JWH MARKET COMMENTARY

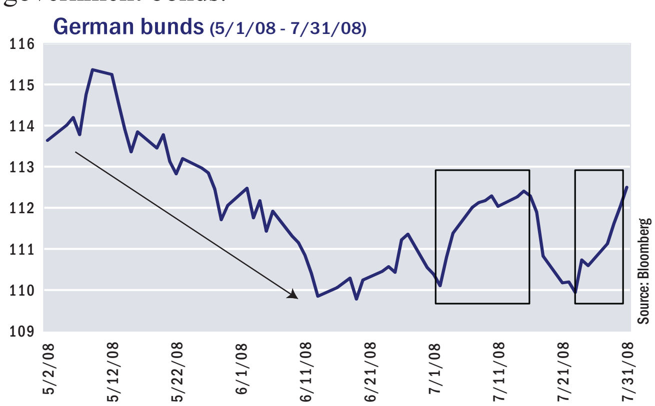
JULY 2008

JOHN W HENRY & COMPANY INC

COMMODITY PLUNGE IMPACTS ALL SECTORS

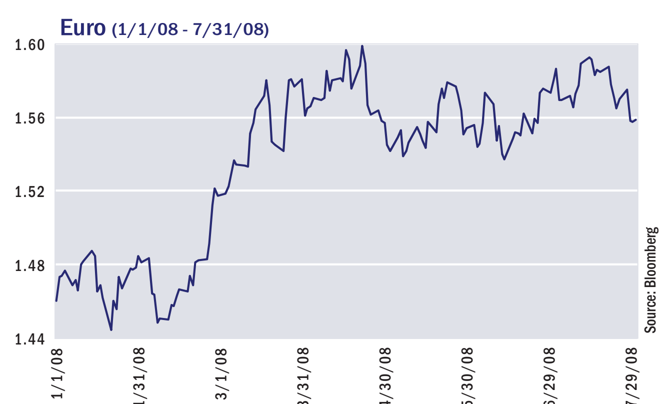
July was a difficult month for JWH trend-following programs as many global markets experienced abrupt reversals in trend. Three of the four available programs were negative in July. The largest losses came from the energy sector as a result of dramatic falls in the price of both natural gas and crude oil during the month. The weakness in the energy markets spilled into other commodity markets possibly as a function of asset allocation shifts out of commodities in general. The interest rate sector was also hit hard as the markets struggled to find direction amidst the conflicting effects of both inflationary and deflationary forces. The cloud of the U.S. housing and credit crisis continues to create turmoil in the markets. In July, it was the near demise and subsequent bailout of Fannie Mae and Freddie Mac that grabbed the headlines.

INTEREST RATES – The interest rate sector was among the worst-performing sectors in the programs, in part because the programs entered the month with signals in European bond and interest rates aligned as they followed the trend in European rates higher. This trend reversed during the first half of the month as nervousness about the future of U.S. government-sponsored entities, Fannie Mae and Freddie Mac, and the effect their failure would have on the U.S. stock and housing markets prompted global investors to seek the safety of government bonds.



Positions in the German bund market were the worst-performing in the sector. At the same time, markets where JWH's models had signaled more neutral exposures at the start of month began to participate in this new move higher in global bond prices. In some cases, these proved to be false signals when the bailout plan for Fannie Mae and Freddie Mac, orchestrated by the Federal Reserve Board and the U.S. Treasury, was initially well received by the market. Stability in Fannie Mae and Freddie Mac combined with sharply declining commodity prices had a modestly positive effect on market sentiment which put at least a temporary end to the rise in global bond prices.

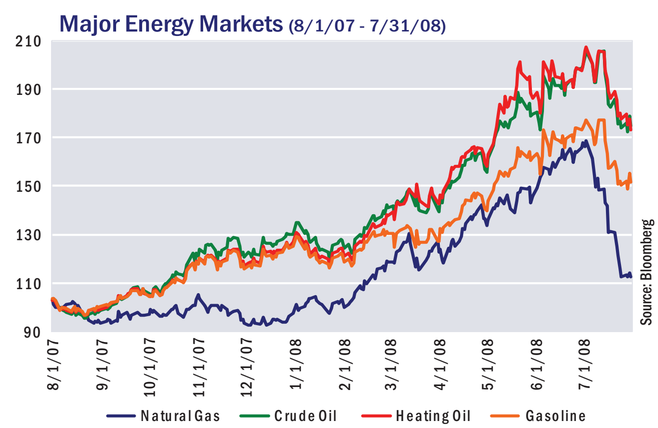
CURRENCIES – Trading in currencies was also unprofitable as the dollar responded to the headlines of the month in a manner similar to the global bond market. Positions in European currencies were hit hardest as price action was choppy throughout the month. At times during July, the dollar showed signs of strength, particularly during the sell-off in commodities later in the month. Overall, however, the dollar continued to trade in a trendless pattern at low levels. At mid-month, the euro traded near an all-time high of 1.6, only to drift lower at the end of the month.



Positions in non-dollar crossrates made a modest positive contribution to the programs but not enough to offset the losses sustained from positions in the major European currencies.

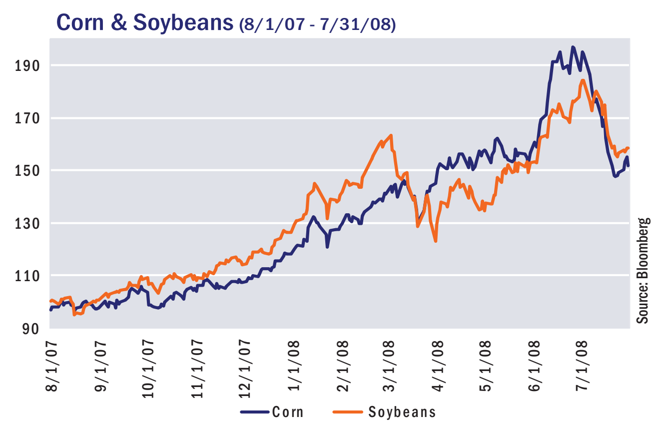
GLOBAL STOCK INDICES – Many global equity indices started the month in a clear down trend and were contributing positively to performance until mid-July. The rally that started near the middle of the month and continued through month-end wiped out the gains and left the programs with small losses in this sector. A rotation out of the commodity sector and into certain financials was a key theme during the rebound in prices. Positions in U.S., European and Asian equities were all modestly unprofitable for the month.

ENERGIES – The energy markets experienced significant declines in July. The peak in natural gas was reached just as July was getting underway on July 2nd at a price of 13.752 per BTU in the September contract. By the close of the month this contract had fallen to 9.119 per BTU – nearly a 35 percent decline in 21 trading days. Crude oil peaked later in the month. Its failure to breach the psychologically important $150 per barrel market may have led to selling across the energy complex. The front month contract reached its high price on July 11th and proceeded to fall more than $23 per barrel or more than 15 percent in the remaining 14 days of the month.



Fundamentals including rising inventories, the easing of political tension in Iran and perceptions about the prospects for future demand considering the declining global equity markets can not fully explain the speed and magnitude of these declines. The debate about how speculative flows influence prices will go on but undoubtedly the unwinding of speculative positions contributed to the speed of the decline. Shifts in asset allocations away from commodities likely also played a roll in the decline. Passive investment in commodity indices has increased dramatically in the last five years. In most cases, these indices have a high concentration of energy exposure so energy has a significant impact on the total return of this asset class. To the extent poor returns prompts an allocation away from commodity indices, it will be difficult for any one commodity market to hold up against the strong flow of funds.

AGRICULTURAL COMMODITIES – In the agricultural sector corn and soybeans contributed most to the losses as they also experiences dramatic reversals in prices.



December corn for example fell almost 20 percent for the month. Damage from the spring floods was less-than-expected and growing condition improved during the month. There is also a fundamental link between grain prices and energy via the ethanol component of gasoline so the decline in the price of energy may have affected the price of grains.

METALS – Gold tracked higher early in the month as the dollar made new lows against the euro and investors sought a safe haven from the declines in the stock market, but then sold off hard under the weight of improving equity market sentiment and rapidly declining energy prices. The majority of the metals sector was unprofitable for the month.

CONCLUSION – July was a very disappointing month. The combination of abrupt price reversals in many major market sectors and the absence of sustained trends made it a difficult environment for products employing a long-term trend following strategy. To put the magnitude of reversals in context, the Reuters/Jefferies CRB Commodity Index had its worst month in 28-years. The significant declines in performance have come following extended periods of positive returns for our diversified programs with trailing 12-month results through June of 65 percent and 47 percent for our JWH GlobalAnalytics and JWH Diversified Plus programs, respectively. While this does not make the retracement experience any easier for our clients or for us as investment managers, we will continue to strive for improvements, through our ongoing research, to take advantage of the long-term trends that emerge while guarding against rapid declines of this magnitude. We cannot guarantee positive performance but we can guarantee our continued diligence and dedication to our investors.

We thank you for your continued support.

Kenneth S. Webster

K S Webster

President and Chief Operating Officer

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS