

# Hedge Fund Industry Snapshot

Data as of May 2013

## 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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Citi Prime Finance

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# Highlights

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## Performance, AUM & Flows

- Composite hedge fund performance, equal-weighted across funds, was up in May 2013 with performance ranging from +0.49% to +0.75%. Returns were in range with previous month which experienced +0.70% to +0.81% over the same period.
- Hedge fund strategy wise, top performing strategies in May 2013 include Distressed +2.16% , Event Driven +1.71% , Equity Long/Short at +1.49% and Convertible Arbitrage at +1.17%. The lowest performing strategies include Dedicated Short -3.26%, CTA/Managed Futures -1.88%, and Fixed Income Arbitrage +0.10%.
- According to eVestment|HFN, industry assets for May 2013 increased for the seventh consecutive month, finishing net positive at +\$4.51 billion. Gains were attributed evenly from performance as well as net positive investor flows .
- Net positive investor flows of +\$2.2 billion for May 2013 marks the fourth period of net positive flows for 2013. May 2013 flows are on par with the mean monthly flows for 2012 which stood at +\$2.3 billion. May 2012 net flows were +\$1.04 billion over the same period.

## Fund Profiles

- Across the subset of hedge funds reporting performance and AUM, the monthly median performance for large single funds (>\$500 million) was +1.2%, medium single funds (\$100–\$500 million) +0.8% and small single funds (<\$100 million) +0.5%.
- Liquidity terms continued its consistent pattern from the recent reporting periods showing little changes to redemption notice periods with 63% of funds requiring 30 days or less notice for redemption. Across the entire subset of reporting funds, the majority (52%) required no lockup (43%) or less than 1 year lock up (9%).
- 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%.

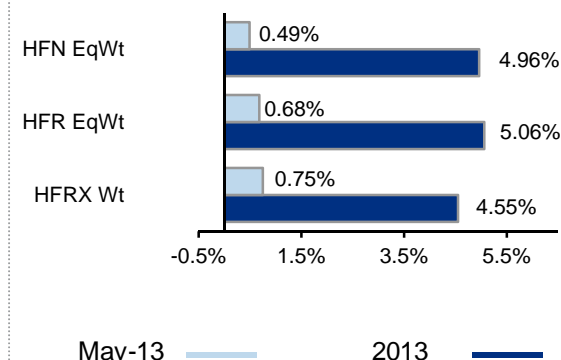
## Leverage, Shorts and Futures Market Positioning

- On a global basis, we calculate gross leverage (as measured on a mean basis) at 1.98x in May 2013 versus 2.0x in April and 2.01x in March.
- Looking across both long leverage and gross leverage, the following strategies showed the highest uses of leverage: Equity Market Neutral (4.57x ), Global Macro (3.89x), Convertible Arbitrage (3.56x), and Multi Strategy (3.40x).
- Citi US short flows data included in this month's report show decreased interest in the Consumer Discretionary and Financials sectors. These sectors accounted for 29.69% of short executions and 34.10% of short covers in May vs. 26.22 % of short executions and 29.71 % of short covers in April 2013.
- Large speculators rebuilt a net short positioning in EuroFX (futures & options) swinging back to -12.4% from -5.5% of total open interest – the largest net short since November 2012. The net positioning in 10-year Treasury futures moved from net long 3.6% of total open interest to net short 0.5%, and into net short territory for the first time since March 2013. Aggregate open interest in 10-year Treasury futures & options rose to the highest it has been since March 2008. Large speculators cut net long exposure in both SP (E-mini and large) and gold futures. Of note, the large speculator net long exposure in gold contracts closed the month of May at the smallest it has been (in terms of total open interest) since May 2004.

# Hedge Fund Industry: AUM, Performance

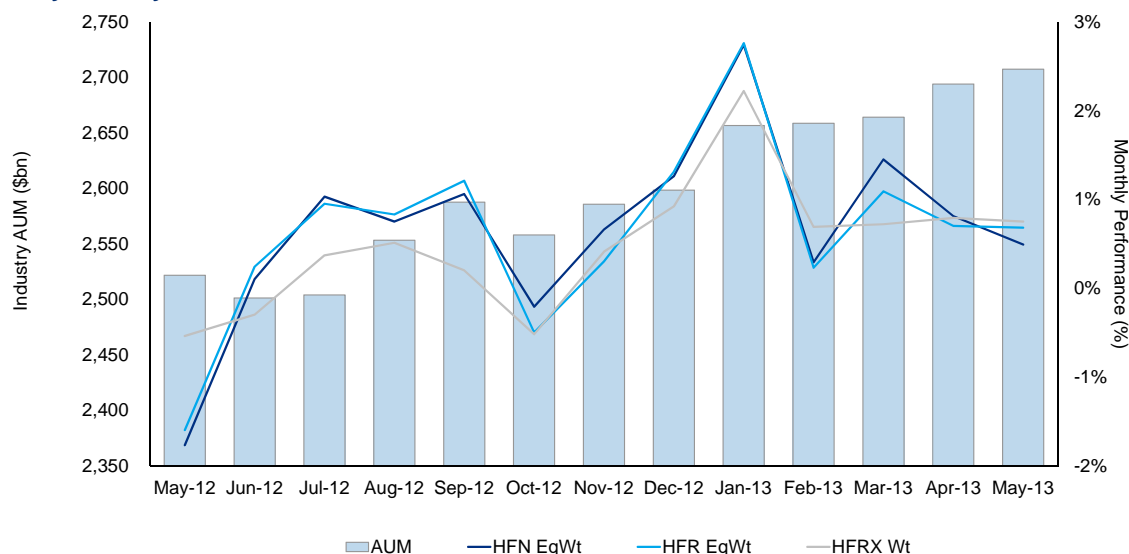
- Composite hedge fund performance, equal-weighted across funds, was up in May 2013 with performance ranging from +0.49% to +0.75%. Returns were in range with previous month which experienced +0.70% to +0.81% over the same period.
- Equity markets posted gains for the month despite paring gains in a late-month sell off as government bond yields rose on improving US economic data and expectations for a reduction of bond purchase stimulus measures by the Federal Reserve. US equities led gains for May, with positive contributions across all market capitalizations with sector leadership from Technology, Financials, Cyclical and Healthcare. European equities also posted strong gains, led by Germany, with contributions from the Netherlands, Italy, France and the UK. Asian equities were mixed as the Nikkei experienced a sharp intra-month reversal, ending the month with a narrow decline; China, India and Korea also gained while Australia and Hong Kong declined. Emerging Markets equities declined, with weakness concentrated in both Russian and Latin America.
- Hedge fund strategy wise, top performing strategies in May 2013 include Distressed +2.16%, Event Driven +1.71%, Equity Long/Short at +1.49% and Convertible Arbitrage at +1.17%. The lowest performing strategies include Dedicated Short -3.26%, CTA/Managed Futures -1.88%, and Fixed Income Arbitrage +0.10%.

## Industry Performance: May -13 / YTD



Source: HFR, eVestment|HFN.

## Monthly Industry AUM and Performance



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

## Note Pad

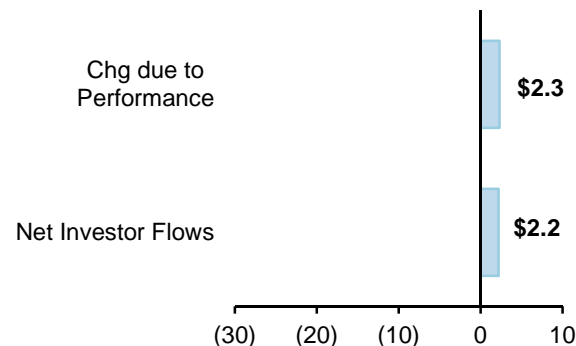
- MSCI World Index: +0.1%; +11.1% YTD
- MSCI EM Index: -2.5%; -3.3% YTD
- S&P 500: +2.3%; +14.6% YTD
- Citi US BIG Index: -2.35%; -1.5% YTD
- S&P GSCI: -1.5%; -5.5% YTD
- US Dollar Index: +2.0%; +4.5% YTD
- HFN Country Indices Apr-13/ YTD:
  - Brazil: -2.46% / -0.37%; Australia: +2.37% / +3.19%
  - China: +2.46%/+6.58%; Japan: -0.96%/+19.26%

# Hedge Fund Industry: Change in Industry Assets

- According to eVestment|HFN, industry assets for May 2013 increased for the seventh consecutive month, finishing net positive at +\$4.51 billion. Gains were attributed evenly from performance as well as net positive investor flows.
- May 2013 marks this third consecutive month with positive industry performance gains and the fourth such period for 2013. Mean monthly performance gains now stand at \$20.63 billion for 2013 compared to \$9.6 billions for 2012. May 2013 performance gains were lower April 2012 which experienced \$35.2 billion over the same period.
- Net positive investor flows of +\$2.2 billion for May 2013 marks the fourth period of net positive flows for 2013. May 2013 flows are on par with the mean monthly flows for 2012 which stood at +\$2.3 billion. May 2012 net flows were +\$1.04 billion over the same period.
- Total industry AUM now stands at \$2.71 trillion for May 2013 an increase of +4% from December 2012 and an increase of +6.9% from May 2012. Industry AuM still remains below its \$2.94 trillion June 2008 peak.

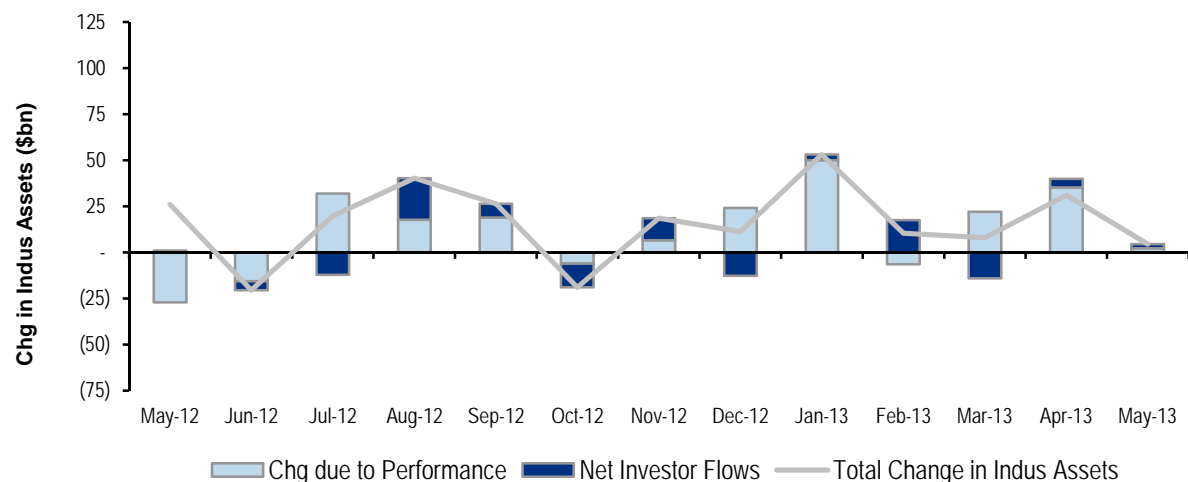
## Composition of Change in Assets

May -13 Amounts in (\$ Billion)



Source: eVestment|HFN.

## Monthly Change in Industry Assets and Composition



Source: eVestment|HFN.

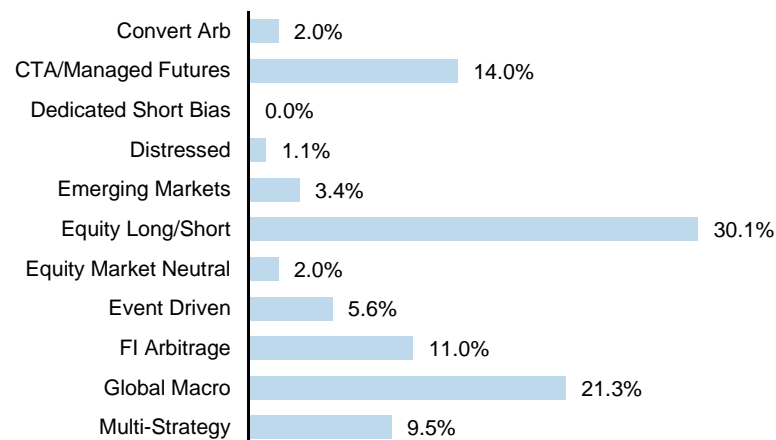
## Note Pad

- The Citi Prime Finance calculation for gross leverage (as measured on a mean basis) 1.98x in May 2013 versus 2.0x in April and 2.01x in March.

Gross leverage (mean): defined as sum of (LMV + abs SMV)/Net Equity.

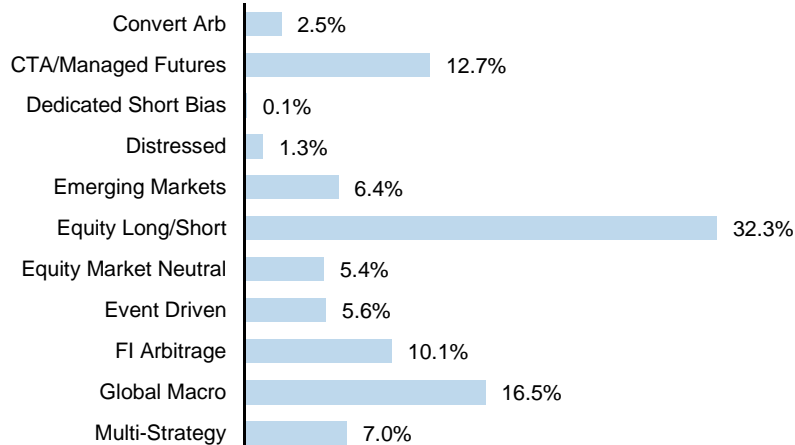
# Hedge Fund Stats by Strategy

## Hedge Fund Strategy Breakdown by Assets



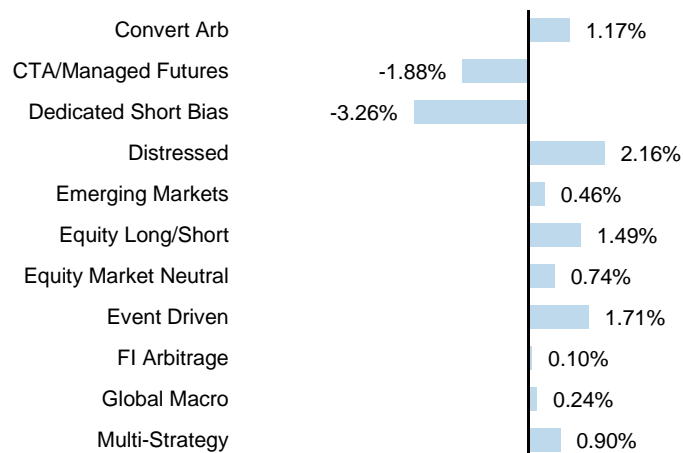
Source: Citi Prime Finance.

## Hedge Fund Strategy Breakdown by Number of Funds



Source: Citi Prime Finance.

## Hedge Fund Performance by Strategy

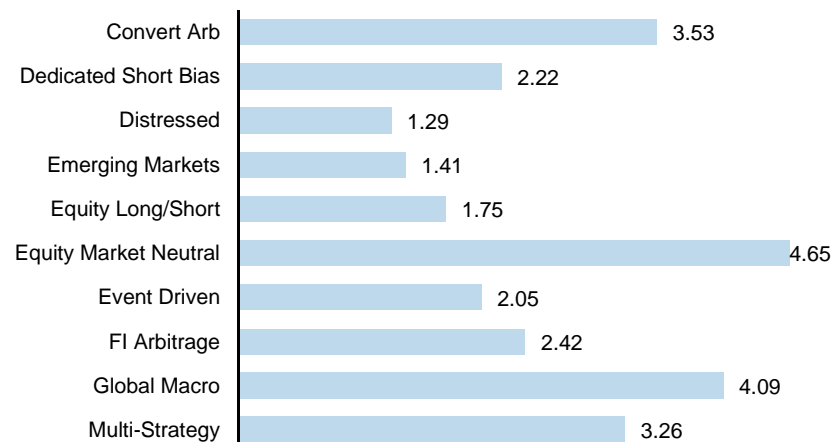


Source: Citi Prime Finance.

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

## Hedge Fund Leverage Ratios by Strategy

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

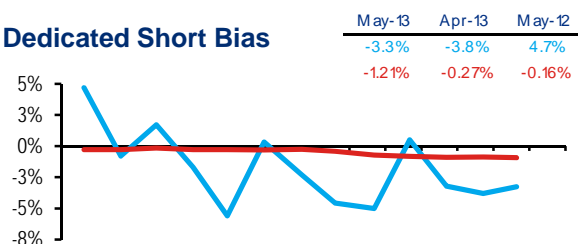


Source: Citi Prime Finance.

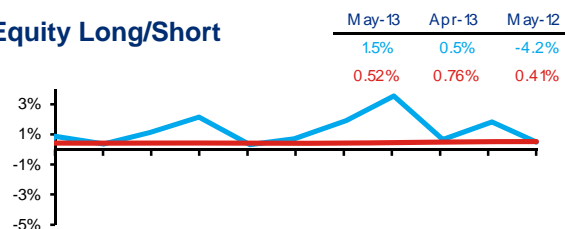
# Monthly Performance by Strategy

— Monthly Median  
— Trailing 60 Month Median

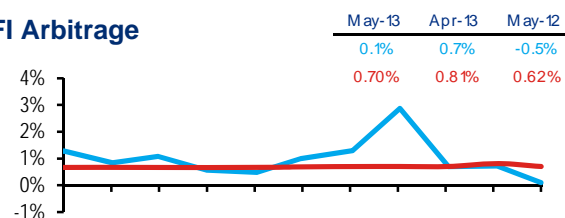
## Dedicated Short Bias



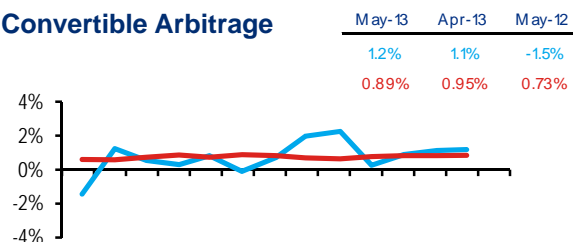
## Equity Long/Short



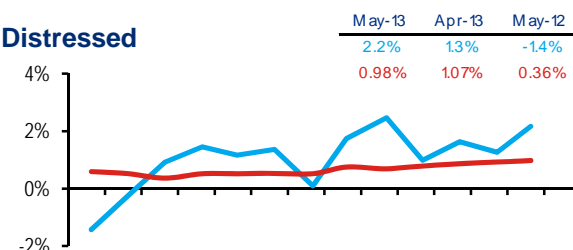
## FI Arbitrage



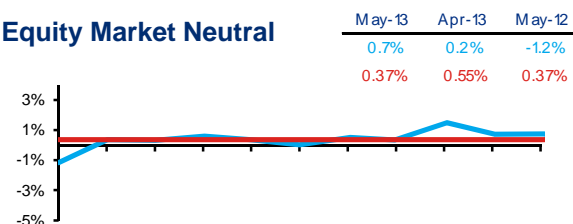
## Convertible Arbitrage



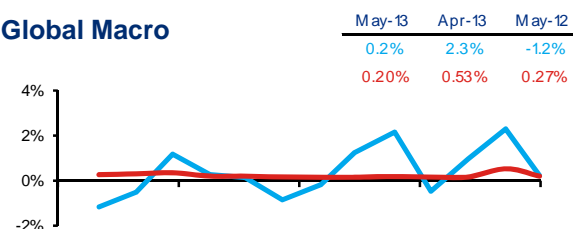
## Distressed



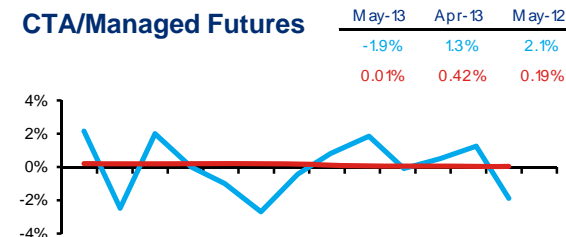
## Equity Market Neutral



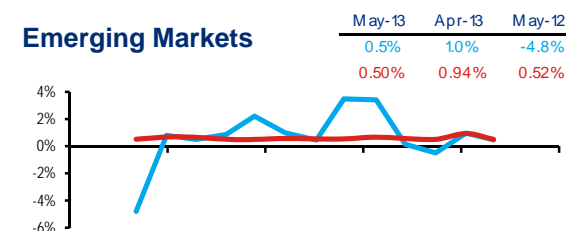
## Global Macro



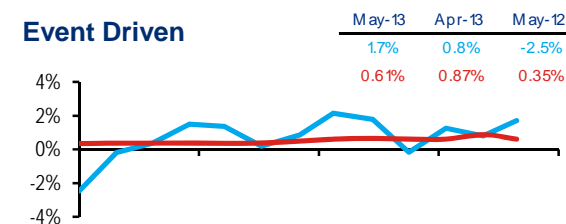
## CTA/Managed Futures



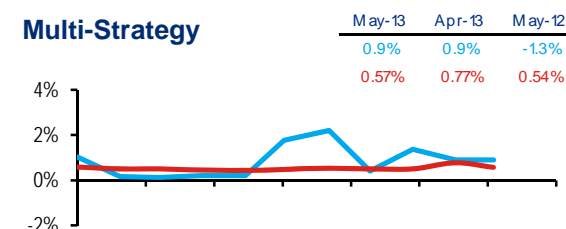
## Emerging Markets



## Event Driven



## Multi-Strategy

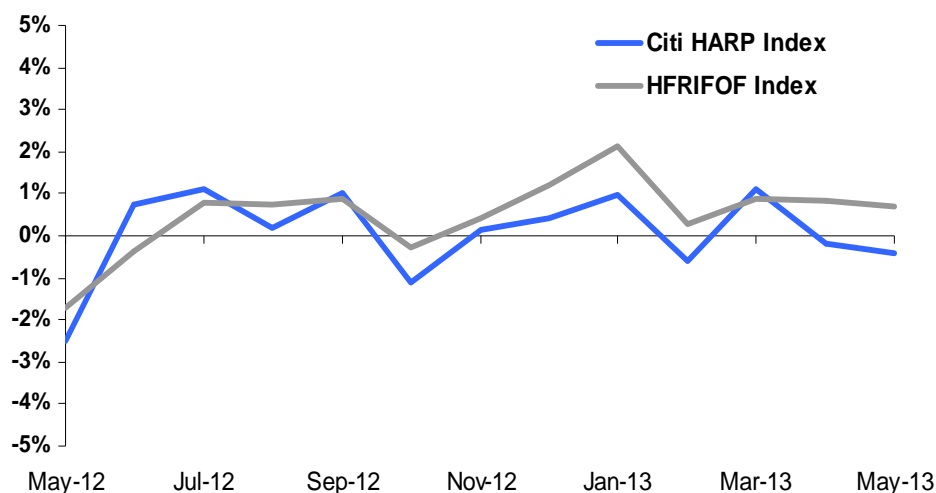


Source: Citi Prime Finance.

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**

	May-13	Apr-13	May-12	YTD-13
Citi HARP	-0.43%	-0.19%	-2.49%	0.85%
HFRIFOF	0.71%	0.81%	-1.72%	4.89%

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	3.36%	8.47%
Annualised Volatility	2.56%	2.25%
Sharpe Ratio	1.28	3.72
Correlation	49%	-

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.

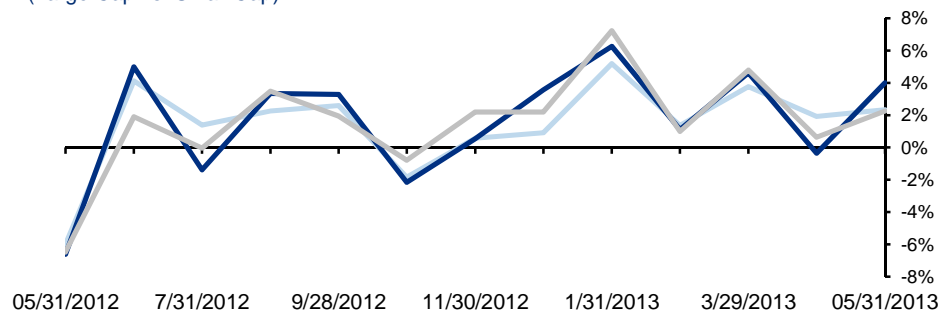
The Index contains weighted components. The components are a money market component and various index components. Each index component represents a class of asset in which the hedge fund sector is assumed to invest: bond, commodity, equity and foreign exchange.

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

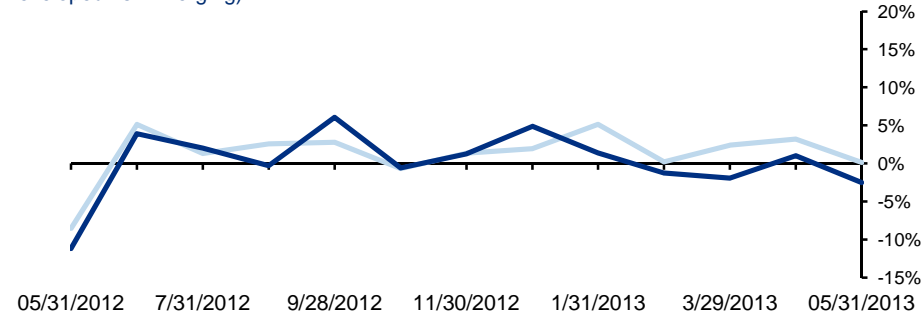
## US Equities

(Large Cap vs. Small Cap)



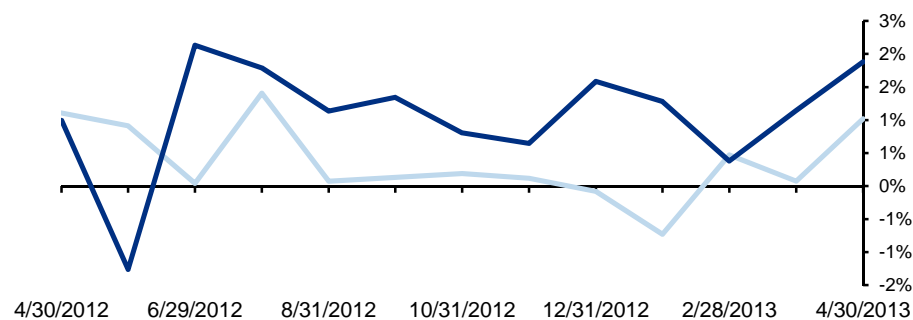
## Global Equities

(Developed vs. Emerging)



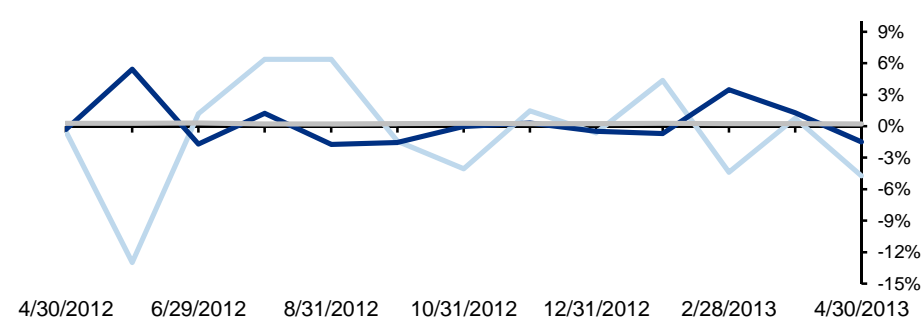
## Fixed Income

(High-Grade vs. High-Yield)



## Commodities

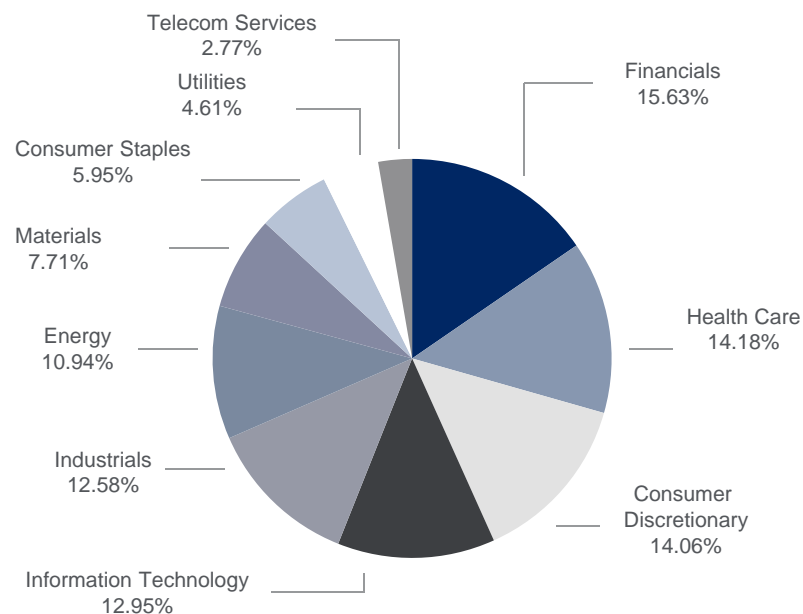
(US\$ Performance)



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

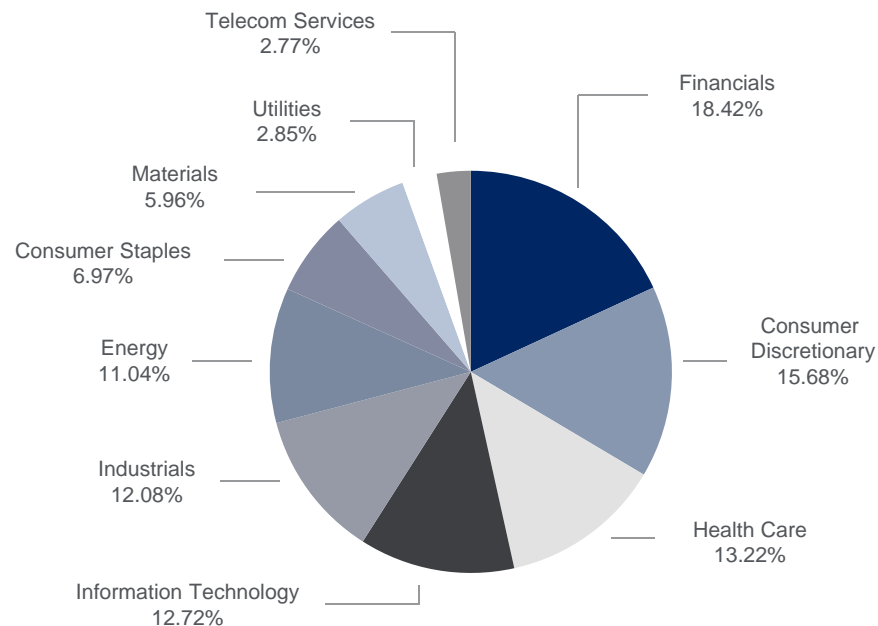
# US Securities Lending Sector Short Flows

## Short Sale Executions



Sector Short Flows	% Short Execution	% Previous Month Short Execution	% Change From Previous Month
Financials	15.63	11.67	33.93
Health Care	14.18	13.52	4.88
Consumer Discretionary	14.06	14.21	-1.06
Information Technology	12.95	16.70	-22.46
Industrials	12.58	11.47	9.68
Energy	10.94	13.15	-16.81
Materials	7.71	6.36	21.23
Consumer Staples	5.95	7.03	-15.36
Utilities	4.61	2.01	129.35
Telecom Services	2.77	3.88	-28.61

## Short Cover Executions



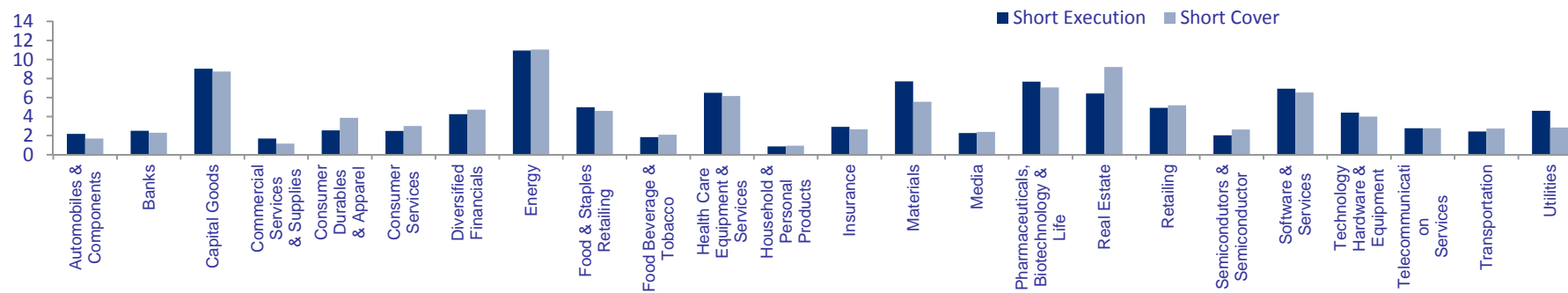
Sector Short Flows	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Financials	18.42	13.45	36.95
Consumer Discretionary	15.68	16.11	-2.67
Health Care	13.22	12.79	3.36
Information Technology	12.72	19.08	-33.33
Industrials	12.08	11.10	8.83
Energy	11.04	12.29	-10.17
Consumer Staples	6.97	5.43	28.36
Materials	5.96	5.51	0.91
Utilities	2.85	2.41	18.26
Telecom Services	2.77	1.84	50.54

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	10.94	13.15	-16.81
Capital Goods	9.03	6.88	31.25
Materials	7.71	6.36	21.23
Pharmaceuticals, Biotechnology & Life	7.67	7.88	-2.66
Software and Services	6.94	8.27	-16.08
Health Care Equipment & Services	6.51	5.64	15.43
Real Estate	6.43	2.63	144.49
Retailing	4.92	4.61	6.72
Utilities	4.61	2.01	129.35
Technology Hardware and Equipment	4.42	5.47	-19.20
Diversified Financials	4.25	5.28	-19.51
Food Beverage & Tobacco	3.25	3.99	-18.55
Insurance	2.92	1.89	54.50
Telecom Services	2.77	3.88	-28.61
Consumer Durables & Apparel	2.56	2.85	-10.18
Banks	2.51	1.87	34.22
Consumer Services	2.49	2.77	-10.11
Transportation	2.43	3.50	-30.57
Media	2.27	2.60	-12.69
Automobiles & Components	2.19	1.38	58.70
Semiconductors and Semiconductor	2.04	2.95	-30.85
Food & Staples Retailing	1.84	1.99	-7.54
Commercial Services & Supplies	1.69	1.09	55.05
Household and Personal Products	0.87	1.05	-17.14

Industry	% Cover Execution	% Previous Month Short Cover	% Change From Previous Month
Energy	11.04	12.29	-10.17
Real Estate	9.21	2.84	224.30
Capital Goods	8.74	7.11	22.93
Pharmaceuticals, Biotechnology & Life	7.06	6.33	11.53
Software and Services	6.54	9.66	-32.30
Health Care Equipment & Services	6.16	6.46	-4.64
Materials	5.56	5.51	0.91
Retailing	5.19	4.47	16.11
Diversified Financials	4.73	6.16	-23.21
Technology Hardware and Equipment	4.00	6.17	-35.17
Food Beverage & Tobacco	3.95	2.62	50.76
Consumer Durables & Apparel	3.87	3.07	26.06
Consumer Services	3.01	4.16	-27.64
Utilities	2.85	2.41	18.26
Telecom Services	2.77	1.84	50.54
Transportation	2.75	3.18	-13.52
Insurance	2.66	2.12	25.47
Semiconductors and Semiconductor	2.65	3.25	-18.46
Media	2.39	2.51	-4.78
Banks	2.31	2.34	-1.28
Food & Staples Retailing	2.09	1.94	7.73
Automobiles & Components	1.69	1.89	-10.58
Commercial Services & Supplies	1.16	0.81	43.21
Household and Personal Products	0.94	0.87	8.05

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

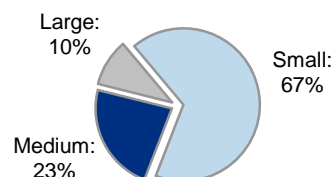
Citi Short Flows: May 2013

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
<b>Sector</b>	<b>Sector</b>						
10	Energy	10.94	13.15	-16.81	11.04	12.29	-10.17
15	Materials	7.71	6.36	21.23	5.56	5.51	0.91
20	Industrials	12.58	11.47	9.68	12.08	11.10	8.83
25	Consumer Discretionary	14.06	14.21	-1.06	15.68	16.11	-2.67
30	Consumer Staples	5.95	7.03	-15.36	6.97	5.43	28.36
35	Health Care	14.18	13.52	4.88	13.22	12.79	3.36
40	Financials	15.63	11.67	33.93	18.42	13.45	36.95
45	Information Technology	12.95	16.70	-22.46	12.72	19.08	-33.33
50	Telecommunication Services	2.77	3.88	-28.61	2.77	1.84	50.54
55	Utilities	4.61	2.01	129.35	2.85	2.41	18.26
<b>Industry Group</b>	<b>Industry Group</b>						
1010	Energy	10.94	13.15	-16.81	11.04	12.29	-10.17
1510	Materials	7.71	6.36	21.23	5.56	5.51	0.91
2010	Capital Goods	9.03	6.88	31.25	8.74	7.11	22.93
2020	Commercial Services & Supplies	1.69	1.09	55.05	1.16	0.81	43.21
2030	Transportation	2.43	3.50	-30.57	2.75	3.18	-13.52
2510	Automobiles & Components	2.19	1.38	58.70	1.69	1.89	-10.58
2520	Consumer Durables & Apparel	2.56	2.85	-10.18	3.87	3.07	26.06
2530	Consumer Services	2.49	2.77	-10.11	3.01	4.16	-27.64
2540	Media	2.27	2.60	-12.69	2.39	2.51	-4.78
2550	Retailing	4.92	4.61	6.72	5.19	4.47	16.11
3010	Food & Staples Retailing	1.84	1.99	-7.54	2.09	1.94	7.73
3020	Food Beverage & Tobacco	3.25	3.99	-18.55	3.95	2.62	50.76
3030	Household & Personal Products	0.87	1.05	-17.14	0.94	0.87	8.05
3510	Health Care Equipment & Services	6.51	5.64	15.43	6.16	6.46	-4.64
3520	Pharmaceuticals, Biotechnology & Life Sciences	7.67	7.88	-2.66	7.06	6.33	11.53
4010	Banks	2.51	1.87	34.22	2.31	2.34	-1.28
4020	Diversified Financials	4.25	5.28	-19.51	4.73	6.16	-23.21
4030	Insurance	2.92	1.89	54.50	2.66	2.12	25.47
4040	Real Estate	6.43	2.63	144.49	9.21	2.84	224.30
4510	Software & Services	6.94	8.27	-16.08	6.54	9.66	-32.30
4520	Technology Hardware & Equipment	4.42	5.47	-19.20	4.00	6.17	-35.17
4530	Semiconductors & Semiconductor Equipment	2.04	2.95	-30.85	2.65	3.25	-18.46
5010	Telecommunication Services	2.77	3.88	-28.61	2.77	1.84	50.54
5510	Utilities	4.61	2.01	129.35	2.85	2.41	18.26

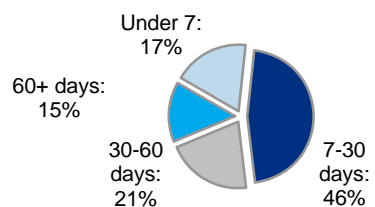
Source: S&P (GICS); Citi US Securities Lending. Executions of shorts and short covers settled at Citi Prime Finance based on Market Value.

# Hedge Fund (Fund Level) Profiles

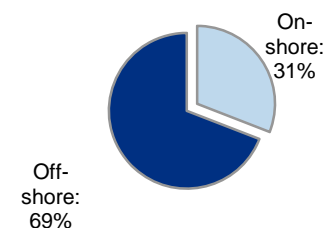
## By Fund Size—No. of Funds



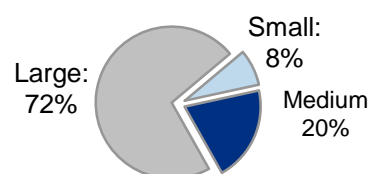
## Redemption Notice Period



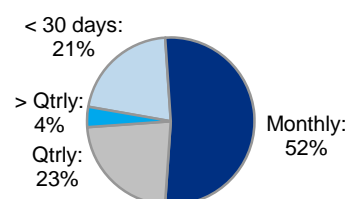
## On-shore/Off-shore



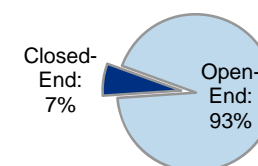
## By Fund Size—\$ AUM



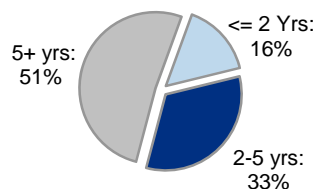
## Redemption Frequency



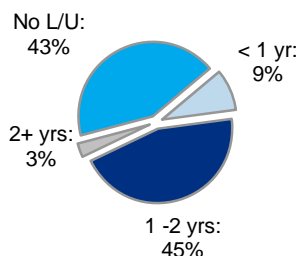
## Legal Status



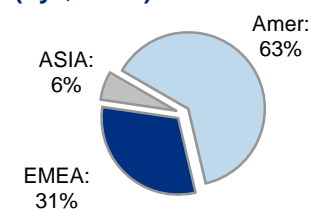
## By Fund Age—No. of Funds



## Lock-Up



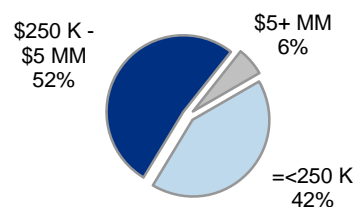
## Domicile (by \$ AUM)



## 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)

		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
Hedge Fund Age	% of Total								
Under 2 yrs	5%	\$1,743	0.1%	4.9%	72%	98%	1-2 yrs / 76%	7-30 days / 69%	Monthly / 56%
2-5 yrs	23%	\$2,193	0.7%	6.1%	70%	63%	1-2 yrs / 79%	60+ days / 31%	Monthly / 40%
Over 5 yrs	72%	\$1,604	1.4%	4.1%	66%	72%	1-2 yrs / 41%	7-30 days / 32%	Monthly / 47%
<b>Total</b>	<b>100%</b>	<b>\$1,892</b>	<b>1.2%</b>	<b>3.9%</b>	<b>68%</b>	<b>69%</b>	<b>1-2 years / 51%</b>	<b>7-30 days / 34%</b>	<b>Monthly / 48%</b>

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

		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
Hedge Fund Age	% of Total								
Under 2 yrs	14%	\$219	1.0%	6.1%	71%	84%	1-2 yrs / 75%	7-30 days / 52%	Under 30 / 51%
2-5 yrs	53%	\$228	0.8%	5.2%	70%	73%	1-2 yrs / 66%	7-30 days / 41%	Monthly / 49%
Over 5 yrs	32%	\$229	0.6%	5.5%	70%	65%	No / 52%	7-30 days / 48%	Under 30 / 57%
<b>Total</b>	<b>100%</b>	<b>\$227</b>	<b>0.8%</b>	<b>5.6%</b>	<b>71%</b>	<b>68%</b>	<b>No / 44%</b>	<b>7-30 days / 46%</b>	<b>Monthly / 52%</b>

## Hedge Funds: Small (<\$100 Million)

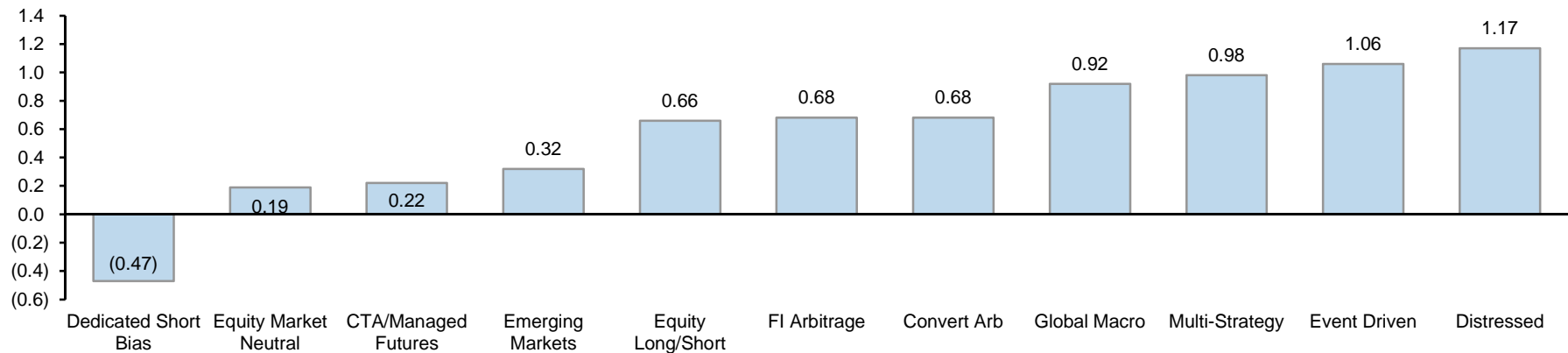
		Median AUM (\$MM)	Median Monthly Perform	Median YTD Perform	Domicile: Americas Region	Off- Shore	Preferred Lock-Up / % of Total	Preferred Redemption Notice/ % of Total	Preferred Redemption Frequency/ % of Total
Hedge Fund Age	% of Total								
Under 2 yrs	14%	\$33	0.8%	6.0%	87%	79%	1-2 yrs / 71%	7-30 days / 32%	Monthly / 44%
2-5 yrs	51%	\$33	0.4%	6.0%	64%	78%	1-2 yrs / 63%	7-30 days / 43%	Monthly / 52%
Over 5 yrs	35%	\$32	0.5%	4.9%	68%	65%	No / 42%	7-30 days / 55%	Monthly / 54%
<b>Total</b>	<b>100%</b>	<b>\$33</b>	<b>0.5%</b>	<b>5.4%</b>	<b>67%</b>	<b>73%</b>	<b>1-2 yrs / 46%</b>	<b>7-30 days / 50%</b>	<b>Monthly / 52%</b>

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.

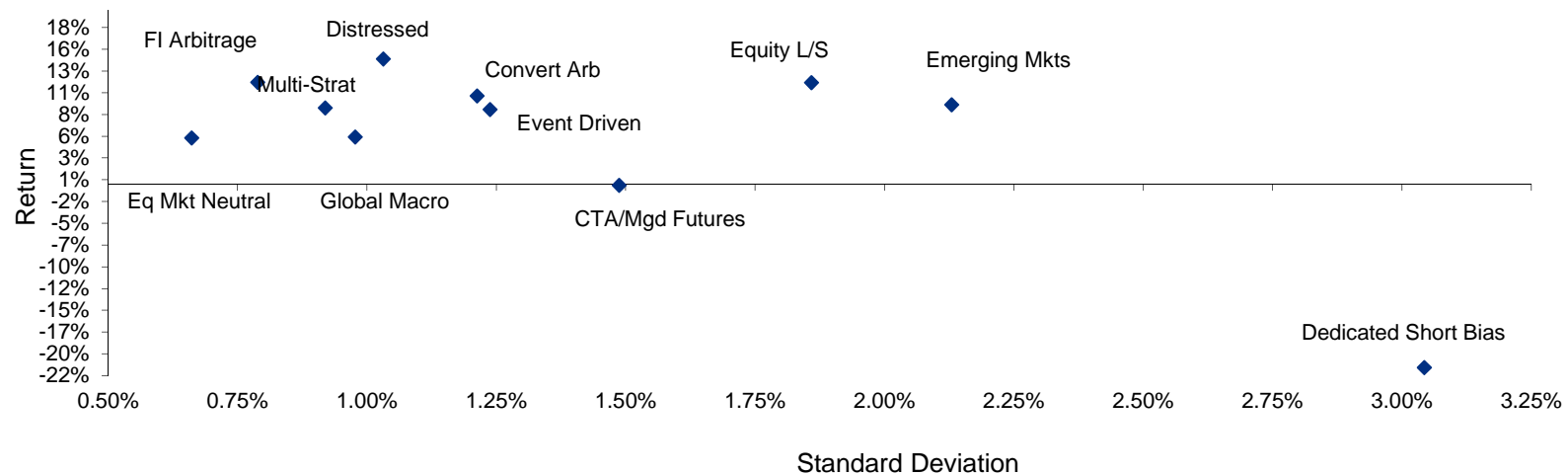
# Risk and Return Metrics

## Sharpe Ratios (Oct-04 - May-13)



Source: Credit Suisse Dow Jones Index

## Risk vs. Return (May 12 – May 13)



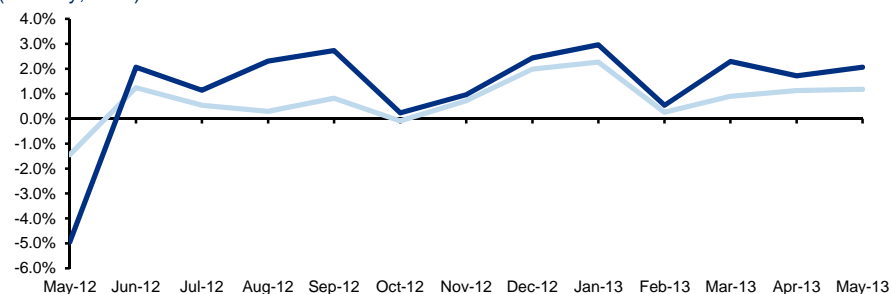
Source: Citi Prime Finance.

# Convertible Arbitrage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.3%	0.3%	0.9%	1.1%	1.2%								5.7%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

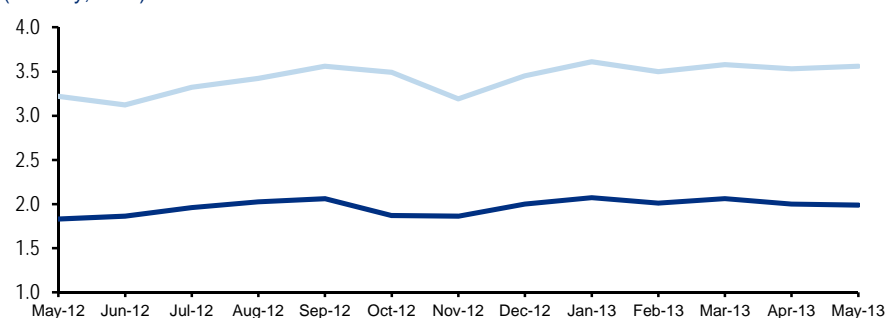


	May-13	Apr-13	May-12	YTD-13
Convert Arb	1.2%	1.1%	-1.5%	5.7%
CWB ETF	2.1%	1.7%	-4.9%	9.6%

Source: Citi ICG Analytics; FactSet.

## Leverage Profile

(Monthly, LTM)

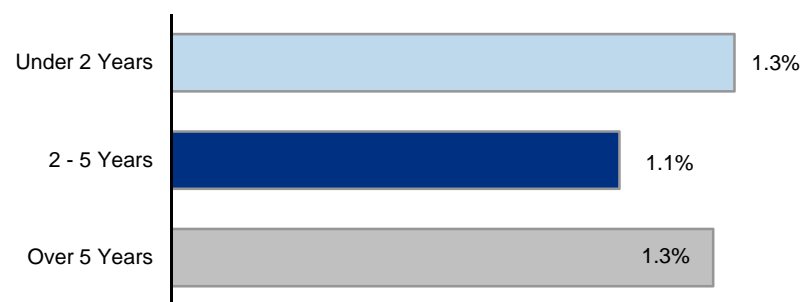


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>

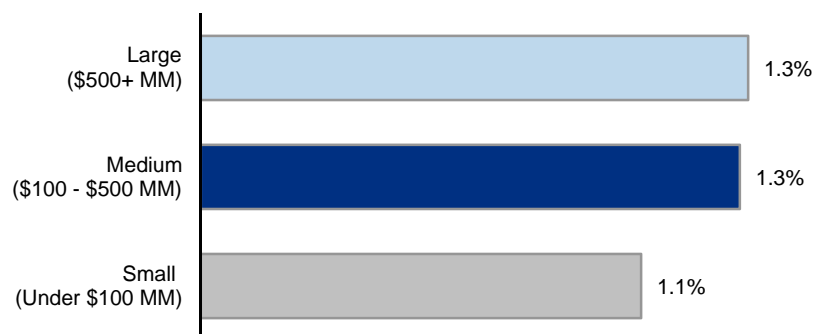


Source: Citi Prime Finance.

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.

## Hedge Fund Performance by Size<sup>1</sup>

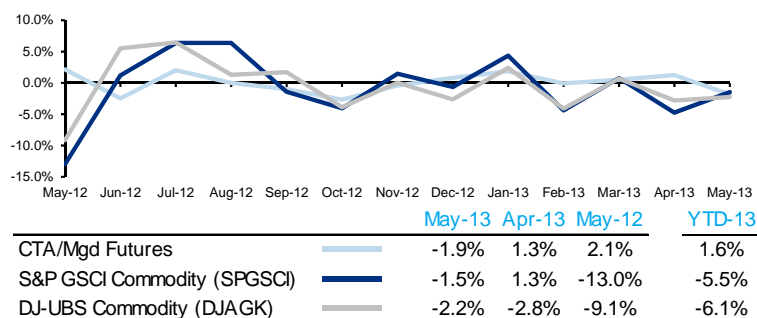


Source: Citi Prime Finance.

# CTA/Managed Futures

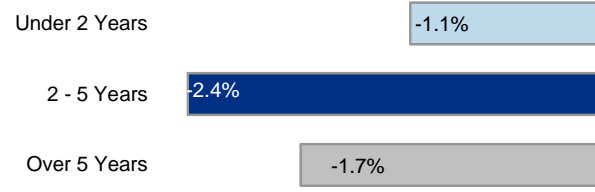
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.8%	-0.1%	0.5%	1.3%	-1.9%								1.6%

## Hedge Fund Performance vs. Benchmark



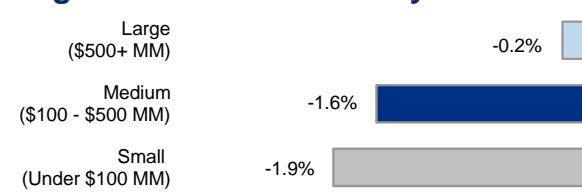
Source: Citi Prime Finance; FactSet.

## Hedge Fund Performance by Age



Source: Citi Prime Finance.

## Hedge Fund Performance by Size



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.

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

### Combined S&P/Weighted Mini S&P Contracts



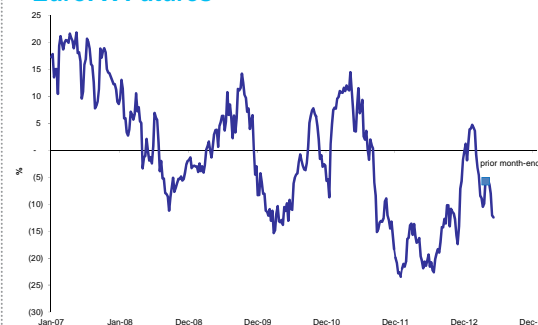
Last Update: 5/28/13 +2.1%

### US 10-Year Treasury Futures



Last Update: 5/28/13 -0.5%

### EuroFX Futures



Last Update: 5/28/13 -12.4%

Source: CFTC, Bloomberg, Citi Futures Perspective.

### Gold Futures



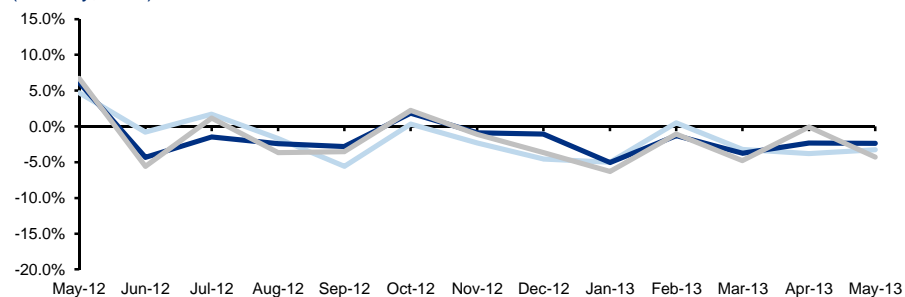
Last Update: 5/28/13 +4.0%

# Dedicated Short Bias

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	-5.0%	0.5%	-3.2%	-3.8%	-3.3%								-14.7%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

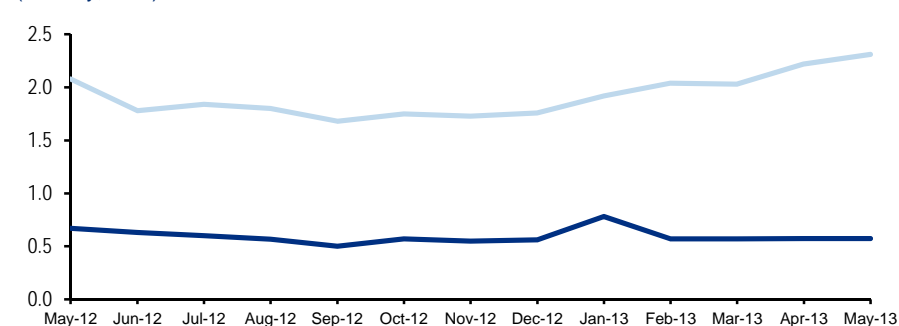


	May-13	Apr-13	May-12	YTD-13
Ded Short Bias	-3.3%	-3.8%	4.7%	-14.7%
S&P Short ETF (SH)	-2.4%	-2.3%	6.1%	-14.8%
Rus 2000 Short ETF (RWM)	-4.3%	-0.1%	6.7%	-16.5%

Source: Citi Prime Finance; FactSet.

## Leverage Profile

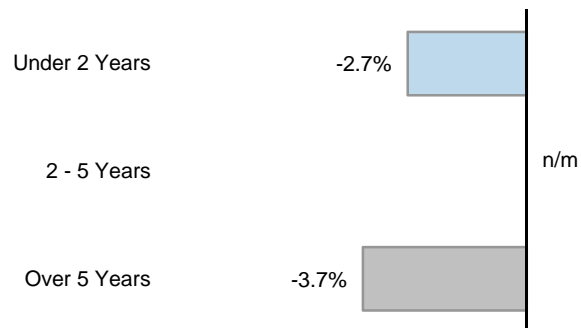
(Monthly, LTM)



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

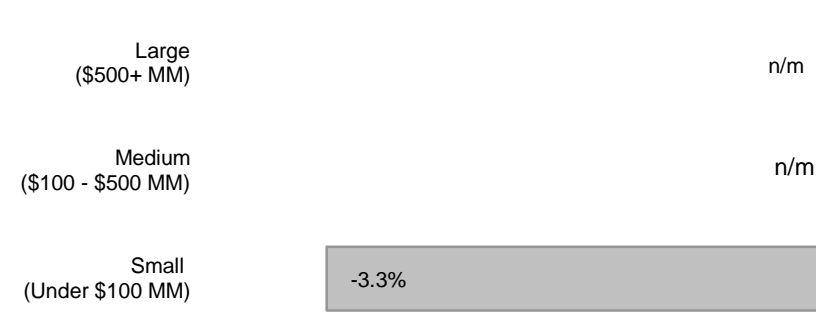
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

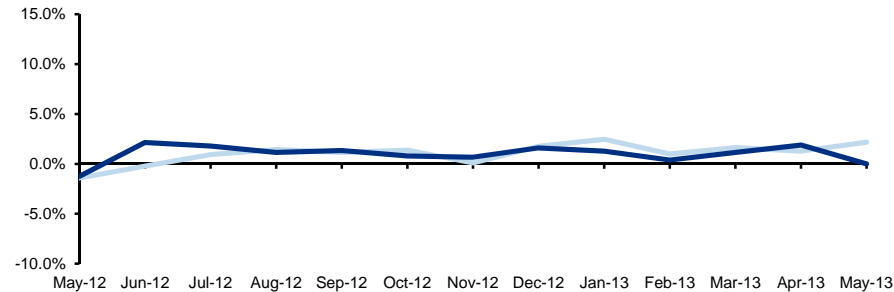
1. Universe and sample sizes may be small.

# Distressed

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.5%	1.0%	1.6%	1.3%	2.2%								8.5%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

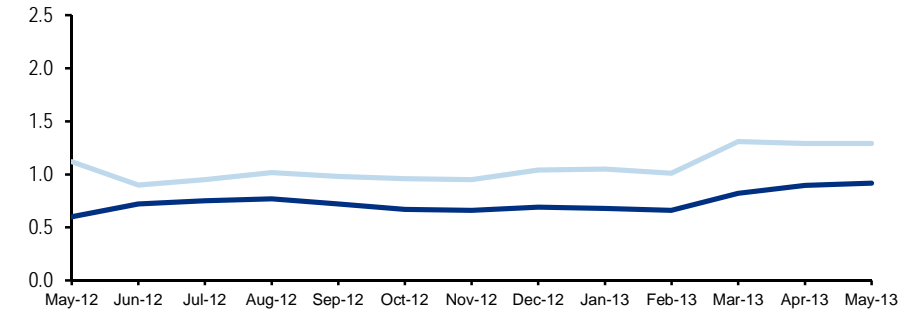


	May-13	Apr-13	May-12	YTD-13
Distressed	2.2%	1.3%	-1.4%	8.5%
Citi HY Bond Index	0.0%	1.9%	-1.3%	4.2%

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

## Leverage Profile

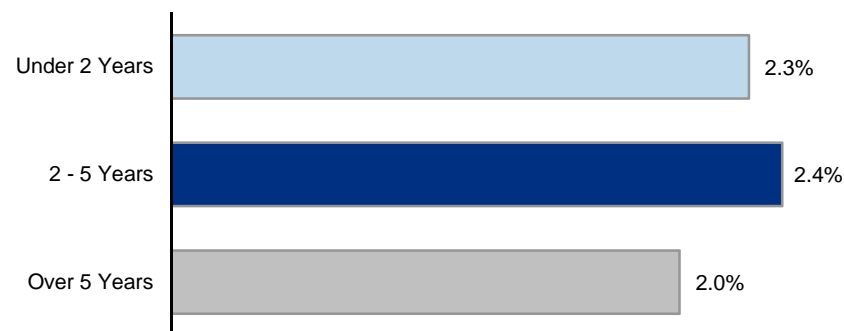
(Monthly, LTM)



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

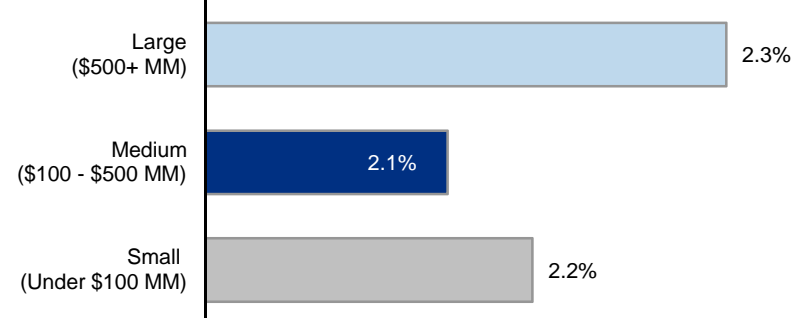
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

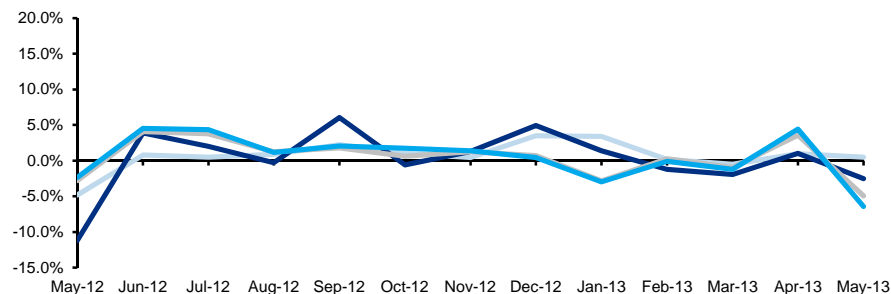
1. Universe and sample sizes may be small.

# Emerging Markets

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.4%	0.1%	-0.5%	1.0%	0.5%								4.5%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

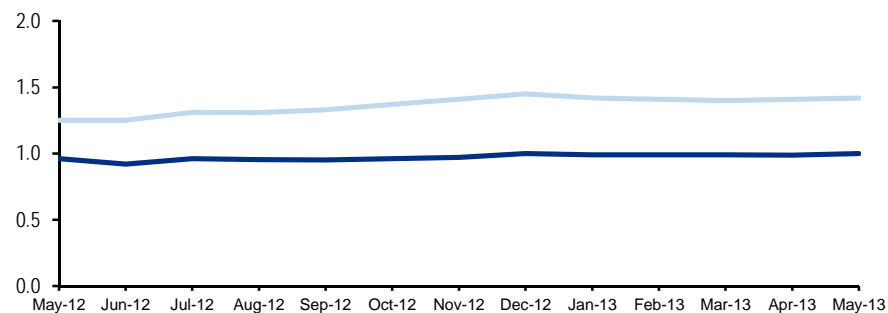


	May-13	Apr-13	May-12	YTD-13
Emerging Mkts	0.5%	1.0%	-4.8%	4.5%
MSCI EM	-2.5%	1.0%	-11.2%	-3.3%
JPM EMBIG Core ETF (EMB)	-4.9%	3.6%	-2.8%	-4.9%
DB EM Liquid ETF (PCY)	-6.4%	4.4%	-2.3%	-6.3%

Source: Citi Prime Finance; FactSet.

## Leverage Profile

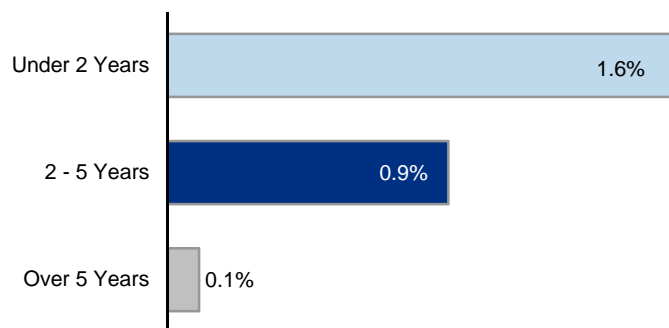
(Monthly, LTM)



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

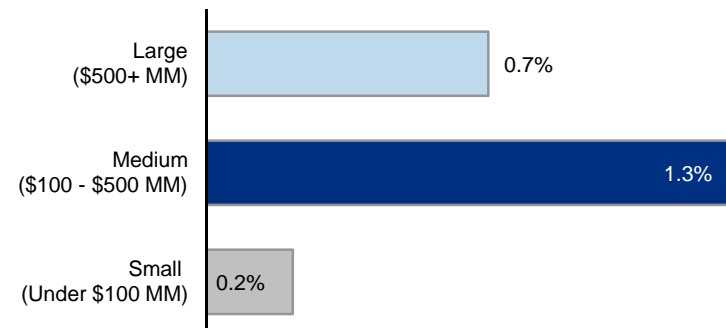
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

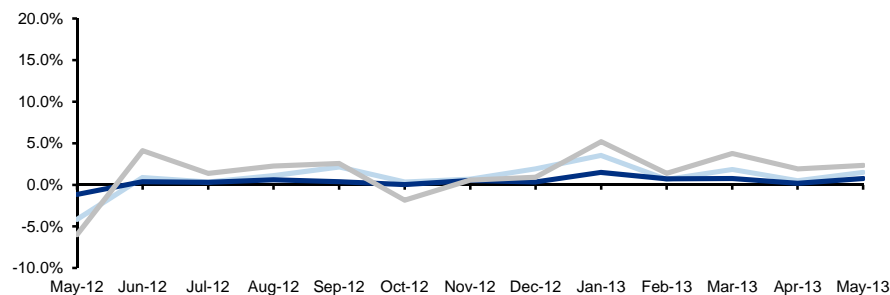
1. Universe and sample sizes may be small.

# Equity Long/Short

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	3.5%	0.7%	1.8%	0.5%	1.5%								8.0%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

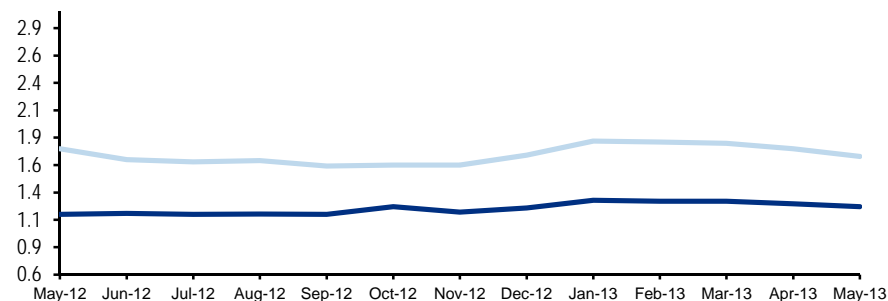


	May-13	Apr-13	May-12	YTD-13
Eq Long/Short	1.5%	0.5%	-4.2%	8.0%
Eq Mkt Neutral	0.7%	0.2%	-1.2%	3.9%
S&P 500	2.3%	1.9%	-6.0%	14.6%

Source: Citi Prime Finance; FactSet.

## Leverage Profile

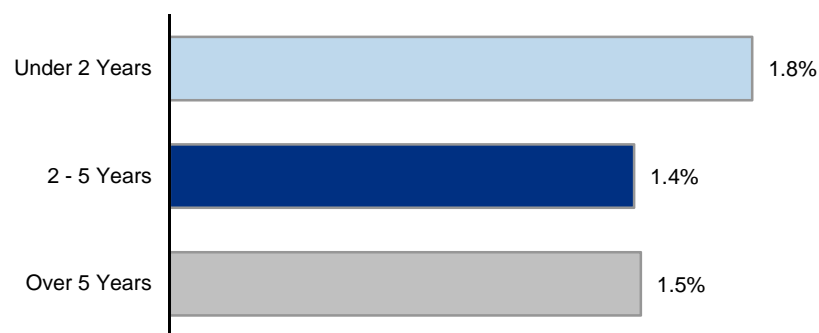
(Monthly, LTM)



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

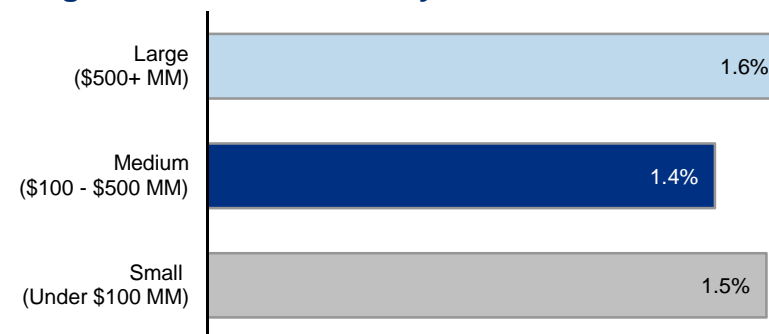
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

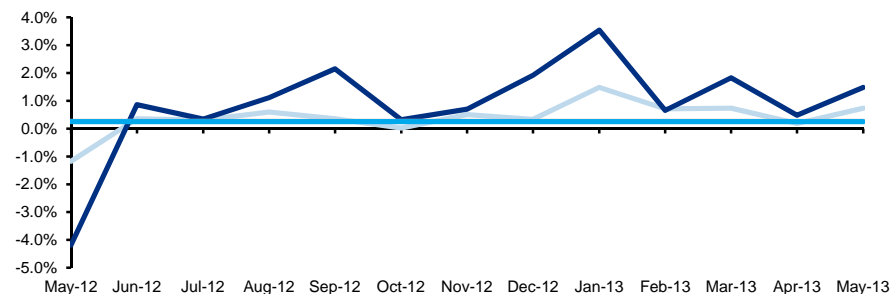
1. Universe and sample sizes may be small.

# Equity Market Neutral

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.5%	0.7%	0.7%	0.2%	0.7%								3.9%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

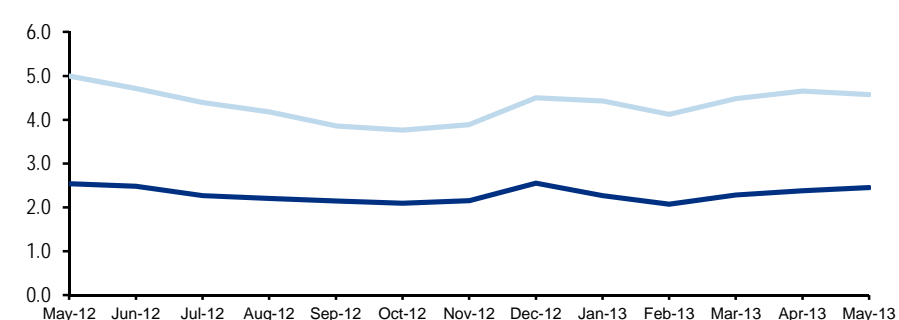


	May-13	Apr-13	May-12	YTD-13
Eq Mkt Neutral	0.7%	0.2%	-1.2%	3.9%
Eq Long/Short	1.5%	0.5%	-4.2%	8.0%
LIBOR + 300 bps	0.3%	0.3%	0.3%	1.3%
US T-Bill + 300 bps	0.3%	0.3%	0.3%	1.3%

Source: Citi Prime Finance; FactSet.

## Leverage Profile

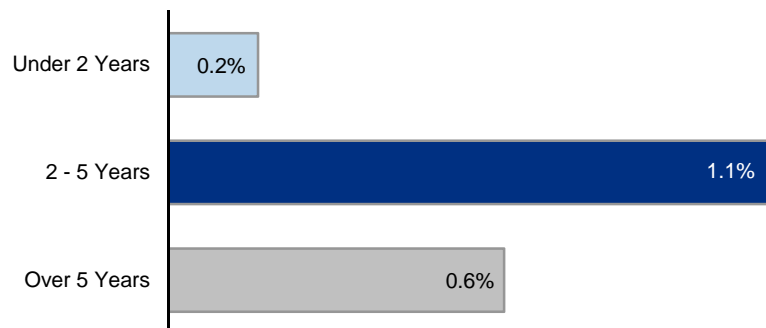
(Monthly, LTM)



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

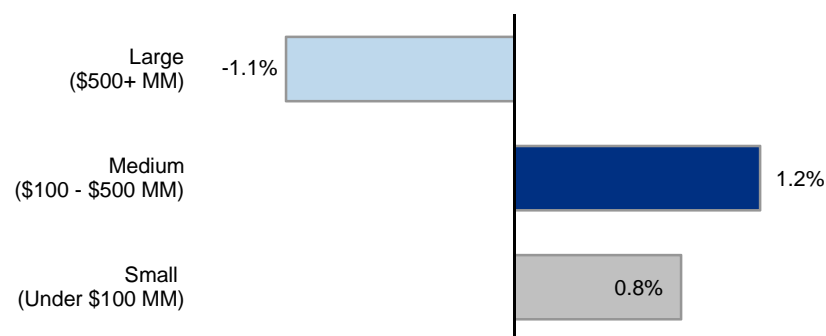
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

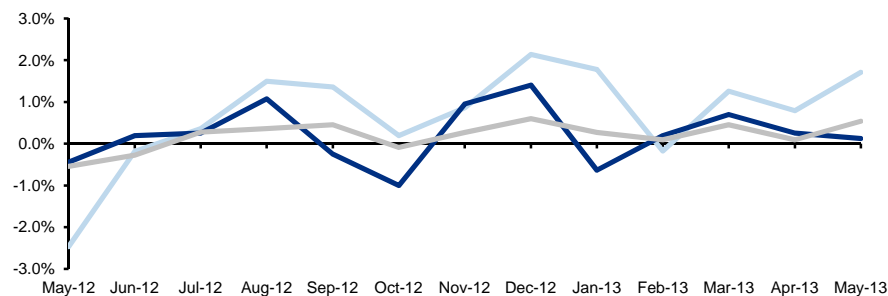
1. Universe and sample sizes may be small.

# Event Driven

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.8%	-0.2%	1.3%	0.8%									3.7%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

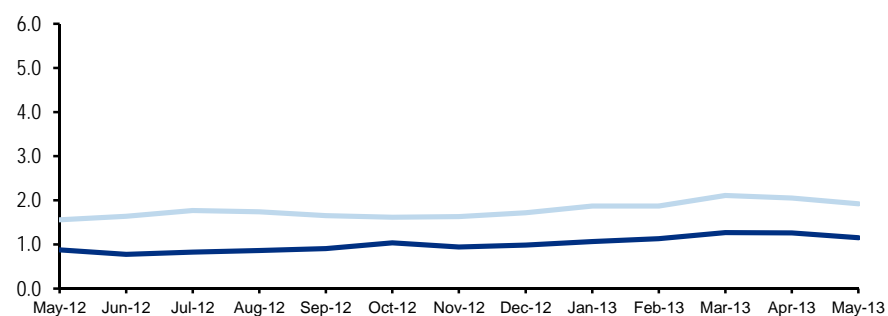


	May-13	Apr-13	May-12	YTD-13
Event Driven	1.7%	0.8%	-2.5%	5.4%
The Merger Fund (MERFX)	0.1%	0.3%	-0.4%	0.6%
AQR Div Arb Fund (ADANX)	0.5%	0.1%	-0.5%	1.4%

Source: Citi Prime Finance; FactSet.

## Leverage Profile

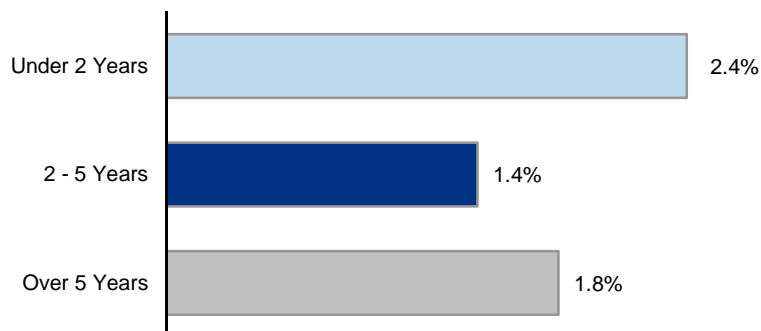
(Monthly, LTM)



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

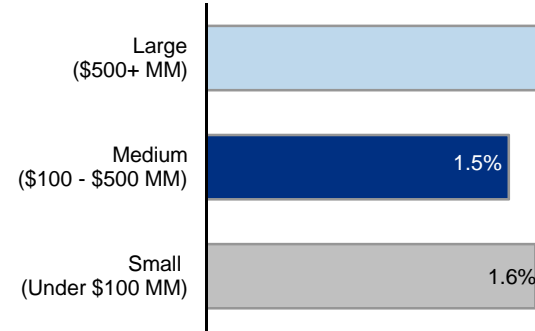
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

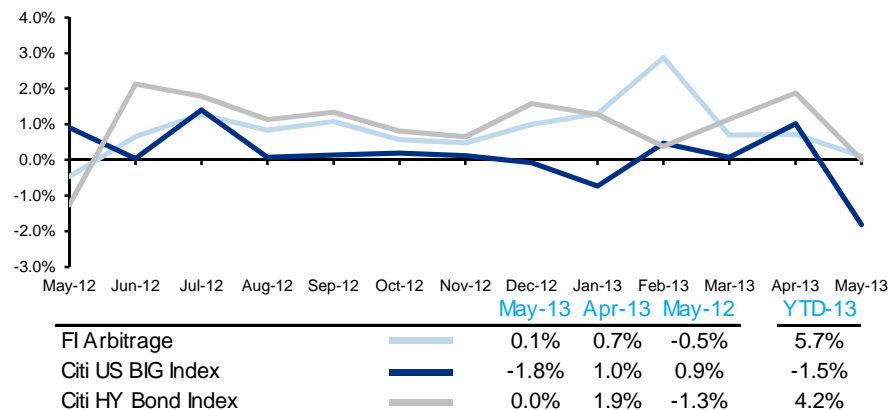
1. Universe and sample sizes may be small.

# FI Arbitrage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	1.3%	2.9%	0.7%	0.7%	0.1%								5.7%

## Hedge Fund Performance vs. Benchmark

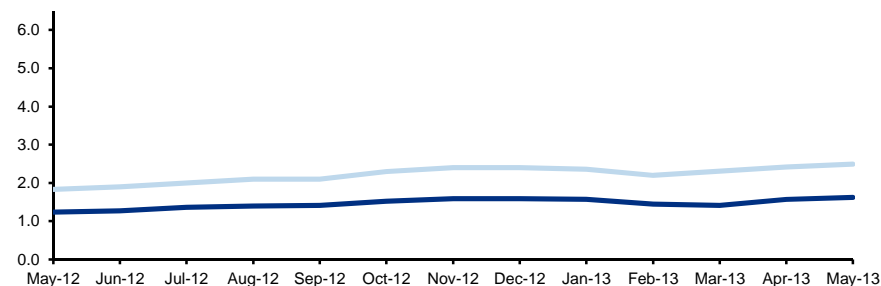
(Monthly, LTM)



Source: Citi Prime Finance; Citigroup Index LLC.

## Leverage Profile

(Monthly, LTM)

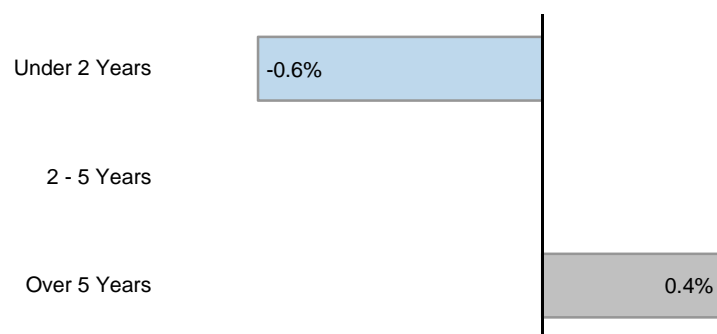


Gross Leverage (Mean): Defined as the sum of (LMV + abs SMV) / Net Equity

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

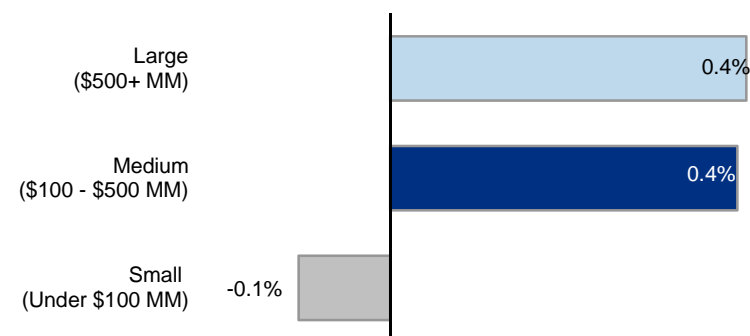
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

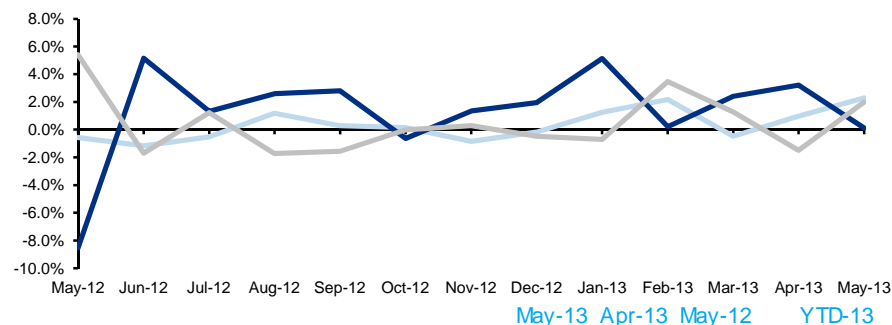
1. Universe and sample sizes may be small.

# Global Macro

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.2%	-0.5%	1.0%	2.3%	0.2%								5.2%

## Hedge Fund Performance vs. Benchmark

(Monthly, LTM)

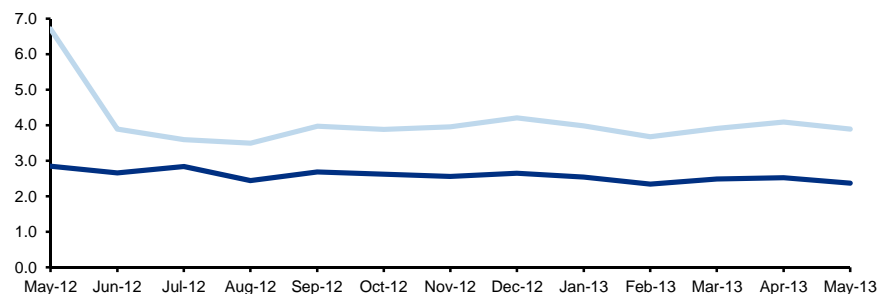


	May-13	Apr-13	May-12	YTD-13
Global Macro	0.2%	2.3%	-1.2%	5.2%
MSCI World	0.1%	3.2%	-8.5%	11.1%
US\$-Index	2.0%	-1.5%	5.4%	4.5%

Source: Citi Prime Finance; FactSet.

## Leverage Profile

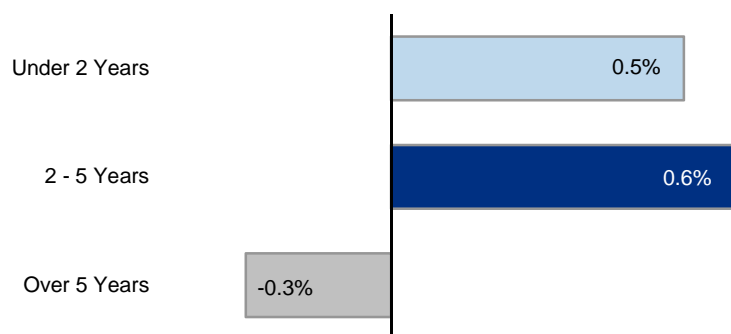
(Monthly, LTM)



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

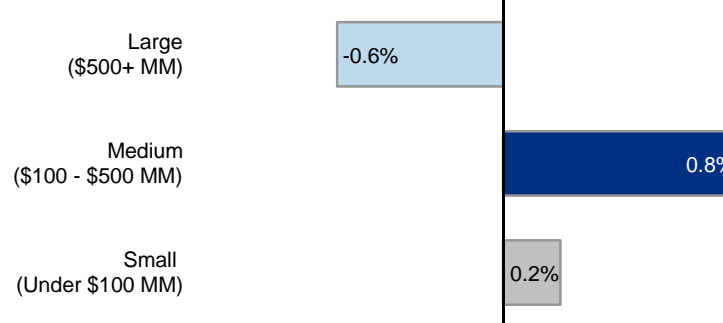
Source: Citi Prime Finance; FactSet.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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.

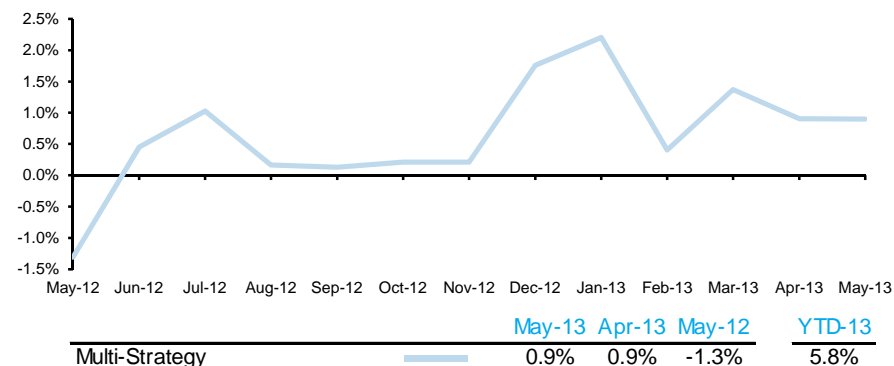
1. Universe and sample sizes may be small.

# Multi-Strategy

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Citi-derived Median	2.2%	0.4%	1.4%	0.9%	0.9%								5.8%

## Hedge Fund Performance vs. Benchmark

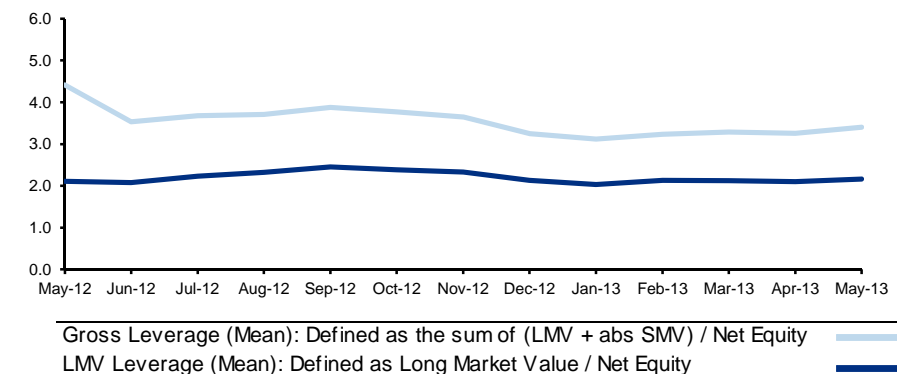
(Monthly, LTM)



Source: Citi Prime Finance.

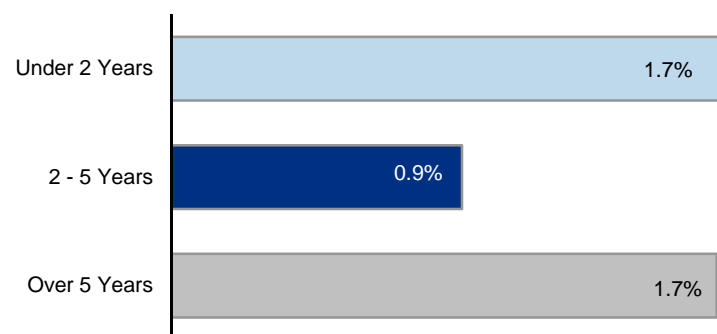
## Leverage Profile

(Monthly, LTM)



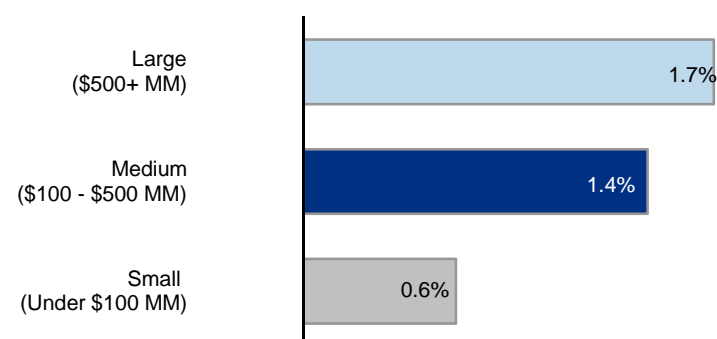
Source: Citi Prime Finance.

## Hedge Fund Performance by Age<sup>1</sup>



Source: Citi Prime Finance.

## Hedge Fund Performance by Size<sup>1</sup>



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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