

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.

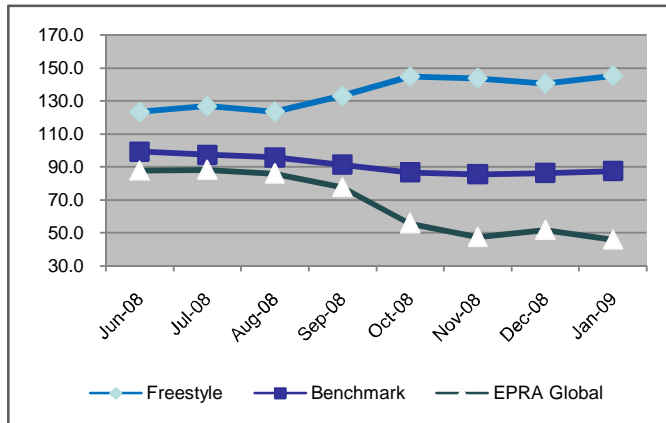
Further, the Fund offers the following unique benefits:

- 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 7 years.

About The Fund

Classification	Global Long Short – REIT
Risk rating	Relatively Aggressive

Comparative Charts



Risk & Attribution Analysis

Longs	19%	Shorts	81%
P&L (longs)	- 9%	P&L (shorts)	109%
Net Exposure	- 62%	Leverage	0.56
Beta	- 0.13	Alpha (monthly)	4.87%
Correlation	- 3.77%		

Key Statistics *

Annualized Return	67.97 %
Return Since Inception (June 08)	45.30 %
Return YTD – through January 09	3.34 %
Average Monthly Return	5.07 %
Volatility (Standard Deviation Annualized)	29.65 %
Sharpe Ratio (RFR 2.00%)	1.98
Sortino Ratio (RFR 2.00%)	12.28
Best Month	23.11 %
Worst Month	-2.54 %
% Winning Months	62.5 %
% Losing Months	37.5 %
No of Months	8

Fund Relative Performance *

Freestyle Fund – Current Month – Jan 2009	3.34 %
Freestyle Fund – Year-to-Date – 2009	3.34 %
Freestyle Fund – From Inception – June 2008	45.30 %
Benchmark ^ – Current Month – Jan 2009	1.35 %
Benchmark – Year-to-Date – 2009	1.35 %
Benchmark – From Inception – June 2008	-12.42 %
EPRA Global ^^ – Current Month – Jan 2009	- 10.98 %
EPRA Global – Year-to-Date – 2009	- 10.98 %
EPRA Global – From Inception – June 2008	- 53.90 %

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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Disclaimer

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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	3.34%	3.34%											

Past Performance is no indication of future performance.

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

^ Benchmark for January 09 is the Eureka all Combined Hedge Fund Index after only 2% of funds have reported

^^ EPRA Global Index is the most comprehensive index of the Global REIT market

Fund Commentary

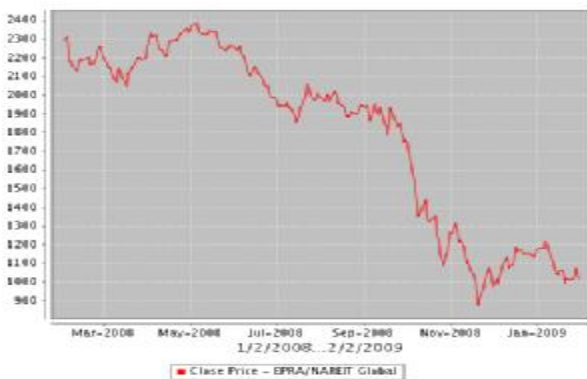
In last months letter we said, "we are about to enter if we haven't already an Elliott Wave primary degree wave 5 which will suck markets beneath their November 21 lows". Well the EPRA Global REIT index dropped 11% in January and is dangerously close to ducking beneath the November lows (see chart below). As you can see from the statistics on the proceeding page, the funds returns were generated from the short side (109%); however, the funds leverage remains extremely low (0.56) due to the ongoing volatility across all markets as well as in a deflationary environment "cash is king" and we are therefore maintaining high levels of cash despite its poor nominal rewards.

You will notice that the benchmark we have chosen to use is the Eureka Composite Hedge Fund Index and not the EPRA Global REIT index. Our reasoning is very simple, it is of no value to judge the merits of our performance against an index that cannot profit from the short side, and likewise in a rising market it would be folly to judge our performance against an index that is either fully or partially invested on the long side. Therefore we have employed as our benchmark the composite hedge fund index, there are many different styles and strategies comprising this index, but it is against these comparable players that we wish to be judged.

We would like to share with you an insight into the human mind, and the challenge for us mere mortals to try and overcome our asset allocation and investment decision biases. Nobel winning Psychologist Kahneman and partner Tversky, the fathers of Behavioural Finance, showed that most people prefer to make \$70,000 when others around them are making \$60,000 than to make \$80,000 when others around them are making \$90,000. You can see from this example how we tend to view life from a selfish relative perspective. This insight is to a large extent symbolic of the broad asset management industry, whereby the herd is more interested in beating their rivals without due care given to the ideal of making absolute returns. As discussed in last months letter, our main objective is to make money, we certainly like having all the "good" ratio's neatly ticked in the box, but this is a secondary consideration. As the markets continue in their non-random, but "noisy" walk we will no doubt be lead on side-trails that may even turn out to be dead-ends, but rest assured we have a compass and our *raison d'être* is to get you our investors to the other side with ample supplies. Over time our correlation to the benchmark should increase from its current (-3.77%) but our hope as contrarian value investors is to remain at sentiment extremes as far away from the crowd as possible and therefore continue to deliver uncorrelated returns.

In closing 2 very significant events in REIT world have unfolded in the last few days. The 1st is Simon Property Group the most revered REIT and member of the S&P500 joined Vornado in paying its dividend in stock as opposed to cash; remember the days of buying property for cash flow? The 2nd very hot item off the press is Westfield's announcement of a \$1.8bn capital raising at a 13% discount to yesterdays closing price (ouch), quick on the heels of last weeks \$3bn write-down.

Michael Berman
Fund Manager



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