

JWH MARKET COMMENTARY

FEBRUARY 2010



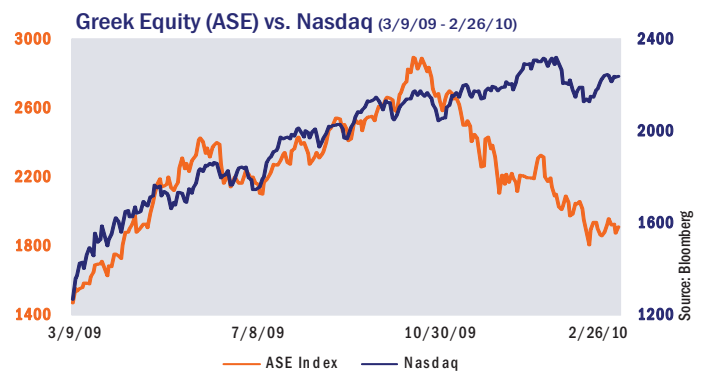
JOHN W
HENRY &
COMPANY
INC

GREEK TRAGEDY HAS GLOBAL IMPLICATIONS

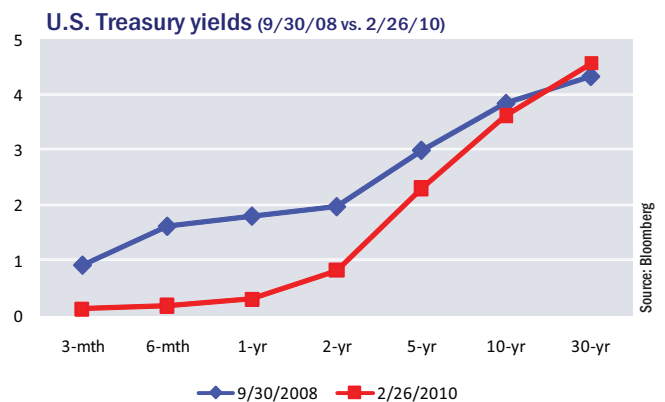
JWH program performance was mixed in February as conflicting economic reports and constant speculation about Greece's future kept markets quite volatile in both directions. Financial authorities in China continued to take substantive steps during February to slow loan demand and cool the rapidly growing Chinese economy. For the second month in a row, the central bank ordered lenders to set aside larger reserves to avert asset bubbles and restrain inflation. The prospects for a slowdown in the Chinese economy continued to impact a number of long-standing, pro-cyclical price trends as China has been a major engine of growth and demand for the larger global economy. The fate of the Greek economy was heavily debated throughout the month, creating large price swings in many markets, as investors speculated whether the country was going to receive a "too big to fail" financial bailout from the European Central Bank ("ECB"). Speculation continues on how these sovereign debt problems will ultimately be resolved. The impact on the markets appears to be continued turmoil until definitive plans are reached.

GLOBAL STOCK INDICES – Performance from the equity sector was subdued and virtually unchanged for JWH's programs in February as global stock markets gyrated throughout the month with differing end results. Japanese (Nikkei 225) and European (Eurostoxx) markets closed the month with negative returns of .70 percent and 1.74 percent, respectively, while the U.S. (Nasdaq) rallied 4.6 percent. All markets started the month strong as better-than-expected economic reports and earnings releases boosted investor optimism; but the second week brought just the opposite—weak reports and weak earnings, along with concerns over Greece's deficit problems. Stocks rallied globally mid-month as concerns about Greece temporarily abated when the ECB bailout rumors hit the markets only

to retreat again on concerns over the specifics of the bailout and fears that other countries including Spain, Portugal and Italy could potentially default as well. U.S. stocks stabilized during the final week of the month following the Federal Reserve Board's (the Fed) decision to increase the rate at which it lends to banks ("discount rate") from 50 basis points to 75 basis points. This action was taken as a positive sign that the health of the U.S. economy was on the right track.



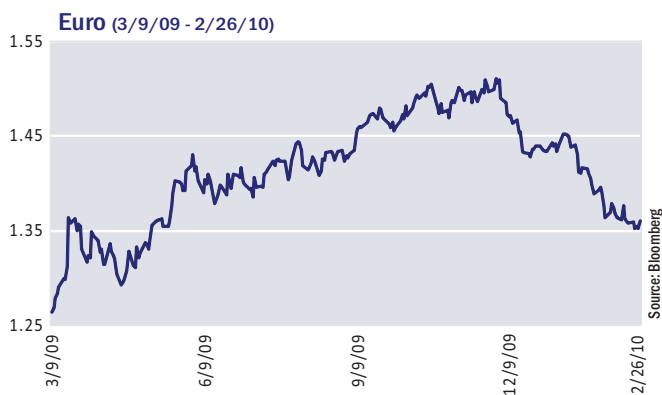
INTEREST RATES – The interest rate sector performance was mixed across JWH's programs as global yield curves remain historically steep.



Japan's 10-year bond climbed as consumer prices dropped for an 11th month, adding to signs that deflation is deepening. Demand for bonds was also boosted after the yen climbed to the highest level in a year against the euro, ultimately increasing deflationary pressures as it pushed down

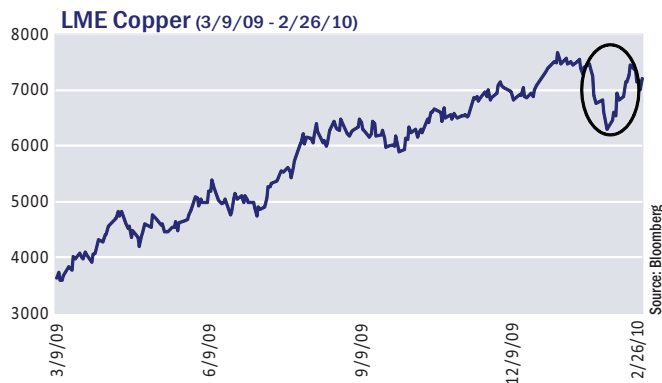
the cost of imports. European fixed income continued its price appreciation as uncertainty remained regarding Greece's sovereign debt troubles. Prices also moved higher due to risk aversion and the renewed weakness in the overseas equity markets. U.S. treasuries produced a slight gain for the month as the threat of credit-rating downgrades for Greece offset some strong U.S. economic reports along with the Fed's increase to the discount rate.

CURRENCIES – Trading in the currency markets also produced varied results between programs as the U.S. dollar continues to show signs of strength against the euro, British pound and Swiss franc due to ongoing fiscal weakness across Europe. Concerns over Greece's inability to cut its budget and pay back government debt were the major driving force in the strength of the dollar. The euro declined 1.7 percent against the greenback for the month, posting its 3rd straight monthly loss. As concerns over Greece's credit rating pushed investors to unwind carry trade positions; where high yielding currencies are purchased from proceeds of selling low yielding currencies, the yen, with a benchmark interest rate of 0.1 percent, was bolstered and moved along with the U.S. dollar. This change of direction led to losses from positions in the Japanese yen. The U.S. dollar also gained momentum after the Fed's decision to increase the discount rate causing speculation about a rise in U.S. interest rates in the near future.

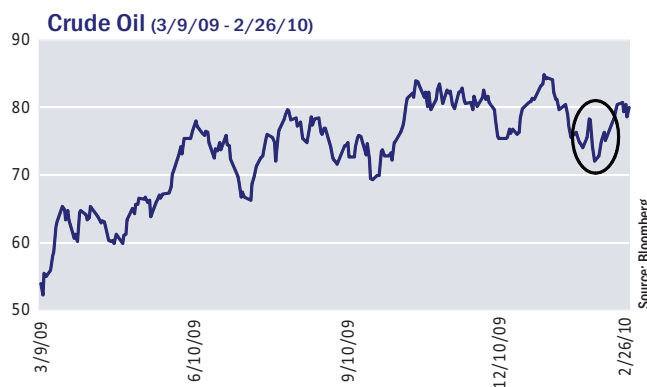


METALS – Trading in the metals sector was unprofitable. Small gains in gold were not enough to offset losses from industrial metals which reversed trend during the month.

Metals started to gain some traction mid-month as strong economic reports in commodity-heavy countries, Australia and China, boosted optimism of a global recovery. Copper prices rallied more than 15 percent off the month low to close out the month on a high. Aluminum also reversed course during the month rallying 7.5 percent from the low.

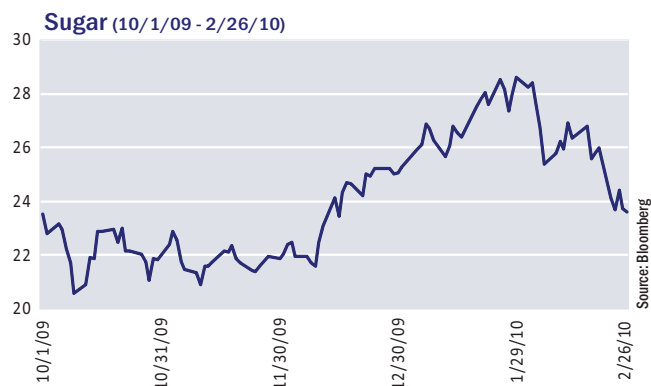


ENERGIES – The energy sector was negatively affected as oil prices continued their up and down ride through the first half of the month. With the lack of any fundamental news, the markets became inversely tied to the wavering U.S. dollar before steadily climbing in the second half of the month resulting in gains of over 6 percent in crude and gas oil markets. These gains followed declines of almost 8 percent in January. Natural gas remained weak, dropping 6 percent, as reports from the weekly storage reports issued by the Energy Information Administration confirmed the glut in supply and remained a source of concern.



AGRICULTURAL COMMODITIES – The performance of the agricultural sector was also negative in February after the sugar market, which rallied 10 percent in January hitting a 29-year high, sharply reversed course and fell over 17 percent in February. Investors began to balk at paying

such high prices early in the month and sugar dropped 11 percent in the first five days of trading. After a brief rally mid-month, the market dropped another 9 percent in the last five days as large buyers canceled their pending purchase orders for the sweetener and weather reports drastically improved in Brazil and India. Performance gains in cotton and coffee were not large enough to offset losses in the corn, wheat, soybean and sugar markets.



CONCLUSION – February’s mixed performance reflected a continuation of the difficult market conditions we have seen over the past few months. The global economic picture remains cloudy in the near-term, with mixed signals being reported on an almost-daily basis, preventing true trends from gaining any traction across the majority of market sectors. We will remain vigilant in our disciplined approach to these markets and stand ready to capture the trends as they ultimately emerge from the current trading environment.

We thank you for your patience and continued support.

Kenneth S. Webster
President and Chief Operating Officer

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS