



Trading Strategy

Credit Spreads / Index Options

Program Description

This program trades exclusively in Options on S&P Index Futures (CME). The trade consists of a put spread and a call spread. Both are credit spreads. Each trade lasts from 30-75 days. We typically exit the trade 1-2 weeks prior to expiration. Our short strike points are typically 70-100 points above (for call spread) and below (for put spread) the futures contract at the time the trade is set. The risk is the index increasing or decreasing in value and moving into the money faster than our positions can be liquidated. We typically only set trades which have an expected annualized rate of return of 30% or greater.

Investment Information

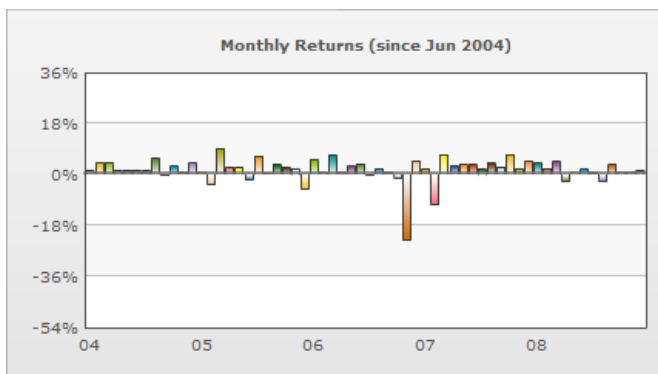
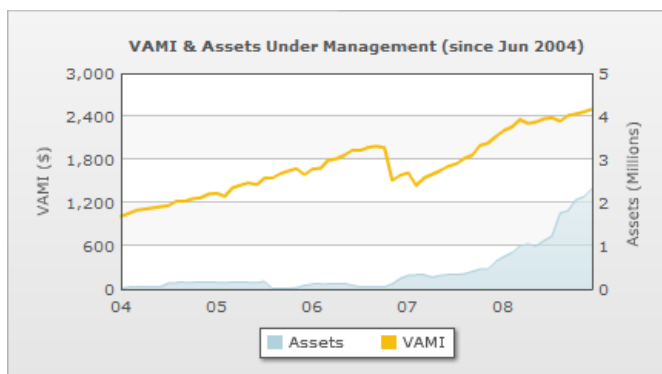
Start Date	2004-03-01
Percent Discretionary	20.00
Percent Systematic	80.00
Targeted Return *	30% per year
Worst Expected Drawdown *	5% monthly drawdown
Minimum Investment	100,000
Currency	US Dollars

Fee Structure

Management Fee	2.00%
Incentive Fee	20.00%
Avg Margin Requirement	70.00%
Round Turns per million	10,000

Notes

Accountant Compliance Supervisors
 The performance from March 2004 - December 2005 represents proprietary performance. The performance from January 2006 on represents client performance.



Performance since June 2004

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004						1.26%	4.00%	4.26%	1.29%	1.52%	1.68%	1.22%
2005	5.68%	-0.43%	2.90%	0.96%	4.05%	1.00%	-3.28%	9.30%	2.44%	2.28%	-2.01%	6.51%
2006	0.42%	3.52%	2.39%	1.99%	-5.19%	5.06%	0.82%	6.77%	0.80%	2.82%	3.81%	-0.17%
2007	2.09%	0.80%	-1.08%	-23.07%	4.80%	1.97%	-10.61%	7.13%	3.19%	3.40%	3.58%	1.96%
2008	4.05%	2.75%	7.10%	1.82%	4.58%	3.96%	2.15%	4.56%	-2.30%	0.84%	1.83%	0.77%
2009	-2.14%	3.54%	0.93%	1.08%	1.48%							

	2004	2005	2006	2007	2008	2009 YTD
Annual Return	32.43%	32.81%	25.02%	-9.69%	36.87%	4.90%
Maximum Drawdown	0.00%	-3.28%	-5.19%	-27.31%	-2.30%	-2.14%

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PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. PROSPECTIVE CLIENTS SHOULD NOT BASE THEIR DECISION ON INVESTING IN THIS TRADING PROGRAM/FUND SOLELY ON THE PAST PERFORMANCE PRESENTED.



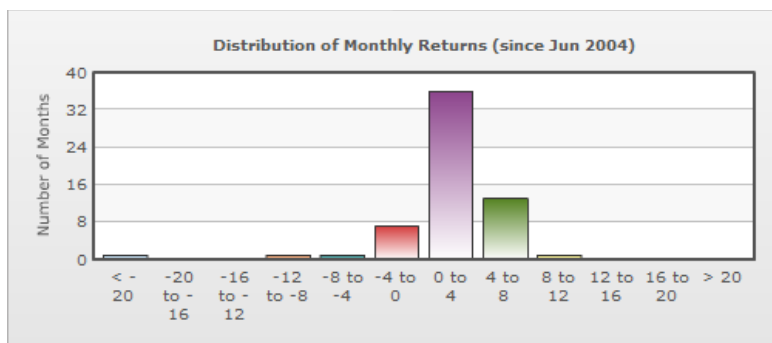
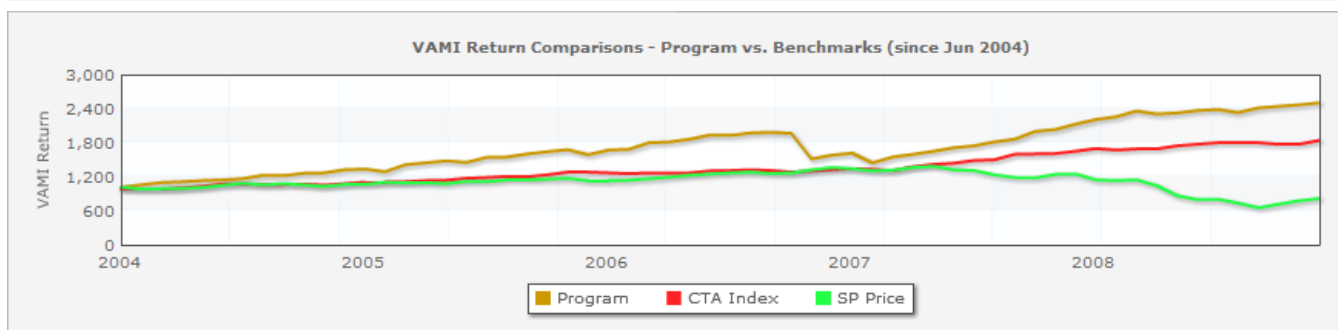
Program Statistics

Maximum Drawdown	-27.31%
Average Monthly Return	1.65%
Monthly Std. Deviation	4.47%
Calmar Ratio (1)	0.60
Sterling Ratio (2)	0.70
Current Losing Streak	0.00%
Gain Deviation (50 months gain)	2.01%
Loss Deviation (10 months loss)	7.03%

Annualized Statistics

Compound ROR	20.13%
Standard Deviation	15.48%
Downside Deviation (4)	12.35%
Sharpe Ratio (5)	0.96
Sortino Ratio (6)	0.91
Gain Deviation	6.97%
Loss Deviation	24.36%

Comparisons	Program	CTA Index	SP Price
Annualized Compound ROR	20.13%	12.97%	-3.88%
Cumulative Return	150.16%	83.99%	-17.95%
Cumulative VAMI ⁽³⁾	2502	1840	820
Largest Monthly Gain	9.30%	6.48%	9.39%
Largest Monthly Loss	-23.07%	-1.95%	-16.94%
Profit Loss Ratio	2.97	4.40	0.87
Correlation	—	0.046	-0.055
Last Month	1.08%	-0.17%	9.39%
Last 12 Months	17.76%	11.65%	-34.37%
Last 36 Months	57.50%	43.93%	-27.63%



Statistical Notes

1. Uses last 36 months of Data
2. Uses last 36 months of Data
3. The hypothetical growth of \$1,000
4. Uses a 7.5% Minimum Acceptable ROR
5. Uses a 5.0% Risk Free ROR
6. Uses a 7.5% Minimum Acceptable ROR

* Targeted Return & Worst Expected Drawdown Estimates have been supplied by the Manager
 ** ROR = Rate of Return

For Statistical definitions and formulas see "Building Wealth with Managed Futures" by Kim Avery

THE RISK OF TRADING COMMODITY FUTURES, OPTIONS AND FOREIGN EXCHANGE ("FOREX") IS SUBSTANTIAL. THE HIGH DEGREE OF LEVERAGE ASSOCIATED WITH COMMODITY FUTURES, OPTIONS AND FOREX CAN WORK AGAINST YOU AS WELL AS FOR YOU. THIS HIGH DEGREE OF LEVERAGE CAN RESULT IN SUBSTANTIAL LOSSES, AS WELL AS GAINS. YOU SHOULD CAREFULLY CONSIDER WHETHER COMMODITY FUTURES, OPTIONS AND FOREX IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IF YOU ARE UNSURE YOU SHOULD SEEK PROFESSIONAL ADVICE. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE SUCCESS.