

> TABLE OF CONTENTS

This Week
Featured Article
The Week in Review
Chart of The Week

Top 5
CTAs
Systems

Research & Analysis Home

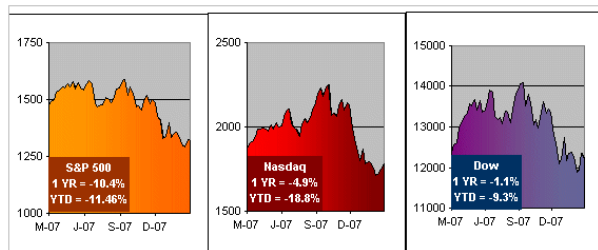
MANAGED FUTURES AS BEAR MARKET PROTECTION

March 31, 2008

We wrote about using managed futures as bear market protection last February in this newsletter, when the stock market was at new all time highs (and all time lows in volatility were pointing to a market "event"), and hope our readers paid heed to that advice, as a market event surely has unfurled and sent stock portfolios reeling lower.

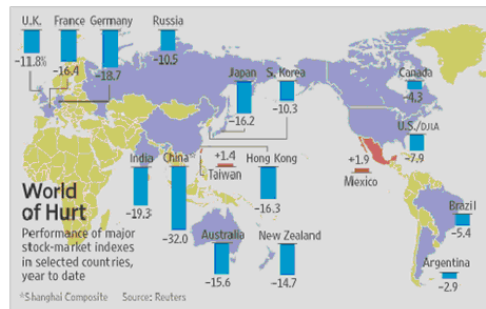
For those who didn't think to protect their stock portfolios at the highs, it's never too late to add some bear market protection to your portfolio. Most investors only pay attention to stock market alternatives when they can see and feel the pain of a bear market, unfortunately, and that painful time appears to be now.

While we may not technically be in bear market territory yet, there is no debate that stock investors are feeling the pain so far in 2008. As can be seen in the charts below, stocks have actually been heading lower since October of last year, as investors try and make it through this latest round of market turmoil brought about by the credit woes seen in the news daily.



*Source - Attain Capital Management

And it isn't just US stocks suffering from the US housing market issues. Stocks around the world are getting hit, with non-US markets actually feeling the pain even more than their US counterparts. You can see in the chart below that 15 out of the 17 major global markets are down so far this year, and that 10 of those are down double digits. If ever there was a time to think about diversifying your portfolio and adding some bear market protection, this would appear to be it.



Be Prepared for times of Market Stress:

The wise investor needs to be prepared no matter what happens in the future – good times or bad, and therefore must have a plan for protecting her portfolio during a bear market or sudden crisis such as a 9/11 type terrorist attack on US soil.

History shows us that managed futures is the place to be during bear markets and crises situations. Futures based investments are often viewed as a way to generate oversized returns due to the leverage built into futures contracts and potential for large moves, but it is their low correlation with traditional markets which causes managed futures investments to be volatility reducers and portfolio diversifiers during the bad times.

But what does low correlation really mean to an individual investor. Saying non correlated investments are better than highly correlated ones is fine, but how does it play out in real hard earned money. To tackle this question, we set out to show what low correlation looks like in your portfolio.

We first show how the asset class managed futures reacts to different stress periods, then show the average return of managed futures during both boom and bust times in the stock market, and finally show the size of the average losing month for a portfolio of stocks alone versus a portfolio containing managed futures.

To measure managed futures returns, we chose the Credit Suisse First Boston/Tremont Advisors Managed Futures Index, which is comprised of over 50 funds run by professional Commodity Trading Advisors controlling Billions of dollars in assets. The CSFB/Tremont index is a calculated index which is asset weighted, meaning larger CTAs have a larger impact on the index performance. Like any index, care must be given in relying on the data given because of inherent problems such as self reporting and survivorship bias.

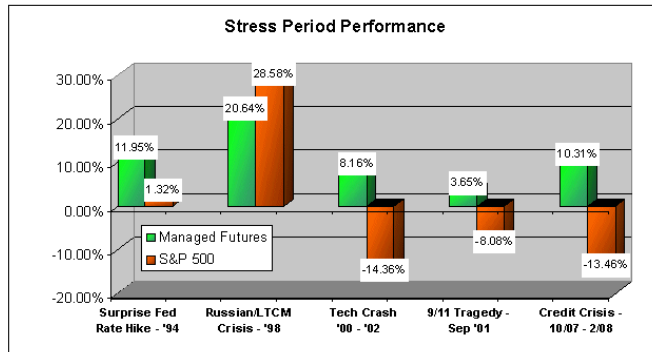
Because the old saying, "the only thing which rises in a market crash is correlation", seems to bear fruit more often than not, it is helpful to examine any supposedly lowly correlated investment during periods of market stress. To accomplish this, we compared the performance of the CSFB/Tremont managed futures index versus that of the S&P 500 during the following five market crisis periods. You'll notice the last one is the current crisis we're in, the credit crisis.

- 1994 - the surprise Fed rate hike in February 1994 sent stocks reeling, and caused the S&L crisis, Orange County bankruptcy, and Mexican Peso devaluation
- 1998 - This year saw post-Communist Russia default on its debt, causing widening credit spreads across the globe. The widening spreads caused severe losses for several hedge funds, including Long Term Capital Management, which was eventually bailed out by a consortium of banks fearing a LTCM default would result in a severe shock to financial markets.
- 2000, 2001, 2002 - The much ballyhooed Internet bubble burst - tech crash, which began in March of 2000, and depending on who you speak to either ended in 2002 or remains unfinished.
- September 2001 - The 9/11 tragedy saw US markets closed several days, with major liquidity and backup fears realized instantly, sending global markets to fresh lows once markets reopened.
- Credit Crunch, Liquidity Crisis – The current market crisis brought on by a dip in housing prices and collapse in the sub

prime mortgage market, has seen hedge fund failures, bank collapses, unprecedented action by the US Fed, and a global stock sell off.

The stress period analysis starts to show a clearer picture of what low correlation actually looks like. The lowly correlated managed futures index performed very well during periods of overall market stress, showing positive performance in all five incidences, and averaging over 11% higher performance than the S&P 500 stock index across those periods.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS



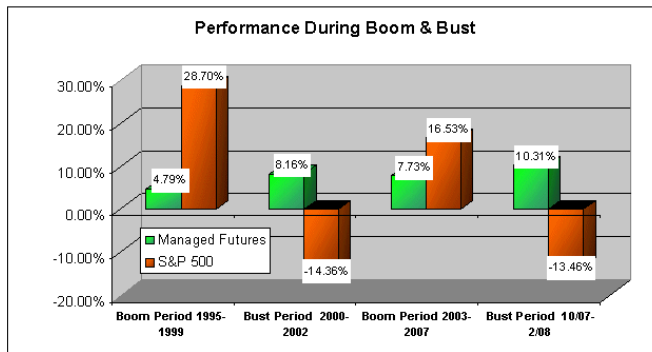
The reason for this is that the drivers of managed futures returns are not the same drivers as those for the stock markets. In fact, they are often opposite, as increases in commodity prices, for example, can have a negative impact on corporate growth and therefore stock prices while adding to the returns of a trend following managed futures program.

But what about the good times.....

Ok, so managed futures do well when the market is tanking, but what about when the market is running higher? A legit worry for any defensive investment is how it reacts during the good times. If the money you make in the bad times is offset by larger or more frequent negatives when the stock market is in rally mode, then the defensive investment serves little purpose. To test this, we looked at the average annual return of the CSFB/Tremont managed futures index and S&P 500 over the boom periods of 1995 to 1999 and 2003 - 2007 and compared those results to the same indices returns over the bust periods lasting from 2000 to 2002, and Oct. 2007 to Feb 2008.

The table below shows that while an underperformer during the boom period, managed futures still exhibited a positive average annual return. The bust period, in contrast, shows just how powerful diversification into managed futures can be, with the managed futures index averaging **positive 9.2%** per year versus a **negative** average annual return of **-13.91%** for the stock market as measured by the S&P 500. This again shows that low correlation can mean positive performance while your main investments are underperforming.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS



The last analysis we did was to test a hypothetical portfolio with a 20% allocation to the managed futures index and a 80% allocation to the S&P 500. We often read and hear how beneficial allocating a portion of your assets to a managed futures investment is because of its low correlation, but are rarely shown how this low correlation protects our portfolio.

Smoothing the portfolio

The table below compares different statistics over the period 1994 through the end of February, 2008, one with a 100% allocation to the S&P 500, and a second with an 80% allocation to the S&P 500 index and a 20% allocation to the CSFB/Tremont Managed Futures Index.

The tests show that the portfolio containing the managed futures allocation improves the portfolio across nearly every statistic. The portfolio containing a managed futures allocation has a marginally lower average annual return, (10.2% vs 9.7%), but there is less volatility with a lower standard deviation (11.2 vs 14.0), and a lower Drawdown (53.0% vs 64.3%). The most telling statistic, and one which should lend credence to the view of managed futures as bear market/crisis protection is the reduction of the average losing month from -3.51% in the portfolio of stocks alone to just -2.56% in the portfolio of stocks and managed futures.

On an annualized basis, this represents 11.40% in bear market protection. This number finally gives us a feeling of what the real benefit of low correlation is. In this case, the benefit is about a 11% higher annual return during a bear market, or the difference between being down 10% for the year during a bad year for stocks or being about even...that sounds good to me....

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Portfolio 1	Portfolio 2
Portfolio Allocations	Stocks Alone	Including Managed Futures
CSFB/Tremont Mgd Futures Index	0%	20%
S&P 500 Index	100%	80%
Sum of Allocations	100%	100%
Statistics (Jan. '04 - Feb '08)		
Average Annualized ROR	10.24%	9.72%

Annualized Standard Deviation	14.05%	11.22%
Sharpe Ratio	0.59	0.69
Average Losing Month	-3.51%	-2.56%
Max DD%	-64.30%	-53.00%

Of course, the benefit of managed futures on your portfolio will vary depending on what allocation you decide to give it. The table above shows a 20% allocation to managed futures, and actual allocations run between 0% and 50% of investor's overall assets. It is also important to note that the statistics and graphs above are mere examples using broad based indices, which are difficult and expensive to replicate.

The numbers within the managed futures index do come from actual advisors trading actual customers money, however, making the benefits a reality. If looking to managed futures for some of the volatility reducing characteristics outlined above, it is important to find a managed futures investment which exhibits similar characteristics to the managed futures index, and of course, a low correlation to the overall stock market.

Many investors look to a managed futures investment to provide bear market protection without testing the strategy to see if it provides the needed benefit. As a general rule of thumb, the more markets a managed futures program trades, the more like the managed futures index it will be, and the more benefit gained. Those programs or managers specializing in one market or sector - such as an S&P day trading system or CTA specializing in currencies only - may have good looking performance but lack the low correlation and bear market protection characteristics of a more commodities based program which trades multiple markets.

So don't just focus on the possible oversized returns of managed futures and potential high risks that come with those; managed futures offer unique characteristics which can reduce the volatility in your portfolio and add real benefits in times of a market crisis or extended bear market.

How can you get involved in a managed futures program? Attain works with several professional Commodity Trading Advisors (CTAs) who run managed futures programs, and can match your capital and risk/reward preferences with the right advisor.

<!--[!supportLists]--> <!--[endif]--> Jeff Malec, Chartered Alternative Investment Analyst (www.caia.org)

**Managed Futures Index data courtesy of Credit Suisse First Boston/Tremont Index LLC. S&P 500 data courtesy of Barra/S&P. All rights reserved.

The above discussion is for informational purposes only. It does not represent trading in actual accounts. Many factors, including the ability to meet margin calls, withstand program losses, and more, could negatively affect the performance of the outlined methods and cause losses more than the principal amount. All futures trading contains the risk of substantial losses.

IMPORTANT RISK DISCLOSURE
Futures based investments are often complex and can carry the risk of substantial losses. They are intended for sophisticated investors and are not suitable for everyone. The ability to withstand losses and to adhere to a particular trading program in spite of trading losses are material points which can adversely affect investor returns.

[Feature](#) | [Week In Review](#) | [Chart of the Week](#) | [Top 5 CTAs](#) | [Top 5 Systems](#) |

Chart of the Week

[Feature](#) | [Week In Review](#) | [Chart of the Week](#) | [Top 5 CTAs](#) | [Top 5 Systems](#) |

The Week in Review: Commodity Prices bounce back from record sell off

Overview

Commodities bounced back in a big way last week as energies, metals, and grains all staged comebacks after selling off in previous weeks. Natural Gas led the charge in the energy markets gaining +7.22% as temperatures remain cold throughout the US during the first week of spring. Crude Oil futures finished up +3.71% and Heating Oil futures were up +2.79%. Look for prices to remain high at the pump as well with RBOB Gasoline futures gaining +3.87%.

Metals also rallied higher last week as investors continue to look favorably upon precious metals. Platinum futures had the biggest gains finishing +8.79% higher followed by Copper futures at +7.22%, Silver futures at +6.47%, Palladium futures at 1.98% and Gold futures which finished the week up +1.28%.

Elsewhere in commodity trading, grain prices surged on Friday after reports showed that farmers are getting a late start on the planting season due to heavy moisture. Corn futures skyrocketed higher on the news gaining +10.44%, Soybean futures at +4.99% and Wheat futures at +0.96% also saw gains. In the meats Lean Hog futures lost -2.36% and Live Cattle futures lost -3.41%.

Stock futures had a choppy week of trading with SP futures -0.44% and Dow futures -0.75% finishing in the red while NASDAQ futures +1.71%, Russell 2000 futures +1.29%, and SP Midcap futures +1.36% all posted gains. Treasury futures were down slightly with 10 year note futures losing -0.94% and 30 year bond futures losing -2.00%. In currency trading the US dollar continues to get beat up with Dollar Index futures losing -1.54% last week. Eurocurrency futures +2.23% and Swiss Franc futures +1.24% both traded higher against the Dollar while Japanese Yen futures fell -0.85%.

CTAs

Today marks the end of the 1st quarter, and if you're curious how various CTAs performed during a dismal quarter for stocks, we have estimates a day early for you below. Then tomorrow, we will start to get performance estimates for our recommended CTA programs up on our website through the rest of the week here: http://www.attaincapital.com/cta_performance.

Looking at just last week, the star performance goes to Rosetta Capital - which bounced back more than 9% from the week prior where they had been down almost 7% for the month. We estimate Rosetta to be ahead approximately 1.5% for March though Friday's close. Within the same category of trading (agriculture) NDX Abednego and NDX Shadrach also are shaping up to end positive for the month with returns of +0.5% and +0.25% respectively. Chicago Capital was down -0.25% though Friday.

Among stock index option CTAs, March was much more manageable than some of the prior months with the majority of managers posting gains for the month. Here are a few estimates: Ascendant Asset Strategic1 +7.2%, Crescent Bay PSI +5.6%, Crescent Bay BVP +5%, Diamond Capital +1.59%, Cervino Diversified 2x +1.18%, Zenith Diversified +0.94%, Ace SIPC +0.92%, Zenith Index +0.71%, Cervino Diversified +0.29%, Zephyr Aggressive -1.22%, and Zephyr Moderate -1.61%.

One sector that was hit hard in March was long term trend followers, who were due for a reversion to the mean, and got one as some of the profits from long commodity positions quickly evaporated about mid-month as commodity prices plunged from record highs. Here are a few estimates that will give us an idea of what to expect: Vision Capital -15.62% after gains of +44.16% in Feb, Core Global -7% vs. after +21.99% in Feb, and Hoffman Asset -4.76% vs. +12.1% in Feb.

Rounding out the CTA "sectors", multi-strategy program Attain Portfolio Advisors Strategic Diversification Program was ahead by +3.67% in March as its shorter time frame and exposure to counter-trend models allowed it to actually benefit from the commodity sell off, just weeks after capitalizing on the commodity run up. Attain Portfolio Advisor's Modified program was ahead +5.4% using similar methods.

Check back to the CTA section of the website frequently over the next few days to get the latest estimates -

*****Day & Swing*****

Last week favored the day trading programs with the "flagship" programs pulling their weight. Compass SP-which boasts the longest real-time track record at Attain- profited +\$2,134.62 on two trades. BounceMOC eRL and eMD had winning trades of +\$1,158.69 and +\$770 respectively from long trades on Monday. Waugh eRL traded four times last week for profits of +\$412. BetaCon 4/1 ESX gained +\$238.63 on one trade from Friday. Finally, Rayo Plus Dax lost -\$2,203.24 on one trade from Thursday.

Moving on to the swing trading programs, Bounce eMD was the top performer with profits of +\$1,650 on a trade that it entered on Monday. Ultramini ES had one trade for a gain of +\$620. Bounce eRL was even for the week after holding a long trade from Monday to Friday. The Tzar suite of systems had mixed results with the ES + \$290, NQ -\$600 and eRL -\$870. Ultramini YM lost -\$570 on two trades for the week.

*****Long Term*****

Soft commodity, metal, and interest rate futures saw yet another week of high volatility, as early week gains in most grains and metals gave way to a sharp sell-off, although some week on week gains were seen. Speculation the U.S. Dollar could be nearing near-term lows and ideas current recessionary signs are getting finding strength world wide sparked another round of liquidation.

Lower price action in rate futures was spawned mostly on ideas that recent gains may have been a little exaggerated after the FOMC cut Fed Funds 75 basis points at their monthly meeting the previous week. Aberration is currently long TY with a current gain of \$11,558.50 (open trade), and Long the Euro Bund losing -2160.00EU (open trade). Both Aberration and Relativity are Short the U.S. Dollar Index making \$1,778.00 (open trade) and making +\$375.00 (open trade).

As was the case the previous week, food/grain sectors were under assault again as soybeans and wheat led the way with sharp drops on positions squaring ahead of the USDA planting intentions report along with ideas that world wide demand might slow due to recessionary concerns. Corn found support on ideas the upcoming USDA planting intentions report would show a big acreage reduction due to higher input costs relative to soybeans and spring wheat. Supply pressure remained a constant in the livestock sector as both Lean Hogs and Live Cattle price action led to another week of lower packer bids in the cash sector. Relativity is currently short Hogs making \$2,330.00 (open trade).

IMPORTANT RISK DISCLOSURE

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[Feature](#) | [Week In Review](#) | [Chart of the Week](#) | [Top 5 CTAs](#) | [Top 5 Systems](#) |

Top 5 CTAs (Past 12 Months)

Past Performance is Not Necessarily Indicative of Future Results.

Rank	Program Name	12 month Return	12 month Drawdown	Min Investment (k)
1	Clarke Capital Management, Inc. Orion	78.75%	1.68%	\$200
2	Clarke Capital Management, Inc. Worldwide	73.10%	3.57%	\$250
3	Attain Portfolio Advisors - Modified Program	89.42%	9.89%	\$250
4	Clarke Capital Management, Inc. Global Basic	60.56%	12.34%	\$50
5	NDX Capital Management Methuselah	45.55%	6.13%	\$40

Figures listed are as of 3/31/2008.

IMPORTANT RISK DISCLOSURE

The rankings above are the top ranked CTAs offered at Attain over the past 12 months using a risk adjusted ratio which equals the period return divided by the period DD.

Investments in CTAs can be subject to substantial charges for management and advisory fees. The % returns in the CTA table above include all such fees, but it may be necessary for those accounts that are subject to these charges to make substantial trading profits in the future to avoid depletion or exhaustion of their assets.

The regulations of the Commodity Futures Trading Commission (CFTC) require that prospective clients of a CTA receive a disclosure document when they are solicited to enter into an agreement whereby the CTA will direct or guide the client's commodity interest trading and that certain risk factors be highlighted. The disclosure document contains a complete description of the principal risk factors and each fee to be charged to your account by the Commodity Trading Advisor (CTA). This document is readily accessible at this site using the Disclosure Document link at the Attain website.

[Feature](#) | [Week In Review](#) | [Chart of the Week](#) | [Top 5 CTAs](#) | [Top 5 Systems](#) |

Top 5 Systems (Past 90 Days)

Hypothetical Model Accounts using Computer Generated Fills.

Rank	System Name	90 Day Return	Return in Dollars	90 Day Drawdown	DD in Dollars	Min Investment (k)
1	Signum EBL	14.97%	\$5,988.57	6.27%	\$2,507.08	\$40
2	AG Mechwarrior ES	32.34%	\$4,850.50	21.40%	\$3,210.00	\$15
3	Signum TY	39.47%	\$11,841.43	26.84%	\$8,052.32	\$30
4	Waugh ERL	45.51%	\$4,550.53	41.23%	\$4,122.88	\$10
5	Compass SP	30.63%	\$9,188.82	28.59%	\$8,576.63	\$30

Figures listed are as of 3/31/2008.

IMPORTANT RISK DISCLOSURE

The rankings above are the top ranked Trading Systems offered at Attain over the past 90 days using a risk adjusted ratio which equals the period return divided by the period DD.

The % returns in the trading system table above are hypothetical in that they represent returns in a model account. The model account rises or falls by the exact single contract profit and loss achieved by clients trading actual money pursuant to the listed system's trading signals on the appropriate dates, or if no actual client profit or loss available - by the hypothetical single contract profit and loss of trades generated by the system's trading signals over the test period. The hypothetical model account begins with the initial capital level listed, and is reset to that amount each month. The % returns reflect inclusion of commissions, fees, and the cost of the system. Commission and fee cost = # of monthly trades * \$50.00 (\$30 for eminis). The monthly cost of the system is subtracted from the net profit/loss prior to calculating the % return. For systems with one time purchase costs, the monthly cost is calculated by dividing the purchase cost by the number of months in the reporting period.

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED

BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN; IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK OF ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL WHICH CAN ADVERSELY AFFECT TRADING RESULTS.

THESE PERFORMANCE TABLES AND RESULTS ARE HYPOTHETICAL IN NATURE AND DO NOT REPRESENT TRADING IN ACTUAL ACCOUNTS.

[Feature](#) | [Week In Review](#) | [Chart of the Week](#) | [Top 5 CTAs](#) | [Top 5 Systems](#) |

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