



Fund Objective

The objective of the Fund is to invest predominantly in global real estate securities using a proprietary *quad unity theory*. The Fund targets annual dollar returns in excess of 30% with a Sharpe ratio above 1, and understands that achieving its return objective will likely provide profits in an asymmetrical distribution pattern over time.

Why Choose This Fund?

The Fund invests in global real estate securities and provides an investor who is looking for an absolute return investment the opportunity to diversify into another asset class.

Further, the Fund offers the following unique benefits:

- The Fund is managed using *quad unity theory*: fundamental, technical, quantitative and sentiment valuation techniques.
- Unique "top-down" approach.
- The Fund allows for both Long and Short Investing.
- Underlying investment in international real estate, with diversified geographical and currency exposure.
- The Fund manager enjoys a highly successful track-record managing real estate hedge funds for more than 5 years.

About The Fund

Classification	Global Long Short – REIT
Risk rating	Relatively Aggressive

Fund Overview

The end of a year brings with it the chance to start a fresh. The changeover into 2009 afforded me the rare opportunity of starting a fresh without having positions to worry about while on vacation. Towards the end of 2008 I decided to move prime brokers and instead of migrating my portfolio via a transfer mechanism, I chose to liquidate all my positions and start the new year with a clean slate. One of the legendary all-stars of the hedge fund community Michael Steinhardt was known within his firm for doing this quite regularly, without warning. Steinhardt would typically call up a few of the major institutional brokerage houses and ask them to make a price on his whole portfolio, he would then sell to the highest bidder. This would often infuriate his traders who had taken months to build positions in the more illiquid counters. Steinhardt remained resolute with his actions despite the protests, as he believed as do I that one can become emotionally attached to your positions and thus blind your objectivity. So with this in mind I begin 2009 with the opportunity to intellectually analyze my investment universe and objectively pursue investment themes without prejudice.

The year that was proved to be one for the bears, and I am really happy that I was able to participate in the sell-off having been a vocal "Bearman" for many years. The *annus horribilis* may be over according to the Gregorian calendar, but market conditions that have been in force for the last 14 months do not go away because a new year has begun, or because of excitement for a new US president, these are temporary "breathers" in a cycle that will take years to rectify, irrespective of the stimulus packages government promises to be the cure. I make no excuse for the fact that the Freestyle funds performance distribution will be asymmetrical as I do not believe in trading the fund around the monthly calendar as markets rarely behave in neatly packaged January's or February's. The market is what it is, and it is my job to make \$'s not positive month ratios; provided I do this within an acceptable risk framework which is a Sharpe ratio of 1 or greater (in my world), I am emphasizing this point as I do not wish to create the expectation that this fund will produce positive months in a particular ratio. If our best prospects of making a superior return are to weather 8 small negative months to capture 4 big positive months then that is what we will do, we are interested in banking dollars not %'s or ratios. This is the strategy that has enabled the funds I have managed to be profitable in each of the last 7 years.

Employing a contrarian value strategy requires patience and conviction together with strong risk management. I have positioned our fund to expect further weakness in global equity markets with REITs maintaining their high (>80%) correlation to the broad indexes. I believe we are about to enter if we haven't already an Elliott Wave primary degree wave 5 which will suck markets beneath their November 21 lows. As soon as I am able to assess the probability of a sustained rally I anticipate the Freestyle fund being net long the markets for a couple of months. I remain bullish on a relative basis towards Australia, Hong Kong, Singapore against the US, UK and South Africa and will position the fund accordingly. I mentioned in our last (November) newsletter "In the last 10 days of November I finally took the fund to a tiny net long position, after years of being net short or market neutral". Most markets enjoyed a terrific bounce from late November into the 1st week of January, unfortunately our fund didn't produce enough profit from our long positions with Australia continuing to underperform relative to our short positions in South Africa. I am unfazed by this as I continue to believe in the trade and will increase the size of this relative trade as I believe it will produce the fund rich profits in the future. Our yield spread trade and our option writing positions were profitable for the fund in December but because of the weakness of the REITs in Australia in December the fund posted a negative (-2.25%) month.

Michael Berman

Historic Monthly Returns *

	YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	40.62%						23.51%	2.73%	-2.52%	7.59%	8.81%	-0.65%	-2.25%

Past Performance is no indication of future performance.

* All Calculations after Fees. Management Fee 2%p.a. and Performance Fee 20%p.a.

Key Statistics *

Annualised Return	69.63 %
Average Monthly Return	5.32 %
Standard Deviation of Returns	31.92 %
Sharpe Ratio (RFR 2.00%)	1.94
Sortino Ratio (RFR 2.00%)	13.92
Best Month	23.11 %
Worst Month	-2.54 %
% Winning Months	57 %
% Losing Months	43 %
No of Months	7

Fund Performance *

Freestyle Fund – Current Month – Dec 2008	-2.25 %
Freestyle Fund – Year-to-Date – 2008	40.62 %
Freestyle Fund – From Inception – June 2008	40.62 %

About the Asset Manager

VT International trading as "Velocity Trading" is a boutique real estate securities asset manager, with a focus on alternative investments. The company is an authorised representative of Surety Asset Management (AFS: 322081) an ASIC registered MDA/CTA. VT International is Australian domiciled with partners based in South Africa and the USA.

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