



ManyPeaks Absolute Return Strategy

Client Letter

3rd Quarter 2008

October 13, 2008

The bear market in stocks finally became well-acknowledged during the past few months. The S&P 500 has now lost over 35% from its October 2007 high. Declines in emerging markets such as Brazil and China were much larger.

While it never pleases us to report a down period, Client accounts' small quarterly loss and year-to-date gains compare very favorably to stock market benchmarks. Clients are now 25% ahead of the S&P 500 index since our June 2006 inception.

Ironically, as I write, the benchmarks have just enjoyed their best one-day performance ever. The Dow gained a full 1500 points in less than two business days. Most amazing: all that motion still leaves the index below its level of only one week ago. Volatility has reached truly historical proportions since the September Quarter ended. But even during the quarter, there was far more risk than reward available in the stock market.

Significant developments included the nationalization of Fannie Mae, Freddie Mac, and (essentially) insurance giant AIG. Storied investment banking firm Lehman Brothers went bankrupt. Several prominent hedge funds – who had generated strong returns for many years – lost much of their capital in a matter of weeks.

The common denominator in each of these spectacular failures? There are two: highly concentrated positions, and excessive leverage. These two themes play no role in Teewinot's strategy. While each can enhance profitability for a firm at times, there is always a "risk of ruin" that comes with the territory. We find that risk unacceptable. There will always be opportunities for profit in the future. But if a manager concentrates or levers a portfolio enough, one single bad investment idea can generate insurmountable losses – eliminating the possibility of ever capitalizing on them.

We believe that prospering on the other side of this bear market is best accomplished by preserving capital during the slide. In short, we must keep our high water marks well within sight and avoid the unmanageable losses that many professionals currently struggle with.

<u>3rd Quarter</u>		
Clients	S&P 500	Russell 2000
-1.9%	-8.5%	-1.3%
<u>Year-To-Date</u>		
Clients	S&P 500	Russell 2000
+0.7%	-18.7%	-10.0%
<u>Since Inception</u>		
Clients	S&P 500	Russell 2000
+21.6%	-4.4%	-3.6%

We took several small losses during the quarter, at some times selling positions that went even slightly against us. This diligence in risk management paid off; many of those stocks went on to fall dozens of percentage points lower after our sale.

In persistently strong markets, risk management actually hinders performance to some degree. It's in these negative periods where prudence repays the diligent risk manager many times over.

Measurements of volatility in Client accounts also express the degree to which we have preserved your capital. Since inception, we have lost more than 1% in a month four times – half as many times as the benchmarks.

The “Worst Month” statistic also shows how we have avoided the market’s most damaging periods.

Clients have earned 0.72% per month on average, with a standard deviation of 1.76%. Compare those figures to the negative average returns and nearly double standard deviations that the benchmarks have produced. In short, we have performed not just better, but far more consistently than the markets as a whole.

<u>Risk/Return Information</u>	<u>ManyPeaks Strategy</u>	<u>S&P 500</u>	<u>Russell 2000</u>
Cumulative Return	21.6%	-4.4%	-3.6%
Annualized Return	8.7%	-1.9%	-1.6%
Avg Monthly Return (bps)	+72	(10)	(5)
Monthly Standard Deviation (bps)	176	340	388
Best Month	4.3%	4.6%	5.8%
Worst Month	-3.3%	-8.8%	-7.6%
Negative Months (>1% Loss)	4 / 28	9 / 28	8 / 28

ManyPeaks Strategy Quarterly Record	
2Q 2006	+0.5%
3Q 2006	+0.6%
4Q 2006	+0.7%
1Q 2007	+3.1%
2Q 2007	+4.7%
3Q 2007	+5.9%
4Q 2007	+3.7%
1Q 2008	-3.6%
2Q 2008	+3.1%
3Q 2008	-1.9%

While primarily remaining in capital preservation mode, we very much look forward to taking your account to all-time highs as better opportunities present themselves.

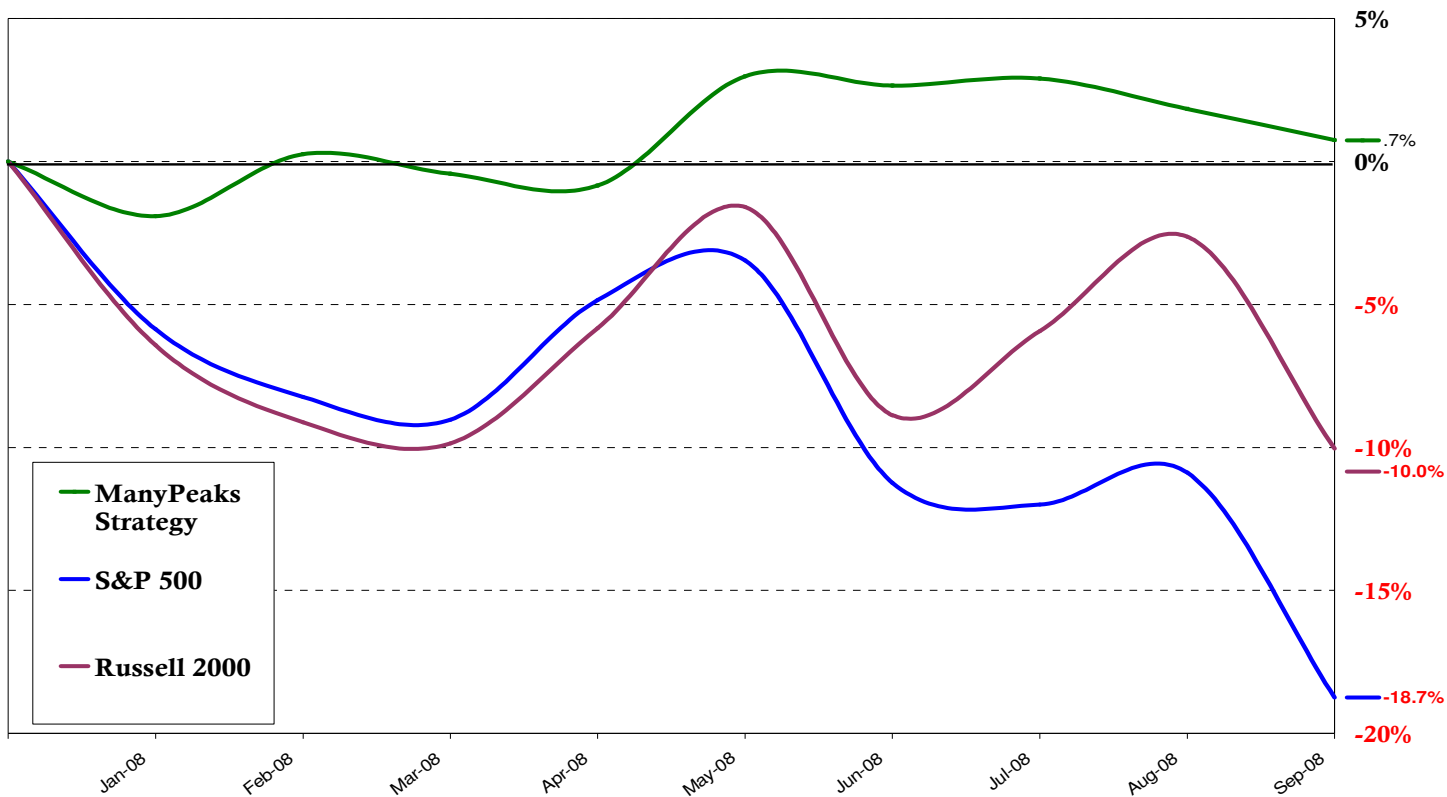
At some point, they always do.

Thank you again for your ongoing confidence. My personal retirement assets remain 100% invested alongside you.

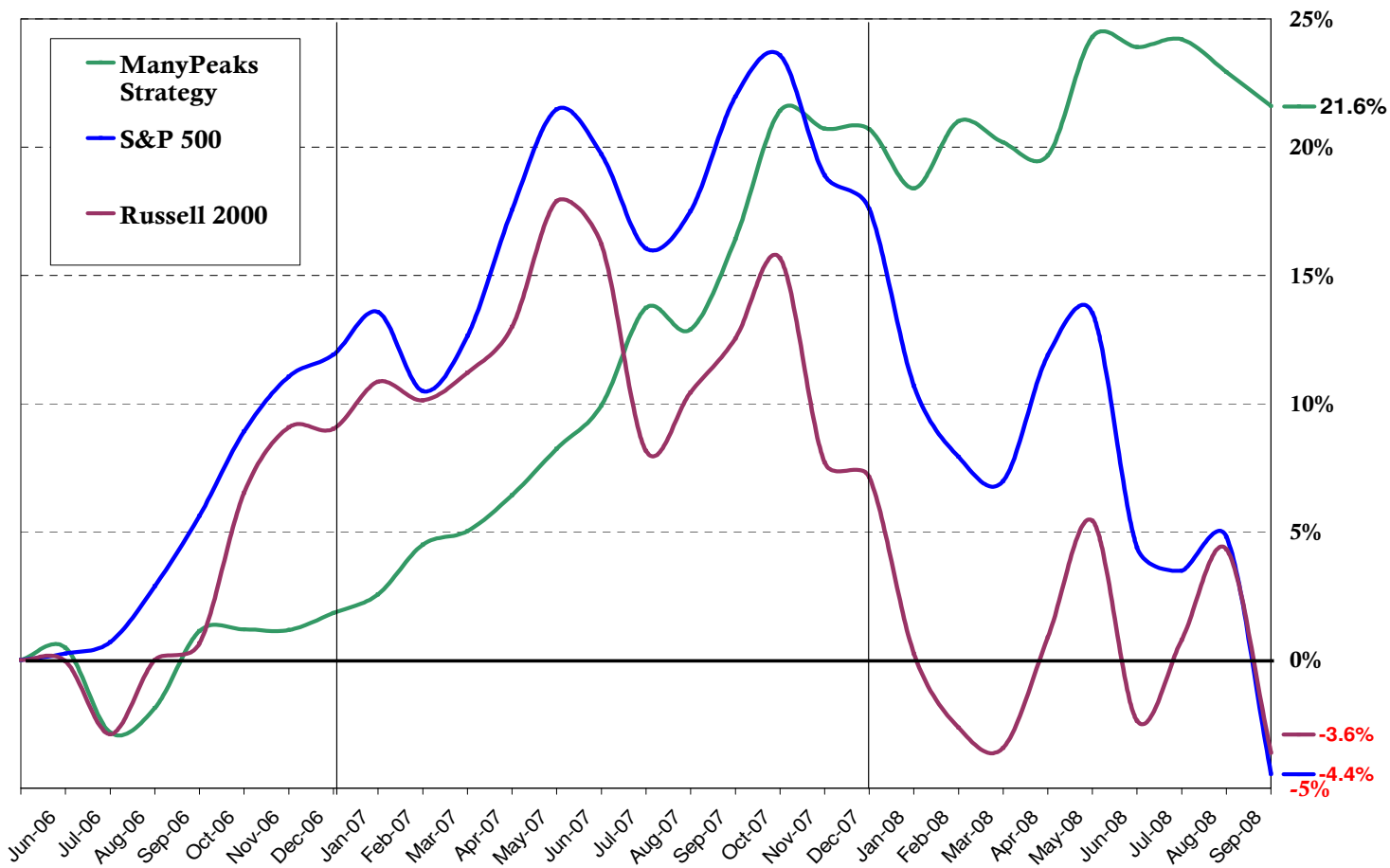


Buckner Woodford V, CFA

2008 Year-To-Date



Cumulative Returns



Disclosures

1. ManyPeaks calculations are derived from results of a single account following our Absolute Return Strategy. Because our block trades are allocated according to each account's Net Liquidation Value, we believe it closely represents the long-term performance that any account would have experienced over the given timeframe. We refer to this as a "Typical Account."
2. The specific account that represents our Typical Account was Teewinot's first under management.
3. Returns are time-weighted, measured monthly, and rounded to the nearest tenth of a percent for presentation.
4. ManyPeaks returns are calculated net of Teewinot Asset Management's fees – currently 1.5% of Assets and 20% of Appreciation.
4. Index returns are derived from appropriate Exchange Traded Funds, and include all dividends. The indexes and ETF's used in calculations are: S&P 500 (SPY) and Russell 2000 (IWM).
5. Individual results may differ from the Typical Account for various reasons, including but not limited to contributions or withdrawals of funds during reporting periods, the timing of such contributions or withdrawals, and imprecise share allocation of block trades across all accounts following the ManyPeaks Absolute Return Strategy.
6. Past performance is not necessarily indicative of future results.
7. The data herein is for informational purposes only, and gathered from sources deemed reliable; however, are not represented to be error free.