JWH MARKET COMMENTARY

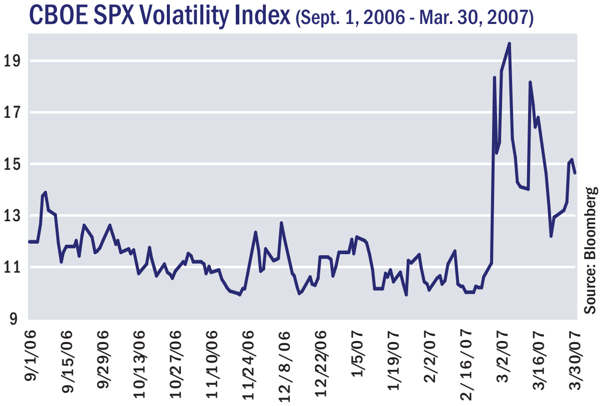
MARCH 2007

JOHN W HENRY & COMPANY INC

SPIKE IN VOLATILITY CONTINUES INTO MARCH

JWH program performance for the month of March was negative. This negative performance occurred as the explosion in volatility that began at the end of February continued into early March as shown below.

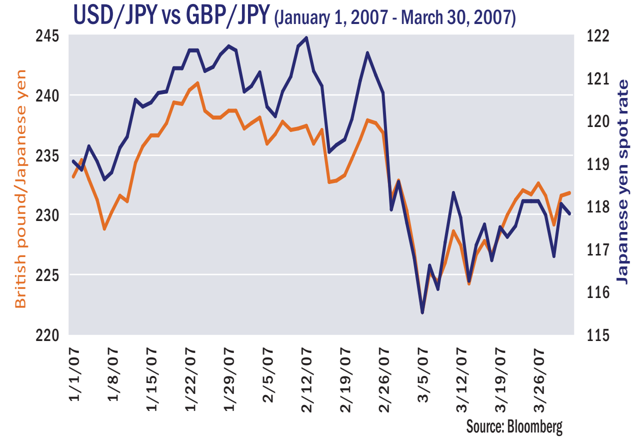
CBOE SPX Volatility Index (Sept. 1, 2006 - Mar. 30, 2007)



REAPPEARANCE OF RISK – On February 27th, the largest drop in China's stock market in a decade, and the global sell-off that followed seemed to shift market sentiment towards fears about the slowdown in the U.S. housing market and the overall health of the U.S. economy. The sudden "reappearance" of risk in the world financial markets caused losses in various markets as our systematic trading approach was not positioned for this sudden turn of events. Our programs suffered losses in the currency, metal and agriculture markets at the beginning of the month as sharp reversals, which carried over from February, led to the exiting of positions. These markets quickly stabilized and spent the remainder of the month retracing their overextended moves.

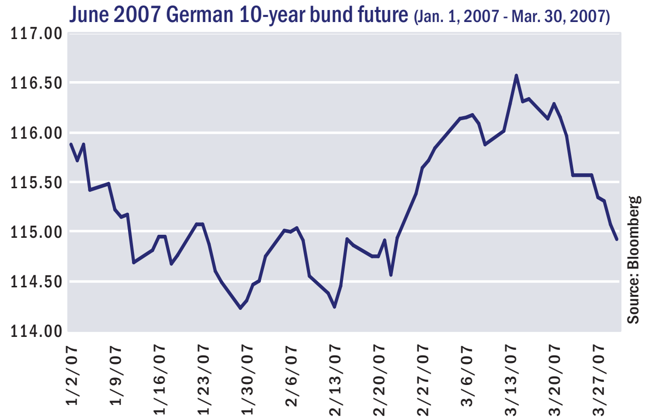
THE CARRY TRADE CONTINUED TO UNWIND – The Japanese yen's sharp reversal continued during the first few days of March, triggering further unwinding of trades betting on a decline in the Japanese currency. As shown by the following chart, the yen advanced to near its highest level in almost three months against the dollar. In addition, the yen gained against all 16 of the most-active currencies during the first week of March, as global stocks extended a slump. This prompted traders who had borrowed the currency to finance other investments to buy back the yen to repay their debt financed in Japan, furthering the unwinding of the carry trade. The rise in implied volatility, a measure of how much investor's expect the yen to fluctuate, also discouraged the carry trade.

USD/JPY vs GBP/JPY (January 1, 2007 - March 30, 2007)



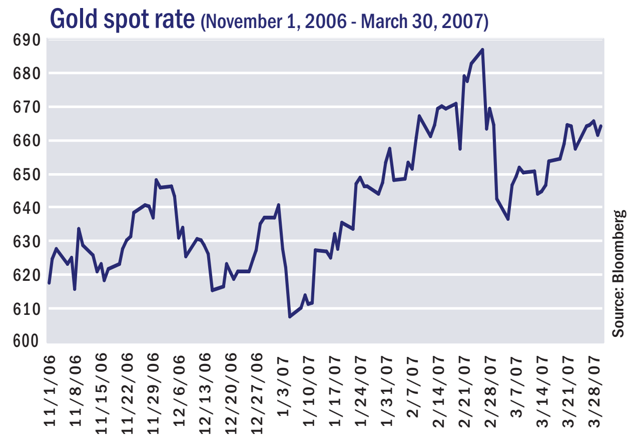
The British pound fell to its lowest level against the yen in more than four months, as shown above, as one month sterling/yen implied volatility soared to a record high of 11.75 due to concerns of rising risk.

FIXED INCOME MARKETS SURRENDER GAINS – Global bond markets fluctuated during the first half of the month as fixed-income market sentiment vacillated between two conflicting views before ending the month lower. Fixed-income markets, which had trended higher throughout February, continued to strengthen as uncertainty increased that the drop in equities and the rising defaults among the riskiest mortgages, called subprime mortgages, would slow consumer spending and the global economy. In reaction, yields in the German 10-year bund slid to their lowest level in 2007 as shown in the following chart.

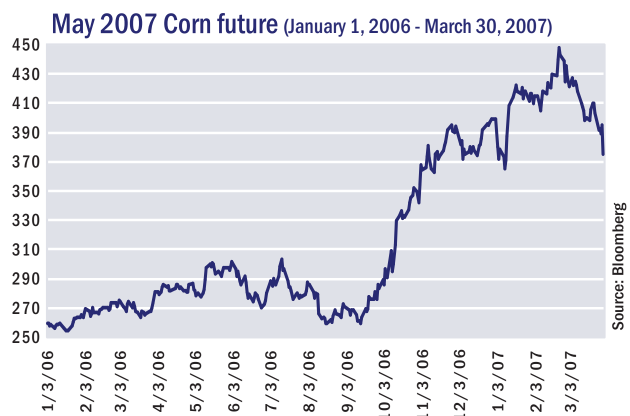


However, stronger-than-expected economic data and central bank statements out of both the U.S. and Europe throughout the month rejuvenated investors' fears and eventually sent fixed-income markets lower, reversing the previous trend. European government bonds posted their biggest back-to-back weekly decline in three months as European Central Bank President Jean-Claude Trichet reassured investors and stated that growth was "broader and sustained" and left "no time for complacency." On March 30th, the U.S. 10-year Treasuries surrendered the remainder of the gains they had amassed after the equity sell-off that began on February 27th. The rally had driven the yield to as low as 4.44 percent on March 5th. The shifting market sentiment led the fixed income sectors within our programs to end the month in negative territory.

EQUITY INDUCED DROP IN GOLD FORCED EXITING OF POSITIONS – The plunge in the equity markets across the globe sent precious metals lower, reversing their strengthening trend. The rout in stocks sparked selling in other markets as investors sought to cover losses and reduce risk. By March 6th, gold had dropped almost $50, or 7.3 percent since February 26th, when it closed trading at $686.65 as shown in the following chart. Although gold eventually began to rally, ending the month down only .5 percent, the extreme drop in prices at the beginning of the month caused our systematic investment style to exit positions, which resulted in losses.

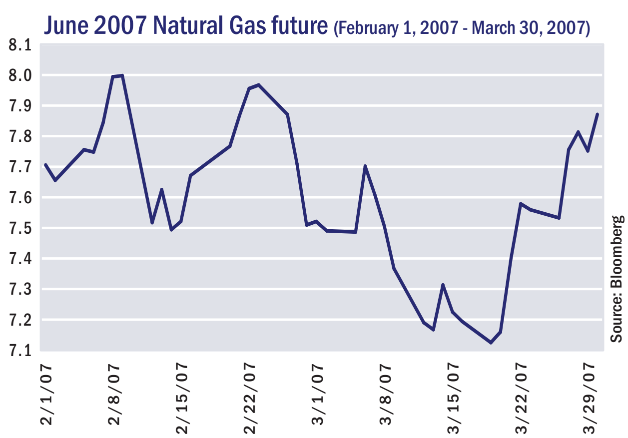


DROP IN EQUITIES REVERBARATED THROUGHOUT GLOBAL MARKETS – The global sell-off in equities that began on February 27th caused more than $2.4 trillion in share value to be lost over five days. As a result, commodities continued to fall as investors sought to cover losses and reduce risk. Investors bailed out of agricultural commodities and took profits in corn and soybeans, which had just reached multi-year highs (see below).



However, gains were achieved in New York coffee as its weakening trend not only continued despite the equity markets, but accelerated during the month. Our programs generated profits in this market as coffee fell to its lowest price since November on signs that supply may be exceeding demand and stocks piled up in warehouses monitored by the New York Coffee, Sugar & Cocoa Exchange.

GEOPOLITICAL EVENTS AND WEATHER DROVE ENERGY PRICES – The JWH programs had mixed performance in energies as weather and geopolitical events were the driving forces of price movements. Natural gas dropped to its lowest price in two months on March 19th as forecasts for milder weather signaled reduced consumption of the heating fuel. However, when forecasters predicted a shift in the weather pattern that would deliver colder than normal air to the eastern United States, natural gas experienced a trend reversal as prices rose to a one-month high as shown in the chart below.



Offsetting the losses in natural gas, were the gains achieved in petroleum products. While gains were achieved in crude oil as it continued its weakening trend for most of the month, they were limited as crude oil spiked higher and traded near a six-month high after Iran seized 15 British Naval personnel in the Persian Gulf on March 23rd.

CONCLUSION – Performance was negative for the month as the drop in global equity markets, which increased volatility in financial markets around the world, carried over into the first few days of March. The firm's systematic trend following methodology caused its programs to exit positions during this difficult turn of events. This turmoil has the potential to be a positive development for JWH's style of trading. Short-term market dislocations can be a harbinger of a major shift in trends. However, the dislocation of the markets thus far has been a short-lived phenomenon, resulting in a temporary spike in volatility. Nonetheless, the increased turmoil within the markets could still be a precursor of a potential major shift in trends. JWH will continue to apply its disciplined systematic trading approach to potentially take advantage of new opportunities as they present themselves.

We thank you for your continued support.

Kenneth S. Webster
President and Chief Operating Officer

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS