



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.

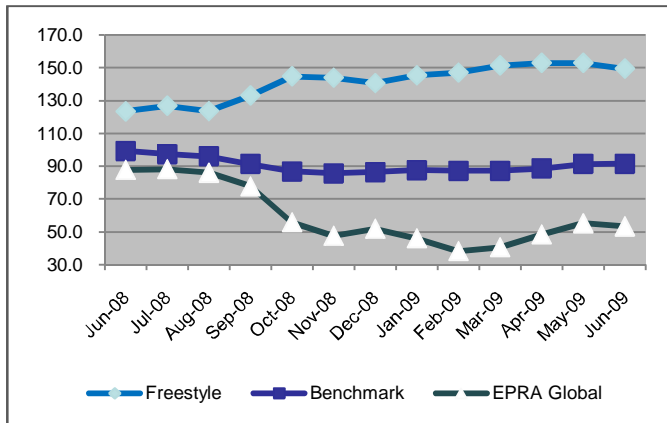
Further, the Fund offers the following unique benefits:

- 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	0%	Shorts	100%
Net Exposure	-43%	Leverage	0.43
Correlation (monthly)	- 39.86%		
Beta of Fund (monthly)	- 0.20	Alpha (monthly)	2.54%

Key Statistics *

Last 12 Month Return	20.97 %
Return Since Inception (June 08)	49.41 %
Return YTD – through June 09	6.25 %
Average Monthly Return	3.34 %
Volatility (Standard Deviation Annualized)	25.25 %
Sharpe Ratio (RFR 2.00%)	1.57
Sortino Ratio (RFR 2.00%)	9.89
Best Month	23.11 %
Worst Month	-2.52 %
% Winning Months	69 %
% Losing Months	31 %
No of Months	13

Fund Relative Performance *

Freestyle Fund – Current Month – June 2009	-2.24 %
Freestyle Fund – Year-to-Date – 2009	6.25 %
Freestyle Fund – From Inception – June 2008	49.41 %
Benchmark ^ – Current Month – June 2009	0.04 %
Benchmark – Year-to-Date – 2009	5.83 %
Benchmark – From Inception – June 2008	-8.55 %
EPRA Global ^^ – Current Month – June 2009	-3.50 %
EPRA Global – Year-to-Date – 2009	2.92 %
EPRA Global – From Inception – June 2008	- 46.71 %

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.

Manager Information

Physical address: 205a 332 Oxford Street, Bondi Junction, Sydney, Australia
Postal address: 27 O'Donnell Street, North Bondi, NSW, 2026, Australia
Tel: +61 (2) 93694631 E-mail: michael@velocity-trading.com
Directors: Michael Berman, Alan Azizollahoff, Brian Azizollahoff
ABN. No.: 85 133 807 271

Disclaimer

This document has been issued by VT International (Proprietary) Limited ("Velocity") for information purposes only. Velocity has based this document on information obtained from sources it believes to be reliable but which it has not independently verified. Velocity makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness.

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	6.25%	3.34%	1.14%	2.57%	1.37%	0.01%	-2.24%						

Past Performance is no indication of future performance.

* All Calculations after Fees. Management Fee 2%p.a. and Performance Fee 20%
^ Benchmark is the daily quoted HFRX index
^^ EPRA Global Index is the most comprehensive index of the Global REIT market

Fund Commentary

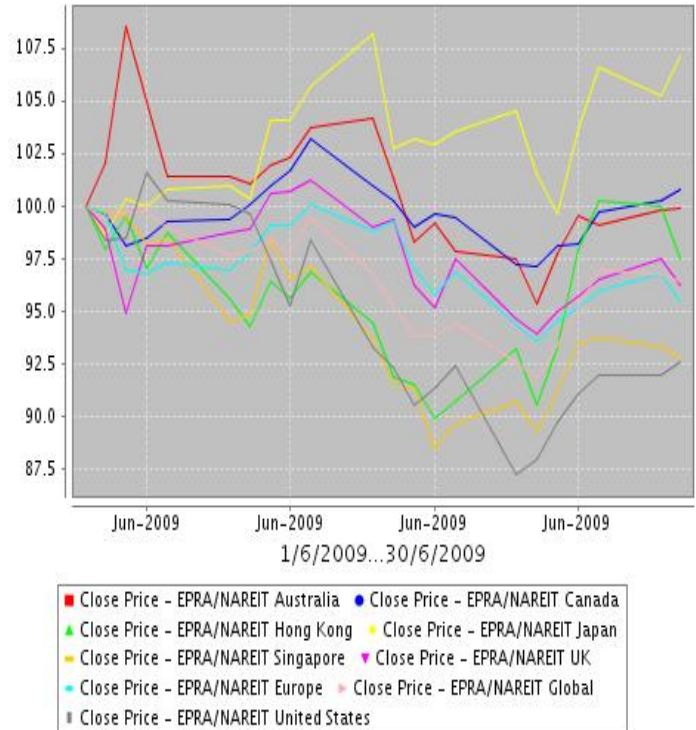
Summary of Performance and Strategy

The month of June proved to be a volatile one intra month, the fund went from being down -3.5% to +3% to end -2.24%. We reiterate our position from last month, we believe the next few weeks are likely to be down, potentially hard down; to be followed by another attempt at a recovery high towards the end of the 3rd quarter.

The funds short bias is being expressed in large part via put options. The VIX registered lows at month end lower than before Lehman Brothers collapse thus providing a relatively cheap way of building our bearish stance.

A further point to emphasize is the fact that the fund is very one dimensional in its current strategy implementation. We are nowhere near out of the woods, despite the numerous green shoots the talking heads refer to. With unemployment in the US climbing, with house prices continuing to drop, and an extremely indebted home owner about to face fresh rounds of mortgage resets, our bets are on further hard times for the American and Global consumer; not to mention questionable corporate earnings. Based on this view of markets we have decided to keep things simple and easy to manage; we will leave the fancier more subtle strategies that we have employed in the past to more stable times.

EPRA Global Index



Disclaimer

This document has been issued by VT International (Proprietary) Limited ("Velocity") for information purposes only. Velocity has based this document on information obtained from sources it believes to be reliable but which it has not independently verified. Velocity makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of Velocity only and are subject to change without notice. Velocity and its affiliates and/or their officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). Velocity and its affiliates may act as market maker or have assumed an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies. The information and opinions contained within this report are based upon publicly available information and information considered applicable at the time of publication, which are subject to change from time to time. Past performance is not necessarily a guide to future performance. The value of any investment or income may go down as well as up and you may not get back the full amount invested. In case of investments for which there is no recognized market it may be difficult for investors to sell their investments or to obtain reliable information about its value or the extent of the risk to which it is exposed.

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	6.25%	3.34%	1.14%	2.57%	1.37%	0.01%	-2.24%						

Past Performance is no indication of future performance.

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

Fund CommentaryTheory of Reflexivity

At the risk of labouring my point from the last few months regarding the uncertainty of the market I would like to take a closer look at one of my hero's of the hedge fund industry, and try and convey his concept of reflexivity and what it means for investors in the stock market. George Soros is truly a remarkable man, a survivor in every respect having lived through the Holocaust and then survived and prospered in the stock markets for more than 50 years, but probably more importantly are his humanitarian and philanthropical contributions to the world at large. However, despite all these achievements Soros wishes to be remembered for his philosophical contribution, more specifically his *Theory of Reflexivity*.

In his most recent book entitled, *"The Crash of 2008 and What it Means"* he writes in the most lucid and fluent prose compared to the 9 previous books he has authored. He in fact titles the 2nd chapter of this book *"Autobiography of a Failed Philosopher"* in which he details his failed previous attempts at conveying his philosophies on how the markets operate. I remember reading as a very young student *"The Alchemy of Finance (published in 1987)"* and not having the foggiest clue what Soros was trying to say, it appears I wasn't alone and Soros was shunned by the academic community for his seemingly incoherent attempt at explaining a theory at odds with the academic convention.

Let me quote a few ideas from his latest book in no particular order explaining the theory of reflexivity directly from Soros:

Reflexivity can be interpreted as a circularity, or two-way feedback loop, between participants' views and the actual state of affairs. People base their decisions not on the actual situation that confronts them but on their perception or interpretation of that situation. Their decisions make an impact on the situation, and changes in the situation are liable to change their perceptions. The two functions operate concurrently, not sequentially.

Consider classical economic theory. In its use of the concept of equilibrium, it is imitating Newtonian physics. But in financial markets, where expectations play an important role, the contention that markets tend towards equilibrium does not correspond to reality. Rational expectations theory has gone through great contortions to create an artificial world in which equilibrium prevails, but in that world reality is fitted to the theory rather than the other way around.

In essence what Soros has put forward as his *magnum opus* is a theory in which it is impossible to forecast an outcome with certainty, as the actors involved in the process each imprint their own bias or expectation into the equation, thus rendering the outcome dependant on the unknown reaction of the participants. Soros goes further in his elaboration and explains that the fundamentals of a given market can and do change to reflect the prevailing reality. In other words a fundamentally strong economy can falter on the basis of a perceived weakness in the economy and visa versa. Soros puts forward a disequilibrium hypothesis in which he explains the markets are designed to boom – and – bust. It may be argued that Soros did not necessarily originate the general thesis as there have been other economic philosophers who have made similar contentions, albeit in other theoretical constructs throughout the ages. I would like to suggest that in this book Soros has put forward a theory that is lucid and succinct and has the benefit of 20 years of refinement and more than 50 years worth of market experience at the "coal face"; however, I end my analysis with a last quote which to me leaves the usefulness of the theory with more questions than answers.

According to the new paradigm, events in financial markets are best interpreted as a form of history. The past uniquely determined, the future is uncertain.

The problem I have is that as a market practitioner what am I am to do with this theory? How does this make me a better market analyst or trader? Or does the raw understanding that markets cannot be accurately forecasted give me the edge? I believe that understanding the very reflexive nature of the markets is a large part of the success market participants who have endured many cycles in the market display and utilize. In future newsletters we will try and explore ways of profiting from an uncertain future, now that we have made the emphatic point that markets are far from certain. To conclude this letter I wish to quote from an interview between Robert Soros and Michael Kaufman in which I believe the most insightful comments of the whole book are made, George Soros the Philosopher will hate me for this, as I think the more insightful accidental philosopher is the son not the father.

My father will sit down and give you theories to explain why he does this or that. But I remember seeing it as a kid and thinking, Jesus Christ, at least half of this is bull-shit. I mean, you know the reason he changes his position on the market or whatever is because his back starts killing him. It has nothing to do with reason. He literally goes into a spasm, and it's this early warning sign. If you are around him a long time, you realize that to a large extent he is driven by temperament. But he is always trying to rationalize what are basically his emotions. And he is living in a constant state of not exactly denial, but rationalization of his emotional state. And it's very funny.

MICHAEL BERMAN