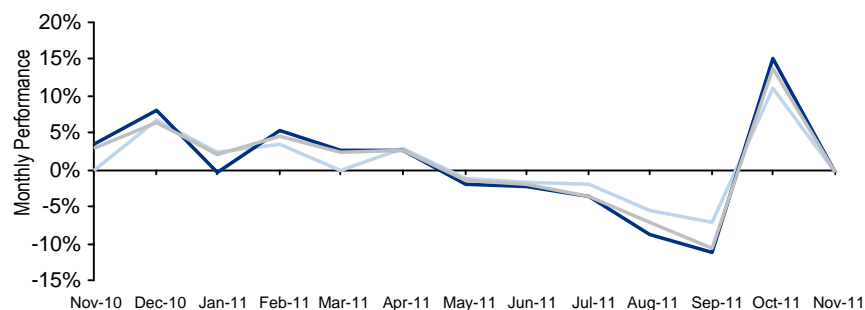
The weighting within the Index of each component is determined monthly. Every month, a multiple linear regression algorithm is used to identify the appropriate weighting.



Market Performance

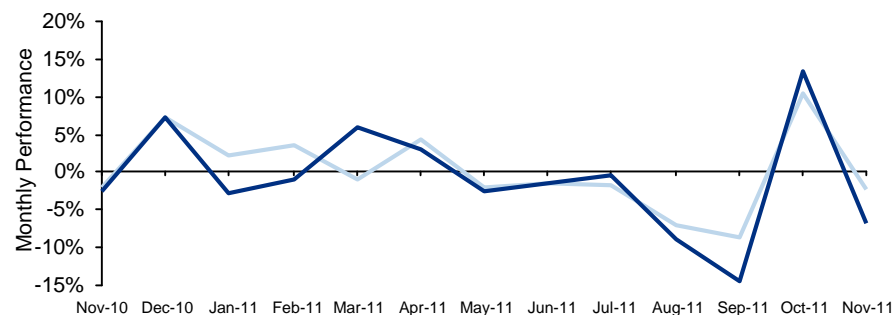
Data as of Nov-2011

US Equities (Large Cap vs. Small Cap)



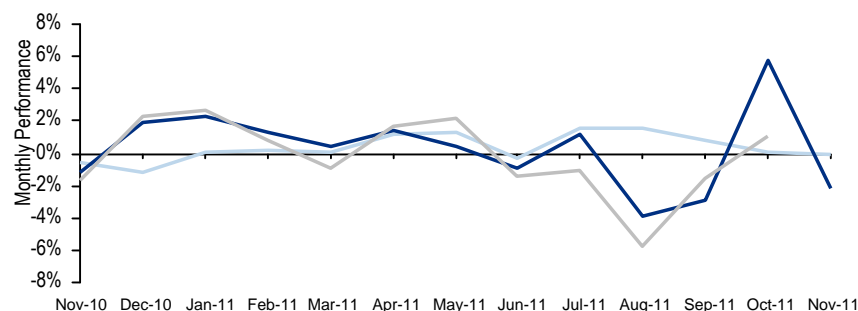
		Nov-11	Oct-11	Nov-10	YTD-11
S&P 500		-0.2%	10.9%	0.0%	-1.3%
RUS 2000		-0.4%	15.1%	3.5%	-4.6%
S&P Mid		-0.3%	13.7%	3.0%	-3.3%

Global Equities (Developed vs. Emerging)



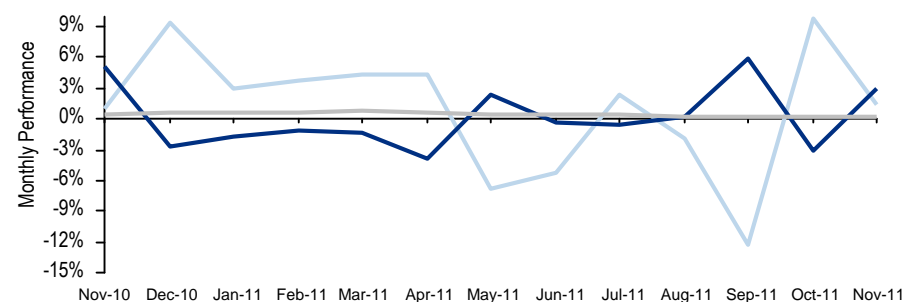
		Nov-11	Oct-11	Nov-10	YTD-11
MSCI World		-2.4%	10.4%	-2.1%	-7.1%
MSCI EM		-6.7%	13.3%	-2.6%	-14.9%

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



		Nov-11	Oct-11	Nov-10	YTD-11
Citi US BIG Index		-0.1%	0.1%	-0.5%	6.5%
Citi HY Bond Index		-2.1%	5.8%	-1.1%	0.4%
Altman Defaulted		n/a	1.1%	-1.6%	n/a

Commodities (US\$ performance)



		Nov-11	Oct-11	Nov-10	YTD-11
S&P GSCI		1.4%	9.7%	1.1%	-2.0%
US-\$ Index		2.9%	-3.0%	5.1%	0.8%
US 2yr Note		0.3%	0.3%	0.5%	0.4%

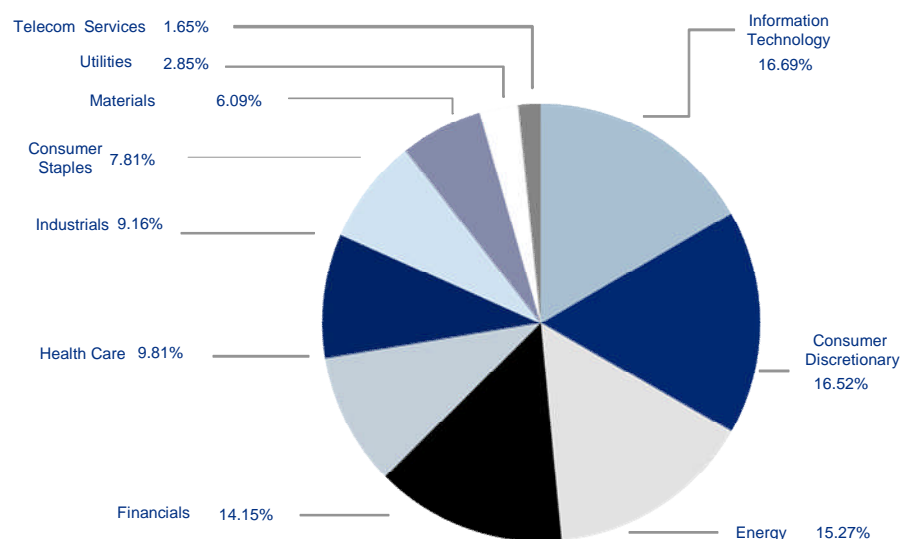
Source: Citi ICG Analytics; FactSet; Citigroup Index LLC; Altman-NYU Salomon Center defaulted Debt Security Indexes.



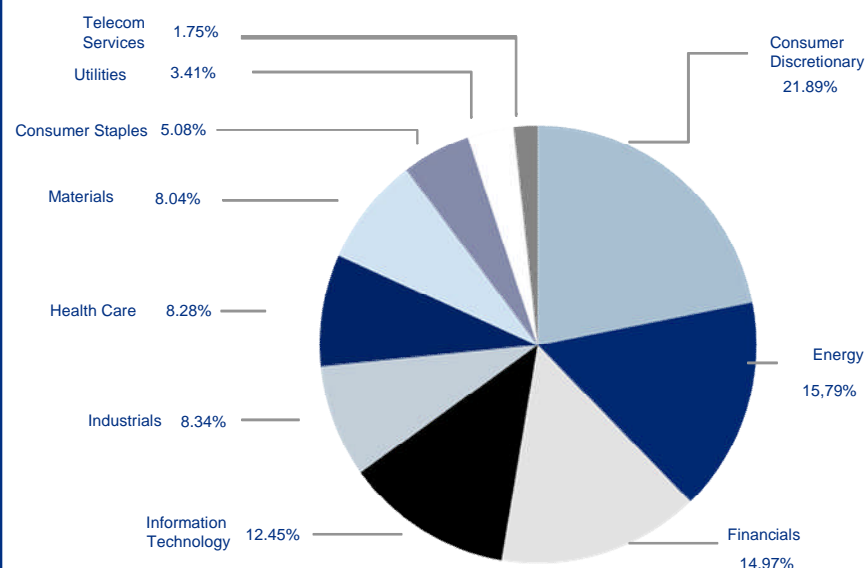
US Securities Lending Sector Short Flows

Data as of Nov-2011

Short Sale Executions



Short Cover Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Information Technology	16.69	19.70	-15.28
Consumer Discretionary	16.52	16.49	0.18
Financials	15.27	12.26	24.55
Energy	14.15	13.61	3.97
Health Care	9.81	10.05	-2.39
Industrials	9.16	9.68	-5.37
Materials	7.81	6.01	29.95
Consumer Staples	6.09	8.46	-28.01
Utilities	2.85	2.41	18.26
Telecom Services	1.65	1.33	24.06

Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Consumer Discretionary	21.89	19.71	11.06
Financials	15.79	16.22	-2.65
Energy	14.97	17.41	-14.01
Information Technology	12.45	13.35	-6.74
Industrials	8.34	9.30	-10.32
Materials	8.28	7.48	10.7
Health Care	8.04	8.04	0
Consumer Staples	5.08	4.05	25.43
Utilities	3.41	3.03	12.54
Telecom Services	1.75	1.41	24.11

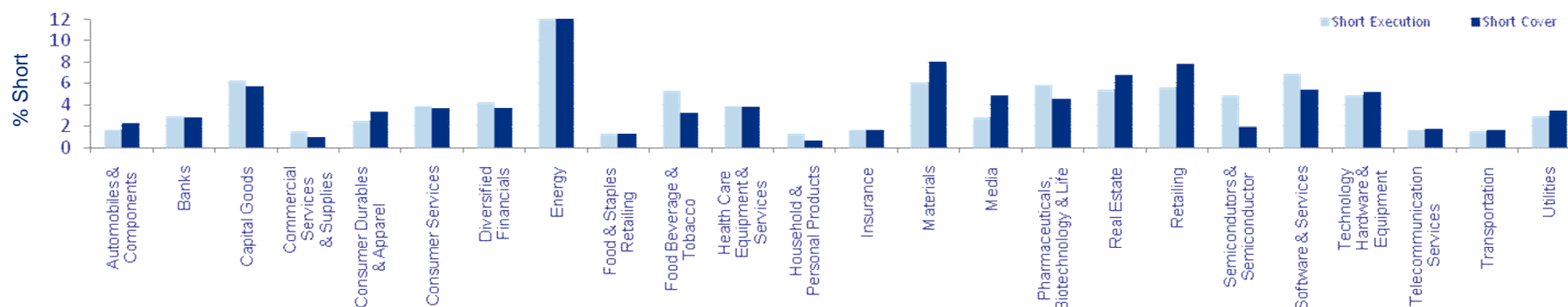
Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value



US Securities Lending Industry Group Short Flows

Data as of Nov-2011

Citi Industry Group Short Flows



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Energy	15.27	12.26	24.55
Software & Services	6.93	10.91	-36.48
Capital Goods	6.26	6.58	-4.86
Materials	6.09	8.46	-28.01
Pharmaceuticals, Biotechnology & Life	5.84	5.57	4.85
Retailing	5.59	5.21	7.29
Real Estate	5.35	5.86	-8.70
Food Beverage & Tobacco	5.29	3.90	35.64
Semiconductors & Semiconductor	4.89	2.87	70.38
Technology Hardware & Equipment	4.87	5.92	-17.74
Diversified Financials	4.20	3.40	23.53
Health Care Equipment & Services	3.97	4.48	-11.38
Consumer Services	3.92	3.97	-1.26
Banks	2.90	2.25	28.89
Utilities	2.85	2.41	18.26
Media	2.80	2.28	22.81
Consumer Durables & Apparel	2.53	2.95	-14.24
Insurance	1.70	2.10	-19.05
Automobiles & Components	1.68	2.08	-19.23
Telecom Services	1.65	1.33	24.06
Transportation	1.47	1.64	-10.37
Commercial Services & Supplies	1.43	1.46	-2.05
Household & Personal Products	1.29	0.72	79.17
Food & Staples Retailing	1.23	1.38	-10.87

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	15.79	16.22	-2.65
Materials	8.04	8.04	0.00
Retailing	7.79	7.31	6.57
Real Estate	6.83	7.74	-11.76
Capital Goods	5.65	7.00	-19.29
Software & Services	5.33	6.43	-17.11
Technology Hardware and Equipment	5.12	4.31	18.79
Media	4.86	2.84	71.13
Pharmaceuticals, Biotechnology & Life	4.52	3.89	16.20
Health Care Equipment and Services	3.77	3.60	4.72
Diversified Financials	3.67	2.04	79.90
Consumer Services	3.66	3.85	-4.94
Utilities	3.41	3.03	12.54
Consumer Durables & Apparel	3.28	3.20	2.50
Food Beverage & Tobacco	3.17	2.84	11.62
Banks	2.83	4.60	-38.48
Automobiles & Components	2.31	2.51	-7.97
Semiconductors & Semiconductor	2.00	2.61	-23.37
Telecom Services	1.75	1.41	24.11
Transportation	1.70	1.56	8.97
Insurance	1.63	3.02	-46.03
Food & Staples Retailing	1.29	0.89	44.94
Commercial Services & Supplies	0.98	0.74	32.43
Household & Personal Products	0.62	0.32	93.75

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 Nov-2011

Citi Short Flows: November 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	15.27	12.26	24.55	15.79	16.22	-2.65
15	Materials	6.09	8.46	-28.01	8.04	8.04	0.00
20	Industrials	9.16	9.68	-5.37	8.34	9.30	-10.32
25	Consumer Discretionary	16.52	16.49	0.18	21.89	19.71	11.06
30	Consumer Staples	7.81	6.01	29.95	5.08	4.05	25.43
35	Health Care	9.81	10.05	-2.39	8.28	7.48	10.70
40	Financials	14.15	13.61	3.97	14.97	17.41	-14.01
45	Information Technology	16.69	19.70	-15.28	12.45	13.35	-6.74
50	Telecommunication Services	1.65	1.33	24.06	1.75	1.41	24.11
55	Utilities	2.85	2.41	18.26	3.41	3.03	12.54
Industry Group	Industry Group						
1010	Energy	15.27	12.26	24.55	15.79	16.22	-2.65
1510	Materials	6.09	8.46	-28.01	8.04	8.04	0.00
2010	Capital Goods	6.26	6.58	-4.86	5.65	7.00	-19.29
2020	Commercial Services & Supplies	1.43	1.46	-2.05	0.98	0.74	32.43
2030	Transportation	1.47	1.64	-10.37	1.70	1.56	8.97
2510	Automobiles & Components	1.68	2.08	-19.23	2.31	2.51	-7.97
2520	Consumer Durables & Apparel	2.53	2.95	-14.24	3.28	3.20	2.50
2530	Consumer Services	3.92	3.97	-1.26	3.66	3.85	-4.94
2540	Media	2.80	2.28	22.81	4.86	2.84	71.13
2550	Retailing	5.59	5.21	7.29	7.79	7.31	6.57
3010	Food & Staples Retailing	1.23	1.38	-10.87	1.29	0.89	44.94
3020	Food Beverage & Tobacco	5.29	3.90	35.64	3.17	2.84	11.62
3030	Household & Personal Products	1.29	0.72	79.17	0.62	0.32	93.75
3510	Health Care Equipment & Services	3.97	4.48	-11.38	3.77	3.60	4.72
3520	Pharmaceuticals, Biotechnology & Life Sciences	5.84	5.57	4.85	4.52	3.89	16.20
4010	Banks	2.90	2.25	28.89	2.83	4.60	-38.48
4020	Diversified Financials	4.20	3.40	23.53	3.67	2.04	79.90
4030	Insurance	1.70	2.10	-19.05	1.63	3.02	-46.03
4040	Real Estate	5.35	5.86	-8.70	6.83	7.74	11.76
4510	Software & Services	6.93	10.91	-36.48	5.33	6.43	-17.11
4520	Technology Hardware & Equipment	4.87	5.92	-17.74	5.12	4.31	18.79
4530	Semiconductors & Semiconductor Equipment	4.89	2.87	70.38	2.00	2.61	-23.37
5010	Telecommunication Services	1.65	1.33	24.06	1.75	1.41	24.11
5510	Utilities	2.85	2.41	18.26	3.41	3.03	12.54

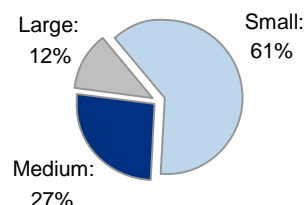
Source: S&P (GICS); Citi U.S. Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value



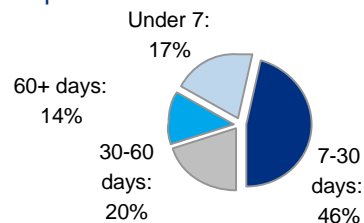
Hedge Fund (Fund Level) Profiles

Data as of Nov-2011

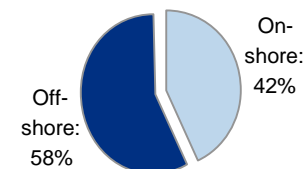
By Fund Size—No. of Funds



Redemption Notice Period



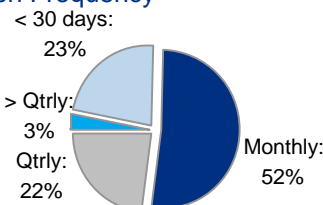
On-shore/Off-shore



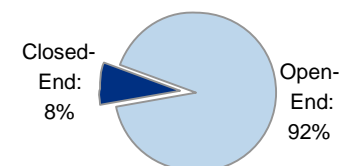
By Fund Size—\$ AUM



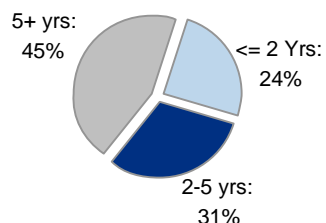
Redemption Frequency



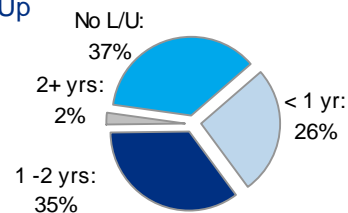
Legal Status



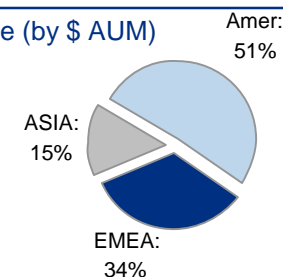
By Fund Age—No. of Funds



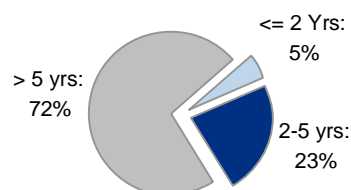
Lock-Up



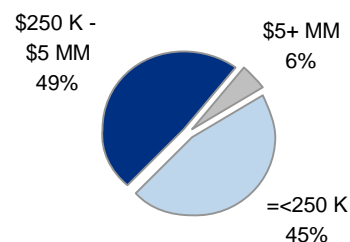
Domicile (by \$ AUM)



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 Nov-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	5%	\$1,074	-0.1%	-0.2%	44%	69%	n/m	n/m	Monthly / 52%
2-5 yrs	22%	\$920	-0.1%	-1.0%	55%	67%	1-2 yrs / 38%	Under 7 / 28%	Monthly / 41%
Over 5 yrs	73%	\$1,030	-0.5%	-3.0%	62%	73%	1-2 yrs / 45%	7-30 days / 34%	Monthly / 51%
Total	100%	\$1,015	-0.5%	-2.4%	60%	71%	1-2 yrs / 45%	7-30 days / 31%	Monthly / 49%

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	8%	\$136	0.1%	-0.6%	40%	77%	n/m	7-30 days / 38%	Under 30 / 52%
2-5 yrs	32%	\$184	-0.5%	-2.1%	54%	72%	1-2 yrs / 55%	7-30 days / 40%	Monthly / 45%
Over 5 yrs	60%	\$183	-0.7%	-2.1%	70%	65%	No / 52%	7-30 days / 52%	Monthly / 54%
Total	100%	\$179	-0.6%	-2.0%	63%	68%	No / 45%	7-30 days / 48%	Monthly / 50%

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	16%	\$24	-0.4%	-2.2%	43%	73%	1-2 yrs / 82%	7-30 days / 37%	Under 30 / 47%
2-5 yrs	31%	\$27	-0.5%	-2.5%	58%	63%	1-2 yrs / 44%	7-30 days / 43%	Monthly / 56%
Over 5 yrs	52%	\$31	-0.7%	-4.5%	69%	57%	No / 47%	7-30 days / 55%	Monthly / 50%
Total	100%	\$29	-0.6%	-3.9%	62%	61%	No / 44%	7-30 days / 50%	Monthly / 50%

Source: Citi ICG Analytics

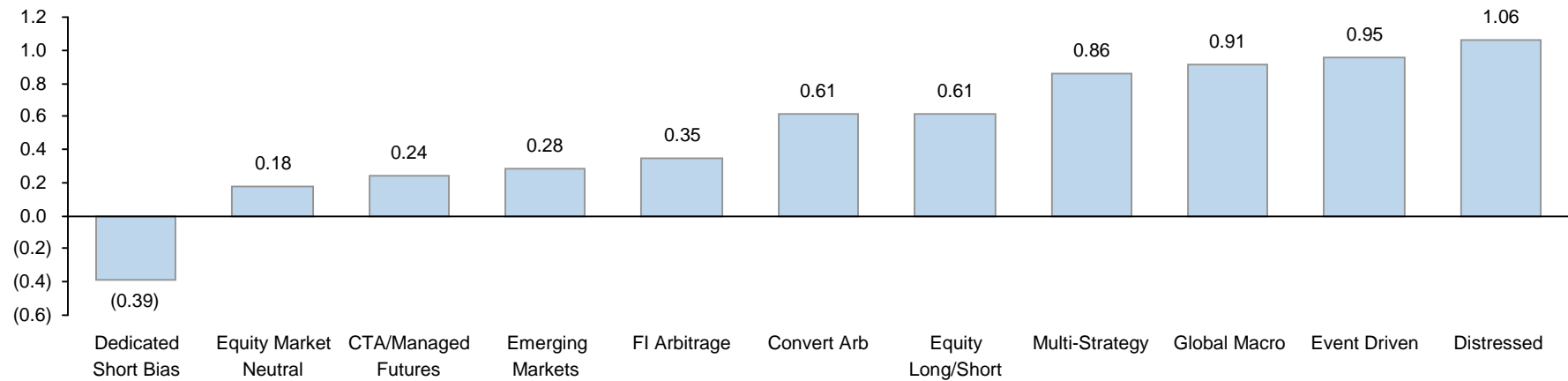
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. Median YTD performance is calculated from funds reporting for all underlying periods. - "n/m" = Not Meaningful.



Risk and Return Metrics

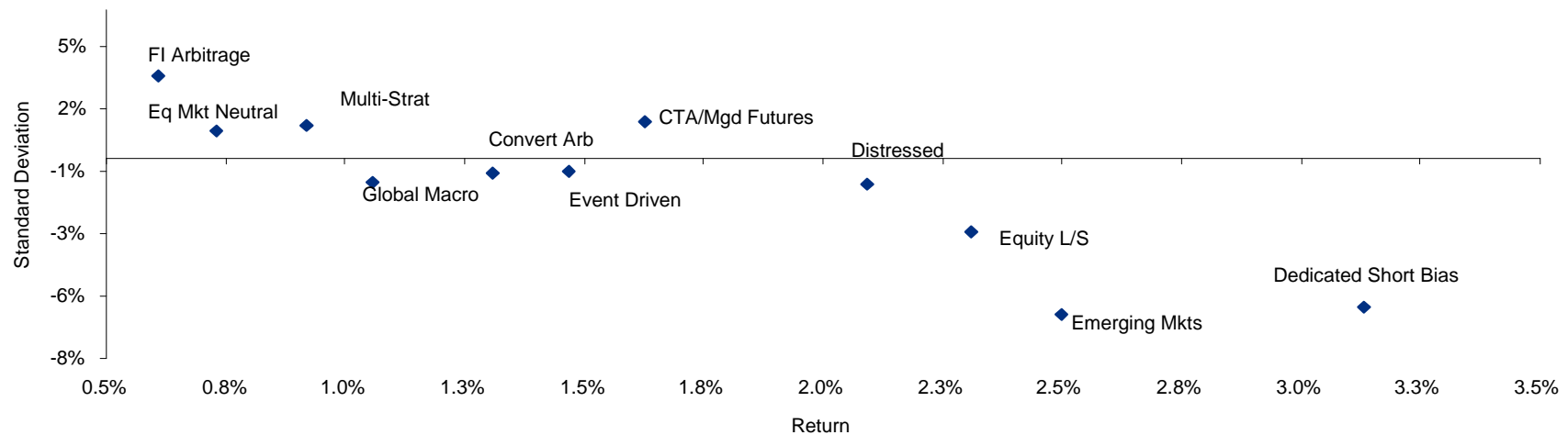
Data as of Nov-2011

Sharpe Ratios (Jun-94 – Nov-11)



Source: Credit Suisse Tremont

Risk vs. Return (Dec-10 – Nov-11)



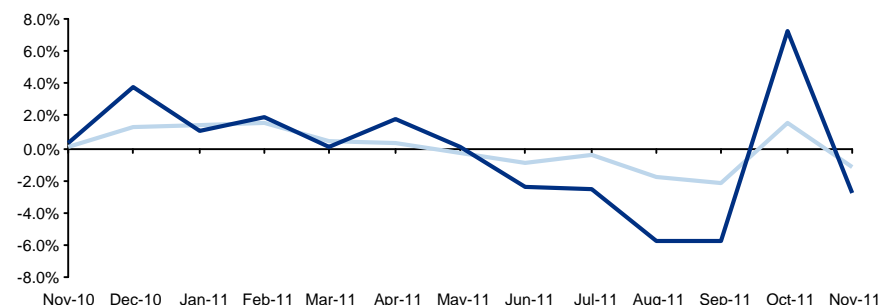
S

Convertible Arbitrage

Data as of Nov-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.4%	1.5%	0.4%	0.3%	-0.4%	-1.0%	-0.5%	-1.8%	-2.2%	1.6%	-1.1%		-1.8%

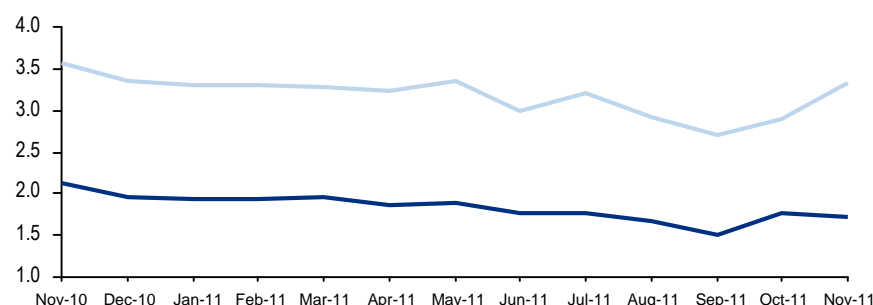
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Nov-11	Oct-11	Nov-10	YTD-11
Convert Arb	-1.1%	1.6%	0.1%	-1.8%
CWB ETF	-2.8%	7.2%	0.3%	-7.8%

Source: Citi ICG Analytics; FactSet

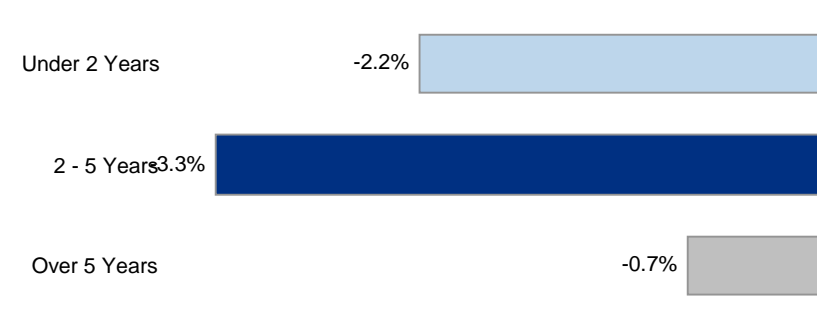
Leverage Profile (Monthly, LTM)



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

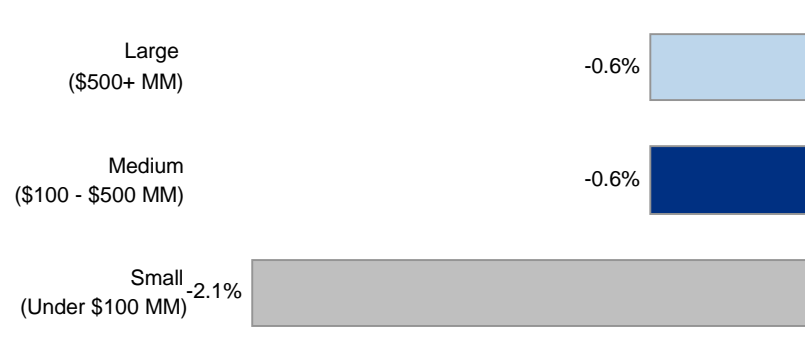
Source: Citi Prime Finance

Hedge Fund Performance by Age (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.

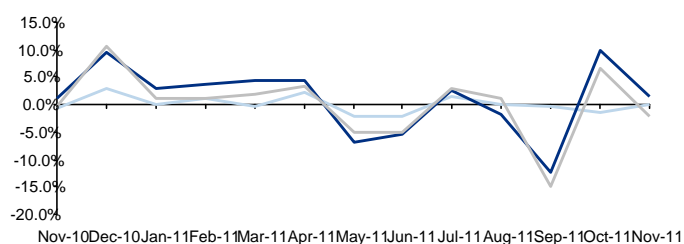


CTA/Managed Futures

Data as of Nov-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.1%	1.3%	-0.4%	2.2%	-2.3%	-2.0%	1.4%	0.0%	-0.4%	-1.3%	0.0%		-1.6%

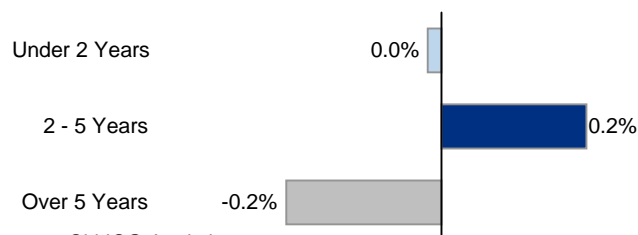
Hedge Fund Performance vs. Benchmark



	Nov-11	Oct-11	Nov-10	YTD-11
CTA/Mgd Futures	0.0%	-1.3%	-0.7%	-1.6%
S&P GSCI Commodity (SPGSCI)	1.4%	9.7%	1.1%	1.0%
DJ-UBS Commodity (DJAGK)	-2.2%	6.6%	-0.4%	-10.0%

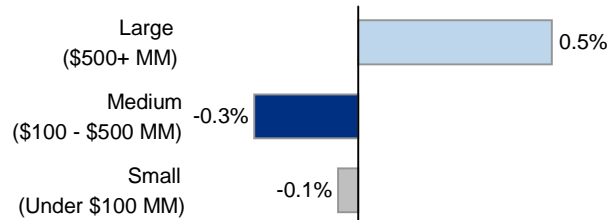
Source: Citi ICG Analytics; FactSet

Hedge Fund Performance by Age



Source: Citi ICG Analytics

Hedge Fund Performance by Size

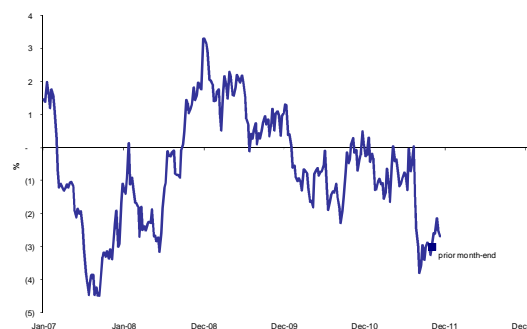


Source: Citi ICG Analytics

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

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

Combined S&P / Weighted Mini S&P Contracts



Last Update: 11/29/11 -2.7%

U.S. 10-Year Treasury Futures



Last Update: 11/29/11 +0.4%

EuroFX Futures



Last Update: 11/29/11 -14.5%

Gold Futures



Last Update: 11/29/11 +13.5%

Source: CFTC, Bloomberg, Citi Futures Perspective

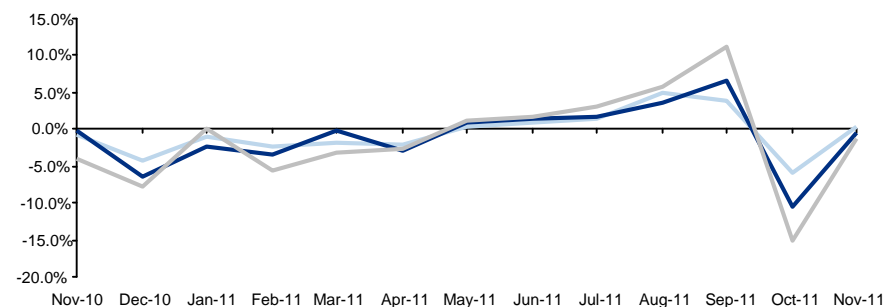


Dedicated Short Bias

Data as of Nov-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.9%	-2.5%	-1.9%	-2.2%	0.3%	0.9%	1.5%	4.9%	3.9%	-5.9%	0.5%		-1.8%

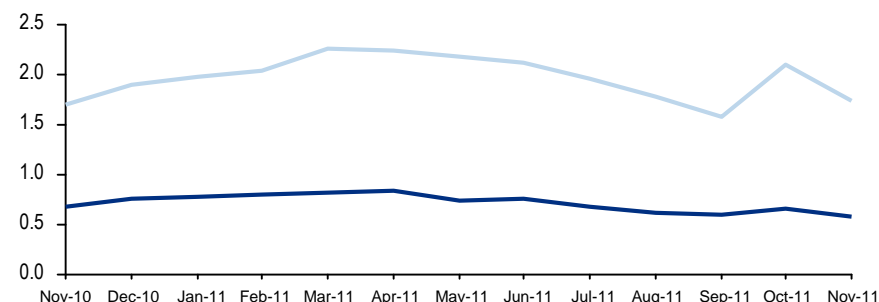
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Nov-11	Oct-11	Nov-10	YTD-11
Ded Short Bias	0.5%	-5.9%	-0.7%	-1.8%
S&P Short ETF (SH)	-0.5%	-10.6%	-0.3%	-6.5%
Rus 2000 Short ETF (RWM)	-1.3%	-15.1%	-4.0%	-6.7%

Source: Citi ICG Analytics; FactSet

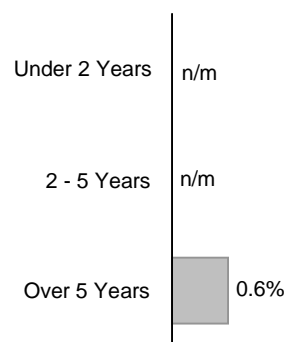
Leverage Profile (Monthly, LTM)



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 (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.

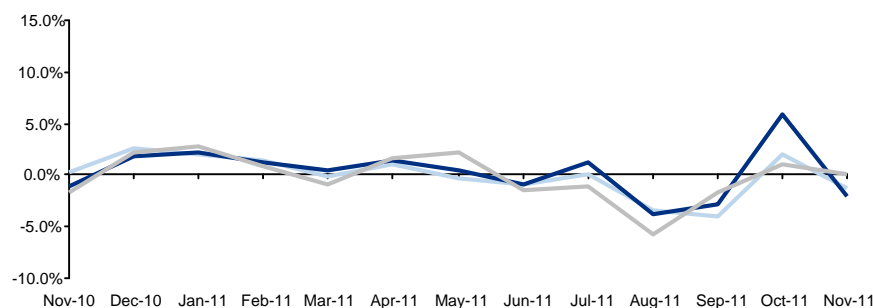


Distressed

Data as of Nov-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.0%	1.4%	-0.2%	1.0%	-0.2%	-0.9%	0.1%	-3.4%	-4.0%	2.0%	-1.2%		-3.5%

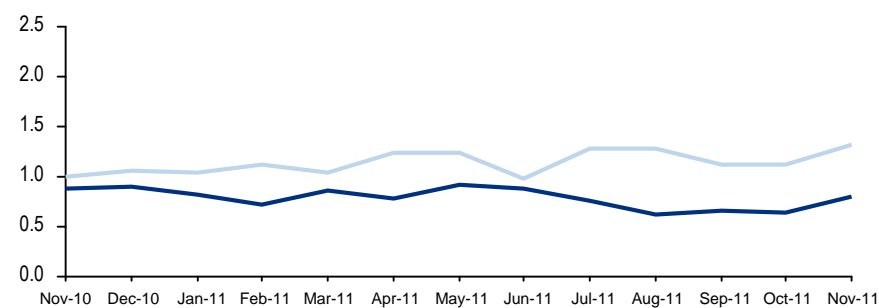
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Nov-11	Oct-11	Nov-10	YTD-11
Distressed	-1.2%	2.0%	0.2%	-3.5%
Citi HY Bond Index	-2.1%	5.8%	-1.1%	2.7%
Altman Defaulted Index	n/a	1.1%	-1.6%	n/a

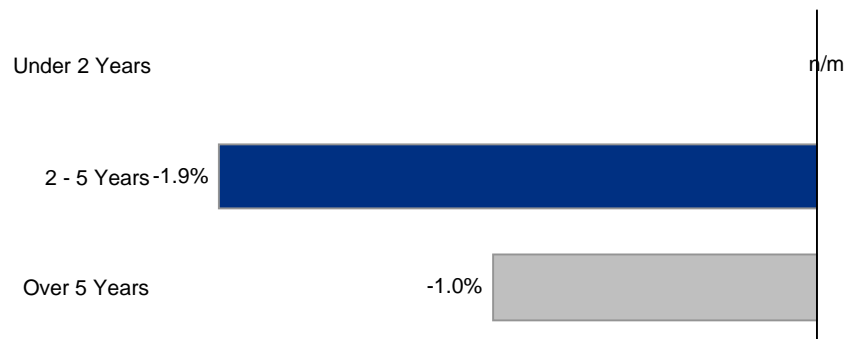
Source: Citi ICG Analytics; Citigroup Index LLC; Altman-NYU Salomon Center

Leverage Profile (Monthly, LTM)



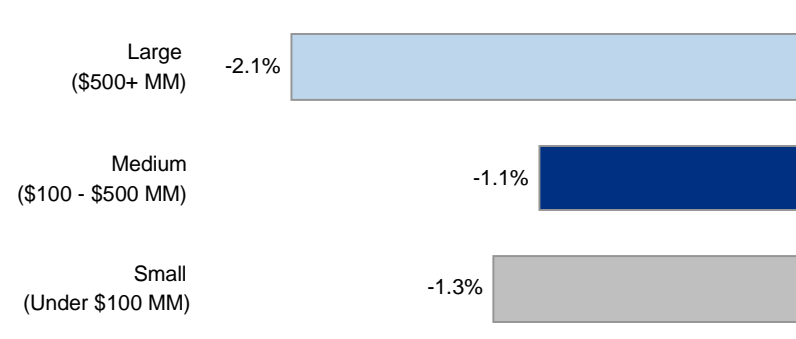
Source: Citi Prime Finance

Hedge Fund Performance by Age (1)



Source: Citi ICG Analytics

Hedge Fund Performance by Size (1)



Source: Citi ICG Analytics

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

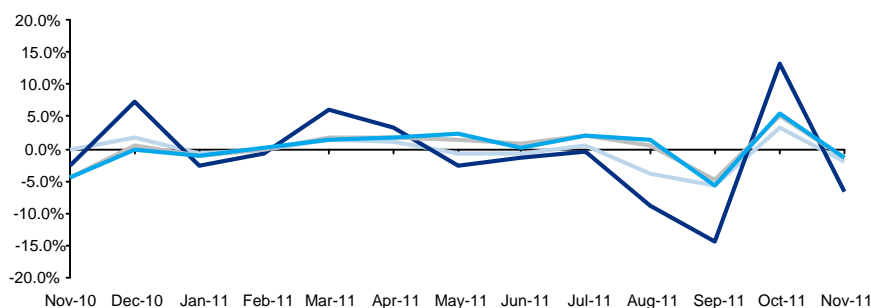


Emerging Markets

Data as of Nov-2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-0.6%	0.0%	1.4%	1.2%	-0.9%	-0.7%	0.4%	-3.8%	-5.9%	3.2%	-2.0%		-7.9%

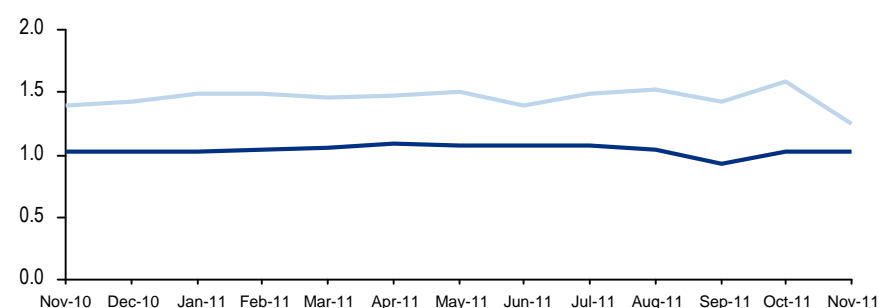
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Nov-11	Oct-11	Nov-10	YTD-11
Emerging Mkts	-2.0%	3.2%	-0.3%	-7.9%
MSCI EM	-6.7%	13.3%	-2.6%	-17.2%
JPM EMBIG Core ETF (EMB)	-1.3%	5.2%	-4.4%	5.6%
DB EM Liquid ETF (PCY)	-1.4%	5.3%	-4.6%	6.2%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

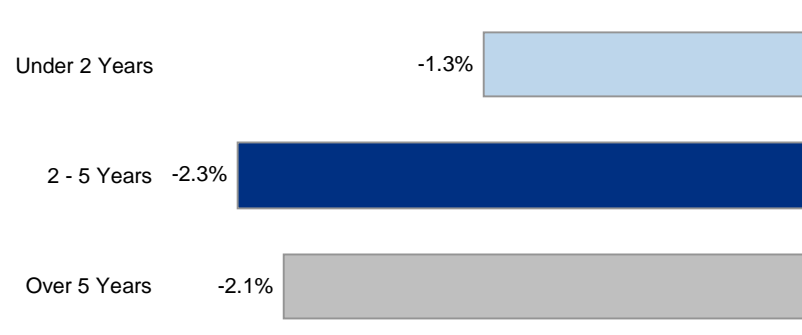


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

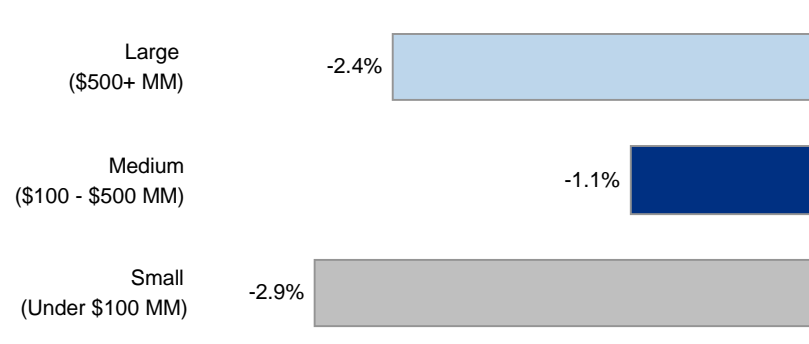
Source: Citi Prime Finance

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.

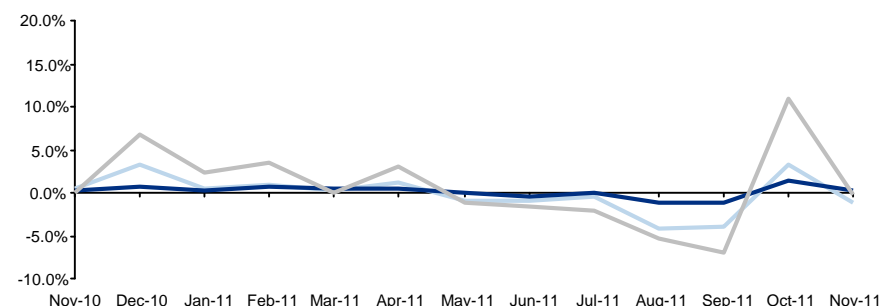


Equity Long/Short

Data as of Nov-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%	-0.5%	-4.2%	-4.0%	3.1%	-1.1%		-5.9%

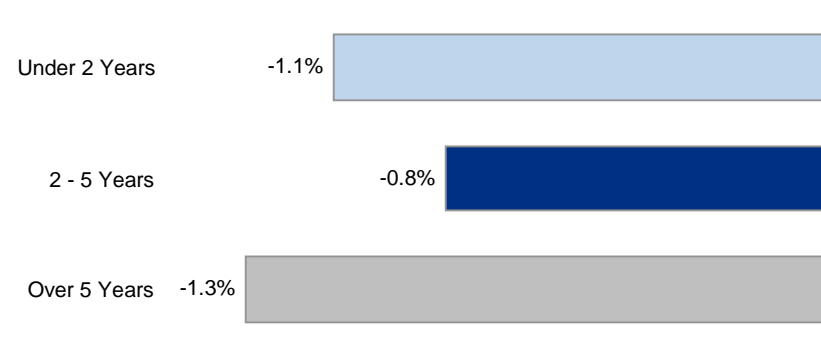
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Nov-11	Oct-11	Nov-10	YTD-11
Eq Long/Short	-1.1%	3.1%	0.4%	-5.9%
Eq Mkt Neutral	0.1%	1.3%	0.3%	0.4%
S&P 500	-0.2%	10.9%	0.0%	1.1%

Source: Citi ICG Analytics; FactSet

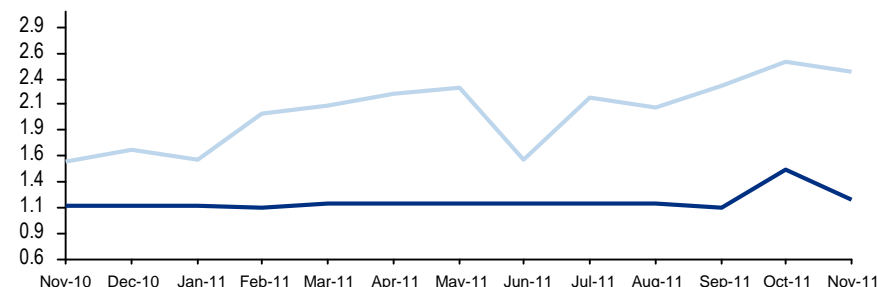
Hedge Fund Performance by Age



Source: Citi ICG Analytics

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

Leverage Profile (Monthly, LTM)



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

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

Source: Citi Prime Finance

Hedge Fund Performance by Size



Source: Citi ICG Analytics

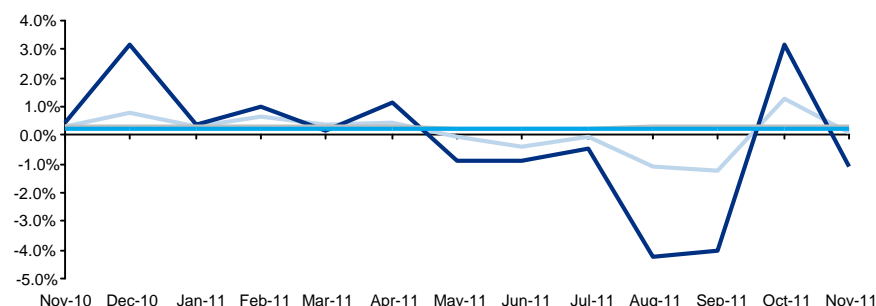


Equity Market Neutral

Data as of Nov-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%	-0.1%	-1.1%	-1.2%	1.3%	0.1%		0.4%

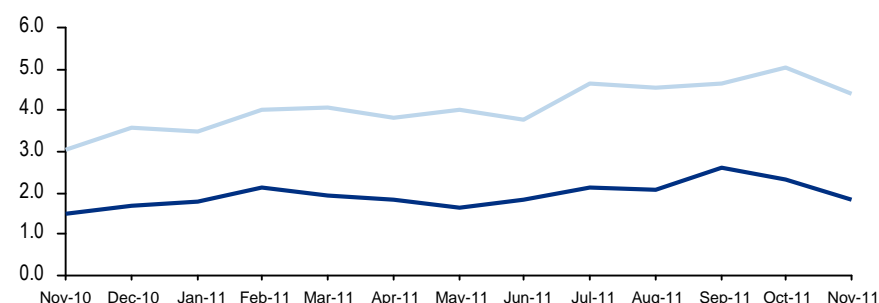
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Nov-11	Oct-11	Nov-10	YTD-11
Eq Mkt Neutral	0.1%	1.3%	0.3%	0.4%
Eq Long/Short	-1.1%	3.1%	0.4%	-5.9%
LIBOR + 300 bps	0.3%	0.3%	0.3%	3.0%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	2.8%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

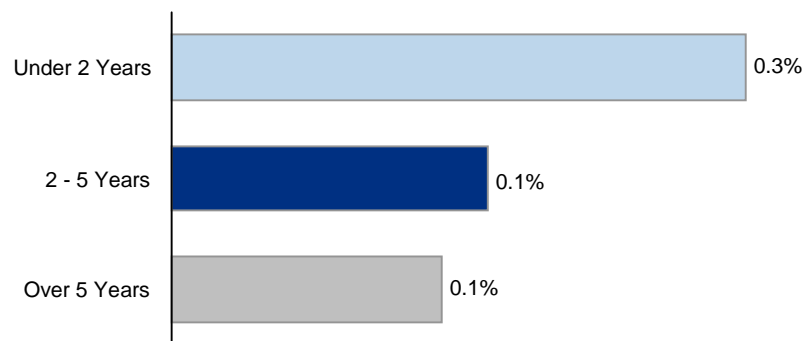


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

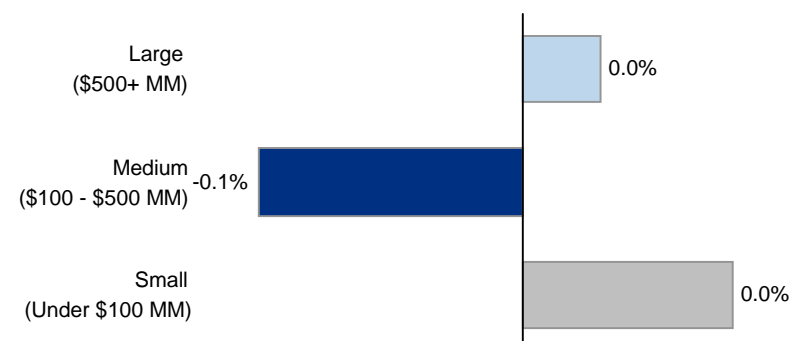
Source: Citi Prime Finance

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.

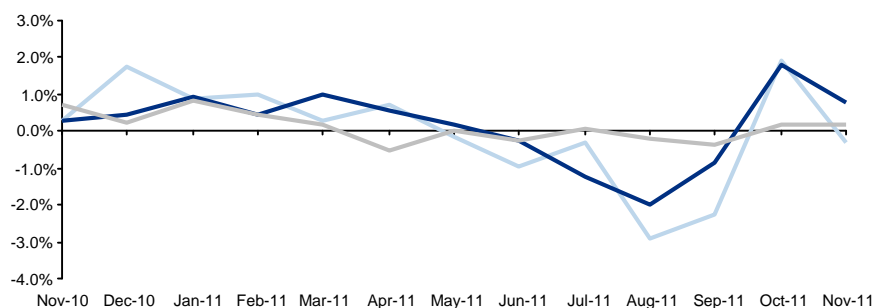


Event Driven

Data as of Nov-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%	-0.3%	-2.9%	-2.3%	1.9%	-0.3%		-2.2%

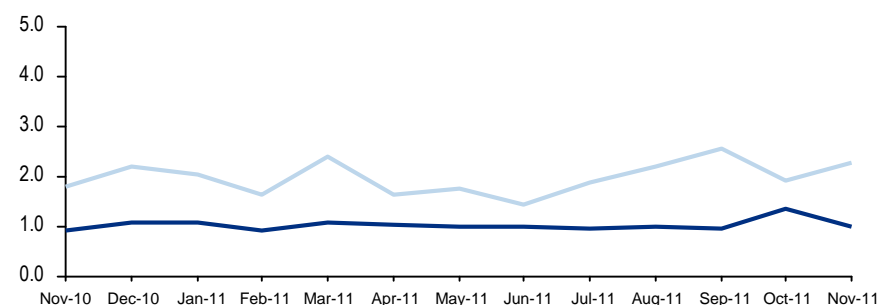
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Nov-11	Oct-11	Nov-10	YTD-11
Event Driven	-0.3%	1.9%	0.3%	-2.2%
The Merger Fund (MERFX)	0.8%	1.8%	0.3%	1.3%
AQR Div Arb Fund (ADANX)	0.2%	0.2%	0.7%	0.5%

Source: Citi ICG Analytics; FactSet

Leverage Profile (Monthly, LTM)

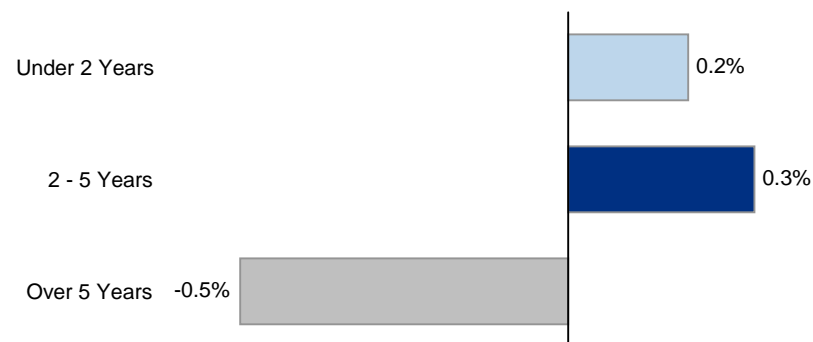


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

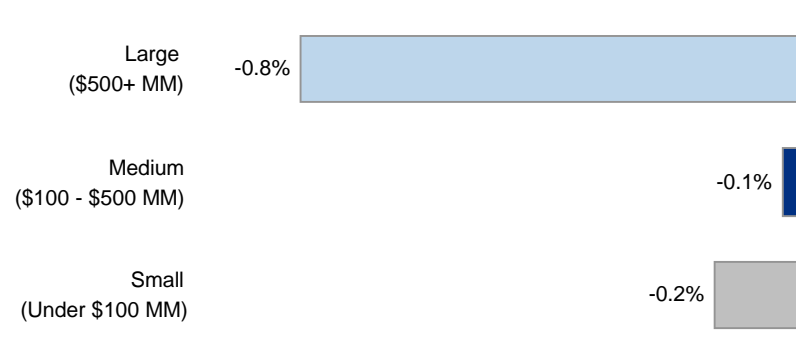
Source: Citi Prime Finance

Hedge Fund Performance by 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.

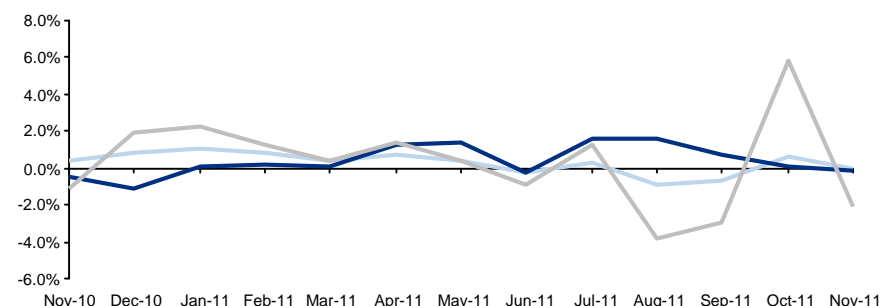


FI Arbitrage

Data as of Nov-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%	0.3%	-0.9%	-0.6%	0.6%	0.0%		2.6%

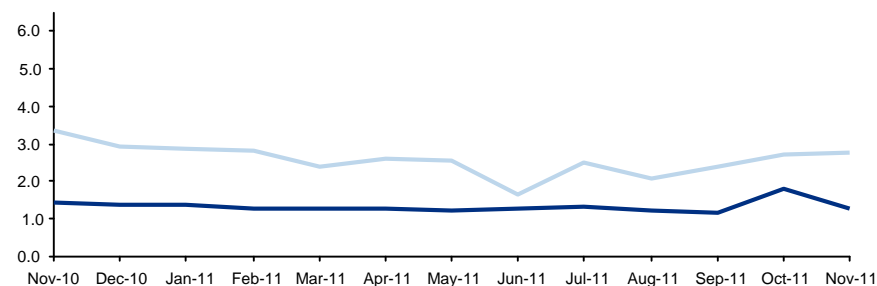
Hedge Fund Performance vs. Benchmark (Monthly, LTM)



	Nov-11	Oct-11	Nov-10	YTD-11
FI Arbitrage	0.0%	0.6%	0.4%	2.6%
Citi US BIG Index	-0.1%	0.1%	-0.5%	6.7%
Citi HY Bond Index	-2.1%	5.8%	-1.1%	2.7%

Source: Citi ICG Analytics; Citigroup Index LLC

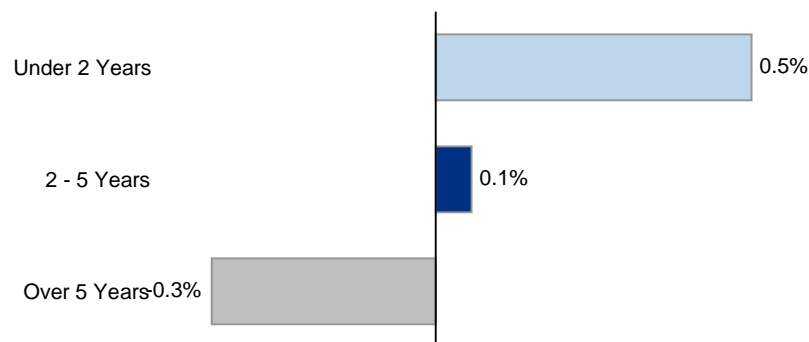
Leverage Profile (Monthly, LTM)



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

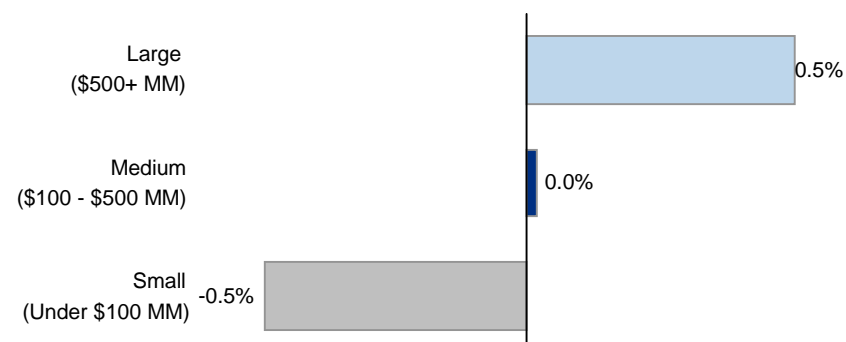
Source: Citi Prime Finance

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.

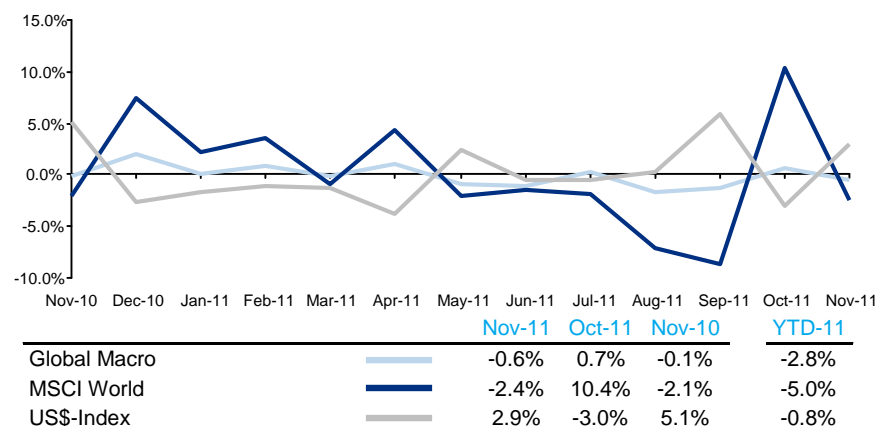


Global Macro

Data as of Nov-2011

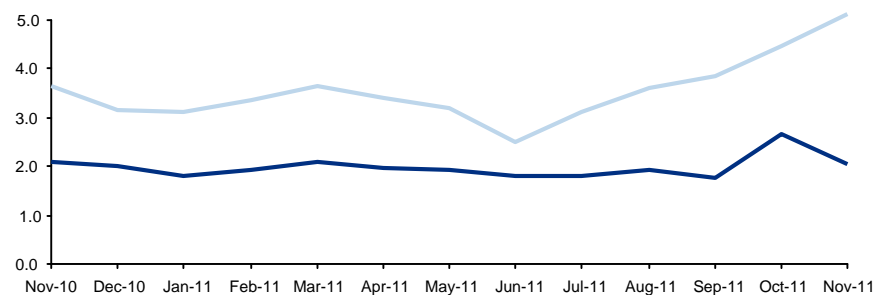
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.1%	0.8%	-0.2%	1.0%	-0.9%	-1.0%	0.2%	-1.6%	-1.3%	0.7%	-0.6%		-2.8%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



Source: Citi ICG Analytics; FactSet

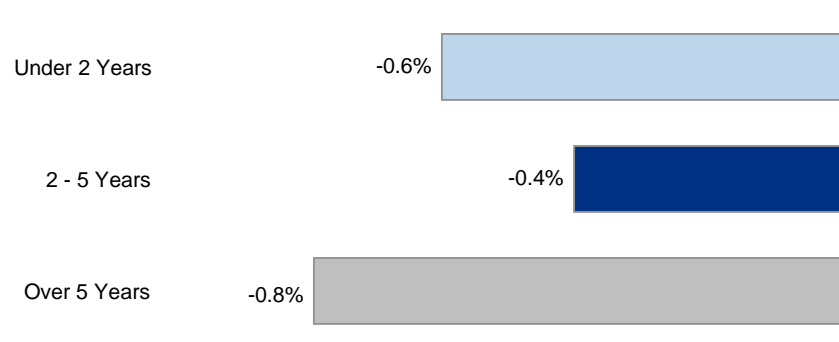
Leverage Profile (Monthly, LTM)



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

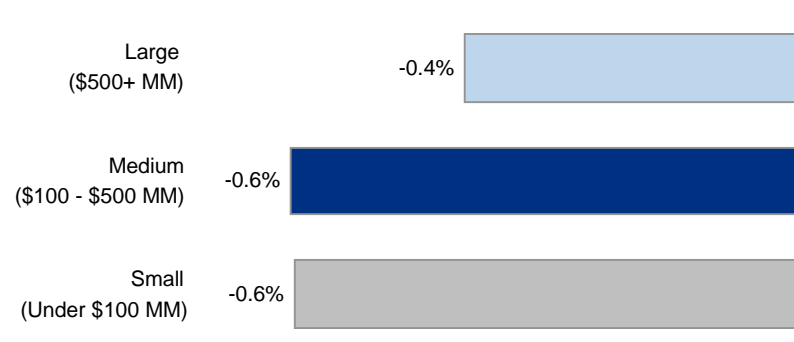
Source: Citi ICG Analytics; FactSet; Citi Prime Finance

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.

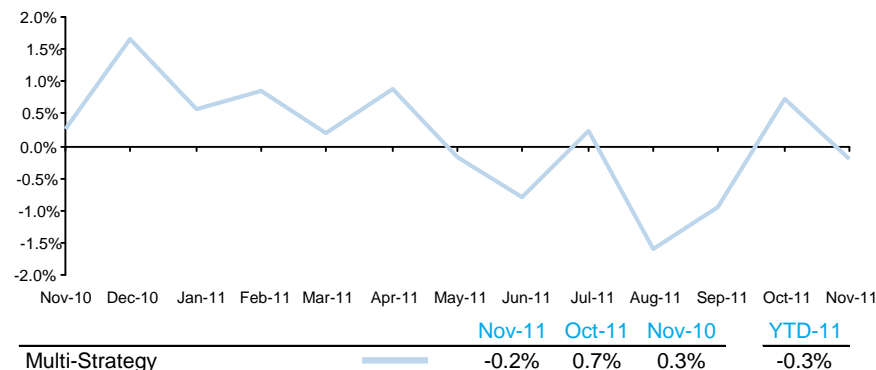


Multi-Strategy

Data as of Nov-2011

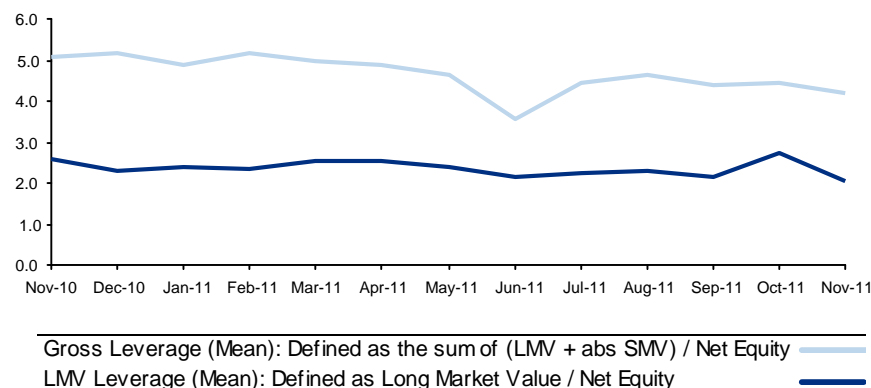
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.6%	0.9%	0.2%	0.9%	-0.2%	-0.8%	0.2%	-1.6%	-1.0%	0.7%	-0.2%		-0.3%

Hedge Fund Performance vs. Benchmark (Monthly, LTM)



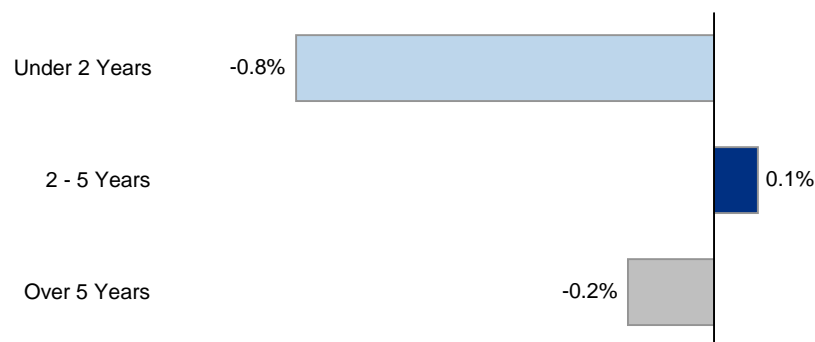
Source: Citi ICG Analytics

Leverage Profile (Monthly, LTM)



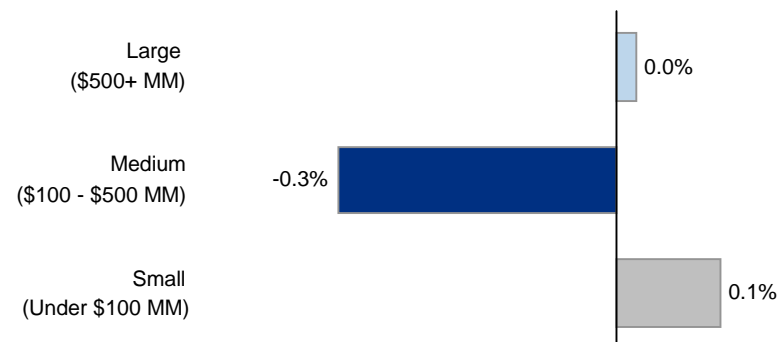
Source: Citi Prime Finance

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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