

Beating Warren Buffett

Can Your Investment Manager Beat Warren Buffett's Berkshire Hathaway's Stock Performance over the past 10 years?

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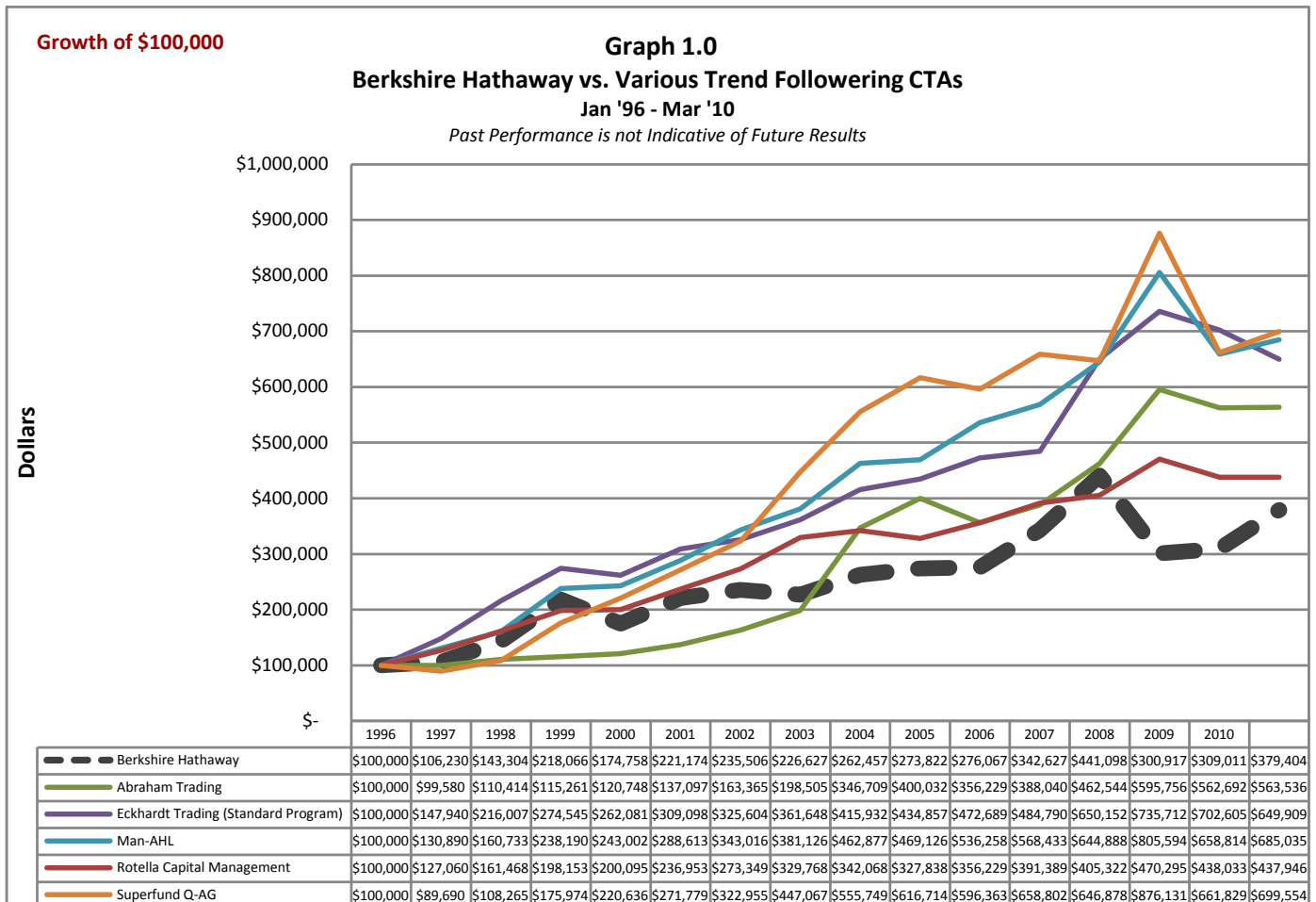
Whether you are an institutional investor, manage an endowment or trust, or just the average American trying to invest wisely, this may interest you. A recent conversation with a colleague prompted me to dive into a little research. We were discussing the benefits of trend followers and CTAs (Commodity Trading Advisors), the manner in which they manage risk, the various strategies they use, etc. For those who have read my other article *A Decade of Performance, Where are You?*, it became evident that investors, even if properly diversified, closed the last ten years with little to show for their respective investment performance especially given the level of risk they assume. Over the last ten years assuming the investor maintained a diversified portfolio consisting of 60% equities as represented by the S&P 500 Index and a 40% allocation of Bonds represented by the Barclays (Formerly Lehman) Aggregate Bond Index. During this period this model portfolio saw an annual compounded rate of return of just 3.84% gross, not including advisor fees, taxes or commissions. This is a frightening rate of return despite all of the positive news and excitement that the economic recovery is well under way. This annual return for the diversified indexed investor will not even keep up with inflation let alone provide capital growth.

This analysis was insightful, but there are those investors that may not invest using an index approach and surely a model portfolio consisting of 60% Equities – 40% Bonds may leave the question in some minds that this is all a bunch of academic research and hyperbole that doesn't reflect the real world. With this being said, our conversation led to the question of what money manager would be considered the gold standard of investing that we could compare performance against. Warren Buffett and investment performance of Berkshire Hathaway was the first person we thought of and our unanimous choice. Warren Buffett is an respected and recognized not only as successful investor personally, but also by modernizing the value investing approach adopted by Buffett from his teacher and mentor Benjamin Graham. This is considered by many as one of the most successful long term investment approaches documented by academics and practitioners alike.

We agreed on at least one important criteria, length of time and track record. We considered the various time frames and agreed on a long term approach for both the performance time frame and trading advisor track record. Each

CTA has to have a minimum track record of ten years. Our analysis period would begin January 1996 to February 2010 covering the best of times and the worst of times investors have experienced. This was chosen as our initial discussion centered exclusively on the performance comparison Clark Capital Management, a trend following CTA, to that of Berkshire Hathaway. We decide to begin the analysis on Clark's program inception date fourteen years ago. That was fine to settle a discussion point between two colleagues, but where there other trading advisors as well. A one to one comparison is fine, but perhaps a little too selective for a more definitive analysis of a methodology or approach.

Not wanting to waste the time already committed in comparing Clark to Berkshire Hathaway, the original fourteen year timeframe was kept beginning in January 1996 and expanded our analysis of other trend following CTAs performance against the performance of Berkshire Hathaway A Series Stock. Graph 1.0 charts of the performance of Berkshire Hathaway



represented in the black dashed line and five trend following CTAs represented by the various other colors. “Five trend following CTAs selected by me”, you say. Did I rig the analysis by only showing five CTAs in the graph? No. To my surprise, the problem was there were a lot more than five CTAs that out performed Berkshire and if I included all of them the graph would have been non-legible. In fact there were 46 CTAs that identify themselves as trend followers that have a track record longer than ten years which had a rate of return that beat Berkshire Hathaway. Pretty impressive, but what about the risk we as investors would of assume? Before we look at the risk of the CTAs let’s dive a little deeper into Berkshire’s performance.

Table 1.0 outlines the performance statistics of Berkshire Hathaway A Stock since January 1996. As you can see Berkshire Hathaway has performed admirably over the last fourteen years. Included is the performance of the S&P 500 for reference in addition to the performance statistics for the respective trend following CTAs.

Table 1.0 (Jan '96 - Jan '10)

Berkshire Hathaway A Shares		S&P 500	Abraham Trading	Eckhardt Trading (Standard Program)	Man-AHL	Rotella Capital Management	Superfund Q-AG	Clark Global Basic Program
Annualized Return:	9.81%	4.03%	12.98%	14.26%	14.20%	10.67%	13.70%	25.50%
Annualized Std Dev:	21.85%	16.13%	24.05%	16.73%	17.30%	12.13%	23.76%	41.56%
Worst Drawdown:	-44.49%	-52.56%	-27.18%	-17.05%	-21.15%	-14.22%	-32.82%	-31.18%
Sharpe Ratio (RF=2.50 %):	0.33	0.09	0.44	0.7	0.68	0.67	0.47	0.55
Correlation (vs S&P 500):	0.41	1	-0.21	-0.04	-0.18	-0.16	-0.15	0.01
R-Squared (vs S&P 500):	0.17	1	0.04	0	0.03	0.02	0.02	0
Alpha (vs S&P 500):	8.79%	0.00%	18.04%	16.04%	17.02%	12.16%	18.19%	34.79%
Beta (vs S&P 500):	0.56	1	-0.31	-0.04	-0.19	-0.12	-0.22	0.01
Total Return:	279.44%	74.35%	457.87%	554.05%	548.49%	317.10%	497.04%	2304.44%
Monthly Compound ROR:	0.78%	0.33%	1.02%	1.12%	1.11%	0.85%	1.08%	1.91%
StdDev of Monthly Returns:	6.31%	4.66%	6.94%	4.83%	4.99%	3.50%	6.86%	12.00%
MAR Ratio	0.22	0.08	0.48	0.84	0.67	0.75	0.42	0.82

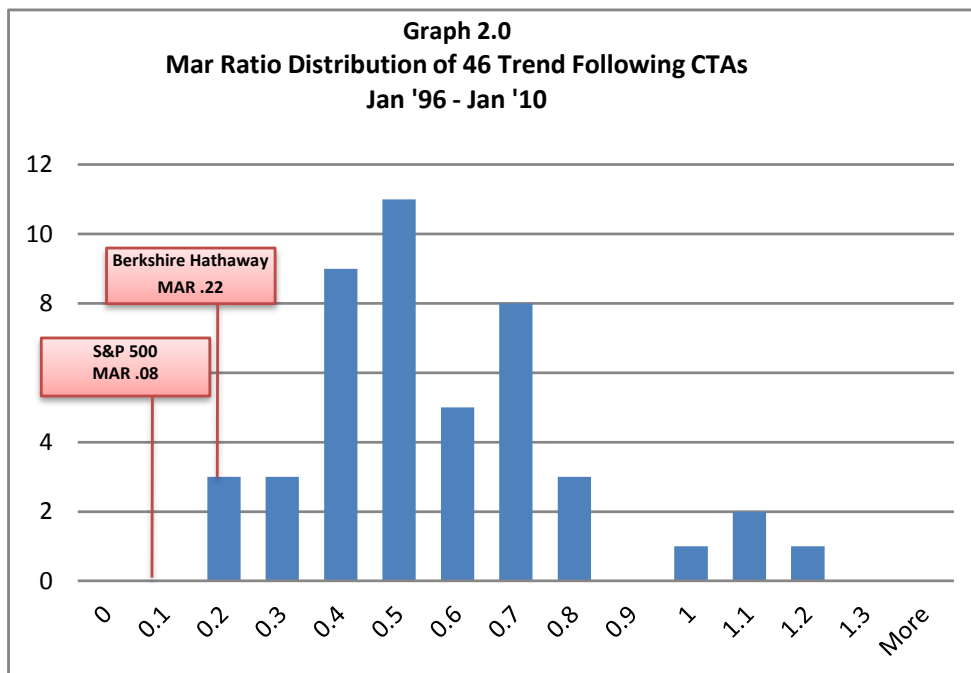
Past Performance is not indicative of future results

What about the Risk?

Each of the respective CTAs has an annualized rate of return that exceeds Berkshire Hathaway’s performance. What I believe is even more noteworthy is the ability of these trend followers to manage risk. To asses risk I like to look at worst

drawdown percentage. Drawdown is defined as the worst percent reduction of ones account from peak to valley over the period analyzed. If you look at the worst drawdown (third row), it is clear that these trading advisors not only outperformed Berkshire Hathaway on an annualized and total return, but also did it with less risk as represented by the worst drawdown. Berkshire Hathaway's worst drawdown was more than twice as much as three of the CTA's highlighted worst drawdown over this fourteen year period.

Second criteria that interest me when evaluating a manager or trading advisor's risk is the MAR ratio. The MAR ratio is the annualized return divided by the worst drawdown, the higher the MAR ratio the better the risk reward scenario for a given investment manager, trading advisor or investment strategy. Looking at the MAR Ratio in the bottom row of Table 1.0 on the previous page we gain some additional insight as to the risk (in terms of drawdown) versus the return for the respective trading advisors, the S&P 500 Index, and Berkshire Hathaway A shares. In the graph below I have shown the distributions of the MAR ratio of the 46 trend following CTAs along with the MAR Ratio of Berkshire Hathaway and the S&P 500 Index. Again, a higher MAR ratio the better the risk reward, in terms of drawdown risk, for the investor. As this analysis demonstrates three of the forty six have a MAR ratio in the same range of Berkshire Hathaway. The other forty three CTAs exceed Berkshire Hathaway given the level of return versus their worst drawdown.



What about Mutual Funds

I am asked about the comparative performance of CTAs to mutual funds. Yes, I know we are analyzing performance of Berkshire Hathaway compared to CTAs. Why cover mutual funds? For whatever reason, the topic of comparing the results of CTAs versus mutual funds almost always comes up when I am speaking to people. So let's review mutual fund performance for the sake of intellectual curiosity.

Despite the plethora of research and performance history that demonstrates that mutual funds are one of the worst vehicles one can use for their investments, they still seem to be the norm. So I went to MorningStar.com, the keepers of such precious data for the over 6,000 mutual funds, to see what the return was for these investment vehicles. The table on the right is the total return for the top performing mutual funds as supplied by Morningstar's fund search tool. This is not the annual return, but the total return over the past 10 years. There is a big difference. For a back of the napkin calculation just divide the total return by 10 and you will get a rough idea of the annual performance of the fund. For the analytically minded reader this not the exact compounded rate of return. I would rather be roughly correct than precisely wrong.

How do the top performing mutual funds compare to the performance of Berkshire Hathaway over the last ten years? We are looking at ten years now because the mutual

Highest Returning Mutual Funds - 10 Years from March 31, 2010		
http://screen.morningstar.com/FundSearch/FundRank.html		
Ticker	Fund Name	10 Year total return %
USAGX	USAA Precious Metals and Minerals	27.43
TGLDX	Tocqueville Gold	24.94
EKWBX	Evergreen Precious Metals B	24.83
INIVX	Van Eck Intl Investors Gold A	24.54
GOLDX	GAMCO Gold AAA	23.8
SGGDY	First Eagle Gold A	23.64
OPGSX	Oppenheimer Gold & Special Minerals A	23.09
LETRX	ING Russia A	22.8
SSGRX	BlackRock Energy & Resources Inv A	21.98
VGPMX	Vanguard Precious Metals and Mining	21.91
SCGDY	DWS Gold & Precious Metals S	21.88
OCMGX	OCM Gold Investor	21.8
USERX	U.S. Global Investors Gold and PrecMtls	21.79
FKRCX	Franklin Gold and Precious Metals A	21.74
UNWPIX	U.S. Global Investors WldPrec Minerals	21.3
CGMRX	CGM Realty	19.93
FSAGX	Fidelity Select Gold	19.92
BGEIX	American Century Global Gold Inv	19.73
PRLAX	T. Rowe Price Latin America	19.66
INPMX	RiverSource Precious Metals & Mining A	19.34
FGLDX	AIM Gold & Precious Metals Inv	19.19
MDLTX	BlackRock Latin America A	19.11
CGMFX	CGM Focus	18.7
MCHFX	Matthews China	18.31
PSPFX	U.S. Global Investors Global Res	18.16
LEXMX	ING Global Natural Resources A	17.81
PRGNX	Prudential Jennison Natural Resources B	17.77
BRUFY	Bruce	17.66
MIDSY	Midas	16.52
FLATX	Fidelity Latin America	16.29
GHAAX	Van Eck Global Hard Assets A	16.23
EUROX	U.S. Global Investors Eastern European	16.22
RSNRX	RS Global Natural Resources A	15.97
BURKX	Burnham Financial Services A	15.9
DPEMX	Delaware Pooled Emerging Markets	15.88
SLAFX	DWS Latin America Equity S	15.86
DFEVX	DFA Emerging Markets Value I	15.76
LMVYX	Lord Abbett Micro Cap Value I	15.71
ICENX	ICON Energy	15.58
VGENX	Vanguard Energy	15.57
Group average of 6176 funds		3.72

fund performance is based on ten years and not fourteen when I originally began this analysis. I had to go back to the

database and start ten years back with the CTAs in order for the analysis time period to match the mutual fund performance.

From January 2000 to January 2010 Berkshire Hathaway’s total return is 104.28 %. The best performing mutual fund out of 6,176 funds was a total return of 27.43%, the average is 3.72% total return. Yes you read correctly the average TOTAL RETURN over the past ten years for 6,176 mutual funds was 3.72%. That’s .00372 or 0.372% annually. No mutual fund returned anything close to Berkshire Hathaway or the CTAs in this ten year period by a factor of 3.8 and the average by a factor of 28 or more. How did shortening the investment horizon from the original fourteen years to ten years impact performance in our CTA comparison with Berkshire Hathaway? As you will see in the table below the total return for all six CTAs still exceed Berkshire Hathaway’s performance over the last ten years. The worst drawdown remained the same.

Table 2.0
Total Return (Alphabetically)
January 2000 – January 2010

Berkshire Hathaway A Share	104.28 %
Abraham Trading	362.03 %
Clark Global Basic Program	318.68 %
Eckhardt Trading (Standard Program)	149.56 %
Man-AHL	166.87 %
Rotella Capital Management	108.47 %
Superfund Q-AG	170.59 %

Are these six the only CTAs available to investors that demonstrate this level of performance over the last ten years? The short answer is no. In the Appendix A, I have included a list of trend following CTAs that have track records ten years or more and a rate of return greater than 9.80%, there are forty three in total. I have also included in Appendix B CTAs that are trend followers, those that partially implement trend following in their trading approach and even CTAs that do not use trend following. In total there are seventy four CTAs (Trend following and non or partial trend following) that have performance greater than Berkshire Hathaway over the last ten years and only seven of which have a lower MAR ratio than Berkshire Hathaway. Clearly with open mind, a little due diligence and matching the CTA with your requirements, perhaps you too can match or beat Warren Buffett’s performance.

Selecting A CTA

Selecting a CTA that is right for you requires multiple considerations such the minimum investment required by the CTA, how their strategies and performance is correlated to you existing portfolio holdings and the risk – reward you are willing to accept to name a few. Nevertheless, the CTAs highlighted here and many others offer an investor the opportunity to increase returns with less drawdown than they otherwise may experience. An additional benefit for those investors who wish to allocate a portion of their existing portfolio to these or other trading advisors is that their performance is typically not correlated to stocks or bonds. Meaning their performance is independent of these two asset classes. This offers diversification that cannot be achieved through stocks and bonds alone and is a powerful component in potentially increasing returns and reducing volatility in one’s portfolio.

About the Author

Todd Wood is Vice President of Daniels Managed Futures and Institutional Services working closely with endowments, trust, family offices, and selected individuals. Since 2003 while at Morgan Stanley, Todd has specialized in the alternative investments and managed futures space. Since this time Todd has been engaged by senior executives of institutions and sizable firms to evaluate market, credit, operational and liquidity risk. Todd has been active in risk management highly concentrated positions, portfolio formulation and hedging in addition valuation modeling while at Merrill Lynch. Todd holds an MBA with Honors from the University of Notre Dame.

Appendix A
 Trend Following CTAs with Track Records Greater than ten years

Trend Following CTAs with Track Record Greater than Ten Years, Annualized Return > 9.8%
 (Source: ITRNet, Ranked by performance, sorted by lowest Worst Drawdown to Greatest)

Rank #	Investment Product	Annualized Return	StdDev Annual	Sharpe (2.5 %)	Worst Drawdown	Assets	Inception Date	Trend Following	Minimum Investment	MAR Ratio
38	Transtrend B.V. (Diversified Trend Program - Standard Risk USD)	11.17%	9.16%	0.95	-10.92%	111,000,000	Oct-93	TRUE	10,000,000	1.02
23	Rotella Capital Management Inc. (Polaris Program *QEP*)	14.83%	12.44%	0.99	-14.22%	348,400,000	Jan-91	100%	1,000,000	1.04
15	Transtrend B.V. (Diversified Trend Program - Enhanced Risk USD)	16.86%	14.61%	0.98	-15.15%	4,855,000,000	Jan-95	TRUE	10,000,000	1.11
34	Sunrise Capital Partners LLC (Expanded Diversified Program)	11.63%	14.45%	0.63	-19.32%	730,624,492	Jan-95	TRUE	10,000,000	0.60
20	Man-AHL (USA) Limited (AHL Diversified Programme)	15.34%	16.24%	0.79	-21.15%	21,100,000,000	Dec-90	TRUE		0.73
42	Aspect Capital Limited (Aspect Diversified Program *QEP*)	10.35%	17.09%	0.46	-21.53%	3,478,000,000	Dec-98	TRUE	200,000	0.48
33	Conquest Capital Group LLC (Conquest Macro *QEP*)	11.77%	18.01%	0.51	-22.64%	368,000,000	May-99	TRUE	10,000,000	0.52
27	Chesapeake Capital Corporation (Diversified Program)	14.19%	20.78%	0.56	-23.36%	730,625,578	Feb-88	TRUE	10,000,000	0.61
44	Strategic Investments LLC (Equity Hedge Program)	10.24%	14.59%	0.53	-23.59%	597,664	Jul-92	TRUE	350,000	0.43
37	Range Wise, Inc. (Range Wise Program *CLSD* *QEP*)	11.42%	16.55%	0.54	-23.69%	113,185,000	Feb-91	TRUE	250,000	0.48
13	Millburn Ridgefield Corporation (Diversified Program)	17.63%	18.87%	0.8	-25.57%	1,113,577,000	Feb-77	TRUE	20,000,000	0.69
18	Winton Capital Management Ltd (Diversified Trading Program *CLSD*)	15.60%	18.73%	0.7	-25.73%	12,126,257,000	Oct-97	TRUE	50,000,000	0.61
40	Quest Partners, LLC (Alphaquest - Original Program *QEP*)	10.55%	20.98%	0.38	-25.75%	33,000,000	May-99	TRUE	5,000,000	0.41
46	Eclipse Capital Management, Inc. (Global Monetary Program *QEP*)	10.03%	17.45%	0.43	-25.95%	421,984,412	Aug-90	TRUE	5,000,000	0.39
19	Clarke Capital Management, Inc. (Worldwide Program)	15.59%	22.46%	0.58	-26.06%	19,500,000	Jan-96	100%	250,000	0.60
1	Quicksilver Trading, Inc (Diversified Program *QEP*)	25.63%	25.32%	0.91	-26.24%	198,000,000	Aug-95	TRUE	10,000,000	0.98
17	Eckhardt Trading Company (Standard Program)	16.43%	20.82%	0.67	-27.11%	312,500,000	Aug-91	TRUE	10,000,000	0.61
10	Ashley Capital Management, Inc. (Global Financial Program)	19.77%	23.31%	0.74	-27.20%	2,319,632	Aug-91	TRUE	1,000,000	0.73
28	Covenant Capital Management, LLC (CCM Original Program)	14.04%	18.20%	0.63	-28.61%	26,682,669	Sep-99	100%	500,000	0.49
43	SMN Investment Services GmbH (Diversified Futures *FRN*)	10.27%	19.07%	0.41	-29.09%	332,137,888	Nov-96	TRUE	25,000,000	0.35
41	Mapleridge Capital Corporation (Diversified 2.5X Program *QEP*)	10.40%	15.14%	0.52	-29.25%	192,000,000	Apr-99	TRUE	1,000,000	0.36
32	Hyman Beck & Company, Inc. (Global Portfolio)	12.31%	19.09%	0.51	-29.27%	433,135,000	Apr-91	100%	5,000,000	0.42
31	JPD Enterprises, Inc. (Global Diversified Program 2X *QEP*)	12.50%	20.66%	0.48	-29.42%	6,300,000	Jan-95	TRUE	50,000	0.42
3	Rabar Market Research, Inc. (Diversified Program *QEP*)	23.56%	43.21%	0.49	-29.82%	199,636,807	Jan-85	TRUE	2,000,000	0.79
16	SSARIS Advisors, LLC (Diversified Trading Program *QEP*)	16.59%	25.57%	0.55	-30.74%	24,360,000	Mar-83	100%	10,000,000	0.54
11	Tactical Investment Management Corp. (Institutional Commodity Program *QEP*)	19.70%	25.39%	0.68	-30.75%	39,569,219	Apr-93	TRUE	2,000,000	0.64
9	Abraham Trading Company (Abraham Diversified Program)	20.22%	33.32%	0.53	-31.96%	510,250,531	Jan-88	100%	10,000,000	0.63
21	Drury Capital, Inc. (Diversified Trend-Following Program *QEP*)	15.32%	21.04%	0.61	-32.52%	190,750,000	May-97	TRUE	5,000,000	0.47
24	Superfund Group (Superfund Q-AG)	14.81%	23.87%	0.52	-32.82%	129,810,640	Mar-96	100%	2,000	0.45
2	Clarke Capital Management, Inc. (Global Basic Program)	24.48%	41.38%	0.53	-35.18%	19,500,000	Feb-96	100%	50,000	0.70
12	Dreiss Research Corporation (Global Diversified Program)	17.65%	29.00%	0.52	-39.03%	677,355	May-91	TRUE	1,000,000	0.45
25	Clarke Capital Management, Inc. (Global Magnum Program)	14.37%	29.30%	0.41	-39.27%	16,600,000	Aug-97	100%	100,000	0.37
6	Eckhardt Trading Company (Standard Plus Program)	22.26%	30.58%	0.65	-40.39%	171,300,000	Oct-91	TRUE	10,000,000	0.55
29	RAM Management Group, Ltd (MRTP - Aggressive)	14.02%	32.87%	0.35	-40.98%	3,245,250	Feb-98	TRUE	1,000,000	0.34
26	Mulvaney Capital Management Ltd (Global Diversified Program *QEP*)	14.23%	30.42%	0.39	-41.28%	96,000,000	May-99	TRUE	100,000	0.34
22	Saxon Investment Corporation (Diversified Program)	15.07%	25.10%	0.5	-41.55%	12,500,000	Sep-88	TRUE	5,000,000	0.36
36	Campbell & Company, Inc. (Financial Metal & Energy - Large Fund)	11.49%	19.37%	0.46	-41.92%	2,580,000,000	Apr-83	TRUE	50,000,000	0.27
8	Mark J. Walsh & Company (Standard Program)	20.89%	39.72%	0.46	-43.04%	68,800,000	Sep-85	TRUE	2,000,000	0.49
4	EMC Capital Management, Inc. (Classic Program *QEP*)	23.30%	50.37%	0.41	-45.13%	185,494,325	Jan-85	TRUE	4,000,000	0.52
45	John W. Henry & Company, Inc. (International Foreign Exchange Program)	10.16%	27.51%	0.28	-55.23%	14,000,000	Aug-86	TRUE	1,000,000	0.18
30	DUNN Capital Management, Inc. (World Monetary Assets System *QEP*)	14.00%	35.29%	0.33	-60.22%	164,000,000	Nov-84	TRUE	10,000,000	0.23
35	Fort Orange Capital Management, Inc (Global Strategic Program)	11.51%	37.61%	0.24	-60.89%	10,108,823	Sep-92	TRUE	1,000,000	0.19
39	Clarke Capital Management, Inc. (Millennium Program)	10.93%	30.61%	0.28	-60.90%	27,700,000	Jan-98	100%	1,000,000	0.18
7	Hawksbill Capital Management (Global Diversified Program)	22.23%	49.96%	0.39	-61.78%	53,600,000	Nov-88	TRUE	2,000,000	0.36
5	Saxon Investment Corporation (Aggressive Diversified Program)	22.58%	43.04%	0.47	-65.86%	58,500,000	Nov-93	TRUE	5,000,000	0.34
14	Michael J. Frischmeyer, CTA (Iowa Commodities Limited *CLSD*)	17.14%	42.67%	0.34	-83.16%	6,399,072	Jan-81	TRUE	40,000	0.21

Past Performance is not indicative of future results.

Appendix B
 CTAs with Track Records Greater than ten years

All CTAs with Track Record Greater than Ten Years, Annualized Return > 9.8%

(Source: ITRNet, Ranked by performance, sorted by highest MAR Ratio to Lowest)

Rank #	Investment Product	Annualized Return	StdDev Annual	Sharpe (2.5 %)	Worst Drawdown	Assets	Inception Date	Trend Following	Minimum Investment	MAR Ratio
13	KMJ Capital Management, LLC (Currency Program)	20.45%	20.07%	0.89	-13.28%	12,000,000	Aug-94		1,000,000	1.54
40	Kottke Associates, LLC (Swinford Program *QEP*)	14.12%	10.94%	1.06	-9.89%	225,000,000	Oct-98		500,000	1.43
24	Transtrend B.V. (Diversified Trend Program - Enhanced Risk USD)	16.86%	14.61%	0.98	-15.15%	4,855,000,000	Jan-95	TRUE	10,000,000	1.11
18	Capricorn Advisory Management Ltd. (Capricorn fxSTAggressive Fund *FRN* *FXE*)	19.38%	15.12%	1.12	-18.51%	53,000,000	Jan-99	20%	1,000,000	1.05
34	Rotella Capital Management Inc. (Polaris Program *QEP*)	14.83%	12.44%	0.99	-14.22%	348,400,000	Jan-91	100%	1,000,000	1.04
60	Transtrend B.V. (Diversified Trend Program - Standard Risk USD)	11.17%	9.16%	0.95	-10.92%	111,000,000	Oct-93	TRUE	10,000,000	1.02
1	Quicksilver Trading, Inc (Diversified Program *QEP*)	25.63%	25.32%	0.91	-26.24%	198,000,000	Aug-95	TRUE	10,000,000	0.98
51	Commodity Strategies Ltd (CSL Active Long Only Commodity Program *FRN*)	11.94%	12.91%	0.73	-14.08%	39,084,120	Dec-99	20%	10,000,000	0.85
63	Boronia Capital (Diversified Program *QEP*)	10.93%	11.96%	0.7	-13.31%	1,428,000,000	Sep-93	0%	10,000,000	0.82
45	Rivoli Fund Management (Rivoli International Master Fund EUR *FRN* *QEP*)	12.72%	14.16%	0.72	-15.49%	118,541,500	Oct-96	55%	10,000,000	0.82
4	Rabar Market Research, Inc. (Diversified Program *QEP*)	23.56%	43.21%	0.49	-29.82%	199,636,807	Jan-85	TRUE	2,000,000	0.79
16	Ashley Capital Management, Inc. (Global Financial Program)	19.77%	23.31%	0.74	-27.20%	2,319,632	Aug-91	TRUE	1,000,000	0.73
30	Man-AHL (USA) Limited (AHL Diversified Programme)	15.34%	16.24%	0.79	-21.15%	21,100,000,000	Dec-90	TRUE		0.73
3	Forecast Trading Group, LLC (Forecast Trading Program *QEP*)	24.45%	28.93%	0.76	-34.33%	53,000,000	Dec-99	0%	1,000,000	0.71
50	Dicken Commodities Inc. (Dicken Diversified Trading Program)	12.05%	15.18%	0.63	-17.12%	422,000,000	Jan-95		5,000,000	0.70
2	Clarke Capital Management, Inc. (Global Basic Program)	24.48%	41.38%	0.53	-35.18%	19,500,000	Feb-96	100%	50,000	0.70
21	Millburn Ridgefield Corporation (Diversified Program)	17.63%	18.87%	0.8	-25.57%	1,113,577,000	Feb-77	TRUE	20,000,000	0.69
33	Quality Capital Management Ltd (Global Diversified Programme *QEP*)	14.93%	21.03%	0.59	-22.24%	641,000,000	Dec-95	0%	10,000,000	0.67
17	Tactical Investment Management Corp. (Institutional Commodity Program *QEP*)	19.70%	25.39%	0.68	-30.75%	39,569,219	Apr-93	TRUE	2,000,000	0.64
14	Abraham Trading Company (Abraham Diversified Program)	20.22%	33.32%	0.53	-31.96%	510,250,531	Jan-88	100%	10,000,000	0.63
39	Chesapeake Capital Corporation (Diversified Program)	14.19%	20.78%	0.56	-23.36%	730,625,578	Feb-88	TRUE	10,000,000	0.61
28	Winton Capital Management Ltd (Diversified Trading Program *CLSD*)	15.60%	18.73%	0.7	-25.73%	12,126,257,000	Oct-97	TRUE	50,000,000	0.61
26	Eckhardt Trading Company (Standard Program)	16.43%	20.82%	0.67	-27.11%	312,500,000	Aug-91	TRUE	10,000,000	0.61
54	Sunrise Capital Partners LLC (Expanded Diversified Program)	11.63%	14.45%	0.63	-19.32%	730,624,492	Jan-95	TRUE	10,000,000	0.60
59	QFS Asset Management, LP (QFS Currency Program *QEP*)	11.23%	14.20%	0.61	-18.69%	646,000,000	Mar-93	0%	10,000,000	0.60
29	Clarke Capital Management, Inc. (Worldwide Program)	15.59%	22.46%	0.58	-26.06%	19,500,000	Jan-96	100%	250,000	0.60
8	Eckhardt Trading Company (Standard Plus Program)	22.26%	30.58%	0.65	-40.39%	171,300,000	Oct-91	TRUE	10,000,000	0.55
25	SSARIS Advisors, LLC (Diversified Trading Program *QEP*)	16.59%	25.57%	0.55	-30.74%	24,360,000	Mar-83	100%	10,000,000	0.54
52	Conquest Capital Group LLC (Conquest Macro *QEP*)	11.77%	18.01%	0.51	-22.64%	368,000,000	May-99	TRUE	10,000,000	0.52
6	EMC Capital Management, Inc. (Classic Program *QEP*)	23.30%	50.37%	0.41	-45.13%	185,494,325	Jan-85	TRUE	4,000,000	0.52
41	Covenant Capital Management, LLC (CCM Original Program)	14.04%	18.20%	0.63	-28.61%	26,682,669	Sep-99	100%	500,000	0.49
11	Mark J. Walsh & Company (Standard Program)	20.89%	39.72%	0.46	-43.04%	68,800,000	Sep-85	TRUE	2,000,000	0.49
57	Range Wise, Inc. (Range Wise Program *CLSD* *QEP*)	11.42%	16.55%	0.54	-23.69%	113,185,000	Feb-91	TRUE	250,000	0.48
69	Aspect Capital Limited (Aspect Diversified Program *QEP*)	10.35%	17.09%	0.46	-21.53%	3,478,000,000	Dec-98	TRUE	200,000	0.48
12	John W. Henry & Company, Inc. (Financial & Metals Portfolio)	20.87%	37.02%	0.5	-43.60%	25,953,159	Oct-84	0%	5,000,000	0.48
31	Drury Capital, Inc. (Diversified Trend-Following Program *QEP*)	15.32%	21.04%	0.61	-32.52%	190,750,000	May-97	TRUE	5,000,000	0.47
5	Impact Advisory Corp (Managed Account Program)	23.33%	24.96%	0.83	-50.99%	9,092,929	Sep-92		50,000	0.46
23	Red Oak Commodity Advisors, Inc. (Fundamental Trading Program)	16.98%	27.99%	0.52	-37.32%	37,560,000	Dec-89	0%	5,000,000	0.45
20	Dreiss Research Corporation (Global Diversified Program)	17.65%	29.00%	0.52	-39.03%	677,355	May-91	TRUE	1,000,000	0.45
35	Superfund Group (Superfund Q-AG)	14.81%	23.87%	0.52	-32.82%	129,810,640	Mar-96	100%	2,000	0.45
27	Kinkopf Capital Management, LLC (Kinkopf S&P Program *PROP*)	16.35%	29.51%	0.47	-37.04%	277,975	Jan-99	20%	100,000	0.44
58	GIC, LLC (Global Diversified Program)	11.41%	21.33%	0.42	-26.11%	17,283,265	Nov-98	95%	500,000	0.44
71	Strategic Investments LLC (Equity Hedge Program)	10.24%	14.59%	0.53	-23.59%	597,664	Jul-92	TRUE	350,000	0.43
47	JPD Enterprises, Inc. (Global Diversified Program 2X *QEP*)	12.50%	20.66%	48.00 %	-29.42%	6,300,000	Jan-95	TRUE	50,000	0.42
48	Hyman Beck & Company, Inc. (Global Portfolio)	12.31%	19.09%	0.51	-29.27%	433,135,000	Apr-91	100%	5,000,000	0.42
53	Estlander&Ronnlund (Global XL Program *FRN*)	11.65%	25.60%	0.36	-28.15%	76,300,000	Aug-91	0%	2,500,000	0.41
66	Quest Partners, LLC (Alphaquest - Original Program *QEP*)	10.55%	20.98%	0.38	-25.75%	33,000,000	May-99	TRUE	5,000,000	0.41
15	Pardo Capital Limited (XT-99 Diversified Trading Program *QEP*)	19.78%	39.26%	0.44	-48.67%	10,846,077	Jun-99	0%	1,300,000	0.41
36	Bell Fundamental Futures, LLC (Standard Program *PROP*)	14.43%	23.47%	0.51	-36.57%	3,834,857	Jan-92	0%	250,000	0.39
65	QFS Asset Management, LP (QFS Global Macro Program *QEP*)	10.58%	14.02%	0.58	-26.82%	513,000,000	Feb-98	33%	50,000,000	0.39
74	Eclipse Capital Management, Inc. (Global Monetary Program)	10.03%	17.45%	0.43	-25.95%	421,984,412	Aug-90	TRUE	5,000,000	0.39

	QEP)									
37	Clarke Capital Management, Inc. (Global Magnum Program)	14.37%	29.30%	0.41	-39.27%	16,600,000	Aug-97	100%	100,000	0.37
32	Saxon Investment Corporation (Diversified Program)	15.07%	25.10%	0.5	-41.55%	12,500,000	Sep-88	TRUE	5,000,000	0.36
9	Hawksbill Capital Management (Global Diversified Program)	22.23%	49.96%	0.39	-61.78%	53,600,000	Nov-88	TRUE	2,000,000	0.36
68	Mapleridge Capital Corporation (Diversified 2.5X Program *QEP*)	10.40%	15.14%	0.52	-29.25%	192,000,000	Apr-99	TRUE	1,000,000	0.36
70	SMN Investment Services GmbH (Diversified Futures *FRN*)	10.27%	19.07%	0.41	-29.09%	332,137,888	Nov-96	TRUE	25,000,000	0.35
10	LJM Partners Ltd. (Neutral S&P Option Premium Writing Program (Aggressive Strategy))	22.13%	31.99%	0.61	-63.83%	31,262,262	Jan-99	0%	500,000	0.35
38	Mulvaney Capital Management Ltd (Global Diversified Program *QEP*)	14.23%	30.42%	0.39	-41.28%	96,000,000	May-99	TRUE	100,000	0.34
7	Saxon Investment Corporation (Aggressive Diversified Program)	22.58%	43.04%	0.47	-65.86%	58,500,000	Nov-93	TRUE	5,000,000	0.34
42	RAM Management Group, Ltd (MRTP - Aggressive)	14.02%	32.87%	0.35	-40.98%	3,245,250	Feb-98	TRUE	1,000,000	0.34
44	Mississippi River Investments, Inc. (Bondurant Trading Program *CLSD*)	13.51%	23.67%	0.47	-43.69%	79,800,000	Jan-86	0%	50,000	0.31
49	Strategic Investments LLC (Commodity Program)	12.08%	22.14%	0.43	-39.62%	538,009	Jul-92	60%	200,000	0.30
56	Campbell & Company, Inc. (Financial Metal & Energy - Large Fund)	11.49%	19.37%	0.46	-41.92%	2,580,000,000	Apr-83	TRUE	50,000,000	0.27
64	Ansbacher Investment Management, Inc. (Ansbacher Investment Management)	10.81%	21.60%	0.38	-41.85%	14,500,000	Mar-96		500,000	0.26
61	Witter & Lester, Inc. (Stock Index Futures Program)	11.13%	19.99%	0.43	-43.18%	1,187,106	Jan-88	0%	250,000	0.26
19	DEC Capital Inc. (World Grain & Oilseeds Fund)	18.87%	53.47%	0.31	-73.99%	1,400,000	Sep-94		5,000,000	0.26
43	DUNN Capital Management, Inc. (World Monetary Assets System *QEP*)	14.00%	35.29%	0.33	-60.22%	164,000,000	Nov-84	TRUE	10,000,000	0.23
22	Michael J. Frischmeyer, CTA (Iowa Commodities Limited *CLSD*)	17.14%	42.67%	0.34	-83.16%	6,399,072	Jan-81	TRUE	40,000	0.21
55	Fort Orange Capital Management, Inc (Global Strategic Program)	11.51%	37.61%	0.24	-60.89%	10,108,823	Sep-92	TRUE	1,000,000	0.19
73	John W. Henry & Company, Inc. (International Foreign Exchange Program)	10.16%	27.51%	0.28	-55.23%	14,000,000	Aug-86	TRUE	1,000,000	0.18
62	Clarke Capital Management, Inc. (Millennium Program)	10.93%	30.61%	0.28	-60.90%	27,700,000	Jan-98	100%	1,000,000	0.18
67	District Capital Management, Inc. (Diversified Program)	10.48%	41.46%	0.19	-68.85%	5,524,522	Jan-85	80%	500,000	0.15
46	AIS Futures Management LLC (MAAP 3X-6X *QEP*)	12.54%	43.22%	0.23	-89.66%	53,837,487	Jul-92	0%	5,000,000	0.14
72	AIS Futures Management LLC (MAAP 2X-4X *QEP*)	10.18%	27.67%	0.28	-74.76%	125,893,612	Oct-92	0%	5,000,000	0.14

Past Performance is not indicative of future results.

Statistical Notes Where Applicable

The **Calmar** uses last 36 months of Data
The Sterling uses last 36 months of Data
The VAMI is the compounded monthly growth of hypothetical 1,000 unit
Downside Deviation uses a 7.5% Minimum Acceptable Rate of Return
The **Sharpe Ratio** uses a 2.5% Risk Free Rate of Return
The Sortino Ratio uses a 7.5% Minimum Acceptable Rate of Return
For Statistical definitions and formulas see "Building Wealth with Managed Futures" by Kim Avery

Total return measures the increase in an investment in this fund as a percentage of that initial investment. Total return includes both income (in the form of dividends or interest payments) and capital gains or losses (the increase or decrease in the value of a security). Morningstar calculates total return by taking the change in a fund's NAV, assuming the reinvestment of all income and capital gains distributions (on the actual reinvestment date used by the fund) during the period, and then dividing by the initial NAV.

Notes to Performance

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. PLEASE NOTE : PRIOR YEAR AND YEAR TO DATE PERFORMANCE NUMBERS ARE NOT INDEPENDENTLY VERIFIED, AND SUBJECT TO CHANGE, UNTIL COMPLETION OF AN AUDIT. THERE ARE SUBSTANTIAL RISKS ASSOCIATED WITH AN INVESTMENT IN THIS PRODUCT. FOR A SUMMARY, SEE THE "RISKS & CONFLICTS" SECTION OF THIS WEBSITE. READ THE OFFERING MATERIALS CAREFULLY AND CHECK WITH YOUR OWN ADVISERS BEFORE DECIDING TO INVEST. PLEASE REFER TO "NOTES TO PERFORMANCE" BELOW FOR ADDITIONAL INFORMATION.

Important Information

†TheList of CTAs and trading strategies are subject to change at any time without prior notification.
††The performance figures have not been verified by Daniels Trading.

PROFORMA RESULTS ARE CONSIDERED HYPOTHETICAL. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

All information, including performance and program description, has been provided by the trading advisors directly to a third-party vendor, BarclayHedge, and is not reviewed or verified by vendor or MF Global Inc. Performance figures are not verified or audited by Daniels Trading. CTAs can change their strategies without notice. Futures trading involves the risk of loss and is not suitable for all investors. Past performance is not necessarily indicative of future trading results. Information taken from trade and statistical services

and other sources, which Daniels Trading believes is reliable. We do not guarantee that such information is accurate or complete and it should not be relied upon as such.

*All computations reported below are based solely upon CTA data during the Portfolio's Common Dates and not necessarily the lifetime of each individual's CTA.

SOURCES:

ITRNet , MF Global; Altegris 40: Indices - International Traders Research; S&P 500 TR Index: Indices - Standard & Poor's; Berkshire Hathaway: Monthly closing price was taken from finance.yahoo.com and added to ITRNet for the periods covered.

INDEX DESCRIPTIONS:

Altegris 40™: The Altegris 40 Index tracks the performance of the 40 leading managed futures programs, by ending monthly equity (assets) for the previous month, as reported to International Traders Research. The Altegris 40 index represents the dollar-weighted average performance of those 40 programs.

S & P 500 Index: The S&P 500 index is unmanaged and is generally representative of certain portions of the U.S. equity markets. For the S&P 500 Total Return Index, dividends are reinvested on a daily basis and the base date for the index is January 4, 1988. All regular cash dividends are assumed reinvested in the S&P 500 index on the ex-date. Special cash dividends trigger a price adjustment in the price return index. An investor cannot invest directly in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented.

Barclays Capital Aggregate Bond Index, which used to be called the "Lehman Aggregate Bond Index," is a broad base index. The Barclays Capital Aggregate Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S.

There are substantial risks and conflicts of interests associated with managed futures and commodities accounts, and you should only invest risk capital. The success of an investment is dependent upon a CTA's ability to identify profitable investment opportunities and to successfully trade. The identification of attractive trading opportunities is difficult, requires skill, and involves a significant degree of uncertainty. CTAs have total trading authority, and the use of a single CTA could mean a lack of diversification and higher risk. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains. Returns generated from a CTA's trading, if any, may not adequately compensate you for the business and financial risks you assume. You can lose all or a substantial amount of your investment. If you use notional funding, you may lose more than your initial cash investment. Managed futures and commodities accounts may be subject to substantial charges for management and advisory fees. It may be necessary for accounts that are subject to these charges to make substantial trading profits in order to avoid depletion or exhaustion of their assets. The disclosure document contains a complete description of each fee to be charged to your account by a CTA. CTAs may trade highly illiquid markets, or on foreign markets, and may not be able to close or offset positions immediately upon request. You may have market exposure even after the CTA has a request for closure or liquidation. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.