

JWH MARKET COMMENTARY

NOVEMBER 2008



JOHN W
HENRY &
COMPANY

INC

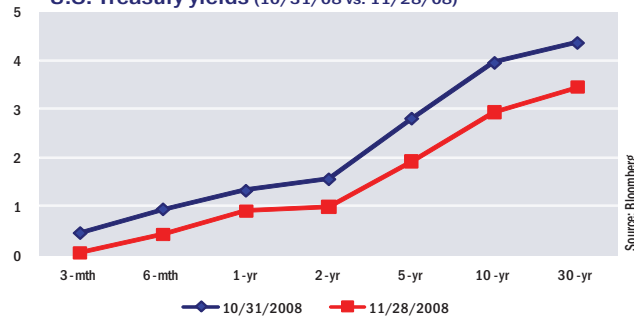
ECONOMIC AND POLITICAL UNCERTAINTIES CONTINUE TO ERODE INVESTOR CONFIDENCE

JWH's run of strong performance continued in November as many of the themes that were behind our firms outstanding October results remain in place. All of JWH's four offered programs returned positive performance ranging between 4 and 7 percent during the month, bringing year-to-date returns between 38 and 82 percent. Most trading sectors contributed positively to performance during the month as the global economy and world markets remain under pressure. The financial crisis continues to evolve as November developments were set against the back drop of a historic presidential election in the United States. The changing political landscape and the assembling of a new federal economic policy team added both uncertainty and new information for the market to digest. Economic authorities worldwide were active during the month as they continue attempts to restore confidence in the financial system and provide stimulus to an ever slowing global economy. The impact of the measures taken so far remains unclear. While there are some indications that stress in certain areas of the market is less pronounced, major stock markets put in new year-to-date lows during November underpinning long-standing trends in other sectors.

INTEREST RATES – Interest rates were the best-performing sector for the month as the market began to price in the next phase of the “less conventional” Federal Reserve Board (the Fed) policy. The long-end of the market rallied the most as investors bet that the Fed would take measures aimed at bringing down long-term borrowing costs. On November 20th, the Fed announced it would buy \$100 billion in debt issued by government-sponsored companies such as Fannie Mae and Freddie Mac, and \$500 billion in mortgage-backed securities issued by these companies. This sent Treasuries to new yearly highs and sparked a sharp rally

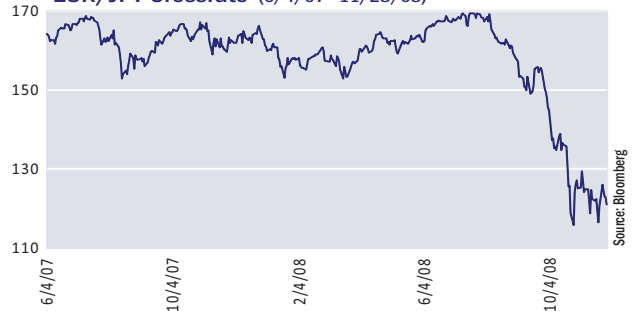
into the end of the month with the entire yield curve moving lower as it flattened. The yield on U.S. 30-yr. bonds fell to 3.43 percent from 4.33 percent during the month. Positions in European interest rates were also profitable as data released during the month continues to point to worsening economic conditions in the Euro-zone and the market is still demonstrating an appetite for risk-free assets.

U.S. Treasury yields (10/31/08 vs. 11/28/08)



CURRENCIES – Currency trading continued to contribute to the positive returns with positions in the Japanese yen among the most profitable in the group. The Japanese yen which gained 3.2 percent against the dollar in November, continues to benefit from portfolio de-leveraging and the un-winding of so-called carry trades where the yen was used as a financing currency.

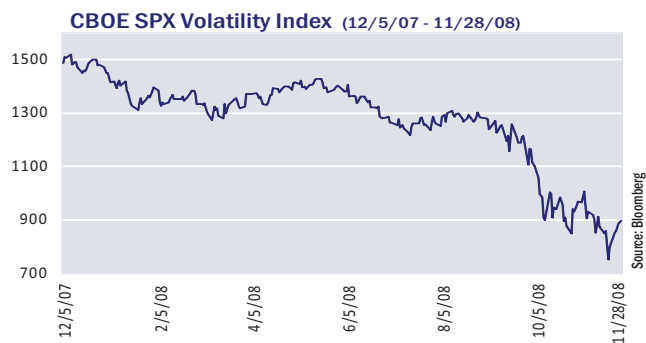
EUR/JPY Crossrate (6/4/07 - 11/28/08)



At the same time that the dollar was losing ground against the yen, it was appreciating against most other currencies. Overall, the U.S. dollar (as measured by the

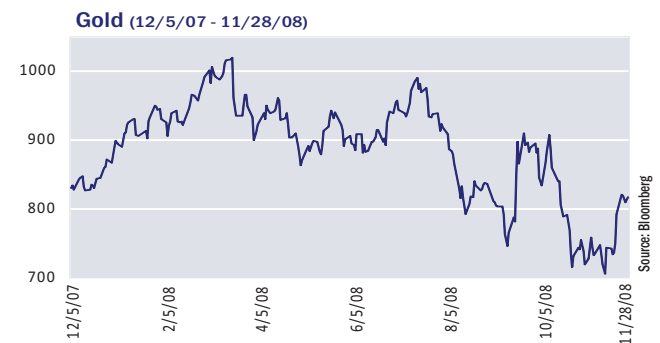
USD index) appreciated approximately 1 percent during the month. The U.S. dollar benefited from its status as a safe haven and was buoyed by strong flows out of emerging markets. Non-dollar cross-rate trading was also profitable as other currencies in addition to the USD declined against the yen.

GLOBAL STOCK INDICES – The equity markets continued their decline in November with the Dow Jones Industrial Average marking a 50 percent decline during the month from last year’s record price. The S&P 500 declined 7.4 percent for the month, while the Nasdaq Composite declined 11.7 percent. The automotive and financial sectors grabbed the spotlight during the month as U.S. economic authorities grappled with bailouts for Citibank and Detroit’s Big Three auto makers. While the markets finished the month decidedly lower, the path was volatile. In fact, the closing price on November 24th marked the best two-day return for U.S. stocks since 1987. The sharp two-day run was sparked by an announcement that the U.S. government would guarantee \$306 billion of troubled Citigroup Inc. assets. History has shown that some of the sharpest short-term rallies occur within the context of a bear market. In fact, futures prices on the VIX (CBOE Volatility Index) imply that the market believes that volatility will remain well into 2009.

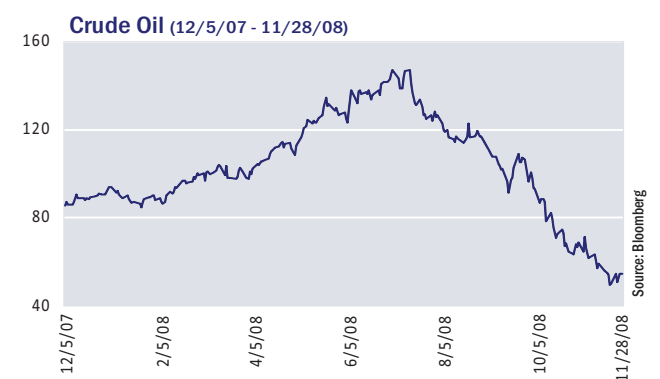


METALS – The metals sector as a whole was slightly unprofitable as gains from copper and aluminum trading did not offset losses from the gold market. The gold market has been trading in an uneven pattern because it is caught between the push and pull of two powerful

forces. Gold’s status as a safe haven and store of value generates positive flows during this time of crisis; however, the strong movement of money out of the commodity markets weighed on the price of gold during the month. Base metals prices continued their sharp decline in November. Copper was down 11 percent on the month and is now off an astonishing 60 percent from the highs of just this summer.



ENERGIES – Positive energy market results have continued to contribute positively to the performance of JWH’s programs. This is the fourth consecutive month of positive results from this sector and the ninth month this year. Looking back at the year, the path of energy markets has been remarkable. Crude oil, for example, started the year trading around \$90 per barrel before going on a 60 percent bull run into the summer. As the global economy has continued to deteriorate, the price of crude has fallen more than \$100 per barrel in less than five-months.



This steep decline in price calls into question the ability of OPEC to manage the downside in oil prices as a decision on October 24th to cut production by 1.5 million barrels per day did little to slow November’s price declines.

Similar moves were witness across the sector with London gas oil being the most profitable market for the programs.

AGRICULTURAL COMMODITIES – The agricultural markets were relatively stable but still contributed modest gains during the month. Within the sector there was greater variation in performance among the different markets traded than has been the case for much of the past few months which bodes well for sector volatility going forward. While the long-term trend still leans lower for most of these markets the trading pattern during the month of November was somewhat choppy. With the exception of cotton, wheat and London coffee, which were relatively flat, all markets in this sector contributed small amounts to the month’s performance.

CONCLUSION – JWH programs continue to perform well in what has become one of the most difficult market environments for the professional investment management community in U.S. history. We continue to see unprecedented events with many funds closing their doors and many invoking emergency clauses in their fund documents that have allowed them to effectively deny investor redemption requests and “lock in” investors for an unknown period of time. This will only serve to further exacerbate the high levels of uncertainty and discomfort felt by investors who feel they have lost complete control over their invested assets. We feel it is important to reiterate to our investors that we continue to invest in what have historically been the world’s most liquid markets and that those investments are “marked to the market” each day. This decision may reduce the set of possible opportunities for a fund but is a critical component in our portfolio design that is intended to limit the ever present risk of substantial losses due to illiquidity while providing a true current value throughout any performance cycle.

JWH cannot predict the future and, as the crisis and current market turmoil have made clear, neither can anyone else. We will continue to rely on our disciplined and systematic approach to investing in these markets and

remain thankful to have been able to provide these significant levels of performance and portfolio protection to our clients during this difficult period.



Kenneth S. Webster

President and Chief Operating Officer

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS