JWH MARKET COMMENTARY

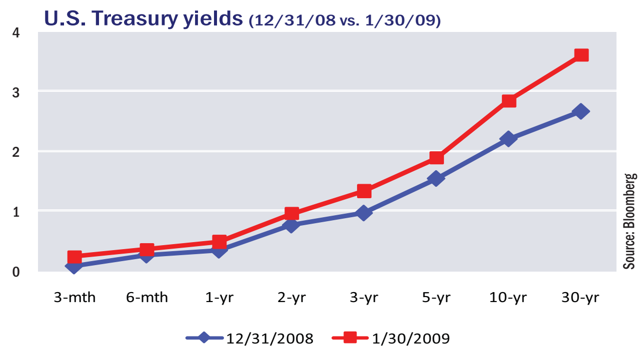
JANUARY 2009

JOHN W HENRY & COMPANY INC

STIMULUS UNCERTAINTY IMPACTS ESTABLISHED TRENDS

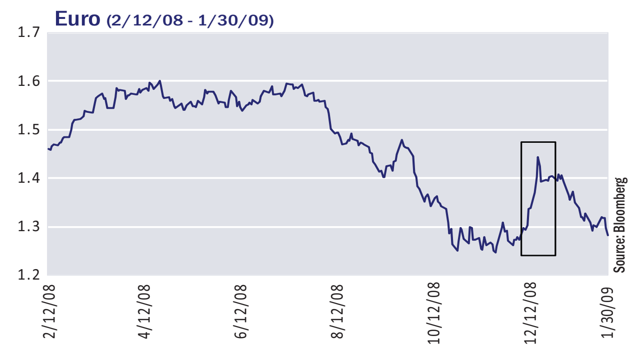
JWH's programs turned in mixed performance to start 2009. JWH Diversified Plus continued its run of positive performance while other JWH programs suffered modest monthly losses in January. While macro-economic conditions continued to deteriorate in January and pressure global equity prices, extreme short-term volatility in certain markets around year-end and uncertainty regarding the impact of future policy steps upset certain long-standing trends. January witnessed the inauguration of a new President in the United States. The condition of the economy left little time for celebration, and the market began to focus acutely on the shaping of economic policy by the new administration. Uncertainty on this front proved to be a clear negative for the stock market as most major averages posted their worst January performance on record. The S&P 500, for example, finished the month down 8.57 percent, while the Dow Jones Industrial Average finished the month down a record 8.84 percent.

INTEREST RATES – The interest rate sector was the worst-performing sector in January, accounting for more than half of the month's losses in some programs. The programs opened the year positioned to take advantage of flight-to-quality flows and falling yields across the globe. However, as new economic data continued to point to the worsening condition of the U.S. economy, a realization by the market that significant government stimulus would be necessary began to impact prices. A proposed stimulus package approaching one trillion dollars would have the effect of increasing the supply of government bonds; while at the same time would have a chance of staving off deflation. The benchmark U.S. Treasury yield rose from 2.21 percent to 2.84 percent during the month. The yield curve steepened and breakeven inflation rates widened during the month, which are all indications that the inflation expectations and sentiment had changed markedly from one month ago. Positions in bond futures of longer maturity were mostly unprofitable, while certain positions in overseas Libor-based contracts were profitable as global short-term rates appear to be on path to converge to zero.

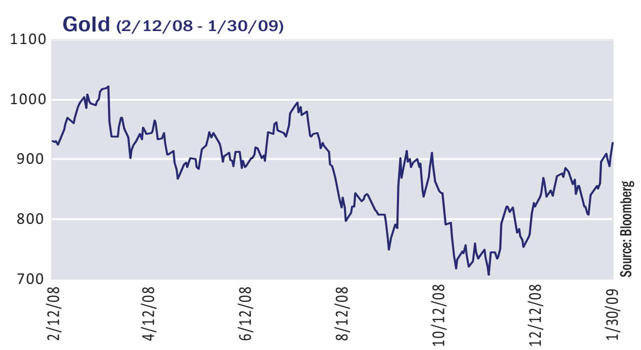


GLOBAL STOCK INDICES – Despite a large percentage drop in stock prices in January, trading in equity futures resulted in flat performance for the month. JWH programs entered the month on the back of the continuing downward trend in the global equity markets but due to an early short-term rally around the potential stimulus plans from the new Administration, the programs effectively took a neutral position. Stocks continued to move lower amidst a slew of layoff announcements from U.S. companies and skepticism about the U.S. government's plans to stimulate the economy and stabilize the banking system. In contrast to the price action from last year, the large drop in stock prices in January coincided with a decrease in market volatility.

CURRENCIES – Foreign exchange trading was slightly unprofitable during the month. The strengthening trend in the Japanese yen remained intact for much of the month providing gains for JWH's programs, but the programs were hurt by sharp reversals in European currencies around the turn of the year, which offset those gains. A number of European currencies, which experienced dramatic spikes higher against the dollar at the end of 2008, reversed course in the first month of 2009. It is impossible to know the exact cause of the late-year rally but is fair to say the magnitude of the moves in December could be explained by lower levels of liquidity near the holidays. The December moves were almost completely erased in January.



METALS – Metals trading was slightly profitable in January. Gold moved higher, benefiting in part from its status as a perceived store of value as the fiscal position of many governments around the world continues to deteriorate. Trading in industrial metals was mixed in fairly lackluster trading. It appears these markets are consolidating after the dramatic declines witnessed in 2008. The slowdown in global growth, particularly in China, continues to weigh on prices.

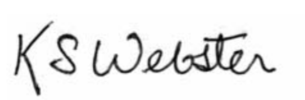


ENERGIES – Energy trading in January was somewhat subdued, especially when compared to last year's volatile market environment. The crude oil market traded in a range around $40 per barrel for much of the month. The fundamentals of the market, including weakening global industrial production and abundant supply, continued to weigh on prices. At the same time, hope that massive government stimulus will revive the economy has encouraged some speculative demand at these lower price levels. Natural gas trading contributed positively to performance this month. Freezing temperatures across much of the country and generally a colder-than-normal start to the winter did little to prevent a slide in natural gas prices to two-year lows. Gains in the energy sector overall were modest as losses in energy products such as London gas oil reduced sector profitability.

AGRICULTURAL COMMODITIES – Trading in the diversified agricultural sector was slightly negative for the month in largely uneventful trading. Most agricultural markets are trading off their 2007 lows but are lacking in any discernible trends. Trading in the grains and soft commodities was unprofitable but losses were contained in the sector.

CONCLUSION – January represented a month of change for many of the diverse markets and sectors traded by our programs. While overall market volatility seems to have declined during the month, January saw many price spikes and reversals that impacted long-term trends carried over from 2008 creating a challenging environment for JWH's programs. Our two largest sector exposures are in interest rates and currencies which were both hit by major reversals in January. When we consider the magnitude of changes that occurred across many of the programs market sectors and the extreme positive results from the fourth quarter of 2008, we are pleased with January's performance, even for those programs that incurred losses for the month, which can be viewed as a modest give-back of accrued profits.

We thank you for your continued support.



Kenneth S. Webster
President and Chief Operating Officer

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS