

JWH MARKET COMMENTARY

SEPTEMBER 2009



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COMPANY

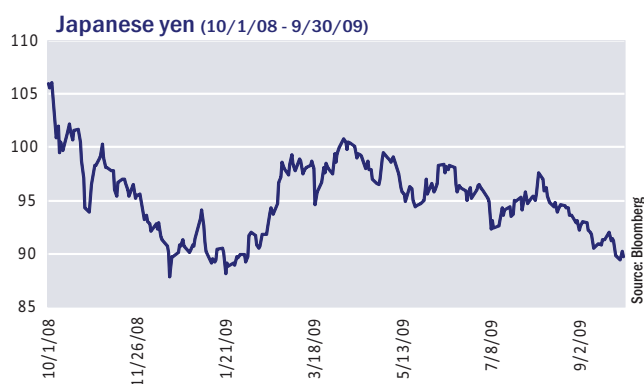
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THE FED REMAINS HOPEFUL BUT NOT ALL SIGNS SIGNAL “RECOVERY”

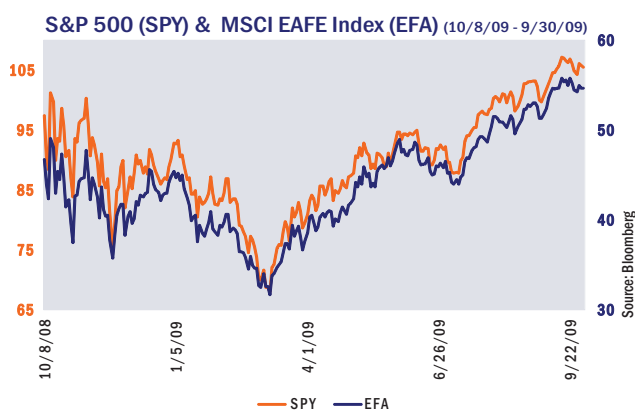
September was a good month for JWH with all but one of our programs turning in positive performance. The broad spectrum of financial assets, including stocks, bonds, credit and commodities, all rallied during the month, while also registering gains for the third quarter. This linkage in the markets, and the co-movement of stocks and bonds in particular, likely suggests that cash is starting to come off the sidelines. Ultra-low yields for cash deposits, normalizing volatility across risk assets, and the Federal Reserve Board (the Fed) that remains cautious about an exit strategy are all factors that could influence this shift. While there was some acknowledgement on the part of the Fed that the U.S. economy “is picking up following its severe downturn,” other language from the FOMC statement released September 23rd was less sanguine, noting the risks that high levels of unemployment, sluggish income growth and tight credit conditions pose to economic recovery. The statement was nevertheless well received by the stock and bond markets as it seemed to indicate a continuation of the Fed’s loose monetary policy. The price action in foreign exchange markets and the fact that gold traded back above \$1,000 per ounce during the month may be signs that there is risk to this monetary policy stance. While price action was relatively subdued during the month, there was enough movement for JWH to capture returns in the majority of market sectors in the programs.

CURRENCIES – The largest gains during September came from the currency sector. As market turmoil subsided, currency investors are beginning to focus on more traditional drivers of exchange rates such as expectations for interest rate differentials. While the G-20 communiqué released during the month underscored the fragility of the global recovery, investors are never-

theless focusing on which currency will benefit from future interest rate increases. The fundamental economic position of the U.S. as well as the words and actions of the Fed have encouraged the market to speculate that the U.S. will not be the first nation to tighten monetary policy. The best-performing currency in the sector for September was the Japanese yen, which is benefiting from narrower interest rate differentials between the U.S. and Japan. The USD/JPY exchange rate closed the month at 89.70 as the market speculated about the prospect for intervention by the Bank of Japan.



GLOBAL STOCK INDICES – The equity sector was slightly profitable in September and in the case of some JWH programs it was the fifth month in a row of positive performance as the upward trend in global stock prices continues.



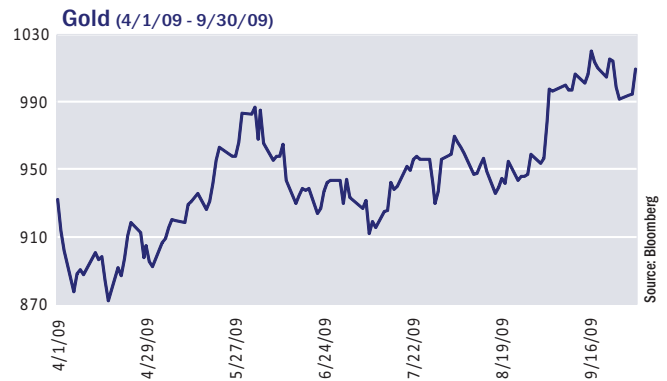
The S&P 500 and the MSCI EAFE both returned more than 3.5 percent during the month. The flow of funds out of cash, a continuation of ultra-loose monetary policy, and a marked up-tick in mergers and acquisitions were all bullish factors that supported the market in September. As we make our way into the ominous month of October, the question for the equity markets is not whether the market has recovered, but whether we are entering a new bull market.

INTEREST RATES – Trading in the interest rate sector was also slightly positive as positioning and model direction was mixed across the programs. While bond prices moved to the upside during the month, the pace of the move and the amplitude were relatively subdued. The short end of the yield curve is understandably anchored by global monetary policy, while the long end of the market seems to be constrained by opposing forces. The fiscal position of the U.S. government is a bearish factor for treasuries for a number of reasons, including the implication for supply. At the same time, the demand for credit is modest while foreign central banks and individual investors continue to exhibit a strong appetite for the debt of the U.S. government. The net effect for September, as shown by the U.S. 10-year T-Note chart below, was a market that ground slowly higher. Positions in Japanese Government Bonds were the best-performing market in the sector.



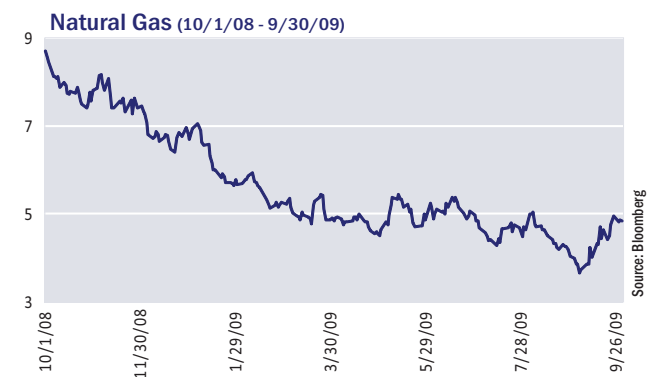
METALS – The metals market was profitable as gains from both the gold and silver markets offset net loss-

es in industrial metals. The price of gold traded back above \$1,000 per ounce during the month as movement in the currency markets helped to fuel gains. Gold traded from the mid-900s to close the month at \$1,009 for a gain of 5.8 percent during the month.



Silver followed suit but with even more impressive returns as the metal's 11.5 percent rally during the month was almost double the return of the gold market. Base metal prices were range-bound for most of the month as the market appears to be consolidating the strong year-to-date returns. Concerns about supply disruptions at copper mines in Chile and Indonesia were balanced by weaker demand from China.

ENERGIES – The energy markets had a negative impact on JWH's programs. Losses from crude oil and the crude oil product markets were modest and due to the absence of any clear trend during the period. The front month crude oil contract, for example, opened the month at \$70.66 per barrel and closed the month just a few ticks away at \$70.61 per barrel.



The losses attributable to natural gas were related to a sharp reversal in price. The one-year move lower in natural gas ended this past month with the November contract surging 20 percent during the period as evidence is starting to show that production is being scaled back.

AGRICULTURAL COMMODITIES – Performance from the agricultural sector was also negative for the month. There was no significant theme tying the markets together. Sugar prices consolidated after the year’s historic gains and generated small losses in the portfolio. Performance in the grain markets was mixed as the markets traded in a choppy fashion for most of the month. Cotton prices remain mired in a broad trading range that has been in place for close to six months, making it difficult for JWH to extract gains.

CONCLUSION – JWH is pleased with the performance of our programs in September. The fact that interest rates and equities both rallied signifies a shift in the relationship that has held in the financial markets since the start of the crisis in 2008. This should have a positive impact on portfolio diversification and volatility in the near term. As we head into the fourth quarter, the programs will continue to follow the existing trends in the market as well as look for additional profit opportunities as they arise.

We thank you for your patience and continued support.



Kenneth S. Webster
President and Chief Operating Officer

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS