

October 31st, 2008

Description

The trading 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.

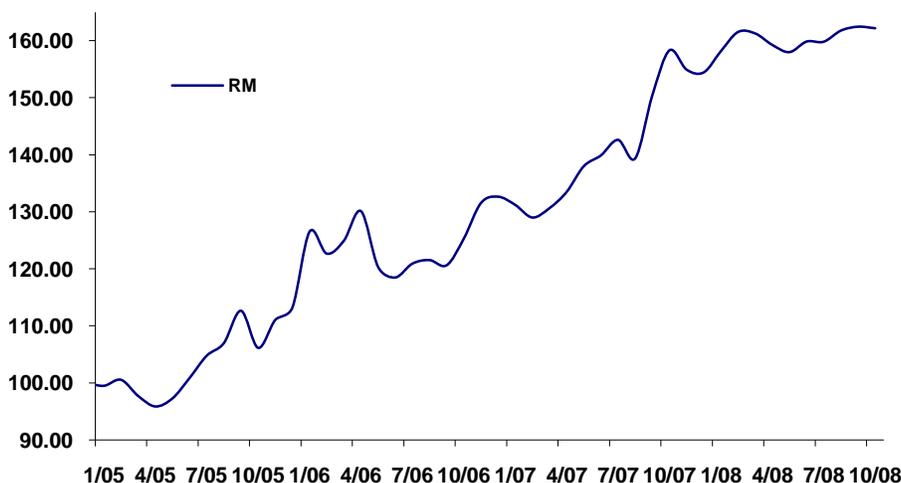
Risk Management

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
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%			5.01%

Cumulative Returns (VAMI)



Statistics

Annualized Return	13.8%
Volatility	11.5%
Downside Vol.	6.9%
Sharpe Ratio (0%)	1.2
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
Lock-up	None
Liquidity	Monthly
FCM	Newedge Group
Admin.	Managed Fund Solutions

Commentary

October presented strong moves in many markets over both the short and longer time-frames. Our program did not participate in those moves nevertheless as our models have grown increasingly selective in this erratic environment and kept the portfolio mostly in a defensive position. Results were -0.17% for the month.

From a historical perspective, this discerning approach that does not rush to engage in a market at any cost has served us rather well. Since we aim at being absolute returns providers, preservation of capital supersedes any potential benchmark risk.

In that sense, our program has insofar been a good diversificator for equities and hedge funds in general, and a good diversificator within the managed futures space as well.