VT International

Global Macro Freestyle REIT Fund

April 2009

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.

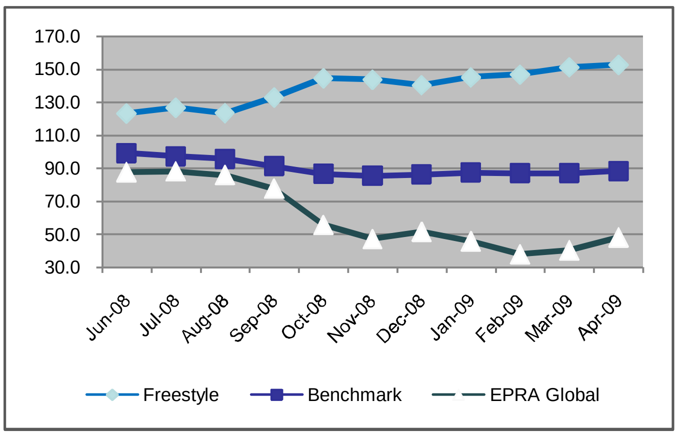
Further, the Fund offers the following unique benefits:

- 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 exposure.
- The Fund manager enjoys a highly successful track-record managing real estate hedge funds for more than 7 years.

About The Fund

Classification	Global Long Short – REIT
Risk rating	Relatively Aggressive

Comparative Charts



Beta & Alpha Adjusted (vs EPRA) & Attribution Analysis

Longs	71.5%	Shorts	28.5%
Net Exposure	43%	Leverage	0.15
Correlation	- 37.78%		
Beta of Fund *(monthly)*	- 0.20	*Alpha (monthly)*	3.02%

Key Statistics *

Annualized Return	57.61 %
Return Since Inception (June 08)	52.81 %
Return YTD – through April 09	8.67 %
Average Monthly Return	4.15 %
Volatility (Standard Deviation Annualized)	25.43 %
Sharpe Ratio (RFR 2.00%)	1.88
Sortino Ratio (RFR 2.00%)	12.72
Best Month	23.11 %
Worst Month	-2.54 %
% Winning Months	73 %
% Losing Months	27%
No of Months	11

Fund Relative Performance *

Freestyle Fund – Current Month – April 2009	1.37 %
Freestyle Fund – Year-to-Date – 2009	8.67 %
Freestyle Fund – From Inception – June 2008	52.81 %
Benchmark ^ – Current Month – April 2009	1.61 %
Benchmark – Year-to-Date – 2009	2.56 %
Benchmark – From Inception – June 2008	-11.38 %
EPRA Global *^ – Current Month – April 2009	19 %
EPRA Global – Year-to-Date – 2009	-6.44 %
EPRA Global – From Inception – June 2008	- 51.55 %

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 authorized 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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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%
2009	**8.67%**	3.34%	1.14%	2.57%	1.37%								

Past Performance is no indication of future performance.

* All Calculations after Fees. Management Fee 2%p.a. and Performance Fee 20%
^ Benchmark a combination of Eureka and HFRX see explanation note on pg 3
*^ EPRA Global Index is the most comprehensive index of the Global REIT market

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Summary of Performance and Strategy

Last month we said, "*Our medium term forecast anticipates a rally with sentiment moving to a bullish extreme, probably just shy of the all time high's as investors start to believe we are on the road to recovery*". Well we were continuously frustrated waiting for a pull back to ensure a low risk entry point to add to our long position. The Global EPRA index rallied 19% almost without pause for the month of April which helped carry our tiny net long position to a 1.37% profit (I was really looking forward to participating, meaningfully, in the bounce). In the end prudence won the day and we continue to scout the market for high reward low risk trades.

The rally has now reached a point where we simply cannot speak with any certainty what is likely to happen in the short term. The market could simply drop and continue dropping to new lows. It could drop and then continue climbing in a bear market rally, it could consolidate and trade sideways or it could simply carry on climbing. We do not have a firm view so over the last few days we have been moving more into cash until we have a firm view.

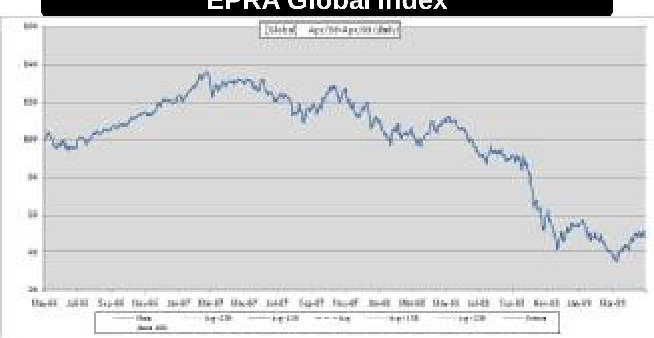
The market isn't interested in what I want, but if it did, I would like this market to carry on climbing. All our research points towards a retest of the March 09 lows, so the higher we can get the more profitable our shorts will be and the lower our risk of entry will be.

Moving Parts Confession

Managing a global fund involves many moving parts. I think it is useful to recap an important, fundamental philosophy of the Freestyle Fund. The funds objective is taking macro views on global real estate securities. This naturally requires taking positions in different currencies from the funds base US Dollar. Freestyle has a hard enough time forecasting and trading its core markets without having to anticipate the currency impacts on its various investments. To this end it is currency agnostic and simply has an automatic currency hedge built into its execution platform. There is however, a component of the fund that has FX exposure and that is the profit and or loss. Obviously P&L is unknown in advance, unless you are Bernie Madoff, so it is impossible to hedge this exposure. As a good housekeeping process we typically match our FX exposure at the end of the month. P&L is normally a small part of the overall exposure of the fund so the risk to the fund is usually very small.

When we migrated to our new prime broker, Interactive Brokers, we maintained a few positions with our old prime broker due to their ability to trade the South African market. Our main reason for moving was the poor accounting and risk reporting, and this is where I slipped up by not realizing the FX exposure we had with an effective short on the South African Rand. With the Rand enjoying its biggest monthly gain in history (11%) our fund had accumulated positions over a number of month and therefore Freestyle was negatively affected by an FX loss of 1%. Our performance of 1.37% is after taking the FX loss into account.

EPRA Global Index



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The Ultimatum Game

Over the last 4 weeks I have become increasingly intrigued by the irrational psychological responses typical of players in a game economists call the Ultimatum Game. The game was developed in 1982 by Guth, Werner, Schmittberger and Schwarze.

The game works like this: Player A, receives $100 and is asked to share it with Player B in a ratio at his/her discretion. The twist in the game is Player B the receiver of Player A's discretionary donation has the right to accept the donation or interestingly decline it so that neither player A or B is entitled to hold onto any of the $100 windfall.

I decided to put my laboratory jacket on and conduct the experiment with my 2 children aged 9 (girl) and 6 (boy) so that I could witness first hand their behaviour. Having studied some of the vast literature I had a strong feeling how the experiment would turn out; unfortunately I wasn't surprised.

The essence of this simple experiment is to check the axiomatic construct of Classical Economics - *"rational man or Homo economicus*". Once again you will see by extrapolation that to rely on what the mainstream economic experts predict for the economy using their models, is to rely on theory so riddled with contradiction that not questioning its economic reality is probably similar to the way the fund of funds behaved whilst investing with Bernard Madoff. The Austrian School deals with this by basing their thesis on the "acting man" principle which Mises describes as the study of Praxeology in his magnum opus, "Human Action". I will leave a comprehensive look at this subject for another time, save to say that there is no 1 size that fits all, rather human action is the process of subjective marginal utility.

So what happened with the kids, I can hear you asking? Gabriella was given $10 and I asked her to please share it with her brother and I explained to David that he had the choice to accept or reject the offer with the consequences described above. Gabriella chose to keep $9 and share $1 with her brother (incidentally, this split is the most typical offer in the research), David in keeping with the typical response to an offer in this ratio (75% of respondents voted in this manner) chose to decline the offer so that neither of them got anything. The explanation I got from my son without any shame or rhetoric is exactly the same as what the literature suggested. He said, "if she gets more than me then I would rather that we both get nothing". Interestingly the more equitable the split, in other words the closer to a 50:50 split, the more willing Player B is to accept the offer.

Now I ask you as rational human beings does it make logical sense to reject an offer that makes you better off. The logical answer is NO, but who said we are logical/rational. Game theorists have tried to devise complex models for predicting outcomes to similar problems with varying degrees of success. So why am I sharing the Ultimatum Game with you? My reasons are to expose you to the idea that the world does not behave according to a formulae of logic; rather selfishness and perceptions of equity play powerful roles in our decision making process. So in conclusion when economic pundits, Chairman of The Federal Reserve, Presidents of Countries tell you with conviction that the economy is developing "green shoots" and we are about to sprout into an economic recovery, at least realize that the models they are using tell them that David Berman will accept the offer of $1 from his sister Gabriella.

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Michael Berman
Fund Manager

Note on Benchmark.

As mentioned in previous letters, I believe the best benchmark for performance is the global hedge fund index. I like to get our month end reports out as near to the beginning of the month as possible. Therefore I have decided to use HFRX which Is a live tradable index with daily performance data.

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