



September 2011 Market Commentary

The volatility that was present the entire month of August was equally as pronounced during September. With the threat of contagion from the crisis in Europe remaining on the forefront of investors' concerns, rumor and conjecture seemed to drive the markets' action more than true economic developments. Rallies and declines of several percent were often precipitated solely by unsubstantiated reports of Greece's immanent default or some new rescue plan being contemplated by European leaders.

The severe choppiness allowed Warrington's manager to trade opportunistically and realize gains for the portfolio, whereas the S&P 500 index experienced a monthly decline of over 7%, including intra-month drops of 6.5%, 5.7%, 8.7% and 5.4%. Countering those declines were rallies of 5.6%, 7.4%, and 7.3% in the S&P index during September. This amount of extreme volatility can be maddening to many investors but can often work in favor of Warrington's trading strategy, as it did during September.