

December 31, 2008

### 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.

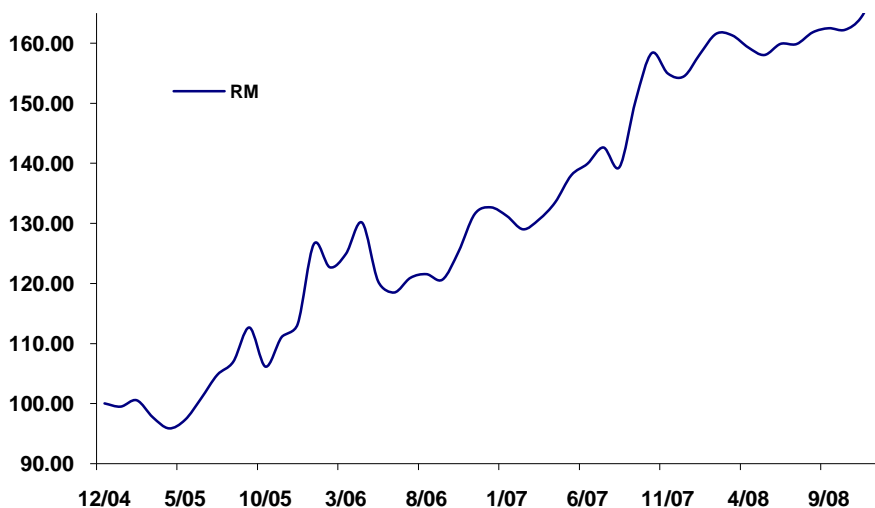
### Risk Management

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>

### Cumulative Returns (VAMI)



### Statistics

Annualized Return	14.1%
Volatility	11.3%
Downside Vol.	6.9%
Sharpe Ratio (0%)	1.2
Sortino Ratio (0%)	2.1
Maximum Runup	19.2%
Maximum Drawdown	9.1%
Months to Recovery	5

### Terms

Fees	2/20
High Watermark	Yes
Lockup	No
Liquidity	Monthly
FCM	Newedge Group USA
Admin.	Managed Fund Solutions

### Commentary

December results were 3.14% and the year closed at 9.65% net of fees. Gains came from currencies, precious metals, fixed income, and industrial metals. Equities produced a small loss as they made several attempts to rally but met a strong resistance. Margin to equity averaged 2.2% for the month and did not exceed 7%.

Throughout 2008, we dealt in the markets with a heightened level of risk aversion, taking smaller positions than we normally would. The purpose was to reduce the portfolio exposure while reigning in its volatility. Compared to previous years and on a risk-adjusted basis, the program performed more or less within target.

Looking ahead into 2009, we anticipate a continued market uncertainty and a lack of good visibility. An ensuing volatility should provide us with good opportunities for solid trading gains.