www.citigroupgcib.com | Report Date: January 2013

Hedge Fund Industry Snapshot

Data as of December 2012

Americas

New York: +800 773-2889

San Francisco: +415 617-8554

EMEA

EMEA: +44 0 207-986-0822

Asia Pac

Hong Kong: +852 2501-8356

Tokyo: +813 6270-3165

Singapore: +65 6432-1223

Australia: +612 8225-6424

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Highlights

Performance, AUM & Flows

- Composite hedge fund performance, equal-weighted across funds, was up in December 2012 with performance ranging from +0.92% to +1.26%. Returns were higher than the previous period (November 2012 +0.30% to +0.66%). 2012 performance gains range from +4.35% to +6.68% compared to -8.88% to -4.99% for 2011.
- Hedge fund strategy wise, top performing strategies for December 2012 include Emerging Markets +3.48%, Event Driven +2.14%, Equity Long/Short +1.92%, Multi Strategy +1.76% and Distressed at +1.74%. The lowest performing strategies include Dedicated Short -4.57%, Equity Market Neutral +0.34% and CTA/Managed Futures +0.81%,.
- According to eVestment|HFN, industry assets for December 2012 increased, finishing the month net positive at +$11.33 billion. Gains were attributed to performance totaling +$24.09 billion while net negative investor flows accounted for -$12.76 billion. Industry AuM remains below its $2.94 trillion June 2008 peak.
- Net negative investor flows of -$12.76 billion for December 2012 marks the 6th period of net negative flows for 2012 and the first since Oct.12. December net flows were lower than the previous month, which experienced -$11.92 billion over the same period. 2012 net investor flows were +$25.93 billion compared to +$26.46 billion for all of 2011.

Fund Profiles

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>$500 million) was +1.4%, medium single funds ($100–$500 million) +1.5% and small single funds (<$100 million) +1.6%.
- Liquidity terms continued its consistent pattern from the recent reporting periods showing little changes to redemption notice periods with 66% of funds requiring 30 days or less notice for redemption. Across the entire subset of reporting funds, the majority (52%) required no lockup (42%) or less than 1 year lock up (10%).
- Consistent throughout recent reporting periods, large funds (>$500 million AUM) continue to hold a large portion of industry AUM (71%) compared to medium funds ($100–$500 million) at 20% and small funds (<$100 million) holding only 9%.

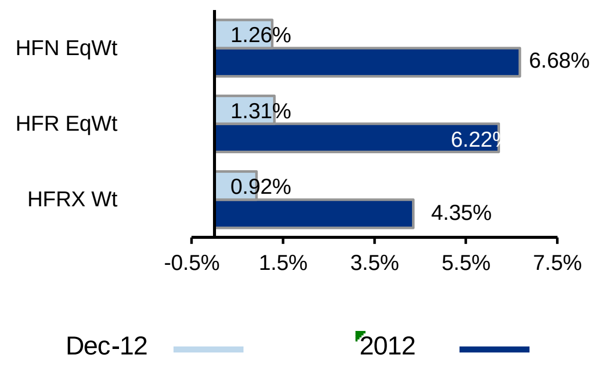
Leverage, Shorts and Futures Market Positioning

- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.70x in December 2012 versus 1.70x in November, and 1.71x in October. For 2012, mean gross leverage was 1.81x compared to 1.78x for 2011.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Equity Market Neutral (4.50x), Global Macro (4.21x), Convertible Arbitrage (3.45x) and Multi Strategy (3.25x).
- Citi US short flows data included in this month's report show increased interest in the Information Technology and Financials sectors. These two sectors accounted for 29.69% of short executions and 27.29% of short covers in December versus 25.34 % of short executions and 27.04% of short covers in November 2012.
- Since late last year, a notable change in terms of large speculator net positioning (in Futures & Options) was in a reduction in the net short position in EuroFX contracts. In the last CFTC report for 2012 (as of 12/25/12) the large speculator net positioning came in at -0.2% of total open interest compared to a net short of -19% at the end of 2011. However, the move in positioning occurred in the context of a drop in total open interest of over 20% from the end of 2011. This suggests to us the move reflects short-covering, and leaves the market close to neutral as it reassesses 2013 trends. Large speculators remained net long gold at 11.8% of total open interest as of 12/25/12 versus 10.9% in late 2011 with total open interest little changed. They remain modestly net long both S&P (including large & mini S&P contracts) and 10-year T-note futures.

Hedge Fund Industry: AUM, Performance

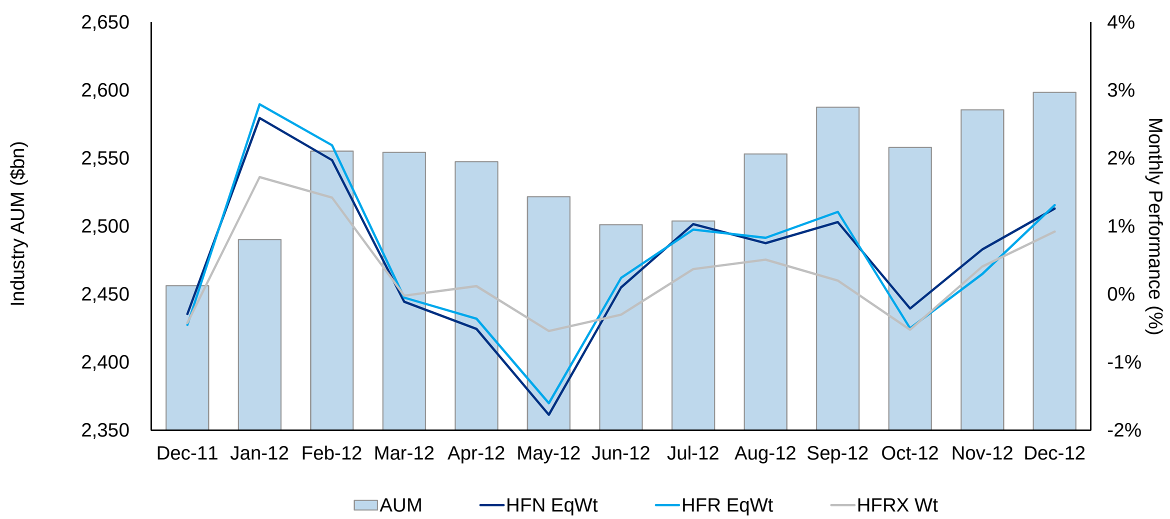
- Composite hedge fund performance, equal-weighted across funds, was up in December 2012 with performance ranging from +0.92% to +1.26%. Returns were higher than the previous period (November 2012 +0.30% to +0.66%). 2012 performance gains range from +4.35% to +6.68% compared to -8.88% to -4.99% for 2011.
- US equity markets posted broad based gains on the final trading day of 2012 in anticipation of legislation to avert the US fiscal cliff; these gains offset losses from earlier in December and pushed most US equity indices into positive territory for the month. Financials and Technology sectors led gains in December, with small cap equities also posting strong gains. Regionally equities across Asia, Europe & Emerging Markets posted gains led by China, Japan, Russia and Argentina. US yields rose across most maturities in anticipation of the fiscal cliff resolution, while high yield credit continued to tighten. The US dollar rose sharply against the Yen following Japanese elections and in anticipation of additional BoJ stimulus, while the US dollar fell against the Euro and British Pound on favorable mid-December developments with regard to the European banking & sovereign debt crisis. Gold and most Metals declined while Oil posted gains; Wheat, Corn & Cocoa posted sharp declines.
- Hedge fund strategy wise, top performing strategies in December 2012 include Emerging Markets +3.48%, Convertible Arbitrage +1.98%, Event Driven +2.14% and Equity Long/Short +1.92%, Equity Market Neutral +0.51% and FI Arbitrage at 0.48%. The lowest performing strategies include Dedicated Short -4.57%, Equity Market Neutral +0.34% and CTA/Managed Futures +0.81%.
- According to eVestment|HFN, the estimated industry assets increased for December 2012, finishing the month +$11.33 billion. Increases were attributed to performance at +$24.09 billion while net negative investor flows accounted for a decrease of +$12.76 billion. Industry AuM remains below its $2.94 trillion June 2008 peak.

Industry Performance: Dec-12 / 2012



Source: HFR, eVestment|HFN.

Monthly Industry AUM and Performance



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

Note Pad

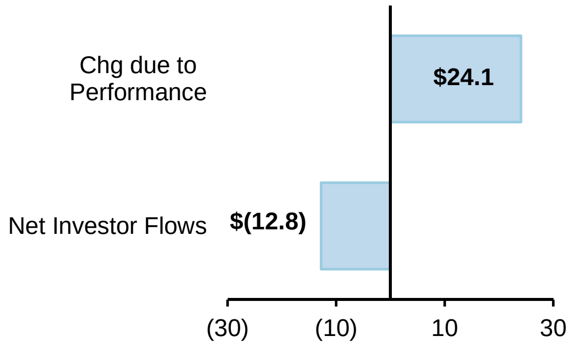
- MSCI World Index: +1.3%; +14.2% YTD
- MSCI EM Index: +1.3%; +14.1% YTD
- S&P 500: +0.6%; +14.5% YTD
- Citi US BIG Index: +0.12%; +4.2% YTD
- S&P GSCI: +1.5%; +2.4% YTD
- US Dollar Index: +0.3%; +0.8% YTD
- HFN Country Indices Dec/2012:
  - Brazil: +4.44%/+18.41%; Australia: +1.48%/-2.20%; China: +5.88%/+9.81%; Japan: +6.95%/+14.23%

Hedge Fund Industry: Change in Industry Assets

- According to eVestment|HFN, industry assets for December 2012 increased, finishing the month net positive at +$11.33 billion. Gains were attributed to performance totaling +$24.09 billion while net negative investor flows accounted for -$12.76 billion.
- December 2012 marks the eight month in 2012 in which industry assets increased. December performance gains of +$24.09 billion were higher than the previous month (Nov. 2012 +$6.58 billion). 2012 performance gains totaled +$116.12 billion compared to -$31.92 billion for 2011.
- Net negative investor flows of -$12.76 billion for December 2012 marks the 6th period of net negative flows for 2012 and the first since Oct.12. December net flows were lower than the previous month, which experienced -$11.92 billion over the same period. 2012 net investor flows were +$25.93 billion compared to +$26.46 billion for all of 2011.
- Total industry AUM now stands at $2.59 trillion for December 2012 flat from November 2012 and an increase of 4.2% from $2.49 trillion in January 2012.

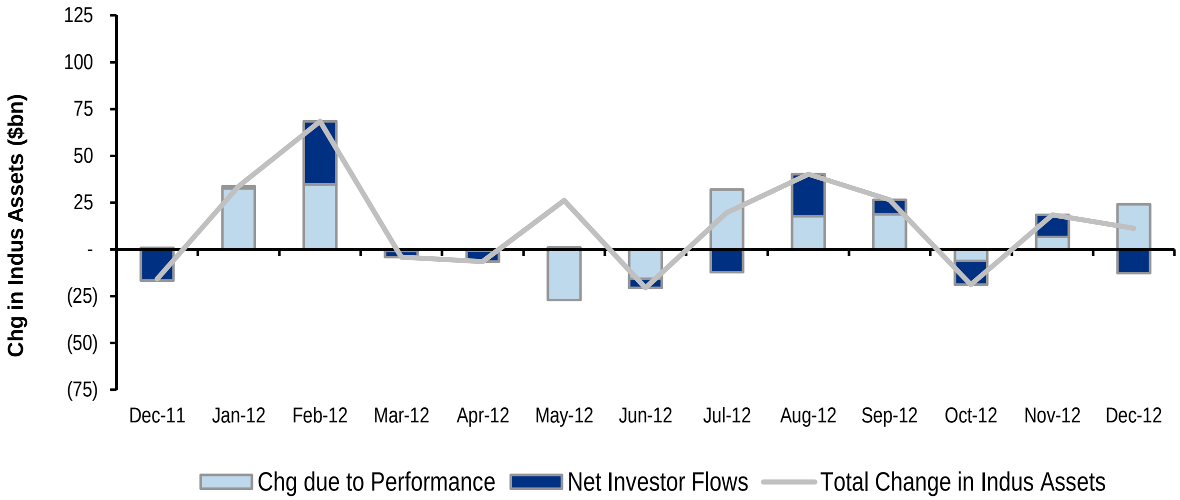
Composition of Change in Assets

Dec-12 Amounts in ($ Billion)



Source: eVestment|HFN.

Monthly Change in Industry Assets and Composition



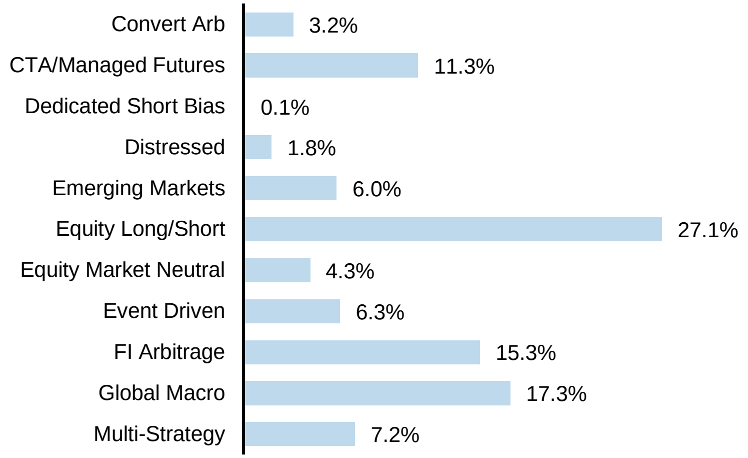
Source: eVestment|HFN.

Note Pad

- The Citi Prime Finance calculation for gross leverage (as measured on a mean basis) 1.70x in December 2012 versus 1.70x in November, and 1.71x in October.
  Gross leverage (mean): defined as sum of (LMV + abs SMV)/Net Equity

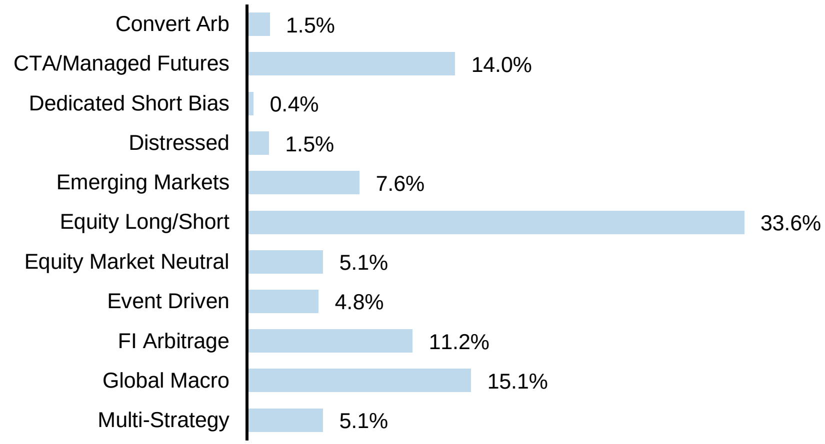
Hedge Fund Stats by Strategy

Hedge Fund Strategy Breakdown by Assets



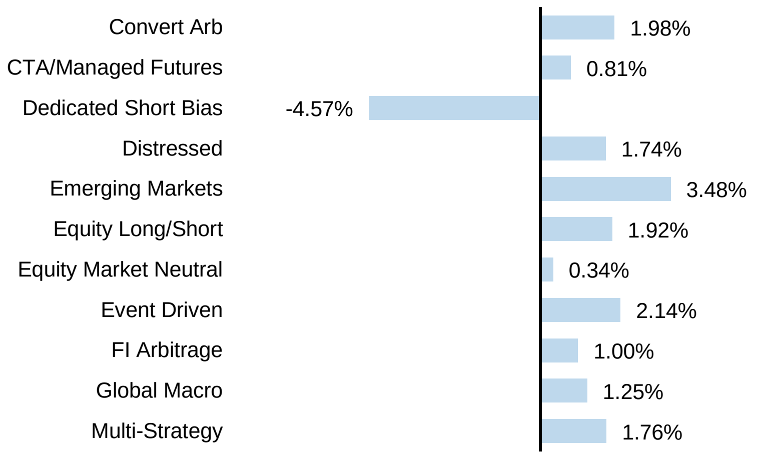
Source: Citi Prime Finance.

Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi Prime Finance.

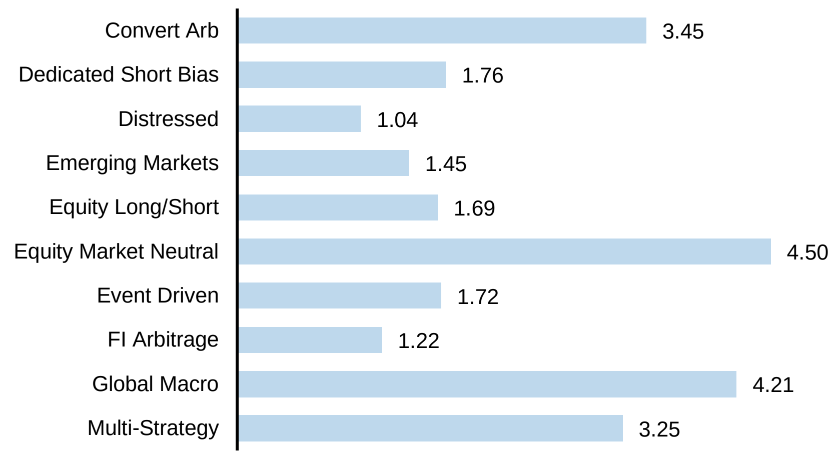
Hedge Fund Performance by Strategy



Source: Citi Prime Finance.

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.

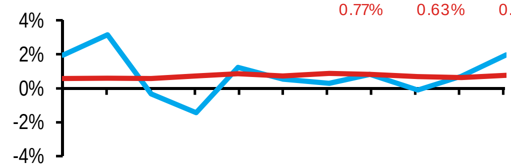
Monthly Performance by Strategy

Monthly Median

Trailing 60 Month Median

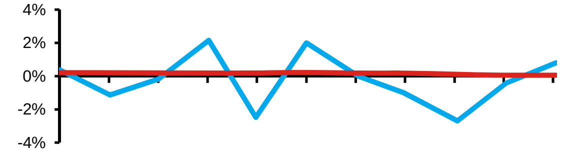
Convertible Arbitrage

	Dec-12	Nov-12	Dec-11
Monthly Median	2.0%	0.7%	0.2%
Trailing 60 Month Median	0.77%	0.63%	0.57%



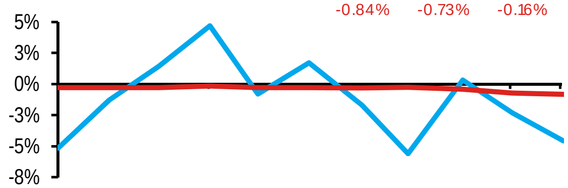
CTA/Managed Futures

	Dec-12	Nov-12	Dec-11
Monthly Median	0.8%	-0.4%	0.0%
Trailing 60 Month Median	0.06%	0.06%	0.19%



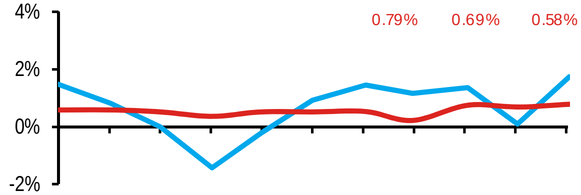
Dedicated Short Bias

	Dec-12	Nov-12	Dec-11
Monthly Median	-4.6%	-2.3%	-0.4%
Trailing 60 Month Median	-0.84%	-0.73%	-0.16%



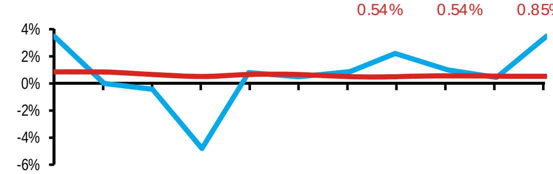
Distressed

	Dec-12	Nov-12	Dec-11
Monthly Median	1.7%	0.1%	-0.2%
Trailing 60 Month Median	0.79%	0.69%	0.58%



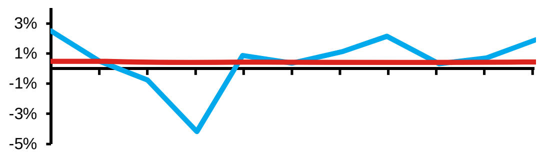
Emerging Markets

	Dec-12	Nov-12	Dec-11
Monthly Median	3.5%	0.4%	-0.6%
Trailing 60 Month Median	0.54%	0.54%	0.85%



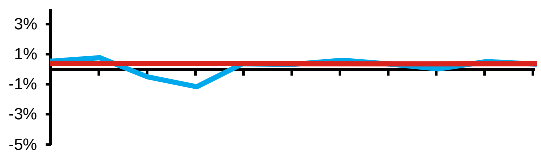
Equity Long/Short

	Dec-12	Nov-12	Dec-11
Monthly Median	1.9%	0.7%	-0.3%
Trailing 60 Month Median	0.44%	0.43%	0.47%



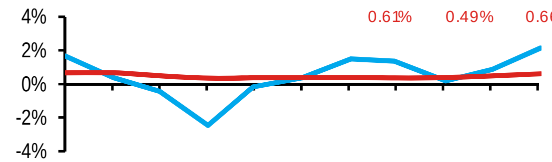
Equity Market Neutral

	Dec-12	Nov-12	Dec-11
Monthly Median	0.3%	0.5%	0.0%
Trailing 60 Month Median	0.36%	0.36%	0.41%



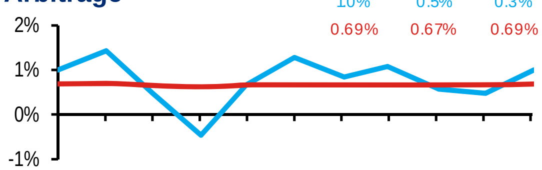
Event Driven

	Dec-12	Nov-12	Dec-11
Monthly Median	2.1%	0.9%	0.0%
Trailing 60 Month Median	0.61%	0.49%	0.66%



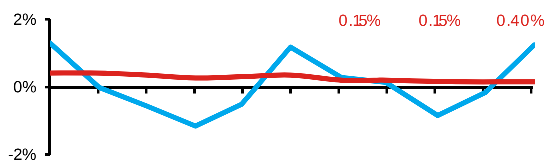
FI Arbitrage

	Dec-12	Nov-12	Dec-11
Monthly Median	1.0%	0.5%	0.3%
Trailing 60 Month Median	0.69%	0.67%	0.69%



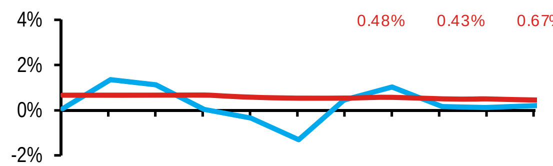
Global Macro

	Dec-12	Nov-12	Dec-11
Monthly Median	1.3%	-0.2%	-0.2%
Trailing 60 Month Median	0.15%	0.15%	0.40%



Multi-Strategy

	Dec-12	Nov-12	Dec-11
Monthly Median	1.8%	0.2%	0.1%
Trailing 60 Month Median	0.48%	0.43%	0.67%

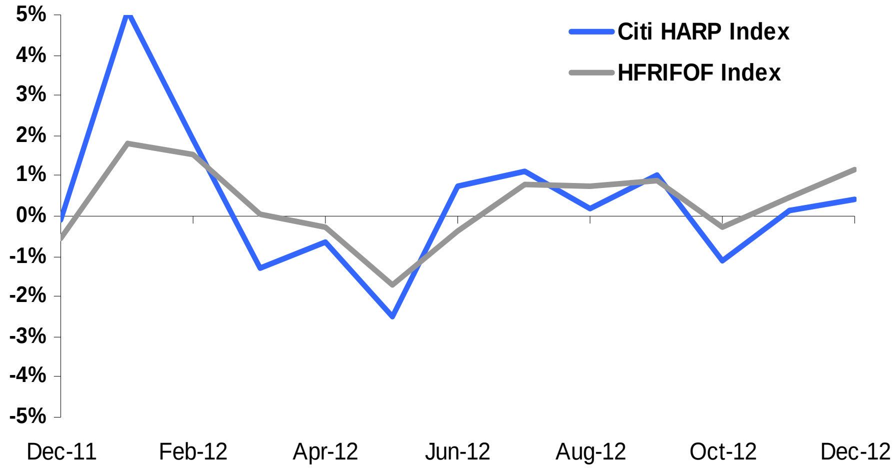


Source: Citi Prime Finance.

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

Citi Liquid Hedge Fund Replicator (HARP)

Citi HARP Index vs. Benchmark (monthly rolling)



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

	Dec-12	Nov-12	Dec-12	YTD-12
Citi Harp	0.43%	0.13%	-0.08%	4.94%
HFRIFOF	1.17%	0.45%	-0.55%	4.81%

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	4.94%	4.81%
Annualised Volatility	6.59%	3.35%
Sharpe Ratio	0.74	1.41
Correlation	83%	-

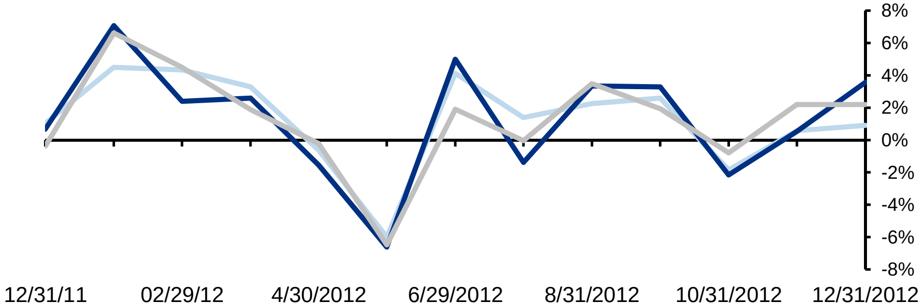
The purpose of the Index is to approximate in broad terms the performance of the hedge fund sector by achieving a similarity between the pattern of the returns of the Index and the pattern of the returns of a Benchmark - the HFRI Fund of Funds Composite Index.

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

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

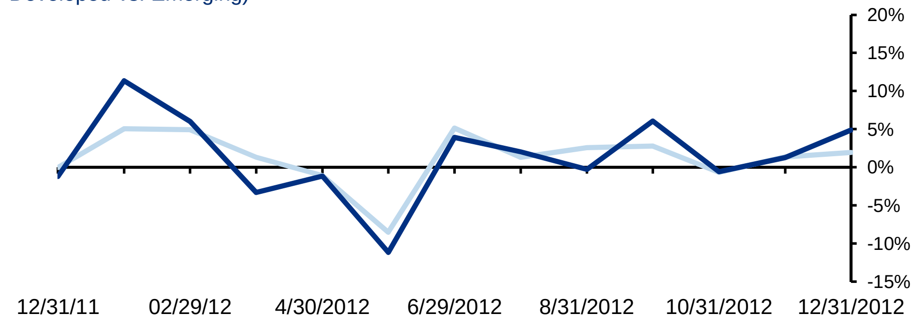
Market Performance

US Equities
(Large Cap vs. Small Cap)



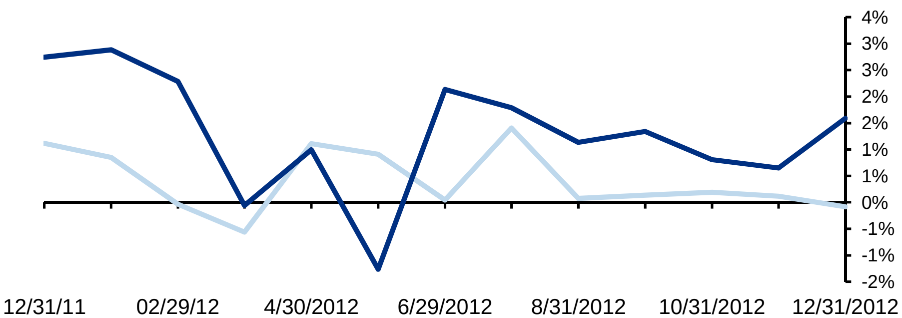
		Dec-12	Nov-12	Dec-11	YTD-12
S&P 500		0.9%	0.6%	1.0%	15.4%
RUS 2000		3.6%	0.5%	0.7%	16.0%
S&P Mid		2.2%	2.2%	-0.4%	17.1%

Global Equities
Developed vs. Emerging)



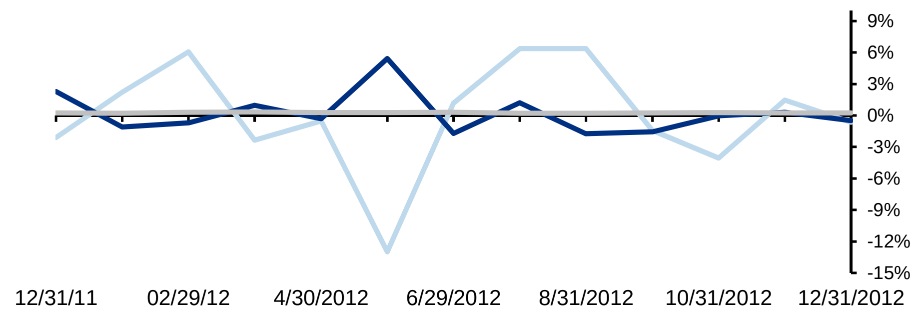
		Dec-12	Nov-12	Dec-11	YTD-12
MSCI World		1.9%	1.3%	0.0%	16.1%
MSCI EM		4.9%	1.3%	-1.2%	19.0%

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



		Dec-12	Nov-12	Dec-11	YTD-12
Citi US BIG Index		-0.1%	0.1%	1.1%	4.2%
Citi HY Bond Index		1.6%	0.6%	2.7%	14.3%

Commodities
(US$ Performance)

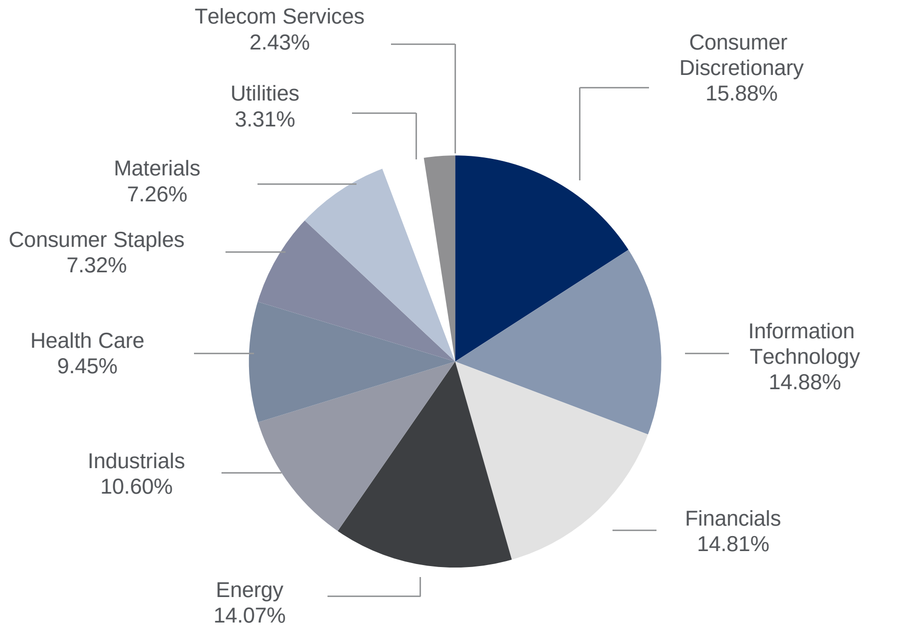


		Dec-12	Nov-12	Dec-11	YTD-12
S&P GSCI		-0.6%	1.5%	-2.1%	1.7%
US-$ Index		-0.5%	0.3%	2.3%	0.3%
US 2yr Note		0.2%	0.3%	0.2%	3.2%

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

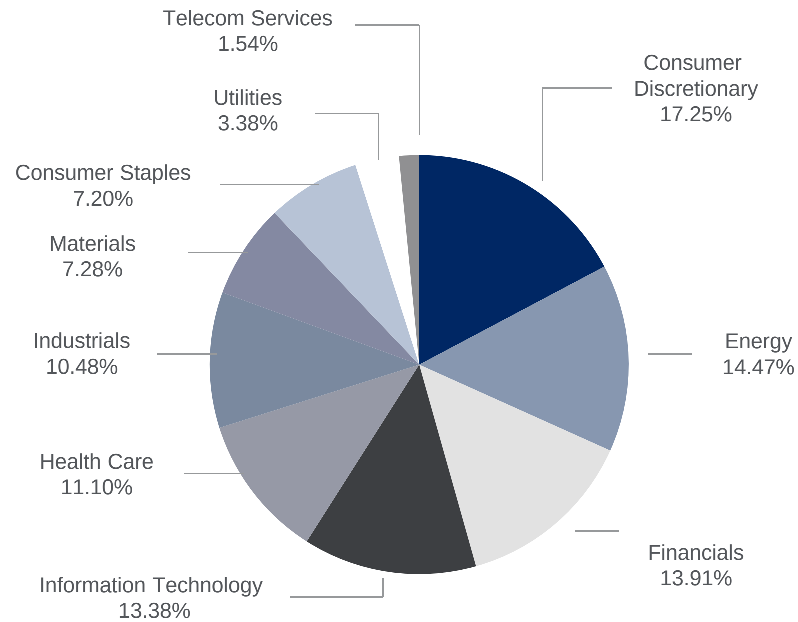
US Securities Lending Sector Short Flows

Short Sale Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Consumer Discretionary	15.88	15.08	5.31
Information Technology	14.88	12.91	15.26
Financials	14.81	12.43	19.15
Energy	14.07	13.81	1.88
Industrials	10.60	11.27	-5.94
Health Care	9.45	14.51	-34.87
Consumer Staples	7.32	7.84	-6.63
Materials	7.26	5.97	21.61
Utilities	3.31	3.89	-14.91
Telecom Services	2.43	2.29	6.11

Short Cover Executions



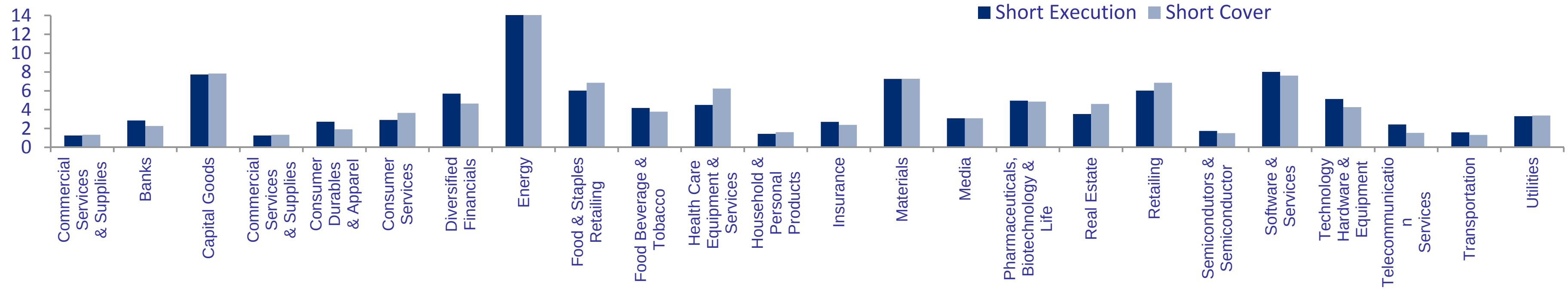
Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Consumer Discretionary	17.25	14.74	17.03
Energy	14.47	14.43	0.28
Financials	13.91	13.90	0.07
Information Technology	13.38	13.14	1.83
Health Care	11.10	12.69	-12.53
Industrials	10.48	11.65	-10.04
Materials	7.28	5.14	41.63
Consumer Staples	7.20	8.83	-18.46
Utilities	3.38	3.43	-1.46
Telecom Services	1.54	2.05	-24.88

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

US Securities Lending Industry Group Short Flows

Citi Industry Group Short Flows

(% Short)



Industry	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Energy	14.07	13.81	1.88
Software & Services	8.01	7.54	6.23
Capital Goods	7.74	7.83	-1.15
Materials	7.26	5.97	21.61
Retailing	6.03	6.11	-1.31
Diversified Financials	5.70	3.47	64.27
Technology Hardware and Equipment	5.13	3.80	35.00
Pharmaceuticals, Biotechnology & Life	4.95	6.39	-22.54
Health Care Equipment & Services	4.50	8.12	-44.58
Food Beverage & Tobacco	4.18	4.49	-6.90
Real Estate	3.54	4.34	-18.43
Utilities	3.31	3.89	-14.91
Media	3.09	2.67	15.73
Consumer Services	2.91	3.08	-5.52
Banks	2.85	2.11	35.07
Consumer Durables & Apparel	2.72	2.49	9.24
Insurance	2.71	2.50	8.40
Telecom Services	2.43	2.29	6.11
Semiconductors & Semiconductor	1.74	1.57	10.83
Food & Staples Retailing	1.70	2.10	-19.05
Transportation	1.60	2.19	-26.94
Household & Personal Products	1.44	1.24	16.13
Commercial Services & Supplies	1.26	1.24	1.61
Automobiles & Components	1.13	0.74	52.70

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	14.47	14.43	0.28
Capital Goods	7.84	8.23	-4.74
Software & Services	7.61	7.11	7.03
Materials	7.28	5.14	41.63
Retailing	6.85	6.24	9.78
Health Care Equipment & Services	6.25	6.99	-10.59
Pharmaceuticals, Biotechnology & Life	4.86	5.70	-14.74
Diversified Financials	4.65	3.66	27.05
Real Estate	4.61	5.79	-20.38
Technology Hardware and Equipment	4.27	4.46	-4.26
Food Beverage & Tobacco	3.79	5.02	-24.50
Consumer Services	3.65	2.93	24.57
Utilities	3.38	3.43	-1.46
Media	3.08	2.60	18.46
Insurance	2.39	2.46	-2.85
Banks	2.26	1.98	14.14
Consumer Durables & Apparel	1.92	2.11	-9.00
Food & Staples Retailing	1.80	2.21	-18.55
Automobiles & Components	1.74	0.85	104.71
Household & Personal Products	1.61	1.60	0.63
Telecom Services	1.54	2.05	-24.88
Semiconductors & Semiconductor	1.51	1.58	-4.43
Commercial Services & Supplies	1.33	1.48	-10.14
Transportation	1.31	1.94	-32.47

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

US Securities Lending Short Flows Summary

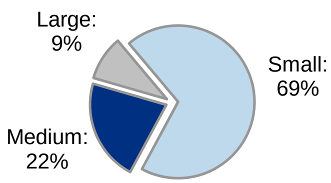
Citi Short Flows: December 2012

GICS Code	Description	% Short Executions This Month	% Short Executions From Last Month	% Change From Last Month	% Short Cover This Month	% Short Cover From Last Month
Sector	**Sector**					
10	Energy	14.07	13.81	1.88	14.47	14.43
15	Materials	7.26	5.97	21.61	7.28	5.14
20	Industrials	10.60	11.27	-5.94	10.48	11.65
25	Consumer Discretionary	15.88	15.08	5.31	17.25	14.74
30	Consumer Staples	7.32	7.84	-6.63	7.20	8.83
35	Health Care	9.45	14.51	-34.87	11.10	12.69
40	Financials	14.81	12.43	19.15	13.91	13.90
45	Information Technology	14.88	12.91	15.26	13.38	13.14
50	Telecommunication Services	2.43	2.29	6.11	1.54	2.05
55	Utilities	3.31	3.89	-14.91	3.38	3.43
Industry Group	**Industry Group**					
1010	Energy	14.07	13.81	1.88	14.47	14.43
1510	Materials	7.26	5.97	21.61	7.28	5.14
2010	Capital Goods	7.74	7.83	-1.15	7.84	8.23
2020	Commercial Services & Supplies	1.26	1.24	1.61	1.33	1.48
2030	Transportation	1.60	2.19	-26.94	1.31	1.94
2510	Automobiles & Components	1.13	0.74	52.70	1.74	0.85
2520	Consumer Durables & Apparel	2.72	2.49	9.24	1.92	2.11
2530	Consumer Services	2.91	3.08	-5.52	3.65	2.93
2540	Media	3.09	2.67	15.73	3.08	2.60
2550	Retailing	6.03	6.11	-1.31	6.85	6.24
3010	Food & Staples Retailing	1.70	2.10	-19.05	1.80	2.21
3020	Food Beverage & Tobacco	4.18	4.49	-6.90	3.79	5.02
3030	Household & Personal Products	1.44	1.24	16.13	1.61	1.60
3510	Health Care Equipment & Services	4.50	8.12	-44.58	6.25	6.99
3520	Pharmaceuticals,Biotechnology & Life Sciences	4.95	6.39	-22.54	4.86	5.70
4010	Banks	2.85	2.11	35.07	2.26	1.98
4020	Diversified Financials	5.70	3.47	64.27	4.65	3.66
4030	Insurance	2.71	2.50	8.40	2.39	2.46
4040	Real Estate	3.54	4.34	-18.43	4.61	5.79
4510	Software & Services	8.01	7.54	6.23	7.61	7.11
4520	Technology Hardware & Equipment	5.13	3.80	35.00	4.27	4.46
4530	Semiconductors & Semiconductor Equipment	1.74	1.57	10.83	1.51	1.58
5010	Telecommunication Services	2.43	2.29	6.11	1.54	2.05
5510	Utilities	3.31	3.89	-14.91	3.38	3.43

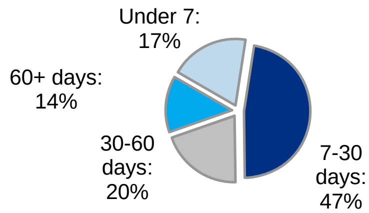
Source: S&P (GICS); Citi US Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value.

Hedge Fund (Fund Level) Profiles

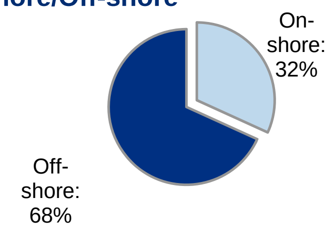
By Fund Size—No. of Funds



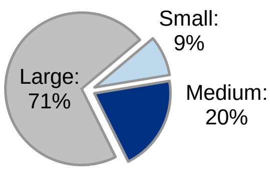
Redemption Notice Period



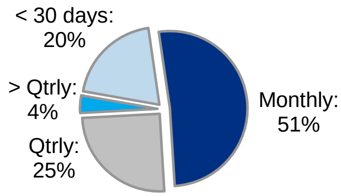
On-shore/Off-shore



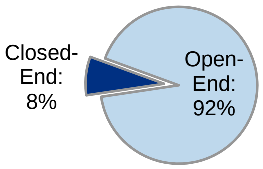
By Fund Size—$ AUM



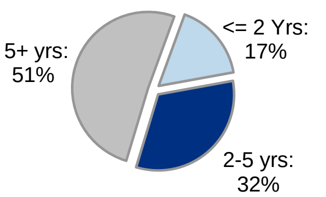
Redemption Frequency



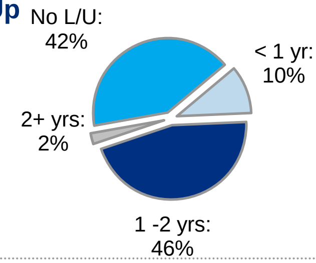
Legal Status



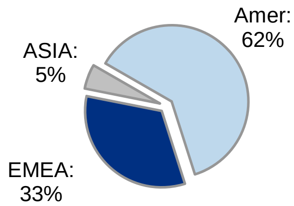
By Fund Age—No. of Funds



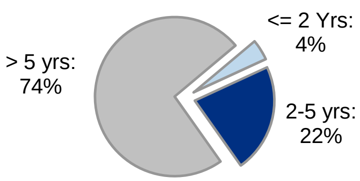
Lock-Up



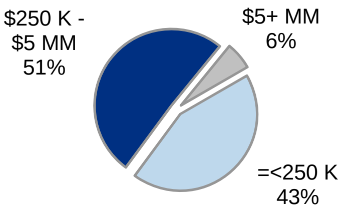
Domicile (by $ AUM)



By Fund Age—$ AUM



Minimum Investment



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

Hedge Fund (Fund Level) Profiles

Hedge Funds: Large (>$500 Million)

Hedge Fund Age	% of Total	Median AUM ($MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	4%	$1,085	0.2%	6.1%	72%	98%	1-2 yrs / 76%	7-30 days / 69%	Monthly / 56%
2-5 yrs	19%	$1,385	1.2%	8.0%	70%	63%	1-2 yrs / 79%	60+ days / 31%	Monthly / 40%
Over 5 yrs	77%	$1,970	1.4%	7.8%	66%	72%	1-2 yrs / 41%	7-30 days / 32%	Monthly / 47%
Total	100%	$1,698	1.4%	7.8%	68%	69%	1-2 years / 51%	7-30 days / 34%	Monthly / 48%

Hedge Funds: Medium ($100–$500 Million)

Hedge Fund Age	% of Total	Median AUM ($MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	3%	$232	1.1%	9.7%	71%	84%	1-2 yrs / 75%	7-30 days / 52%	Under 30 / 51%
2-5 yrs	24%	$364	1.2%	9.4%	70%	73%	1-2 yrs / 66%	7-30 days / 41%	Monthly / 49%
Over 5 yrs	73%	$236	1.7%	7.3%	70%	65%	No / 52%	7-30 days / 48%	Under 30 / 57%
Total	100%	$223	1.5%	8.0%	71%	68%	No / 44%	7-30 days / 46%	Monthly / 52%

Hedge Funds: Small (<$100 Million)

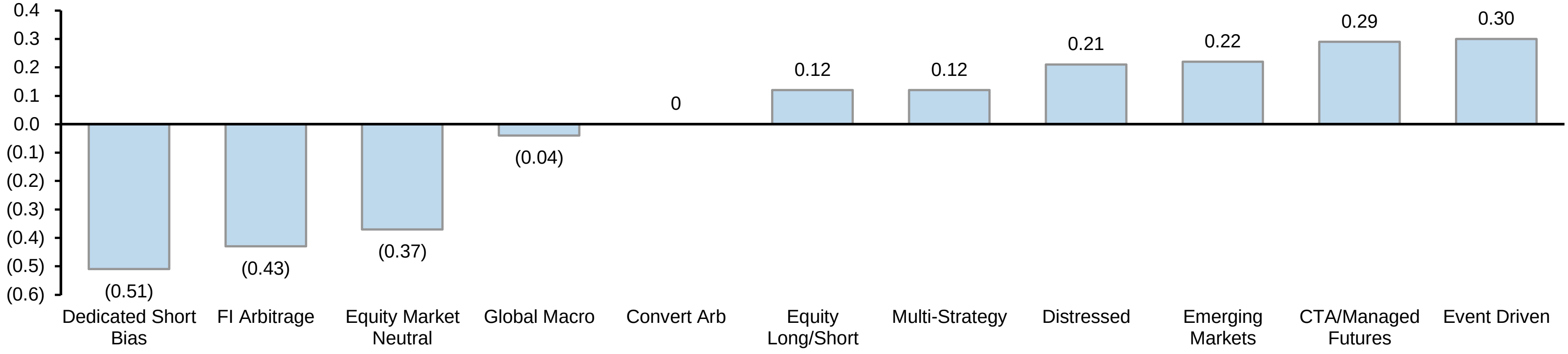
Hedge Fund Age	% of Total	Median AUM ($MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off-Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Under 2 yrs	6%	$67	1.0%	9.3%	87%	79%	1-2 yrs / 71%	7-30 days / 32%	Monthly / 44%
2-5 yrs	32%	$77	1.8%	8.1%	64%	78%	1-2 yrs / 63%	7-30 days / 43%	Monthly / 52%
Over 5 yrs	62%	$44	1.5%	6.6%	68%	65%	No / 42%	7-30 days / 55%	Monthly / 54%
Total	100%	$42	1.6%	7.2%	67%	73%	1-2 yrs / 46%	7-30 days / 50%	Monthly / 52%

Source: Citi Prime Finance.

Note: Domiciles, lock-up and redemption metrics updated quarterly. Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period. Median YTD performance is calculated from funds reporting for all underlying periods. “n/m” = Not Meaningful.

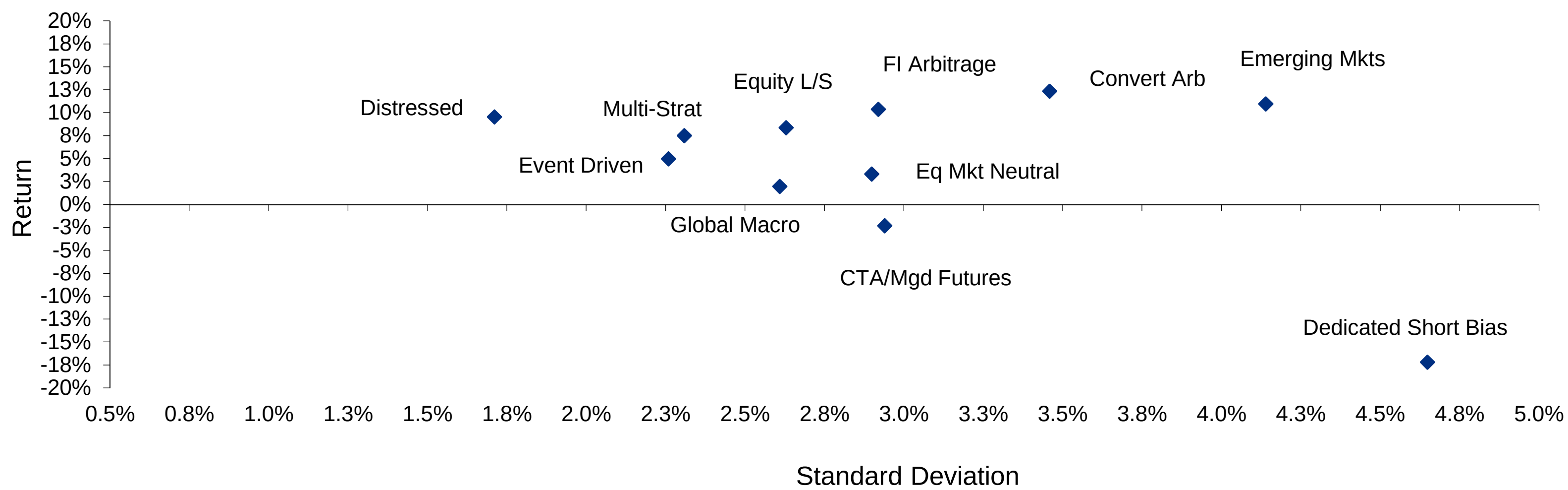
Risk and Return Metrics

Sharpe Ratios (Oct-04 - Dec-12)



Source: Credit Suisse Tremont.

Risk vs. Return (Dec 11 – Dec 12)



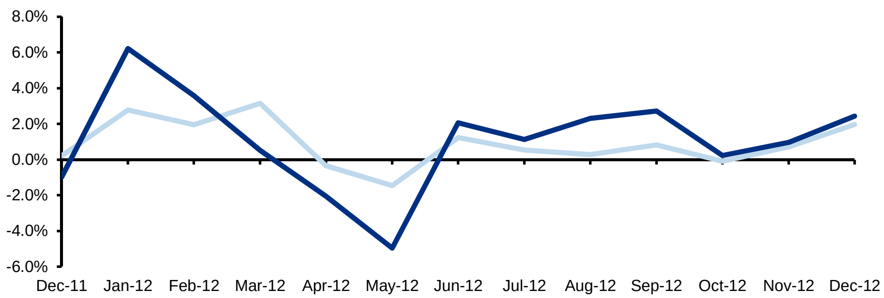
Source: Citi

Convertible Arbitrage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.8%	2.0%	3.2%	-0.3%	-1.5%	1.2%	0.5%	0.3%	0.8%	-0.1%	0.7%	2.0%	11.6%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

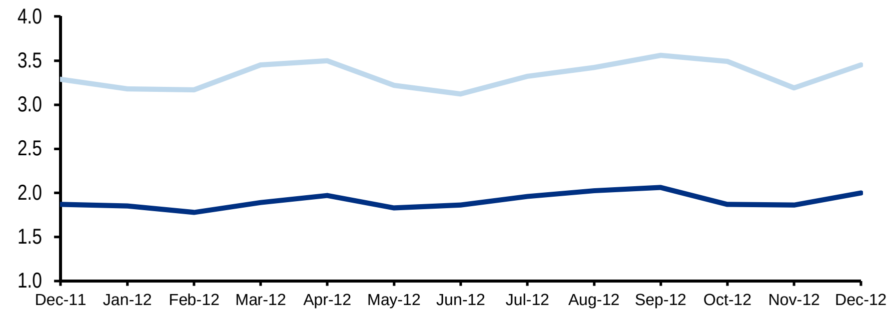


	Dec-12	Nov-12	Dec-11	YTD-12
Convert Arb	2.0%	0.7%	0.2%	11.6%
CWB ETF	2.4%	1.0%	-1.0%	15.1%

Source: Citi ICG Analytics; FactSet.

Leverage Profile

(Monthly, LTM)

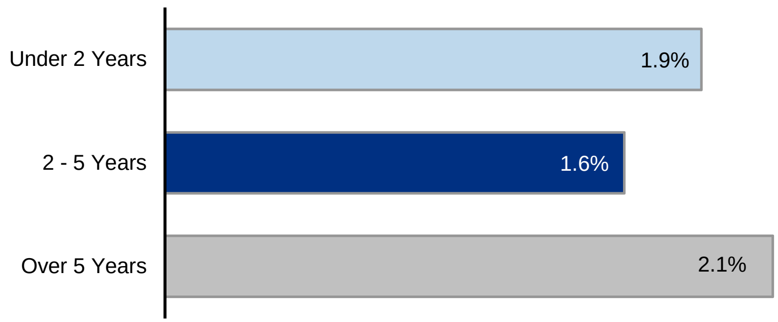


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

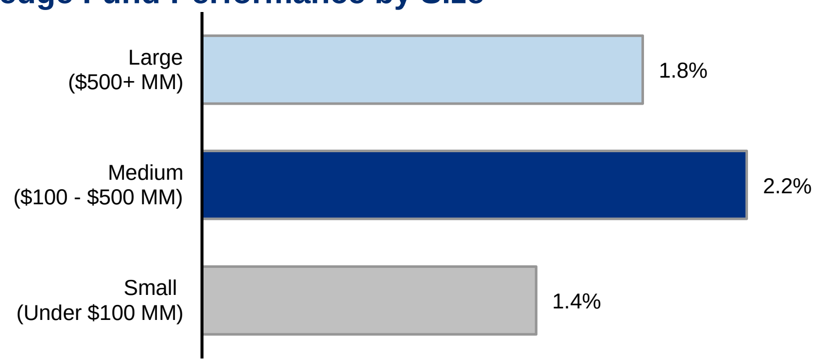
Source: Citi Prime Finance.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance.

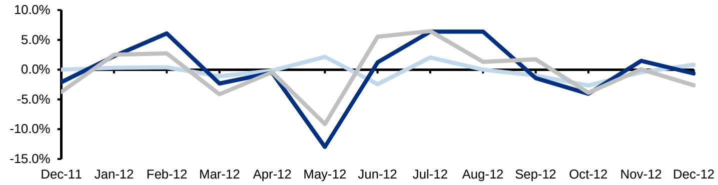
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.

1. Universe and sample sizes may be small.

CTA/Managed Futures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	0.3%	0.4%	-1.1%	-0.2%	2.1%	-2.5%	2.0%	0.0%	-1.0%	-2.7%	-0.4%	0.8%	-2.2%

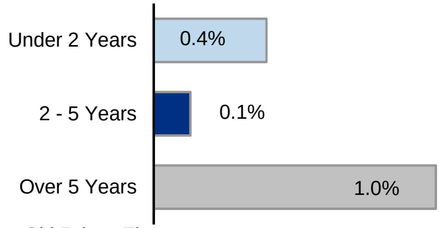
Hedge Fund Performance vs. Benchmark



		Dec-12	Nov-12	Dec-11	YTD-12
CTA/Mgd Futures		0.8%	-0.4%	0.0%	-2.2%
S&P GSCI Commodity (SPGSCI)		-0.6%	-0.4%	-2.1%	1.7%
DJ-UBS Commodity (DJAGK)		-2.6%	0.0%	-3.7%	-0.1%

Source: Citi Prime Finance; FactSet.

Hedge Fund Performance by Age



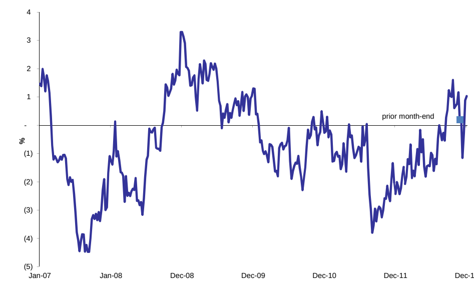
Source: Citi Prime Finance.

Hedge Fund Performance by Size

Source: Citi Prime Finance.

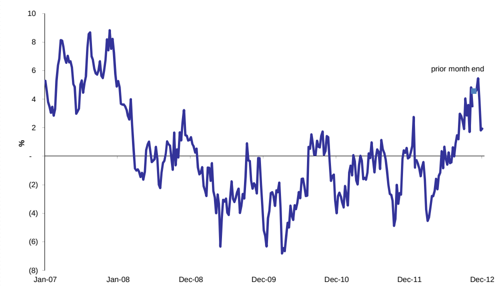
Large Speculator Positions: CFTC Commitment Of Trader (Futures & Options) Report Net of Longs Less Shorts as Percent of Total Open Positions

Combined S&P/Weighted Mini S&P Contracts



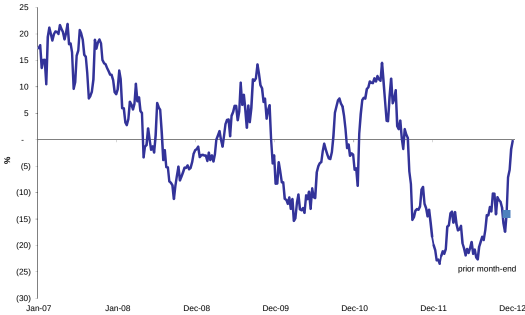
Last Update: 12/25/12 +1.0%

US 10-Year Treasury Futures



Last Update: 12/25/12 +1.9%

EuroFX Futures



Last Update: 12/25/12 -0.2%

Gold Futures

Last Update: 12/25/12 +11.80%

Source: CFTC, Bloomberg, Citi Futures Perspective.

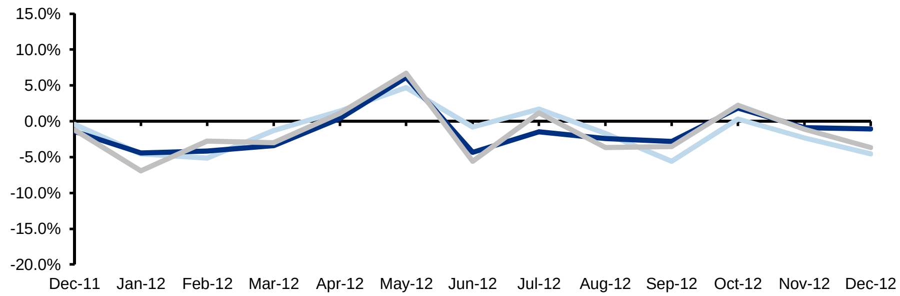
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.
1. Universe and sample sizes may be small.

Dedicated Short Bias

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-4.5%	-5.2%	-1.3%	1.4%	4.7%	-0.8%	1.7%	-1.7%	-5.6%	0.3%	-2.3%	-4.6%	-17.8%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

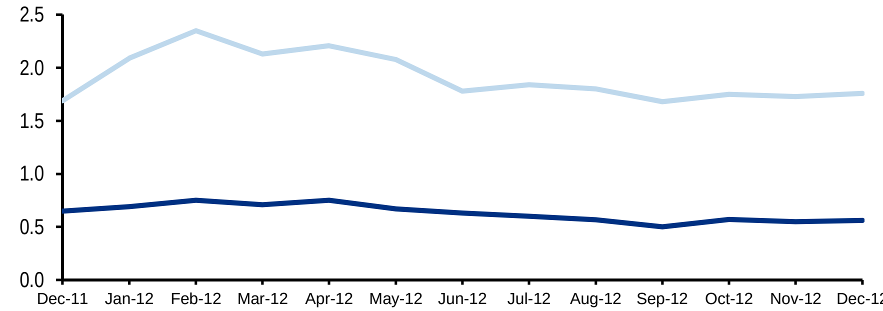


	Dec-12	Nov-12	Dec-11	YTD-12
Ded Short Bias	-4.6%	-2.3%	-0.4%	-17.8%
S&P Short ETF (SH)	-1.1%	-0.9%	-1.4%	-16.5%
Rus 2000 Short ETF (RWM)	-3.7%	-1.1%	-1.2%	-19.0%

Source: Citi Prime Finance; FactSet.

Leverage Profile

(Monthly, LTM)

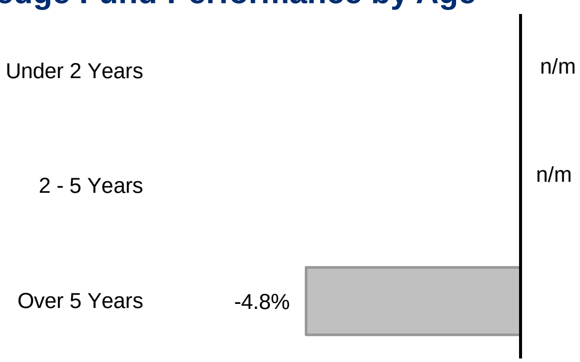


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

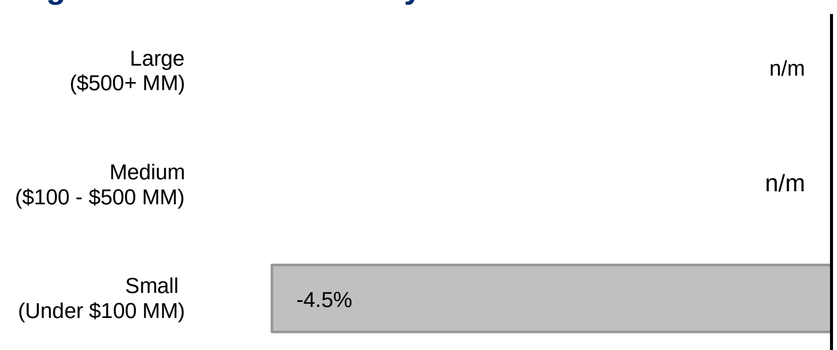
Source: Citi Prime Finance.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance.

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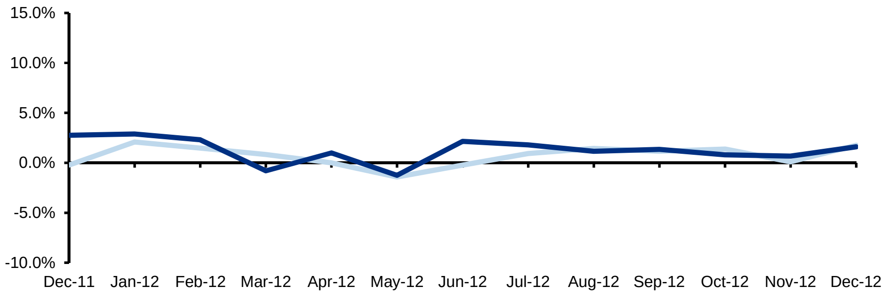
1. Universe and sample sizes may be small.

Distressed

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.1%	1.5%	0.8%	0.0%	-1.4%	-0.2%	0.9%	1.4%	1.2%	1.4%	0.1%	1.7%	9.4%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

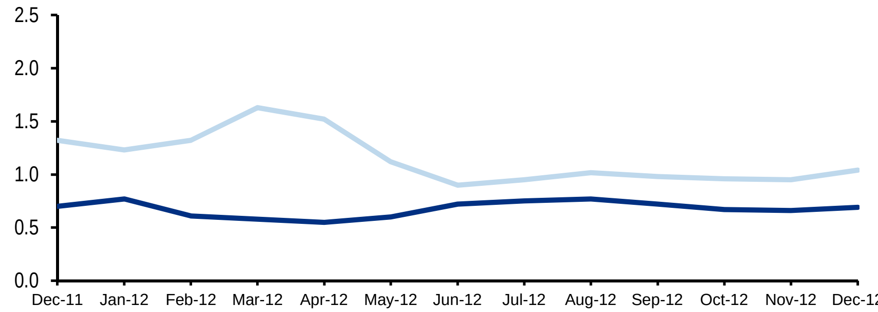


	Dec-12	Nov-12	Dec-11	YTD-12
Distressed	1.7%	0.1%	-0.2%	9.4%
Citi HY Bond Index	1.6%	0.6%	2.7%	13.5%

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

Leverage Profile

(Monthly, LTM)

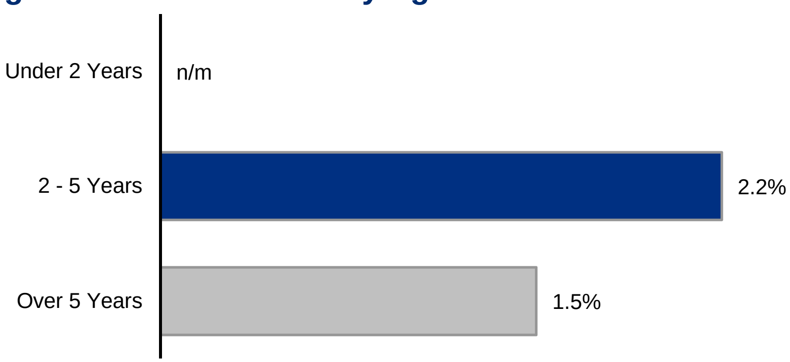


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

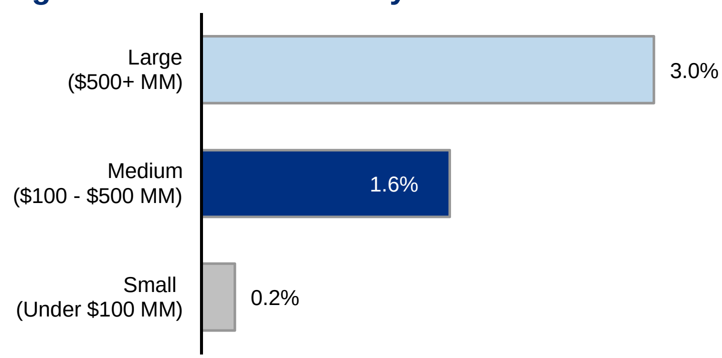
Source: Citi Prime Finance.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance.

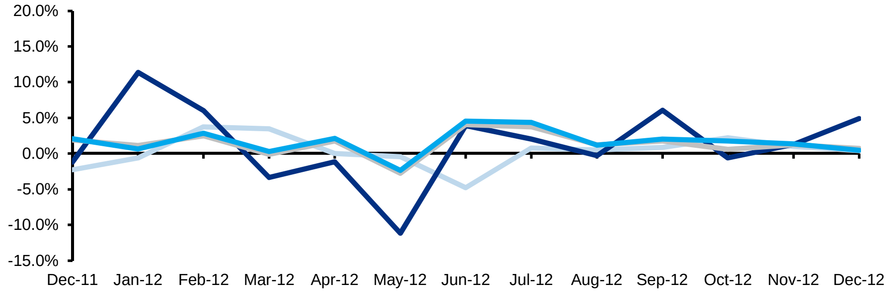
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.
1. Universe and sample sizes may be small.

Emerging Markets

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.8%	3.5%	0.0%	-0.4%	-4.8%	0.8%	0.5%	0.9%	2.2%	1.0%	0.4%	3.5%	11.4%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

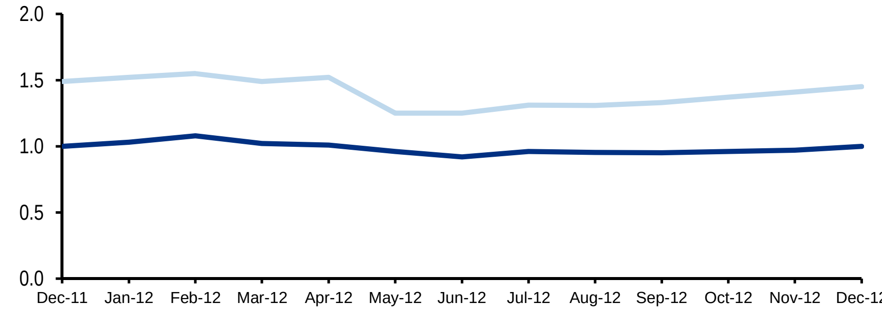


	Dec-12	Nov-12	Dec-11	YTD-12
Emerging Mkts	3.5%	0.4%	-0.6%	11.4%
MSCI EM	4.9%	1.3%	-1.2%	19.0%
JPM EMBIG Core ETF (EMB)	0.7%	1.2%	1.9%	15.9%
DB EM Liquid ETF (PCY)	0.5%	1.4%	2.1%	19.3%

Source: Citi Prime Finance; FactSet.

Leverage Profile

(Monthly, LTM)

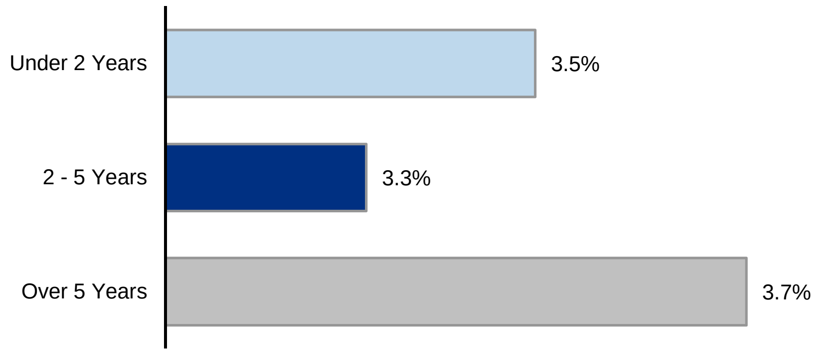


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

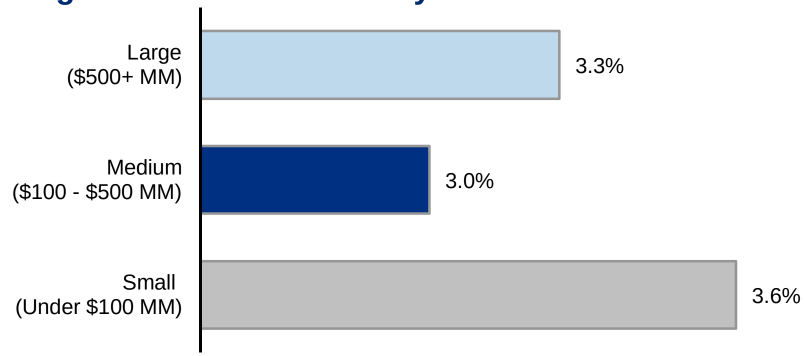
Source: Citi Prime Finance.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance.

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

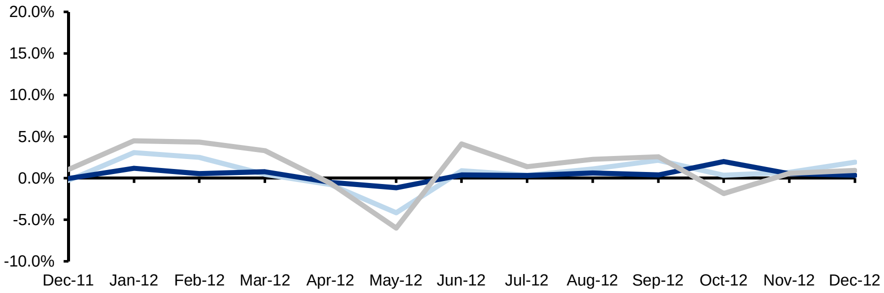
1. Universe and sample sizes may be small.

Equity Long/Short

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.1%	2.5%	0.5%	-0.8%	-4.2%	0.9%	0.4%	1.1%	2.2%	0.3%	0.7%	1.9%	8.5%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

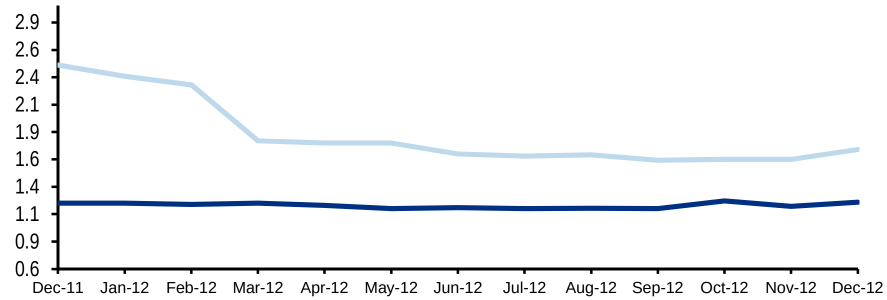


	Dec-12	Nov-12	Dec-11	YTD-12
Eq Long/Short	1.9%	0.7%	-0.3%	8.5%
Eq Mkt Neutral	0.3%	0.5%	0.0%	3.3%
S&P 500	0.9%	0.6%	1.0%	15.4%

Source: Citi Prime Finance; FactSet.

Leverage Profile

(Monthly, LTM)

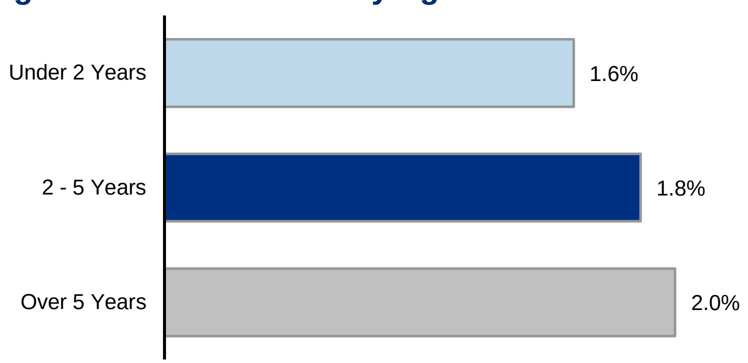


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

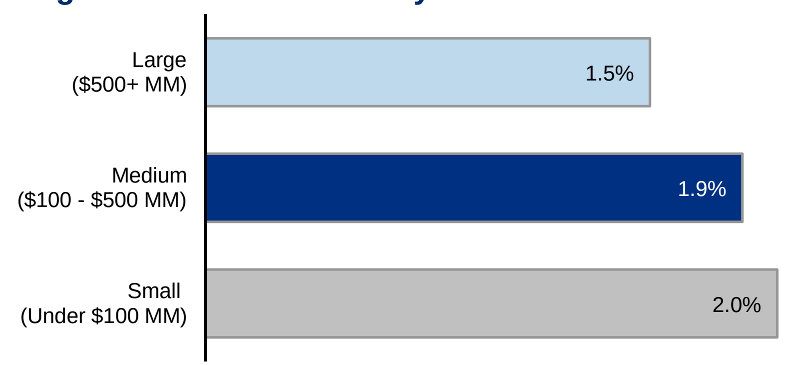
Source: Citi Prime Finance.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance.

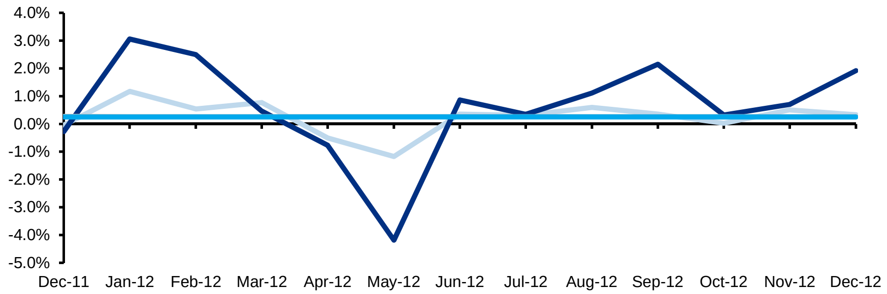
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.
1. Universe and sample sizes may be small.

Equity Market Neutral

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**1.2%**	**0.5%**	**0.8%**	**-0.5%**	**-1.2%**	**0.4%**	**0.3%**	**0.6%**	**0.4%**	**0.0%**	**0.5%**	**0.3%**	**3.3%**

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

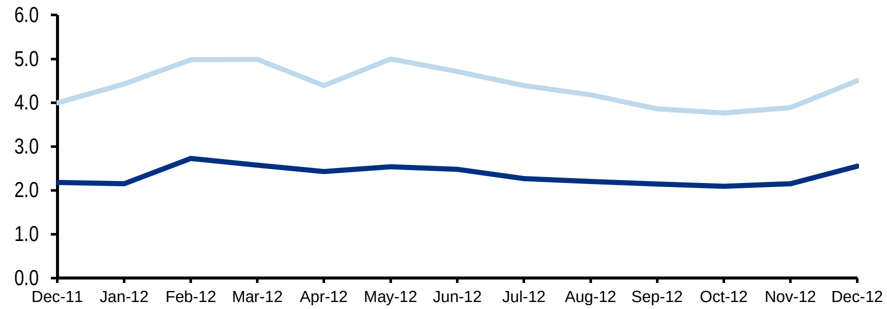


	Dec-12	Nov-12	Dec-11	YTD-12
Eq Mkt Neutral	0.3%	0.5%	0.0%	3.3%
Eq Long/Short	1.9%	0.7%	-0.3%	8.5%
LIBOR + 300 bps	0.3%	0.3%	0.3%	3.2%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	3.1%

Source: Citi Prime Finance; FactSet.

Leverage Profile

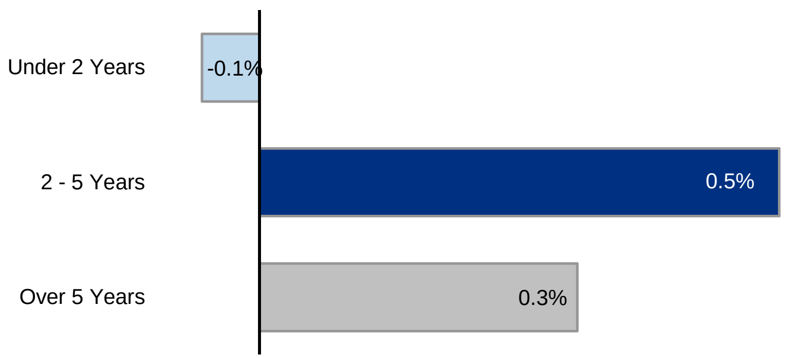
(Monthly, LTM)



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

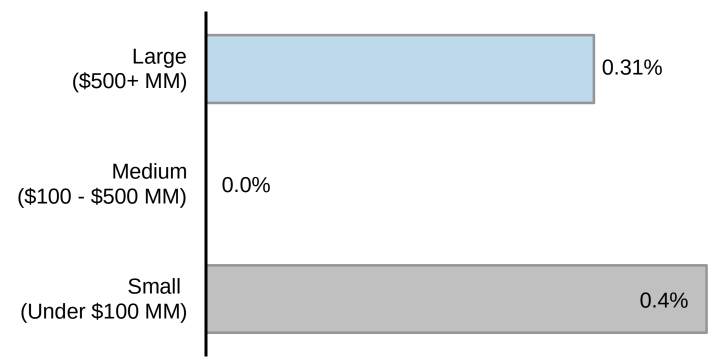
Source: Citi Prime Finance.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance.

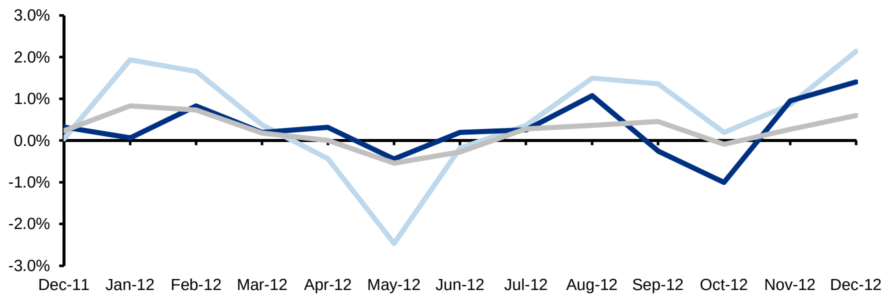
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.
1. Universe and sample sizes may be small.

Event Driven

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**1.9%**	**1.7%**	**0.4%**	**-0.4%**	**-2.5%**	**-0.2%**	**0.4%**	**1.5%**	**1.4%**	**0.2%**	**0.9%**	**2.1%**	**7.3%**

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

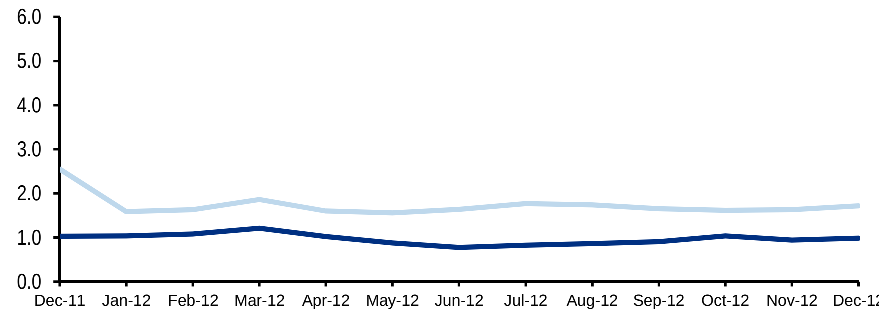


	Dec-12	Nov-12	Dec-11	YTD-12
Event Driven	2.1%	0.9%	0.0%	7.3%
The Merger Fund (MERFX)	1.4%	1.0%	0.3%	3.6%
AQR Div Arb Fund (ADANX)	0.6%	0.3%	0.2%	2.8%

Source: Citi Prime Finance; FactSet.

Leverage Profile

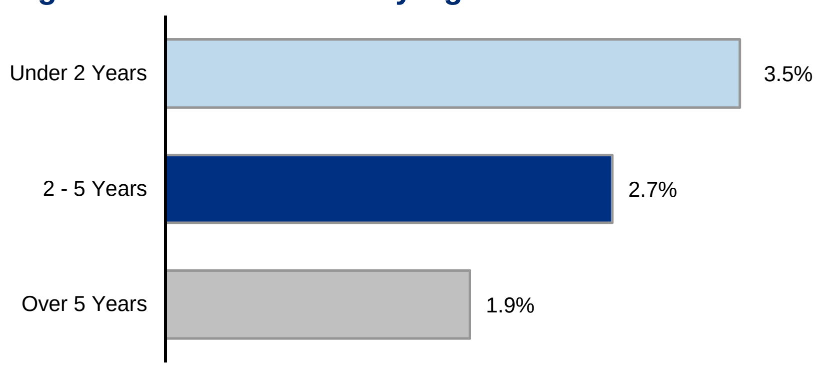
(Monthly, LTM)



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

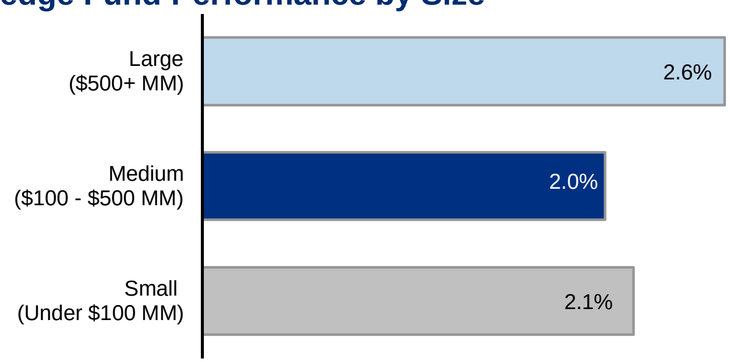
Source: Citi Prime Finance.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance.

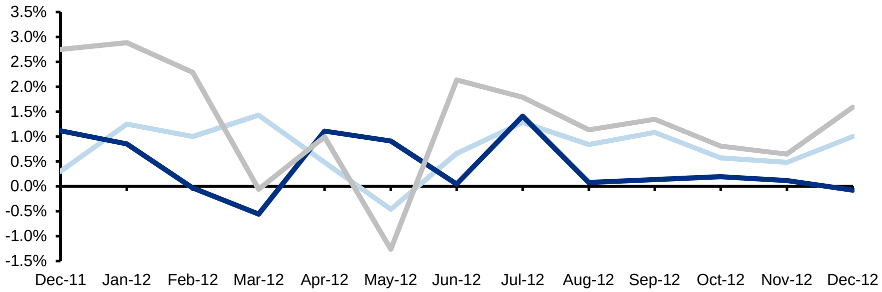
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.
1. Universe and sample sizes may be small.

FI Arbitrage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	**1.3%**	**1.0%**	**1.4%**	**0.5%**	**-0.5%**	**0.7%**	**1.3%**	**0.8%**	**1.1%**	**0.6%**	**0.5%**	**1.0%**	**9.6%**

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

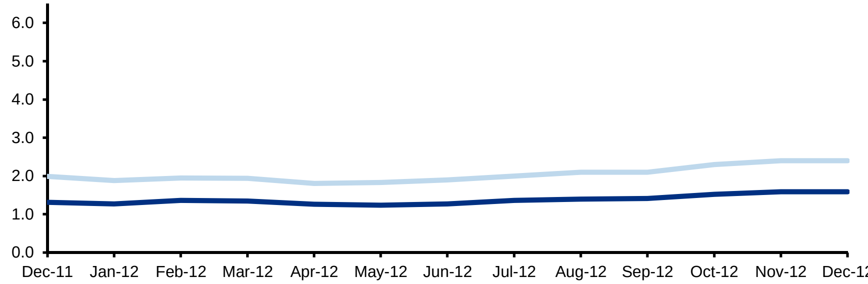


	Dec-12	Nov-12	Dec-11	YTD-12
FI Arbitrage	1.0%	0.5%	0.3%	9.6%
Citi US BIG Index	-0.1%	0.1%	1.1%	4.2%
Citi HY Bond Index	1.6%	0.6%	2.7%	14.3%

Source: Citi Prime Finance; Citigroup Index LLC.

Leverage Profile

(Monthly, LTM)

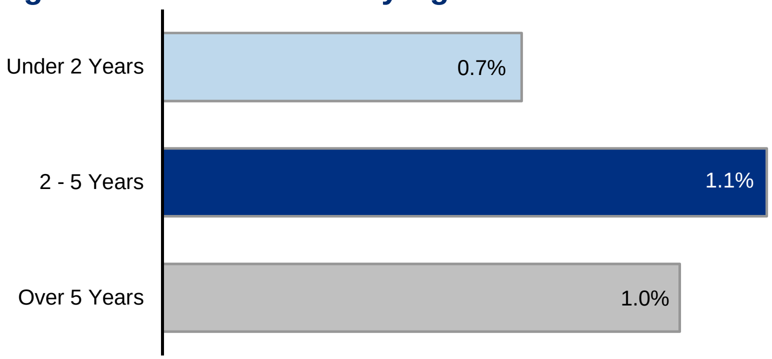


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

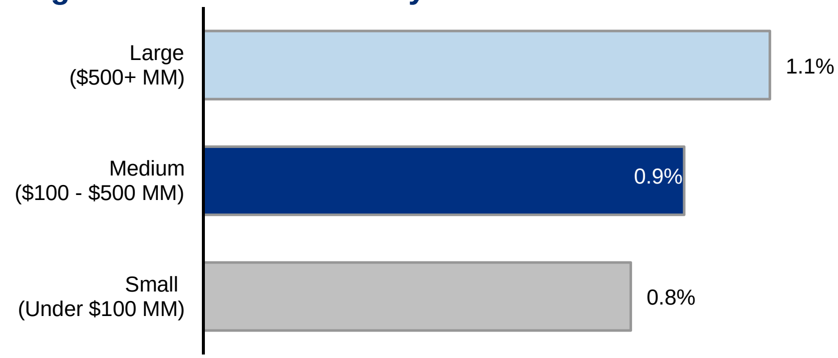
Source: Citi Prime Finance.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance.

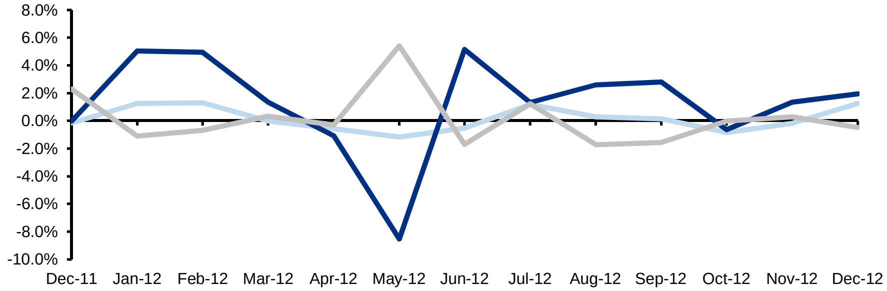
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.
1. Universe and sample sizes may be small.

Global Macro

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.3%	1.3%	0.0%	-0.6%	-1.2%	-0.5%	1.2%	0.3%	0.1%	-0.9%	-0.2%	1.3%	2.1%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

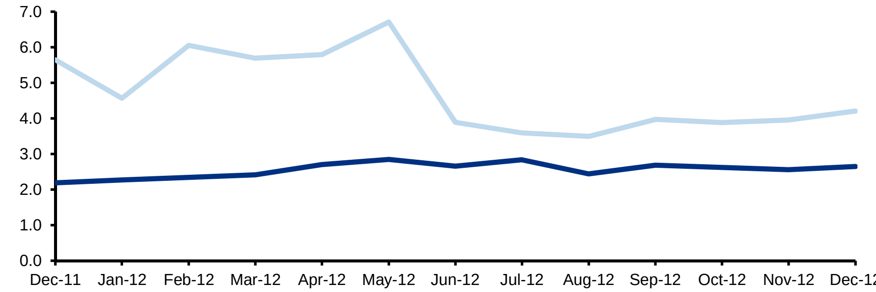


	Dec-12	Nov-12	Dec-11	YTD-12
Global Macro	1.3%	-0.2%	-0.2%	2.1%
MSCI World	1.9%	1.3%	0.0%	16.2%
US$-Index	-0.5%	0.3%	2.3%	-0.3%

Source: Citi Prime Finance; FactSet.

Leverage Profile

(Monthly, LTM)

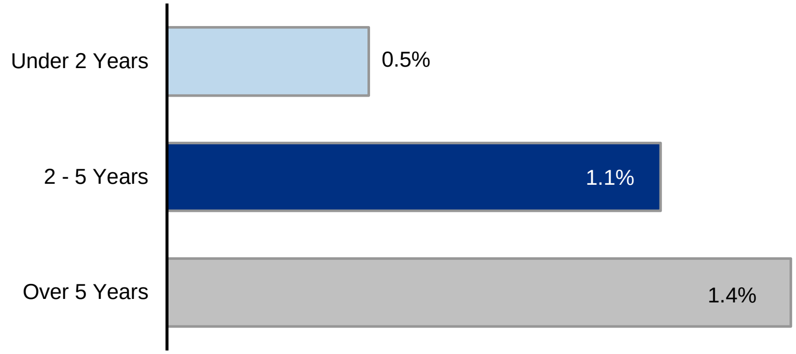


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

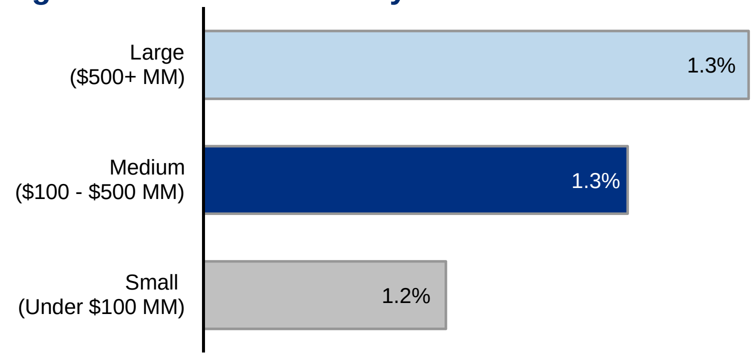
Source: Citi Prime Finance; FactSet.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance; FactSet.

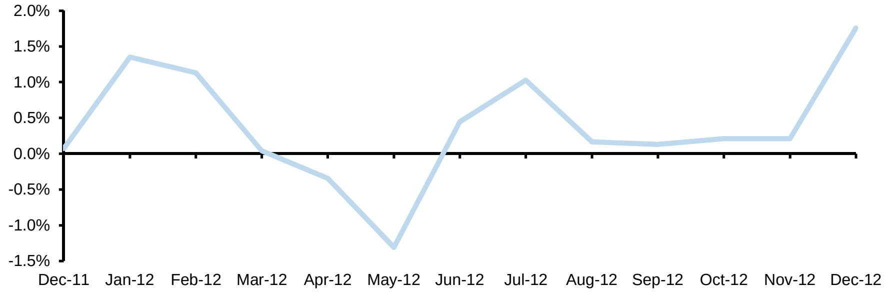
Note: Hedge fund data is self-reported; each calculation is based on the respective data from funds who have reported for the current period.
1. Universe and sample sizes may be small.

Multi-Strategy

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.4%	1.1%	0.0%	-0.3%	-1.3%	0.5%	1.0%	0.2%	0.1%	0.2%	0.2%	1.8%	4.8%

Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

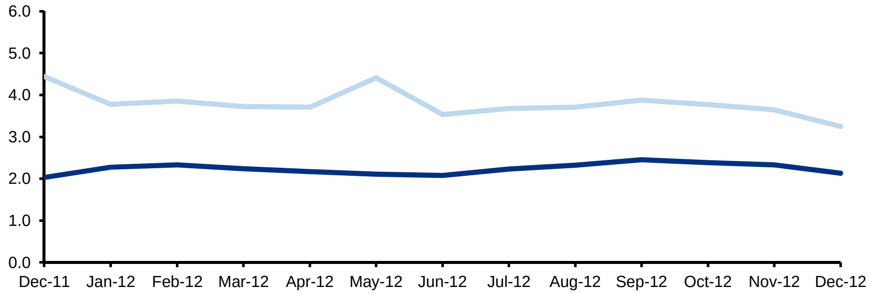


	Dec-12	Nov-12	Dec-11	YTD-12
Multi-Strategy	1.8%	0.2%	0.1%	4.8%

Source: Citi Prime Finance.

Leverage Profile

(Monthly, LTM)

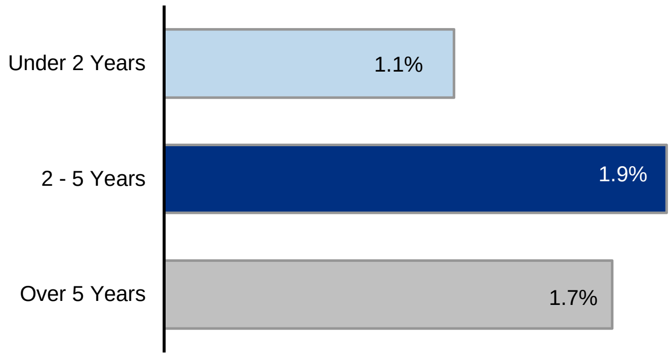


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

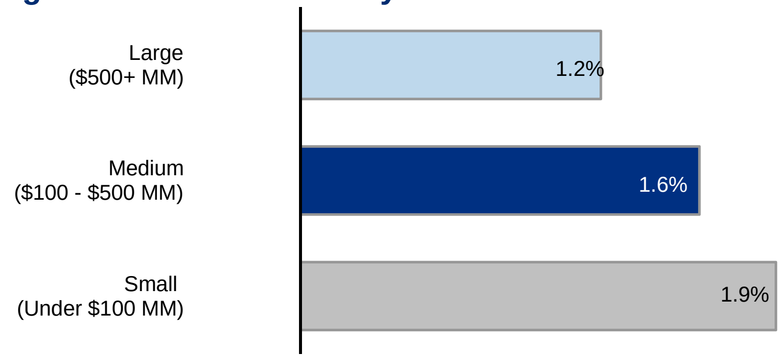
Source: Citi Prime Finance.

Hedge Fund Performance by Age[1]



Source: Citi Prime Finance.

Hedge Fund Performance by Size[1]



Source: Citi Prime Finance.

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

1. Universe and sample sizes may be small.

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