

August 31, 2009

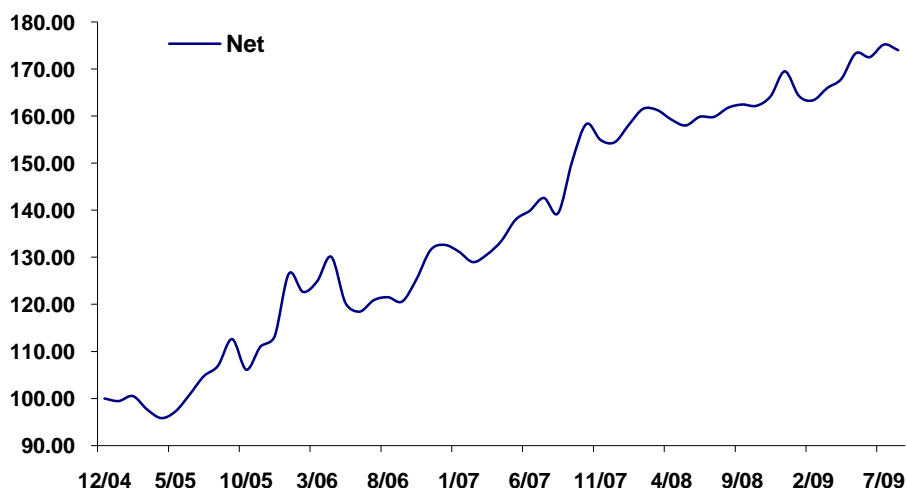
## Description

The program covers the liquid global markets using a quantitative and systematic approach. Emphasizing research and statistical decision making, the methodology is rigorous and complete. Transactions are made on currencies, interest rates, equities, energies, precious metals, and commodities with the goal of capturing developing trends. Positions are taken with the premise that price movement often leads fundamentals. Risk is managed using a strict and disciplined approach across asset classes and geographic blocs.

## Returns (Net of Fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2005</b>	-0.53%	1.06%	-2.82%	-1.88%	1.47%	3.68%	3.88%	2.10%	5.32%	-5.78%	4.63%	1.95%	<b>13.21%</b>
<b>2006</b>	11.76%	-3.04%	1.83%	4.16%	-7.52%	-1.54%	2.06%	0.52%	-0.74%	3.87%	4.98%	0.85%	<b>17.18%</b>
<b>2007</b>	-1.09%	-1.69%	1.27%	2.18%	3.38%	1.38%	1.95%	-2.28%	7.94%	5.25%	-2.15%	-0.31%	<b>16.44%</b>
<b>2008</b>	2.41%	2.12%	-0.16%	-1.25%	-0.79%	1.17%	-0.02%	1.22%	0.42%	-0.17%	1.26%	3.14%	<b>9.65%</b>
<b>2009</b>	-3.09%	-0.57%	1.60%	1.18%	3.01%	-0.46%	1.34%	-0.58%					<b>2.33%</b>

## Cumulative Returns (VAMI)



### Statistics

Annualized Returns	12.5%
Volatility	10.6%
Downside Volatility	6.5%
Sharpe Ratio (0%)	1.2
Sortino Ratio (0%)	1.9
Calmar Ratio	1.4
Maximum Run-up	19.2%
Maximum Drawdown	9.1%
Months to Recovery	5

<b>Clearer</b>	Newedge USA, LLC
<b>Admin.</b>	Managed Fund Solution
<b>Terms</b>	2/20 / high-watermark

## Commentary

Final returns for August were -0.58%. The bonds, energy, and precious metals markets accounted for most of the losses while grains and softs produced some gains. Overall, the month presented few trading opportunities for large gains causing our P&L to reflect a mere accumulation of small gains and losses.

We note a significant increase in equities related risk nevertheless during the second half of August compared to the first half. While the S&P traded within [990, 1018] or a 27 points range the first 2 weeks of the month, this range more than doubled to 61 points in the following 2 weeks and where the S&P traded in the [978, 1039] range. Most other markets with the exception of natural gas and grains perhaps finished the month near where they had started. There was a fair deal of trading traps nevertheless due to the intra-month gyrations and swings. We are glad that our models were able to play good defense here and shielded the portfolio rather well.

Sincerely,  
Karim Taleb