JWH MARKET COMMENTARY

SEPTEMBER 2008

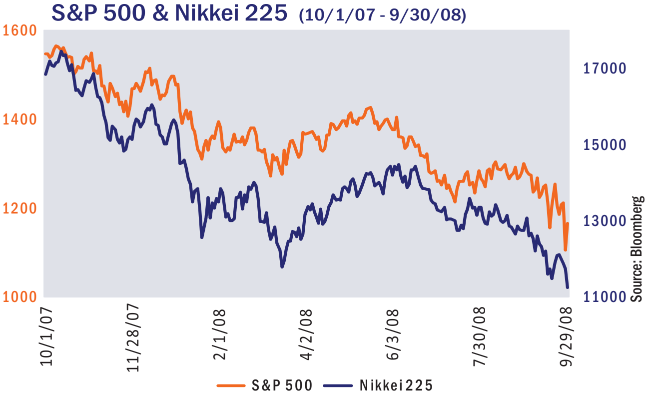
JOHN W HENRY & COMPANY INC

FINANCIAL HAVOC CONTINUES ON WALL STREET

September was one of the most unstable and volatile periods in the history of the U.S. financial markets. During the month, the world's credit markets virtually seized up, commodity prices plunged, some major stock indices declined by more than 10 percent, while some of the largest U.S. financial institutions were pushed to extinction. High volatility across most market sectors was a manifestation of investor fears and anxiety. The lingering but still powerful effect of the housing and sub-prime credit crisis continued to wreak havoc on Wall Street, while at the same time generating social and political acrimony across the U.S. as the nation debated the cost and merit of the government's policy response. Amidst this backdrop, JWH trend following programs thrived generating a range of positive returns from 0.5 percent for the Financial & Metals Portfolio to 20.4 percent for JWH GlobalAnalytics®. All four of JWH's offered programs were positive for September.

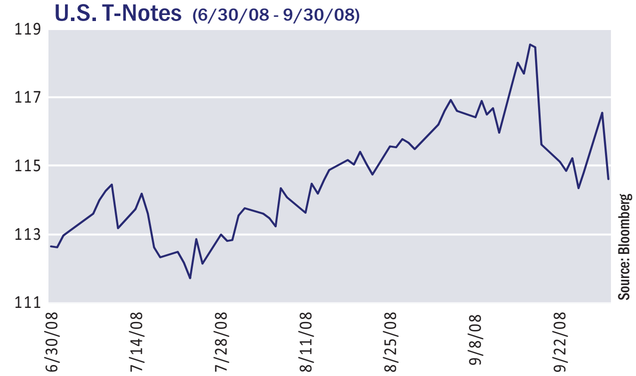
GLOBAL STOCK INDICES – Despite having a small allocation relative to interest rates and currencies, trading in the global stock indices generated positive returns for JWH's programs during the month as it participated in the pronounced downtrends in global equity prices. A crisis of confidence pressured the financial sector throughout the month, punctuated by the bankruptcy of Lehman Brothers Holdings, the merger of Merrill Lynch and Bank of America, and the U.S. government bailout of American International Group (AIG). The scarcity and rising cost of credit, which was a consequence of the turmoil in the financial sector, infected the entire market and the outlook for the U.S. economy. This culminated on the last day of the month when the Dow Jones had its largest single point drop since the stock market crash of 1987 when 499 of the 500 stocks in the S&P declined in value for the day following news that the U.S. House of Representatives rejected a measure to back the Treasury's Troubled Assets Relief Program. Trading in global stock indices was profitable for the month.

S&P 500 & Nikkei 225 (10/1/07 - 9/30/08)



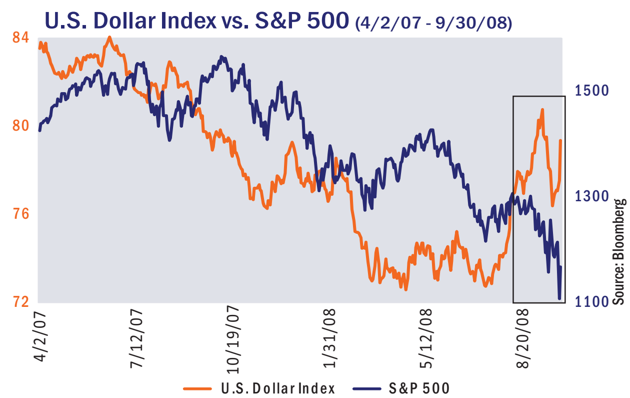
INTEREST RATES – Trading in the interest rate sector was more challenging as the price action for bonds was less directional, particularly in foreign bonds. Global interest rates were falling early in the year, benefiting from investor fear and risk aversion as well as diminished prospects for the U.S. and world economy.

U.S. T-Notes (6/30/08 - 9/30/08)



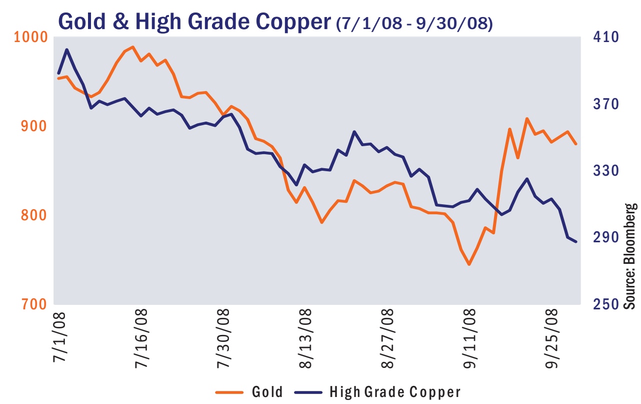
Sentiment shifted markedly near mid-month with the announcement of the $700 billion Treasury Troubled Assets Relief Program. Uncertainty about implications for inflation, hope that this would be a remedy to cure the markets and general profit taking prompted a sharp reversal in global interest rate prices. The optimism was short lived; however, when the bond market resumed its march higher after the violent sell-off. Positions in interest rates were slightly profitable during the month for certain JWH programs.

CURRENCIES – The focus in the currency markets shifted as the markets appeared to move in a counter-intuitive fashion during the crisis that unfolded in September.

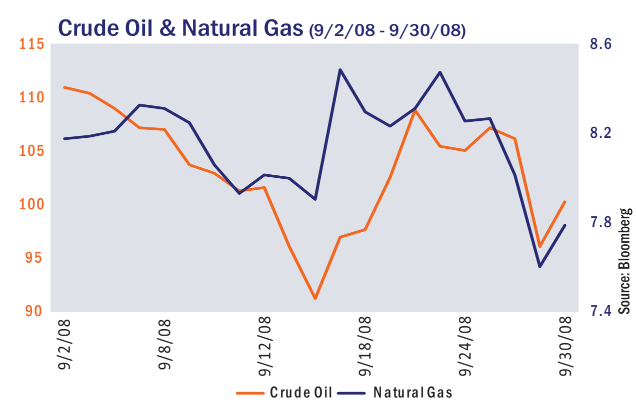


Recent periods of risk aversion and global investor fear often coincided with, or prompted, dollar weakness. However, in this instance, the dollar strengthened substantially even as most of the negative news seemed to emanate from the United States. The reasons for this shift may be tied to action in the money markets where trading was dysfunctional and LIBOR rates were soaring leading to a hoarding of dollars. At a time when government "risk-free" rates were relatively low, the cost to borrow dollars in the interbank was actually quite high, making it difficult and costly to short the U.S. currency. The EUR/USD exchange rate fell from approximately 1.4673 to 1.4092, 3.7 percent, in an erratic fashion during the month, while the British pound fell from 1.8211 to 1.7805, 2.2 percent, during the same period. As is more typical during these periods of risk reduction, the low yielding, more liquid currencies exhibited relative strength. The currency sector was positive for the month.

METALS – Trading in metals was profitable in September as market correlations shifted during the month. In the early part of the month, both precious and industrial metals traded lower in an inverse path to the direction of the dollar. As the dollar strengthened, most commodities, including the metals markets, fell. However, as fear in the financial markets intensified, gold began to break higher while other metals continued to fall, benefiting from the belief in the metal as a store of value. The sharp correction in gold led to small losses for the metal. However, these minimal losses were more than offset by gains in other precious and base metals.



ENERGIES – The energy sector generated significant returns for JWH's GlobalAnalytics® program during the month. Crude oil, crude oil products and natural gas all finished the month down more than 10 percent from the prior month's close.



A weakening global economy that is now viewed to be extending to the emerging markets and a strengthening U.S. dollar have negatively impacted the demand side of the equation for the energy markets while supply fundamentals have remained relatively stable. The long-term nature of JWH Diversified Plus signaled a shift in much of the energy sector mid-month and generated small losses for the period.

AGRICULTURAL COMMODITIES – Trading in the agricultural markets was also profitable for the month as the programs benefited from short positions across the complex. These downtrends were supported by the broad macro themes that caused a general flight from the commodity markets including a weakening global demand and a strong dollar. Some of the best trades for the month however benefited from deteriorating market specific fundamentals. For example, the wheat market, which was one of the best performing markets in the sector, was weighed down further after the release of the September USDA report which showed a meaningful rise in the world's wheat production.

CONCLUSION – September continued a period of instability and fear in the market as more evidence of an extended financial crisis was presented. In following the ongoing crisis it is evident that we are living through what will be a historical reference point in worldwide economic theory and financial market structure. We are nearing an election that will also be historic regardless of the outcome and the President will be looked upon as FDR was in 1933 when nearly one in four Americans was out of work and four thousand banks had collapsed in the first two months of that year. We as a nation are hopeful that the decisions being made now will prevent a recurrence of the conditions of the Great Depression and that the first 100 days of the next presidency are as effective as Roosevelt's. These uncertain times and the inability for anyone to accurately predict what will be presented as a remedy and its impact on the markets serves to strengthen our resolve that trend following has and will continue to be an integral investment alternative for all portfolios.

We are pleased with the way JWH's programs were able to navigate these difficult markets during September and 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