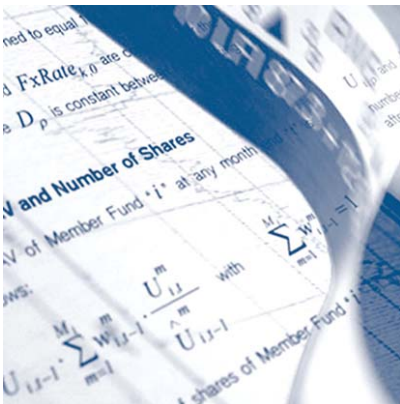


2011 Hedge Fund Market Review

December 2011



Hedge Funds and Global Markets Summary

	Dec	2011	Avg. Annualized Performance*	Annualized Vol.*
Dow Jones Credit Suisse Hedge Fund Index	-0.22%	-2.52%	8.72%	7.63%
Convertible Arbitrage	0.62%	1.13%	7.48%	6.99%
Dedicated Short Bias	1.65%	3.85%	-3.40%	16.98%
Emerging Markets	-0.70%	-6.68%	7.33%	15.01%
Equity Market Neutral	-0.49%	4.49%	5.06%	10.42%
Event Driven	-0.81%	-9.09%	9.20%	6.37%
Fixed Income Arbitrage	0.38%	4.69%	5.23%	5.78%
Global Macro	0.43%	6.44%	12.13%	9.80%
Long/Short Equity	-0.88%	-7.31%	9.19%	9.98%
Managed Futures	0.79%	-4.19%	6.00%	11.77%
Multi Strategy	0.14%	1.83%	7.85%	5.42%

*Average annualized Index data begins January 1994. Source: Credit Suisse Hedge Index, LLC.

Dow Jones Credit Suisse Hedge Fund Index Performance Statistics

3 Months	0.71%
6 Months	-4.10%
1 Year	-2.52%
3 Year Annualized Return	8.64%
5 Year Annualized Return	3.16%

Dow Jones Credit Suisse Hedge Fund Index Correlation Statistics Correlation from January, 1994

S&P 500 (TRI)	0.57
Dow Jones Global Index (USD)	0.62
STOXX 50	0.56

	December	2011	Fixed Income*	December Change (bps)	2011 Change (bps)
Equities					
S&P 500	1.02%	2.11%	10-year US	-19.18	-141.73
Dow Jones Global	-0.44%	-9.91%	10-year Germany	-45.10	-113.40
STOXX 50	-0.57%	-8.18%	10-year Japan	-8.40	-14.00
Nikkei	0.25%	-17.34%	CS High Yield Index	-31.00	157.00

*Change in bps

	December	2011	Commodities	December	2011
Currencies*					
EUR	-3.61%	-3.16%	DJ-UBS Comm. Index	-3.75%	-13.32%
GBP	-1.03%	-0.44%	S&P GSCI Index	-1.99%	2.07%
YEN	0.92%	5.47%	Gold	-10.46%	10.06%
CHF	-2.65%	-0.31%	Crude Oil	-1.52%	8.15%

*vs. US Dollar. Source: Credit Suisse Hedge Index, LLC, Bloomberg, Datastream.

Past performance is no guarantee or indicator of future returns.

All data was obtained from publicly available information, internally developed data and other third party sources believed to be reliable. Credit Suisse Hedge Index, LLC. has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

2011 Hedge Fund Market Overview

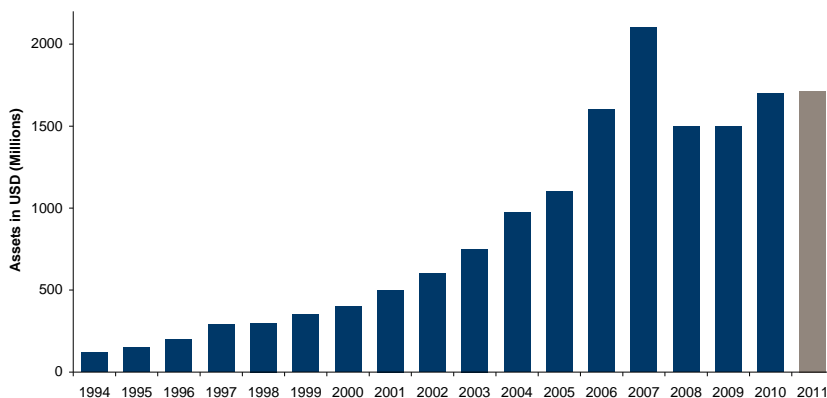
Overall Hedge Fund Industry Asset Flows

	Asset Flows (USD)	Asset Flows (% change from 12/31/2010)
1 Month	-\$12.7	-0.73%
3 Months	-\$27.4	-1.59%
6 Months	-\$21.4	-1.26%
12 Months	\$14.7	0.83%

Data based on funds reporting to the Dow Jones Credit Suisse hedge fund database.

- Overall, the industry saw inflows of approximately \$15 B in 2011
- Although the latter half of 2011 incurred outflows, the industry saw asset flows increase 1% in 2011

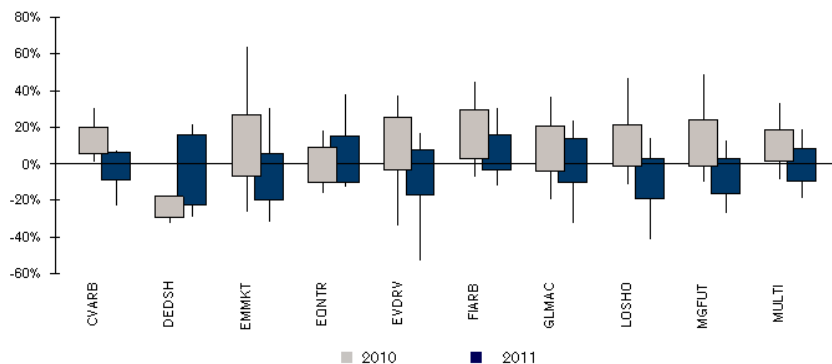
Total Annual Hedge Fund Industry Assets Under Management



Data based on funds reporting to the Dow Jones Credit Suisse hedge fund database.

- Including performance gains, overall AUM is estimated to be \$1.71 trillion as of 12/31/11
- Assets have remained relatively stable since 2010 but are down from their peak in 2007

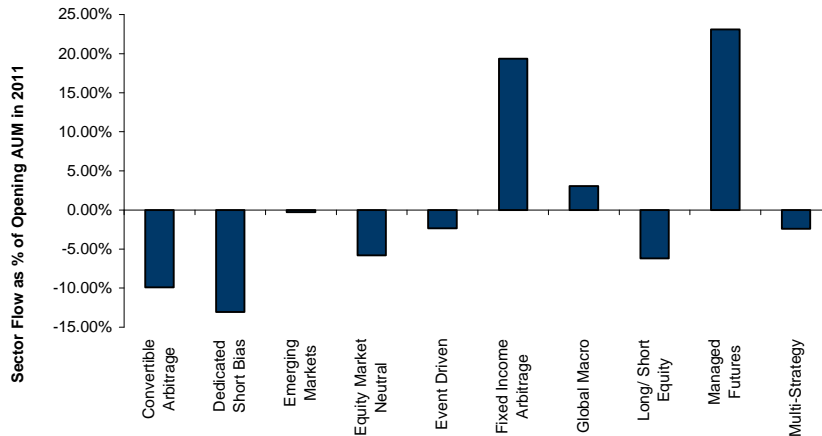
Dow Jones Credit Suisse Hedge Fund Index Performance Dispersion by Strategy (2010 and 2011)



Note: The bulk of returns shown as the dark blue and grey boxes (one standard deviation from the mean in either direction). The black lines represent dispersion from 1st to the 99th percentiles. Data based on funds included in Dow Jones Credit Suisse Hedge Fund Index in 2011.

- Returns appeared more muted across most strategies in 2011
- On average, overall 2011 dispersion across strategies was relatively unchanged from 2010
- On a sector level, the range of dispersion for Dedicated Short Bias increased by 36%, while Emerging Markets and Managed Futures showed a decrease of 28% and 19%, respectively (as represented by the black lines in chart)

2011 Relative Asset Flows (as a % of beginning assets in each strategy)



Data based on funds included in Dow Jones Credit Suisse Hedge Fund Index in 2011.

- Managed Futures saw the largest inflows by percentage of assets in 2011. The strategy, which is typically one of the most liquid and least correlated to broad market indices, is viewed by many as a potential tail risk hedge during sharp market downturns
- Despite positive performance, Convertible Arbitrage and Dedicated Short Bias saw overall outflows as investors moved toward less correlated strategies

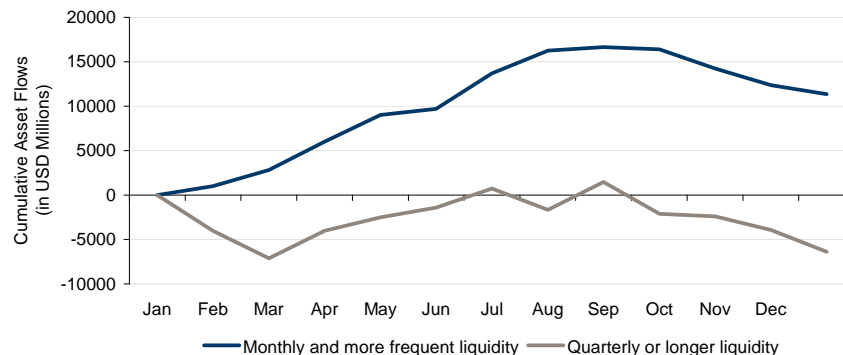
2011 Monthly Relative Asset Flows (as a % of beginning assets in each strategy)

	Convertible Arbitrage	Dedicated Short Bias	Emerging Markets	Equity Market Neutral	Event Driven	Fixed Income Arbitrage	Global Macro	Long/Short Equity	Managed Futures	Multi-Strategy	Dow Jones Credit Suisse Hedge Fund Index
Jan	1.85%	-0.61%	1.05%	-3.08%	-3.27%	0.17%	1.61%	-0.86%	1.93%	0.39%	-0.47%
Feb	-2.81%	-7.95%	-0.01%	-1.11%	-1.25%	2.96%	1.01%	-1.02%	4.97%	-1.60%	-0.20%
Mar	-0.86%	3.40%	0.13%	2.63%	2.89%	4.47%	-0.38%	-0.42%	1.28%	0.13%	0.95%
Apr	-0.07%	-4.16%	0.05%	0.15%	-0.72%	7.73%	0.40%	0.88%	2.34%	0.38%	0.68%
May	-2.11%	-1.81%	1.02%	1.20%	0.42%	2.02%	0.74%	-0.19%	-0.28%	-0.92%	0.26%
Jun	0.33%	0.00%	0.90%	0.64%	0.76%	3.16%	0.30%	0.95%	1.53%	0.85%	0.90%
Jul	-3.88%	2.26%	2.54%	-0.55%	-1.49%	1.10%	-0.05%	-1.49%	6.75%	0.91%	0.02%
Aug	0.35%	0.69%	-0.35%	-0.28%	1.62%	0.57%	0.42%	0.07%	0.10%	0.01%	0.51%
Sep	-0.71%	2.70%	-3.04%	-0.24%	-0.40%	-3.48%	0.66%	-0.90%	-1.61%	0.59%	-0.58%
Oct	2.15%	-3.34%	-0.85%	-3.90%	-0.65%	1.69%	-0.06%	-1.35%	0.48%	-0.11%	-0.38%
Nov	-4.85%	0.38%	-1.08%	-0.57%	0.03%	-1.61%	-0.71%	-0.83%	1.10%	-0.22%	-0.53%
Dec	0.71%	-4.63%	-0.66%	-0.68%	-0.27%	0.57%	-0.90%	-1.07%	4.50%	-2.82%	-0.55%

Data based on funds included in Dow Jones Credit Suisse Hedge Fund Index in 2011.

- Overall, asset flows were positive from March through August of 2011
- Consistent returns generated by Fixed Income Arbitrage managers also continued to attract investors and asset flows during the year. In addition, Global Macro, which has outperformed during past market dislocations, saw net inflows as thematic trading opportunities led to positive performance in 2011

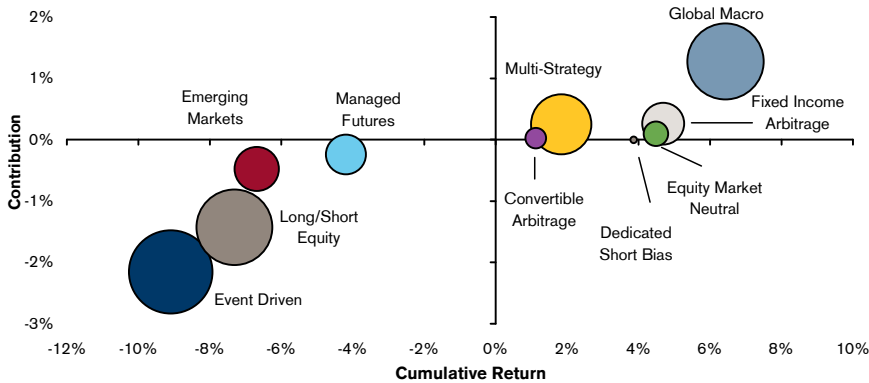
2011 Asset Flows by Fund Liquidity



Data based on funds included in Dow Jones Credit Suisse Hedge Fund Index in 2011.

- In 2011, a larger percentage of assets went to funds with monthly or better liquidity
- Data suggests a trend towards investor desire for more liquid hedge fund structures

Performance Drivers of the Dow Jones Credit Suisse Hedge Fund Index in 2011



Size of data points represents each sector's weight to overall Dow Jones Credit Suisse Hedge Fund Index performance in 2011. Data based on funds included in the Dow Jones Credit Suisse Hedge Fund Index in 2011.

- Global Macro was the largest positive contributor to Dow Jones Credit Suisse Hedge Fund Index performance in 2011, while Event Driven and Long/Short Equity were the most significant negative contributors

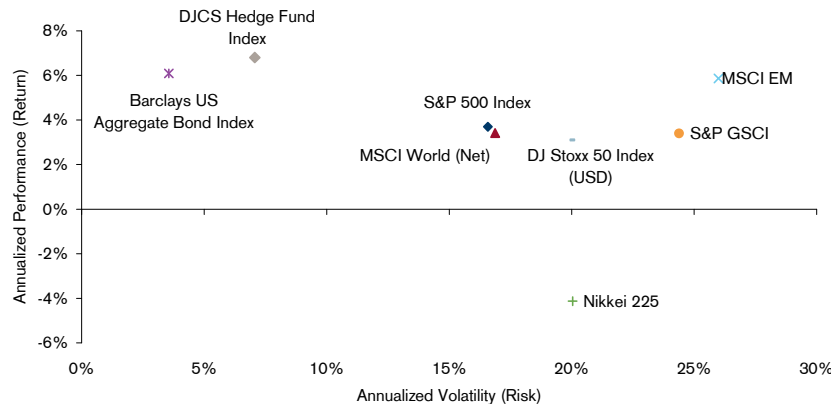
Index Strategy Rankings over 1, 2, 3, 5 and 10 year periods

Ranking	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
1	Global Macro 6%	Global Macro 10%	Convertible Arbitrage 18%	Global Macro 9%	Global Macro 11%
2	Fixed Income Arbitrage 5%	Fixed Income Arbitrage 9%	Fixed Income Arbitrage 14%	Managed Futures 5%	Emerging Markets 10%
3	Equity Market Neutral 4%	Convertible Arbitrage 6%	Multi-Strategy 12%	Convertible Arbitrage 4%	Event Driven 7%
4	Dedicated Short 4%	Multi-Strategy 5%	Emerging Markets 11%	Multi-Strategy 3%	Managed Futures 7%
5	Multi-Strategy 2%	Managed Futures 4%	Global Macro 10%	Event Driven 3%	Multi-Strategy 7%
6	Convertible Arbitrage 1%	Emerging Markets 2%	Event Driven 7%	Emerging Markets 3%	Long/Short Equity 6%
7	Managed Futures -4%	Equity Market Neutral 2%	Long/Short Equity 7%	Fixed Income Arbitrage 2%	Convertible Arbitrage 5%
8	Emerging Markets -7%	Event Driven 1%	Equity Market Neutral 3%	Long/Short Equity 2%	Fixed Income Arbitrage 4%
9	Long/Short Equity -7%	Long/Short Equity 1%	Managed Futures 0%	Dedicated Short -6%	Equity Market Neutral 0%
10	Event Driven -9%	Dedicated Short -10%	Dedicated Short -15%	Equity Market Neutral -7%	Dedicated Short -5%

Data based on funds included in the Dow Jones Credit Suisse Hedge Fund Index.

- Over longer time periods, Global Macro has ranked as a top performing strategy while Dedicated Short Bias and Equity Market Neutral have performed near the bottom
- Multi-strategy has consistently ranked among the top half of all performers

Annualized Index Return Comparison (Jan 98 – Dec 11)



- As illustrated in the chart at left, the Dow Jones Credit Suisse Hedge Fund Index has historically demonstrated higher annualized returns with lower annualized volatility than many equity markets *

* Individual hedge funds can be highly volatile and exposure investors to a high risk, including loss of some or all of the investor's investments, particularly because hedge funds often use derivatives, short-selling and leverage.

Hedge Fund Sector Overview – December 2011

Convertible Arbitrage

In December, convertibles showed positive performance in both the U.S. and Non-Japan Asia while European convertibles continued to weaken on the back of sovereign debt concerns. As a result, the BofAML Global Convertibles Index declined by -0.45% as European convertibles declined by -2.21% while U.S. and Asian convertibles gained +0.19% and +0.07%, respectively. Generally, the month showed indications of a risk-on environment as non-investment grade convertible spreads tightened slightly to 800 bps, while investment grade convertible spreads widened slightly to 290 bps. The risk-on trend was also apparent in convertible performance as non-investment grade and non-rated convertibles each gained slightly less than a percent (+0.90% and +0.40%, respectively) while investment grade convertibles lost -1.00% (more than one fourth of the year's losses). On the issuance front, December saw only one small deal totaling \$175 million, brought to the U.S. market by AmTrust, a financial firm. While December normally has little issuance due to seasonal reasons, 2011 on the whole was relatively underwhelming with only 77 deals totaling \$25 billion brought to the U.S. market. On a calendar year basis, issuance in 2011 was the lowest seen in the market since 2001. The average size of convertible issuances in 2011 was also relatively small, coming in at \$318 million, the smallest since 2004.

Most Convertible Arbitrage managers ended the year with a month of positive performance. While thin volumes and wider spreads did not facilitate much portfolio turnover, managers were generally able to monetize a number of distressed convertible positions due to idiosyncratic company events. While these types of situations are expected to provide a minority of P&L in any given year, the end of the fiscal year for many companies helped to accelerate a number of corporate events that had been delayed due to the heightened levels of market volatility over the past quarters. Looking ahead to 2012, managers expect positive tailwinds as convertibles are expected to be able to provide positive returns simply on a long only basis. Convertibles are expected to benefit from a slightly improved environment given a bounce in equities, a modest tightening of spreads, and the continuation of coupon income (currently at 3.7%).

Emerging Markets

Emerging Markets managers finished December in negative territory as themes that have persisted throughout the year, including illiquid markets, European sovereign debt concerns and fiscal issues in the US continued to dominate broader markets globally.

In Latin America, Brazil released new fiscal data, indicating the country's debt/GDP ratio fell from 37.8% to 36.6%. In Asia, the Chinese Yuan reached an all time trading high versus the USD – this follows November's announced plans to cut Chinese bank reserve ratios by 50 basis points. In Russia, the Central Bank widened the ruble's trading band in order to allow for more daily fluctuations in trading which could provide more flexibility in the system.

Equity Market Neutral

In December, Equity Market Neutral funds generated negative performance; however some, core technical equity and stat arbitrage models continued to show strength across regions and technical models trading large cap equities were also able to perform positively. Contrary to past months, relatively long value and growth trends were present in markets, particularly Japan, allowing for the re-risking of numerous fundamentally based models. Looking ahead, managers are generally focused on improving their models to keep an edge in the constantly changing structures of markets. As a result, research teams are focused on numerous projects ranging from improving the lead/lag behavior of models to perfecting the integration of information coming from natural language and qualitative news models.

Dow Jones Credit Suisse Convertible	
Arbitrage Index (USD)	
Performance	0.62%
Avg Month	0.62%
Best Month	5.81%
Worst Month	-12.59%
Monthly Standard Deviation	2.02%
Annualized Standard Deviation	6.99%
Sharpe Ratio	0.61

Dow Jones Credit Suisse Emerging	
Markets Index (USD)	
Performance	-0.70%
Avg Month	0.69%
Best Month	16.41%
Worst Month	-23.03%
Monthly Standard Deviation	4.33%
Annualized Standard Deviation	15.01%
Sharpe Ratio	0.28

Dow Jones Credit Suisse Equity	
Market Neutral Index (USD)	
Performance	-0.49%
Avg Month	0.47%
Best Month	3.66%
Worst Month	-40.45%
Monthly Standard Deviation	3.01%
Annualized Standard Deviation	10.42%
Sharpe Ratio	0.18

Event Driven

The Event Driven strategy generally posted negative performance in December as many fundamental and valuation based investments were largely challenged by overall market volatility and high technical correlation across most asset classes this year. After a significant market drawdown in the last half of 2011, the difficult investment environment continued to prompt managers to deleverage and minimize beta correlation in their portfolios. Consequently, general gross and net exposures were reduced to dampen volatility; largely de-risking from market sensitive long equity positions, while selectively shifting into senior secured distressed credit securities with idiosyncratic features related to liquidations and restructurings. While volatility hurt short-term performance, it is expected that there should be an increased supply of quality long-term opportunities.

Dow Jones Credit Suisse Event	
Driven Index (USD)	
Performance	-0.81%
Avg Month	0.75%
Best Month	4.22%
Worst Month	-11.77%
Monthly Standard Deviation	1.84%
Annualized Standard Deviation	6.37%
Sharpe Ratio	0.94

Credit conditions in December were resilient, as the CS Leveraged Loan and High Yield Index returned +0.51% and +2.47%, respectively, for the month, and returned +1.82% and +5.47%, respectively, for the year. The continued skittishness in this asset class during the year has largely been a result of correlation to equity market swings, particularly headline news related to the Eurozone. Managers continued to anticipate further distressed situations will unfold, and expect to capitalize on these opportunities in the subsequent year. Fiscal deficits within European sovereigns have increased, which combined with weak economic growth should lead to further deleveraging and provide attractive global investment credit opportunities. As such, many managers have capital available to deploy as they see evidence of selling pressures related to the European distressed cycle.

M&A announced transaction volume totaled \$161 billion in December, reflecting somewhat steady activity in this strategy. For perspective, 2011 ended with slightly higher volume than the previous year at \$2.3 trillion compared to \$2.2 trillion. While supersized mega deals were muted, particularly in the last half of the year, there continued to be activity in the concentrated smaller- to mid-size categories. Managers expect that there will be a continued recovery within the M&A strategy going forward, but a supportive key driver largely depends on the overall health of the equity markets. Similar to previous months, certain funds that shifted into hard catalyst situations sustained gains from merger arbitrage exposure on specific deals that experienced further spread compression.

Fixed Income Arbitrage

Fixed Income Arbitrage managers on average produced positive performance for December. The ECB's 36 month long-term refinancing operations (or LTROs) helped calm the funding pressures in European financial system, ultimately easing credit concerns for banks and prompting a rally in risk assets. Although some bearish relative value trades as well as tail risk hedges generally dragged performance, yield curve trading, short-term tactical trading, and various bond, swap, and futures arbitrage posted positive results. Longer-term mean-reversion type trades also performed positively as the dislocation that had been pushed to extremes due to early de-leveraging began to retrace. Mortgage specialists also posted positive performance.

Dow Jones Credit Suisse Fixed	
Income Arbitrage Index (USD)	
Performance	0.38%
Avg Month	0.44%
Best Month	4.33%
Worst Month	-14.04%
Monthly Standard Deviation	1.67%
Annualized Standard Deviation	5.78%
Sharpe Ratio	0.35

While the fixed income market initially started on an optimistic note going into the ECB meetings and EU summit, as well as US economic data. However, the outcome from the EU summit was received somewhat negatively as no progress was made towards fiscal sovereignty in Europe with the UK vetoing the agreement. Late in the month, S&P and Fitch placed the ratings of euro-zone countries under credit watch, while Moody's cut Belgium's rating by two notches. The ECB cut its benchmark refinancing rate by 25 basis points, but the Government bond market in Europe continued to be volatile during the month. 10 year U.S. Treasury bond and German government bond yields both declined below 2% resulting in a flattening of the yield curve.

Global Macro

Global Macro hedge funds posted positive performance in December. Managers across diversified, concentrated, and quantitative sub-sectors carried largely reduced exposure levels through year end in light of the potential for policy-related volatility and a relatively binary set of outcomes in Europe. While gap risk can increase with interventions and changing regulations, these activities can also create opportunities for tactical trading, which has also been more meaningful in recent months.

Recent economic data points have come in stronger than consensus estimates, but the aforementioned reduced exposure levels and focus on tactical trading has enabled funds to mitigate some downside risks and capitalize on both over- and under-reactions by the market. There has been profitable trading on the long and short side of front-end interest rate markets, in relative value trades surrounding WTI and Brent spreads, and through gamma trading by certain managers. As observed over the course of the year, one of the major market themes has been Eurozone stress given debt issues and related policy decisions. Short Euro exposure in both linear and non-linear forms have been a common expression of this theme, and while traded tactically throughout the year, managers have seen a more meaningful contribution to P&L from these positions in recent months.

When constructing longer-term views, however, structural issues remain across developed economies as the long-term cycle of deleveraging has limited the effectiveness of many government policies in creating growth. Central bank and government actions have helped prevent many negative shocks within this framework and at times created opportunities for rallies in risk assets. Yet structural headwinds remain. Ultimately, high levels of debt and unemployment have persisted, and until significant progress is made in bringing these and other measures of economic health to more sustainable levels, an environment characterized by relatively low growth and high volatility is expected to continue. In line with this, positioning has been diversified and exposures have been low on a historical basis as further clarity related to more structural economic issues would likely be necessary for major changes to strategic views.

Dow Jones Credit Suisse Global	
Macro Index (USD)	
Performance	0.43%
Avg Month	1.00%
Best Month	10.59%
Worst Month	-11.55%
Monthly Standard Deviation	2.83%
Annualized Standard Deviation	9.80%
Sharpe Ratio	0.91

Long/Short Equity

Long/Short Equity funds finished down in December compared to the MSCI World returning -0.2%. December was characterized by low manager return dispersion driven in part by flat equity market performance, but more significantly, the lack of manager conviction represented by low levels of risk taking. Managers generally failed to participate much in the “Santa” rally the last 2 weeks of the month because of this reduced exposure.

On a positive note, fundamental stock picking seemed to briefly make a comeback. Many street analysts and company managements started to either initiate or adjust their Q4 and 2012 estimates which led to some sharp moves in specific stock names to either the detriment or benefit of managers, depending on how they were positioned. Both volatility and stock correlations also came down slightly over the course of the month.

Overall, longer-term stock pickers with a net long bias toward fundamental/opportunistic funds generally performed positively. Net long Technology exposure generally detracted from performance during the month as well as short Financials exposure. On the positive side, exposure to large cap blue-chip companies performed well in addition to net long US Bank positions. Net long exposure to some of the large cap Pharmaceuticals names as well as Consumer Staples companies, globally, also performed relatively well.

Dow Jones Credit Suisse Long Short	
Equity Index (USD)	
Performance	-0.88%
Avg Month	0.78%
Best Month	13.01%
Worst Month	-11.44%
Monthly Standard Deviation	2.88%
Annualized Standard Deviation	9.98%
Sharpe Ratio	0.60

Managed Futures

Managed Futures managers ended the month of December with positive returns, though returns varied among trend followers depending on the size of positions and net directionality of selective sectors. Trend followers, in general, were able to gain from a continued rally in fixed income positions, especially on the longer end. Long USD against European currencies also had gains.

December was also a good month for mean reversion strategy managers as the market had clear two-way movement split between the first and second half of the month. Multi-process managers posted mixed returns with their discretionary trading as well as short term trading dragging on performance.

Dow Jones Credit Suisse Managed Futures Index (USD)	
Performance	0.79%
Avg Month	0.54%
Best Month	9.95%
Worst Month	-9.35%
Monthly Standard Deviation	3.40%
Annualized Standard Deviation	11.77%
Sharpe Ratio	0.24

Multi-Strategy

Multi-Strategy funds posted positive results though December proved to be relatively quiet compared to prior months. Broader markets were characterized by lower volatility (with the Volatility Index declining from 27.8pts to 23.4pts) and lower volumes throughout the month. Performance varied across sub-strategies. On the positive side, managers saw profits from long-biased strategies/asset classes, including convertibles in the U.S. and Asia. Some funds also profited from European positions given the positive tone in the closing weeks of the month. Detractors during the month included equity strategies such as relative value trades as well as distressed positions. Generally speaking, positioning remained unchanged as managers continued to run with low exposure levels. Some managers cited concerns about liquidity going into year-end, and generally preferred to hold liquid assets.

Dow Jones Credit Suisse Multi Strategy Index (USD)	
Performance	0.14%
Avg Month	0.64%
Best Month	4.28%
Worst Month	-7.35%
Monthly Standard Deviation	1.57%
Annualized Standard Deviation	5.42%
Sharpe Ratio	0.85

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