BARCLAY MANAGED FUNDS REPORT

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INSIDE:

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BARCLAY ROUNDTABLE

Bailouts and Privatizations of US Financial Firms Shift Landscape

What is the Future of Traditional Banking & Investment Banking in an Era of Regulation?

Unprecedented – a word not lost on the investment world recently to describe the global capital turmoil as we have entered a new era of change, fear, illiquidity, selling, and volatility that has not been seen in decades. It may not be easy to exactly pinpoint where it all started, but it's safe to say that the heart of the problem was, and remains, within the financial sector. Inflated real estate values, a flood of new mortgages, overextended borrowers, highly levered securitizations, and tenuous bank balance sheets. All of the above seemed harmless, and routine, as long as the investment community continued to feed the liquidity machine. But once the music stopped, it didn't take long for things to unravel and spark a severe chain of events: mortgage delinquencies, defaults, margin calls, bank insolvencies, frozen lending, widespread global market sell offs, and government interventions. Where does it all end? As of the writing of this article, the events have only begun to unfold, and the light at the end of the tunnel remains hazy.

From chaos and irrationality, however, comes great opportunity. Many a hedge fund manager has been uttering this sentiment for the last several weeks. No greater potential, for that matter, may be more prevalent than within the financial sector from whence the trouble started. Battered banks, high yielding REITs, severely discounted mortgage pools, stressed asset management organizations, and more. There is undoubtedly a great deal of profit to be made, but not without sidestepping some landmines.

In order to better understand the current environment and opportunity set within the financial sector, we have assembled a panel of experts with experience trading equities in this troubled area. Our participants include:

Len Riddell, Martin Currie Investment Management, Ltd. Mr. Riddell is the co-manager of Martin Currie Absolute Return Funds – Global Financials (launched June 2006). He began his career in 1996 in the banking division of PricewaterhouseCoopers in London. Prior to joining Martin Currie, he analyzed European banks for Merrill Lynch. Before that, he was an Irish financials analyst for Goodbody Stockbrokers in Dublin. Mr. Riddell joined Martin Currie in 2004 as a sector manager, researching and recommending global financial stocks.

Mark A. Rosen, Jefferies Asset Management, LLC. Mr. Rosen is Managing Director and Portfolio Manager of Jefferies Asset Management, Dakota Division, and focuses on a long/short strategy within the financial services sector. Over his career of more than 20 years, his experience has included financials trading and portfolio management, as well as earlier experience as an institutional bond trader.

Nick Watkins, Tenax Capital Limited. Mr. Watkins is a founder of Tenax. He was an Executive Director of European Research at UBS responsible for Pan-European banc assurance research (2002-2004). Mr. Watkins worked at Merrill Lynch as a vice president responsible for UK and Irish Banks and was previously a director responsible for UK Banks at UBS (1997-2001). In 2004 he was rated a 5-star Analyst by Starmine and in Extel

2003 was rated No. 2 European Banks Analyst by company management, out of a total of circa two hundred. Mr. Watkins graduated from Cambridge University in 1997 with a Masters Degree in Law.

Q: The recent bailout, consolidation, and privatization of the largest US financial institutions represents a massive shift in the landscape of the financial sector. In your opinion, what is the future of the traditional banking and investment banking models? How will these businesses be suited to operate in a publicly traded format in the future? How attractive can the business models and evaluations be given increased regulation and reduced scope of operating activities?

Riddell: Banking, especially investment banking, is a cyclical business. We are now at a stage of the cycle in which the investment banking model is being significantly challenged on both sides of its balance sheet. Write downs on toxic assets are now well-known, but as the credit cycle kicks in, it is difficult to see how investment banks can avoid further losses on the asset side of their balance sheets. We are only at the start of the asset sale and deleveraging process, so these losses may take years to crystallize. Given these banks' reliance on wholesale funding (specifically the short-term repo markets), the general evaporation of liquidity in capital markets is a challenge for the liability side of their balance sheets. These stresses on both sides of the balance sheet will combine to depress earnings, and we know that, over time, regulators will raise required equity levels. So it is clear that investment banking ROEs will collapse in the short term.

The Fed's approval of Goldman Sachs and Morgan Stanley's requests to convert to bank holding companies has effectively signaled the demise of the independent, large-cap, monoline investment bank. But while their metamorphosis into deposit-taking institutions has improved perceptions of these companies in funding markets, they will not be able to use deposits to fund their capital markets businesses. As such, they will still require long-term, unsecured debt. Although the nature and mix of their funding will change significantly, we do not believe it is likely that these institutions will move towards a universal banking model. As deposit-taking institutions, the former investment banks will be subject to stricter regulation going forward, which will have implications for their profitability. Assessing the magnitude of this change will be key in determining how attractive these stocks will be.

Len Riddell,
Martin Currie Investment Management, Ltd.

"We are only at the start of the asset sale and deleveraging process, ..."

Rosen: Regardless of what business people are in, they try to make money, and all monies flow through the global financial system. The traditional banking model of taking in deposits and making loans is, and always will be, very attractive. The core investment banking model of providing advice, service, and liquidity to customers is also a value added business. These businesses have not changed; they just got a little sidetracked over the past few years.

The banking model still is undergoing a shift away from leverage and risk-taking that will reshape the industry into a more homogenous, commoditized business. Management teams and investors accustomed to 20% ROEs during good cycles are going to have to expect lower returns. A more conservative posture, coupled with higher capital levels that have emerged this cycle, are most likely here to stay.

I have high conviction that banks should and will remain publicly traded. "Nationalization" is unlikely to be in the government's longer-term plans; it is a bridge to cross over the current crisis. The process of how to build this bridge, and how long to make it, will be debated publicly (and privately) for the foreseeable future. Regardless, financial institutions should prepare themselves for increased oversight and more transparency with regard to their risk management systems going forward.

Watkins: We do not see any change in the suitability of publicly traded equity markets as a funding vehicle for banks in general.

It is obvious that increased regulation will curb the excessive leverage that helped fuel excess profits in recent years. Hence there will be both a structural as well as a cyclical element to the downside, both current and imminent, in banking profitability. While the "authorities" are likely to have a stab at doing so, we do not think it is possible to remove the fundamentally cyclical nature of the banking cycle; we see it as an expression of the inherently unstable nature of capitalistic economic systems. At the bottom we expect sentiment to be so negative on bank equity that it blurs the distinction between the cyclical and the structural earnings downside. Thus it is that when people assume that banking profitability will not recover again from its lows, the risk/reward becomes attractive enough to invest in anticipation of the cyclical elements re-emerging.

In fact, it could be argued that once the dust has settled, valuation multiples for banks should be even higher than previously. Even prior to this crisis the market's concerns about bank leverage and lack of visibility were reflected via a higher risk premium demanded by the market for financials stocks, which meant that financials traded at lower valuation multiples than non-financials. Indeed, as leverage multiples expanded in recent years, equity valuations compressed accordingly.

Hence, to the extent that increased regulation forces banks to become less levered, more solvent, and more transparent, a credible argument can be made that this traditional discount on bank valuations is no longer warranted. Hence, for the patient investor, as well as the opportunity to play the cyclical element of earnings recovery from the bottom, we expect there to be upside from a rerating on the way up, too.

Q: In years past, consolidation of large financial institutions generally underwent intense scrutiny to determine oligopolistic potential. In an effort to rapidly stave off a global financial crisis, however, the government has been quick to facilitate the merging and acquisition of the larger financial institutions by a select few that were able to remain unscathed by the credit crisis. To what extent has this short-term facilitation of oligopoly outweighed a potential meltdown in the global financial system? How well will smaller regional banks and boutique financial institutions be able to compete going forward?

Riddell: Faced with threats to systemic risk, regulators have clearly changed their views on concentration risk. Financial system stability is a regulator's number one priority. Moody's, the ratings agency, has consistently favored banks that are both big in size and diverse in business mix, and funding markets generally agree with this view (especially in times of stress). So when a bank as large and as systemically important as HBOS hits a funding brick wall, it is rational that a regulator is forced to rethink its priorities. In the short term, smaller regional banks and boutiques can compete only to the extent that they already have funding and regulatory support. With risk aversion so prevalent worldwide, these smaller institutions are highly unlikely to be able to tap wholesale (or in some instances, retail) funding markets at present, leaving them at a significant funding disadvantage. If such banks have significant wholesale funding programs to roll, they may even need regulatory support to survive into the medium term. This may reverse in the longer term, as we move into the next cyclical upturn, but we do not see it happening in the near future. It is the regulators who are currently deciding who the winners and losers in the banking universe will be. Bank equity investors need to pay very close attention to the likely evolution of these decision making processes.

Mark A. Rosen,
Jefferies Asset Management, LLC.

"My own view is that now is the time to play defense and not a time to play offense."

Rosen: My own view is that now is the time to play defense (stave off systemic risk) and not a time to play offense (impose new regulations, scrutinize oligopolies, etc.). While free market proponents can argue that letting large institutions fail is a better course of action, there is value in the government having acted swiftly and decisively.

The swift exit of liquidity from the market left the financial markets teetering on collapse and gave good cause, I believe, for regulators to abandon concerns about competition and instead focus on saving the financial system. An oligopoly presents an extraordinary challenge, but also an exceptional opportunity for smaller regional banks and boutique financial institutions to take market share from the financial superpowers by aggressively courting dislocated customers and talented employees. However, I believe that it is imperative for the model going forward that these smaller players differentiate from the larger institutions via outstanding service, niche product offerings, or a better understanding of their core markets if they are going to compete with the much stronger financial powerhouses.

Watkins: The "authorities" have obviously taken the sensible view that given the size of the disaster, triage is necessary. It is clear that fine-tuning can be left to later on. While the "authorities" are correctly doing everything they can to help the largest players survive, this does not necessarily mean that lack of size itself is an issue. The main swing factor in determining which patients have made it or not, so far, has been the extent of their injuries. Fannie, Freddie, Fortis, HBOS, and Lehman were all big players that disappeared as independent institutions due to various combinations of weak funding, poor risk management, and lack of solvency rather than size. Hence, we do not agree that healthy smaller players and boutiques will not be able to compete. However, in the investment arena we see a completely different picture. We do think that benchmark focused investors will have to dedicate most of their time to tracking the financial mammoths which should leave more room for non-benchmark investors to pan for gold among the small and mid caps.

Q: Given that the large financial institutions are now going back to the heavily regulated, old-line banking format (solely taking deposits and making loans), it is likely that hedge funds and boutique operations will need to serve the need for investment banking and structured finance demand. How well equipped will hedge funds and boutiques be to serve this role? To what extent will increased regulation make these activities unattractive to hedge funds and boutiques?

Riddell: We don't necessarily agree with the assertion that hedge funds and boutiques will now be the main manufacturers of structured products and providers of investment-banking services. In fact, we believe that regulators will ensure that those products are manufactured only by heavily regulated entities. This is the lesson that regulators will have learned from this crisis. A key example here is the CDS market. We would not be surprised to see such an unregulated but systemically important market brought onto a market that is regulated. Another point to make here is that capital markets are likely to be highly self-regulatory after this crisis. Again, the CDS market is a good example. If a customer is seeking default protection today, will they really contemplate taking up a product written by a hedge fund or investment banking boutique? Or will they seek the safety of a strong balance sheet to avoid the counterparty risk? For the foreseeable future, the answers to those questions are obvious.

Rosen: The market will always find participants for attractive risk-adjusted returns. Financial markets are very dynamic, and market participants have demonstrated an entrepreneurial flair over many different cycles.

I believe that hedge funds are equipped to handle the investment banking and structured finance opportunity, but demand is likely to be tempered across the industry as these players de-leverage. Given the risk that significant regulations could be imposed midstream, thus impairing managers' ability to predict the risk of certain investments, then hedge funds may be unwilling to fill the capital markets void left by the large financial institutions.

Nick Watkins,
Tenax Capital Limited.

"... we do think that the hedge fund industry faces a tough couple of years, ..."

Watkins: While it is easy to get caught up in the current hyperbole, we see a slippage to the rate of financial innovation rather than a permanent reversal: Many financial products which today are taken for granted were themselves at the heart of past financial crises in their youth, such as Certificates of Deposit (1966/7), Commercial Paper (1969/70), and REITs (1974/5).

Separately we do think that the hedge fund industry faces a tough couple of years, as does the entire investment and savings industry. During the next few years many investment businesses will not survive, but those funds which do survive will emerge stronger, better managed, and better placed to offer their investors attractive risk-adjusted returns.

Q: Investment banks and mortgage lenders have certainly been the most toxic areas of the financial sector and may remain under pressure for an extended period of time. What segments of the financial sector have held up throughout this crisis? Which segments might be expected to be beneficiaries of the crisis over the next 12 to 18 months? To what extent is the overall opportunity set and capacity for publicly traded financial stocks expected to decline over the coming months?

Riddell: The most obvious sub-segment to have held up well throughout this crisis consists of large-cap, diversified, deposit-funded banks such as HSBC and Wells Fargo. Despite having significant US mortgage books, both companies have proved resilient due to their robust capital ratios, pre-provision flexibility, and strong deposit franchises. In this market, strength breeds strength, and it is for that reason that these stocks will also be beneficiaries of the crisis over the next 12 to 18 months. Both organic and inorganic forces will be at play here. As these banks have survived the crisis (so far) with no major pressure on their share prices, depositors will view them as a safe haven; so revenue growth will not slow as it might elsewhere. Similarly, as survivors of the crisis so far, M&A opportunities will come their way, sometimes brought to them by regulators. Wells Fargo's purchase of Wachovia is a clear example of this.

Global payment stocks, while not immune to the sell-off so far, are another sub-segment of financials that we expect will continue to outperform. A stock such as Western Union has a very strong balance sheet and should continue to generate significant surplus cash flow into the medium term. The stock has been sold down aggressively in recent days, but with no credit or equity market risk, we believe that it's a fantastic place to hide in this market and that it should continue to outperform for some time.

We think that certain global insurers and reinsurers will also be clear beneficiaries. Although the full impact of AIG's demise will not be known until its insurance assets find new owners, there are signs of positive change in this area. In its simplest form, reinsurance not only spreads risk but also provides capital support. With debt and equity markets constrained and insurance balance sheets increasingly fragile, the demand for reinsurance should see the downward trend in pricing (in place since 2005) coming to an end.

The most obvious beneficiaries will be those companies that rely on underwriting rather than investment returns to make money. This tells us that some of the Lloyds companies could see real positive change. We also are attracted to insurance brokers, who will reap the benefits of firmer pricing without any of the investment risks.

We believe that the opportunity set for investors in financial stocks is about to improve, not deteriorate. Following a relatively indiscriminate sell-off across the financials universe, the market is only now starting to differentiate between stocks more aggressively. We think that this process will continue. As recent policy response starts to have an impact on funding and credit markets, we believe that generating consistently strong risk-adjusted returns within a financials long/short fund should become easier, not more difficult.

Rosen: I am not sure if anyone has come through this unscathed, but from the outset of this crisis, it is apparent that the biggest losers have been unregulated intermediaries. I expect that bankers who stuck with operating in their core markets and within their lending expertise are positioned to benefit at the expense of those who chased earnings by rushing into high-growth markets or expanded into exotic product lines they never fully understood. Conservative management teams who hoarded capital and accepted slower growth due to inordinate pricing of risk are now presented with a historic opportunity to embark on significantly accretive acquisitions of good franchises that have been terminally weakened by poor decision making and aggressive growth strategies. We expect that we will continue to see the "haves" grow at the expense of the "have nots".

Watkins: The root of the current financial crisis has been the lack of saving in several Western countries. In these countries we see little option but for households to increase their savings rates. Hence as the pendulum swings from excess consumerism back to accumulating savings we see tremendous opportunities for savings and investment related businesses over the mid-long term. The short term (i.e. the next six months) is likely to be choppy for many investment businesses as players downsize or even exit. However we think this volatility will increase the upside for those players which survive.

Q: In a general sense, it is obvious that the restriction of short sales of most financial issues represents a significant disadvantage for hedge fund managers that actively short individual securities. This would certainly appear to be an even more drastic problem for financial sector specialists. In what ways can financial sector hedge funds "hedge" or limit the risk in their portfolio in light of this short selling restriction? Given your sense of the time frame to recovery in the financial sector, when would you expect these restrictions to be lifted? To what extent can hedge funds protect themselves in the future from unilateral movements by the government to impose such restrictions? (At the time this question was posed, approximately 800 financial stocks were placed on a restricted short selling list.)

Riddell: There are several points we should make here. The first obvious point is that investors have not been forced to close existing shorts. So to the extent that a financials fund already held short positions, hedging long risk is unaffected. We maintained certain shorts throughout the global bans, and so do not feel that our fund has been "terminally" impaired in recent weeks. While our trading activity has been restricted to an extent, these restrictions have been relatively easy to deal with.

Protecting a fund from "unilateral movements by governments to impose such restrictions" is exceptionally difficult. The best way to do so is to keep gross and net exposures low. Clearly, the payoff for doing so is that the fund's return profile shrinks significantly. In the short term, this is acceptable, but it may not be over the medium and long term.

When the various shorting bans came into force, we immediately concluded that volatility in our universe would increase significantly. In response, we cut the fund's gross and net exposures. These moves have been the most important contributors to our performance in recent weeks.

A final point to make here is that we do not currently feel constrained in the way we run the fund. The lifting of the ban on shorting US financials was a significant positive for us, reopening a huge opportunity set. With volatility remaining high, however, we continue

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Top 20 CTA Performers Past Five Years

For the period from 10/1/2003 to 9/30/2008. Includes only CTAs managing at least $10 million as of 9/30/2008

	TRADING ADVISORS	5-YR COMP. ANNUAL RETURN	SHARPE RATIO	LARGEST DRAW-DOWN	% WINNING MONTHS	BEST 12-MO. PERIOD	WORST 12-MO. PERIOD	ASSETS UNDER MGMT. ($)
1	Dighton (Aggressive)	71.78%	1.37	41.13%	73.33%	226%	-25%	185.0M
2	Dighton Capital USA (Swiss Futures)	64.30%	1.42	36.90%	75.00%	196%	-19%	27.5M
3	Di Tomasso Group (Equilibrium)	50.21%	1.57	21.17%	71.66%	103%	16%	69.3M
4	Friedberg Comm. Mgmt. (Divers.)	39.15%	0.53	58.27%	53.33%	388%	-51%	39.0M
5	Sophia Hedge Access (Gl Commodities)	36.94%	1.24	14.82%	68.33%	95%	-2%	175.0M
6	LJM Partners (Aggr. Premium Writing)	36.09%	1.94	15.50%	81.66%	79%	1%	221.2M
7	AAA Capital Management (Energy)	33.56%	1.95	12.78%	75.00%	91%	-4%	650.0M
8	Blenheim Capital Mgmt.	32.68%	1.41	18.74%	63.33%	84%	3%	3457.0M
9	AIS Futures Management (3X-6X)	32.19%	0.64	53.10%	61.66%	225%	-24%	116.6M
10	Rosetta Capital Management	31.64%	1.01	22.45%	65.00%	93%	-10%	93.1M
11	Tulip Trend Fund Ltd (USD C)	28.68%	0.99	21.65%	58.33%	90%	-15%	432.0M
12	Heyden & Steindl (TOMAC2)	27.05%	0.71	40.15%	55.00%	82%	-21%	39.1M
13	24FX Management Ltd	27.04%	1.57	19.28%	81.66%	41%	7%	20.5M
14	Stonehenge Capital Mgmt (CM1)	24.65%	2.90	3.46%	81.66%	54%	8%	50.0M
15	Atlas Futures Fund LP	24.56%	0.85	12.17%	53.33%	92%	-6%	22.3M
16	AIS Futures Management (2X-4X)	23.91%	0.70	37.19%	65.00%	129%	-14%	192.3M
17	MIGFX Inc (Retail)	23.04%	1.60	14.04%	71.66%	67%	-11%	10.5M
18	Commodity Fut. Services (IPATS)	22.86%	0.60	29.46%	63.33%	130%	-25%	27.4M
19	Altis Partners (GFP Composite)	21.55%	0.73	24.67%	60.00%	69%	-24%	1230.3M
20	P/E Investments (FX Aggressive)	21.53%	1.07	22.44%	63.33%	42%	-11%	585.1M

DEFINITION OF TERMS USED IN THE PERFORMANCE TABLES

Compound Annual Return. This is the rate of return which, if compounded over the number of years covered by the performance history, would yield the cumulative gain or loss actually achieved by the CTA during that period.

Sharpe Ratio. The Sharpe Ratio is equal to the compound annual rate of return minus rate of return on a risk-free investment divided by the annualized monthly standard deviation.

Largest Drawdown is the largest loss of equity from a peak to a valley in a single month or period of consecutive months during the past five years (three years for the 3-Year Table).

% of Winning Months. This is the percentage of months during the past five years (three years for the 3-Year Table) in which the CTA achieved a profit for the month.

Best /Worst 12-Month Period. These figures indicate the best and worst consecutive 12-month rates of return achieved by the CTA during the past five years (three years for the 3-Year Table).

Top 20 CTA Performers Past Three Years

For the period from 10/1/2005 to 9/30/2008. Includes only CTAs managing at least $1 million as of 9/30/2008

	TRADING ADVISORS	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	LARGEST DRAW-DOWN	% WINNING MONTHS	BEST 12-MO. PERIOD	WORST 12-MO. PERIOD	ASSETS UNDER MGMT. ($)
1	Edge Inv Mgmt (Gl Diversified)	159.14%	4.01	15.38%	80.55%	286%	97%	13.1M
2	Pere Trading Group	112.61%	1.55	29.78%	66.66%	570%	-20%	30.3M
3	NDX Cap'l Mgmt (Shadrach)	98.39%	1.91	15.90%	66.66%	248%	6%	39.8M
4	Elk River Trading	86.80%	1.07	0.89%	88.88%	323%	15%	54.0M
5	World Grain & Oilseeds Fund LP	62.59%	1.10	47.68%	66.66%	155%	-12%	7.9M
6	Quantitative Invest. Mgmt (Gl. 3X)	59.25%	1.81	22.36%	75.00%	126%	17%	317.1M
7	Pixley Capital Management	57.70%	1.72	21.04%	75.00%	111%	14%	9.0M
8	Vegasoul Capital Mgmt	56.78%	3.19	6.88%	77.77%	89%	1%	131.6M
9	Dighton (Aggressive)	50.82%	0.87	41.13%	66.66%	226%	-25%	185.0M
10	RAM Mgmt.Group (MRTP Aggressive)	43.74%	1.07	36.08%	58.33%	150%	-24%	2.0M
11	Commodity Fut. Services (IPATS)	40.00%	1.14	23.63%	63.88%	130%	-17%	27.4M
12	Di Tomasso Group (Equilibrium)	39.04%	1.51	15.51%	72.22%	74%	16%	69.3M
13	Calatrava Grain Fund	38.79%	1.00	21.91%	72.22%	94%	7%	18.8M
14	Parrot Trading Partners	38.61%	1.20	20.15%	66.66%	158%	-13%	24.0M
15	Dighton Capital USA (Swiss Futures)	37.66%	0.84	36.90%	69.44%	139%	-19%	27.5M
16	Aisling Analytics (Merchant Comm.)	36.81%	1.49	23.16%	69.44%	66%	19%	2017.0M
17	Cranwood Capital (Fixed Income Arb)	36.16%	3.89	3.68%	97.22%	58%	22%	19.5M
18	Sophia Hedge Access (Gl Commodities)	36.15%	1.50	14.82%	72.22%	95%	8%	175.0M
19	Paskewitz Asset Mgmt (Stock Index)	34.40%	1.47	11.30%	69.44%	64%	10%	170.5M
20	Friedberg Comm. Mgmt. (Divers.)	34.19%	0.42	58.27%	50.00%	211%	-51%	39.0M

NOTE: Past results are not necessarily indicative of future results. Trading in commodity futures and options is speculative in nature and involves the risk of loss of one’s entire investment or more. Prior to investing with any CTA, please read carefully the CTA’s disclosure document.

Top 20 CTA Performers 2008

For the period from 1/1/2008 to 9/30/2008. Includes only CTAs managing at least $1 million as of 9/30/2008*

	TRADING ADVISORS	2008 YTD RETURN	SHARPE RATIO	LARGEST DRAW-DOWN	STARTING DATE	BEST 12-MO. PERIOD	WORST 12-MO. PERIOD	ASSETS UNDER MGMT. ($)
1	Pere Trading Group	336.68%	1.44	29.78%	Jun-05	570%	-20%	30.3M
2	MSLO Asset Management	227.17%	10.48	0.00%	Sep-07	439%	407%	1.1M
3	Capital Alt. Invest. Mgmt	123.99%	3.11	6.82%	Jan-07	133%	71%	9.3M
4	RAM Mgmt.Group (MRTP Aggressive)	91.51%	0.76	36.08%	Feb-98	150%	-24%	2.0M
5	Trade Angle Advisors (TAS w/Options)	89.07%	7.62	0.02%	Jan-08	n.a.	n.a.	11.2M
6	T4T S.r.l. (System)	87.76%	0.95	22.97%	Aug-06	94%	14%	1.4M
7	Level III Management	82.18%	0.47	51.63%	Aug-07	104%	30%	1.5M
8	van Essen, Emil (Spread Trading)	78.41%	1.20	35.89%	Jan-07	99%	15%	34.0M
9	Edge Inv Mgmt (Gl Diversified)	74.84%	3.82	15.38%	Aug-05	286%	97%	13.1M
10	Clarke Cap'l Mgmt. (Gl. Basic)	70.82%	0.57	24.86%	Feb-96	129%	-22%	15.4M
11	Fuimus Financial (Zentrender)	69.26%	2.48	4.20%	Dec-06	375%	91%	1.4M
12	Tzanetatos Capital Management	67.02%	0.30	37.71%	Jul-04	99%	-29%	1.4M
13	Clarke Cap'l Mgmt. (Millennium)	64.40%	0.50	23.74%	Jan-98	139%	-17%	72.5M
14	Linn, Hare, Huckabay (Apex)	62.58%	1.74	14.68%	Oct-06	111%	13%	21.0M
15	Hawksbill Capital Mgmt. (Gl. Divers.)	61.19%	0.24	31.76%	Nov-88	95%	-22%	52.8M
16	NDX Cap'l Mgmt (Shadrach)	55.91%	2.44	21.53%	Sep-04	528%	6%	39.8M
17	Somers Brothers Capital (Divers)	52.69%	0.78	33.56%	Jan-05	83%	-22%	3.6M
18	Commodity Fut. Services (IPATS)	52.30%	0.60	29.46%	Aug-95	130%	-25%	27.4M
19	Hamer Trading (Div. Systematic)	50.49%	0.10	36.30%	Sep-99	60%	-27%	6.5M
20	Revolution Capital Mgmt (Mosaic)	49.06%	2.30	17.48%	Oct-06	105%	25%	111.3M

*NOTE: Performance statistics, except for 2008 YTD Return, are based upon the past 5 years performance or the CTA's entire history, whichever is shorter.

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Top 10 - Convertible Arbitrage - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Castle Creek Arb LLC	9.66%	0.91	0.42	Jan-02	1%	9%	464.7M
2	Wolverine Conv Arb Trading Fund Ltd	8.28%	0.61	0.62	Sep-01	-7%	10%	1003.0M
3	Waterstone Mrkt Ntrl Master Ltd	7.86%	0.30	0.09	Aug-03	5%	15%	812.9M
4	Whitebox Convertible Arb Fund Ltd	7.81%	0.32	0.55	Jan-01	-13%	19%	597.0M
5	Quest Global Convertible Fund Ltd	7.74%	0.85	0.24	Jan-02	-1%	6%	215.0M
6	Argent LowLev Conv Arb Ltd (C)	7.41%	10.92	0.38	Oct-99	6%	0%	22.6M
7	Concordia Capital Ltd (B)	7.04%	0.43	-0.24	Mar-98	10%	8%	95.0M
8	Tenor Opportunity Ltd	6.29%	0.43	0.47	Jul-04	-1%	7%	288.2M
9	Mohican VCA Offshr Fund Ltd	5.99%	0.35	0.53	May-04	-6%	10%	32.4M
10	Inflective Convertible Opp Ltd	5.10%	0.15	0.04	Jul-04	-4%	14%	122.7M

Top 10 - Distressed Securities - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Harbinger Capital Partners I Ltd	37.57%	1.32	0.12	Jul-02	24%	34%	9016.0M
2	Concordia Distressed Debt, Ltd	15.90%	0.92	-0.20	Jun-02	25%	7%	225.0M
3	York Credit Opportunities LP (A)	12.41%	1.28	0.31	Feb-01	-1%	7%	2900.0M
4	King Street Capital Ltd	10.92%	1.32	0.15	Jan-97	4%	4%	11500.0M
5	Fairfield Del Mar Fund	10.22%	0.78	-0.33	Jun-05	18%	8%	48.4M
6	M.D. Sass Re/Enterprise Partners LP	9.89%	0.73	0.58	Oct-89	-10%	11%	67.3M
7	Restoration Offshore Fund Ltd	9.25%	1.50	-0.38	Mar-01	12%	1%	476.0M
8	Varde Fund LP	7.73%	0.85	0.55	Jan-99	-5%	7%	280.4M
9	Southpaw Credit Opp FTE Ltd	6.47%	0.70	0.01	Jul-05	0%	5%	446.0M
10	Post Distressed Fund LP	6.34%	0.46	0.68	May-00	-7%	9%	270.3M

Top 10 - Emerging Mkts. Asia - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Pinpoint China Fund	48.62%	1.56	0.55	Jun-05	-31%	34%	289.0M
2	Dragon Billion China Fund	47.99%	2.30	0.48	Jan-04	-1%	9%	275.9M
3	Apex Greater China Directional	31.95%	2.02	0.55	Sep-05	-5%	10%	320.0M
4	Eastern Advisor Fund LP	23.62%	0.85	0.26	Apr-03	-5%	28%	265.0M
5	PXP Vietnam Fund	21.17%	0.34	0.42	Jan-04	-61%	66%	50.8M
6	Everest Capital China Opport. Ltd	18.96%	0.80	0.57	Jun-03	-18%	28%	425.0M
7	Martin Currie China Hedge Fund USD LLC	18.75%	0.85	0.51	Dec-02	-16%	20%	88.8M
8	China Convergence Fund	18.60%	0.53	0.62	Jul-00	-45%	51%	184.5M
9	Lionhart Asia Plus Ltd (A)	18.56%	1.82	0.30	Mar-03	-1%	4%	94.5M
10	Emperor Greater China Fund Ltd	18.45%	0.45	0.44	Jan-04	-51%	55%	200.0M

Top 10 - Emerging Mkts. E. Europe - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Kazimir Russia Growth Fund	23.90%	0.77	0.50	Aug-96	-15%	34%	156.3M
2	Foyil E Europe & Russia Focused	22.24%	0.74	0.25	Jan-03	-10%	30%	16.9M
3	East Capital Bering Russia Fund	20.26%	0.69	0.41	Jul-04	-26%	33%	324.0M
4	Nevsky Limited - A USD	19.88%	1.02	0.61	Oct-00	-8%	16%	1879.3M
5	GILD Arbitrage	19.73%	4.44	0.12	Apr-01	15%	1%	100.6M
6	East Capital Bering Ukraine Fund	19.20%	0.65	0.38	Aug-05	-33%	40%	307.0M
7	Denholm Hall Russia Arb Fund (B)	16.77%	4.92	-0.03	Oct-03	15%	1%	266.7M
8	Russian Opportunities Fund Ltd	15.47%	0.32	0.52	Oct-96	-43%	51%	87.4M
9	Aviva Investors Central Eur L/S (GBP)	11.60%	1.07	0.61	Jul-05	-8%	8%	27.6M
10	Prosperity Quest Fund	11.42%	0.27	0.44	Dec-99	-35%	40%	322.0M

Top 10 - Emerging Mkts. Global - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Forum Global Opportunity Fund	33.00%	1.38	-0.42	Aug-05	41%	8%	28.0M
2	Covepoint Emerging Mkts Macro Ltd	19.15%	0.73	0.61	Feb-05	3%	19%	934.9M
3	Tradewinds Fund LP	17.48%	0.63	0.69	Oct-94	-19%	27%	82.0M
4	Discovery Global Opportunity Fund	16.41%	0.65	0.37	Aug-99	-17%	28%	1951.0M
5	GMS Sovereign Plus Fund BV - B	12.29%	3.51	0.10	Sep-04	9%	0%	40.9M
6	Growth Management Limited	11.88%	1.47	0.32	Jun-98	1%	5%	426.9M
7	Axiom Absolute Growth Fund	11.09%	0.48	0.47	Apr-96	-14%	21%	11.9M
8	Global Em. Mkts USD (Dbn)	10.97%	0.29	0.70	Apr-03	-30%	38%	418.8M
9	Pharo Macro Fund Ltd	10.41%	0.74	0.12	May-05	11%	6%	1980.0M
10	Local Currency Opp Ltd	10.13%	0.81	0.59	Jan-05	-1%	8%	570.1M

Top 10 - Equity Long/Short - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Magic Capital Fund Ltd	46.82%	2.20	0.22	Jul-05	65%	11%	28.0M
2	Abundance Partners LP	40.91%	1.41	-0.63	Jul-03	82%	14%	11.5M
3	Strategos Fund LP	35.28%	1.36	0.02	Jul-04	11%	23%	105.0M
4	ClearMark Partners LP	31.39%	2.43	0.05	Aug-04	37%	2%	20.0M
5	Horseman Global Fund Ltd A US$	25.83%	1.52	0.07	Feb-01	16%	7%	3420.0M
6	Nest Mile High Multimercado	24.56%	2.95	0.00	Mar-02	22%	2%	19.8M
7	OEI Mac Inc GBP (A)	24.15%	1.44	0.02	Jul-04	35%	10%	44.4M
8	Horseman European Select Ltd	23.60%	1.62	0.05	Jul-05	23%	6%	1149.0M
9	Peconic Partners International	23.15%	1.39	0.18	Oct-94	26%	9%	119.5M
10	Bricoleur Partners LP	21.16%	0.92	0.29	Nov-93	-15%	17%	34.1M

Top 10 - Equity Long Biased - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Passport II LP - Global	49.36%	1.23	0.05	Oct-03	30%	23%	1113.0M
2	Zweig-DiMenna Partners LP	25.65%	1.22	0.37	Feb-84	6%	17%	n.a.
3	Pentagram Equity Fund LP	21.38%	0.84	0.07	Mar-00	33%	16%	22.4M
4	Polar Cap Paragon Fund GBP	21.24%	0.90	0.28	Apr-04	13%	17%	n.a.
5	Valhalla Investment Partners LP	20.36%	5.35	0.31	May-99	16%	0%	74.0M
6	Horizon Growth Fund N.V.	20.02%	1.01	0.51	Jan-00	2%	17%	14.0M
7	Whitebox Intermarket Fund LP	19.58%	1.53	0.27	Jun-04	5%	10%	67.9M
8	Lansdowne UK Equity Fund Ltd GBP	19.15%	1.09	0.36	Aug-01	10%	12%	2133.7M
9	Pershing Square International Ltd	17.95%	1.14	0.34	Jan-05	12%	10%	3473.6M
10	QAM Global Equities Fund Ltd	17.42%	0.67	0.35	Apr-04	-13%	21%	130.0M

Top 10 - Equity Long Only - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Dynamic Power Hedge Fund - F	16.12%	0.31	0.39	Jun-02	-28%	40%	248.2M
2	Bliss Fund (The)	12.26%	0.70	0.72	Aug-03	-5%	17%	16.4M
3	Gartmore Issue UK Small Cap (A GBP)	11.09%	0.42	0.39	Aug-03	-8%	18%	52.7M
4	Ramius Value & Opportunity Fund Ltd	10.72%	0.54	0.39	Oct-04	-11%	16%	n.a.
5	Platypus Australian Equity Portf.	9.96%	0.34	0.80	Jan-99	-26%	29%	1287.0M
6	Gainswood Fund LP	8.26%	0.36	0.66	Jan-00	-10%	16%	19.1M
7	Branzan Alternative Investment LLLP	8.07%	0.40	0.45	May-02	-4%	14%	59.5M
8	Alfanar Europe Ltd (A)	7.58%	0.17	0.64	Nov-98	-23%	30%	62.0M
9	Reichmuth Pilatus CHF	6.84%	0.19	0.60	Dec-96	-21%	25%	67.1M
10	J. Zechner Assoc. Special Equity	5.99%	0.08	0.49	Apr-00	-29%	37%	10.1M

Top 10 - Equity Market Neutral - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Fox Run Alpha Fund LP	28.08%	2.21	0.03	Dec-97	22%	11%	15.2M
2	ThinkStrategy Capital Fund LP (A)	18.00%	3.25	0.47	Jan-03	12%	2%	181.0M
3	Zacks Market Neutral Lvrgd Strat	14.60%	0.87	-0.05	Apr-94	16%	9%	144.0M
4	O'Connor Gl Fund L/S LLC (A1)	13.00%	2.55	0.29	Sep-03	10%	2%	2623.4M
5	Nantahala Capital Ptnrs LP	12.59%	0.85	0.08	Aug-04	26%	5%	39.6M
6	Invesco Market Neutral Cash	11.51%	1.70	-0.28	Apr-98	10%	2%	468.5M
7	New Castle Mkt. Neutral Fund LP	11.05%	1.64	0.20	Jun-98	9%	3%	439.6M
8	LIF US Equity Plus A USD	10.31%	3.65	0.19	Oct-05	9%	0%	601.0M
9	Talentum Enhanced Fund USD	9.34%	0.47	0.45	Aug-05	-4%	20%	398.2M
10	LIF US Equity Plus B EUR	9.21%	3.06	0.11	Oct-05	10%	0%	601.0M

Top 10 - Event Driven - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Vision Opportunity Cap Partners Ltd	71.46%	3.17	0.22	Jun-05	10%	9%	381.2M
2	Paulson Advantage Plus Ltd	55.43%	2.04	-0.36	Jan-05	49%	3%	9532.6M
3	Paulson Advantage Ltd	37.00%	1.92	-0.33	Apr-04	37%	2%	4978.8M
4	Pivot Global Value Fund	22.40%	1.41	-0.57	Mar-02	50%	5%	607.0M
5	Rosseau LP	20.76%	0.56	0.19	Jan-99	-19%	31%	112.8M
6	Deltec Special Situations Partners	16.13%	1.43	0.39	Jan-03	-4%	6%	38.0M
7	Galbraith Gl. Strat. LP	15.31%	1.70	0.17	Sep-04	14%	3%	14.4M
8	Owl Creek II LP	13.12%	0.77	0.02	Feb-02	1%	14%	769.0M
9	Trafalgar Catalyst Fund B-USD	13.03%	1.16	-0.17	Nov-01	9%	7%	1050.0M
10	Amethyst Arbitrage Fund (USD)	11.75%	1.49	0.35	Dec-04	8%	2%	70.1M

Top 10 - Fixed Income - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	American Pegasus Auto Loan Fund	19.61%	6.24	0.17	Oct-05	14%	0%	92.4M
2	Madison Realty Capital LP	13.35%	10.44	-0.02	May-05	13%	0%	16.1M
3	Aviva G7 Fixed Income GBP	13.17%	4.13	-0.21	Feb-03	13%	0%	858.0M
4	Aviva Invest Alt Fund PCC Ltd G7 GBP	12.72%	3.66	-0.12	Feb-03	12%	1%	809.1M
5	Sheridan Opp Fund LP	11.25%	9.91	0.32	May-02	10%	0%	80.7M
6	Talisman Partners LLC	10.56%	21.36	-0.33	Apr-02	11%	0%	49.5M
7	Stillwater Asset Backed Offsh. Fund	10.56%	45.07	0.18	Feb-05	10%	0%	309.7M
8	HMPF Enhanced QP LP	10.33%	14.43	0.45	Aug-04	9%	0%	110.0M
9	Midway Market Neutral Fund	10.23%	1.18	0.34	Jun-01	9%	7%	201.0M
10	Lynx Fund I (Master Fund) LP	10.13%	2.88	-0.40	Jul-97	20%	0%	250.0M

Top 10 - Fixed Income Arbitrage - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	MKP Opportunity Offshore Ltd	15.22%	1.49	0.06	Aug-01	7%	3%	464.1M
2	Coast Value Fund I Ltd	13.64%	1.11	-0.21	Jan-99	28%	4%	79.9M
3	Investcorp FI Relative Value Ltd	9.98%	0.57	0.20	Dec-04	15%	10%	191.2M
4	EMF Fixed Income Fund Ltd	9.95%	0.29	0.07	Nov-01	11%	22%	305.0M
5	Concordia (N), 2 X Lev. (C)	8.91%	0.27	0.18	Feb-04	13%	20%	110.0M
6	FrontPoint Relative Value Opp	7.95%	0.23	0.04	Jan-02	-20%	22%	363.7M
7	RockView Capital Mrkt Ntrl Domestic	6.86%	0.93	0.44	Aug-04	-1%	2%	102.9M
8	Sanctum Fixed Income Fund	6.69%	0.42	0.49	Sep-03	4%	8%	344.0M
9	Horizon Credit Opp LP	6.56%	0.90	0.60	Jun-03	6%	4%	87.0M
10	Concordia Capital Ltd (C)	5.78%	0.20	0.18	Jul-98	8%	10%	45.0M

Top 10 - Fixed Income High Yield - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Whitebox Hedged High Yield Fund Ltd	16.71%	1.52	0.29	Jan-02	1%	10%	679.2M
2	Millennium Gl. High Yield Fund	11.95%	0.74	0.38	Sep-99	-12%	15%	682.0M
3	Brownstone Ptnrs Catalyst Fund Ltd	10.53%	1.98	-0.26	Jul-04	10%	2%	207.0M
4	Catpricorn Fund	10.39%	2.08	0.28	Oct-03	7%	3%	286.8M
5	Horizon Fund	8.44%	1.14	0.32	Jul-99	4%	4%	348.6M
6	DKR Wolf Point Fund Ltd	7.00%	0.62	0.31	Mar-05	-1%	6%	148.0M
7	ILEX Credit Fund Ltd (USD)	6.82%	0.90	0.00	Jul-03	4%	4%	48.3M
8	RAB European Credit Opp C EUR	6.30%	0.28	0.55	Jul-01	-9%	15%	64.0M
9	Global Credit Hedge Fund	4.65%	0.11	0.64	May-03	-7%	8%	47.0M
10	Ozone Fund	3.56%	-0.07	0.16	Mar-05	-3%	4%	63.6M

Top 10 - FoFs Greater than $250M - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	GLC Diversified Fund Ltd (USD)	25.13%	2.09	-0.32	Jul-93	33%	7%	406.6M
2	Merriwell Fund LP	21.19%	1.52	0.26	Aug-96	3%	9%	295.0M
3	Friedberg Global-Macro Ltd	20.27%	1.22	-0.58	Dec-01	41%	7%	457.6M
4	Culross Global Fund (B GBP)	16.50%	1.86	0.09	Jan-00	11%	3%	264.0M
5	Pinnacle Natural Resources LP	15.69%	0.91	0.08	Oct-03	6%	16%	2065.0M
6	Gems Recovery Portfolio USD	14.70%	1.36	0.26	Jan-02	1%	9%	1915.0M
7	Thames River Warrior Fund A USD	11.85%	1.01	0.32	Aug-98	-1%	8%	322.3M
8	Liongate Multi-Strategy Fund C (GBP)	11.82%	1.40	0.21	Apr-04	6%	5%	2800.0M
9	RMF Commodity Strategies	11.80%	0.82	0.30	Oct-03	-1%	8%	2540.2M
10	Trading Capital Holdings USD	10.67%	0.85	0.10	Jul-03	9%	8%	832.4M

Top 10 - FoFs Less than $250M - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	SHK Corporate Arbitrage (B)	39.26%	1.90	-0.26	May-04	25%	3%	109.3M
2	303 Energy Trading Alliance LLC	36.12%	2.30	-0.20	Mar-04	43%	9%	82.9M
3	Balestra Spectrum Partners LLC	34.71%	1.88	-0.14	Feb-98	40%	6%	85.0M
4	303 Equity Trading Group LLC	21.37%	1.94	0.07	Apr-04	22%	7%	161.8M
5	Culross Global H Fund (H USD)	20.28%	1.34	0.30	Sep-05	-3%	10%	108.0M
6	Centennial Gl Macro Fund LP	18.62%	1.79	0.13	Nov-04	23%	3%	183.0M
7	Stenham Gold Portfolio USD	17.49%	0.72	0.14	Sep-03	-6%	22%	79.8M
8	Double Eagle Capl Ace Ltd (A)	16.43%	1.35	0.19	Aug-05	5%	6%	79.0M
9	Oceanus Fund Ltd	16.20%	1.37	0.21	Aug-94	11%	8%	15.0M
10	Double Eagle Capl Ace Ltd (B)	15.80%	1.37	0.21	Aug-05	5%	6%	80.0M

Top 10 - Macro - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Balestra Capital Partners LP	53.72%	1.78	-0.40	Jan-99	74%	10%	700.0M
2	Pentagram Fund LP	27.90%	0.93	-0.23	Feb-02	72%	22%	29.2M
3	Sirocco Fund LLC	26.82%	1.12	0.34	Jan-99	8%	21%	16.3M
4	Banyan Capital Fund LP	21.04%	2.65	0.11	Apr-04	19%	3%	598.9M
5	Global Trading Strat (Cayman)	20.61%	1.24	-0.42	Jun-05	34%	8%	1005.0M
6	Element Capital Fund Ltd	19.73%	1.72	0.16	Apr-05	8%	8%	545.8M
7	AIS TAAP Composite	18.44%	0.91	0.04	Apr-92	12%	11%	48.1M
8	Porcupine Global Macro Plus Inc	15.36%	1.68	-0.03	Mar-02	18%	3%	110.0M
9	Tell Fund	14.40%	1.02	0.10	Dec-96	6%	8%	701.1M
10	Discovery Atlas Fund Ltd	13.82%	1.28	-0.33	Aug-04	20%	5%	212.1M

Top 10 - Merger Arbitrage - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Paulson Enhanced Ltd	43.83%	1.92	-0.15	May-01	17%	4%	2622.0M
2	Paulson International Ltd	22.88%	1.78	-0.18	May-96	10%	2%	2086.9M
3	Highland Capital Mgmt LP	18.33%	4.25	0.36	Apr-00	17%	0%	20.6M
4	MMCAP Fund Inc.	17.99%	0.71	0.52	Jul-02	-10%	22%	200.0M
5	Shorewater International Ltd	12.18%	2.22	0.51	May-99	5%	2%	68.1M
6	Ramius Merger Arbitrage Fund Ltd	9.81%	0.66	0.68	Jan-00	-7%	11%	n.a.
7	Glazer Offshore Fund Ltd	8.95%	1.33	0.54	Sep-01	4%	3%	212.0M
8	KDC Merger Arbitrage Fund, LP	6.10%	0.50	0.71	Jan-89	4%	3%	101.7M
9	Anvil Fund Ltd	6.02%	0.33	0.80	Sep-96	-2%	7%	13.0M
10	DKR Ibex Fund Ltd	5.91%	0.45	0.54	Jul-02	-1%	5%	343.0M

Top 10 - Multi - Strategy - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Phalanx Japan AustralAsia MS Fund	64.15%	1.43	-0.02	Apr-05	39%	30%	22.0M
2	Platinum Partners Value Arb Intl Ltd	28.00%	3.54	0.37	Jan-03	18%	3%	699.0M
3	Lionhart Aurora Fund Ltd (Venture)	25.10%	0.69	0.29	Nov-03	-39%	49%	42.6M
4	Chinook Fund LLC	22.08%	0.77	-0.19	Feb-95	72%	13%	16.0M
5	Atlas Global Investments Ltd Unrst	21.10%	2.14	0.31	Jan-04	13%	4%	2200.0M
6	Whitebox Combined Fund Ltd	14.20%	1.33	0.39	Jan-02	1%	10%	869.5M
7	Excelsior Investors Ltd	13.05%	1.86	-0.08	Sep-02	3%	1%	71.0M
8	Double Black Diamond Ltd (C)	12.80%	1.57	0.64	Apr-98	2%	7%	2775.7M
9	North Pole Capital USD	12.34%	1.41	0.29	Jan-02	1%	6%	287.0M
10	Stratus Ltd - Double Lev - C	12.19%	0.66	0.18	Dec-03	16%	17%	468.4M

Top 10 - Sector Energy - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Caritas Royalty Fund II LLC	25.18%	3.70	0.11	Sep-05	12%	0%	51.5M
2	Consulta Canadian Oil Sands	14.76%	0.45	0.38	Sep-05	-7%	25%	56.0M
3	RAB Octane Fund (D) USD	10.54%	0.50	0.29	May-05	4%	13%	217.0M
4	Lucas Energy Total Return Ptnrs LP	10.18%	0.29	0.53	Jan-03	1%	27%	255.0M
5	Sunbeam Opportunities Master Fund	8.79%	0.64	-0.24	Jun-03	8%	10%	325.0M
6	Dorset Energy Fund Ltd	8.76%	0.22	0.49	Nov-00	-5%	25%	680.7M
7	Wexford Catalyst Fund LP	7.58%	0.36	0.52	Dec-04	-7%	10%	414.1M
8	Ecofin Global Utilities Hedge Ltd	7.49%	0.54	0.66	Oct-04	-6%	9%	1863.4M
9	Creststreet Energy Opp Fund	7.03%	0.12	0.12	May-05	37%	34%	24.5M
10	Loomis Sayles Energy Hedge Fund Ltd	6.60%	0.37	0.39	Oct-05	-8%	14%	68.3M

Top 10 - Sector Health Care/Biotech - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Tryphon Fund Inc	13.70%	0.92	0.55	Oct-00	1%	11%	125.0M
2	FrontPoint Healthcare Horizons LP	13.06%	0.85	0.46	Oct-04	2%	6%	358.1M
3	Perceptive Life Sciences Offshore	11.99%	0.65	0.41	Aug-00	-2%	11%	330.0M
4	DAFNA LifeScience Ltd	10.59%	0.54	0.53	Jan-99	4%	10%	29.4M
5	CCI Healthcare Partners	10.13%	0.61	0.66	Jan-01	-3%	10%	110.0M
6	FrontPoint Healthcare Fund 2X LP	9.27%	1.09	0.51	May-03	3%	3%	781.6M
7	Welch Life Sciences Fund LP	6.74%	0.39	0.57	May-00	6%	6%	60.0M
8	S.A.M. Healthcare/Biotech Equity I	1.79%	-0.16	0.51	Jul-01	-5%	12%	47.5M
9	Oracle Institutional Partners LP	0.51%	-0.17	0.49	Feb-94	-8%	21%	n.a.
10	JW Partners LP	-0.17%	-0.23	0.66	Feb-99	-26%	31%	29.4M

Top 10 - Sector Technology - Past Three Years

For the period from 10/1/2005 to 9/30/2008

	FUND NAME	3-YR COMP. ANNUAL RETURN	SHARPE RATIO	CORR. VS.- S&P 500	STARTING DATE	LAST 12-MO. PERIOD	LARGEST DRAW DOWN	ASSETS UNDER MGMT. ($)
1	Advantage Advisers Xanthus Fund	19.20%	0.77	0.60	May-99	-2%	18%	676.8M
2	Seligman Tech Spectrum Fund LLC	14.43%	1.12	0.81	Jun-01	-2%	9%	455.0M
3	Galleon Omni Communications Fund	14.08%	1.20	0.29	Jul-00	0%	7%	10.0M
4	Phineus Voyager LP	13.44%	1.07	0.53	Jun-02	-2%	6%	34.2M
5	Tuscan Investments LP	9.55%	2.38	0.46	Jul-02	5%	1%	200.0M
6	Intercept Capital Fund	9.39%	0.68	-0.22	Apr-04	16%	6%	10.1M
7	Satori Technology Fund Ltd	7.92%	0.28	0.64	Mar-04	6%	13%	64.5M
8	Corsair Capital Partners LP	7.19%	0.32	0.65	Jan-91	-2%	13%	420.0M
9	Manticore Fund	6.56%	0.32	0.36	Jan-01	7%	8%	303.3M
10	Connective Capital I Offshore Ltd	4.53%	0.06	0.12	May-05	5%	13%	17.9M

TrimTabs Asset Management

Charles Biderman sees big returns in small fluctuations in the supply and demand for U.S. equities. Charles founded TrimTabs in 1990, originally marketing short selling ideas. In 1995 he shifted course, however, when he noticed that his best short ideas were getting swamped by a surge in cash moving into the then booming mutual fund industry. Recognizing that liquidity can often trump fundamental analysis, he shifted his research focus to systematically tracking equity market liquidity.

Key Insight

Charles's key insight was that stocks are no different from any other tradable good. When supply increases (that is, more shares are floated through IPOs and secondary offerings), prices get depressed; and when demand increases (more cash flows into the market to purchase stocks), prices get a boost.

To measure changes in the supply of stocks, Charles began tracking the net impact of all the corporate actions which change the free float of shares. To measure changes in demand, Charles began by tracking net flows into mutual funds. With these tools in hand, he began selling market timing recommendations to hedge funds.

Mr. Biderman's unique liquidity based approach helped him make a prescient call at the end of 1999: the technology bubble was about to burst. His conclusion was based on the simple observation that there was not enough cash flowing into the market to support both the 1998-1999 IPO boom which had already occurred and the upcoming pipeline of IPOs in 2000.

Since September 2000, Biderman's model portfolio, which goes long or short positions on stock index related exchange traded funds, has consistently outperformed the S&P 500. It was this track record that alerted Conrad Gann to TrimTabs' possibilities in asset management.

"Conrad contacted me and said he wanted to start a hedge fund using our liquidity based investment process," says Biderman. That was the beginning of the partnership that established TrimTabs Asset Management (TTAM).

Since 2005, TTAM has launched two fund classes that exploit a previously little noted financial phenomenon: subtle shifts in the supply and demand for stocks can predict major moves in the major market averages.

Biderman has built a business around his observation that large share purchases via buybacks and mergers decrease supply and drive prices up, while large share sales via IPOs and secondary offerings drive prices down. The calculation applies on a macro scale across entire markets, on a micro scale across sectors, and holds true even down to the level of individual stocks.

TrimTabs' proprietary formula measures overall stock market liquidity and calculates a "float" representing the difference between share sales and share purchases. Float expands when stock issuance outpaces stock purchases, pressuring prices downward as the supply rises. Float contracts when stock purchases outpace issuance, tightening supply and pushing prices upward.

At a Glance:

TrimTabs Absolute Return Fund L.P.

Strategy Assets:	$3.2 million
No. of Employees:	3

Account Information

Minimum Investment:	$100,000
Management Fee:	1.50%
Incentive Fee:	20%

Performance Analysis

Start Date:	September 2005
Total Return:	30.3%
Compound Annual Return:	8.97%
Worst Drawdown:	17.94%
Sharpe Ratio:	0.30
% of Winning Months:	62.16%
Average gain:	3.80%
% of Losing Months:	37.84%
Average loss:	-4.03%

Correlations

Barclay Hedge Fund Index:	+0.30
S&P 500:	+0.40
U.S. T-Bonds:	0.00
World Bonds:	-0.14
EAFE:	+0.31

Annual Returns Past 5 Years

2005 (partial year)	3.80%
2006	6.59%
2007	16.35%
2008 (thru 9/30)	1.23%

Past results are not necessarily indicative of future performance.

Measuring the Results

It all sounds good in theory, but does Biderman's formula apply to the real world? The numbers say yes.

TTAM offers Class A and Class B shares of the TrimTabs Absolute Return Fund. As of September 2008, Class A shares are up 30.30% since their inception in September 2005, outperforming the S&P 500 by 34.23%. Performance has been positive in each calendar year and in 11 of 13 quarters since inception. The

Class B Long/Short Sector Class shares are down 4.37% since their inception in July 2007, but have still outperformed the S&P 500 by 18.31%.

Since September 2005, Absolute Return Class A shares have also outpaced the overall performance of the hedge fund industry, and have beaten the returns of equity long-bias funds and several other major hedge fund categories.

For the past 18 years, Biderman has earned his living by delivering timely stock liquidity data to financial analysts, hedge funds, and other Wall Street players. Goldman Sachs, a longtime subscriber, bought a minority interest in TrimTabs early in 2008. Today TrimTabs Investment Research serves 14 of the biggest 50 hedge funds in the United States.

TrimTabs Background

TTAM's funds are a manifestation of Biderman's life in finance. He got his start as an investigative journalist at Barron's magazine in the early 1970s. After predicting in print the collapse of the real estate market, he left journalism, and in the mid 1970s bought a number of commercial properties and apartment buildings out of foreclosure. Then in 1988, he lost access to liquidity when his banks went bust in the midst of a real estate market reversal. The lesson — that cash is king — never left him.

The company's name reflects the futurist R. Buckminster Fuller's observation that small shifts can create big changes. A trim tab is a small rudder inside the larger main rudder of a ship. Although it represents a tiny fraction of the ship's mass, its movements steer the entire vessel.

A technology that was the latest rage in 1990 — the fax machine — enabled Biderman's entry into the financial newsletter business. He began faxing his market observations to institutional investors, and a business was born. Once he saw the correlation between supply and demand and future market direction, it was inevitable that Biderman would start putting his liquidity principles to work in an active hedge fund.

Charles Biderman and Conrad Gann

Conrad Gann came on board in 2005 to create and manage the TrimTabs Absolute Return Fund, which focuses on total returns with leverage, macro exposure, and sector selection. In 2007, Class B shares were added to focus on attractive risk-adjusted returns with hedged net exposure to the markets.

Gann's 18-year financial career stretches from a stint at the Federal Reserve Bank of San Francisco, to Bank of America, and on to Citadel Investment Group, one of the largest multi-strategy hedge funds, where he served as Senior Vice President of Corporate Strategy and Development. He also founded BACAP Alternative Investments Group which started Bank of America's first internally managed fund of hedge fund portfolio management team.

Minimizing Risk

At TrimTabs, Gann trades in exchange traded funds to capture the returns of a large basket of stocks while minimizing the risk of erratic or unexpected moves in individual equity issues. TrimTabs Asset Management shifts its market exposure between net long and net short positions, depending on where the money is flowing at any given time.

For example, in mid-September 2008, TrimTabs' liquidity formula noted Microsoft's announcement of a $40 billion stock buyback, a repurchase large enough to shrink stock liquidity across the information technology sector and push prices upward. TTAM shifted its Absolute Return stance to heavily weighted in the information technology sector, anticipating bullish prospects in the coming months.

"Our market calls have enabled us to navigate this year's treacherous market reasonably well," Gann said, noting that TrimTabs' sector model portfolio had outperformed SPY (Spiders) by 11.2% through the third quarter of 2008.

TTAM's two share classes avoid the heavy leverage that has come to haunt the hedge fund industry. At most they may be 200 percent long or short. The funds do not use highly complex trading algorithms, and their trades are initiated manually, perhaps a few times a month, depending on what the liquidity numbers are saying.

"Ultimately, each trading decision involves a qualitative assessment of our research models," Gann says. "We do not run a black box at TrimTabs."

Trading Approach

TTAM's trading decisions are based on how many shares are being bought via buybacks and mergers and how many are being sold via IPOs and secondary offerings. Subtracting purchases from sales produces a number TrimTabs calls L1. For instance, stock issuance of $500 million and stock purchases of $1 billion would produce an L1 of minus 500.

Negative numbers imply that the supply of available shares is shrinking. Shrinkage points to rising prices, while expansion of available shares points to lower prices.

TTAM also uses a proprietary market-timing model based on the flow of taxpayer funds into the U.S. Treasury. These numbers are available online daily, but the data varies wildly from day to day. TrimTabs found a way to account for the fluctuations and now can measure the peaks and valleys of the U.S economy based on how much money is flowing into government coffers via income tax payments. The model has proved effective at noting turns in the S&P 500.

Changes in L1 rarely represent more than one or two percent of total stock market capitalization. How can these tiny figures affect the market's course?

"We look at everything," Gann says, "but buybacks and high levels of insider buying are especially important during a market downturn as it would tend to signal when a turnaround is likely."

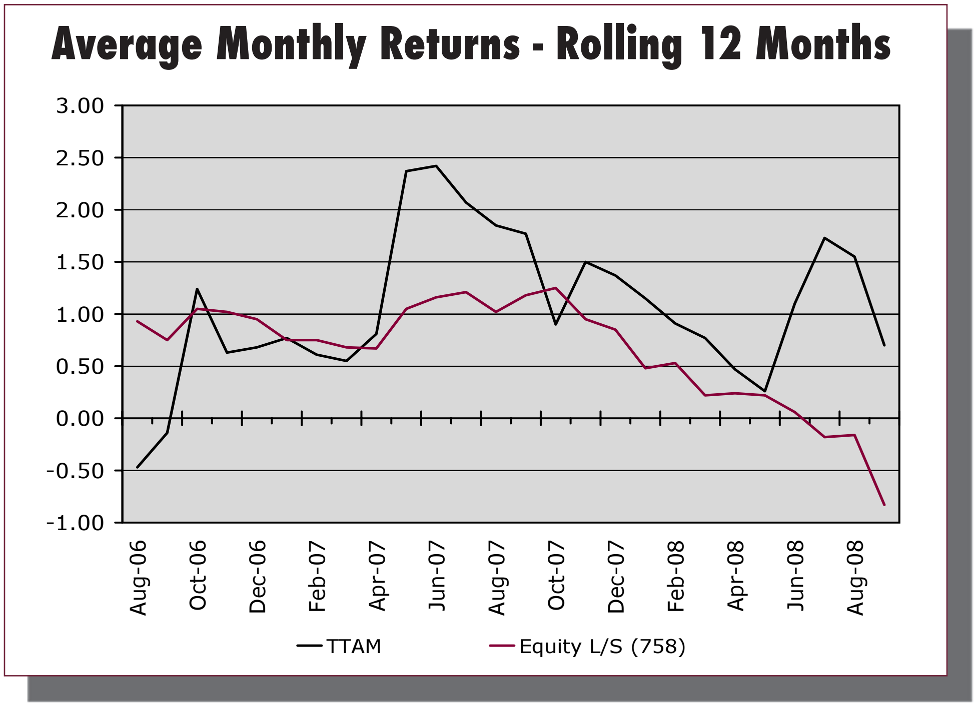

Figure 1.

TrimTabs' philosophy is that corporate insiders have the best insight on their companies' prospects. When they start buying shares en masse, it signals their belief that the market is wrong about how well their company is actually doing. Surges in share buybacks tend to coincide with market bottoms, so they can signal potential reversals.

Gann says that developing the TTAM funds has created a positive feedback loop for TrimTabs' investment research business.

"We feel the funds have improved the 'streetwise' quality of our research by giving us a better sense of the day to day challenges hedge fund managers face."

"We look at everything, but buybacks and high levels of insider buying are especially important during a market downturn as it would tend to signal when a turnaround is likely."

— Conrad Gann

Peer Group Comparison

In order to evaluate whether TTAM's trading philosophy has provided it with an edge over its peers, we compared the rolling 12-month average monthly returns for the TrimTabs Absolute Return Fund L.P. (A) with the averages generated by a group of 758 equity long/short hedge funds for the time period from September 2005 to September 2008. As we can see in Figure 1, TTAM's fund underperformed its peer group for the first six months. However, after what must have been a disappointing initial period, TTAM has been able to outperform its peer group in all periods but one, oftentimes by quite substantial margins.

Looking Ahead

TTAM plans to continue focusing on equities, eventually expanding into international markets. Though currently TTAM's funds are small, with just $3 million in assets under management, Biderman sees bigger things ahead.

"We can manage large amounts of cash," he says, "several billion dollars on a global basis, in US and global stocks." ◊

Continued from pg. 5

to run the fund with low gross and net exposures.

Watkins: Naked short selling has always seemed to us an unwelcome, aggressive, and even abusive market practice, and hence it would not be unwise to make the ban permanent in our view. Nevertheless we believe the "authorities" now realise that banning *covered* shorting did not prevent bank stocks from collapsing or financial institutions from failing – it has however succeeded in decreasing liquidity in financials stocks which may have indirectly exacerbated price declines. So the message has been taken on board that short selling has not been the major factor in explaining why insolvent or illiquid institutions failed. Hence we expect the "authorities" to respect the upcoming relaxations of the short selling rules which are scheduled for the next few months across most of Europe.

Q: At this juncture, it appears that very few non-US financial institutions have suffered the same fate as those in the US. In your view, how have non-US institutions avoided problems thus far? Which countries/economies appear to be most insulated from the problems in the US? To what extent are non-US institutions poised to capitalize on the situation in the US? Where are the most attractive non-US financial sector opportunities? (At the time this question was posed, damage in the financial sector was largely confined to US firms.)

Riddell: We fear that this question was posed shortly before Lehman's bankruptcy and the collapse of various European banks! In recent weeks Bradford & Bingley has failed, various European banks have been forced to seek support from their domestic governments/central banks, and we have even seen the collapse of a Japanese life insurer. So the actual answer to this question is that it was simply a question of timing. The Fed's decision to allow Lehman to fail will go down in history as the watershed moment that proves that term wholesale funding markets are now exposed to truly global forces. Before this, funding markets were stressed, but still open to high quality issuers.

We are bottom-up stock pickers who run a fundamentally driven fund, so we do not invest on a country-specific basis. The types of banking stocks that we are looking to own in this environment are well capitalized, heavily deposit-funded and with relatively benign asset-quality outlooks. We are entirely open-minded as to where such opportunities may arise. We believe that the process of globalization within banking will accelerate into the medium term. Clear evidence of this is Barclays' purchase of Lehman's US capital markets business and Santander's buyout of Sovereign. The FDIC has clearly stated that it expects many more of the 8,500 banks in the US to fail in the next 18 months. There are several non-US banks (Santander, BBVA, RBC, TD, HSBC, BNP, MUFG to name but a few) that are well positioned to benefit from this fallout.

Watkins: To a large degree the U.S. is merely ahead of the rest of the global financial system in the cycle. We see little scope for other countries with similarly under-saved and overindulged consumers to avoid a similar path. However the current global revulsion for any financial stock implies a risk of the baby being thrown out with the bath water. Hence we expect attractive opportunities to emerge to invest in healthy financial businesses at distressed valuations in those countries where consumers and the banking system did not throw caution to the wind. ◊

The organization of this roundtable was assisted by Jeffrey F. Kuchta, CFA, Managing Member of Second City Alternatives LLC.

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