

May 31, 2010

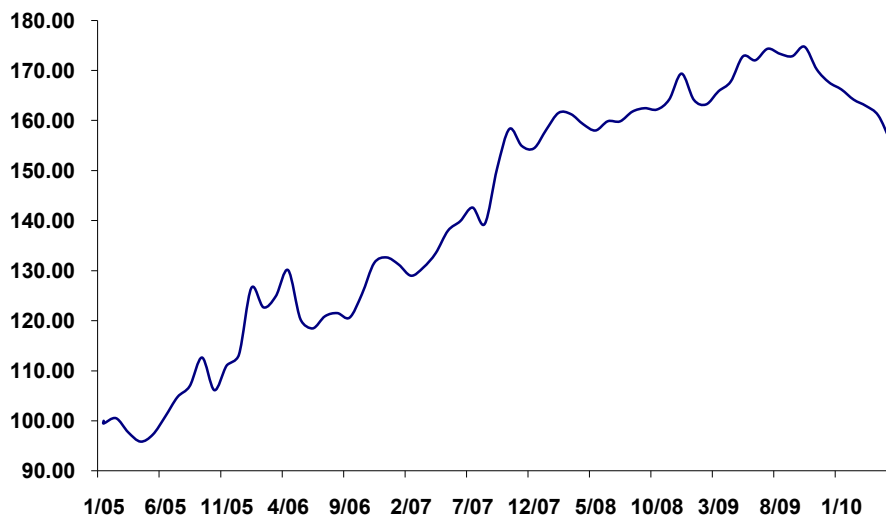
Description

This is a multi-asset investment program covering the liquid global markets. The approach is quantitative and systematic. 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 short to mid-term trends. 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%	-0.58%	-0.28%	1.10%	-2.60%	-1.52%	-1.04%
2010	-0.84%	-1.23%	-0.76%	-1.17%	-3.22%								-7.22%

Cumulative Returns (VAMI)



Statistics

Annualized Returns	8.5%
Annualized Volatility	10.4%
Annualized Dn Volatility	5.8%
Sharpe Ratio (0%)	0.8
Sortino Ratio (0%)	1.5
Omega (0%)	1.2
Calmar Ratio	0.8
Maximum Run-up	19.2%
Maximum Drawdown	11.3%
Months to Recovery	5

Daily Correlations:

Newedge CTA Index	11.8%
Short-Term Traders Idx	4.1%

Terms 2/20 / high-watermark

Admin. Managed Funds Sol.

Commentary

In our April report we cautioned about the market being reckless in shunning risk too quickly given the lack of evidence of an economic recovery, and the significant impact that would follow if proven wrong. The reality check that drove down equities in May was hence not a surprise to us. Regretfully though, we could not monetize it due to the crash in which it unfolded and the wide zig-zag price pattern that ensued; our portfolio lost 3.22% during the month.

Within the forex space, the market continues to be fixated on the problematic issues related to the Euro. It hasn't been too many months ago yet when a run on the US dollar was well under way, with China voicing its concerns and calling for an alternate reserve currency.

Gold, our crisis thermometer, continues its march towards new highs, having already doubled and tripled against fiat currencies the past few years. An ascent of such magnitude, in conjunction with the high volatility in currencies, points to acute and worsening systemic conditions within the global financial system.