

JWH MARKET COMMENTARY

OCTOBER 2007



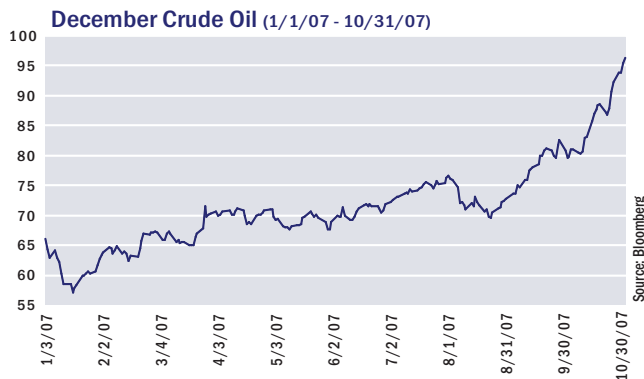
JOHN W
HENRY &
COMPANY

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ENERGY AND METAL MARKETS SURGED AS THE FEDERAL RESERVE RATE CUT SENT THE DOLLAR TUMBLING

Seven of JWH's nine programs were positive for the month of October as apprehension returned to the financial markets resulting from speculation that credit market losses could potentially further hurt the broader U.S. economy. The resulting increase in market volatility benefited the firm's disciplined, long-term systematic trading approach as the U.S. dollar continued its fall. Energy and metals markets surged as the Federal Reserve Board (the Fed) lowered its benchmark rate by 25 basis points to 4.5 percent in the hopes of keeping the U.S. economy from stalling.

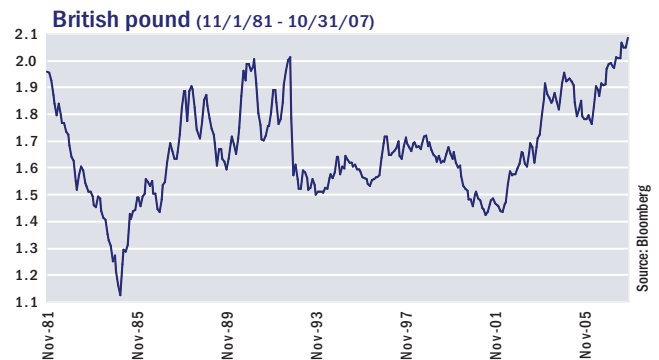
CRUDE OIL CONTINUED ITS ASCENT TO RECORD HIGHS – Crude oil led petroleum products higher in October as oil futures soared late in the day on October 31st to a new record of \$96.24 a barrel after the government reported another unexpected drop in crude oil inventories.



Crude oil jumped 16 percent for the month and it has rallied 61 percent from a year ago. Brent crude oil for December settlement also rose to a record \$91.63 a barrel on the London-based ICE Futures Europe exchange. Also putting upward pressure on oil prices was the Fed's cut in interest rates for the second time in two months. Interest rate cuts generally support oil prices because they tend to weaken the dollar and are designed to spur

economic growth, which would increase the demand for energy.

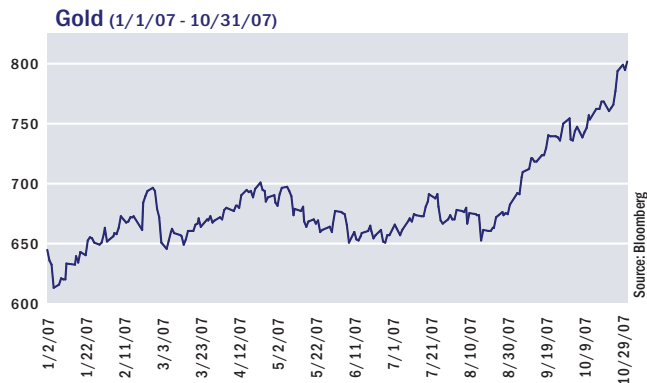
THE DOLLAR PLUMMETS TO NEW LOWS – The dollar plunged against both the euro and British pound in October. The pound rose to \$2.0811, its highest level against the dollar in more than 26 years after the Fed rate cut, widening the difference in borrowing costs with the U.K. The Bank of England has raised its benchmark interest rate three times this year, (the latest rate hike was in July to 5.75%), taking it to its highest level in six years and the highest level among the Group of Seven nations.



Against the euro, the dollar dropped to \$1.4504, the weakest since the European currency's debut in January 1999. The U.S. Dollar Index, traded on the ICE Futures U.S. in New York, declined to 76.465, its lowest level since the index began in 1973.

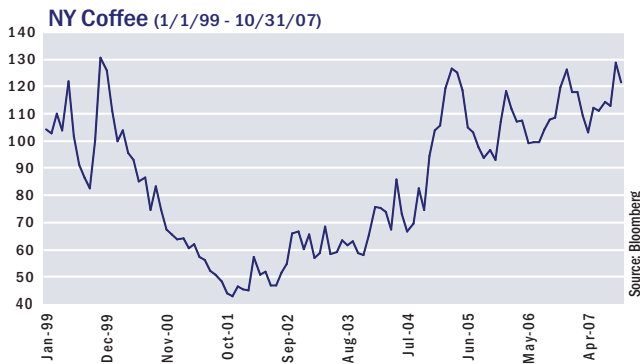
METALS AND EQUITIES MARKETS EXTEND GAINS DESPITE THE REEMERGENCE OF CREDIT MARKET CONCERNS – The metals and indices sectors continued to trend higher during the month after the economy expanded more-than-forecasted and the Fed cut its benchmark rate. U.S. stocks rose for the third straight month and gold reached its highest price in 27 years.

Gold rallied 6 percent during the month, touching \$800.80 an ounce after the Fed interest rate cut drove the dollar lower and most commodities higher. The Nasdaq rallied 5.8 percent during the month as the 3.9 percent growth in third-quarter GDP eased concern that the housing slump would drag the nation into a recession.



AGRICULTURE COMMODITIES SUFFER REVERSALS IN SOME LONG-TERM TRENDS

– Agriculture commodities were negative for the month as JWH’s programs systematically exited positions as markets retreated from a seven-year high in NY coffee and an all-time high of \$9.6175 a bushel in CBOT wheat on September 28th.

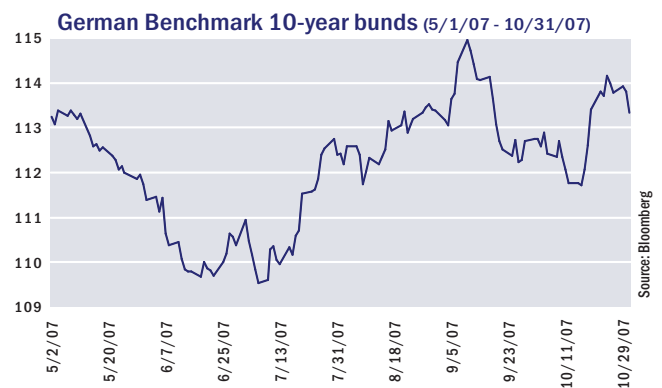


Wheat experienced its biggest monthly decline since 2002 on signs that importers are slowing purchases from the U.S. after a buying spree that sent prices to a record high in September. NY coffee tumbled 13 percent in the two weeks ending October 26th due to speculation that rains in Brazil would aid crops.

LARGER-THAN-EXPECTED LOSSES IN THE FINANCIAL

SECTOR CONTINUE TO DRIVE GLOBAL FIXED INCOME HIGHER

– The firm’s programs incurred losses for the month in this sector, as its programs systematically exited positions in European and U.S. fixed income markets as yields fell. Trend reversals occurred as investors sought the relative safety of government debt after U.S. banks reported larger-than-expected third quarter losses linked to securities backed by subprime mortgages. As a result, German Benchmark 10-year bunds finished the month positive, while U.S. Treasuries completed their fourth straight monthly gain as the U.S. 10-year bond yield declined from 4.59 percent at the end of September to 4.48 percent on October 31st, despite strong reversals within the month.



CONCLUSION – The performance of the firm’s programs was generally positive for the month of October as its long-term, trend-following approach capitalized on the continuing weakness in the U.S. dollar, along with the accompanying bullish trends in both the energy and metals markets. As always, JWH stands ready to potentially take advantage of any continuing or new trends that may emerge.

We thank you for your continued support.

K S Webster

Kenneth S. Webster
President and Chief Operating Officer

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS