

July 31, 2009

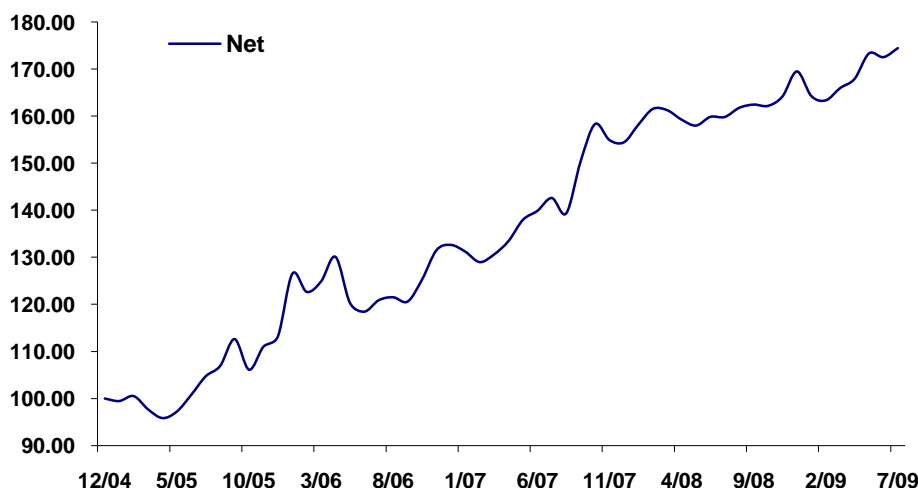
Description

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
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%	1.22%	0.42%	-0.17%	1.26%	3.14%	9.65%
2009	-3.09%	-0.57%	1.60%	1.18%	3.01%	-0.46%	1.34% (est.)						2.93%

Cumulative Returns (VAMI)



Statistics

Annualized Returns	12.9%
Volatility	10.7%
Downside Volatility	6.6%
Sharpe Ratio (0%)	1.2
Sortino Ratio (0%)	2.0
Calmar Ratio	1.4
Maximum Run-up	19.2%
Maximum Drawdown	9.1%
Months to Recovery	5

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

Commentary

We are pleased to report a new portfolio high this month. Net of fees returns were 1.34% on an average margin-to-equity of 3.2%. Gains came primarily from the equity, energy, industrial and precious metals markets.

The 'sell in May and go away' has not applied so far this year as equities resumed their run in July. While one could make the case of improving fundamentals in some very specific sectors, this is hardly possible for the market as a whole, and given the all-pervasive slow down in the real economic activity. Ironically, some investors are adopting an inverted logic by looking at equities as a safe haven against depreciating currencies - who can blame them in lack of a credible monetary policy and financial leadership?

Since we pointed out the distinct possibility of the rally underway in our February report, the S&P has managed to gain 50% from its March low of 666. As of this writing, momentum is strong and testing the 999 doorstep to 1000. Round numbers as such usually prompt investors to pause and reflect; 999 should not give way easily and may very well mark the chart with a market reversal.