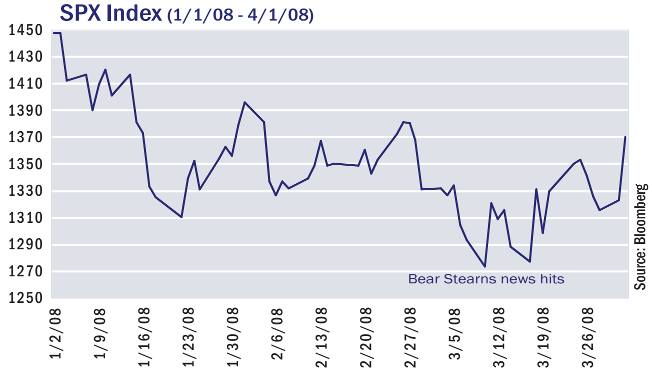
JWH MARKET COMMENTARY

MARCH 2008

JOHN W HENRY & COMPANY INC

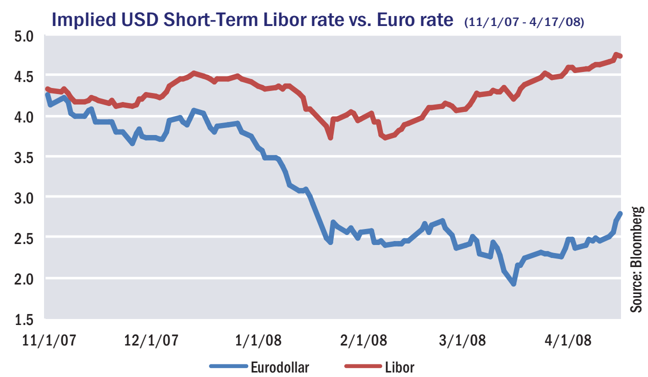
STRONG PERFORMANCE CONTINUES AS THE FED TAKES ACTION

JWH program performance continued its positive run in March with all JWH programs achieving positive returns for the quarter. The crisis in the financial markets continued in March possibly reaching the nadir on March 17th when the market first learned of the U.S. Federal Reserve Board (the Fed) orchestrated bailout of investment banking firm Bear Stearns. This date also marked the year-to-date low in the S&P 500 and coincided with price reversals in a number of key markets.



As financial market conditions continued to degrade into the month, officials in the U.S. provided a substantial policy response. The Fed, in addition to reducing the Federal Funds rate by 75 basis points on March 18th, established new lending facilities aimed at adding more liquidity to the financial system and providing access to a broader array of financial institutions. At the end of the month the U.S. Treasury proposed an overhaul of the financial system and made specific recommendations including one that would give the Fed greater responsibility for the oversight of financial institutions outside of the banking system. In the near term these measures were effective in alleviating some of the stress in the markets. Equities prices rallied, albeit not in a straight line, while certain credit spreads tightened and volatility subsided. Time will tell if these measures are a sufficient remedy for the problems affecting the markets and the U.S. economy at large.

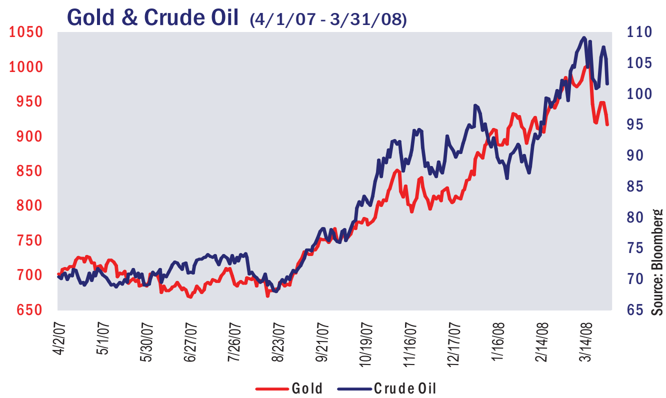
CURRENCIES – Currencies were the most profitable sector this month as interest rate differentials between the U.S. and Europe widened further, providing a fresh incentive to sell the U.S. dollar. The euro traded to a record level of 1.5804 during the month and closed near its all time high at month-end. The Fed rate cut on March 18th brought Fed Funds down to 2.25 percent. This leaves the rate at just 50 percent of what it was in the fourth quarter of 2007. The European central bank, on the other hand, has maintained a relatively hawkish monetary policy leaving official lending rates stable at 4 percent. JWH programs generated profits in most of the major currencies against the dollar. The Japanese yen was not as strong as the euro during the month but it did manage to trade at a twelve-year high against the dollar at mid-month.



INTEREST RATES – The interest rate sector was once again at the center of the storm in March as the Fed was active in its effort to restore confidence in the markets. The significant reduction in U.S. rates, the establishment of special lending facilities that increased liquidity and the bailout of Bear Stearns was a powerful boost to a market that was reeling from fear. These actions prompted meaningful price reversal across the sector. In the early part of the month global interest rates were moving sharply lower as traders and investors appeared to eschew risk in all forms. Concerns about counterparty risk were particularly heightened and evident in wide spreads on most banks and brokers Credit Default Swaps. The stock market was also under pressure leaving government bonds and securities the logical haven from the storm. Yields on 10-year U.S. government bonds fell early in the month from 3.50 percent to 3.28 percent and closed the month at 3.44 percent. Performance from this sector was slightly positive as gains from early in the month eroded as trends reversed later in the month. Positions in Japanese and U.S. interest rates outperformed positions in European rates.

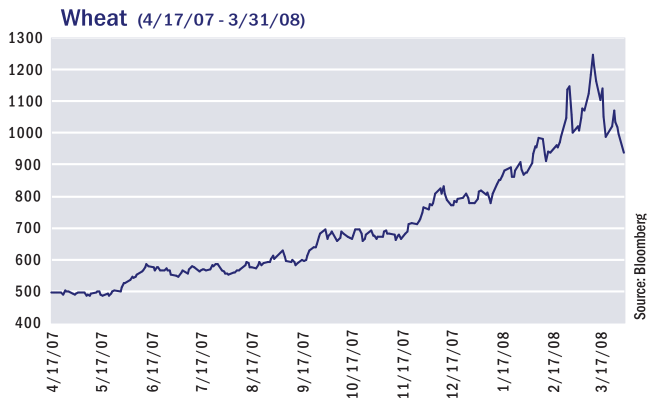
GLOBAL STOCK INDICES – Trading in global equities, to some extent, was a mirror image of trading in interest rates. Equity markets sold off early in March as financial shares were battered on credit concerns while the technology sector was marked down along with growth projections for the U.S. economy. Stocks did recover in the second half of the month. Overall, trading in global equities was profitable for the month with positions in the Japanese Nikkei contributing heavily to the sectors positive performance.

METALS – In general, price action in the precious metals keyed off of developments in the financial markets. Gold soared to record highs above $1,000 per ounce early in the month as it enjoyed its status as a safe haven and store of value. When the markets staged their recovery gold sold off sharply. As is often the case with less liquid assets, the movement out of a market can have a greater impact on price action than the movement into a market. Gold traded down from a monthly high near $1,040 per ounce to close the month at $921. Positions in both precious and base metals were unprofitable for the month.



ENERGIES – While crude oil prices forged new ground above $100 per barrel in March, it was natural gas that helped provide profits in the sector. Natural gas rallied more than 7 percent during the month as colder-than-expected temperatures and increased demands are expected to slow the build in natural gas inventories. Positions in London gas oil were also profitable. Crude oil prices rallied during the first half of the month only to give back gains at the end of the month as the dollar recovered and forecasts for global growth were revised lower.

AGRICULTURAL COMMODITIES – The agricultural sector produced negative performance in March. Trading and price action in the grain markets was largely independent from the moves in the financial markets and the dollar. Most grain prices were enjoying a remarkable bull market heading into March and arguably due for a correction. The cure for high prices turned out to be high prices as large importers of grains canceled orders during the month. Recently expanded daily exchange price limits allowed for dramatic moves to the downside in wheat, soybeans and soybean products. Corn bucked the trend and finished the month stronger buoyed by bullish reports from the USDA. Soft commodities such as sugar, coffee and cotton reversed course during the month suffering from a reduction in speculative risk taking.



CONCLUSION – While the month contained significant reversals in some trends that resulted in performance finishing March below the inter-month peak, we are pleased with the continued positive results for the month and the quarter. JWH models performed as expected, given the volatile price action across multiple market sectors. The anxiety in the markets continues to be elevated as fears about the health of the U.S. economy and the financial system appear to be justified. JWH will continue to monitor the markets closely and employ our long-term, systematic approach for our clients.

We thank you for your continued support.

Kenneth S. Webster
President and Chief Operating Officer

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS