Managed Futures and Macro

Q2 2012 Market Commentary

July 2012

> Market negativity continued to center around the situation in Europe and concerns that a downturn there could stall a tepid recovery in the United States and push China toward a hard landing… Against this challenging backdrop, we believe the flexibility that is the hallmark of the managed futures and global macro strategies should serve investors well.

Overview

Continuing a transition that began in Q1, the second quarter of 2012 was mostly characterized by economic fundamentals—rather than political machinations—reasserting themselves as the primary catalyst for global markets. This Q2 shift was driven largely by the lack of effective government action in the face of a deepening crisis in Europe, and discouraging economic data releases in the United States and China. The lack of impactful policy responses left the market at the mercy of new recessionary fears until the final day of the quarter, when European governments finally overcame their indecisiveness and announced what they characterized as a breakthrough agreement—sparking a broad and powerful market rally.

As shown on the following page (FIGURE 1), equities (represented by the S&P 500 Total Return Index) were down -2.75% in Q2, and bonds (represented by the Barclays US Aggregate Bond Index) were up 2.06%. Meanwhile, managed futures (represented by the Altegris 40 Index®) were down -1.41% during the quarter, while global macro (measured by the Barclay Global Macro Index) was down -1.72%. For managed futures managers, most losses occurred on the final day of the quarter—indeed, the results from that day alone were enough to drive quarterly performance for some managers into negative territory.

European Troubles

In recent quarters, government intervention and speculation about the future plans of politicians and policy-makers had to some extent usurped economic fundamentals as the

FIGURE 1.

MANAGED FUTURES AND GLOBAL MACRO OUTPERFORMED MOST MAJOR INDICES IN Q2

Managed Futures and Global Macro Index Performance vs. Traditional Indices

	Quarterly Returns		Yearly Returns					10-Year Returns July 2002 – June 2012			
	Q2 Return	Q1 Return	2012 YTD Return	2011 Return	2010 Return	2009 Return	2008 Return	Total Return	Ann ROR	Std Dev	Max DD
Altegris 40 Index®	-1.41%	-1.57%	-2.95%	-3.23%	11.33%	-7.98%	15.47%	74.38%	5.72%	10.26%	-13.24%
Barclay Global Macro Index	-1.72%	2.78%	1.01%	-3.65%	6.74%	7.49%	-0.65%	83.14%	6.24%	5.32%	-6.42%
HFRI Fund Weighted Composite Index	-2.88%	4.72%	1.70%	-5.25%	10.25%	19.98%	-19.03%	79.90%	6.05%	6.59%	-21.42%
S&P 500 Total Return Index	-2.75%	12.59%	9.49%	2.11%	15.06%	26.46%	-37.00%	68.13%	5.33%	15.84%	-50.95%
Barclays US Aggregate Bond Index	2.06%	0.31%	2.37%	7.86%	6.56%	5.93%	5.24%	73.04%	5.64%	3.63%	-3.82%
MSCI EAFE Index (Net)	-7.13%	10.86%	2.96%	-12.14%	7.75%	31.78%	-43.38%	65.13%	5.14%	19.17%	-56.68%
FTSE NAREIT Composite Total Return Index	4.45%	10.36%	15.27%	7.31%	27.55%	27.79%	-37.84%	148.78%	9.54%	24.67%	-68.17%
S&P GSCI Total Return Index	-12.38%	5.88%	-7.24%	-1.18%	9.02%	13.67%	-46.49%	40.07%	3.43%	25.19%	-67.65%

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. There is no guarantee that any investment product or strategy will achieve its objectives, generate profits or avoid losses. SOURCE: Altegris.

primary driver of market direction and investor sentiment. However, despite the intensification of the crisis in Greece and signs of troubles spilling over into Spain and even Italy, Q2 was largely lacking major policy responses from the EU. Throughout the quarter, the main policy impact on markets took the form of day-to-day volatility triggered by comments from individual policy-makers and politicians, speculation and rumor. Subsequent market moves proved unsustainable, allowing previously existing underlying trends to continue. The lack of impactful policy intervention was a function of several factors:

1) The wind-down of the European Central Bank's long-term refinancing operations (LTRO);
2) A stalemate among European policy-makers in the run-up to Greek elections that emerged as a referendum on the euro;
3) A deadlock between proponents of "stimulus" and the Angela Merkel-led austerity coalition, and
4) "Diminishing returns" of government intervention. Following a long string of announced government actions—some, like LTRO, that were effective, but most not—investors seem to have become accustomed to these interventions and, therefore, less likely to alter their biases in response to statements from policy-makers.

As government bond yields climbed in Spain and Italy (FIGURE 2) and the crisis continued seemingly unabated, it became increasingly clear that in the absence of a government intervention that far surpassed market expectations in terms of scale, Europe would likely continue its slowdown.

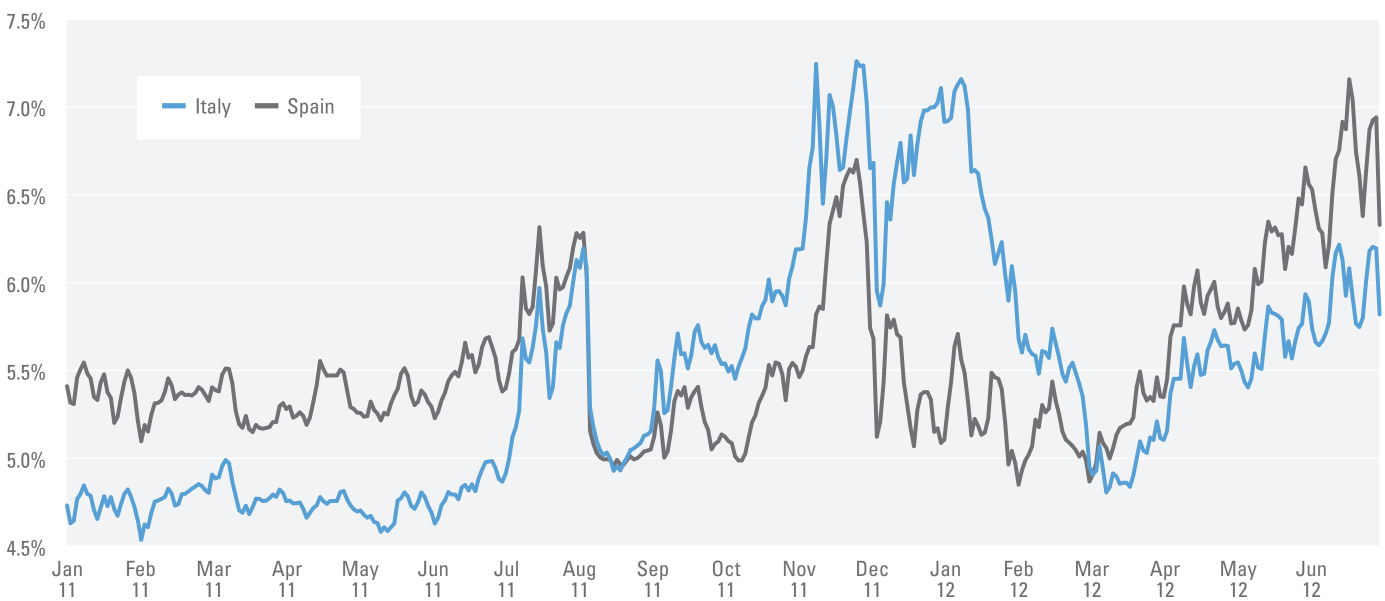
All that changed completely on the final trading day of the quarter, however, when European leaders announced an unexpected deal to allow European bailout funds to be used to directly re-capitalize troubled banks. Word of that deal set off a day-long global rally in equities and other risk assets, driving the FTSE 100 up 1.4% and the S&P 500 up 2.5%.

The strength of that relief rally showed just how worried investors had become about the situation and the

FIGURE 2.

GOVERNMENT BOND YIELDS IN SPAIN AND ITALY ONCE AGAIN REACHED THE 'DANGER ZONE'

Spanish and Italian 10-Year Bond Yields Rising to Dangerous Levels



SOURCE: Altegris

possible ripple effects of the European crisis. Prior to the announcement, pessimism in Europe had begun to weigh down sentiment with regard to the United States and China. In short: Mixed economic data from these countries suggested that their economies could be at "stall speed," and therefore at great risk to a negative outcome in Europe.

US Slowing Again?

In the United States, encouraging early-year economic data gave way to second quarter mixed signals for the third year in a row. However, Q2 2012 was notable for its lack of impactful government intervention. Although the Federal Reserve did respond to deteriorating economic data with its quarter-end extension of Operation Twist, any positive market reaction to that announcement lasted—literally—for only a matter of hours. As in the case of Europe through the quarter, the US policy response was entirely expected and viewed by most market participants as being too modest to have any meaningful effect.

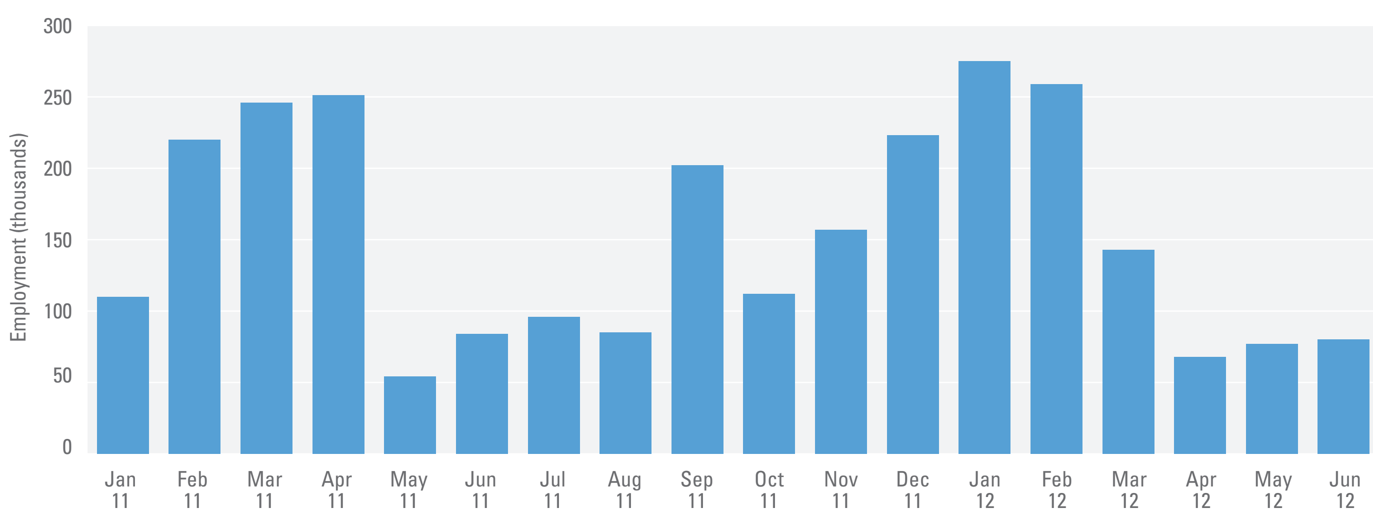
Following some early-quarter signs of a potential recovery or at least a bottoming out of the housing market, perhaps the low point for investor sentiment about the US economy occurred when the May employment report showed a gain of only 69,000 jobs on the month and an uptick in the unemployment rate to 8.2% from 8.1% in April. The report also contained downward revisions of employment statistics from April and March, and represented the third consecutive month of soft jobs data. That disappointing release triggered speculation that the US economy was mirroring the performance of the past two years, when early-year momentum gave way to continued sluggishness (FIGURE 3). Among the other discouraging notes in the quarter were a contraction in retail sales, a pick-up in foreclosure starts and a slowdown in manufacturing growth (PMI) —all in May.

Looking ahead, the US economy faces serious long-term challenges related to the federal debt and short-term challenges stemming from the looming "fiscal cliff," and a recovery that has been unable to gain traction. Unfortunately, amid the run-up to the Presidential election, the prospects are dim for any significant government response to further softening in the economy. The end result: A US economic recovery that is still sputtering and remains vulnerable to negative headlines out of Europe.

FIGURE 3.

EARLY-YEAR MOMENTUM IN US EMPLOYMENT NUMBERS FADED IN Q2

Seasonally Adjusted 1-Month Net Change in Jobs



SOURCE: Bureau of Labor Statistics

China: Coming in for a Landing

In China, Q2 economic data repeatedly disappointed, including weaker-than-expected May releases on industrial production and fixed-asset investment. Outside these official measures, analysts focused on what they saw as an unusually large buildup of coal stockpiles—an indication of a slowdown in the one metric many close watchers see as an accurate indicator of Chinese economic activity: electrical production.

These signs, together with a surprise June interest rate cut, renewed nervous talk about a Chinese "hard landing." The growing sense was that Chinese markets are at risk to a deeper downturn in Europe—the number-one destination for Chinese exports. These concerns have increased speculation that China will ease monetary and fiscal policies in an attempt to stimulate domestic demand and stave off the impact of slowing global growth on the Chinese economy.

Primary Market Effects

The upshot of these gloomy developments was a return to a risk-off posture among investors, characterized by two primary market moves:

1) A flow of assets to US and German government bonds, as investors shed risk and sought safety, and
2) The steady fall of the euro.

In terms of asset classes, the biggest losers in the quarter were equities, energy and commodity currencies—generally referred to by most commentators as the "risk-on assets". Throughout much of the quarter, the strongest positions across a number of managers in the managed futures and global macro spaces proved to be long fixed income and short the euro. However, these trades reversed dramatically on the last trading day of the quarter on word of the European bank bailout agreement, with the euro gaining more than 2% against the dollar and the yield on 10-year US Treasuries rising to 1.64% from 1.58%.

Moving into Q3, it remains to be seen whether the positive impact of European government action will be sustainable, or if the palliative effect will prove fleeting—as has been the case for the dozen or so policy announcements made by EU leadership since the start of the crisis.

Against this backdrop, following is a detailed assessment of the managed futures and global macro investment strategies, which should provide some context about how trend following, short-term systematic, global macro foreign exchange and global macro discretionary managers performed during the quarter.

Trend Following Strategy Summary

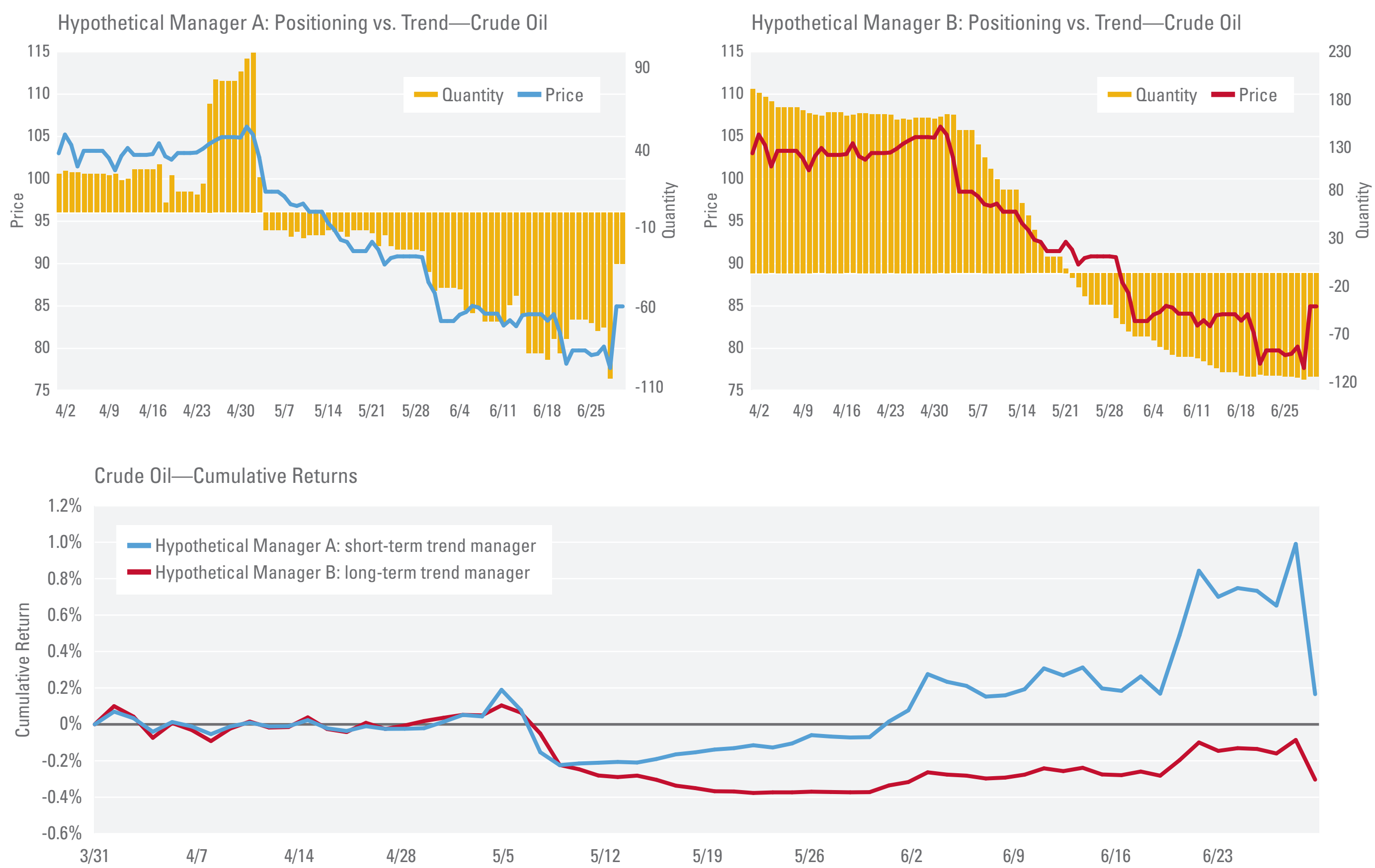
At the end of Q1, we suggested that a rapid shift back to a risk-off environment could prove disruptive to managed futures strategies that were beginning to position their portfolios for positive economic outcomes—those that held long equity and energy positions, for example. In fact, Q2 did indeed bring about a return to risk-off price action. However, a silver lining was that the reversion occurred at a pace gradual enough for some quicker-turning trading models to transition their positioning to profit during May's market sell-off. The extent to which these models shifted in the early weeks of Q2 went a long way toward determining performance over the quarter. The result was a considerable degree of dispersion among managers in the trend following space—thus highlighting, once again, the importance of manager selection and diversification when allocating to managed futures.

Amid the increasingly bearish fundamental backdrop, managers that moved quickly in April to increase long exposures to interest rates and short exposures to the euro currency reaped the benefits of very strong May performance, while those who maintained substantial holdings in Q1's long energy, long equity index and long commodity currency positions underperformed on a relative basis. In general, faster-moving trend following managers were more responsive to the abrupt shifts in early Q2 and, on an overall basis, outperformed longer-term trend following managers that generally retained higher exposures to equity indices and energies for much of the quarter.

Hypothetical trade examples below (FIGURE 4) illustrate the extent to which Q2 performance diverged according to managers' overall risk-on/risk-off posture and the speed with which individual managers were able to adjust their positioning over the course of the quarter. As a relevant example, the more responsive managers (represented by Hypothetical Manager A) reduced their long crude oil exposures and actually went short by early May, just in time to profit from the emerging price downtrend. Longer-term trend managers (exhibited by Hypothetical Manager B), however, were slower to reduce their long crude oil positions and therefore incurred further losses during the May sell-off. As Q2 performance indicated, modest differences in the speed of a manager's system resulted in significant return differences and thus contributed to the high level of manager dispersion. The charts also underscore the significant impact of June 29 on manager performance: more than two-thirds of Hypothetical Manager B's losses in crude oil were incurred on that day alone, while Hypothetical Manager A gave up 80% of the quarter's gains in that market over that single trading session. This unfortunate result is often referred to as a manager being "whipsawed"—losing money in both directions.

FIGURE 4.

A HYPOTHETICAL CRUDE OIL TRADE HIGHLIGHTS THE ELEVATED MANAGER DISPERSION OF Q2 AND THE IMPACT OF JUNE 29 ON PERFORMANCE



The above hypothetical trade example is illustrative of trading system activity and associated performance of representative trading strategies depicted herein selected by Altegris as a model for the above illustration. Source: Altegris, Bloomberg.

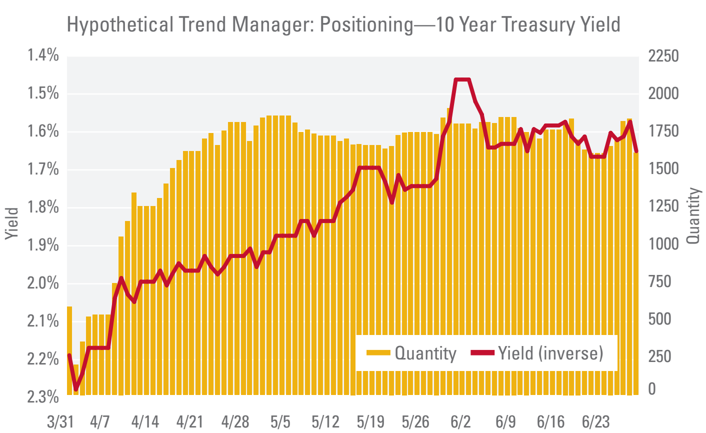
Interest rates were strongly profitable for nearly all trend following managers in Q2, as the long-term rally in developed market interest rates continued throughout the quarter. We have been pleased with managers' ability to rapidly shift their positioning in the interest rate sector, which further underscores the abundant liquidity of the underlying markets and managers' ability to adapt to both bullish and bearish price action in the sector. As exhibited below in the trade example (FIGURE 5), many trend following managers entered the quarter with modest long exposures to 10-year US interest rate futures but significantly increased these exposures amid the sustained rally in April and May, and garnered strong profits as US 10-year treasury yields hit an all-time low of 1.44%. The long-standing fixed income rally remained in place, and solid performance in this sector over the last 24 months highlights managers' ability to profit from trending markets amid a challenging overall environment for the strategy.

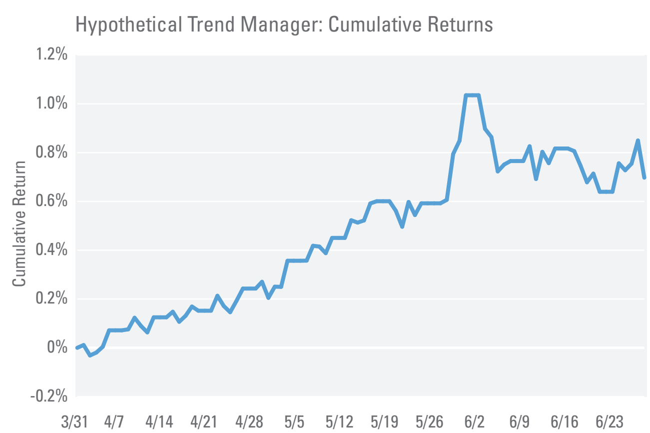
On the last day of the quarter, the positive news from the European Summit led to a rally in the euro, a sell-off in treasuries, and significant price spikes in commodities and global equity indices. The bullish price action led to losses across trend followers' portfolios, as manager exposures were tilted toward a risk-off stance at quarter-end. This sharp and sudden reversal served to slightly reduce bearish exposures, but trend following managers' portfolios still remained firmly in the risk-off camp at quarter's end.

Entering Q3, trend managers are most susceptible to a rapid shift back to a risk-on environment and particularly to a sustained sell-off (i.e., rising yields) in the interest rate sector. However, Q2 performance proved that systems that can adapt to shorter-term trends can dynamically position their portfolios to profit from price persistence over a multi-week period. Trend following managers again displayed their strong portfolio diversification benefits during Q2, and we believe that the strategy is poised for solid performance if markets can exhibit sustained price trends over the coming quarters.

FIGURE 5.

TREND FOLLOWING MANAGERS BENEFITED FROM EXPANDED LONG EXPOSURES TO 10-YEAR US INTEREST-RATE FUTURES





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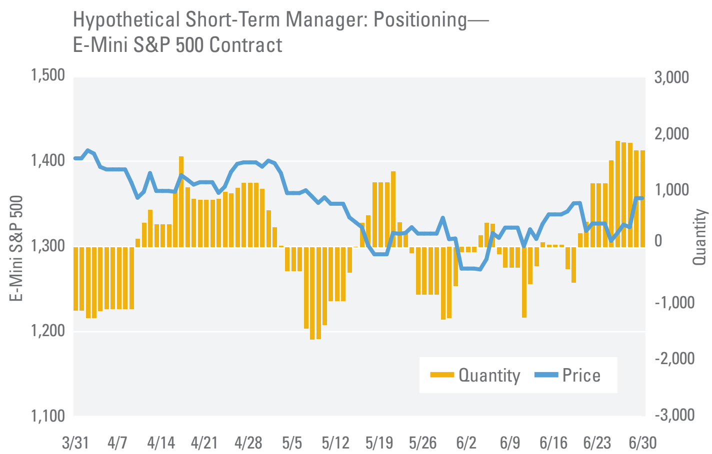
Short-Term Systematic Strategy Summary

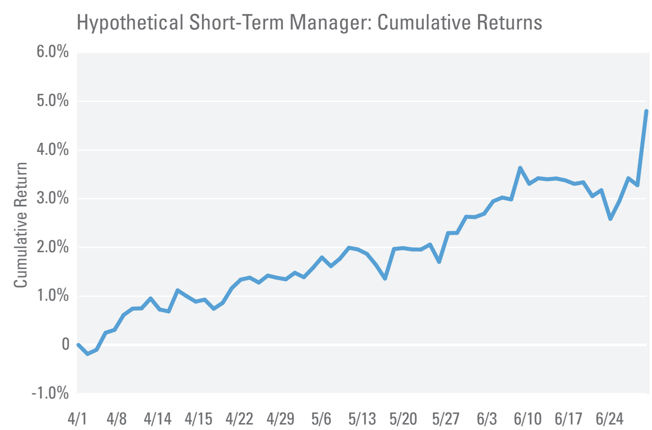
The second quarter represented the first prolonged stretch of favorable conditions for short-term systematic investors in some time. In contrast to previous quarters, when government interventions often superseded the behavioral tendencies of market participants that drive short-term price moves, Q2's lack of impactful political action set the stage for strong performance among some short-term systematic managers by allowing prices to react more "naturally". This was especially true during May, when investor panic in response to the intensifying crisis in Europe allowed traders to profit from strong short-term momentum in risk-off trades, particularly long interest rates and short euro positions. While May proved to be the strongest month of the quarter for short-term systematic managers, April and June also presented opportunities for some mean reversion traders who were able to capitalize on the back-and-forth price action in equity indices, particularly the S&P 500 (FIGURE 6).

The European bank bailout at the close of the quarter brought a dramatic end to the period of minimal government intervention that short-term systematic traders had only recently enjoyed. However, it remains to be seen whether this government action will usher in a new period of difficult conditions for these investors, or if the impact of the intervention dissipates quickly, allowing managers to continue to profit from the normal behavioral tendencies of market participants.

FIGURE 6.

A HYPOTHETICAL E-MINI S&P TRADE ILLUSTRATES HOW STRATEGIES THAT ADAPTED QUICKLY TO MARKET REVERSALS WERE PROFITABLE IN Q2





The above hypothetical trade example is illustrative of trading system activity and associated performance of representative trading strategies depicted herein selected by Altegris as a model for the above illustration. Source: Altegris, Bloomberg.

Global Macro Strategy Summary

As with managed futures, the shift to risk-off positioning was similarly prevalent among global macro investors. These managers benefited to a large extent from the fact that the vast majority were already short the euro going into Q2. Profits from short euro positions helped offset modest losses on long commodity positions, with long crude and long gold being among the larger losing trades for investors in this group in Q2. At quarter's end, global macro investors had taken on a cautious positioning in general, with some a bit more bullish and some a bit more bearish, but all biased toward a conservative stance.

FX

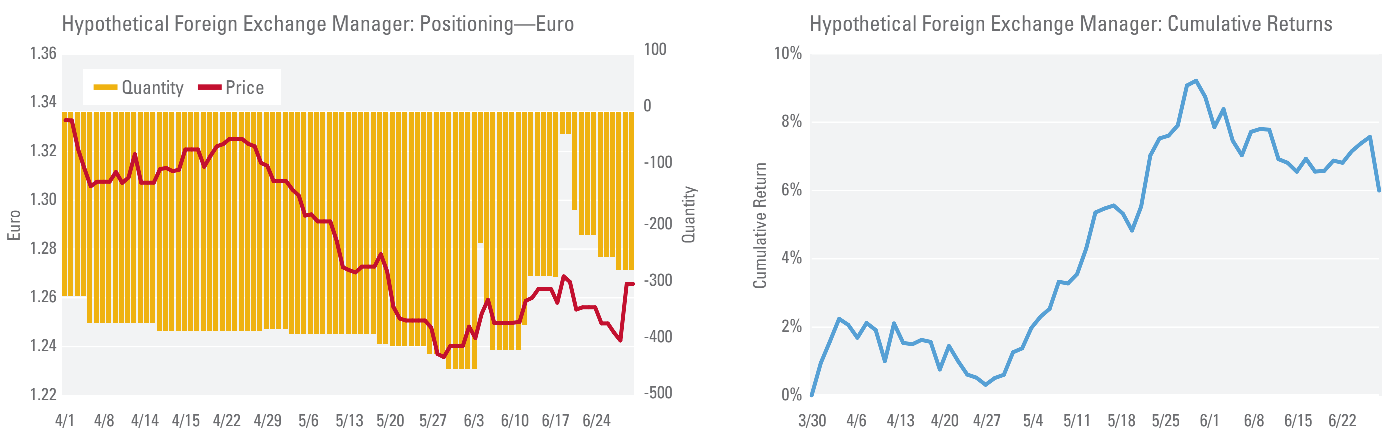
During Q2, the most prevalent position among FX managers was short the euro. This trade was warranted on both a fundamental and technical basis, as economic fundamentals continued to deteriorate across the Continent, expectations grew for the European Central Bank to enact further accommodative monetary policy, and price momentum was accelerating to the downside. The trade was a success during Q2, as the euro fell 5% during the quarter and generated solid profits within most FX managers' portfolios.

Another theme during the quarter was that most FX managers increased short exposures to currencies of countries with decelerating economies and/or expectations of central bank interest rate cuts. In particular, managers added to short Australian dollar positions amid weakening commodity prices and consecutive months of rate cuts by Australia's central bank. On the long side, managers benefited from positions in traditional safe-haven currencies, including the US dollar and Japanese yen. While the Swiss franc has traditionally been considered a safe-haven currency, the Swiss National Bank's goal of enforcing an exchange rate of 1.20 franc per euro has limited further appreciation and therefore led to muted exposures to the currency among FX managers.

As Q2 concluded, the prevailing theme among FX managers was a short position in currencies across the European continent (FIGURE 7) and commodity-based currencies with weakening fundamentals, and a long position in the safe-haven currencies of the US dollar and Japanese yen.

FIGURE 7.

FX MANAGERS PROFITED FROM SHORT EURO POSITIONS IN Q2 AND MAINTAINED THESE POSITIONS ENTERING Q3, AS SHOWN IN A HYPOTHETICAL TRADE EXAMPLE



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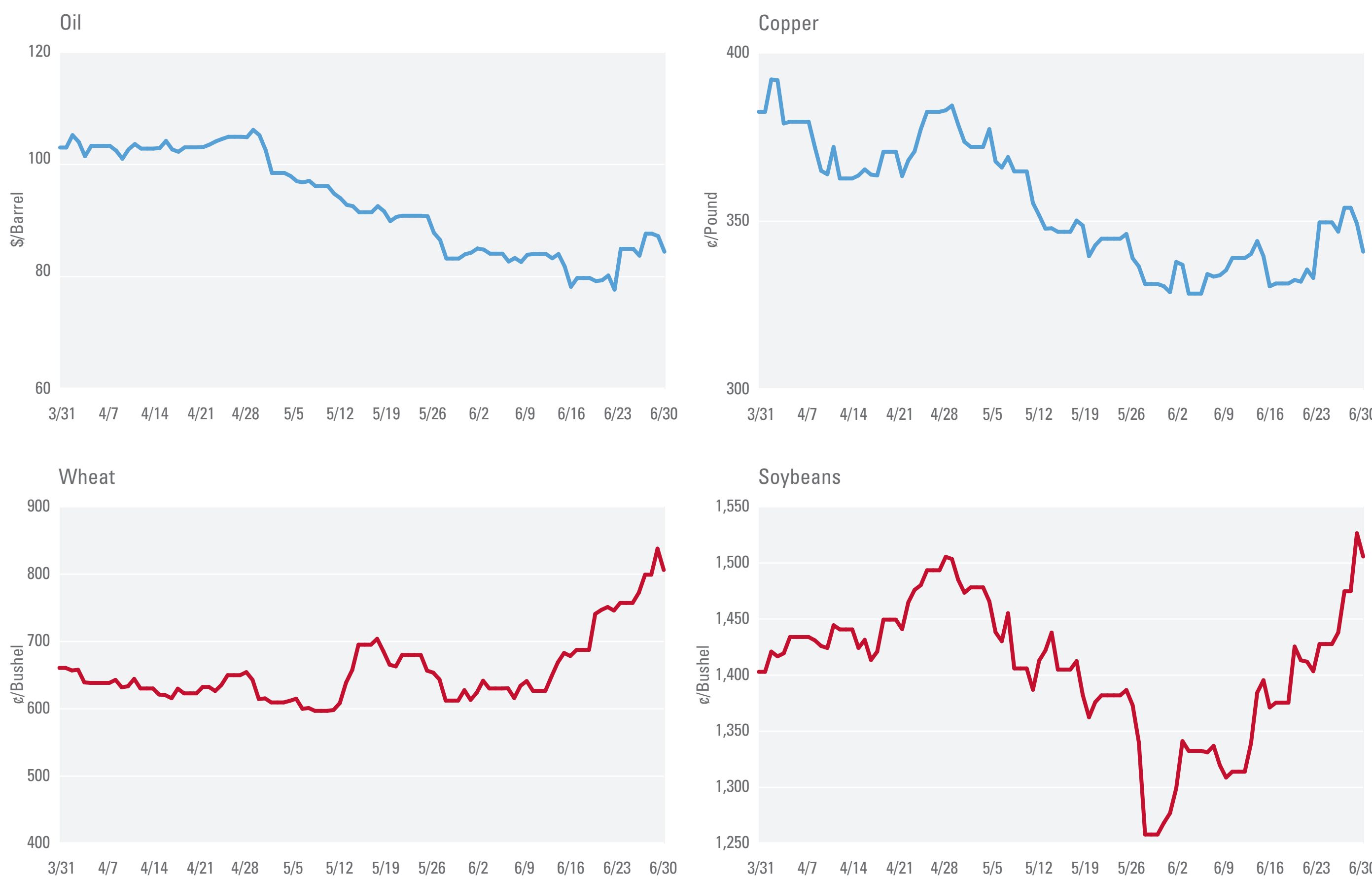
Discretionary Managers

Discretionary managers that entered Q2 with a bias to risk-off positioning did well in the quarter—especially in May. However, because not all managers were so positioned, there was considerable dispersion among discretionary managers in terms of performance.

In general, most of these managers entered the year skeptical about global economic growth, and were positioned defensively, with long positions in traditional safe havens such as interest rates and gold, while shorting the euro and a variety of commodity currencies versus the US dollar. When LTRO brought a reprieve to Europe in Q1, global economic prospects seemed to improve dramatically, and some managers took the bait, shifting into risk-on positions such as long equities and long energies, resulting in losses during Q2. Those that resisted and instead “stuck to their beliefs” with relatively bearish positioning were rewarded with strong returns during Q2, particularly from long interest rates and long US dollar positions. Not surprisingly, economically sensitive commodities such as oil and copper underperformed during the quarter, while some less economically sensitive commodities rallied due to supply concerns. Grain prices were particularly strong during June, as a heat wave and continued drought conditions threatened crop yields (FIGURE 8). Long gold positions were an outlier amid this picture, as the safe-haven commodity declined sharply during the quarter, due in part to the strong rally in the US dollar, as well as diminishing inflation expectations.

FIGURE 8.

ECONOMICALLY SENSITIVE COMMODITIES UNDERPERFORMED IN Q2



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At the end of Q2, most macro managers remained positioned for continued economic weakness, albeit with relatively low exposure levels due in part to the possibility of additional large-scale government interventions.

Conclusion

Q2 brought a shift back to a skeptical outlook and defensive positioning among many managers in both managed futures and global macro. However, the transition from the burgeoning optimism of Q1 to a pessimistic take in Q2 was gradual enough that a number of managers had time to move their portfolios from a risk-on to a risk-off posture. Those that did so were rewarded, but because some did not, there was a great deal of dispersion among managers.

By the close of the quarter, however, there were few holdouts left. Managers by this point had largely embraced a risk-off positioning amid economic fundamentals that strongly pointed to slowing growth. Market negativity continued to center around the situation in Europe and concerns that a downturn there could stall a tepid recovery in the United States and push China toward a hard landing. The outstanding wildcard was the prospect of significant government intervention—the absence of which was a defining feature of most of the quarter. That card was played on the final day of the quarter, triggering a powerful risk-relief rally that produced negative results for managers that had broadly embraced a risk-off posture. As Q2 came to a close, however, it seemed likely that the dramatic, final-day rally would remain limited in both scope and duration.

Against this challenging backdrop, we believe the flexibility that is the hallmark of the managed futures and global macro strategies should serve investors well in the long-term. As discussed in a white paper published by Altegris in July 2012 (Convergent and Divergent Strategies: A New Perspective for Evaluating Alternative Investments), approaches like these that are driven less by market beta and more by opportunistic, skill-based investing can provide a valuable source of potentially uncorrelated risk-adjusted returns, particularly in an uncertain market environment.

INDEX DESCRIPTIONS

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.

Altegris 40 Index®—The Altegris 40 Index tracks the performance of the 40 leading managed futures programs as reported to managedfutures.com each month. Each month MF.com ranks its' database to find the top 40 Composite CTA Programs based on ending monthly equity for the previous month. MF.com then calculates the dollar-weighted average performance of those 40 programs for the monthly Altegris 40 Index performance. Although the Altegris 40 tracks only 10% of the CTAs who report their performance, their combined equity represents approximately 50% of the equity of the entire managed futures industry.

Barclays Capital U.S. Aggregate Bond Index—The Barclays Capital U.S. Aggregate Bond Index covers the U.S. Investment grade fixed rate bond market representing taxable U.S. dollar securities.

Barclay Global Macro Index—The Barclay Global Macro Index track the performance of ~175 global macro programs, by ending monthly values, net of fees, as reported to Barclay Hedge.

FTSE NAREIT Composite Total Return Index—The FTSE NAREIT® Composite Total Return Index includes both price and income returns of all publicly traded REITs (equity, mortgage, and hybrid).

HFRI Fund Weighted Composite Index—The HFRI Fund Weighted Composite Index is an equal-weighted return of all funds in the HFR Monthly Indices, excluding HFRI Fund of Funds Index.

MSCI EAFE Index—The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. The MSCI EAFE Index consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

S&P GSCI Total Return Index—The S&P GSCI Total Return Index measures a fully collateralized commodity futures investment. Currently the S&P GSCI includes 24 commodity nearby futures contracts.

S&P 500 Total Return Index—This index is the total return version of 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.

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With one of the leading Research and Investment Groups focused solely on alternatives, Altegris follows a disciplined process for identifying, evaluating, selecting and monitoring investment talent across a spectrum of alternative strategies including managed futures, global macro, long/short equity, event-driven and others.

Veteran experts in the art and science of alternatives, Altegris guides investors through the complex and often opaque universe of alternative investing.

Alternatives are in our DNA. Our very name, Altegris, highlights our singular focus on alternatives, the highest standards of integrity, and a process that constantly seeks to minimize investor risk while maximizing potential returns.

The Altegris Companies,* wholly owned subsidiaries of Genworth Financial, Inc., include Altegris Investments, Altegris Advisors, Altegris Funds, and Altegris Clearing Solutions. Altegris currently has approximately $3.27 billion in client assets, and provides clearing services to $997 million in institutional client assets.

* *Altegris and its affiliates are subsidiaries of Genworth Financial, Inc. and are affiliated with Genworth Financial Wealth Management, Inc., and include: (1) Altegris Advisors, LLC, an SEC registered investment adviser, CFTC-registered commodity pool operator, commodity trading advisor, and NFA member; (2) Altegris Investments, Inc., an SEC-registered broker-dealer and FINRA member; (3) Altegris Portfolio Management, Inc. (dba Altegris Funds), a CFTC-registered commodity pool operator, NFA member and SEC-registered investment adviser; and (4) Altegris Clearing Solutions, LLC, a CFTC-registered futures introducing broker and commodity trading advisor and NFA member. The Altegris Companies and their affiliates have a financial interest in the products they sponsor, advise and/or recommend, as applicable. Depending on the investment, the Altegris Companies and their affiliates and employees may receive sales commissions, a portion of management or incentive fees, investment advisory fees, 12b-1 fees or similar payment for distribution, a portion of commodity futures trading commissions, margin interest and other futures-related charges, fee revenue, and/or advisory consulting fees.*

Genworth Financial, Inc. (NYSE: GNW) is a leading Fortune 500 insurance holding company dedicated to helping people secure their financial lives, families and futures. Genworth has leadership positions in offerings that assist consumers in protecting themselves, investing for the future and planning for retirement—including life insurance, long term care insurance, financial protection coverages, and independent advisor-based wealth management—and mortgage insurance that helps consumers achieve home ownership while assisting lenders in managing their risk and capital.

Genworth has approximately 6,400 employees and operates through three divisions: Insurance and Wealth Management, which includes U.S. Life Insurance, Wealth Management, and International Protection segments; Mortgage Insurance, which includes U.S. and International Mortgage Insurance segments; and the Corporate and Runoff division. Its products and services are offered through financial intermediaries, advisors, independent distributors and sales specialists. Genworth Financial, Inc., which traces its roots back to 1871, became a public company in 2004 and is headquartered in Richmond, Virginia. For more information, visit genworth.com. From time to time, Genworth Financial, Inc. releases important information via postings on its corporate website. Accordingly, investors and other interested parties are encouraged to enroll to receive automatic email alerts and Really Simple Syndication (RSS) feeds regarding new postings. Enrollment information is found under the "Investors" section of genworth.com.

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ALTEGRIS ADVISORS
888.524.9441
www.altegris.com
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