

Scorecard through June 2009

Total returns unless otherwise specified

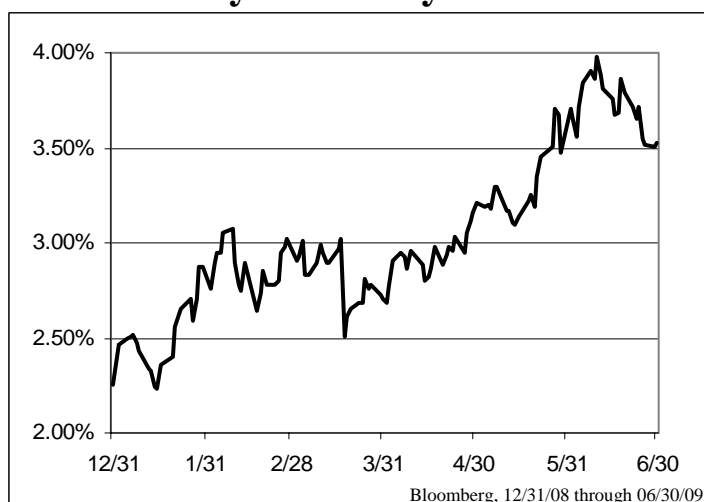
Index	Q2	YTD	1-year
EQUITY			
S&P 500	15.93%	3.16%	-26.21%
DJIA	11.96%	-2.01%	-22.99%
MSCI EAFE	25.64%	8.09%	-31.26%
MSCI Emerging Markets	34.79%	35.72%	-28.42%
FIXED INCOME			
Barclays TIPS	0.66%	6.21%	-1.11%
Barclays Agg	1.78%	1.90%	6.05%
High Yield	23.06%	30.43%	-2.41%
ALTERNATIVE INVESTMENTS			
US Dollar Index	-6.20%	-1.45%	10.58%
Commodities	19.24%	6.55%	-59.69%
Oil Total Return	26.33%	2.72%	-67.82%
Gold Spot	0.81%	5.05%	0.13%
Hedge Fund Index	4.85%	5.56%	-18.14%
KEY RATES as of			
	6/30/09	12/31/08	6/30/08
3 mo. T-bill Yield	0.19%	0.11%	1.90%
10-yr. Treasury Yield	3.53%	2.25%	3.99%
30-yr Mortgage Rate	5.39%	5.26%	6.17%

Please refer to index key on page 4

Key Points of Q3 Capital Markets Outlook:

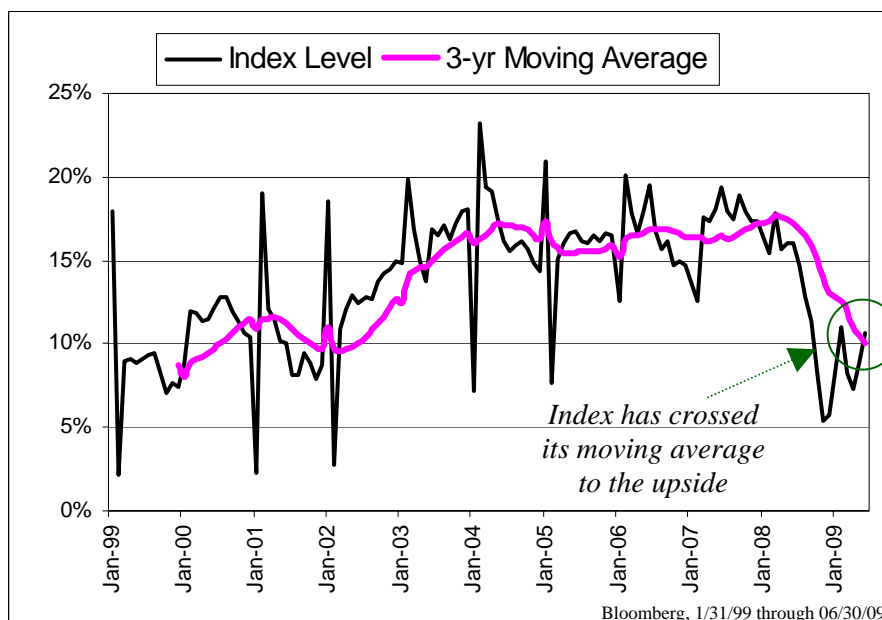
- *Economic rebound expected to be muted in comparison to prior recoveries*
- *Volatility has subsided but may reignite as economies and central banks transition to growth*
- *Global output gap to allow central bankers flexibility on rate hikes*
- *Valuations have outpaced fundamentals as optimism has awakened*

S&P 500

10-yr Treasury Yield


Capital Markets Outlook
Stephen P. Burke

Our beginning of the year above consensus expectations for the US and global economy now looks as though it may not have been optimistic enough. Rebounding manufacturing activity, specifically in Asia ex-Japan, along with monetary and fiscal government sponsored programs across developed and emerging economies played a critical role in reviving both economic activity and the global capital markets. Tangible signs indicating that the collapse of the global economy has run its course are evident throughout the developed and emerging economies.

China Value Added of Industry YoY


For the first time in nearly nine months markets participants appear to have focused on judging the breadth of the recovery rather than pondering the depths of the historic downturn, while leaving the daunting and thorny challenges of the fiscal and monetary unwind for another day. Without question, as we highlighted in our Q2 Capital Markets Outlook, there will be material consequences for the historic actions taken by the world's policy makers and central bankers. Nevertheless, the markets are now focused on the prospect of positive GDP growth in the second half of the year, positive earnings surprises, tighter credit spreads despite accelerating defaults, and a growing appetite for riskier assets.

The strength of the ensuing recovery will in all likelihood pale in comparison to what history may suggest. Growth in the developed economies given the contraction sustained in Q4 and Q1 would be suggestive of quarterly GDP growth rates of 6% to 8%, if not greater by Q4 and into the first half of 2010. These numbers are far from some of the most optimistic expectations, which are calling for growth of 3% to 4% in the coming quarters. Strained consumer and corporate balance sheets, limited access to capital, housing inventory excess and rising unemployment are the main culprits for what may ultimately be characterized as a muted recovery. The lack of a V-shaped recovery coupled with a large output gap (actual growth versus potential growth) will allow central bankers to patiently raise rates, more than likely by mid-2010, and strategically remove quantitative easing actions. As with past recessionary recoveries, the risks of a double-dip or W-shaped recovery is ever-present but would seem of a limited threat due to accommodative policy mix and the afore mentioned muted GDP expansion.

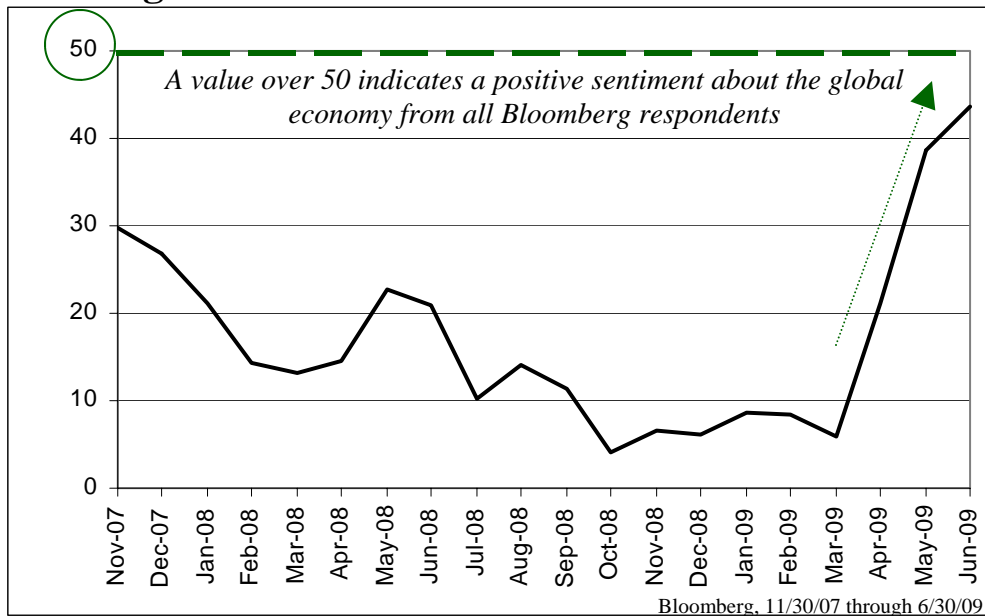
Valuations pose some of the greatest near term challenges for the capital markets with tightening of credit spreads for investment grade and non-investment grade of 300 and 1100 basis points respectively and the 50% plus appreciation of global equities. Corporate cost-cutting options are dwindling and ongoing balance sheet repair necessitates top line growth as the main source of continued market appreciation which should benefit from rising global GDP. Cyclically higher productivity should help set the stage for a continued rise in corporate profitability but the rise may ultimately be tempered by structural challenges that will weigh down economic growth.



“Portfolio ballast is the key”

Bloomberg Professional Confidence Index Global Economy

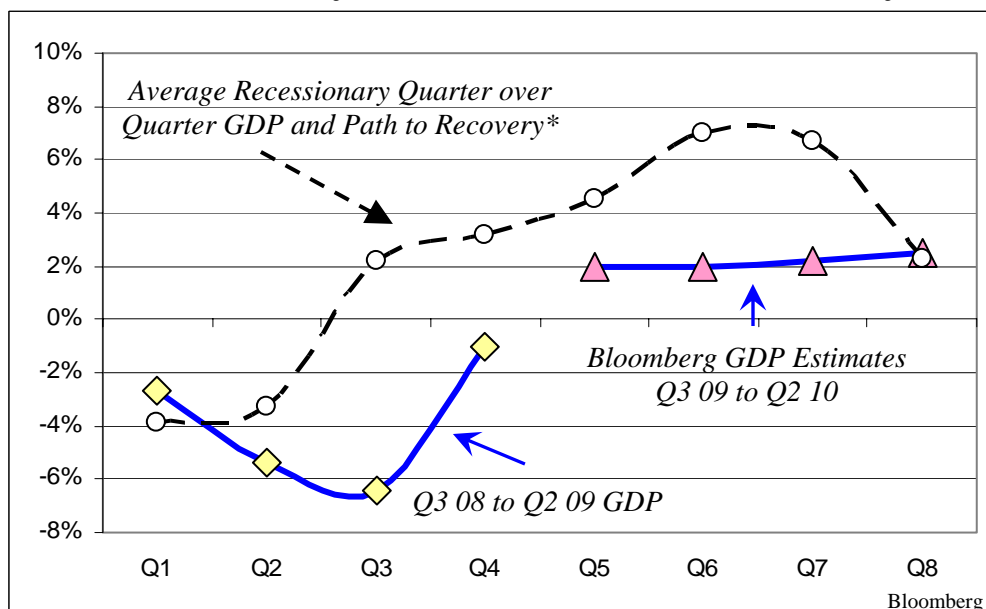
Even a marginally revitalized consumer should provide support to economic sustainability as should the fiscal stimulus programs that will continue into 2010. The whipsaw market environment that persisted in the fourth and first quarters has materially subsided but has not been completely eradicated. The global economy and capital markets face fresh and, in many respects, new challenges resulting from the unprecedented monetary and fiscal actions. Portfolio ballast (i.e.: broadly diversified and highly efficient portfolio construction) is the key as we expect the markets at times to have difficulty adjusting to a new order shaped by structural changes of the global economy and capital markets.



We anticipate the overall tone of the global capital markets to remain fairly optimistic for the remainder of this year as progress towards recovery continues. However, missteps are to be expected as are the ensuing pullbacks and inevitable calls of the “bear market trap” yet the overall trend of markets indices should be positive. Those asset classes that have benefited thus far

such as global equities, corporate debt, and commodities should continue to reap the rewards of the global economic recovery and those who have struggled, specifically government bonds, should see little relief at best. Improving economic and market fundamentals during 2010 will have to ultimately face the aggressive policy actions undertaken, thus setting the stage for a watershed event.

Recessionary QoQ GDP's Path to Recovery



*Average Recessionary period is mean of 8 consecutive quarters starting in Q3 47, Q1 49, Q3 53, Q4 57, Q4 69, Q 3 74, Q2 80, Q4 81, Q4 90

Five Potential Q3 to Q4 2009 Surprises:

Sustainable economic recovery in China comes into question

The Fed extends its Treasury purchase timeline

Commercial real estate woes stress small to mid-sized banks

FDIC taps Treasury assistance

Fiscal strains deepen for state and municipal governments

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Index Key: Standard & Poor's 500 Index, Dow Jones Industrial Average Index, MSCI EAFE Index (Gross), MSCI Emerging Markets Index (Gross). Barclays TIPS Index, Barclays Aggregate Bond Index, iBoxx \$ Liquid High Yield Index. US Dollar Index, S&P GSCI Commodity Index, DJ-UBS Crude Oil Total Return Index, Gold Spot price, Hedge Fund Research HFRX US Global Hedge Fund Index. Constant maturity 3 mo. Treasury, constant maturity 10 year Treasury, Bankrate.com US Home Mortgage 30 Year Fixed National Average. Inclusion of indexes mentioned is for illustrative purposes only. Keep in mind that an individual can not invest directly in any index and that index performance does not include transaction costs or other fees, which will affect actual investment performance.

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