

July 31, 2008

Description

The trading program covers the major global markets using a quantitative and systematic approach. It was developed following a rigorous methodology with emphasis on research and statistical decision making. 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 fundamental information.

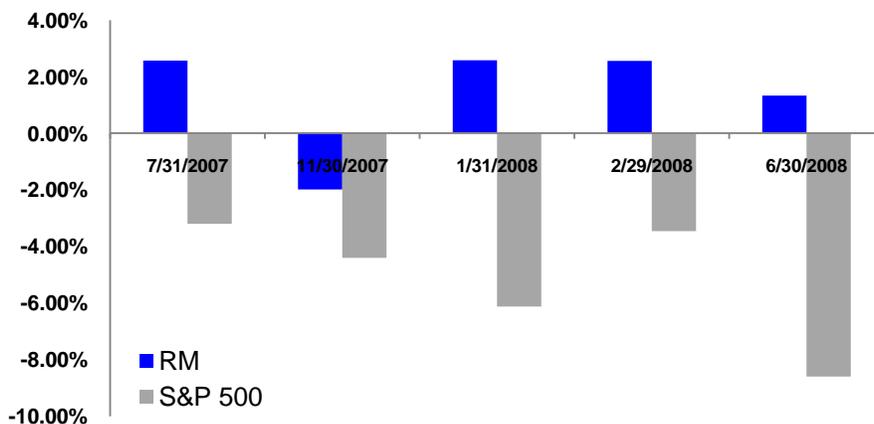
Risk Management

Risk is managed using a strict and disciplined approach. Portfolio risk is allocated and spread within and across asset classes and geographic blocs.

Returns (Net of Fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	-0.53%	1.06%	-2.82%	-1.88%	1.47%	3.68%	3.88%	2.10%	5.32%	-5.78%	4.63%	1.95%	13.21%
2006	11.76%	-3.04%	1.83%	4.16%	-7.52%	-1.54%	2.06%	0.52%	-0.74%	3.87%	4.98%	0.85%	17.18%
2007	-1.09%	-1.69%	1.27%	2.18%	3.38%	1.38%	1.95%	-2.28%	7.94%	5.25%	-2.15%	-0.31%	16.44%
2008	2.41%	2.12%	-0.16%	-1.25%	-0.79%	1.17%	-0.02%						3.48%

Past 12 months performance during 5 worst S&P 500 months



Statistics

Annualized Return	14.0%
Annualized Dwn. Vol.	6.9%
Sortino Ratio (0%)	2.0
Maximum Runup	19.2%
Maximum Drawdown	9.1%
Months to Recovery	5

Terms

Management Fee	2%
Incentive Fee	20%
High Watermark	Yes
Liquidity	Monthly
Lock-up	No

Commentary

July was a frustrating month to trade overall due to a couple of external events that quickly put our profitable positions on the wrong side of the market. Equities in particular experienced a sudden reversal then closed the month almost where they started. Further, and outside the selloff that begun in oil and industrial commodities, the equities, currencies and precious metals saw little net movement to present good trading opportunities. In sum, we saw our portfolio appreciate around 2.5% the first 2 weeks just to see it give back all of the gains to finish at -0.02%.

Our featured chart (above) shows the program's performance over the past 12 months against the 5 worst S&P 500 months.