



**ASTOR**  
CAPITAL  
MANAGEMENT

An Alternative Investment Company

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## Astor Capital Management's Monthly Update – April 2011

Written by Astor Capital Management



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### Summary of Indices

Index	April 2011	YTD
S&P 500	2.6%	8.4%
Dow (DJI)	4.0%	10.7%
Nasdaq Composite	2.8%	7.4%
FTSE 100	2.7%	2.9%
S&P GSCI	4.4%	16.5%
MSCI EAFE	5.2%	8.3%
10 year U.S. Treasury	-4.4%	-0.3%
BarclayHedge CTA Index*	1.6%	1.1%

\*=as of 5/9/11 (data is self-reporting and <60% of the CTAs reporting have reported)

Past performance is not necessarily indicative of future results. An investment in alternative investments, including Managed Forex and Futures is subject to a substantial risk of loss and may not be suitable for all investors. This CTA is prohibited by law from accepting funds in the trading advisor's name from a client for trading. You must place all funds for trading in this trading program directly with a FCM or retail Forex dealer, as applicable. The material contained herein is for informational purposes only and is not a solicitation for investing. Investors should consult financial advisors and carefully review the information contained in the risk disclosure statement of the FCM or retail Forex dealer that you select to carry your account and in the CTA's disclosure document before investing.

## **Astor Capital's Program**

Astor Capital, through its managed program, the *Knox FX Program* is actively involved in trading off-exchange traded currency pairs ("Forex") as an asset class with the goal of capital appreciation. Astor Capital offers investors a professionally managed currency program that has one day liquidity and redemption. Astor Capital offers investors a program with exposure to the currency markets that does NOT have lock-ups, gates or other requirements or penalties to get your funds. If you would like more details on the program, including a Program Disclosure Document, please contact us at [clientservices@astorcm.com](mailto:clientservices@astorcm.com) or [click here](#) to receive more information.

## **Is Paper Out of Fashion?**

Below is the reporting of four separate news stories.

The U.S. Social Security Administration reported that it is getting ready to eliminate the paper check. Beginning on May 1, 2011, new Social Security beneficiaries will receive their payments electronically – either via direct bank deposit or a Direct Express debit card. Current beneficiaries will be moved to electronic delivery by March 1, 2013. The move is aimed at saving the roughly \$120 million each year the Administration currently spends on paper checks. The Administration also estimates that it will save roughly 12 million pounds of paper in the next five years.

The Associated Press reported that an army of termites ate through 10 million rupees (roughly \$220,000) in currency notes stored since January in a steel chest at a bank in northern India.

The U.S. General Accounting Office (GAO) suggested that the U.S. Treasury Department abolish the dollar bill and permanently replace it with a coin. The GAO estimates that making the switch would save the U.S. government \$5.5 billion over 30 years. Fun facts: the typical dollar bill has a lifespan of 40 months, while the coin will last for decades. If the U.S. were to change (pun intended), they would join Australia, Canada, France, Japan, Russia and the United Kingdom in a paper-for-coin swap.

The New York Times reported that Colonel el-Qaddafi has stashed away tens of billions of dollars in cash (USD and Libyan dinars) in his Tripoli compound. Similar reports swirled around Imelda Marcos (removing 22 crates of Philippine pesos when fleeing from The Philippines), President Duvalier (moving \$33 million when fleeing from Haiti), General Noriega (stashing \$5.8 million in small denomination bills when fleeing from Panama), President Seko (smuggling crates of diamonds and \$40 million in cash when fleeing from The Congo, fka Zaire) and Saddam Hussein's sons (removing nearly \$1 billion in cash from the vaults of the central bank when fleeing from Iraq). Just what does a pile of cash that size look like? According to the U.S. Bureau of Engraving and Printing, all U.S. notes have the same dimensions (2.61 inches by 0.0043 inches). Each note weighs roughly one gram. To get a sense of things, ten billion dollars, in \$100 notes, stacked one on top of the other would weigh roughly 110 tons and take up about 100 large storage pallets. That is, unless the termites or other creachers eat it.

## Market Activity

April started out with a continuation of rising commodity prices, falling value of the U.S. dollar (USD), raising value of U.S. equity indexes, Middle East unrest and signs globally of selective economic strength. April ended with a royal wedding in the U.K., gas prices over \$4.50/gallon in the Chicago area and a number of significant announced M&A deals globally.

For the month of April, U.S. equities ended higher, U.S. interest rates across the curve ended lower, oil ended higher, gold ended higher, market volatility (VIX index) ended lower and the USD ended weaker against most of its trading partners.

Investors may have seen the equity portion of their portfolios increase nicely since the beginning of the year, which is why investors may wish to consider rebalancing their total portfolio. Recent gains in stocks may have left some investors' portfolios under-weighted to lower correlated asset classes. Investments including Astor Capital's managed currency program may fit into the lower correlated (to traditional investments) asset class. Below are some of the events that shaped the month.

Some market related events from **The Americas** included:

- **U.S.** Employment Report and Non-Farm Payroll for March were released in early April. The unemployment rate fell 0.1% to a two year low of 8.8%, while non-farm payrolls rose by 216,000 vs. an expected 190,000 jobs. The unemployment rate has fallen a full percentage point over the past four months, making it the sharpest drop since 1983. Additionally, manufacturing payrolls surged to 230,000 vs. an expected 206,000 jobs. Following the release, equity prices on many U.S. securities rose;
- **U.S.** municipal bond issuance for Q1 was the slowest in 11 years;
- **U.S.** Federal Reserve Bank Chair Bernanke commented that inflation must be watched "extremely closely". Following the comment, the U.S. dollar (USD) strengthened. Later in the month, St. Louis Fed President Bullard discussed his perceived need to curtail QE2 at the upcoming FOMC meeting;
- **U.S.** corporate earnings for Q1 came out generally strong;
- **U.S.** debate on the 2011 budget came to completion with a budget compromise. The 2012 budget and the \$14.3 trillion U.S. government borrowing cap must now be confronted;
- **U.S.** government debt was put on "negative" outlook from "stable" by Standard & Poor's rating agency around mid-month. To be clear, this is not a downgrade, or even the step before a credit rating downgrade - i.e., "negative watch". S&P said there was a one-in-three chance it would lower the rating in two years. The U.S. is the largest economy in the world with the largest taxpayer base, it is the world's largest debtor nation and the world's reserve currency. The U.S. also has a AAA rating by all of the rating agencies;
- **U.S.** voters of a poll conducted by NBC/Wall Street Journal, said they didn't want to see an increase in the current \$14.3 trillion debt ceiling. Only 16% of the voters said that Congress should raise the debt ceiling, while 46% said they were opposed. When told that the ceiling wouldn't change, which would mean the U.S. could default on its debt, 32% supported raising the limit, while 62% said they opposed lifting the cap even if it meant the U.S. Treasury would not make good on its debt payments. The U.S. has never defaulted on its debt. Unlike some other nations, the U.S. government cannot borrow money without prior approval from Congress. The legal ceiling on borrowing dates back to World War I, when

the borrowing authority was consolidated under an overall limit. U.S. Treasury Secretary Geithner said, “Default by the United States would precipitate a crisis worse than the one we just went through. I think it would make the crisis we went through look modest in comparison.” U.S. Federal Reserve Chair Bernanke told reporters in February, “The implications of that on our financial system, our fiscal policy and our economy would be catastrophic.” Many market participants have said that losing the AAA credit rating may cause a huge bond selloff, which would result in interest rates going up. The USD is currently the world’s reserve currency. Should that status change, the need by various investors and governments to hold USD would decrease, which in our opinion, would send the USD weaker. Former U.S. Treasury Secretary Baker told CNN that, “The United States of America, if we didn’t have the dollar as the de facto reserve currency of the world, we’d be Greece. I mean, we are broke, bankrupt. Really bankrupt.”;

- U.S. FOMC announced no change to interest rates. In a first time ever event, the Federal Reserve Bank Chair held a press conference following the FOMC statement release. The reason given for the press conference was to continue the Fed’s initiative of policy transparency;
- U.S. GDP revision for Q1 fell short of market expectations – actual revised GDP was 1.8% vs. expectations of 2.0%;
- U.S. Retail Sales for March were up 0.4%, the smallest gain in nine months, but in line with expectations. The previous months’ data were however, revised higher;
- U.S. CPI for March hit expectations of 0.5%, unchanged from the previous month;
- U.S. PPI for March increased more than expected;
- U.S. Durable Goods Orders for March posted a gain for the third month in a row. Actual orders rose 2.5% vs. 2.3% expected;
- U.S. Housing Starts for March beat market estimates (549K vs. 520K expected), but month-on-month growth missed (7.2% actual vs. 8.6% expected). Existing Home Sales in March rose 3.7%;
- U.S. Consumer Confidence Index for April rose to 69.6 vs. 67.5 for March;
- U.S. Personal Spending (+0.6%) and Personal Income (+0.5%) for March were both released stronger than expectations
- **Canada’s** CPI for March was stronger than expected. Following the announcement, the Canadian dollar (CAD) strengthened;
- **Mexico’s** annualized inflation is currently above their target rate ceiling of 3.0%;
- **Brazil** is considering additional capital controls as foreign investment taxes have failed to stop the Brazilian real (BRL) from strengthening. Annualized inflation is currently running near the government desired ceiling;

Some market related events from **Europe** included:

- **European Central Bank (ECB):**
  - o The ECB announced its decision to raise interest rates to 1.25% from 1.00%, citing inflationary risk. This was its first rate hike since July 2008. Following the announcement, European shares crept higher;
- **United Kingdom:**
  - o Consumer Confidence rose. Following the announcement, the British pound (GBP) strengthened;
  - o The strongest service sector growth in four years was announced. Following the announcement, the GBP strengthened;

- **Portugal:**
  - o Moody's rating agency downgraded Portugal's sovereign debt one notch to Baa1. Following the announcement, Portuguese credit default swap (CDS) spreads widened out to record highs;
  - o Portugal became the third European country to formally request access to the EU's bailout fund, which is thought to be in the area of EUR 75 billion. Following the announcement, the Euro (EUR) fell against its major trading partners' currencies;
- **Ireland:**
  - o Moody's rating agency downgraded Ireland's sovereign debt two notches to Baa3. Following the announcement, Eurozone equity prices fell;
  - o Negotiators from the European Union (EU), the European Central Bank (ECB) and the International Monetary Fund (IMF) said Ireland was eligible to receive the next EUR 4.5 billion in the credit line it negotiated last November;
- **Spain:**
  - o A recent government debt auction went better than expected;
- **Finland:**
  - o In Finnish elections, the Finnish Democratic Party did well in the polls. The party was running on a strong anti-bailout of other EU nations' platform. This may become an issue for the proposed Portuguese bailout;
- **Russia:**
  - o Following much higher oil prices, the Russian ruble (RUB) strengthened. Russia is a Top 3 oil exporter;

Some market related events from **Middle East & Africa** included:

- **Saudi Arabia** stated that oil output was cut by 800,000 barrels/day in March. They stated that they believed the oil market is oversupplied, despite record high oil prices. According to Saudi Oil Minister Ali al-Naimi, Saudi oil production in February was 9.125 million barrels/day and in March was 8.292 million barrels/day. Separately, a Wikileaks document released in February revealed that Saudi Arabia might be overstating its oil reserves by 300 billion barrels and that the country recently asked for a piece of the United Nations' \$100 billion climate change fund to help diversify to other energy sources. More recently, the Kingdom has announced that it plans to spend \$100 billion on solar, nuclear and other renewable energy sources. Saudi investments in Chinese renewable energy projects totaled \$54.4 billion last year, the highest of any country;
- **Libya** continues its strife between the four decade rule of Colonel el-Qaddafi and those trying to overthrow the government;
- Continued unrest in **Tunisia** and bloody battles in **Ivory Coast**;

Some market related events from **China** included:

- The Peoples' Bank of China (PBOC) raised interest rates for the fourth time since October. The reason given by the PBOC was to combat inflation in China;
- The PBOC announced foreign exchange reserves of \$3 trillion at the end of March. Inflation in China continues to be a concern;
- The PBOC raised reserve requirements of banks for the fourth time this year. Inflationary threats were cited;

- The PBOC stated that China has to guard against U.S. Treasury price fluctuation. The PBOC stated lack of other investment opportunities will keep demand strong for the debt, despite potentially higher yields;
- China's economy grew at an annual rate of 9.7%. China is currently the world's second largest economy;
- China's yuan moved through the 6.5 level by the end of the month. The yuan is at its highest level since 1983. The news supports the market view that the PBOC will continue to allow the currency to appreciate in the face of rising inflation;
- China's Trade Deficit for Q1 was announced at \$1.02 billion, making it the first quarterly deficit since 2004;

Some market related events from the **Pacific Rim / Asia Region (ex-China)** included:

- **Japan**
  - o The government raised the nuclear crisis severity level to a "7", the highest possible rating, which is equal to that of the 1986 Chernobyl catastrophe;
  - o Standard & Poor's rating agency lowered its outlook on Japan's sovereign debt to "negative" from "stable";
- **Australia:**
  - o The jobless rate fell to 4.9% from 5.0%. Following the announcement, the Australian dollar (AUD) strengthened to record levels;
- **South Korea:**
  - o A government probe is taking place concerning bank currency derivative holdings. Following the announcement, the South Korean won (KRW) weakened;

Some market related **commodity** news included:

- The month began with oil prices near 30 year highs – an increase of 20% so far this year (on 4/20'11, WTI June delivery settled at \$111.45/bbl);
- Corn prices began the month at their highest price level since 2008;
- Gold prices rose to an all time high – an increase of 6% so far this year (on 4/22/11, spot gold prices hit \$1,512.30/oz). The inflation adjusted peak is around \$2,200/oz, set in 1980;
- Silver prices climbed to 31 year highs – an increase of 51% so far this year (on 4/22/11, spot silver prices hit \$46.69/oz). Think 1980, think Hunt Brothers;
- For comparison, Saudi Arabia consumes roughly 2.4 million bbls/day of oil, while the U.S consumes roughly 18.8 million bbl/day of oil.

*Please note: all known news has already been factored in the price of underlying asset price valuations.*

### **The S&P 500 Index at Three Year Highs – Who's Buying?**

Likely it's a mix of investors, including the treasury departments of the companies whose stock is being purchased – also referred to as corporate share buybacks. Since the start of 2011, U.S. companies have announced plans to buyback roughly \$150 billion of their own stock – a 38% increase over last year, according to a recent study by the research firm Birinyi Associates. An investor may ponder, "If a company is buying its own shares, should I be doing the same thing?" Seems like a fair question to ask.

The last time companies were active in repurchasing their own stock was in 2007 – right before the stock market fell to a 12 year low. According to research conducted by the consultancy firm Fortuna Advisors, who looked at stock returns of 1,000 large non-financial companies, shares of the 250 companies that spent the most on buybacks lost 3% over five years through 2008. By contrast, shares of the 250 companies that spent the least on buybacks gained 28%.

One reason for this may stem from the corporate finance theory that says companies should use excess cash toward building factories, purchasing equipment or investing in research and development. Additionally, buying back shares may indicate that the company can't find projects to produce the returns that they are seeking from their core businesses (perhaps an indictment on a company?). Another reason that a company may purchase its shares is that it increases the earnings per share ratio. Yet another reason that a company may purchase its shares is to compensate for stock options used to pay select employees. Before “following the smart money”, it may be worth asking, “what is smart money?”

*If you are considering reviewing a managed futures or forex program, or simply wish to discuss the markets, we welcome the opportunity to speak with all potential investors.*

#### RISK DISCLOSURE STATEMENT

THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING:

IF YOU PURCHASE A COMMODITY OPTION YOU MAY SUSTAIN A TOTAL LOSS OF THE PREMIUM AND OF ALL TRANSACTION COSTS.

IF YOU PURCHASE OR SELL A COMMODITY FUTURES CONTRACT OR SELL A COMMODITY OPTION OR ENGAGE IN OFF-EXCHANGE FOREIGN CURRENCY TRADING YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS OR SECURITY DEPOSIT AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUESTED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.

UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION. THIS CAN OCCUR, FOR EXAMPLE, WHEN THE MARKET MAKES A “LIMIT MOVE.”

THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A “STOP-LOSS” OR “STOP-LIMIT” ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.

A “SPREAD” POSITION MAY NOT BE LESS RISKY THAN A SIMPLE “LONG” OR “SHORT” POSITION.

THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY INTEREST TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.

IN SOME CASES, MANAGED COMMODITY ACCOUNTS ARE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY FEES. IT MAY BE NECESSARY FOR THOSE ACCOUNTS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. A DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY INTEREST MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY A PROGRAM’S DISCLOSURE DOCUMENT AND COMMODITY INTEREST TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY TRADING ADVISOR MAY ENGAGE IN OFF-EXCHANGE FOREIGN CURRENCY TRADING. SUCH TRADING IS NOT CONDUCTED IN THE INTERBANK MARKET. THE FUNDS DEPOSITED WITH A COUNTERPARTY FOR SUCH TRANSACTIONS WILL NOT RECEIVE THE SAME PROTECTIONS AS FUNDS USED TO MARGIN OR GUARANTEE EXCHANGE-TRADED FUTURES AND OPTION CONTRACTS. IF THE COUNTERPARTY BECOMES INSOLVENT AND YOU HAVE A CLAIM FOR AMOUNTS DEPOSITED OR PROFITS EARNED ON TRANSACTIONS WITH THE COUNTERPARTY, YOUR CLAIM MAY NOT BE TREATED AS A COMMODITY CUSTOMER CLAIM FOR PURPOSES OF SUBCHAPTER IV OF CHAPTER 7 OF THE BANKRUPTCY CODE AND REGULATIONS THEREUNDER. YOU MAY BE A GENERAL CREDITOR AND YOUR CLAIM MAY BE PAID, ALONG WITH THE CLAIMS OF OTHER GENERAL CREDITORS, FROM ANY MONIES STILL AVAILABLE AFTER PRIORITY CLAIMS ARE PAID. EVEN FUNDS THAT THE COUNTERPARTY KEEPS SEPARATE FROM ITS OWN FUNDS MAY NOT BE SAFE FROM THE CLAIMS OF PRIORITY AND OTHER GENERAL CREDITORS.

FURTHER, YOU SHOULD CAREFULLY REVIEW THE INFORMATION CONTAINED IN THE RISK DISCLOSURE STATEMENT OF THE FUTURES COMMISSION MERCHANT OR RETAIL FOREIGN EXCHANGE DEALER THAT YOU SELECT TO CARRY YOUR ACCOUNT.

COMMODITY TRADING ADVISORS ARE PROHIBITED BY LAW FROM ACCEPTING FUNDS IN THE TRADING ADVISOR'S NAME FROM A CLIENT FOR TRADING COMMODITY INTERESTS. YOU MUST PLACE ALL FUNDS FOR TRADING IN A TRADING PROGRAM DIRECTLY WITH A FUTURES COMMISSION MERCHANT OR RETAIL FOREIGN EXCHANGE DEALER, AS APPLICABLE.

### Index Definitions

**S&P 500 Index** - A U.S. stock market index containing the stocks of Large-Cap corporations. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. The Index is owned and maintained by Standard & Poor's, a division of McGraw-Hill.

**DJIA Index** - The Dow Jones Industrial Average ("DJIA") is a U.S. stock market index containing stocks of the U.S. industrial sector. Roughly two-thirds of the DJIA's 30 component companies are manufacturers of industrial and consumer goods. The average is price-weighted, which gives higher priced stocks more influence over the value of the index.

**Nasdaq Composite Index** - A U.S. stock market index containing of all of the common stocks and similar securities (e.g. ADRs, tracking stocks, limited partnership interests) listed on the NASDAQ stock market. It is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. Most listings are technology and Internet-related, but there are financial, consumer, bio-tech and industrial companies as well. If a stock trades on the Nasdaq, it is included in the index. Since both U.S. and non-U.S. companies are listed on the NASDAQ stock market, the index is not an exclusively U.S. index.

**FTSE 100 Index** – A British stock market index containing the stocks the 100 most highly capitalized companies listed on the London Stock Exchange. The Financial Times Stock Exchange Index ("FTSE") 100 companies represent about 80% of the market capitalization of the whole London Stock Exchange. Even though the FTSE All-Share Index is more comprehensive, the FTSE 100 is the most widely used UK stock market indicator.

**S&P Goldman Sachs Commodity Index** – A world-production weighted commodity market index that contains 24 commodity futures contracts. The GSCI is a composite index of commodity sector returns and represents an unleveraged investment through broadly diversified long positions in commodity futures. The GSCI primarily serves as a benchmark for investment in the commodity markets and as a measure of commodity performance over time.

**MSCI EAFE Index** - A foreign stock market index from the perspective of a North American investor. The Morgan Stanley Capital International ("MSCI") Europe, Australasia, Far East ("EAFE") index 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 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\*. \* = As of May 30, 2011.

**The 10 year US Treasury Constant Maturity Treasury Index ("CMT")** - An index published by the Federal Reserve Board based on the average yield of a range of US Treasury securities, all

adjusted to the equivalent of a 10-year maturity. Yields on US Treasury securities at constant maturity are determined by the US Treasury from the daily yield curve. That is based on the closing market-bid yields on actively traded US Treasury securities in the over-the-counter market. This figure is used as a reference point to establish the price of other securities such as corporate bonds.

**BarclayHedge CTA Index** – The BarclayHedge CTA Index is an industry benchmark of representative performance of Commodity Trading Advisors. There are currently 565 programs (for 2011) included in the calculation of the BarclayHedge CTA Index, which is unweighted and rebalanced at the beginning of each year. Additionally, the program returns are self-reporting by the contributing Commodity Trading Advisors and the program returns are not audited by BarclayHedge.