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Hennessee Group Economic Overview:

April 6, 2009

500 Fifth Avenue, 47th Floor New York, NY

[Confidential and Proprietary]

HENNESSEE GROUP LLC
HEDGE FUND ADVISORY

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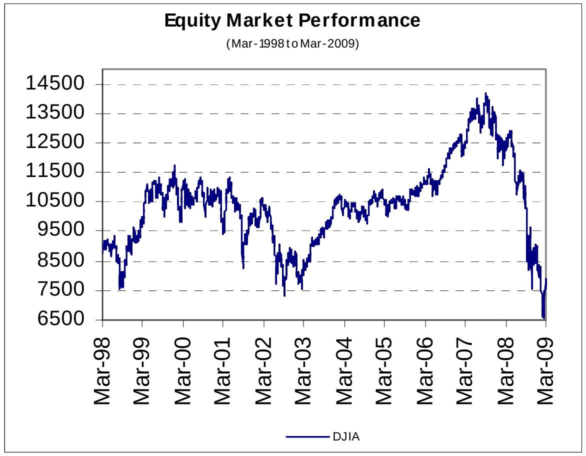
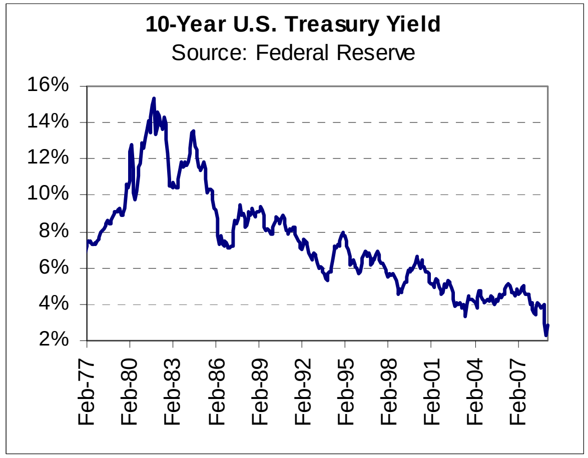
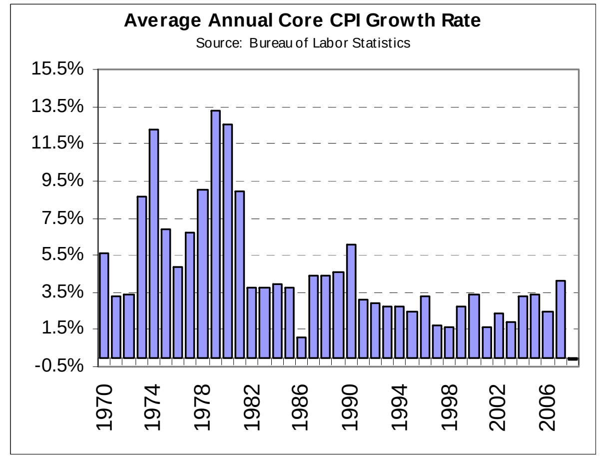
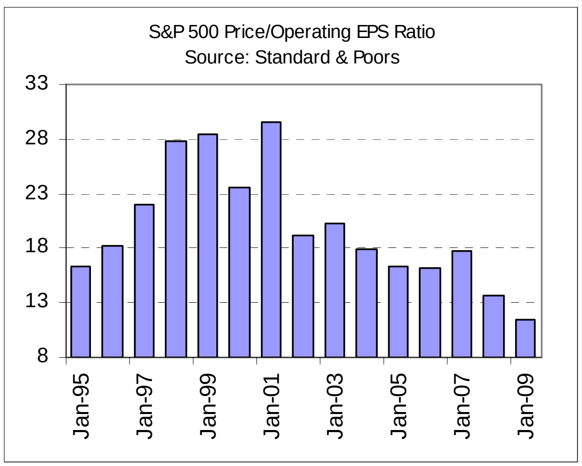
I. ECONOMIC REVIEW

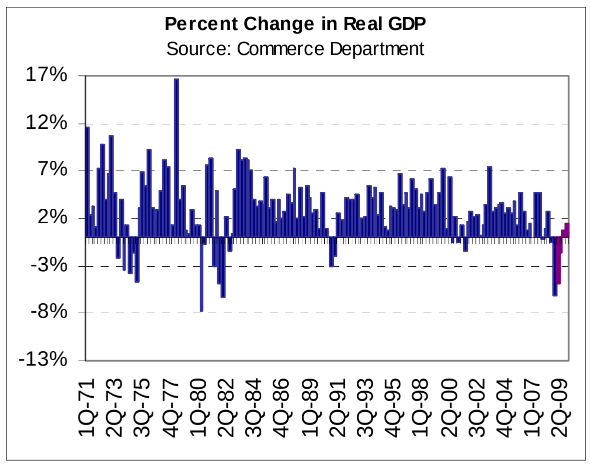
OVERVIEW

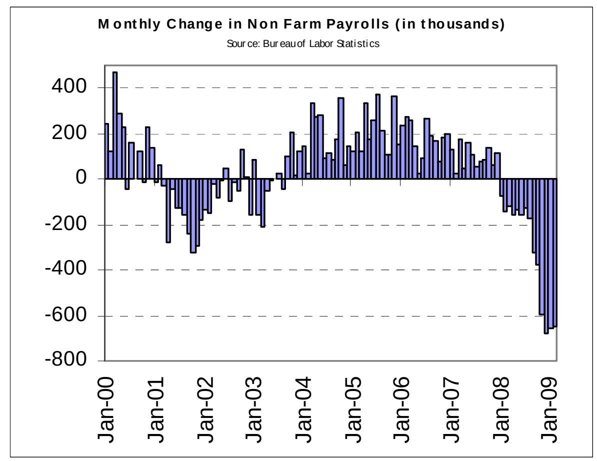

Equity Market Performance
(Mar-1998 to Mar-2009)
14500
13500
12500
11500
10500
9500
8500
7500
6500
Mar-98
Mar-99
Mar-00
Mar-01
Mar-02
Mar-03
Mar-04
Mar-05
Mar-06
Mar-07
Mar-08
Mar-09
DJIA


10-Year U.S. Treasury Yield
Source: Federal Reserve
16%
14%
12%
10%
8%
6%
4%
2%
Feb-77
Feb-80
Feb-83
Feb-86
Feb-89
Feb-92
Feb-95
Feb-98
Feb-01
Feb-04
Feb-07


Average Annual Core CPI Growth Rate
Source: Bureau of Labor Statistics
15.5%
13.5%
11.5%
9.5%
7.5%
5.5%
3.5%
1.5%
-0.5%
1970
1974
1978
1982
1986
1990
1994
1998
2002
2006


S&P 500 Price/Operating EPS Ratio
Source: Standard & Poors
33
28
23
18
13
8
Jan-95
Jan-97
Jan-99
Jan-01
Jan-03
Jan-05
Jan-07
Jan-09


Percent Change in Real GDP
Source: Commerce Department
17%
12%
7%
2%
-3%
-8%
-13%
1Q-71
2Q-73
3Q-75
4Q-77
1Q-80
2Q-82
3Q-84
4Q-86
1Q-89
2Q-91
3Q-93
4Q-95
1Q-98
2Q-00
3Q-02
4Q-04
1Q-07
2Q-09


Monthly Change in Non Farm Payrolls (in thousands)
Source: Bureau of Labor Statistics
400
200
0
-200
-400
-600
-800
Jan-00
Jan-01
Jan-02
Jan-03
Jan-04
Jan-05
Jan-06
Jan-07
Jan-08
Jan-09

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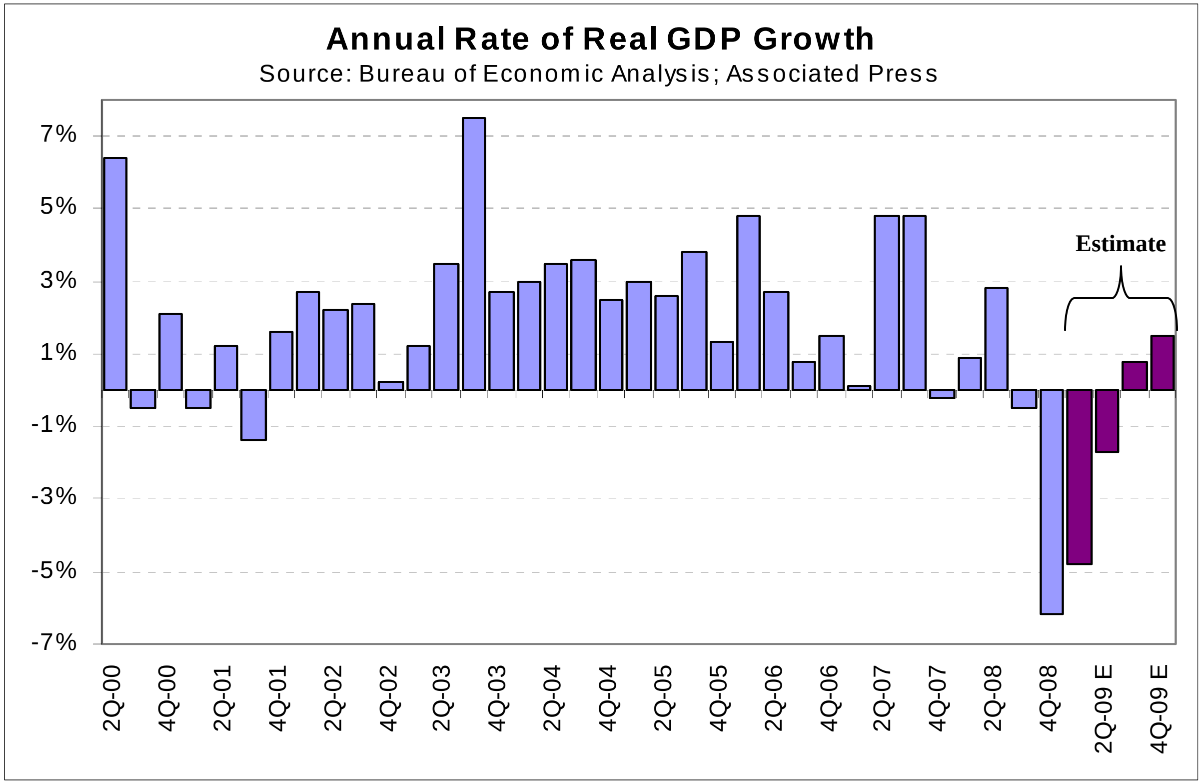
U.S. GDP GROWTH

- The consumer showed considerable weakness in the second half of last year which led to a sharp decline in GDP growth during the fourth quarter of 2008 (-6.3%). For the year, the economy expanded +1.1%, the worst result since 2001.
- Economists expect the economy to contract by -1.9% in 2009, which would be the weakest showing since a -1.9% drop in 1982 as well as the first time the economy registered a contraction for a full year since 1991.



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U.S. GDP GROWTH

- The U.S. economy held up fairly well in the first half of 2008 due in large part to exports and fiscal stimulus. However, as the global recession deepened, consumer spending deteriorated and exports declined, dragging down GDP growth with them.
- GDP declined -0.5% in the third quarter and -6.3% in the fourth quarter. **The fourth quarter decline was the worst slowdown in economic growth since a -6.4% decline in the first quarter of 1982.**

Contributions to Percent Change in Real Gross Domestic Product

	Annual			Quarterly			
	2006	**2007**	**2008**	**1Q-08**	**2Q-08**	**3Q-08**	**4Q-08**
Government Expenditures	0.3%	0.4%	0.6%	0.4%	0.8%	1.1%	0.3%
Imports	-1.0%	-0.4%	0.6%	0.1%	1.4%	0.7%	3.0%
Exports	1.0%	1.0%	0.8%	0.6%	1.5%	0.4%	-3.4%
Inventory Investment	0.0%	-0.4%	-0.2%	0.0%	-1.5%	0.8%	0.2%
Residential Investment	-0.5%	-1.0%	-0.9%	-1.1%	-0.5%	-0.6%	-0.8%
Nonresidential Investment	0.8%	0.5%	0.2%	0.3%	0.3%	-0.2%	-2.5%
Personal Consumption	2.1%	2.0%	0.2%	0.6%	0.9%	-2.8%	-3.0%
Total GDP	**2.8%**	**2.0%**	**1.1%**	**0.9%**	**2.8%**	**-0.5%**	**-6.3%**

Note: The above data presented does not represent all components of GDP.
Source: Bureau of Economic Analysis

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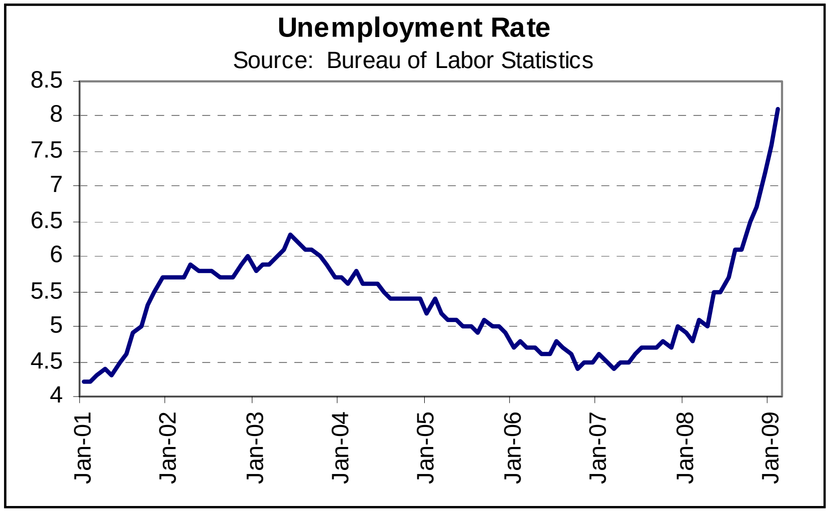
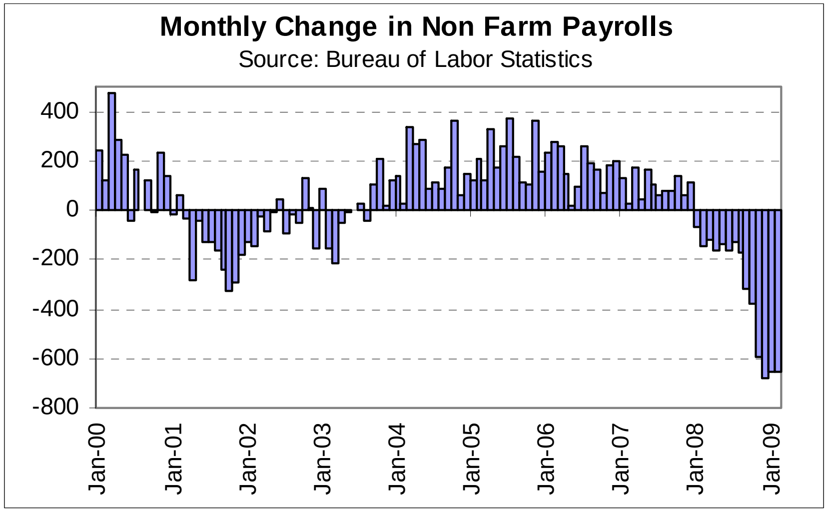
EMPLOYMENT

- **The unemployment rate rose to 8.1% in February, the highest rate in 25 years.** Economists believe the unemployment rate could reach 8.5% to 8.8% by year-end.
- U.S. non-farm payrolls fell for the fourteenth straight month in February, declining by 651,000. The economy has now lost over 4 million jobs since the recession began in December of 2007.





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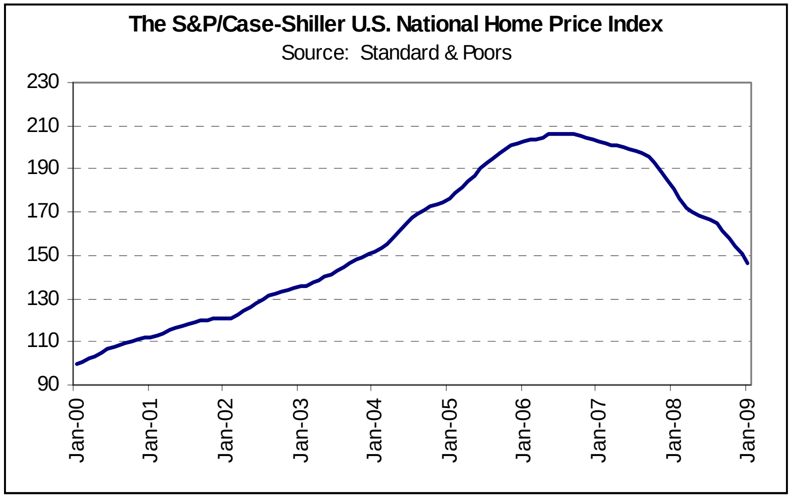
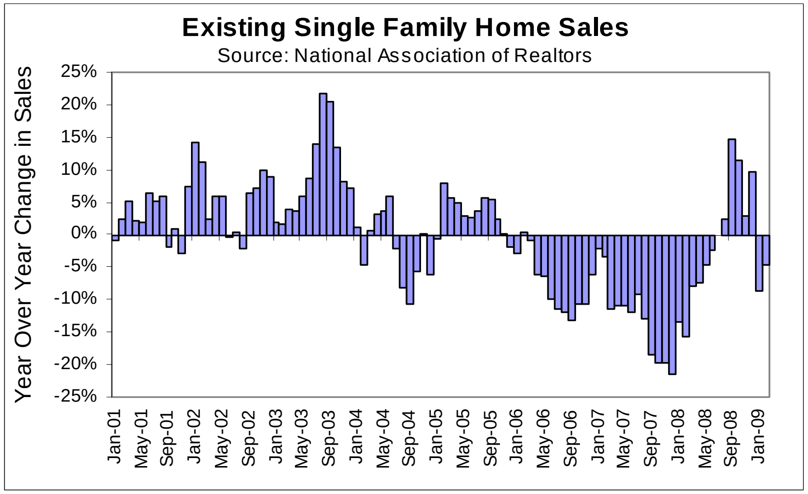
HOUSING

- **The Standard & Poor's/Case-Shiller 20-City Housing Index tumbled by a record -19% from January 2008, the largest decline since the index started in 2000. The index is off over -30% since the real estate market peak in 2006.**
- There are some initial signs the housing market is beginning to stabilize. Existing home sales unexpectedly jumped +5.1% in February (-4.6% YOY). New home also sales surprised on the upside rising +4.7% in February, however remain well off levels from the same time last year.
- **Economists believe the housing market could bottom-out in the latter parts of 2009 as buyers take advantage of affordable home prices and historically low interest rates.** In addition, the newly designed first-time homebuyer tax credit included in the economic stimulus package could provide additional support for the housing market.





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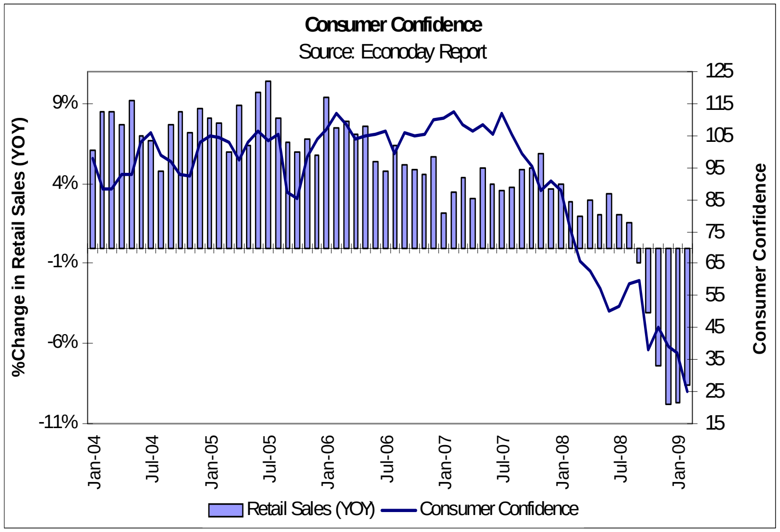
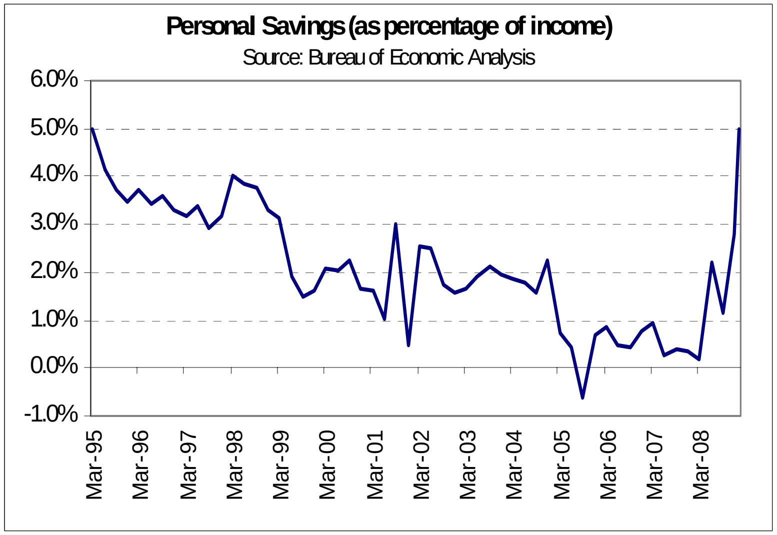
THE CONSUMER

- Consumer sentiment continued its downward decline due in large part to the weakening jobs market, tumbling housing prices and declining disposable income. **The Consumer Confidence Index reached a new record low of 25.0 in February, well off its high in July of last year at 112.0.**
- In light of declining consumer sentiment, particularly regarding future expectations, consumers have spent less and saved more. **The personal savings rate jumped to +5% in January, the highest level since 1995.**

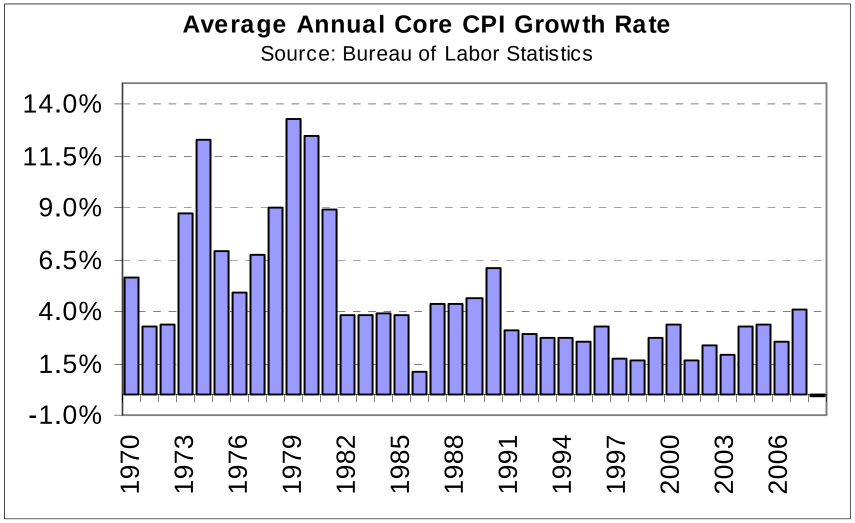


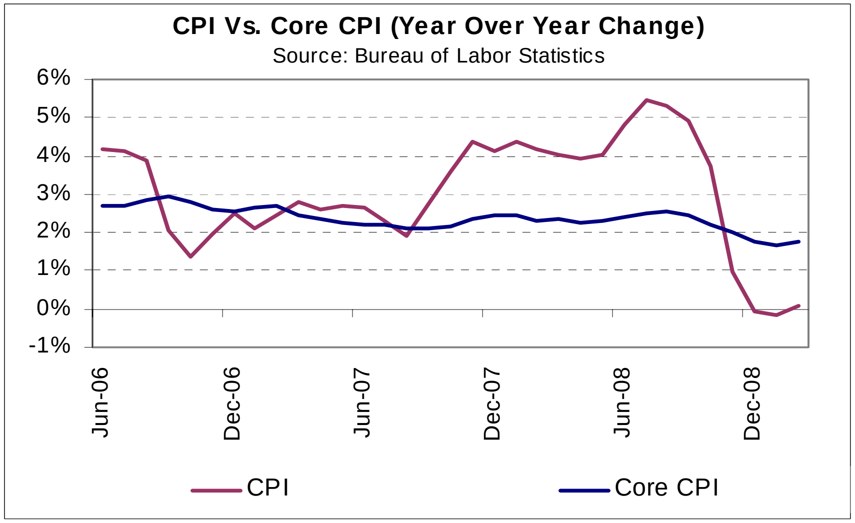


Note: Personal savings is defined as personal income less the sum of personal outlays and personal current taxes.

INFLATION

- On a year over year basis, headline inflation rose +0.1% in February. Core inflation increased +1.8% in February (year-over-year). While inflation has crept up slightly in recent months, it remains under control.
- **The Fed stated that the concern at present is the deep recession and severe financial crisis, not inflation.** It is widely believed inflationary pressures will remain in check in the coming months due to the slowing global economy.
- **There is concern that recent action by the Fed, namely the lowering of the Fed funds rate to historical lows and massive expansion of its balance sheet, could result in inflationary pressures over the longer term.**





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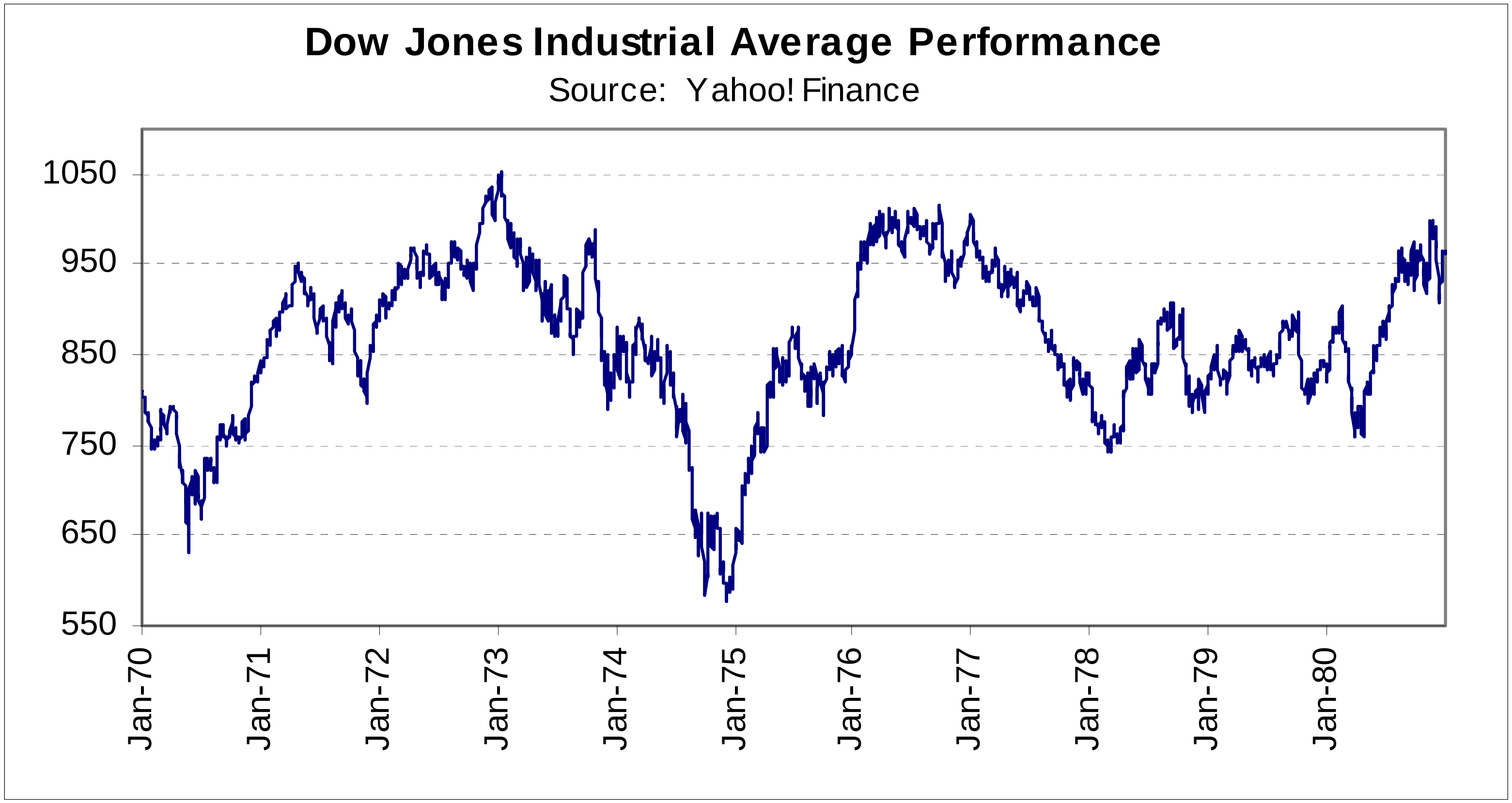
IMPACT OF INFLATION ON 1970's STOCK MARKET



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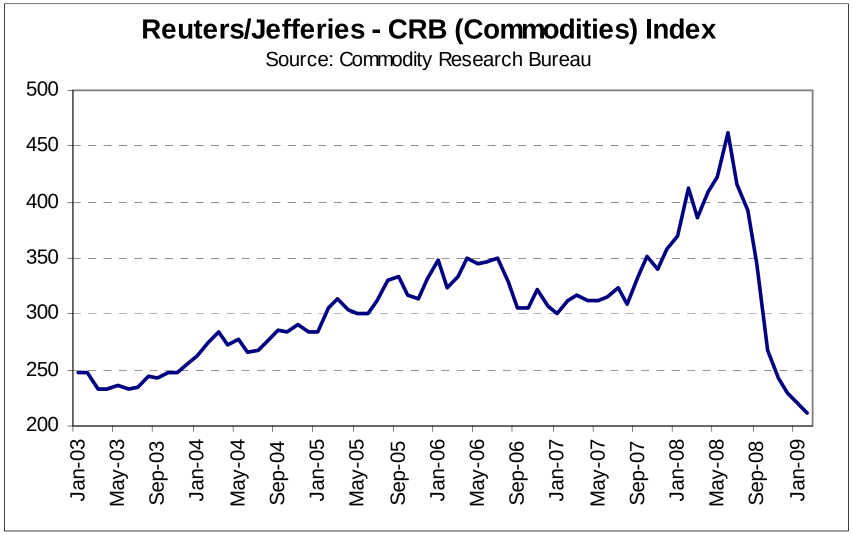
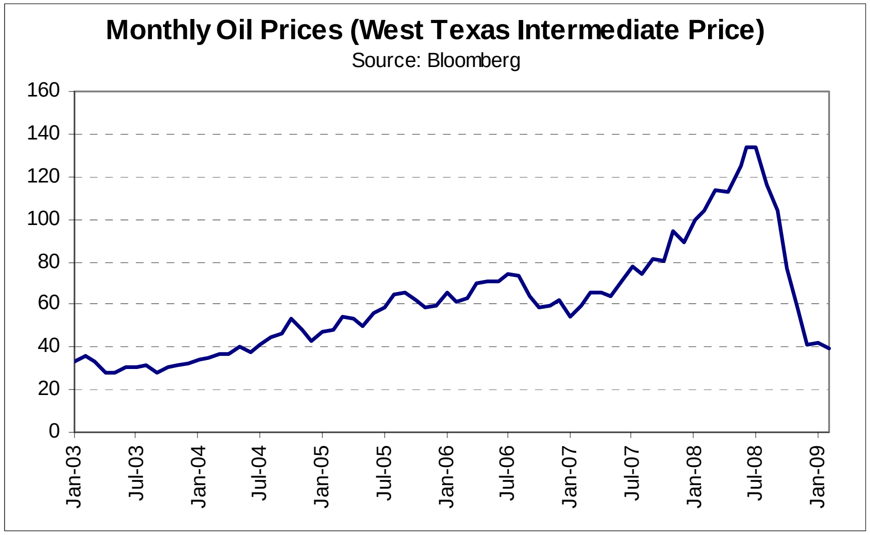
COMMODITIES

- **The slowing global economy continues to drive the prices of commodities down.** The CRB Index fell -35% in 2008 and lost -4% during the first quarter of 2009.
- A reduction in demand has led oil to fall from a high of over $130 in 2008 to a low of $39 in early 2009.





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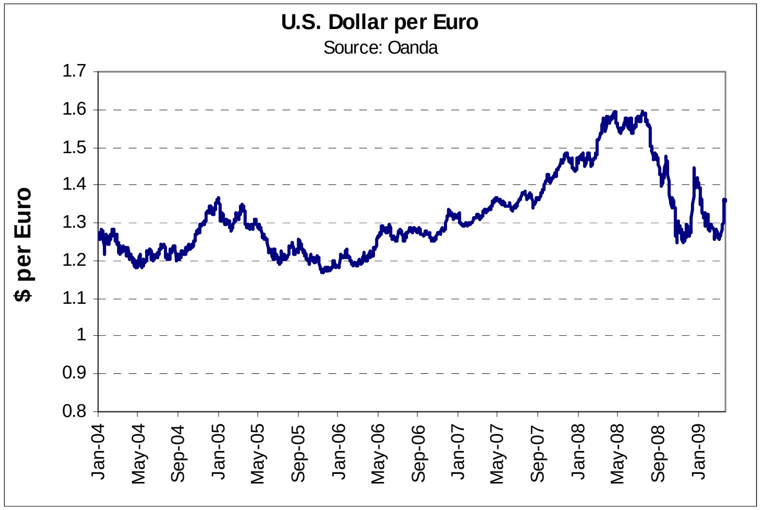
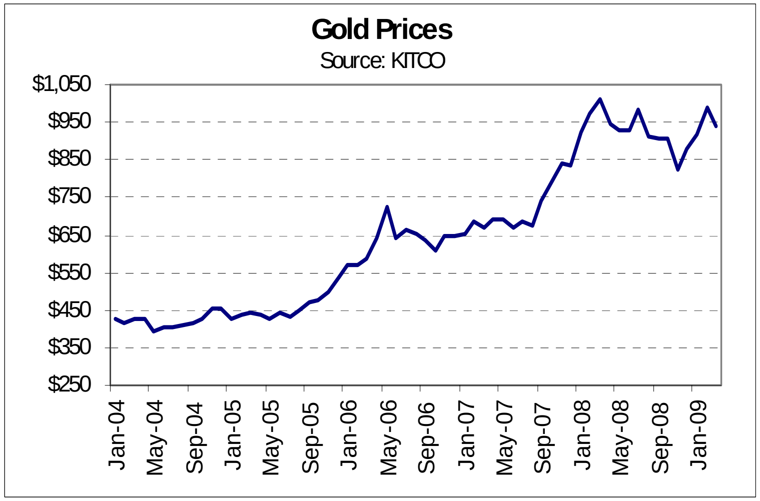
CURRENCY

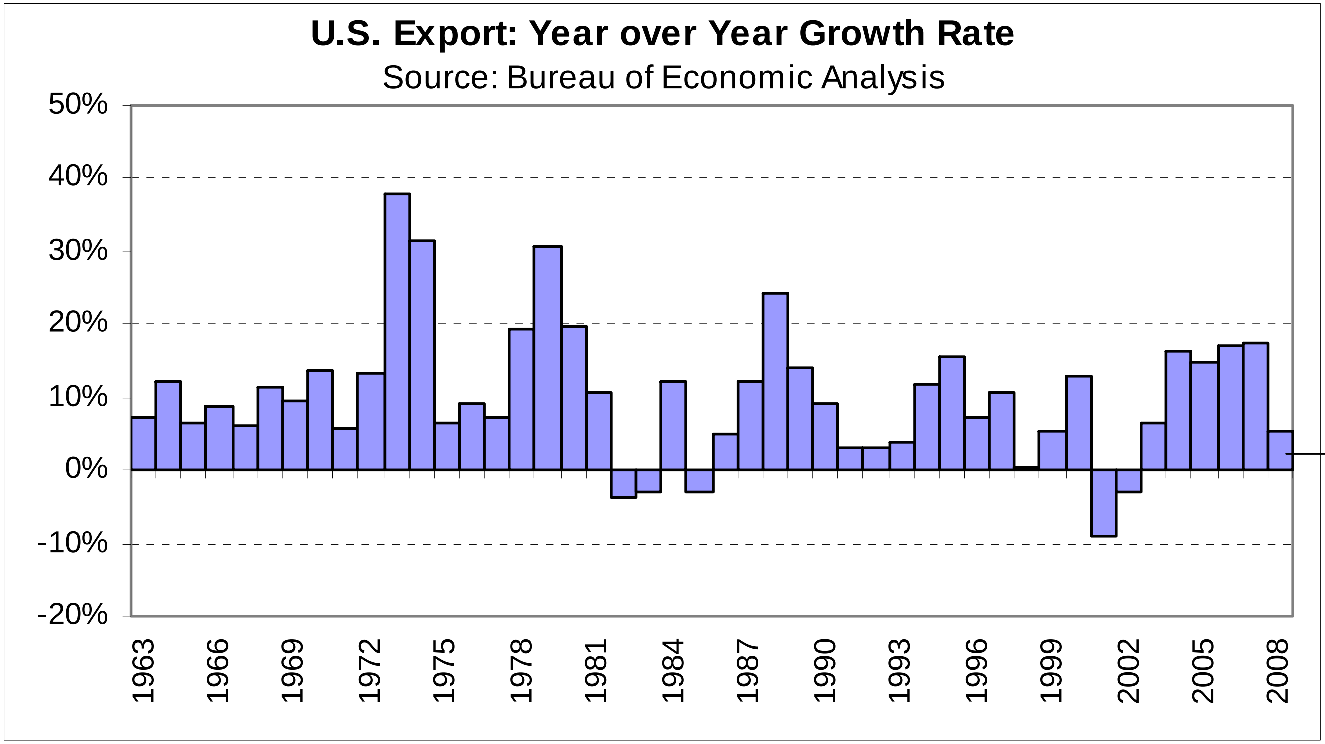
- **The U.S. dollar has weakened in recent weeks due in large part to actions taken by the government to stimulate economic growth.**
- The Fed recently announced plans to add hundreds of billions of dollars into the financial system to lower interest rates and encourage lending. While such actions should support economic growth, there is concern the Fed's massive bond-buying program could prompt inflation and weaken the dollar against other currencies.
- **Gold has gained on rising concerns regarding currency and inflation.**





U.S. EXPORTS

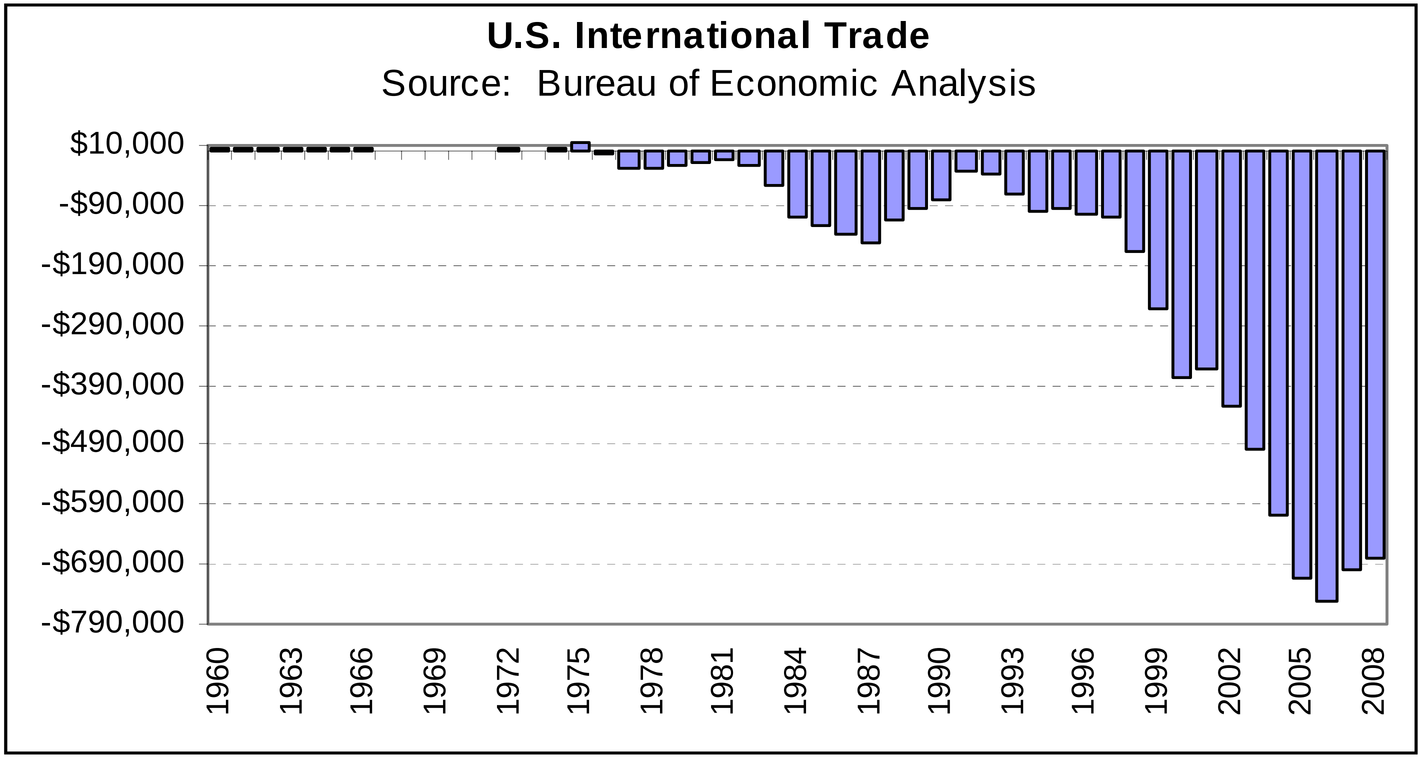
- U.S. exports benefited from a weak dollar during the first half of 2008; however as the dollar strengthened exports dropped off significantly in the fourth quarter.
- A strong dollar coupled with a slowing global economy threatens U.S. export growth in the coming months, which could hamper any recovery in U.S GDP growth.



2008 Export Growth	
Q1	0.1%
Q2	3.1%
Q3	0.9%
Q4	-13.1%

TRADE DEFICIT

- The trade deficit decreased for the second consecutive year as a result of the global recession and a greater drop in imports relative to exports.



Note: Trade deficit is defined as exports less imports.

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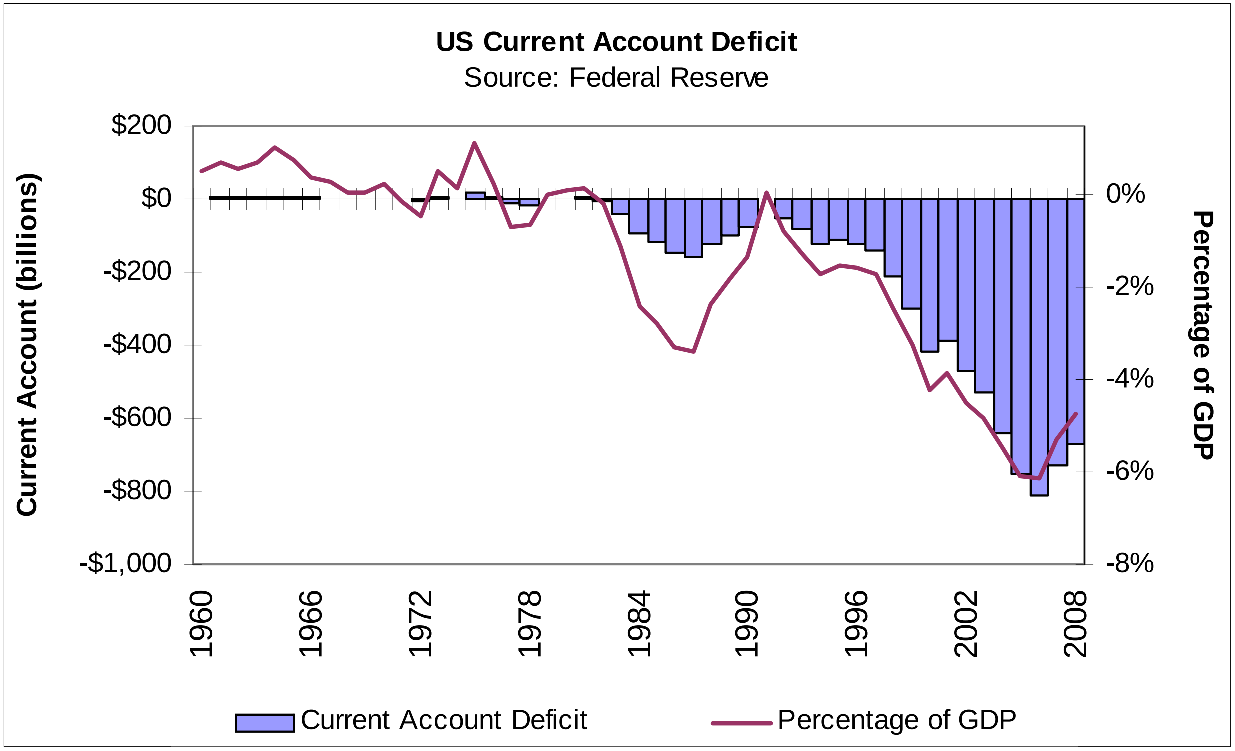
CURRENT ACCOUNT DEFICIT

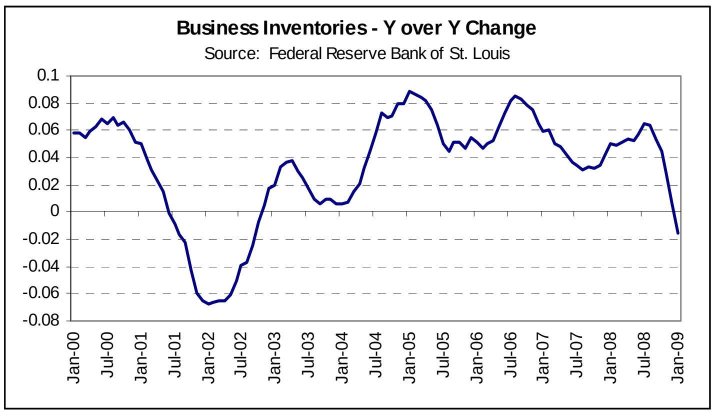
- **The current account deficit decreased for the second straight year after experiencing five consecutive years of increases.** In 2008, the deficit equaled +4.7% of GDP, down from +5.3% in 2007.
- Economists expect the U.S. current account to continue to decline as the recession weighs on consumer spending and leads to a drop in imports.

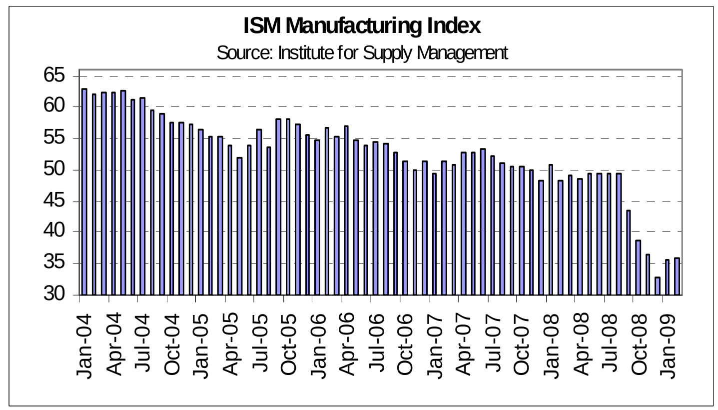


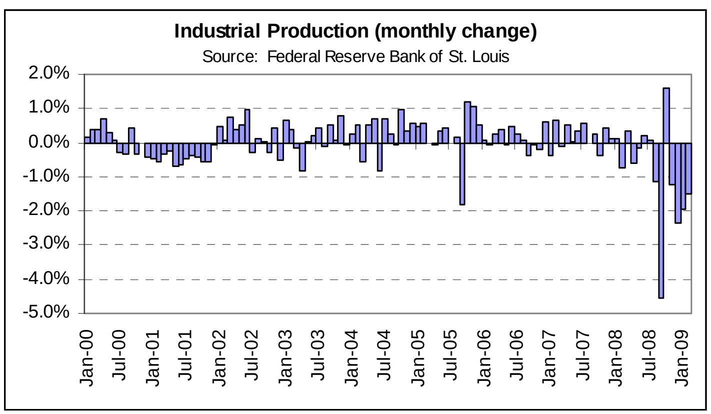
Note: The current account deficit is caused by excess spending on goods, services, income and unilateral transfers creating a domestic budget defect.

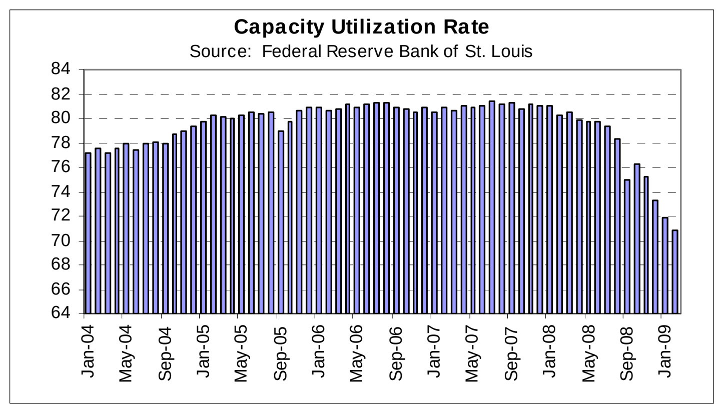
BUSINESS SECTOR

- **Overall manufacturing data remains weak, however appears to be stabilizing.** The ISM Manufacturing Index reading of 36 in February is an improvement from its all time low in December, however is well below the key figure of 50. Capacity utilization and industrial production continued a downward decline. Business inventories have fallen sharply in recent months.









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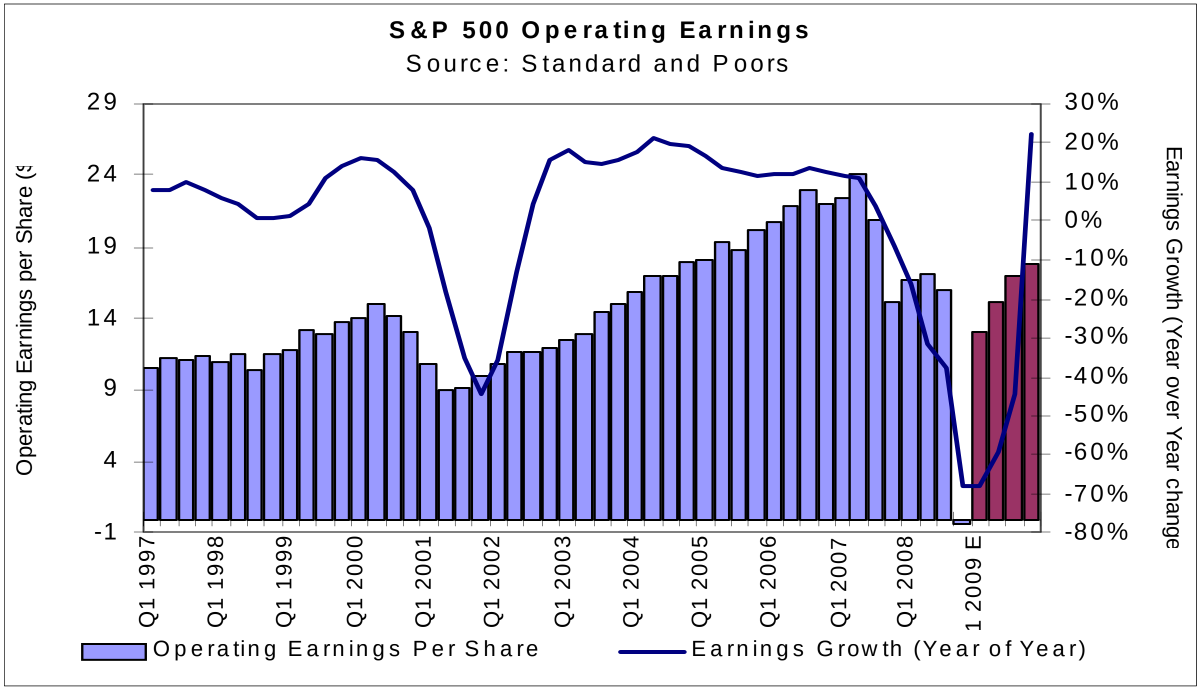
CORPORATE PROFITS

- S&P estimates operating earnings for the S&P 500 to be a loss of $0.11 per share for Q4 2008, down from $15.96 per share in Q3 2008. Operating earnings for all of 2008 are expected to be $49.50 per share, a -40% drop from a year earlier. Losses experienced in financials as well as weakness in materials and consumer discretionary were the primary detractors.
- S&P estimates operating earnings to rebound in 2009. The Q1 2009 estimate is $13.11 per share while for all of 2009 the S&P expects earnings of $62.99 per share, a +27% increase from 2008.



Note: Earnings estimates are provided by Standard and Poor's as of March 17, 2009.

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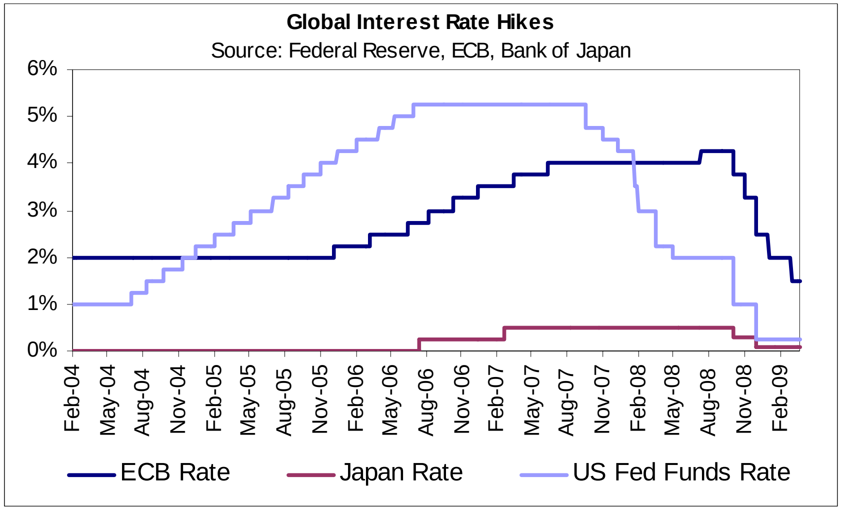
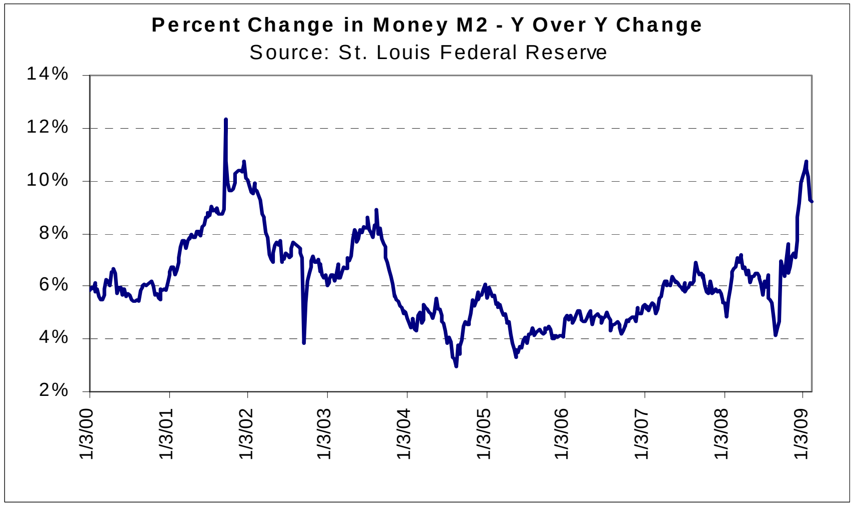
MONETARY AND FISCAL POLICY

- **The Fed is committed to employing all available tools to promote an economic recovery and restore confidence in the financial markets.**
- The Fed has lowered the fed funds rate to 0% to 0.25% and anticipates economic conditions to require rates remain at exceptionally low levels for an extended period of time.
- In addition to conventional fiscal policy, the U.S. will employ unconventional policies as well, including the passing of **TARP (banks & mortgages), TALF (consumer & business lending) and PPIP (toxic assets)**.

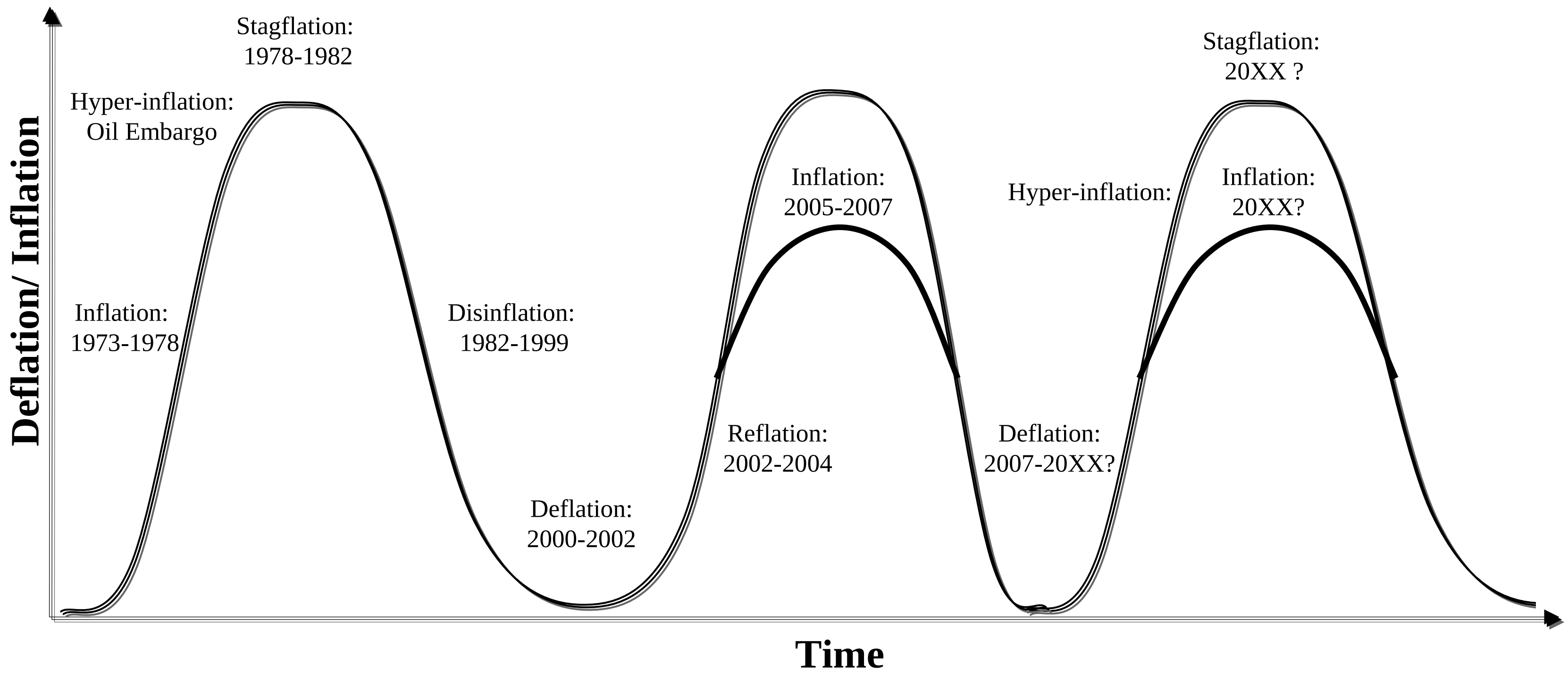




Note: M2 consists of M1 (which includes physical currency, travelers checks, and demand deposits – i.e., checking accounts), and small-time deposits (less than $100,000), savings deposits, and balances in retail money market mutual funds.

INFLATION RISKS

- While inflation has remained subdued in recent months due to the slowing global economy, concerns are mounting that the recent rate cut and massive liquidity injections could spur inflation down the road.
- Short term: We expect the recession to last through the latter parts of 2009 with a recovery likely in early 2010.
- Long Term: U.S. could risk having higher inflation coupled with a weakening economy if the monetary stimulus is ineffective in promoting growth, a scenario known as stagflation.



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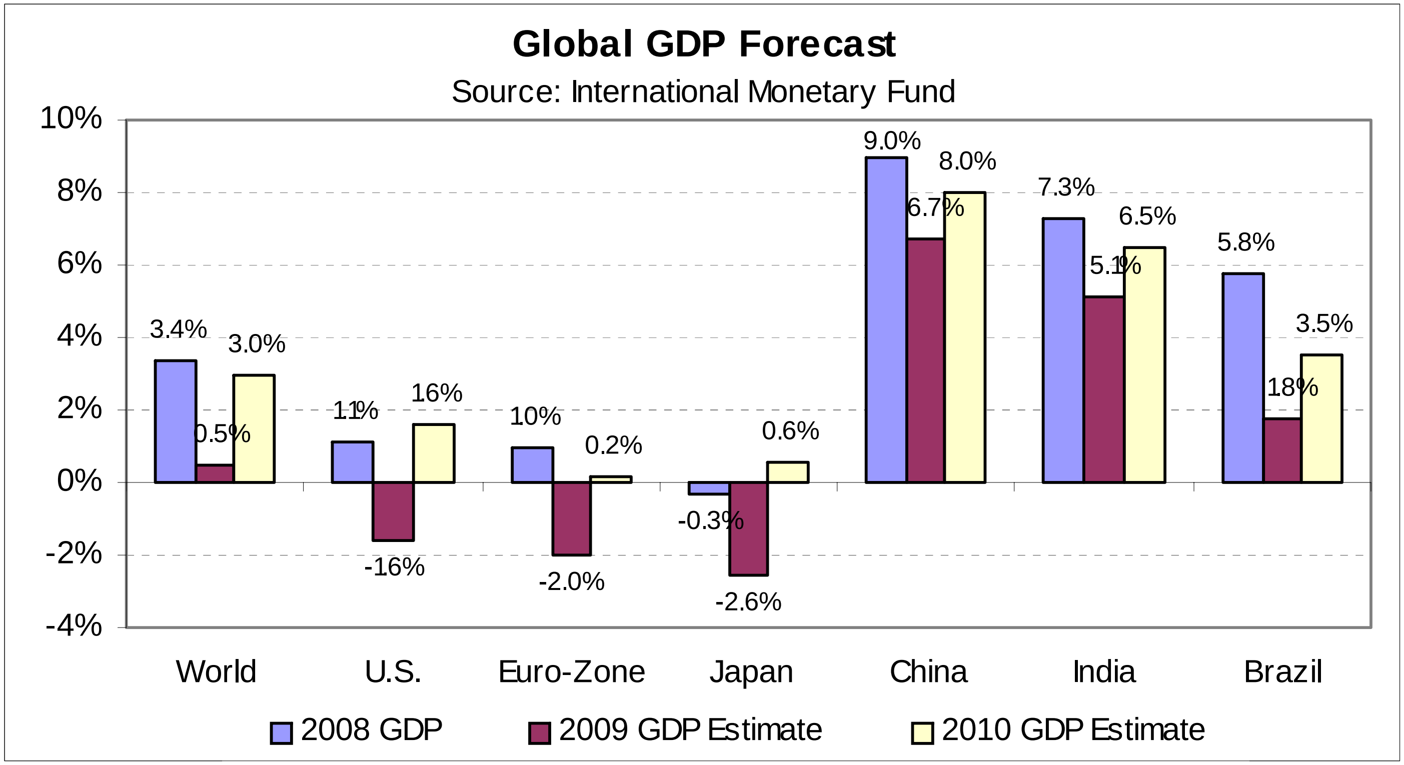
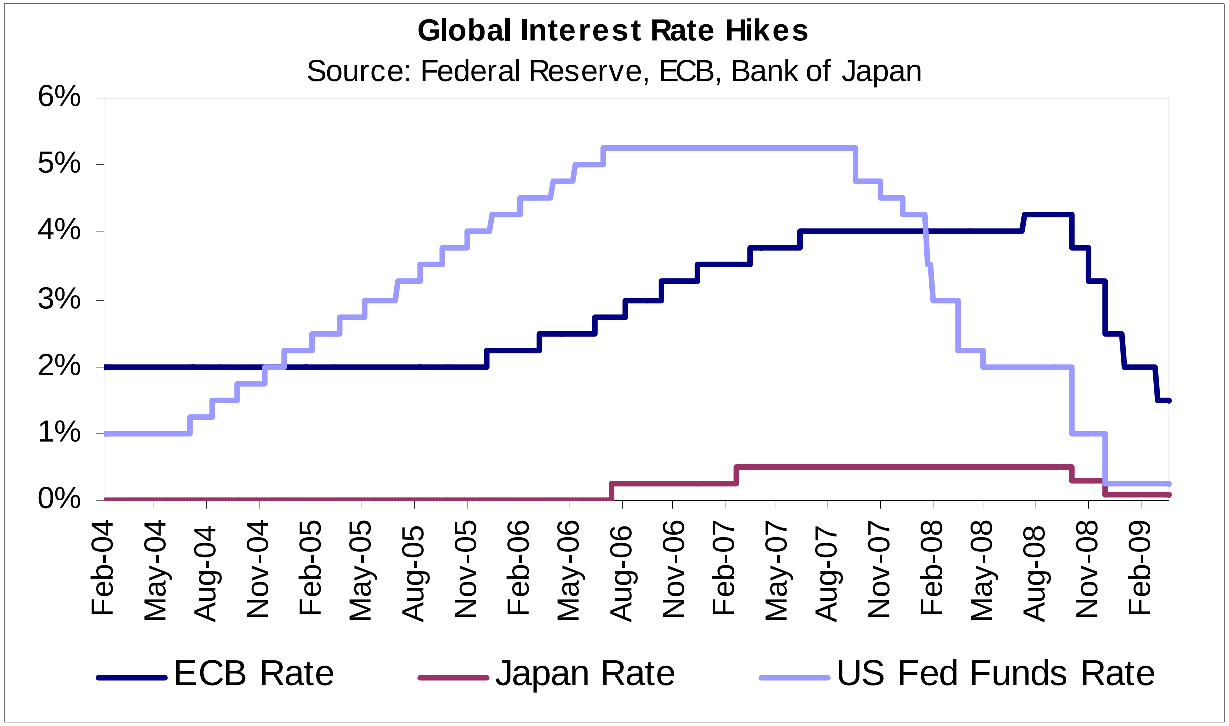
INTERNATIONAL ECONOMY

- Global growth is expected to slow throughout 2009. **Global growth is predicted to slow from +3.4% in 2008 to +0.5% in 2009, the slowest growth rate since World War II.**
- With the help of expansionary fiscal and monetary policies recently implemented by numerous countries throughout the world, the global economy is projected to experience a gradual recovery in 2010.



GLOBAL INTEREST RATES

- Central banks throughout the world have aggressively cut interest rates to ease the current economic slowdown and restore confidence in the financial markets.



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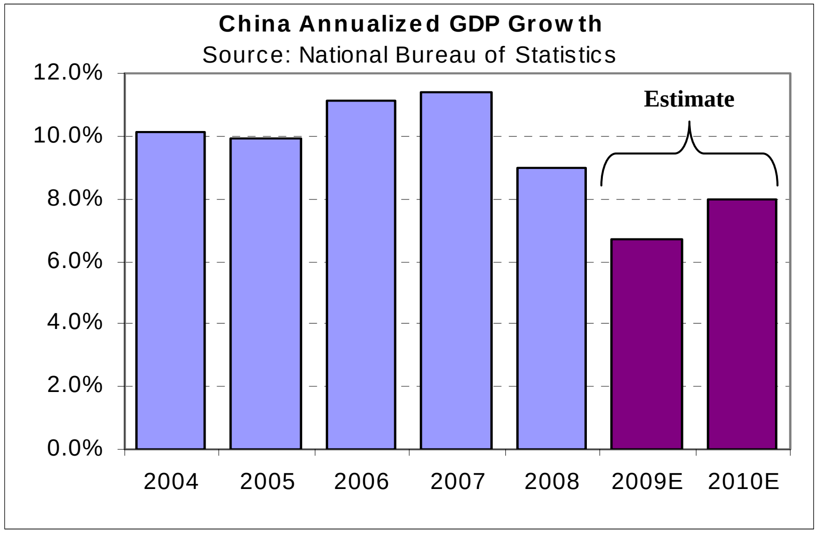
CHINA

- While China has experienced a slowdown in growth along with the rest of the world, the country remains a driving force in the global economy and is projected to experience healthy GDP growth rates of +7% in 2008 and +8% in 2009.
- China has introduced a stimulus package of $585 billion and has indicated they will provide further stimulus if necessary. Exports are down, but imports rose in February for the first time since August. They are focused on boosting domestic demand in order to make up for the decline in exports.
- The Shanghai Stock Exchange Composite Index fell -63% in 2008, however gained approximately +25% in the first quarter of 2009.



II. FINANCIAL MARKETS REVIEW

FINANCIAL MARKETS PERFORMANCE

- Despite a strong rally during the month of March (+7.7%), the equity markets declined during the first quarter of 2009. The decline in the DJIA during the first quarter of 2009 made for six consecutive quarterly losses. Only one other streak in history has resulted in six consecutive quarterly losses for the DJIA (1968 to 1970).
- Gold and treasuries were two of the few asset classes to experience gains in 2008 due to a flight to quality whereby investors fled risk assets.

Equity Market Performance	2009 (YTD through Mar-09)	2008
S&P 500 Index	-11.7%	-38.5%
NASDAQ Index	-3.1%	-40.5%
Dow Jones Industrial Average	-13.3%	-33.8%
Russell 2000 Index	-15.4%	-34.8%
MSCI Pacific Index (USD)	-13.6%	-37.9%
MSCI Europe Index (USD)	-15.2%	-48.2%
MSCI EM Latin America (USD)	+4.5	-52.8%
S&P GSCI Gold Spot	+4.6%	+5.5%
S&P GSCI Crude Oil Spot	+11.4%	-53.5%
2 Year Treasury	+0.4%	+7.6%
10 Year Treasury	-2.7%	+20.1%

Source: Morningstar

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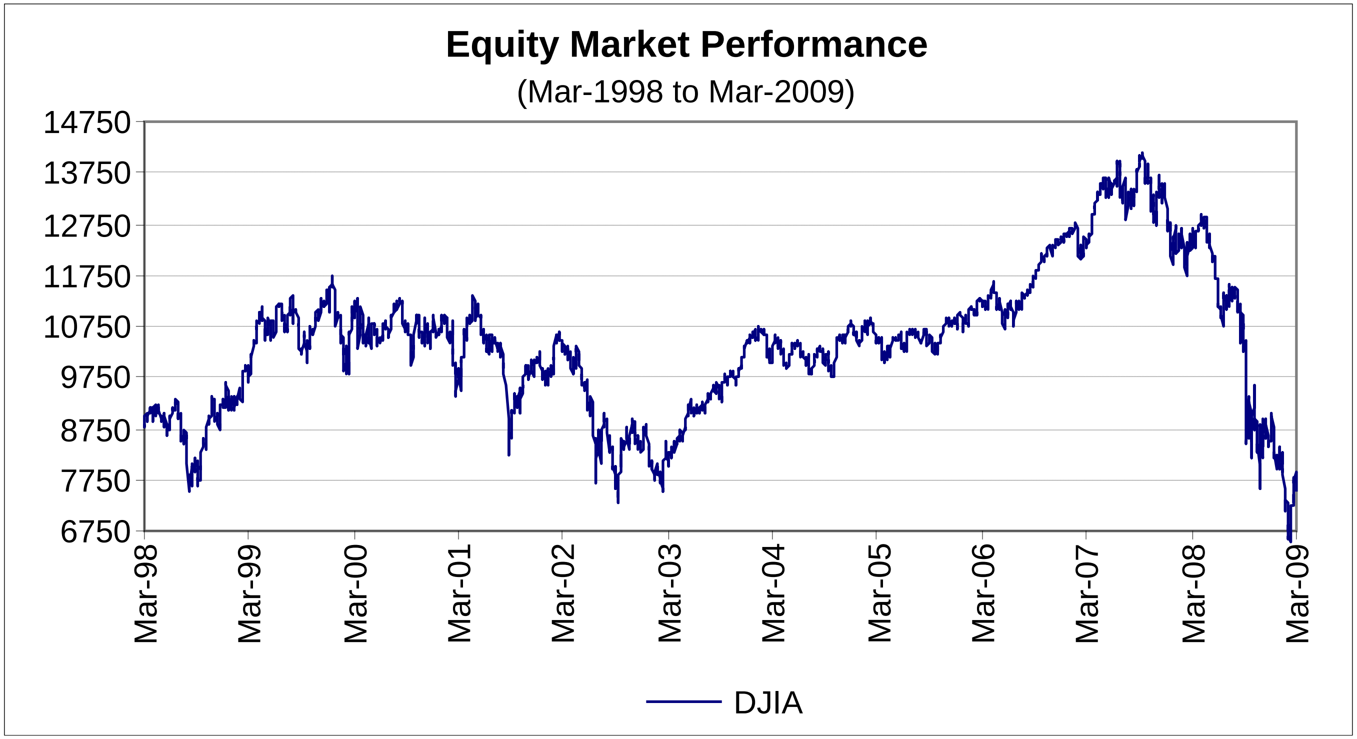
U.S. EQUITY MARKET PERFORMANCE

- The -33.8% decline in the DJIA in 2008 was the third worst year since 1900 and the worst decline since 1931.



DJIA:
7,607
As of Mar-2009

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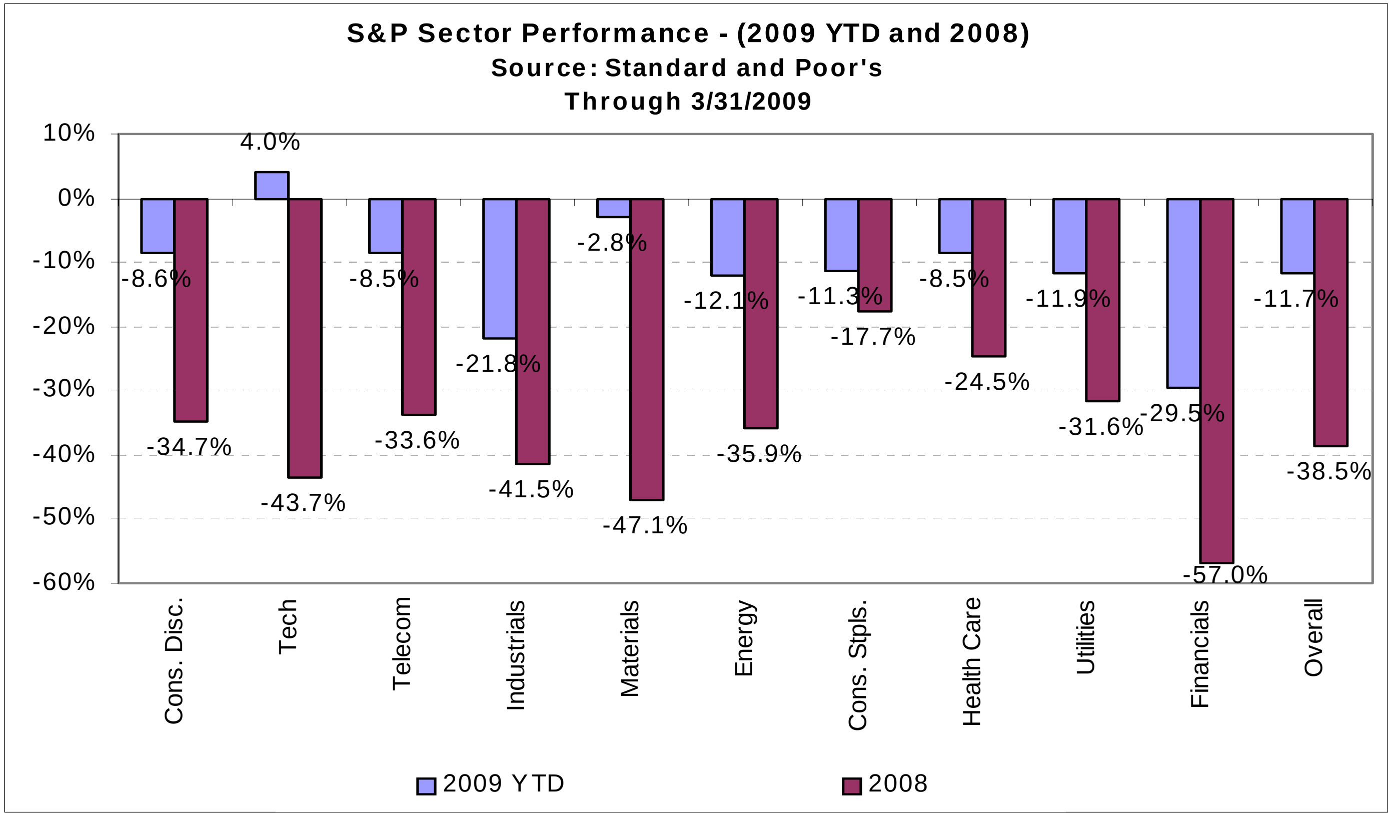
U.S. EQUITY SECTOR PERFORMANCE

- The decline in the equity markets in 2008 were broad based with every sector experiencing double digit declines.



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U.S. EQUITY PERFORMANCE

- In 2008, no equity market factors were spared from the carnage. A flight to quality by investors and massive deleveraging process in the second half of the year were two of the primary drivers behind the sell-off.

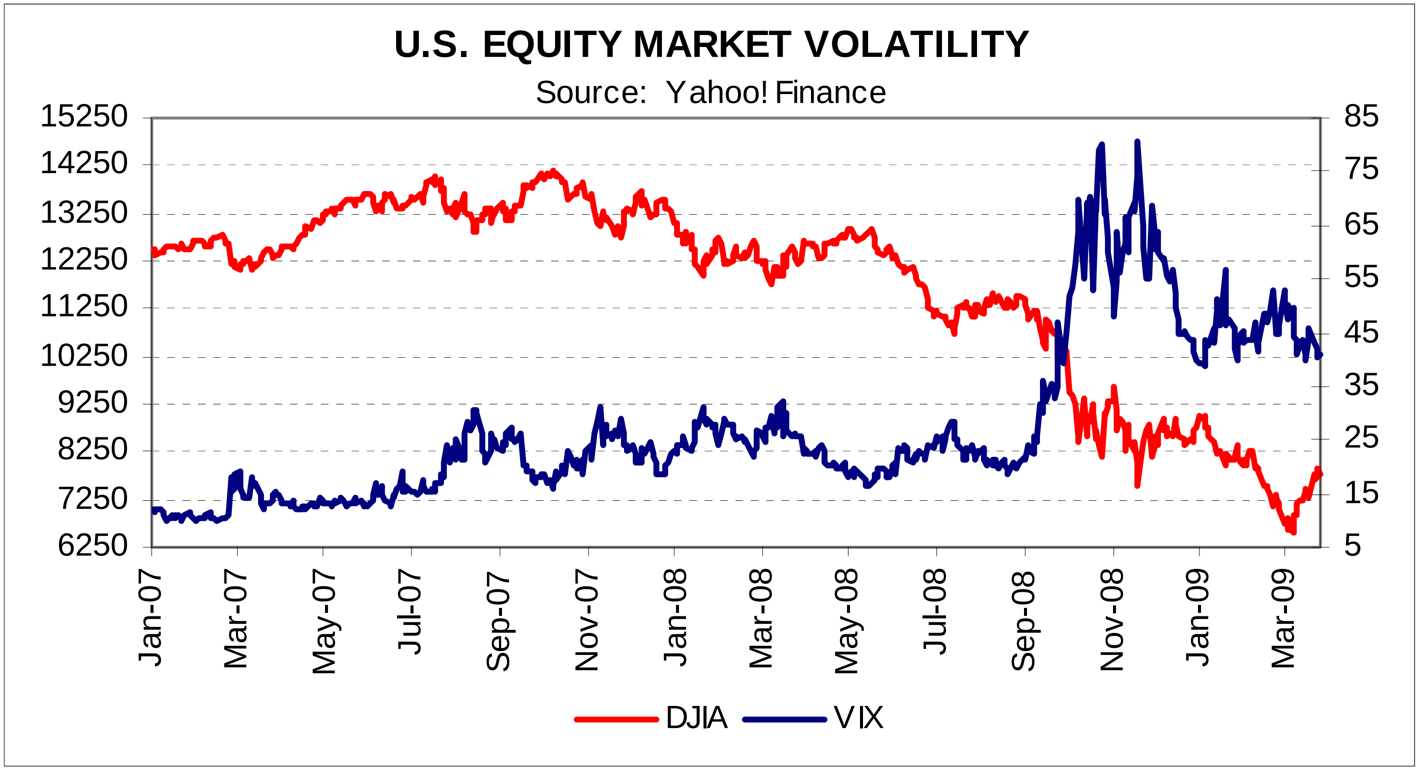
PERFORMANCE OF S&P 500 INDEX STOCKS IN 2008

	Decile 1	2	3	4	5	6	7	8	9	Decile 10
Market Cap (Largest to Smallest)	-35.39%	-40.67	-35.76	-39.18	-44.75	-38.66	-38.56	-40.55	-42.23	-36.15
P/E Ratio (Lowest to Highest)	-46.03%	-37.22	-40.59	-30.58	-38.75	-34.48	-34.58	-40.13	-41.46	-48.21
Dividend Yield (Highest to Lowest)	-43.47%	-33.18	-31.10	-30.87	-37.88	-38.42	-43.42	-41.68	-47.98	-41.47
Short Interest (Lowest to Highest)	-32.80%	-38.12	-39.51	-34.34	-32.12	-39.89	-44.35	-41.38	-43.70	-46.04
Analyst Ratings (Best to Worst)	-37.32%	-38.84	-39.99	-40.84	-36.28	-37.19	-41.37	-34.76	-41.08	-45.74
Institutional Ownership (Most to Least)	-42.81%	-41.64	-44.51	-40.47	-35.08	-39.29	-30.64	-41.74	-33.15	-41.56
International Revenues (Most to Least)	-47.89%	-42.86	-37.09	-38.02	-42.07	-43.75	-38.61	-35.99	-40.10	-34.56

Source: Bespoke Investment Group

U.S. EQUITY MARKET VOLATILITY

- The equity markets continue to experience significantly higher levels of volatility, however remain well off their all time highs witnessed in October of last year.



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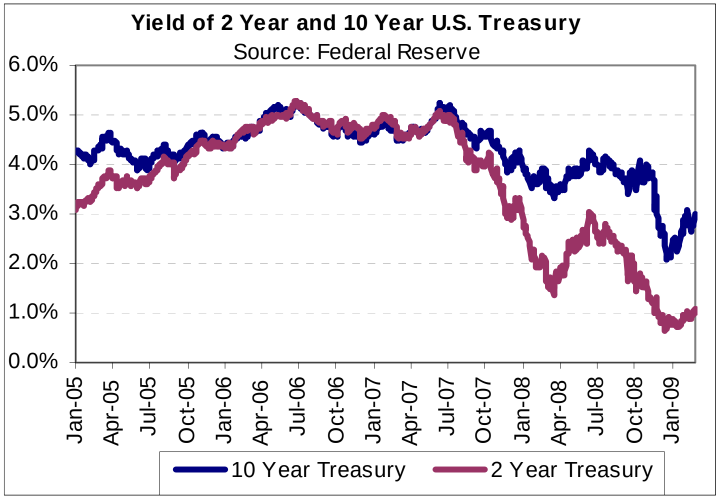
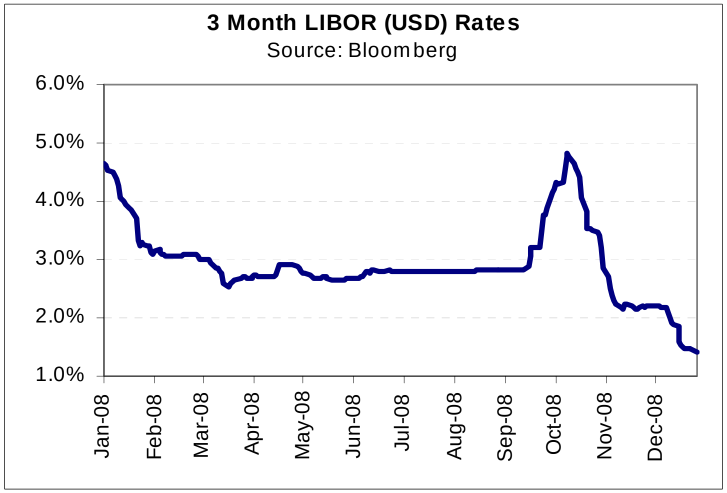
CREDIT MARKETS

- In 2008, the Barclays Aggregate Bond Index gained +5%. However, **gains were completely driven by Treasuries**, the best performing asset class in 2008. Treasuries gained more than +20% in 2008.
- All other credit sectors suffered losses as spreads widened and default rates rose. The Merrill Lynch Investment Grade Index declined -7% (spreads widened 400 basis points). The Merrill Lynch U.S. High Yield Master Index lost -26% (spreads widened 1220 basis points).
- Since the peak of the credit crisis in October 2008, credit markets have improved, though are still impaired. The Ted Spread has declined from its peak in October. The 3 Month LIBOR rate has also fallen sharply from elevated levels in October of 2008.
- In 2009, credit markets have improved, outperforming equities. In the first quarter, Investment Grade and High Yield sectors are up +1%, and +5%, respectively.





Note: TED spread is calculated as the three-month LIBOR minus the three-month T-bill interest rate. The Ted spread can be used as an indicator of credit risk. As the Ted spread increases, default risk is considered to be increasing, and investors will have a preference for safe investments, and vice versa.

III. OUTLOOK

ECONOMIC OUTLOOK

- The aggressive monetary and fiscal policies employed by the Fed and other central banks throughout the world have reduced the risk of a global depression and should set the foundation for **stabilization in the global economy in the latter parts of 2009**.
- The consumer is the backbone of economic growth, therefore we believe the pace of the recovery will be largely dependent on the following:
  - **Unemployment Rate:** Topping out in the latter part of 2009;
  - **Housing Market:** Bottoming out in the second half of 2009 due to historically low mortgage rates and affordable home prices;
  - **Energy Prices:** Remaining between $30 and $70 and providing a boost to discretionary income;
  - **Bank Balance Sheets:** Stabilizing as a result of the toxic asset plan.
- **The U.S. economy should experience a slow, gradual recovery** rather than a traditional v-shaped recovery experienced in prior recessions.
- **Corporate profitability will experience further weakness** as domestic and international demand has declined. We believe default rates could hit +8% to +12% in 2010 with default recovery rates likely to decline as corporations with leveraged balance sheets struggle to weather the economic slowdown.
- **Inflation will remain in check for the majority of 2009**. However, we feel inflation could become problematic in 2010 and 2011, and the dollar could weaken due in large part to the amount of money being printed in recent months.
- **The emerging markets will drive global growth in 2009**, particularly China. Overall the advanced economies are projected to contract by -2% in 2009 while the emerging economies are projected to grow by +3.3%.

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EQUITY MARKET OUTLOOK

- **S&P Forecast:** S&P is forecasting operating earnings of $62.9 per share, a +27% increase from 2008.
- **Hennessee Forecast:** The Hennessee Group feels the 2009 estimate is aggressive and **forecasts earnings to remain flat from their 2008 level of $49.5 per share.**
- **Earnings Pressure:** The Hennessee Group believes earnings will remain under pressure due to ongoing difficulties in the financial sector and economy but will avoid an overall decline as a result of a late year recovery (see pg. 30).
  1. **Financial Sector:** Lost over $2 trillion in market cap in the recent bear market and has greatly deleveraged. In 2007, prior to the financial crisis, the sector represented over 20% (currently 11%) of the S&P 500 Index and contributed one-third of the index's profitability.
  2. **Corporate Profits:** Will remain under pressure due in large part to further declines in consumer spending.
  3. **International Demand:** Will continue to abate due to the ongoing global recession and stronger dollar.
  4. **Pension Costs:** Will detract from earnings going forward given the significant declines in pension assets in 2008.
- **Multiple Expansion:** The Hennessee Group believes there is **potential for multiple expansion** as money returns from the sidelines and investors bid up prospects for an economic recovery in late 2009 or early 2010.
- **Valuation:** Using an EPS of $49.5, we believe the S&P 500 is fairly valued at 792 (assuming a historical 16x multiple, see pg. 34) and is likely to trade in a range of 693 (P/E of 14x) to 891 (P/E of 18x) in 2009. **The S&P 500 closed the first quarter on 3/31/09 at 798.**

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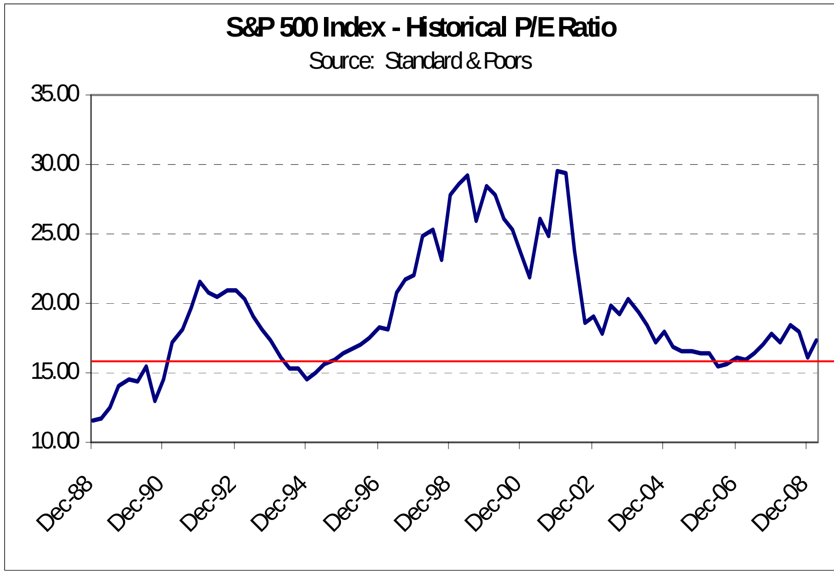
EQUITY MARKET OUTLOOK



83 yr. historical avg. P/E ratio is 16.1x

	2009 EPS	P/E	Value
Expected Range	$49.51	14x	693
	$49.51	**16x**	**792**
	$49.51	18x	891

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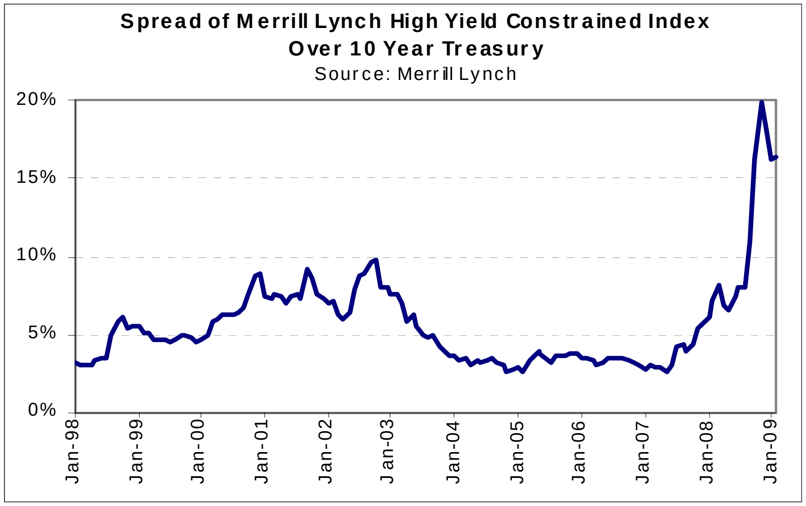
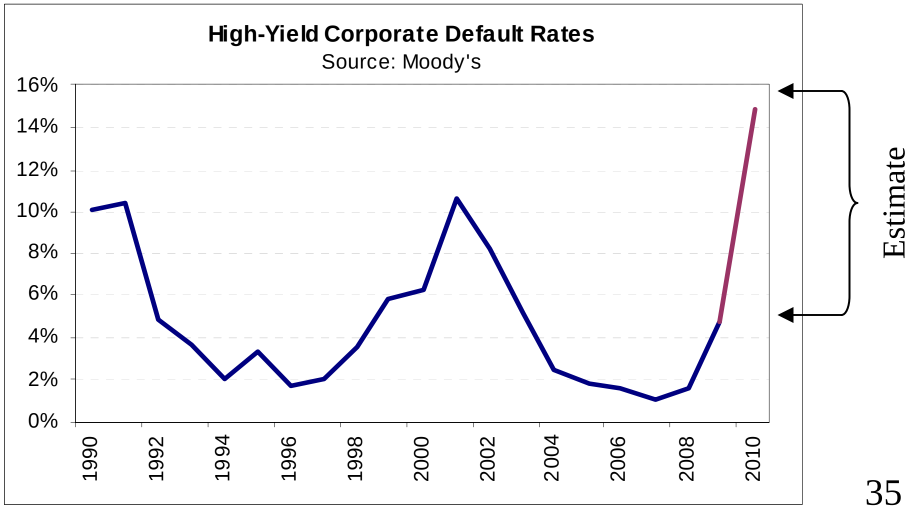
CREDIT MARKET OUTLOOK

- **Credit Markets:** We believe credit markets may outperform equities in 2009, as investment grade bonds are yielding more than +6% and high yield bonds are yielding nearly +20%. The current earnings yield on equities is +6%.
- **Spreads:** Credit spreads are at historical highs, and we expect spreads to tighten as the credit crisis continues to dissipate as a result of significant government involvement and as lending picks up.
- **Defaults:** Tight credit conditions will make it very difficult for companies to refinance debt, leading to a significant increase in corporate defaults. We expect the default rate to reach 8% to 12% by 2010. This will lead to a number of distressed and restructuring opportunities in coming years. That said, recoveries are likely to be significantly lower during this credit cycle and will require managers to be very cautious and selective with individual names.
- **Treasuries:** We believe treasury yields are likely to increase longer term as investors seek assets with higher risk premiums, particularly higher yielding corporate bonds.





IV. RISKS TO OUTLOOK

RISKS TO OUTLOOK

- **Efforts by the government to unclog the credit markets prove to be unsuccessful.** The credit crisis could deepen, and result in additional headwinds for the economy and financial markets.

- **The unemployment rate continues to rise and the housing market continues to decline.** This could result in further cuts in consumer spending and lead the economy into a deeper and/or longer than expected recession.

- **World economy weakens further**, extending declines in exports and delaying the U.S. economic recovery.

- **Recent action by the Fed results in problematic inflation over the longer term, particularly in energy costs**. Worst case scenario would be rising inflation with slowing economic growth, known as **stagflation**.

- **Financial institutions experience additional difficulties and rumors of insolvency are found to be credible (i.e., Lehman and Washington Mutual).** Fear could trump fundamentals and lead to additional selling pressure in the financial markets. Credit markets freeze up and lending is cut.

- **Protectionist policies are introduced** to focus more on internal problems resulting in a **decline in "global free markets / free trade" objectives.**

RISKS TO OUTLOOK

- Anti-American sentiment increases globally as blame is placed on the U.S. for the financial crisis resulting in greater **difficulty for President Obama to implement a concept of global economic coordination.**

- **Investor psychology and risk tolerance remain at all-time lows due to the severe and rapid decline in the financial markets**. Investors continue to deleverage and remain on the sidelines.

- **Another failure similar to that of Iceland that causes a ripple effect throughout the world economy (i.e., Ireland).** Eastern Europe is most vulnerable and of particular concern. **[See Hennessee Group white paper: Is This the Tip of the Iceberg? http://hennesseegroup.com/releases/release20090211.html].**

- **Geopolitical tensions rise**, particularly in Iran, Iraq, North Korea, Middle East or Russia.

- **Off-balance sheet** transactions [especially structured derivatives] remain a major risk to the economy and threaten the stability of the financial markets.

V. LONG-TERM OUTLOOK

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2009 AND BEYOND

- **Higher Returns:** Longer term, the financial markets offer attractive upside, particularly as the disconnect between prices and fundamentals created in the past year begin to narrow.
- **Return of Differentiation:** Stock specific alpha should drive returns beginning in 2009 as we see the return of differentiation among stocks and sectors.
- **Change in Leadership:** Small cap stocks with little to no debt are likely to outperform as central banks continue aggressive monetary policies and we recover from the global recession. Growth will outperform value.
- **Commodities:** Longer term inflationary pressures will lead to a rebound in commodity prices and benefit investors positioned for a "reflation trade".
- **Currency Changes:** The dollar is likely to decline from current levels (according to purchasing power parity) relative to the Euro.
- **Global Focus:** Many of the most attractive opportunities for outsized gains will be found in select international countries, particularly in many emerging markets where markets are less efficient and are trading at extremely low levels.
- **Credit Opportunities:** Corporate default rates and spreads will continue to increase as the U.S. economy slows. Bonds, particularly bank loans and high yield debt, will offer returns in the mid to upper-teens. **Distressed investing will likely be a leading strategy in 2009/2010.**

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2009 AND BEYOND

- **Rising Debt to GDP Levels:** As the economy recovers, the U.S. will have to shift their focus to how they will finance rising debt levels (i.e., raise taxes), particularly if China and other countries lose interest in U.S. treasuries.
- **Baby Boomer Retirement Spurs Change** – As the Baby Boomer generation enters into retirement, a change in lifestyle has the potential to affect the financial markets as they are likely to sell equity investments, increase ownership of municipal bonds and have a stronger desire for increased socialization.
- **Corporate Tax Rates** – At 35% the U.S. has the highest tax rates among developed countries. Further increases in corporate taxes will result in more jobs moving offshore or eliminated in order to be globally competitive.
- Capital gains taxes at 15% should be lowered, not raised, to encourage new capital formation.
- **Middle Class America** should be given tax incentives to purchase: cars, "new" homes, education, health care, etc.
- **Foreclosures** must be prevented except in the most severe cases [foreclosures typically result in bank write-downs of 25% and the expense of managing a resale].

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For additional economic information and insights from Hennessee Group, please visit our website: www.hennesseegroup.com

(*)
- **TV Interviews: http://hennesseegroup.com/company/interviews.html**
- **Press Releases: http://hennesseegroup.com/releases/2009releases.html**
- **White Papers: http://hennesseegroup.com/information/index.html**
- **Hennessee Hedge Fund Index: http://hennesseegroup.com/indices/index.html**

(*) View 11/2/2006 CNBC interview of Charles Gradante by Erin Burnette on Street Signs... "On a scale of 1 to 10, the credit default swap (CDS) problem is an 8. The banks and Fed do not know who is long CDS's; who is short CDS's; who is hedged and who is making a directional bet. "

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Descriptions of Indices

Hennessee Hedge Fund Index

The Hennessee Hedge Fund Indices® are calculated from performance data supplied by a diversified group of hedge funds monitored by the Hennessee Hedge Fund Advisory Group. The Hennessee Hedge Fund Index is an equally-weighted average of the funds in the Hennessee Hedge Fund Indices®. The funds in the Hennessee Hedge Fund Index are believed to be statistically representative of the larger Hennessee Universe of over 3,500 hedge funds and are net of fees and unaudited. Past performance is no guarantee of future returns.

Hennessee Long/Short Equity Index

Long/short equity funds that invest in US domestic stocks that the portfolio manager believes will appreciate in value and short stocks that the portfolio manager believes will depreciate in value. Volatility and return expectations are generally higher than non-correlated funds because of the manager's utilization of market risk, and hence the fund's long-term correlation to the US equity markets.

Hennessee Event Driven/Arbitrage Index

Funds that invest in arbitrage opportunities or event driven situations. Volatility and return expectations are generally lower than correlated funds because of the manager's desire to minimize market risk and focus on individual opportunities within the equity and fixed income markets.

Hennessee Global/Macro Index

Funds that invest in securities (equity, fixed income, currencies, or commodities) with an international scope. Strategies range from long/short equity managers to macro hedge funds. Volatility and return expectations are generally equivalent to correlated funds because of the manager's utilization of market risk.

Standard & Poor's 500 Index (S&P 500)

The S&P 500 Index is an unmanaged market capitalization-weighted measurement of changes in stock market conditions based on the average weighted performance of 500 widely held common stocks. The Index does not reflect sales charges, commissions, expenses or taxes. It is calculated on a monthly basis.

Russell 2000 Index

The Russell 2000 Index is an unmanaged market capitalization-weighted index of 2,000 small company stocks. The Index does not reflect sales charges, commissions, expenses or taxes.

Lehman Brothers Intermediate Government Corporate Bond Index

The Lehman Brothers Intermediate Government Corporate Bond Index is an unmanaged market value-weighted index of government and investment-grade corporate fixed-rate debt issues with maturities between 1 and 10 years. The Index does not reflect sales charges, commissions, expenses or taxes.

Dow Jones Industrial Average

The Dow Jones Industrial Average is an unmanaged price-weighted index based on the stock prices of 30 major industrial companies.

MSCI EAFE (USD) Price Index

The MSCI EAFE Index is an unmanaged arithmetic, capitalization-weighted average of the performance of approximately 1,000 securities listed on the stock exchange of the countries determined by MSCI to be "developed". The Index does not reflect sales charges, commissions, expenses or taxes.

NASDAQ Composite Index

The NASDAQ Composite Index is an unmanaged index of over 5,000 over-the-counter stock prices that does not assume the reinvestment of dividends. The Index does not reflect sales charges, commissions, expenses or taxes.