

JWH MARKET COMMENTARY

JULY 2007



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COMPANY

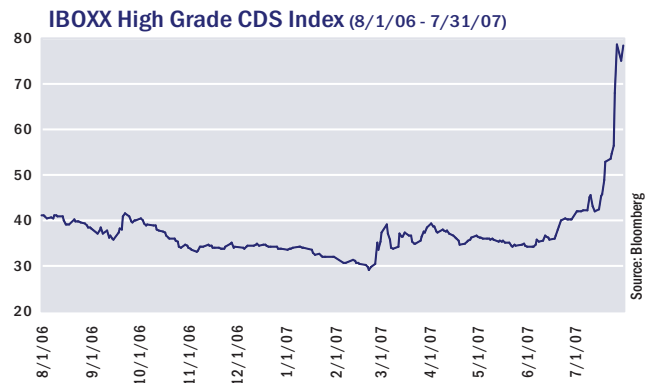
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VOLATILE TRADING ENVIRONMENT LEADS TO PROGRAM LOSSES

JWH programs experienced losses for the month of July as many of the financial market trends that contributed to the firm's second quarter gains were significantly disrupted or ended. Concerns about strains in the U.S. housing market, exposure to sub-prime mortgages and excess leverage in the financial system resurfaced prompting investors to reduce positions in "risky" assets. The manifestation of this "flight to quality" was most noticeable in the credit markets, where market forces pushed borrowing costs significantly higher. In this volatile trading environment, government bond prices rose while global equities and higher-yielding currencies declined. Most of JWH's diversified programs partially mitigated losses as their commodity allocations benefited from gains achieved from the rising price of crude oil and trends in the grain markets.

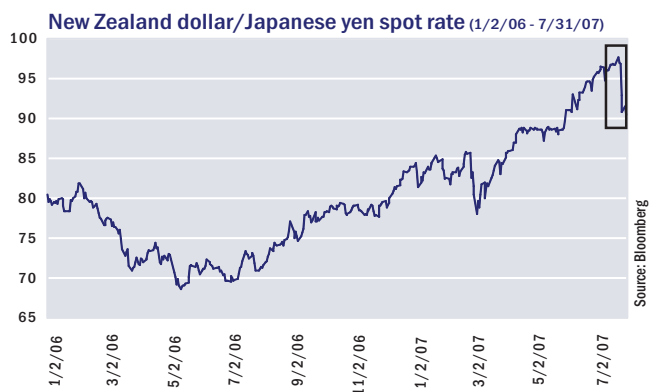
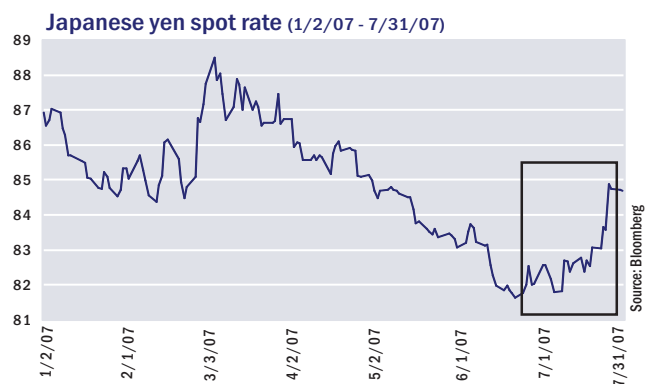
BROAD-BASED TREND REVERSALS – Strong global growth, rising inflationary concerns and vigilant central banks were three factors that combined to drive global interest rates higher during the second quarter of 2007. Festering near the surface of the market consciousness, however, was real concern about the state of the U.S. housing market, hedge fund and investment bank exposure to sub-prime mortgages and the fragility of the liquidity-dependent capital markets. These fears increased in July, resulting in higher bond prices and a clear repricing of risk. The benchmark U.S. 10-year yield fell from a high of 5.19 percent during the month to close at 4.74 percent. At the same time bond yields were falling, spreads were rising at an even faster pace, increasing the net borrowing costs for most credits. The chart of the IBOXX High Grade Credit Default Swap Index illustrates the dramatic change in the perceived risk of owning corporate credit. Mortgage, high-yield and swap spreads also widened during the month. The broad-

based trend reversals in global bonds caused JWH programs to incur losses in the interest rate sector.



CURRENCY MARKETS ROILED BY TURMOIL IN CREDIT MARKETS

– Trading in currencies was also unprofitable. At the start of the month, the profile of the JWH currency portfolio generally reflected the markets' desire for higher-yielding currencies at the expense of lower-yielding currencies. Often in periods of uncertainty, investors will eschew yield in favor of value and safety. As it turned out, the turmoil in the credit markets had a collateral effect on the currency markets as investors bought back short positions in low-yielding currencies that were used to finance long positions in higher-yielding currencies. The firm's largest loss was in the Japanese yen. Trading in the British pound was profitable as the currency rose to a 26-year high against the dollar. Recent economic data gives the market reason to speculate that the Bank of England will continue to raise interest rates while the Federal Reserve Board stays on hold which increases the attractiveness of pound-denominated assets. The charts on the following page depict the sharp increase in the value of the low-yielding Japanese yen and the decline in the value of the high-yielding New Zealand dollar relative to the Japanese yen.



HIGHER BORROWING COSTS DROVE GLOBAL EQUITY MARKETS LOWER

– Global equity prices suffered a significant setback in July as the S&P 500, MSCI EAFE Index (Morgan Stanley Capital International, Inc – Europe, Australasia, and Far East) and most emerging markets all fell more than five percent from their highs during the month. The most recent cycle in the equity markets could be characterized as fearless -- driven by debt and easy credit. To the extent that borrowing costs increase and demand for securitized loans decrease, it changes the math for private equity investors. This was an important flow for the stock market. Share prices of financial institutions that were affected most by spread widening or had potential exposure to the sub-prime market were particularly hard hit. Trading in this sector was difficult in July as a number of long held positions were stopped out.

STRONG TRENDS CONTINUED IN ENERGY PRODUCTS

– Despite instability in the financial markets, trading in

energy was profitable and helped to offset losses in other sectors of JWH programs. Crude oil prices began the month strong on concerns that violence in Nigeria could curb U.S. supplies. The demand side of the equation was also becoming constructive as economic data showed the Chinese economy is growing at the fastest pace in 12-years. The U.S. Department of Energy reported that gasoline demand rose to it's highest level in two-years. Another bullish factor could be found in the changing shape of the crude oil forward curve as it normalized during the month moving from contango to backwardation. A forward curve that is in contango is one where nearby futures prices are less expensive than deferred contracts. In this scenario, there is a cost associated with carrying long positions. The fact that this condition does not exist at the moment is a bullish factor. At the same time, crude and petroleum products were moving higher, natural gas prices were moving lower. Moderate summer temperatures, building storage levels and downgrades to the U.S. hurricane season were all factors weighing on the price of natural gas. Unlike the financial markets where correlations within sectors were rising because of the flight to quality, JWH's diversified programs moved independently generating profit opportunities in the energy markets.

AGRICULTURE AND METALS MARKETS PERFORMANCE UNEVENTFUL

– Outside of energies, other commodity market results were mixed on the month. JWH diversified programs benefited from positions in the grain markets. Wheat prices remain firm near record highs amid strong demand. Orders for U.S. wheat from overseas are up 44 percent versus the level from a year ago. The price for corn, the largest U.S. crop according to government data, is off more than 25 percent from their yearly high. This occurs as reports indicate that U.S. farmers will increase their corn planting by 19 percent to the largest number of acres since 1944. Trading in other commodities was largely uneventful with only modest influences on overall performance this month.

CONCLUSION – Trends in global bonds and equities were halted in July when problems in the U.S. housing and sub-prime mortgages spread throughout the global financial markets. This contagion led to a broad-based reduction in risk. Diversification and risk management techniques helped to minimize losses in this difficult environment. It is hard to know where the markets go from here but it is quite possible that elevated levels of volatility will persist in certain markets, which could be a positive development for JWH's style of trading. JWH stands ready to potentially take advantage of new opportunities as they arise.

We thank you for your continued support.



Kenneth S. Webster
President and Chief Operating Officer

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS