VegaFunds

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Investment Objectives

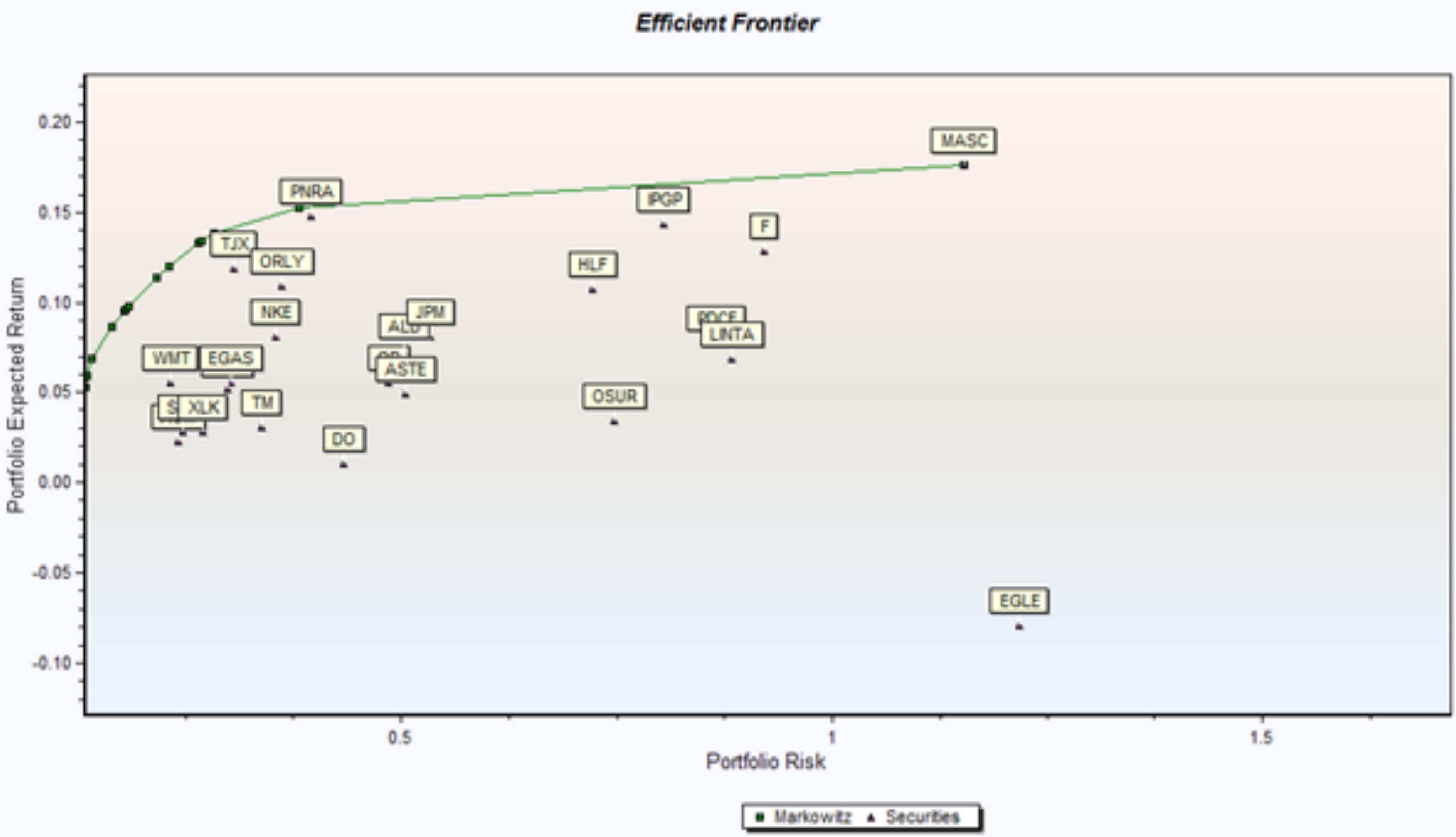
- Six-month investment period
  - Options <4 months
  - Liquid equity
  - Easy adaptability
- Beat the S&P 500
- Overall Return of 48.16%
  - VegaFunds: 0.33% average daily return
  - S&P 500: 0.09% average daily return
  - Unhedged: 0.09% average daily return

Risk Factors

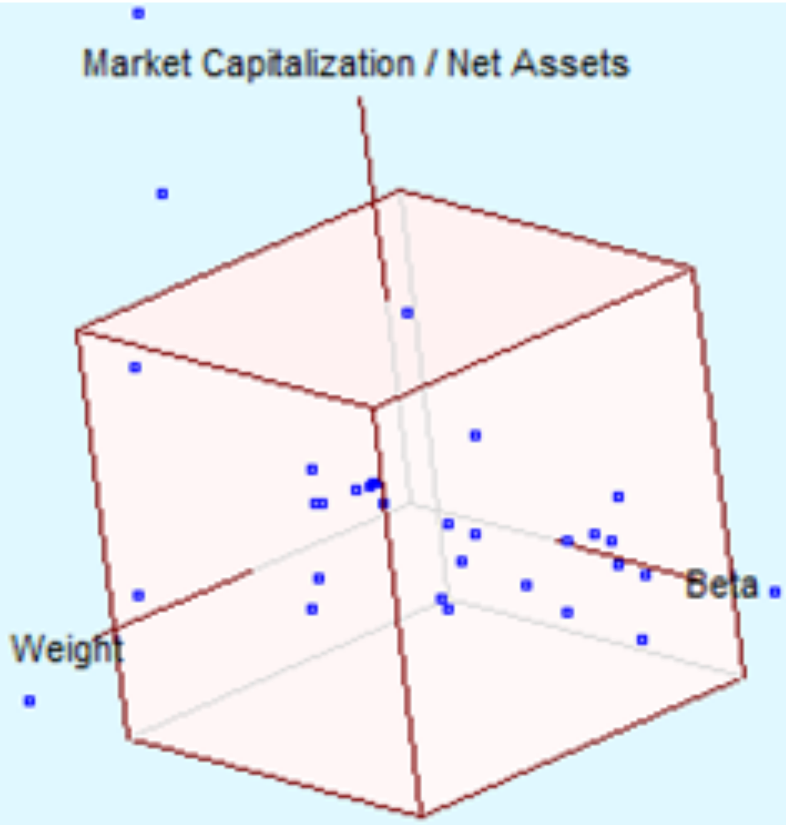
- Small Hedge Fund Risk
  - Less attractive prime-brokerage arrangements
  - Less favorable borrowing rates
  - Difficulty to attract investors
  - Future growth

- Sector-specific risks
  - Wide market cap range
  - Various industries
  - Subject to service industry risk

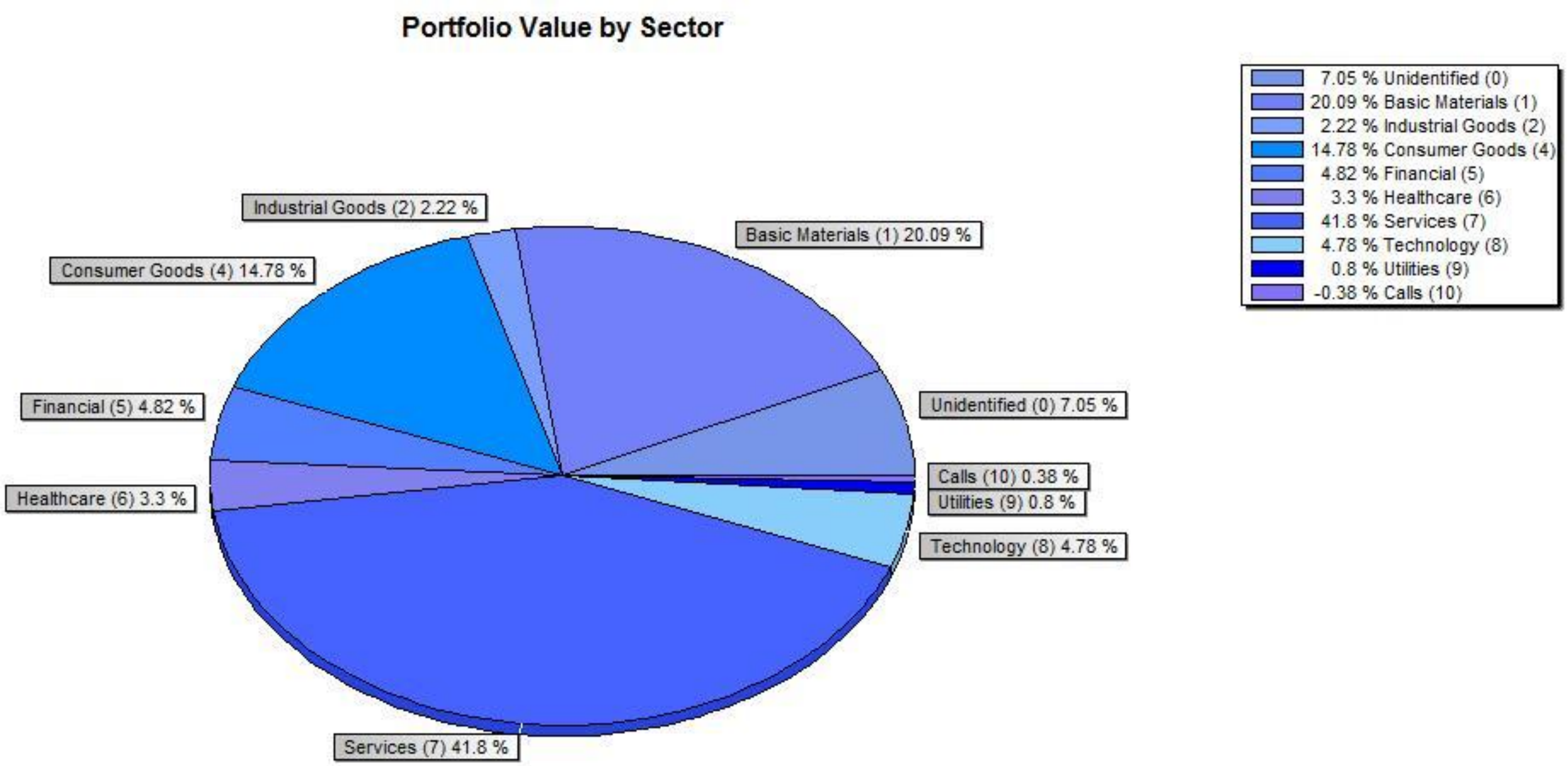
Efficient Frontier



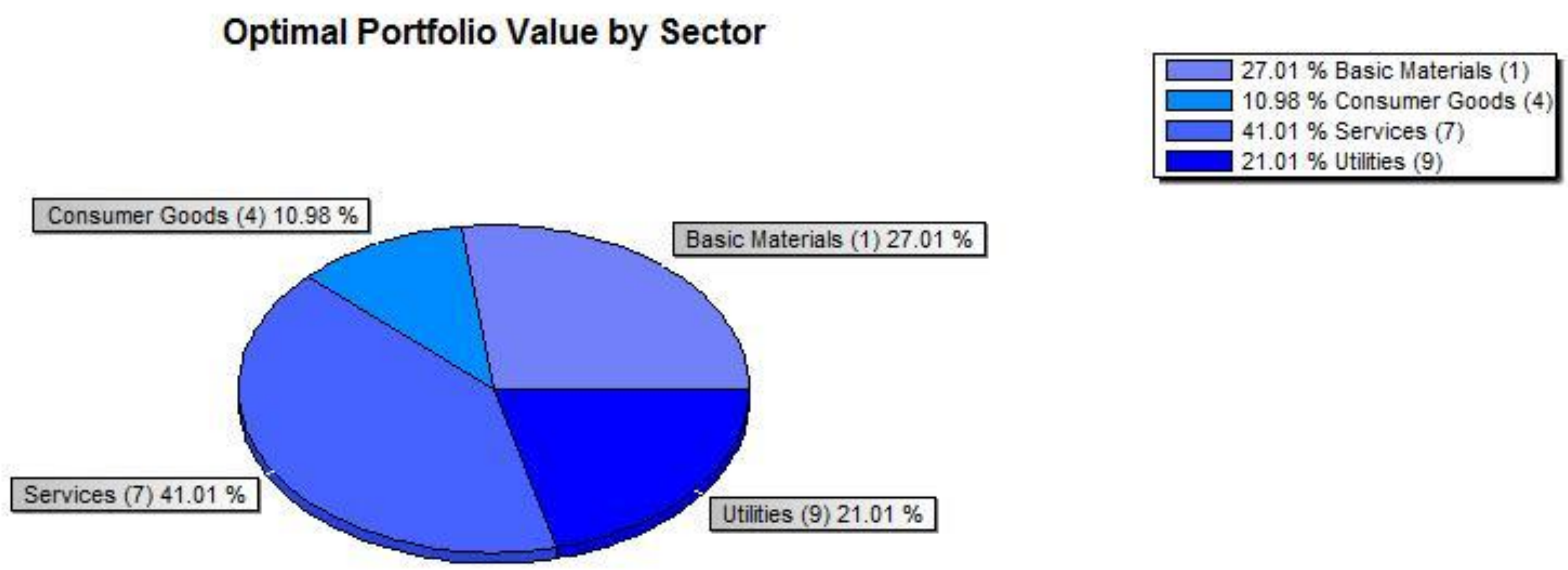
Beta Depth



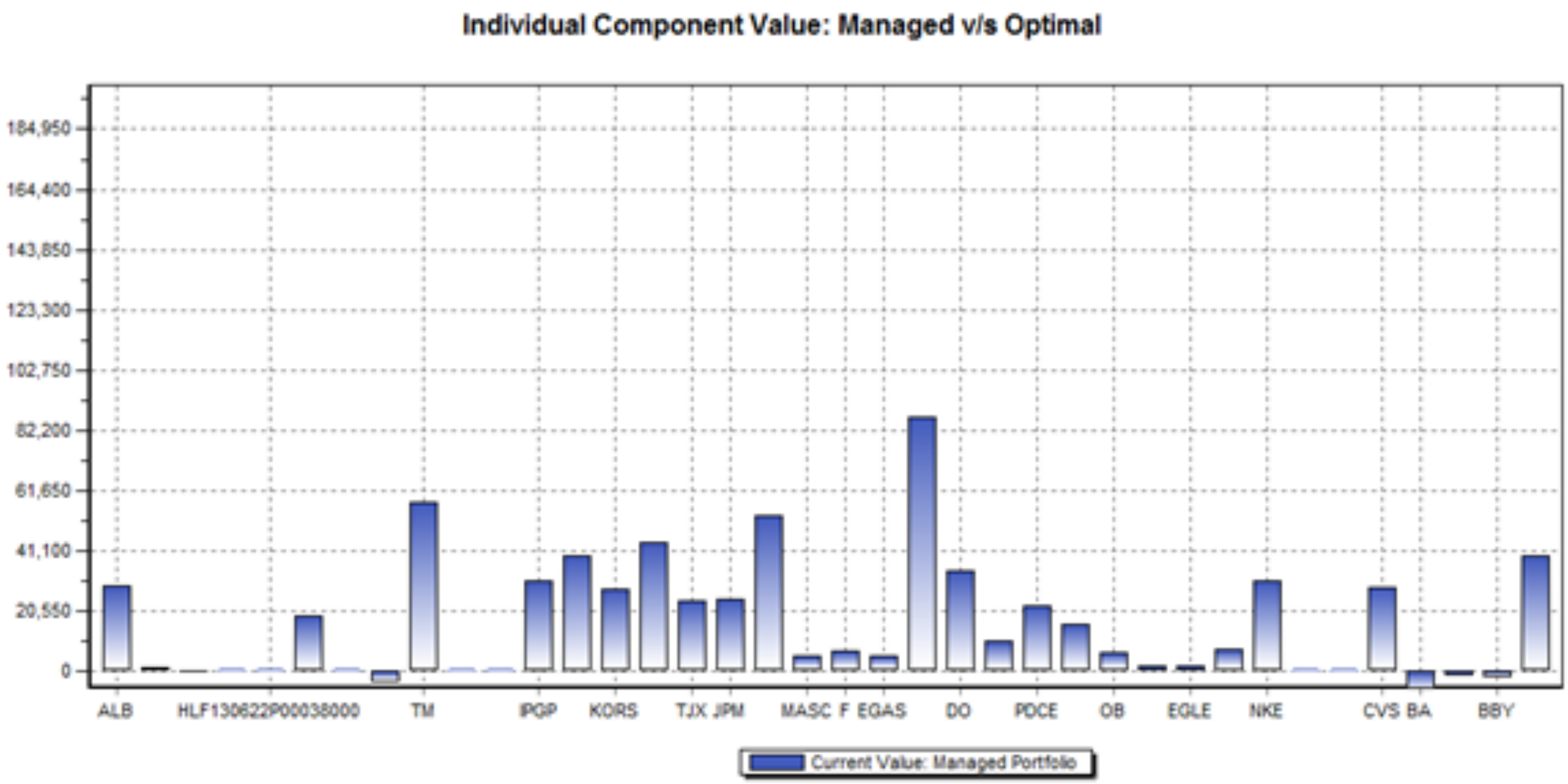
Sector Composition



Optimal Portfolio Composition



Equity Composition



Micro-Hedges

- Albemarle (ALB): Bear Put
- Herbalife (HLF): Long Straddle
- Toyota (TM): Bull Put
- IPG (IPGP): Error
- CVS (CVS): Long Straddle

Shorts

- Blackberry (BBRY)
  at $14.84
- Boeing (BA)
  at $91.25
- Best Buy (BBY)
  at $23.71

Performance Statistics

Average Daily Returns

VF: 0.33% S&P 500: 0.09%

Standard Deviation

VF: 0.83% S&P 500: 0.77%

Sharpe

VF: 146.11 S&P 500: 42.24

Performance Statistics (Cont.)

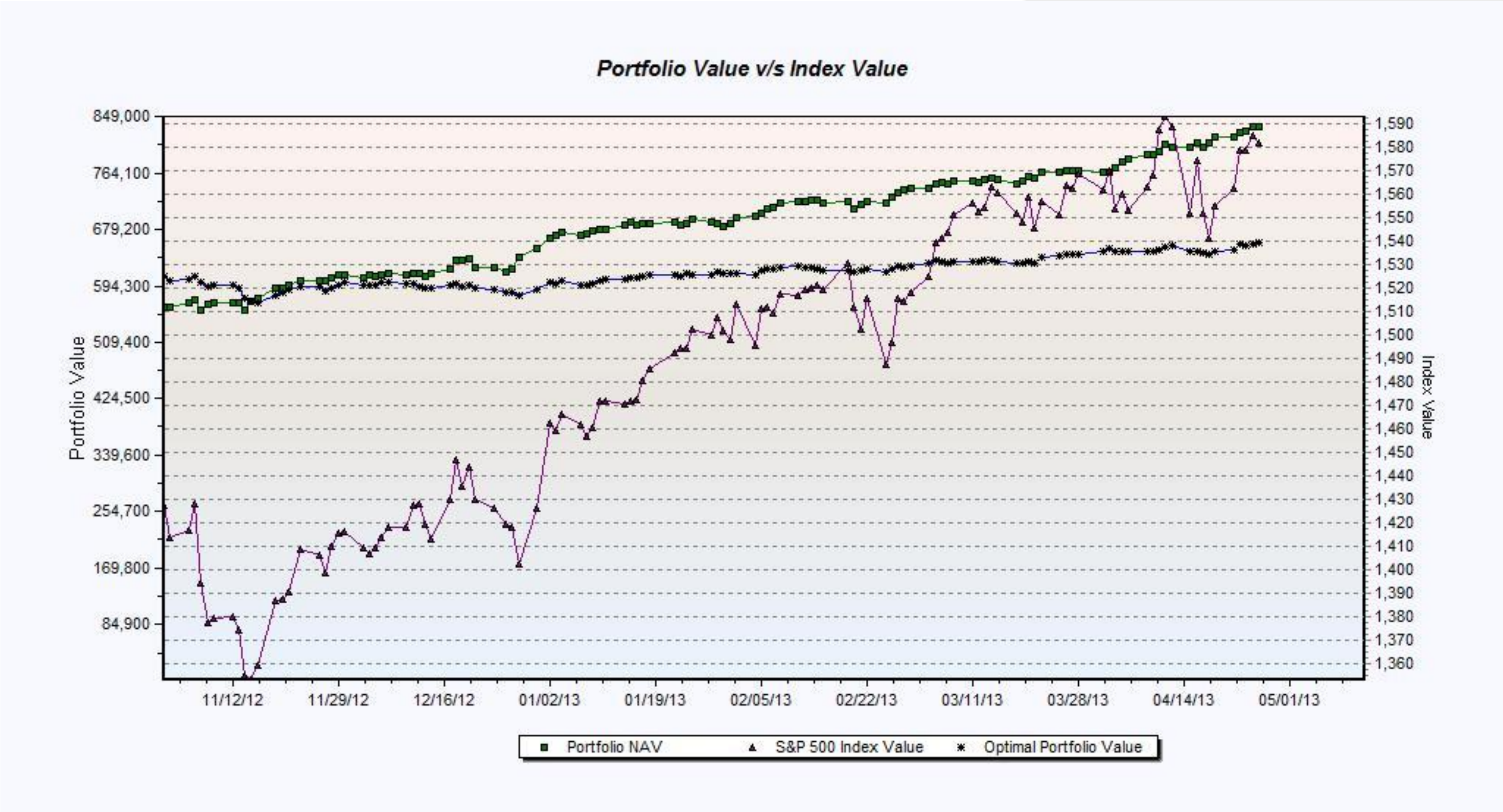
Treynor

VF: 1.20 S&P 500: 0.32

Value at Risk (5%)

VF:	$10,783.74 (Unindexed)	
	$25.90 (Indexed)	1.29%
S&P 500:	$22.35	1.41%

Portfolio Value vs Optimal & S&P 500



Hedged v/s Unhedged Portfolio Values