

August 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.

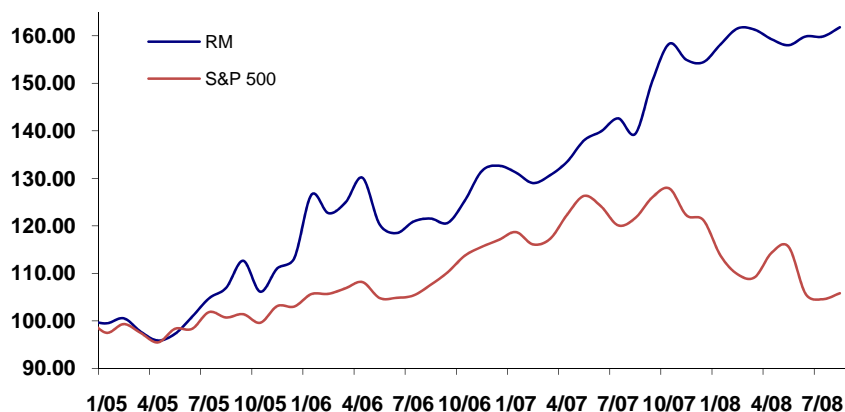
### Risk Management

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
<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%					<b>4.74%</b>

### Cumulative Returns (VAMI)



### 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

Returns for the month of August were 1.22% net of fees. Gains came primarily from the currencies and where the dollar rally presented an ideal trading opportunity. Losses were in Equities, Commodities, and Energy.

On the risk management side, the monthly volatility of the program year to date has been substantially lower than previously realized in 2005 through 2007; we decided early in the year to reduce the general risk level of the program due to the broad increase in market volatility. In addition, and given that our model also reduces position size with increased market-specific risk, the net effect has been a significant reduction in the volatility of the program as well as in the YTD returns.