September 2010

Estlander & Partners Alpha Trend Monthly Report

ESTLANDER & PARTNERS

MONTHLY REVIEW

The month of September was two fold for the strategy. A trend reversal in the beginning of the month in fixed income resulted in losses, but the strategy was then able to quickly reduce these positions and capitalize on the uptrend in risky assets during the second half of the month. September has historically been the worst month for risky assets, but the data during the month has in general been better than expected and this has eased fears of a double dip and given markets a lift. The growth outlook is still sluggish, but investors have been increasing risk on the back of the extremely accommodative monetary policy and reasonably firm profit margins. Another factor giving lift to equities is the fact that net speculative positioning in the S&P 500 has been heavily short, but has now moved to neutral, so this suggests that part of the recent rally has been short covering.

Commodities was the best performing segment as long positions in especially metals and grains gained ground. Cotton was the single best performing market. Lately the trend in broad commodity prices has been up, but there has been significant divergence in price trends within the overall index. Metals has been the strongest performing segment, while oil remains stuck in a sideways trading range. Technically especially metals remain in a solid uptrend. Gold as well as silver have been rising steadily and the strategy has been capitalizing on long positions. Also long positions in copper have been profitable. Copper is near record highs and a convincing break would be a very bullish signal.

Gold has made new highs but unlike in the early 1980s, the uptrend has not gone exponential yet, which suggests that the rally can go on. Also in energies there could be some upside as the sentiment towards energies has been negative and hence any positive surprises could trigger a rally. As the Alpha Trend strategy has, on average, a high allocation to commodities and is very selective in its positioning, there should be plenty of trading opportunities going forward.

STRATEGY DESCRIPTION

Alpha Trend is a CTA program capitalizing on price trends in multiple markets. Alpha Trend has 19 years of verified track record and a solid annualized return of 14% (12/09) with no negative years. The investment decisions of the program are 100% systematic and focus on generating high returns that are uncorrelated to traditional investments and have a low correlation to other CTAs. The program uses a unique combination of level identification and trend filtering in order to identify solid trends. The 70+ exchange traded futures markets within the portfolio are traded both on the long and the short side. The program applies a prudent risk management method conducted on several layers of the investment process. Ongoing research seeks to maintain the profitability on a high level and adapt the program to changing circumstances.

CONTACT INFORMATION

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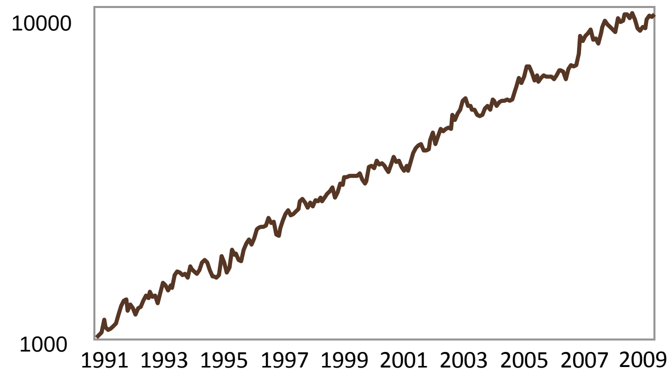
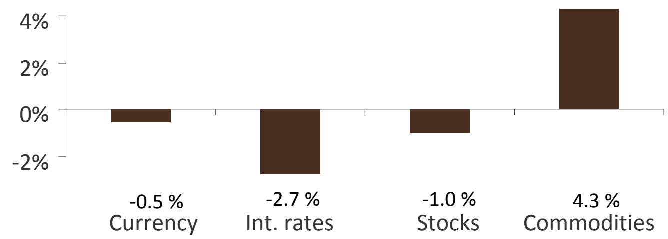
Alpha Trend

September	YTD
0.08 %	4.08 %

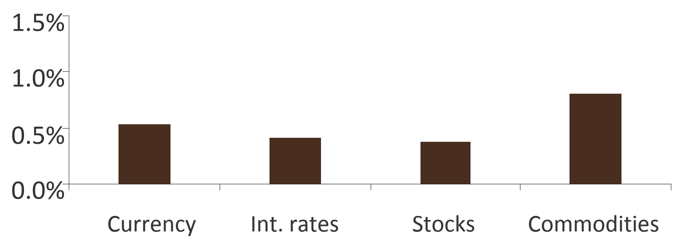
PROGRAM PERFORMANCE



SECTOR ATTRIBUTION % LAST MONTH



AVERAGE SECTOR VALUE AT RISK % LAST MONTH



PERFORMANCE AND KEY FIGURES

*Since inception	**962%**	% Winning Months	**59%**
Ann. Return	**13.2%**	% Losing Months	**41%**
Sharpe Ratio	**0.73**	Return Last 12 months	**0.0%**
Sortino Ratio	**0.88**	Standard deviation last 12 months	**12.6%**
		Strategy Assets (M$)	**365**

*All figures are net of performance fees

MONTHLY RETURNS – ESTLANDER & PARTNERS ALPHA TREND

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	-6.29 %	-2.08 %	2.84 %	-0.82 %	6.39 %	2.62 %	-0.88%	2.68 %	**0.08%**				**4.08 %**
2009	-3.02 %	-1.40 %	-2.49 %	-0.96 %	10.31 %	-2.87 %	1.29 %	3.99 %	0.87 %	-2.90 %	3.26 %	-4.14 %	1.05 %
2008	8.35 %	13.86 %	-4.08 %	4.21 %	2.02 %	2.20 %	-6.98 %	1.63 %	-3.74 %	7.01 %	5.30 %	4.57 %	37.87 %
2007	0.07 %	-0.40 %	-1.33 %	3.00 %	3.78 %	0.11 %	-0.98 %	-6.04 %	8.04 %	2.66 %	-0.59 %	1.19 %	9.30 %
2006	6.69 %	-4.25 %	5.07 %	7.86 %	0.05 %	-5.05 %	-5.35 %	3.70 %	-3.87 %	2.27 %	2.33 %	-1.21 %	7.30 %
2005	-2.92 %	7.53 %	-0.52 %	-4.16 %	3.16 %	0.93 %	-0.32 %	0.88 %	-0.63 %	1.22 %	6.36 %	3.27 %	15.10 %
2004	3.43 %	6.74 %	1.71 %	-5.25 %	-0.23 %	-3.06 %	0.32 %	-3.48 %	-0.87 %	0.67 %	5.06 %	1.70 %	6.20 %
2003	7.16 %	5.21 %	-7.48 %	5.05 %	6.43 %	-2.16 %	2.18 %	0.09 %	-0.57 %	10.37 %	-3.71 %	4.89 %	29.30 %
2002	-4.60 %	-2.22 %	3.14 %	-3.29 %	6.27 %	7.14 %	3.62 %	1.49 %	1.43 %	-4.42 %	-0.43 %	1.11 %	8.70 %
2001	1.15 %	-1.61 %	5.97 %	-3.40 %	1.26 %	-1.81 %	-1.45 %	-2.89 %	5.99 %	5.30 %	-3.57 %	0.72 %	5.10 %
2000	-1.02 %	5.19 %	-0.01 %	0.73 %	0.31 %	0.41 %	-0.71 %	1.85 %	-4.50 %	-2.70 %	1.79 %	10.78 %	11.90 %

Figures since 1991 available at www.estlanderpartners.com

Estimate