



August 2008 Market Commentary

During the month of August, the stock market exhibited a distinct lack of volatility. The entire range, from the high to the low for the month was only 66 points on the S&P 500, the narrowest range since June 2007 (the month before the Credit Crisis that we are currently in began to unfold). Over the course of August, our daily Net Asset Value (which reflects the daily profit and loss swings in the fund) also fluctuated very little.

The positions that we held that expired at the regular August options expiration ended out of the money. Therefore, we lost the nominal amount of money that we used to initiate the positions. Due to the lack of volatility, these positions did not go into-the-money enough for us to profit from them.

Near the end of August, we entered into a partial position of ratio put spreads for September expiration to try to capitalize on a market decline into our ranges, should that occur.