HENNESSEE GROUP LLC

HEDGE FUND ADVISORY

YOUR STRATEGIC PARTNER IN HEDGE FUND INVESTING

HENNESSEE

HEDGE FUND REVIEW®

JANUARY 2013

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	DEC	YTD
Hennessee Hedge Fund Index	+1.45%	+6.99%
S&P 500	+0.71%	+13.40%
Long/Short Equity	+0.84%	+5.82%
Arbitrage/Event Driven	+1.61%	+9.30%
Global/Macro	+2.29%	+6.21%

Percentage of Hedge Funds Managers Outperforming the:

	DEC	YTD
S&P 500	63%	20%

Top (3) Performing:

	DEC		YTD
Emerging Markets	+3.49%	Financial Equities	+13.95%
Distressed	+3.10%	Distressed	+13.61%
Asia Pacific	+2.97%	Latin America	+12.50%

Bottom (3) Performing:

	DEC		YTD
Short Biased	-3.91%	Short Biased	-14.74%
Technology	-1.59%	Technology	-3.13%
Growth	+0.02%	Macro	+0.02%

MARKET SUMMARY - YEAR END 2012

Hedge funds continued to perform well in December, adding to their gains for the year. Hedge fund managers benefited from both increased exposure levels and alpha generation from security selection as high correlations continued to decline among stocks with both attractive and unattractive valuations. **The Hennessee Hedge Fund Index advanced +1.45% in December (+6.99% YTD).**

2012 was another year where global markets were driven by macro news. **Global stimulus outweighed renewed concerns about the European sovereign debt crisis, a global economic slowdown, and political and fiscal uncertainty in the U.S.** Fears of a recession abated and risk assets rallied.

Hedge funds posted a respectable year, but underperformed broad equity markets due to conservative positioning early on. During the first quarter, below-average exposures led to reduced up-market capture. In May, European worries resurfaced in a dramatic sell off, resulting in a reduction of risk and leading to underperformance in the relief rally that followed. However, the last six months have been encouraging. **Despite volatile macro events, such as political uncertainty and fiscal cliff in the U.S., managers were able to capture a good portion of upside and generate alpha, which bodes well for the outlook for hedge fund performance in 2013.**

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Top performing hedge fund strategies for 2012 were Financial Equities (+13.95%), Distressed (+13.61%), and Latin America (+12.50%). The worst performing strategies were Short Biased (-17.82%), Technology (-4.67%), and Macro (+0.02%).

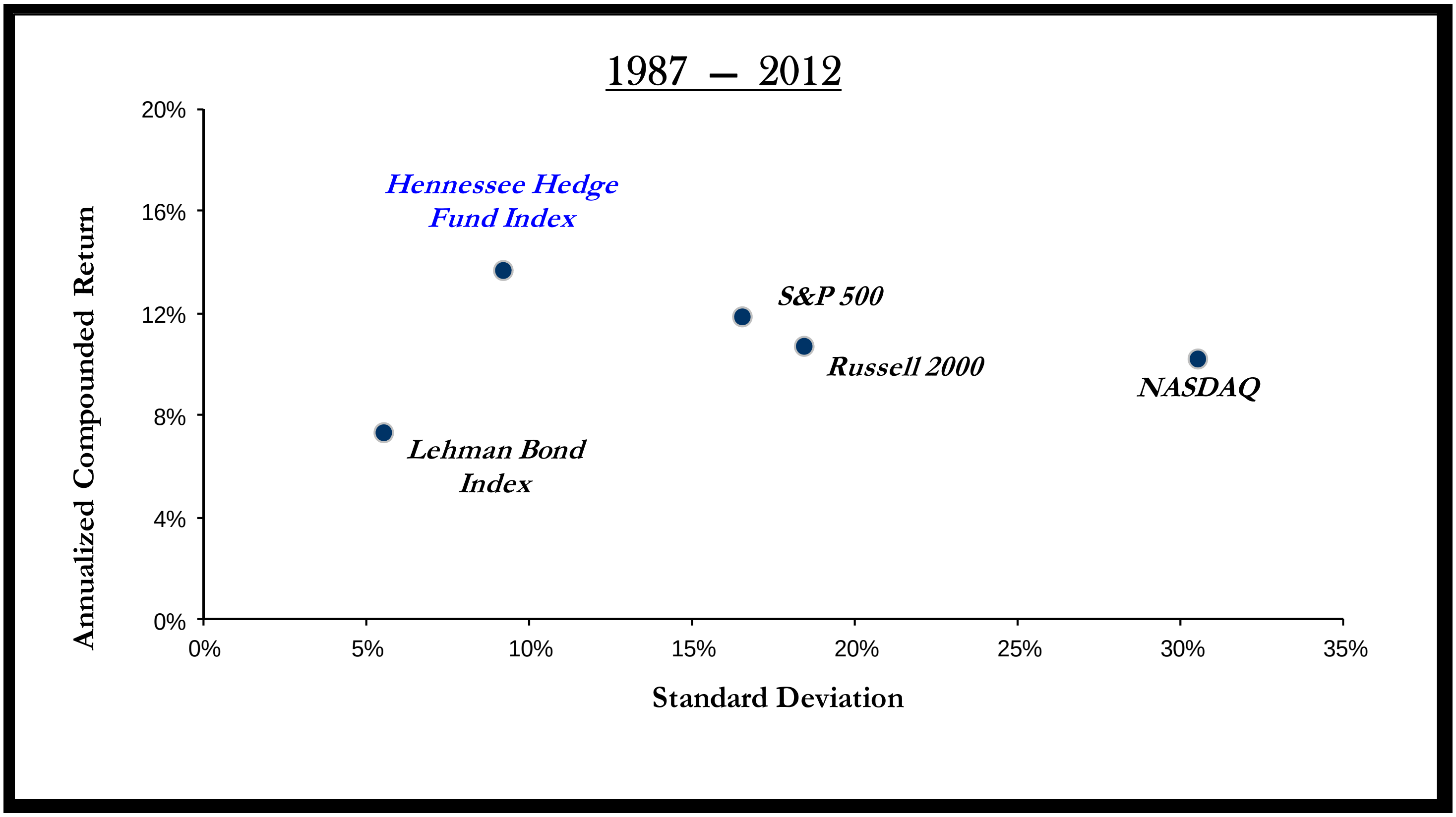
Risk assets posted gains in December, ending the year with strong performance. The S&P 500 Index rose +0.71% in December and returned +13.41% for the year. The Russell 2000 Index gained +1.42% in December and was up +14.63% for 2012. The Dow Jones Industrial Average advanced +0.60% (+7.26% YTD). The technology heavy NASDAQ advanced +0.31% (+15.92% YTD). Implied volatility levels increased in December despite the rise in equity markets, in part due to lighter trading volumes, as the VIX increased +14%. However, for the year, the VIX declined substantially, falling –23%.

The MSCI World Index returned +2.28% in December and was up +13.75% for the year. The MSCI Euro was up +2.3% in December and +15.6% in 2012. The MSCI AC Asia Pacific advanced +3.8% and gained +13.6% in 2012.

Given the uncertainty that beset markets for 2012, safe haven assets also delivered positive returns. The 10-Year Treasuries returned +3.30% in 2012, although they declined -0.89% in December. U.S. 10-year Treasuries yields finished the year at 1.76%, ending the year 12 bps lower than where it started.

Corporate credit markets were positive in December, with high yield outperforming investment grade. **The Barclays U.S. Corp HY index returned +1.6% (+15.8% in 2012).** High yield spreads declined more than Treasuries, as the spread of the Bank of America Merrill Lynch High Yield Master Index over Treasuries tightened 34 basis points from 5.65% to 5.31%.

In December, the DJ UBS Commodity Index declined -2.6%, and was relatively flat for 2012 (-1.1%). For the year, most major commodity markets finished with positive returns, but oil pulled the index into negative territory for the year (WTI -7.1% for 2012). **In currencies, the Japanese Yen weakened by -12.8%** for the year against the U.S. Dollar, most of this in the last two months. The Euro ended the year at $1.32, which is +1.8% higher than where it started the year, despite concerns about Euro zone stability.



You Wouldn't Use a Stock Index to Benchmark Your Bond Portfolio

So Why Use One to Benchmark Your Hedge Funds?

Hennessee Hedge Fund Indices®

Hennessee Group recognized the need for the creation of specific 'benchmarks' to measure a hedge fund manager's success. From this original concept, the blueprints of the Hennessee Hedge Fund Indices® evolved into what we know today.

The Hennessee Hedge Fund Indices® have been used as a hedge fund benchmark since 1987. Created real-time, the Hennessee Hedge Fund Indices® are an equally weighted average of a diversified group of hedge funds consisting of 23 different investment styles.

For more information on the Hennessee Hedge Fund Indices®, please visit us at www.hennesseegroup.com or lookup us up on Bloomberg under the symbol "HHFD".

HENNESSEE GROUP LLC
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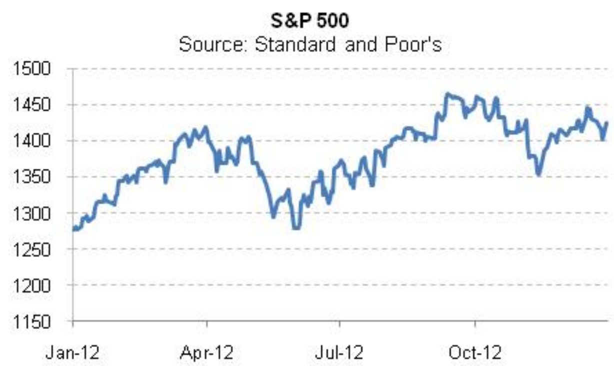
Your Strategic Partner In Hedge Fund Investing

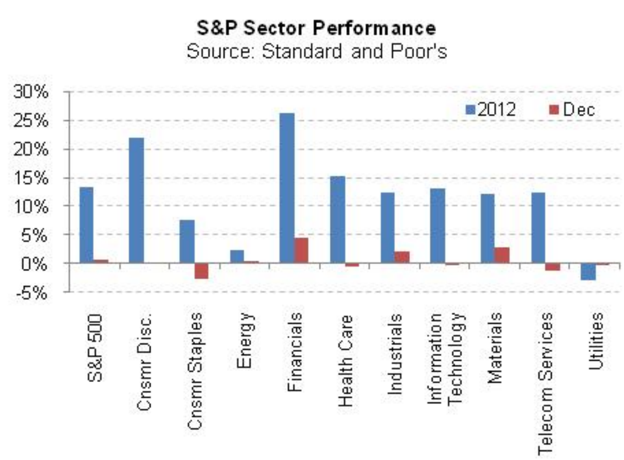
Long/Short Equity

(DEC: +0.84% / YTD: +5.82%)

Equity long/short managers were up in December, as the Hennessee Long/Short Equity Index advanced +0.84% (+5.82% YTD). For the year, hedge funds underperformed equity markets.



The Euro Zone crisis and policy responses were the biggest movers of global equity markets during 2012. In July, the statement by Mario Draghi that the ECB would do "whatever it takes" to save the Euro was a turning point. **From that point, risk assets rallied.** There were some brief periods of volatility due to the U.S. election and fiscal cliff, but these sell offs were short lived. **From mid-July, when Draghi made his statement, until year end, the MSCI World rose +13%.**



Sector allocation had a significant effect on performance in 2012. Managers earned profits from long positions in Financials, Consumer Discretionary and Healthcare sectors. Long positions in European financials were strong contributors as signals of support from the ECB provided a positive tailwind. Positions in U.S. banks/financials were also big winners for many hedge funds. This was particularly true for the second half of the year, when financials rallied +29%. **Technology stocks were a source of gains early in the year, as the sector rallied +19.5%, driven by Apple, but the sector gave back significant profits during the second half of the year and proved challenging for hedge funds.** Utilities (-1.9%), and Energy (-0.5%) were negative for the year, creating a challenging investment environment for some managers.

While correlations remain high by historical standards, cross-asset correlation levels continued to decline in December. This improved the environment for fundamental investors and allowed managers to generate alpha.

Hedge funds underperformed the equity markets in 2012, largely due to exposure management. **When equity markets bottomed in early June, many managers had reduced their net exposures after a difficult May.** In the following months, equity markets rallied sharply, but managers kept their net exposures relatively low and did not fully participate.

Net exposure stayed relatively low until the fourth quarter. According to J.P. Morgan research, net exposure for Equity Long Short increased from 0.67 to 0.72 in the fourth quarter, thus reaching its 2012 high. UBS research confirms this, stating that U.S. equity managers increased their long exposure and significantly reduced short exposure, resulting in net exposure for equity managers increasing to +30% from +10% during the month.

While U.S. policymakers reached a last-minute deal to avert the fiscal cliff, a longer-term fiscal agreement remains elusive. The current agreement merely postponed negotiations over future revenue increases, spending cuts and entitlement reforms. It also failed to address the debt ceiling. Both the fiscal agreement and the debt ceiling will have to be addressed before March. **Managers are already concerned about political uncertainty and the potential outcomes.**

That said, hedge fund managers have a positive outlook for equity markets and long/short investing for 2013. **Correlations have recently come down in equity markets, and the risks of the euro zone disintegrating or a hard landing in China have receded.** The U.S. debt ceiling still needs to be dealt with, but there is a consensus that global equity markets will be less driven by macro news and more driven by company fundamentals in the year ahead.

Arbitrage/Event Driven

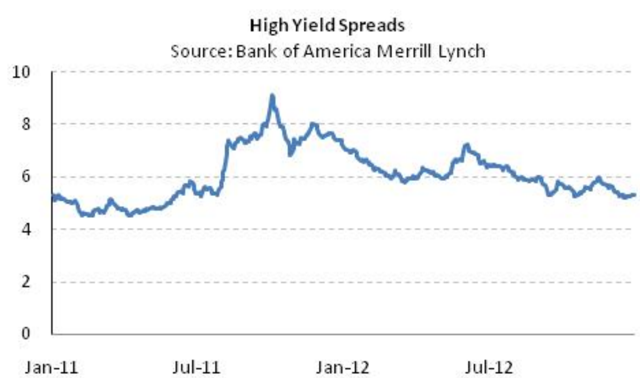
(DEC: +0.82% / YTD: +7.72%)

The Hennessee Arbitrage/Event Driven Index advanced +0.82% (+7.72% YTD) in December. Arbitrage and event driven hedge funds outperformed both long/short equity and global/macro for the year.

Fixed Income

Credit markets experienced their first negative month since March, as the Barclays Aggregate Bond Index fell -0.14% (+4.23% YTD). Treasuries were negative as yields increased and the yield curve steepened. Confidence surrounding a resolution of the fiscal cliff led to the yield on the 10 Year increasing 16 basis points from +1.62% to +1.78%.

Corporate credit spreads mostly tightened, and credit indices finished the month positive. **The Barclays High Yield Credit Bond Index increased +1.58% (+15.81% YTD).** Gains came largely from price increases rather than carry. High yield spreads declined more than Treasuries, as the spread of the Bank of America Merrill Lynch High Yield Master Index over Treasuries tightened 34 basis points from 5.65% to 5.31%.



Credit funds were positive and consistent during the year, as the asset class in general benefited greatly from the efforts of central bankers to encourage investors to seek yield in riskier assets. With interest rates at all time lows, government bonds offered very little in the way of return and credit markets saw record inflows into investment grade and high yield bonds.

With interest rates expected to remain low in the near future, there is little investor concern of this dynamic changing very soon. **However, many hedge funds are warning that parts of the credit market are richly valued, particularly liquid high yield.** In addition, with interest rates so low and rate-risk lying to the upside, duration should be a concern for credit investors.

In addition, in a flashback to 2007, covenant lite deals have come back into prominence, surging to a post-credit crisis high of over 28% of the outstanding loan market this year. Payment in Kind (PIK) bonds give issuers the flexibility to pay 'coupons' with additional bonds instead of with cash. These bonds are becoming increasingly popular. **Managers point out that new deal quality is deteriorating and believe that this should lead to short opportunities in the future.**

Some of the strongest performing hedge funds across all strategies were mortgage and structured credit hedge funds, many of which returned in excess of +20%.

Distressed

The Hennessee Distressed Index increased +3.10% in December (+13.61% YTD). Distressed managers experienced gains as equity markets rallied and had contributions from late-stage bankruptcies and post-reorg positions.

For 2012, investments in Europe helped drive returns of distressed managers. Some hedge funds profited from long positions in Greek sovereign debt. Other managers suffered large losses shorting European financials and a variety of core and peripheral sovereign debt, all of which rebounded strongly with equity markets in the second half of the year.

Managers are optimistic that distressed activity will pick up in 2013. Credit quality of new issuance has deteriorated significantly in recent months. In a muted growth environment, many companies will struggle with leverage levels and that will lead to restructurings and other interesting distressed opportunities.

HENNESSEE HEDGE FUND REVIEW®

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The Hennessee Group LLC is pleased to offer you a **12-month subscription** to the **Hennessee Hedge Fund Review®.** The Hennessee Hedge Fund Review® provides comprehensive performance information, statistics, and market analysis; all of which is value added to hedge fund managers and investors alike. The Hennessee Hedge Fund Review® includes the **Hennessee Hedge Fund Indices®**, one of the oldest and most widely sourced indices in the industry. The following are also included:

- An overview of the U.S. and major international markets.
- A discussion of each of the 23 hedge fund money management styles including trading themes, market trends impacting each style, and positions that have impacted their peer group.
- Monthly **Hennessee Hedge Fund Indices®** for each of the 23 Styles (including long/short equity, event-driven/arbitrage, global/macro, and others).
- Our **Hennessee Hedge Hog Corner** featuring manager commentary on investment themes, and the U.S. and international markets, including political and economic views.

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Merger Arbitrage

The Hennessee Merger Arbitrage Index increased +1.85% in December (+6.26% YTD). Merger funds generated gains in December amid a robust M&A environment and several special dividend investments. For the year, merger arbitrage managers generated gains, driven largely in December.

December saw a decent level of global M&A volume, with $222 billion of announced deals for the month, and a global deal count of 2,411. This resulted in the fourth quarter being the strongest quarter for M&A volume in four years, in large part due to a strong October. **For 2012, the overall level of merger deal volume ($2.6 trillion) and count was slightly lower than last year, and close to the levels of 2010.** In December, managers benefited from several new deals, including ICE's $8.2 billion acquisition of the New York Stock Exchange and Sprint's $2.2 billion acquisition of Clearwire.

Global M&A Activity
Source: Bloomberg

During the month, managers benefited as the CNOOC acquisition of Nexen was approved by Canada early in the month, as was the acquisition of Progress Energy Resources by Petronas. **These were common positions in portfolios, and both Nexen and Progress Energy increased almost 10% in December.**

With U.S. corporations still holding approximately $2 trillion on their balance sheets, 2013 could be a turning point for deal activity. Organic growth remains challenging in a low GDP growth environment and companies may seek to grow through acquisitions. With interest rates likely to remain low for some time, capital is inexpensive and cash transactions are immediately accretive.

Throughout the year, the U.S. election, European troubles, fiscal cliff concerns, and political uncertainty have resulted in a lack of confidence among business leaders. However, we could see a significant pick up in activity in the first half of 2013. **Managers are conservatively positioned, but optimistic that the opportunity set will improve.**

Convertible Arbitrage

The Hennessee Convertible Arbitrage Index advanced +0.71% (+10.46% YTD). Convertible arbitrage managers benefited from positive equity markets and tighter credit spreads.

According to hedge fund managers, the U.S. convertible market closed the year with valuations comparable to 2011 levels. For 2013, managers expect these trends to continue. Low interest rates and the massive search for yield should be a tailwind for convertibles. Managers are finding plenty of credit and event driven opportunities on both the long and short side of the portfolio.

Managers are also becoming interested in Europe, where a lot of uncertainty remains. In 2012, convertible new issuance in Europe was greater in dollar volumes than the U.S. The European convertible market is not as cheap it was 12 months ago; the strong news flow over the second half of 2012 pushed risk premiums lower. Despite the price appreciation, the convertible market remains attractive and offers some interesting opportunities. The market is more fragmented with less competition. **Several managers plan to increase exposures to Europe.**

Conclusion

Managers remain optimistic on arbitrage and event driven opportunities. Managers have been increasing allocations as markets stabilize. Exposures are at the higher end of the last 12 months, but many funds are still maintaining dry powder, expecting attractive opportunities to emerge. **If we can get positive resolution of the debt ceiling and fiscal situation in the next two months, managers will likely increase risk levels.**

Global/Macro

(DEC: +0.55% / YTD: +3.92%)

The Hennessee Global/Macro Index increased +0.55% in December (+3.92% YTD). International managers drove positive performance for the global/ macro sector, while macro funds continued to struggle.

International

Global equities posted gains, as the MSCI All-Country World Index ended the month up +2.14% (+13.43% YTD), led by China, Japan, and Russia. **International hedge fund managers posted gains, as the Hennessee International Index gained +1.95% (+10.95% YTD).**

The euro zone crisis and related policy responses were the biggest movers of global equity markets during the year. On July 26, Mario Draghi stated that the ECB would do "whatever it takes" to save the Euro, which marked a turning point for global markets. During the second half of the year, markets trended strongly positive. There were some brief periods of volatility, leading up to the U.S. election sell-off and the fiscal cliff, but sell-offs were short lived. **From July 26 to year end, the MSCI World rose +13% into year end.**

International hedge funds performed well in 2012, capturing a significant portion of the market rally. The reaction of hedge funds to Draghi's statement, either increasing risk or maintained short bets against Europe was the most important contributor to performance in 2012. Some of heaviest losses in 2012 came from betting against Europe, and some of the biggest gains came from betting that Draghi and the ECB would be successful.

Emerging Markets

Emerging markets were also up, as the MSCI Emerging Markets Index added +4.78% (+15.15% YTD). China stocks staged an unexpected December rally, increasing +15%. **Hedge fund managers were also positive, but lagged the benchmark due to conservative positioning, as the Hennessee Emerging Market Index was up +3.49% (+5.20% YTD).**

Emerging markets equities outperformed the developed world in 2012, returning +18.6% versus +13.4% for the MSCI World Index. **December was a particularly strong month as emerging markets advanced +4.9%.**

Europe, Middle East and Asia (+22.5%) was the best performing emerging market region in 2012 followed by emerging Asia (+21.2%). Latin America was a laggard, up only +8.9% in 2012, largely due to Brazil. The Brazilian market's flattish performance of 0.1% in 2012 was the main underpinning of the relatively weak 8.7% performance of the region for the year. The country's underperformance was driven by two main factors. First, declining market expectations for economic growth, which began at 3.0% expected GDP growth at the beginning of the year and gradually deflated to 1.0% by year's end. Second, investors became concerned over the interventionist economic policies pursued by President Dilma Roussef's administration, which were particularly detrimental to the banking and utilities sectors.

Macro

Macro managers were up in December, as the Hennessee Macro Index increased +1.26% (+0.92% YTD). December was a good month for macro managers, marking the end of a challenging year as managers struggled to identify investable trends.

In December, most managers were positioned for a rally in risk assets on the expectation of positive resolution of the U.S. fiscal cliff. Managers benefitted from exposure to global equities, emerging markets currencies and fixed income. Performance was partially offset by losses in commodities. Exposure to Asian markets were a significant contributor as both Japanese and Chinese markets were up significantly.

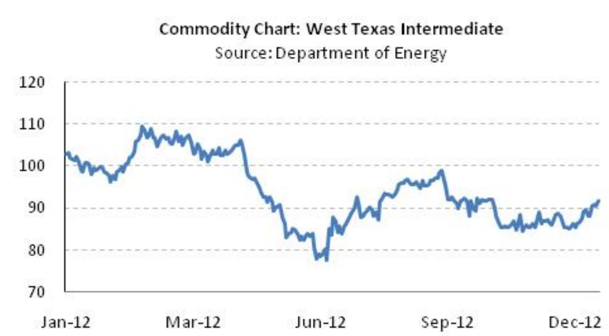
Despite a solid December, macro managers had a lackluster year from a performance perspective. Central banks across the globe and policy makers continually moved markets in 2012. Trends were often reversed after major policy announcements. **This environment was challenging for global macro managers due to difficulty dealing with the policy-driven markets and lack of sustainable long term trends.** For most of the year, economic fundamentals led managers to be positioned somewhat bearish. **However, actions of central bankers or politicians resulted in a market rally, crystallizing losses for managers who had to cover losing positions.**

Performance among macro managers had significant dispersion, largely based on positioning in July. Hedge funds positioned to benefit from Draghi's statement that "they would do whatever it takes to save the euro" benefited greatly, while managers who were cautiously positioned suffered losses. **That said, as market stability has increased over the last six months and tail risk has diminished, managers have increased risk and have portfolio exposures at the highest level in the past 12-18 months.**

During the month, managers generated gains in fixed income as U.S. yields rose for most maturities in anticipation of the fiscal cliff resolution, while high yield credit continued to tighten. U.S. curve steepeners added to performance as the 2-10 part of the curve steepened by 14 basis points in December . However, this trade did not work in 2012 as the curve was -13 basis points flatter on the year.

Short the Japanese Yen versus U.S. dollar was a significant source of gains, as the yen depreciated -5% in December alone. Managers continued to benefit from the sharp rise of the U.S. dollar versus the Japanese Yen following Japanese elections and in anticipation of continued stimulus from the Bank of Japan. **Short the Japanese Yen has become one of the most common macro trades going into 2013.**

In December, the U.S. dollar fell against the Euro on positive news regarding the European banking & sovereign debt crisis. **Short the Euro versus the U.S. Dollar was one of the biggest consensus trades of 2012.** However, managers experienced losses as the Euro appreciated +1.6% in 2012. Long term, some managers continue to be short the Euro, but the trade is much less common than at the beginning of 2012.



In December, the DJ UBS Commodity Index declined -2.6%, and were relatively flat for 2012 (-1.1%). For the year, most major commodity markets finished with positive returns, but oil pulled the index into negative territory for the year, as West Texas Intermediate was down -7.1%. **For the year, gold increased +8% from $1,531 to $1,651.** Managers continue to like gold long term as a hedge against currency debasement.

HENNESSEE HEDGE HOG CORNER

The following are extracts from research related to hedge fund managers we monitor and do not necessarily represent the views of the Hennessee Group LLC:

We have increased our **short position on the Japanese Yen.** The Bank of Japan is becoming more aggressive, increasing inflation target to 2%. We think they will be successful in debasing their currency.

We are becoming **optimistic on stressed credit opportunities in Europe.** We are not allocating yet, but we are researching opportunities. We expect credit spreads to widen and defaults to increase over the next 12 months.

We are keeping a **large cash balance.** If the rating agencies downgrade Spain and Italy, it will trigger downgrades to corporate in those countries and we would expect a technical sell off. We want to be ready to capitalize on that opportunity.

Despite the strong performance of structured products in 2012, we continue to like the asset class. A lot of the easy money has been made, but if you are willing to do the research, there are still very attractive assets trading at discounted prices.

We see a dislocation in the credit markets. Massive inflows into large issues makes credit very expensive. However, small and mid cap companies are struggling to get financing. **We are increasing the amount of direct lending and getting very attractive yields.**

We expect to see an **increase in M&A**. The environment has been ripe for several years, with low interest rates, high cash balances, and the need to grow through acquisition. However, macro instability has deterred businesses from action. If we can get past the debt ceiling without significant political uncertainty, M&A will pick up and lead to great opportunities.

We are finding **several attractive names in U.S. energy**. We think the U.S. is making major strides towards energy independence and the Shale Gas advancements is a game changer.

Due to concerns about inflation, we have low duration and most of our **exposure is in leveraged loans**, which offer floating rate yields.

We are concerned about the debt ceiling and fiscal negotiation in February and March. The markets are pricing in that this will be resolved without major issue. However, as we have seen in the past, there is the potential for a disaster. **We are staying conservative.**

We are short Apple. We think the company will continue to struggle to innovate in the post-Steve Jobs era. In addition, they have increased competition from Google, Samsung and others.

We are long gold. We expected better performance in 2012, but the bull cash remains. Countries continue to debase their currencies and there is significant inflation risk. We think gold could hit $2,000 in 2013.

We are **constructive on equity markets** in 2013. We think equities are the most attractive asset class. Economic growth should improve as housing and energy sectors recover. This should be a good tail wind.

We are **optimistic on long/short equity investing**. After several years of "risk on-risk off" trading and a high correlation environment, we are starting to see correlations decline and more fundamental moves. This is great for stock picking.

We are seeing **dislocations due to the rapid increase and prevalence of ETFs**. We are attempting to arbitrage misevaluations due to capital flows.

We are concerned about the credit markets. Interest rates are artificially low and spreads are tight. There is potential for further tightening, but **we think there is much more risk to the downside than the upside at this point.**

We continue to like financials. We think improvements in net interest margin will be a positive tailwind for banks in 2013.

We are optimistic that distressed activity will pick up in 2013. Credit quality of new issuance has deteriorated. In a muted growth environment, companies will struggle with leverage and that will lead to restructuring and other interesting distressed opportunities.

HENNESSEE GROUP LLC
HEDGE FUND ADVISORY

HENNESSEE HEDGE FUND RANKINGS

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MONTHLY RANK 2010 (Net)	YTD	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
ASIA - PACIFIC INDEX	**19**	21	1	13	12	22	19	21	22	7	14	10	3
CONVERTIBLE ARBITRAGE INDEX	**9**	15	18	11	4	6	5	6	16	14	7	6	18
DISTRESSED INDEX	**2**	9	13	4	13	11	18	8	11	9	3	1	2
EMERGING MARKETS INDEX	**17**	2	4	23	16	23	21	7	12	2	13	18	1
EUROPE INDEX	**5**	6	6	16	9	21	11	13	4	6	4	2	5
EVENT DRIVEN INDEX	**7**	7	12	6	8	16	14	14	1	8	6	5	9
FINANCIAL EQUITIES INDEX	**1**	5	3	2	22	18	3	18	9	3	2	20	4
FIXED INCOME INDEX	**12**	17	19	8	3	5	8	3	17	21	8	11	14
GROWTH INDEX	**20**	10	11	20	18	17	10	20	7	12	20	16	20
HEALTHCARE AND BIOTECH INDEX	**4**	13	22	1	7	10	2	19	21	1	17	7	17
HIGH YIELD INDEX	**10**	16	20	18	2	7	15	5	13	13	5	12	13
INTERNATIONAL INDEX	**6**	8	2	5	17	19	9	2	5	15	19	4	6
LATIN AMERICA INDEX	**3**	1	16	19	19	15	4	16	6	4	1	15	16
MACRO INDEX	**21**	22	15	21	14	2	20	1	20	22	21	19	12
MARKET NEUTRAL INDEX	**16**	19	21	10	1	8	17	4	18	19	11	8	19
MERGER ARBITRAGE INDEX	**15**	20	17	17	10	4	16	15	19	20	15	3	7
MULTIPLE ARBITRAGE INDEX	**14**	18	14	15	11	9	12	9	14	16	12	17	11
OPPORTUNISTIC INDEX	**13**	4	5	9	20	20	6	17	3	5	10	14	15
PIPES/PRIVATE FINANCING INDEX	**18**	3	8	7	5	3	22	22	10	17	22	21	-
SHORT BIASED INDEX	**23**	23	23	22	6	1	23	12	23	23	16	22	22
TECHNOLOGY INDEX	**22**	11	10	3	23	12	13	23	8	18	23	23	21
TELECOM AND MEDIA INDEX	**8**	14	8	12	21	13	1	10	2	11	18	9	8
VALUE INDEX	**11**	12	7	14	15	14	7	11	15	10	9	13	10

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HENNESSEE GROUP LLC
HEDGE FUND ADVISORY

HENNESSEE HEDGE FUND INDICES®

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2012 (Net)	YTD	YTD RANK	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
ASIA - PACIFIC INDEX	3.11%	**19**	0.97%	4.51%	0.67%	-0.34%	-4.91%	-0.87%	-0.71%	-1.01%	1.63%	-0.18%	0.63%	2.97%
CONVERTIBLE ARBITRAGE INDEX	10.46%	**9**	1.94%	1.49%	0.74%	0.23%	-0.44%	0.90%	1.04%	0.86%	0.95%	0.64%	0.94%	0.71%
DISTRESSED INDEX	13.61%	**2**	2.89%	1.75%	1.32%	-0.50%	-1.82%	-0.45%	0.90%	1.08%	1.51%	1.82%	1.32%	3.10%
EMERGING MARKETS INDEX	5.20%	**17**	4.24%	2.85%	-1.02%	-0.71%	-7.36%	-0.94%	1.00%	1.08%	3.18%	-0.16%	-0.04%	3.49%
EUROPE INDEX	11.24%	**5**	3.75%	2.53%	0.42%	-0.07%	-4.80%	0.12%	0.49%	1.55%	1.74%	1.40%	1.32%	2.48%
EVENT DRIVEN INDEX	10.81%	**7**	3.56%	1.79%	1.07%	-0.06%	-3.39%	-0.21%	0.45%	1.86%	1.55%	1.06%	1.15%	1.64%
FINANCIAL EQUITIES INDEX	13.95%	**1**	3.95%	3.81%	1.66%	-1.47%	-3.51%	1.33%	-0.27%	1.39%	2.37%	1.99%	-0.68%	2.85%
FIXED INCOME INDEX	8.05%	**12**	1.64%	0.89%	0.97%	0.34%	-0.39%	0.62%	1.30%	0.66%	-0.29%	0.56%	0.55%	0.95%
GROWTH INDEX	1.86%	**20**	2.81%	2.04%	-0.06%	-0.79%	-3.47%	0.17%	-0.67%	1.43%	1.08%	-0.78%	0.21%	0.02%
HEALTHCARE AND BIOTECH INDEX	12.34%	**4**	2.64%	-0.06%	2.46%	0.06%	-1.72%	2.72%	-0.37%	0.24%	4.67%	-0.50%	0.90%	0.83%
HIGH YIELD INDEX	8.86%	**10**	1.91%	0.82%	0.23%	0.48%	-0.69%	-0.27%	1.17%	1.04%	1.03%	1.23%	0.43%	1.17%
INTERNATIONAL INDEX	10.95%	**6**	3.26%	3.90%	1.08%	-0.76%	-3.63%	0.38%	1.54%	1.46%	0.93%	-0.60%	1.15%	1.95%
LATIN AMERICA INDEX	12.50%	**3**	5.45%	1.50%	-0.05%	-0.98%	-2.82%	1.13%	0.16%	1.45%	2.23%	2.85%	0.26%	0.90%
MACRO INDEX	0.92%	**21**	0.31%	1.51%	-0.47%	-0.56%	0.02%	-0.94%	2.79%	0.53%	-1.22%	-1.98%	-0.25%	1.26%
MARKET NEUTRAL INDEX	5.55%	**16**	1.37%	0.20%	0.82%	0.74%	-0.77%	-0.41%	1.21%	0.62%	0.10%	0.22%	0.77%	0.57%
MERGER ARBITRAGE INDEX	6.26%	**15**	1.00%	1.50%	0.42%	-0.14%	-0.24%	-0.39%	0.38%	0.59%	0.09%	-0.22%	1.28%	1.85%
MULTIPLE ARBITRAGE INDEX	6.58%	**14**	1.43%	1.60%	0.62%	-0.20%	-0.82%	-0.15%	0.72%	1.00%	0.84%	-0.05%	0.13%	1.29%
OPPORTUNISTIC INDEX	7.96%	**13**	3.98%	2.67%	0.94%	-1.10%	-4.18%	0.88%	-0.17%	1.62%	1.77%	0.26%	0.33%	0.91%
PIPES/PRIVATE FINANCING INDEX	3.89%	**18**	4.01%	2.45%	1.03%	0.14%	-0.17%	-0.98%	-0.84%	1.25%	0.60%	-2.50%	-1.00%	-
SHORT BIASED INDEX	-17.82%	**23**	-4.67%	-4.19%	-0.86%	0.13%	5.66%	-3.68%	0.54%	-2.85%	-3.73%	-0.34%	-1.41%	-3.61%
TECHNOLOGY INDEX	-4.67%	**22**	2.70%	2.40%	1.41%	-1.86%	-2.42%	-0.19%	-1.14%	1.39%	0.58%	-3.81%	-2.01%	-1.59%
TELECOM AND MEDIA INDEX	10.49%	**8**	2.40%	2.45%	0.70%	-1.44%	-2.50%	3.00%	0.67%	1.75%	1.20%	-0.60%	0.75%	1.80%
VALUE INDEX	8.35%	**11**	2.67%	2.46%	0.66%	-0.68%	-2.77%	0.72%	0.57%	0.90%	1.38%	0.30%	0.43%	1.52%
HENNESSEE HEDGE FUND INDEX	**6.99%**		**2.43%**	**1.94%**	**0.57%**	**-0.45%**	**-2.24%**	**0.24%**	**0.49%**	**0.95%**	**1.22%**	**-0.10%**	**0.37%**	**1.45%**
LONG/SHORT EQUITY	**5.82%**		**2.47%**	**1.83%**	**0.80%**	**-0.68%**	**-2.37%**	**0.66%**	**0.05%**	**0.95%**	**1.43%**	**-0.35%**	**0.12%**	**0.84%**
ARBITRAGE/EVENT DRIVEN	**9.30%**		**2.29%**	**1.55%**	**0.85%**	**-0.01%**	**-1.23%**	**-0.05%**	**0.72%**	**1.08%**	**0.80%**	**0.55%**	**0.81%**	**1.61%**
GLOBAL/MACRO	**6.21%**		**2.55%**	**2.73%**	**-0.01%**	**-0.55%**	**-3.39%**	**-0.40%**	**1.05%**	**0.81%**	**1.14%**	**-0.50%**	**0.48%**	**2.29%**
DJIA	7.26%		3.40%	2.53%	2.01%	0.01%	-6.21%	3.93%	1.00%	0.63%	2.65%	-2.54%	-0.54%	0.60%
BARCLAYS AGG. BOND INDEX	4.23%		0.88%	-0.02%	-0.55%	1.11%	0.90%	0.04%	1.38%	0.07%	0.14%	0.20%	0.16%	-0.14%
MSCI EAFE (USD) PRICE INDEX	13.55%		5.25%	5.44%	-0.91%	-2.40%	-12.09%	6.79%	1.07%	2.36%	2.60%	0.76%	2.20%	3.10%
NASDAQ	15.92%		8.01%	5.44%	4.20%	-1.46%	-7.19%	3.81%	0.15%	4.34%	1.61%	-4.46%	1.11%	0.31%
RUSSELL 2000	14.63%		7.00%	2.88%	2.39%	-2.82%	-6.70%	4.81%	-1.45%	3.20%	3.12%	-2.23%	0.39%	3.34%
S&P 500	13.40%		4.36%	4.06%	3.13%	-0.75%	-6.21%	3.96%	1.26%	1.98%	2.42%	-1.98%	0.28%	0.71%

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