



DITMo® RELATIVE VALUE/EQUITY HEDGE STRATEGY

"DEEP-IN-THE-MONEY" BUY/WRITES

(SHORT EXPIRATION COVERED CALLS)

For the Period Ending December 31, 2008

DITMo® ...

...is a diversified portfolio of "Deep-In-The-Money Short-Expiration Buy/Writes" providing an aggressive income.

...seeks to uncover the temporary mispricing of volatility reflected in the option relative to the underlying security's stability within the holding period to option exercise.

...is a Relative Value approach Equity Hedge strategy that uses elements of fundamental and quantitative analysis only as it relates to the underlying stability of an equity within bounds of the protection offered (the option strike price) within a short holding period at the targeted return.

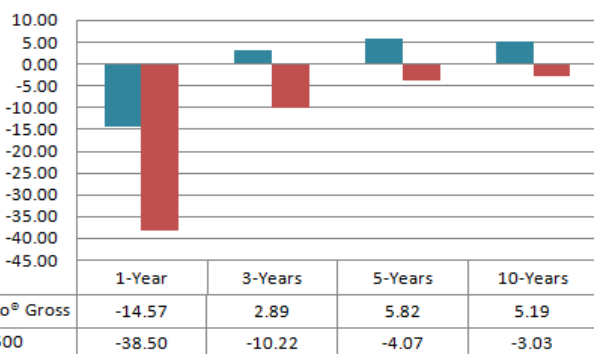
...differs from most buy/write and most all other long/short and other directional strategies in that neither good long (expected high growth) nor good short equities (expected missed earnings) are favored – instead, the strategy is focused on equities that are believed to be STABLE over the short holding period with high probability of option exercise.

...does not participate in upside appreciation of the underlying stock – therefore, the strategy does not screen for growth (nor shorts) – rather stability.

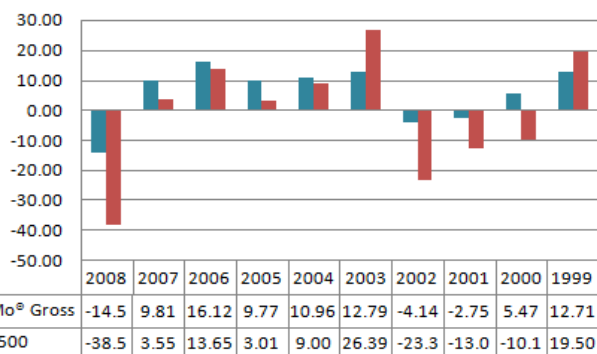
...**DOES NOT HAVE UPSIDE RISK** unlike a Convertible Arbitrage strategy with short call overlay because positions are not fully hedged at inception (overwrites); and **DITMo® DOES NOT USE Dynamic Delta Hedging**.

...focuses on "THE TRADE" in a Buy/Hold to option exercise approach.

Annualized Performance



Calendar Year Performance



	Current 91-Day T-Bill	10-Year
	1-Month	Avg.
Riskless rate of interest (%)	0.27	3.27
Sortino MAR/Omega threshold (%)	0.27	
Number of months	120	

1- Performance

	DITMo® Gross	DITMo® Net	S&P 500	Lehman Agg
YTD	-14.57	-15.88	-33.90	1.12
1-Year	-14.57	-15.88	-38.50	1.12
3-Years	2.89	1.35	-10.22	0.71
5-Years	5.82	4.25	-4.07	-0.35
10-Years	5.19	3.63	-3.03	-0.16
Since Inception	5.19	3.63	-3.03	-0.16
Calendar Month	1.15	1.02	0.78	3.03
2008	-14.57	-15.88	-38.50	1.12
2007	9.81	8.19	3.55	1.54
2006	16.12	14.41	13.65	-0.52
2005	9.77	8.17	3.01	-2.92
2004	10.96	9.34	9.00	-0.89
2003	12.79	11.14	26.39	-1.19
2002	-4.14	-5.57	-23.37	3.89
2001	-2.75	-4.20	-13.03	2.32
2000	5.47	3.90	-10.13	4.27
1999	12.71	11.06	19.50	-8.58
Monthly Average Return	0.45	0.32	-0.06	-0.01
Average Gain	1.03	0.94	2.94	0.86
Average Loss	-2.24	-2.09	-3.84	-1.01
VAMI (120 Months)	1694.53	1455.91	822.35	980.95

2- Risk Analysis

VaR - 95% Confidence	2.43
99% Confidence	2.90
Standard Deviation (annualized)	5.33
Downside Deviation (annualized)	9.78
Sortino Ratio	0.20
Skewness	-2.82
Kurtosis	9.67
Maximum drawdown	-17.34

3- Risk/Return Ratios

Calmar Ratio (3yr)	0.17
Sterling	2.45
Sharpe Ratio	0.36

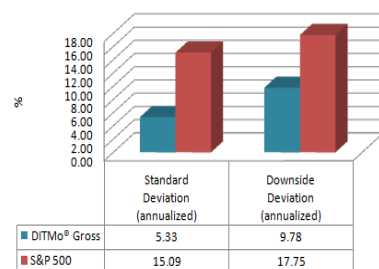
4- Benchmark Analysis

Correlation	82.13
R2	67.45
Standard Error of the Estimate	0.87

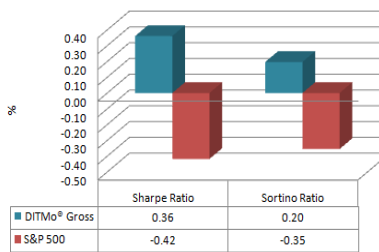
5- Benchmark Ratios

Up Capture of S&P 500	39.69
Down Capture of S&P 500	14.99
Tracking Error	3.31
Information Ratio	1.11
Number Positive Months	98
Number Negative Months	22
Gain to Loss Ratio	4.45
Active Premium	8.22
Treynor	0.07
Other Measures	
Jensen's alpha	3.68
Beta	0.28
M2	8.71

Risk Statistics - Standard and Downside Deviation



Risk Measures - Sharpe and Sortino Ratio



Note: All DITMo® performance above is based on simulated returns and all risk statistics are reported gross. Please see accompanying disclosures relating to performance. Past performance is not indicative of future results. For Additional information, please contact Gerard de Marigny, Managing Director—DITMo® Equity Hedge Strategy, at (702)303-3396.

DITMo® Category

... is properly categorized as a “**RELATIVE VALUE**” (see “Hedge Fund Definitions” section) strategy as are arbitrage and market neutral strategies.

DITMo® Approach and Objective

... uses short-dated deep-in-the-money covered calls in an “Equity Hedge” approach with an **aggressive income objective**.

DITMo® Sub-Classifications

... is further classified as a short volatility, long convergence, non-directional strategy.

DITMo® Manager Style Type

... is classified under “**Cash Management**” strategies in that it is used as a “**Cash Redemption Vehicle**” due to its zero target leverage (at monthly option expiration), high turnover, and short holding period (average expiration).

DITMo® Portfolio Allocation Use

... as a Relative Value strategy is considered a “risk reducer” due to its low market sensitivity (Beta) though deep-in-the-money buy/writes exhibits a long/short portfolio characteristics.

... is neither dollar nor market neutral, however, the use of derivatives desensitizes the portfolio to market movements targeting less than one-third the market risk (Beta) and the portfolio exhibits characteristics of market neutral strategies within modest up and down market movements.

... may be used as an active equity structured product, as a cash redemption vehicle, and as a risk diversifier to allocate against long volatility, short convergence, and directional strategies.

FACTS

Probability of option exercise increases with lower strike prices of the short call representing a thicker cushion of downside protection.

The higher the volatility of the underlying equity, the deeper the write increasing downside protection.

Many factors temporarily shock the volatility of an underlying equity which create an opportunity to sell a deep-in-the-money call to provide option premium and a greater cushion of downside protection to increase the probability of exercise.

“DITMo began as a cash redemption vehicle for the investment of excess cash funds to complement a comprehensive “Cash Management Investment Policy.”

DITMo® Typical Client Uses

CFOs, Treasurers, Corporate Cash Managers ...use DITMo® as an investment strategy for investment of excess cash reserves relative to a Cash Management IPS within Zero-balance separately managed accounts.

Typically, Treasurers/Cash Managers with an objective to provide a higher yield income portfolio considered only fixed assets (or FI Derivatives) to “reach for yield” that required a tradeoff of increased duration, default, and spread risks. DITMo® is an alternative to higher yielding fixed asset portfolios that uses equities and derivatives to proxy an aggressive income cash flow without duration, default, or spread risks.

Pensions, Endowments & Foundations: ...use DITMo® to meet the needs of those executing *Liability Side Investment Policies* to fund Pension liabilities / Endowment & Foundation (Charities) spending budgets.

Fund of Funds: ...use DITMo® as a stand alone strategy or as a **CASH REDEMPTION VEHICLE**.

DITMo® Value-Added Proposition

The strategy hinges on the belief that volatility is sometimes mispriced relative to the underlying long-position equity. DITMo® identifies “trades” on a bottom-up approach subject to a tactical sector allocation that fits into what is believed to be the “sweet spot” (similar to the 130/30) for deep-in-the-money buy/writes. The portfolio proposes to provide a “DEEPER WRITE” (almost double) than a similar “INDEX WRITE” providing the same return.

DITMo® Methodology for Targeted 10% After Fee Return

The portfolio targets a 13% buy/write return with a 2-4 month holding period (avg. expiration) and attempts to provide a 1.4 sigma downside protection vs. an index buy/write of what is expected to be only .7 sigma protection. It is further expected that there will be about 1% of the trades that fail to be called-away over the holding period that suffer a projected 12.5% loss totaling a 1.5% drawdown per year; less a 1.5% mgt. fee equates to a 10% after fee target return.

Methodology: Based on an iterative Black Scholes process to determine the hypothetical strike price at the target return, then, an exercise probability is calculated using market price. Using a combination of targeted time value, delta/exercise probability, and related market return of Buy/Writes of the SP500 at the target return, a pro forma return simulation is calculated.

THIS INVESTMENT SUMMARY IS NOT AN OFFERING OF SECURITIES FOR SALE IN ANY JURISDICTION. THIS PRESENTATION IS NOT INTENDED FOR DISTRIBUTION AND IS TO BE USED IN ONE-ON-ONE PRESENTATIONS TO QUALIFIED CLIENTS ONLY. ONE-ON-ONE PRESENTATIONS MAY BE MADE TO MORE THAN ONE INDIVIDUAL AT A TIME AS LONG AS THEY ARE PRIVATE AND CONFIDENTIAL IN NATURE AND ARE MADE IN A SETTING THAT PROVIDES THE PROSPECTIVE INVESTORS WITH AN OPPORTUNITY TO DISCUSS WITH THE ADVISER THE TYPE OF FEES THAT MIGHT BE PAID. ANY INDICATION OF INTEREST FROM PROSPECTIVE INVESTORS IN RESPONSE TO THIS INVESTMENT SUMMARY INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND.

AN INVESTMENT UTILIZING THE DITMo CASH MANAGEMENT STRATEGY (THE “STRATEGY”) IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THE STRATEGY EMPLOYS CERTAIN TRADING TECHNIQUES SUCH AS SHORT-SELLING AND THE USE OF LEVERAGE THAT MAY INCREASE THE RISK OF INVESTMENT LOSS. ALL OF THESE RISKS AND OTHER IMPORTANT RISKS, ARE DESCRIBED IN DETAIL IN THE INFORMATION INCLUDED WITH OPENING A SEPARATELY MANAGED ACCOUNT UTILIZING THE STRATEGY. PROSPECTIVE INVESTORS ARE STRONGLY URGED TO REVIEW THE STRATEGY’S DETAILED INFORMATION CAREFULLY AND CONSULT WITH THEIR OWN FINANCIAL, LEGAL AND TAX ADVISORS, BEFORE INVESTING.

THERE CAN BE NO ASSURANCES THAT THE FUNDS MANAGED UTILIZING THE STRATEGY WILL HAVE A RETURN ON INVESTED CAPITAL SIMILAR TO THE RETURNS OF OTHER ACCOUNTS MANAGED BY THE INVESTMENT ADVISORS’ PORTFOLIO MANAGER BECAUSE, AMONG OTHER REASONS, THERE MAY BE DIFFERENCES IN INVESTMENT POLICIES, ECONOMIC CONDITIONS, REGULATORY CLIMATE, PORTFOLIO SIZE, LEVERAGE AND EXPENSES. THE FACT THAT OTHER ACCOUNTS MANAGED BY THE INVESTMENT ADVISORS’ PORTFOLIO MANAGER HAVE REALIZED GAINS IN THE PAST IS NOT AN INDICATION THAT THE FUNDS MANAGED BY THE INVESTMENT ADVISOR WILL REALIZE ANY GAINS IN THE FUTURE. PRIOR PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

COMPARISONS TO THE S&P 500 INDEX SHOULD NOT BE VIEWED AS A REPRESENTATION THAT A PORTFOLIO UTILIZING THE STRATEGY IS COMPARABLE TO THE SECURITIES THAT COMPRISE SUCH INDICES.

CERTAIN INFORMATION CONTAINED HEREIN HAS BEEN SUPPLIED TO THE FIRM FROM OUTSIDE SOURCES. WHILE THE FIRM BELIEVES SUCH SOURCES ARE RELIABLE, IT CANNOT GUARANTEE THE ACCURACY OF ANY SUCH INFORMATION.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR INVESTMENT IN A SEPARATELY MANAGED ACCOUNT UTILIZING THE STRATEGY.