

JWH MARKET COMMENTARY

JULY 2009



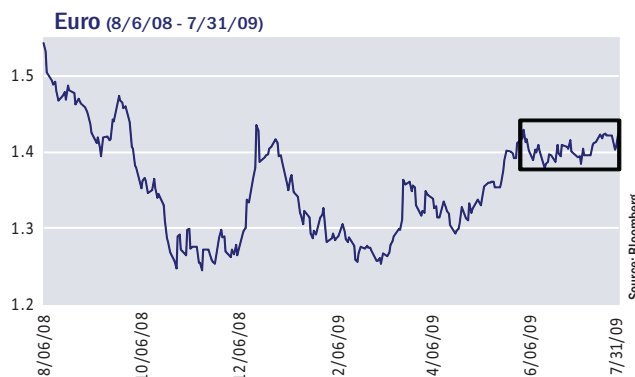
JOHN W
HENRY &
COMPANY

INC

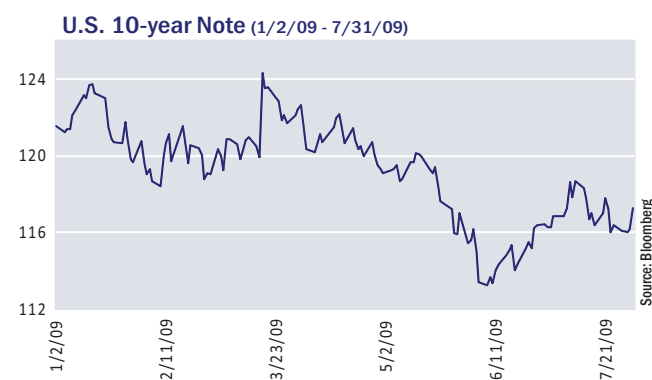
STOCKS RALLY WHILE OTHER ASSET CLASSES LINGER

JWH programs turned in mixed performance in July. JWH Diversified Plus and JWH World Commodity Portfolio produced positive results, while other programs, including JWH GlobalAnalytics[®], declined during the month. The S&P surged nearly 7.5 percent during July, ending the month near 1000. By month-end, the index had recovered more than 48 percent from the lows made during March. July's advance in the S&P was fueled by improving corporate earnings and better-than-expected news on the economy. While the data could not be described as good, the pace of deterioration in the economy is slowing. The stock market, however, is forward looking and continues to be re-priced to reflect expectations of a brighter future. As with much of the stock market's recovery, the signals from other asset markets are less clear and the price patterns lacking in direction.

CURRENCIES – While the low value of the dollar is a cause for concern for U.S. investors and policy-makers, most currencies failed to make new ground against the dollar in July and continued to trade in a range-bound or choppy fashion for most of the month. For example, the euro/USD exchange rate, which is a significant component of the dollar index, traded close to a nine-month high during the month. At the same time, however, it only moved from 1.4033 to 1.4257 during the period, touching but failing to breach the high made the prior month. The dollar's performance versus the Japanese yen was similar in that it weakened month-on-month (but not substantially) and not in an even fashion. The trendless trading environment in the foreign exchange markets has not been a favorable one for JWH's style of trading. Most programs suffered losses in July as profits from positions in European currencies were not sufficient enough to offset losses in other currencies.



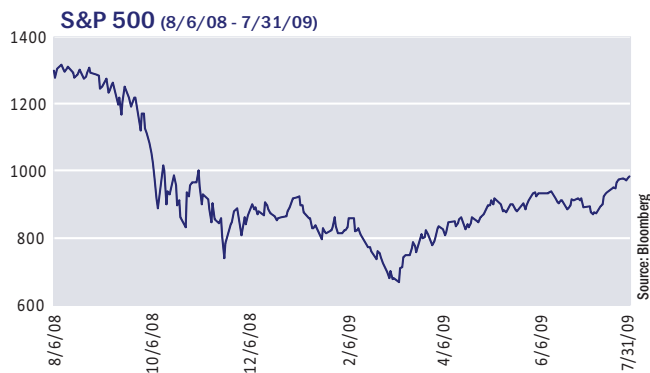
INTEREST RATES – Performance from the interest rate sector was muted as a consequence of small position sizes and the low amplitude of the month's trading range. While U.S. Treasuries have not performed well, year-to-date the pace of the decline has been modest considering the strong performance of the stock market, other risk assets and the massive issuance of new debt by the U.S. Treasury. At the moment, there appears to be sufficient demand to meet the growing supply of government bonds.



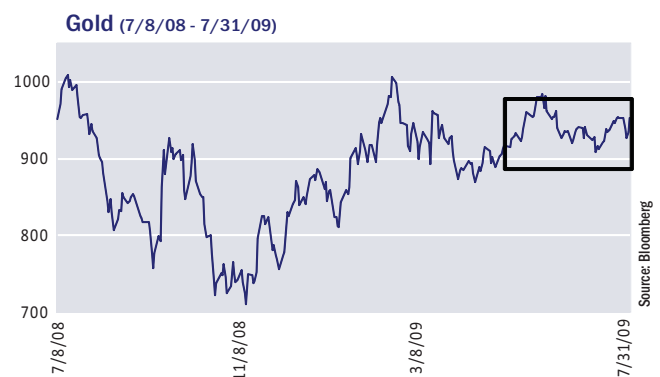
The Fed's custodial holdings of Treasuries for overseas accounts, including foreign central banks, reached \$2 trillion for the first time in July, and this represents about a third of the United States' marketable debt. Retail investors have also been a source of demand for U.S. debt as data on mutual fund inflows continued to indicate that despite the strong performance of the stock

market, bond funds have been major beneficiaries as investors begin to allocate away from cash and money market funds. Modest losses were experienced in the interest rate sector in July.

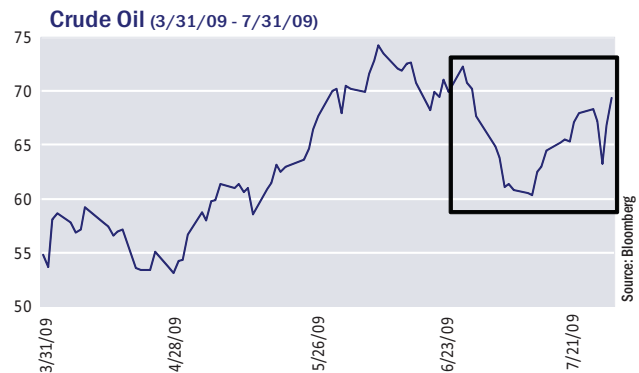
GLOBAL STOCK INDICES – The global equity market rally continued in July. JWH trading in these markets, however, was generally flat. Small profits from trading in U.S. and European equity index futures were slightly greater than the small losses from trading in Asian indices. Prior to the strong equity move that began in mid-July, many of the markets had been in a consolidation phase, absorbing the strong moves since mid-March. Our programs that utilize shorter-term models were positioned short before the big move, which had the effect of offsetting some of the gains captured by the longer-term models. JWH Diversified Plus and the Financial and Metals Portfolio were able to capture profits in the equity markets.



METALS – Trading in precious metals was unprofitable in July for many of the same reasons currency trading was unprofitable. Gold continued to trade at elevated levels just under \$1,000 per ounce but has failed to make new ground for some time and has traded in an erratic fashion. Trading in base metals was profitable. These metals have a tendency to be pro-cyclical so as the markets began to adjust to the possibility of an economic recovery, strong trends emerged across the industrial metals complex.

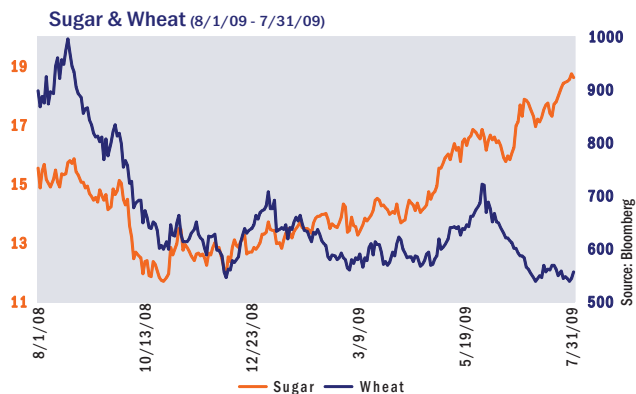


ENERGIES – Energy trading produced negative performance for the majority of JWH's programs in July as crude oil and petroleum products had a sharp reversal in trend in the middle of the month. The crude oil market started the month in a down trend pressured by pessimism over the economy and uncertainty around impending regulatory changes and limits on speculation. The market found strong support near \$60 per barrel and garnered upside momentum as economic data began to come out better-than-expected and the dollar began to weaken toward the high of the recent range. Natural gas trading was slightly profitable in all programs as it proved to be immune to the rally in crude-based products. JWH Diversified Plus generated profits in all energy markets.



AGRICULTURAL COMMODITIES – The agricultural sector produced mixed performance results in July as the markets seemed to trade distinctly and according to their own fundamentals. The sugar market rallied sharply during the month. Excessive rainfall in Brazil, the world's biggest producer of sugar, limited sugar cane yields. Grains, on the other hand, continued to probe lows in July as weather in the U.S. was supportive and

as China announced the sale of grains from its state reserves. Trading in sugar and grains were profitable, while positions in other commodity markets were slightly unprofitable.



CONCLUSION – Market conditions continue to be difficult for trend-followers in 2009. JWH Diversified Plus and JWH World Commodity Portfolio have fared reasonably well in July and year-to-date as their long-term models have provided support during this extended period of “choppy” price action. The markets continue to consolidate after the large moves of 2008 and while many continue to forecast “the worst is over” after a substantial move higher in the stock markets, others point out that uncertainty around the levels of massive consumer debt, estimated at 124% of disposable income, unencumbered government spending and slow improvement in the real estate markets are risks for sustained recovery. These conflicting views have left many market sectors in an extended state of “whipsaw”. The news and economic announcements that drive price today are often reversed or recanted tomorrow. The long-term direction of the markets will continue to become clearer and JWH believes that it is well positioned to take advantage of those trends as they emerge.

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