



April 2010 Market Commentary

The sovereign debt crisis in Greece (and the potential for similar issues in Portugal, Spain, Ireland, Italy and other countries) continues to crop up month after month. The manager views these larger structural problems as a significant headwind to the economies of the world going forward, and solving these massive imbalances will require difficult medicine (either from increased taxes or slashed government expenditures, neither which is politically appealing to those in office). As far as Warrington is concerned, the projected limitations on growth can be an opportunity. If the market does indeed trade in a choppy range over the next few years, then Warrington's trading strategy could stand to do well and show real outperformance versus the major stock indices as was the case in the 2000-2002 timeframe and the 2007- early 2009 timeframe.

The positions held in the Warrington Fund's portfolio which expired on April's regular expiration day (the third Friday of the month) were nominally profitable, as the first half of the month saw a continuation of the slow, grinding higher action witnessed since the February lows. Volatility picked up in the latter half of the month (stemming in part from the SEC's investigation of Goldman Sachs) which allowed the manager to add to those gains with positions that expired at the end of the month, although small mark to market losses on open May positions tempered net gains.