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## CTA Concept Fund und Lomax Fund Report of the First Half Year 2009

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At the beginning of the year 2009, investing in Managed Futures was one of the hot topics: Managed Futures have outperformed most other asset classes in 2008 and it was one of the asset classes that showed positive results at all. Managed Futures have proved to provide security for investors in times of financial crisis. Consequently, the expectations for the development of Managed Futures in general and for our two Funds in particular for 2009 were high. However, the first six months in 2009 showed a different situation:

		Performance 01-06 / 2009	Performance 2008
<b>Our Funds</b>			
CTA Concept Fund		- 2.19%	+ 8.32%
Lomax Fund		+ 7.41%	+ 71.14%
<b>Benchmark for Managed Futures (MF)</b>			
MF broadly based	Credit Suisse Tremont Managed Futures Index	- 7.43%	+ 18.23%
MF 50 biggest CTA	Barclays Top50 CTA Index	- 3.53%	+ 13.50%
<b>Selected Asset Classes</b>			
US Shares	S&P 500 Index	+ 9.33%	- 38.49%
CH Shares	Swiss Market Index	+ 7.52%	- 34.77%
Bonds	Swiss Bond Index	+ 8.86%	+ 4.53%
Commodities	Dow Jones Commodity Index	+ 8.00%	- 36.65%
Hedge Funds	Credit Suisse Tremont Hedge Fund Index	+ 7.18%	- 20.72%

The winners of the last year turned to become the losers and vice versa.

At first glance Managed Futures did not support their promise to better perform in times of economical incertitude compared to other asset classes. However, one has to assess this conclusion based on the overall development. The financial crisis has grown into a general economical crisis. The uncertainty and nervousness of the market participants is still very high. Nobody wants to miss a possible rally but everybody fears to be on the wrong track and to realize big losses when the markets turn again. The situation has gotten worse since the central banks of the most important industrial nations have started to pump enormous amounts of money into the markets. This money has to be invested and has pushed the markets up, although the underlying development of the economies does not look good (reduction of consumption and increase of savings rates, collapse of international trading activities, rise of unemployment, increase of insolvency, etc.). This environment was not optimal for Managed Futures. In addition there were changes in specific market conditions for CTA with a negative impact on the performance which first had to be adapted:

- Heavy downturn of volatility. Since the high in last fall of 90 the volatility came back to a level of approximately 30.
- Falsification of market mechanism through intervention of central banks of the most important industrial nations.
- Too short trends, heavy changes in trends and low consistency in trends.  
Example: In the first six months of 2009, the proportion of "trending days" came down from a historical average of approximately 40% to 22%. In an uptrend market for example, one speaks of a "trending day" when the intraday price never falls below the opening price.
- Strong decline in liquidity in specific markets.

Though, one has to consider that CTA are trading Managed Futures according to different trading styles. For some CTA the market conditions in the first six months were good. Short-option strategies for example had a very strong first half year. But after all, most of the CTA are trend followers and this fact is reflected in the bench mark indices. Therefore, the overall picture is negative. In general, it is recommended to invest in a broadly diversified portfolio of CTA as it is offered by the CTA Concept Fund and the Lomax Fund.

The drawdowns in Managed Futures in the first half year 2009 were relatively small. Managed Futures are characterized by the ability to limit losses while preserving a high profit potential. To compensate a draw-down of for example -40% (performance of US Shares in 2008) one needs to realize a profit of approximately 67%. However, to compensate a drawdown of -8% (performance of CS Tremont MF Index in first half year 2009) only a profit of 9% is needed. This comparison points out the importance of limiting losses. On the strenght of past experiences we know that markets do not materially change over a longer time frame. After periods of extraordinary development the markets will find back to normal movements sooner or later. Therefore, we may expect that the market conditions for Managed Futures will change for a better in the near future.

In the first half year 2009, our two Funds, the CTA Concept Fund and the Lomax Fund, have developed much better than the market. This is the result of a diversified allocation of our means in a set of highly qualified CTA. The trading styles of these CTA do not or do only marginally correlate with each other. We expect the portfolios to develop positively provided that the market conditions improve over the next months. Therefore, we stick to our mid-term yearly return targets (10% to 15% for the CTA Concept Fund and 25% or higher for the Lomax Fund).

We thank you for your interest in our products and for your confidence in our organization. Should you have additional questions please do not hesitate to contact us.

CTA Concept Funds Limited



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