

SPECIAL REPORT | HEDGE FUNDS

Best 100 Hedge Funds

As industry assets pass \$2 trillion, mortgage specialists surge to the top.

By Eric Uhlfelder

Photograph by Peter Murphy

CHRISTIAN ZUGEL ENJOYS HIGH SPEEDS MORE THAN most people. A native of Stuttgart, Germany, home to Porsche and Mercedes, the 52-year old fell in love with cars at an early age and today races on the amateur-motor circuit at tracks like Daytona, where he pushes his Porsche Spyder to speeds near 200 miles per hour.

He moves through the financial world at a pretty good clip, too. The former head of high-yield bond trading at JPMorgan, Zugel created Zais Group back in 1997. The asset manager now oversees \$6.4 billion from its main office in Red Bank, New Jersey, as well as newer outposts in London and Shanghai. His \$418 million Zais Opportunity Fund, which buys portions of collateralized-loan obligations, also has taken the winner's checkered flag in *Barron's* annual ranking of the Top 100 Hedge Funds. The fund returned an average of 78.5% annually to its investors in the three years ending 2011. (Complete tables start on page 28.)

"I'm drawn to [racing and investing] out of a desire to excel in challenging environments and to control my own destiny," says Zugel, who holds a masters degree in economics from the University of Mannheim in Germany. "Both require discipline and consistency, and keen understanding of acceleration and break points."

The last three years have provided a smooth track for hedge managers like Zugel who negotiate the complicated world of fixed-income assets, including asset-backed and mortgage-backed securities. They were at the heart of the credit crisis in 2008 but have recovered strongly since. In the case of asset-backed securities, "they were hammered so excessively that when markets finally normalized, it set the stage for a powerful rebound that has continued to this day," he says. Zugel's fund was badly hit in 2008, having lost 73.6%, but survived and has roared back impressively.

That financial crisis is fading in the rear-view mirror. Five of *Barron's* top seven funds invested in mortgage- or asset-backed securities.

No. 2 on our list is Metacapital Mortgage Opportunities, founded by Deepak Narula, a former head mortgage trader at Lehman Brothers who started his firm in 2001. He created this fund, which has averaged an annual gain of 62%



Hit in 2008's crisis, Zais founder Zugel has thrived in the recovery.

in the last three years, near the height of the turmoil in 2008 just as his one-time employer was imploding.

Most recently, Metacapital has played the unexpected stability in Americans' mortgage-repayment rates. "Government policy targeted certain homeowners to refinance their mortgages at lower rates," he explains. That might have sent

some prices lower. Narula didn't believe it would happen. He was right, and Metacapital profited "as payments continued to flow into these securities."

Another beneficiary of strong mortgage securities markets is 68-year old, former philosophy professor Don Brownstein and his SPM Structured Servicing Holdings fund. The blandly-named \$1.7 billion fund, which relies on the research of about a dozen Ph.D.s., has soared by 61.84% per year on average over the last three years. A second Brownstein mortgage vehicle was No. 4 and the \$1.4 billion Providence MBS fund ranked seventh among the Top 100.

The best-performing equity-only hedge fund in our ranking was the long-only Cambrian Fund, posting a three-year annualized return of 28.38%.

Some absent from this year's Top 100 correctly anticipated the meltdown but later strayed into other sorts of investments. Notably missing this year is John Paulson, who's best known for shorting mortgage-backed securities in 2007, when his Paulson Credit Fund rose close to 600%.

His event-driven Advantage fund made our list the previous four years. It was down 36% last year, sidelining his three-year performance. And Philip Falcone's Harbinger Capital Partners fund also disappeared from the Top 100 ranking, following his losing bet on LightSquared, the wireless venture that recently filed for Chapter 11. Falcone, too, anticipated the credit crisis, but he's struggled in its aftermath.

The declining fortunes of some prominent mortgage bears isn't the only sign that the effects of 2008's collapse are receding. HFR, which researches the business, reports that in 2011 hedge-fund assets broke the \$2 trillion mark, exceeding the year-end 2007 pre-crisis peak of \$1.87 trillion. It had declined as low as \$1.4 trillion in 2008. And the number of funds reporting as of first quarter 2012 has now eclipsed the December 2007 level of 7,634, rising to 7,659.

Hedge funds' flexibility is one reason they've proved so durable. Top-performing funds like those of Ray Dalio's Bridgewater Associates (see story, page P21) or David Tepper's Palomino fund combine stocks, bonds, currencies, and commodities. Multi-strategy funds, most of which fared poorly when virtually all assets declined in 2008, have seen some of the strongest gains since.

The average three-year annualized returns of *Barron's* leading multi-strategy firms soared to 25.71% from last year's

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15.23%, led by the \$840 million GLG Market Neutral Fund (No. 14). It has averaged a gain of 35.45% over the last three years. Even Zugel's seemingly narrow asset-backed fund can spread its bets among many corporate borrowers.

The diversified approach has done well, explains Andrew Redleaf, CEO and manager of the 22nd-ranked Whitebox Multi-Strategy Fund, because it allows managers to exploit the rotation in leading strategies, a particular advantage as different classes have constantly jockeyed for leadership since the markets finally bottomed. "We also have the flexibility to navigate the volatility that's been part of the recovery," he adds.

That's in part the idea behind Bain Capital's Absolute Return Capital Partners Fund, which seeks relative value and was No. 72 on the Top 100 list with a three-year return of 19.44%. The fund also handles a small (\$250,000 to \$500,000) part of Republican presidential candidate Mitt Romney's blind trust as well as a bigger IRA, according to public filings. Of course, Romney retired from the private-equity firm in 1999, and his investments today are spread among a large number of vehicles across many asset classes and managers.

Although declining to confirm or deny Romney's passive stake, Jeffrey Woolbert, portfolio manager, explains that in 2004 Bain set out to diversify the firm's holdings beyond the its private-equity and credit portfolios. The result, he says, is that they "looked to apply the relative value approach to additional esoteric asset classes like currencies, rates, and commodities." Not only have the returns been strong but assets have jumped to above \$2 billion as foundations and pension funds have put money in.

The financial crisis proved the power of Absolute Return's diversification, says Woolbert. The fund lost just 6% in 2008, and recovered sharply from even that small decline in the first two months of 2009, when equity markets were falling. The fund earned 31% in 2009. "We're most proud of the fact that we've generated returns with negligible co-relation with equities," says Woolbert.

Barron's numbers suggest just how important the ability to change lanes is. Our list is dominated by firms that have the freedom to go long or short and to shift among markets. In the last three years, the Top 100's average annualized hedge fund returns were an impressive 25.55%. This was nearly triple the 9.05% average return of Barclay-Hedge's main fund index and nearly double the Standard & Poor's 500 index's gain since the end of 2008.

Many hedge funds got a big boost in this year's ranking because we use a three-year return, which means that 2008, for our ranking purposes, no longer exists. That brought back some names we haven't seen in awhile. For instance, multi-strategy manager Citadel, which had been off our list since 2007, came in 21st this year with a three-year annualized gain of 29.36%. Another returning member was the event-driven Third Point Offshore Fund, No. 42.

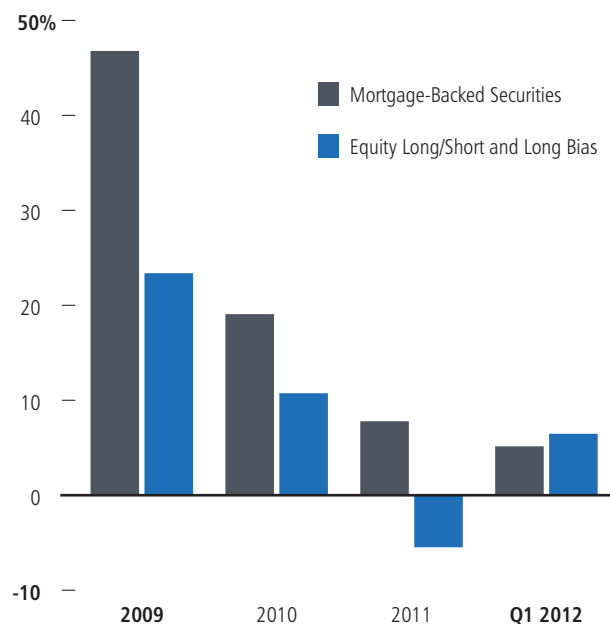
Making its first appearance on our list is equity long/short Omega Capital Partners fund, managed by respected Wall Street veteran Leon Cooperman, whose offering returned more than 21.57% annually over the past three years.

Nearly making the cut this year were well-known names like Steve Cohen's SAC Capital International fund and Elliott

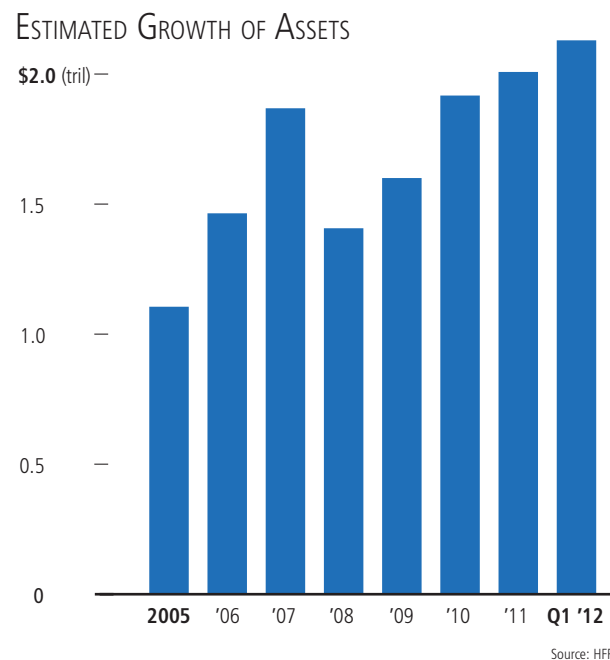
International. A little further off the mark were D.E. Shaw, Brevan Howard, Cerberus, Farallon, and King Street.

Barron's hedge-fund ranking highlights what's possible from this community for investors looking to create a diversified portfolio, possibly securing above-market returns. It isn't a recommendation to chase last year's victors. To side-step funds that benefit from a momentary jump in a certain industry or asset type, we exclude funds that invest in a single country, sector, commodities or narrow asset types. Our

PALE IN COMPARISON Stock hedge funds have lagged behind more obscure vehicles like mortgage specialists since 2008's crash.



REPLENISHED Far from giving up on hedge funds, investors have poured money into them in the last three years. Assets exceed \$2 trillion.



minimum fund size is \$300 million, to include those vehicles that offer some stability and liquidity. We worked with two hedge-fund database outfits to compile our list, Barclay-Hedge (barclayhedge.com) and Morningstar (alternativeinvestments.morningstar.com), which sort through thousands of funds to meet our basic criteria. We then contact each of the screen firms to verify their results. With the help of *Barron's* contributing editor Erin Arvedlund, we also tapped into additional trusted sources for information, which we have used in gathering data.

So what will the rest of 2012 look like? Slowing growth, more European debt woes, and an overextended stock-rally have made a number of our leading hedge funds nervous. JPMorgan's \$2 billion trading loss also raised concerns about the state of big financial institutions and regulatory risk. (Funds Nos. 68 and 89, BlueCrest Capital and Blue-Mountain Credit Alternatives, wouldn't comment on reports that they were on the profitable side of the bank's trades.)

But the managers also see opportunities in stocks, bonds and commodities.

Whitebox's Redleaf sees especially good value in large-cap equities. He points out that in recent years, the trailing price-earnings multiple of small- and mid-cap shares (as measured by the Russell 2000) has widened considerably over the S&P 500's multiple. Driven by mid- and small-cap stock gains, the multiple of the Russell last week stood at 28.67, versus 13.45 for the S&P 500. At the same time, the spread of price-to-book ratios, (large caps' are normally bigger) have also narrowed to multi-year lows. Redleaf believes these trends will reverse.

The money manager is optimistic based on positive U.S. fundamentals, supported by strong corporate balance sheets, stable and accessible capital markets, a modest rebound in manufacturing and continued GDP growth.

Bain's Absolute Return fund has moved into the commodities markets, which now represent about 40% of its total number of bets, an unusually large portion for a macro fund, according to Woolbert. Commodities prices have suffered due to the recent anxiety about the strength of global growth in China, the U.S. and Europe.

As strong as fixed-income performance has been, bonds still hold a lot of opportunities.

Growing restrictions on dealer-capital lending and bank proprietary trading (which JPMorgan's big loss likely ensures) will accelerate market illiquidity and dislocation, according to GLG Market Neutral manager Steve Roth. He sees significant arbitrage opportunities among various capital securities opened up both by sovereign-debt problems and vulnerable banks, especially in Europe. Distressed-debt specialist Edward Mulé, whose Silver Point Capital fund is No. 54 on our list, agrees that the ongoing deleveraging of financial institutions will offer opportunities to credit investors over the next year.

Any additional central-bank intervention could also generate distortions in sovereign debt that nimble hedge-fund managers can exploit.

As is often the case, many hedge funds will race toward the roadside pile-up, hoping to profitably pick through the debris. ■

—ADDITIONAL REPORTING BY JACK WILLOUGHBY

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OUR TOP 100 HEDGE FUNDS Riding the recovery in credit and equities, the best-performing hedge managers easily beat both the Standard & Poor’s 500 and the BarclayHedge index over the three years ending in 2011. Mortgage- and asset-backed specialists have remained the dominant money spinners while multi-strategy funds gained in the post-crisis environment. No. 1 was Zais Opportunity, with a remarkable three-year average return of 78.49%. With 2008’s disaster no longer in the tally, familiar names like Citadel have regained their place. A familiar name joining the list this year: Leon Cooperman’s Omega Capital Partners.

Rank		Fund Name	Fund Assets (\$ mil)	Fund Strategy	3-Year Compound Annual Return	2011 Return	Company/Location	Total Firm Assets (\$ mil)
2011	2010							
1.	N.R.	Zais Opportunity Ltd Class B	418	Structured Credit	78.49%	33.09%	Zais Group / Red Bank, N.J.	6,400
2.	N.R.	Metacapital Mortgage Opportunities Ltd	853	Mortgage-Backed Securities	61.99	23.61	Metacapital Management / New York	853
3.	2.	SPM Structured Servicing Holdings LP	1,682	Mortgage-Backed Securities–Non-Agency	61.84	19.63	Structured Portfolio Management / Stamford, Conn.	3,049
4.	N.R.	SPM Directional Mortgage Prepay	645	Mortgage-Backed Securities–Agency	50.73	27.10	Structured Portfolio Management / Stamford, Conn.	3,049
5.	N.R.	Marwyn Value Investors LP	303	Event Driven	50.30	26.74	Marwyn Investment Mgmt / London	479
6.	18.	ECF Value LP	847	Event Driven	45.50	2.65	Gates Capital Management / New York	847
7.	1.	Providence MBS Ltd	1,393	Mortgage-Backed Securities	45.04	25.39	Providence Investment Mgmt / Providence, R.I.	1,393
8.	29.	Barnegat Ltd Series B	501	Fixed-Income Arbitrage	44.16	11.17	Barnegat Fund Mgmt / Hoboken, N.J.	501
9.	45.	VR Global Partners LP	1,504	Emerging Markets/Distressed	44.13	3.56	VR Advisory Services / Dubai	1,504
10.	7.	Palomino Ltd	4,400	Distressed Credit/Opportunistic	41.49	-3.55	Appaloosa / Chatham, N.J.	12,000
11.	8.	Investcorp Silverback Arbitrage	778	Diversified Arbitrage	41.44	5.01	Investcorp Investment Advisers / New York	4,700
12.	N.R.	Pine River Fixed Income Ltd	1,866	Mortgage-Backed Securities	38.60	4.78	Pine River Capital Mgmt / Minnetonka, Minn.	5,500
13.	N.R.	Alden Global Distressed Opportunities Ltd	1,889	Distressed Securities	36.06	-20.36	Alden Global Capital / New York	2,500
14.	N.R.	GLG Market Neutral	840	Multi-Strategy	35.45	0.80	GLG Partners / London	26,400
15.	N.R.	Autonomy Global Macro	1,200	Global Macro	34.52	13.61	Autonomy Capital / New York	2,200
16.	4.	Element Capital Ltd	3,118	Macro/Relative Value	34.03	5.54	Element Capital Management / New York	3,118
17.	N.R.	Pine River Master Ltd	1,069	Multi-Strategy	31.99	5.72	Pine River Capital Mgmt / Minnetonka, Minn.	5,500
18.	N.R.	Serengeti Opportunities	580	Event Driven	31.94	-1.10	Serengeti Asset Management / New York	846
19.	6.	NZC Guggenheim	992	Opportunistic Credit	31.82	11.21	Guggenheim Partners / New York	125,000
20.	68.	Danske Invest Hedge Fixed Income Strategies	625	Fixed-Income Relative Value Arbitrage	31.77	19.18	Danske Capital / Copenhagen	105,660
21.	N.R.	Citadel Kensington Global Strategies Ltd	5,999	Multi-Strategy	29.36	20.30	Citadel / Chicago	12,000
22.	66.	Whitebox Multi-Strategy LP	967	Multi-Strategy	29.16	1.46	Whitebox Advisors / Minneapolis	2,270
23.	N.R.	GCA Credit Opportunities Offshore Ltd	522	Credit Long/Short	28.49	4.48	Global Credit Advisers / New York	522
24.	N.R.	Cambrian Ltd	649	Equity/Long	28.38	-1.63	Atlantic Investment Management / New York	1,544
25.	N.R.	GoldenTree Master Ltd	2,575	Credit	27.95	-0.27	GoldenTree Asset Management / New York	14,200
26.	N.R.	ValueAct Capital Master LP	6,582	Equity Long/Short	27.95	14.40	ValueAct Capital Management / San Francisco	N.A.
27.	N.R.	Titan Partners LP	444	U.S. Equity/Long	26.54	3.70	HHR Asset Mgmt / Berkeley Heights, N.J.	1,368
28.	N.R.	Quantitative Tactical Aggressive Ltd	704	Equity Long/Short	26.49	38.65	Quantitative Investment Mgmt / Charlottesville, Va.	704
29.	N.R.	Discovery Global Opportunity Ltd	5,061	Emerging Markets Multi-Asset	25.95	3.58	Discovery Capital Mgmt / South Norwalk, Conn.	6,673
30.	12.	Libra LP	2,003	Equity Long/Short	25.89	-9.85	Libra Advisors / New York	2,003
31.	N.R.	Centerbridge Credit Partners LP	7,640	Distressed Credit	25.20	0.03	Centerbridge Hedge Advisors / New York	17,361
32.	14.	Pharo Trading Ltd	460	Emerging Markets/Macro	25.03	-2.64	Pharo Global Advisors / London	2,900
33.	N.R.	Passport Special Opportunities LP	522	Global Equity Long/Short	25.00	-20.00	Passport Capital / San Francisco	3,800
34.	N.R.	Kayne Anderson Capital Income Partners (QP)	440	Multi-Strategy	24.93	7.18	Kayne Anderson Capital Adv. / Los Angeles	14,200
35.	N.R.	Vertex Fund Class A	951	Multi-Strategy	24.78	-11.70	Vertex One Asset Management / Vancouver	1,260
36.	N.R.	PH & N Absolute Return A	699	Multi-Strategy	24.59	8.15	RBC Global Asset Mgmt / Vancouver	252,649
37.	69.	Trilogy Financial Partners International Ltd	1,050	Credit Long/Short	24.07	2.31	Trilogy Capital / Greenwich, Conn.	1,354
38.	N.R.	Lazard Rathmore Ltd	436	Convertible Arbitrage	23.64	-1.65	Lazard Asset Management / New York	127,000
39.	53.	Finisterre Sovereign Debt Fund	595	Emerging Markets: Global	23.09	10.34	Finisterre Capital / London	1,738
40.	N.R.	Glenview Capital Partners Ltd	3,585	Equity Long/Short	22.87	-11.00	Glenview Capital Management / New York	5,255 ¹
41.	54.	Pimco Absolute Return Fund IV	2,157	Credit Long/Short	22.81	1.82	Pimco / Newport Beach, Calif.	1,400,000
42.	N.R.	Third Point Offshore Ltd	6,939	Event Driven	22.80	0.00	Third Point LLC / New York	7,500
43.	35.	Pure Alpha Fund II	57,080	Global Macro	22.75	25.34	Bridgewater Associates / Westport, Conn.	120,300
44.	17.	GS Gamma Investments Ltd	848	Mortgage-Backed Securities	22.57	12.07	GS Gamma Advisors / New York	848
45.	13.	CQS Directional Opportunities Fund Ltd Class A (USD)	1,213	Multi-Strategy	22.54	-10.47	CQS / London	10,400
46.	N.R.	Guggenheim Prtnrs Opportunistic Invst Grade Securities	1,669	Structured Credit	22.31	10.86	Guggenheim Partners / New York	125,000
47.	N.R.	Green HG LLC	1,577	Emerging Markets: Multi-Strategy	22.22	-5.71	CSHG / Sao Paulo	29,200
48.	N.R.	Value Partners Classic Class A	1,596	Emerging Markets: Asia	22.07	-17.28	Value Partners Ltd. / Hong Kong	2,636
49.	65.	Fore Multi Strategy Master Ltd	1,522	Multi-Strategy	22.03	7.86	Fore Research & Mgmt / New York	2,415
50.	N.R.	CapeView Recovery (USD)	384	European Credit	21.84	1.49	CapeView Capital / London	630
51.	41.	Pershing Square LP	10,404 ²	Equity Long/Short	21.71	-1.16	Pershing Square Capital Mgmt / New York	10,404

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Rank		Fund Name	Fund Assets (\$ mil)	Fund Strategy	3-Year Compound Annual Return	2011 Return	Company/Location	Total Firm Assets (\$ mil)
2011	2010							
52.	N.R.	AQR Global Asset Allocation -- Full Risk	900	Global Macro	21.70%	-1.10%	AQR Capital Management / Greenwich, Conn.	44,200
53.	97.	Wolverine Convertible Arbitrage Ltd	1,543	Relative Value/Arbitrage	21.67	3.10	Wolverine Asset Mgmt / Chicago	1,588
54.	N.R.	Silver Point Capital Offshore Ltd	6,600	Distressed Credit	21.66	4.53	Silver Point Capital, LP /Greenwich, Conn.	6,600
55.	N.R.	AQR Absolute Return	1,300	Multi-Strategy	21.60	10.80	AQR Capital Mgmt / Greenwich, Conn.	44,200
56.	N.R.	Omega Capital Partners LP	5,572	Equity Long/Short	21.58	-1.59	Omega Advisors, New York	5,615
57.	N.R.	R3 Ltd	960	Credit Long/Short	21.13	2.50	BlackRock / New York	3,513,000
58.	N.R.	Silver Lake Credit LP Class A	355	Credit Long/Short	21.00	-13.68	Silver Lake Financial Mgmt / San Francisco	408
59.	52.	AQR Global Risk Premium Tactical -- Moderate Risk	800	Global Macro	20.70	7.40	AQR Capital Mgmt / Greenwich, Conn.	44,200
60.	22.	Friedberg Global Macro Ltd	1,207	Global Macro	20.67	40.86	Friedberg Mercantile Group / Toronto	2,900
61.	N.R.	Teton Capital Partners LP	388	Global Equity Long/Short	20.62	1.46	Ancient Art / Austin, Tex.	388
62.	32.	Obsidian	594 ³	Fixed-Income Arbitrage	20.46	-13.51	BlackRock / New York	3,513,000
63.	N.R.	Drawbridge Special Opportunities LP	5,165	Distressed Credit	20.27	10.91	Fortress Investment Group / New York	43,700
64.	60.	Bay Resource Partners Offshore Ltd	2,450	U.S. Long/Short Equity	20.25	-6.91	GMT Capital / Atlanta	4,631
65.	55.	Nektar	3,301	Fixed-Income Relative Value/Global Macro	19.93	7.60	Brummer & Partners / Stockholm	13,435
66.	N.R.	York Select LP	950	Event Driven	19.92	-18.63	York Capital Management / New York	12,800
67.	N.R.	Tiger Global LP	6,862	Equity Long/Short	19.82	46.30	Tiger Global Management / New York	12,400
68.	24.	BlueCrest Capital International Ltd	9,900	Global Macro	19.74	5.89	BlueCrest Capital Mgmt / Guernsey, United Kingdom	28,600
69.	33.	Rimrock High Income PLUS (Cayman) Ltd	687	Credit Long/Short	19.71	7.48	Rimrock Capital Mgmt / San Juan Capistrano, Calif.	1,500
70.	27.	Stelliam	464	U.S. Equity Long/Short	19.55	3.59	Stelliam Investment Mgmt / New York	795
71.	72.	Venor Capital Offshore Ltd	581	Event Driven	19.51	-4.48	Venor Capital Management / New York	688
72.	N.R.	Absolute Return Capital Partners LP	2,355	Global Macro	19.46	31.00	Bain Capital / Boston	60,000
73.	N.R.	Canyon Value Realization LP	7,505	Credit/Event Driven	19.20	-4.66	Canyon Capital Advisors / Los Angeles	17,400
74.	N.R.	Everest Capital Emerging Markets	345	Emerging-Market Equity Long/Short	19.09	-13.85	Everest Capital / Miami	1,700
75.	N.R.	OCP Debt Opportunity Int'l Ltd	320	Event Driven/Distressed Debt	19.08	-1.41	Onex Credit Partners / Englewood Cliffs, N.J.	1,466
76.	N.R.	Lone Cascade	9,377	Global Equity/Long	19.02	-1.80	Lone Pine Capital / Greenwich, Conn.	17,000
77.	N.R.	Graham Discretionary Portfolio - 12V	1,717	Macro	18.93	6.86	Graham Capital Mgmt / Rowayton, Conn.	7,700
78.	N.R.	Lone Dragon	1,941	Emerging-Market Equity/Long	18.77	-21.80	Lone Pine Capital / Greenwich, Conn.	17,000
79.	N.R.	Allard Growth	480	Asian Equity/Long	18.77	-6.36	Allard Partners Ltd / Hong Kong	807
80.	N.R.	Mariner Partners LP	1,000	Diversified Arbitrage	18.34	6.33	Mariner Investment Group / Harrison, NY	11,363
81.	N.R.	Monarch Debt Recovery Ltd	1,730	Distressed Credit	17.88	-0.45	Monarch Alternative Capital LP / New York	4,200
82.	N.R.	Forum Global Opportunities Ltd	376	Macro	17.85	3.58	Forum Asset Management / New York	481
83.	N.R.	Greenlight Capital Qualified LP	2,056	Equity Long/Short	17.82	2.95	Greenlight Capital / New York	7,728
84.	20.	Quaesta Capital Bond Global Select	841	Global Macro	17.37	2.49	Quaesta Capital / Frankfurt	3,200
85.	62.	Halcyon Offshore Asset-Backed Value Ltd	1,600	Distressed Asset-Backed Securities	17.25	4.12	Halcyon Asset Management / New York	9,500
86.	N.R.	All Weather @ 12% Ltd	45,990	Global Macro	17.24	19.50	Bridgewater Associates / Westport, Conn.	120,300
87.	N.R.	Penn Core High Yield Bond Fund II LP	384	High-Yield Fixed Income	17.04	4.72	Penn Capital Management / Philadelphia	5,712
88.	59.	Black River Fixed Income Relative Value Opportunity Ltd	1,520	Fixed-Income Relative Value	16.91	9.04	Black River Asset Mgmt / Minnetonka, Minn.	5,690
89.	63.	Blue Mountain Credit Alternatives Ltd	3,500	Credit Long/Short	16.90	3.56	Blue Mountain Capital Mgmt / New York	7,200
90.	21.	Waterstone Market Neutral OffShore Ltd	1,200	Convertible Arbitrage/Credit	16.85	0.74	Waterstone Capital Mgmt / Plymouth, N.H.	1,811
91.	N.R.	ESL Partners LP	7,800 ⁴	Equity Long/Short	16.69	-11.70	ESL Investments / Greenwich, Conn.	10,000
92.	N.R.	J. Caird Investors (Bermuda)	687	Equity Long/Short	16.59	-10.47	Wellington Management / Boston	651,496
93.	N.R.	Litespeed Offshore Ltd	1,050	Event Driven	16.57	4.35	Litespeed Management / New York	1,050
94.	N.R.	Contrarian Capital Fund I	2,176	Distressed Securities	16.46	-1.32	Contrarian Capital Mgmt / Greenwich, Conn.	3,152
95.	N.R.	UBS O'Connor Global Multi-Strategy Alpha Ltd	3,225	Multi-Strategy	16.42	2.47	UBS O'Connor / Chicago	6,405
96.	N.R.	SIA Long-Term Investment Classic (EUR)	332	Equity/Long	16.31	-19.72	SIA Funds / Ziegelbruecke, Switzerland	516
97.	N.R.	Davidson Kempner Distressed Opportunities Intl Ltd	1,186	Distressed Credit	16.24	-2.46	Davidson Kempner Capital / New York	16,990
98.	N.R.	Avenue International Ltd	2,025	Distressed Credit	16.18	-13.00	Avenue Capital / New York	13,100 ⁵
99.	N.R.	Permal Fixed Income Special Opportunities Ltd	435	Emerging Markets Fixed Income	16.12	11.33	Permal Asset Management / New York	20,000
100.	N.R.	JAT Capital Ltd	2,400	Equity Long/Short	16.10	17.40	JAT Capital Management / Greenwich, Conn.	2,400
Barron's Top 100 Hedge Fund Average					25.55	4.00		
BarclayHedge Fund Index					9.05	-5.48		
S&P 500 Total Return					14.11	2.11		

Fund Assets include both on- and off-shore funds. Fund Name: When there are on- and off-shore funds, the fund name cited is the larger of the two, with LP typically indicating on-shore, LTD indicating off-shore. The cited fund is the source for the performance numbers. 1. Total firm assets includes only equity assets. 2. Pershing Square Capital is reporting performance of the Master Feeder Fund. 3. Obsidian fund assets are through September 2011. 4. ESL fund assets was reported by the Wall Street Journal in late December 2011, and ESL will not confirm it. 5. Data as of March 2012. N.R.=Not Ranked. NA=Not Available.