



Absolute Return Strategy

Client Letter

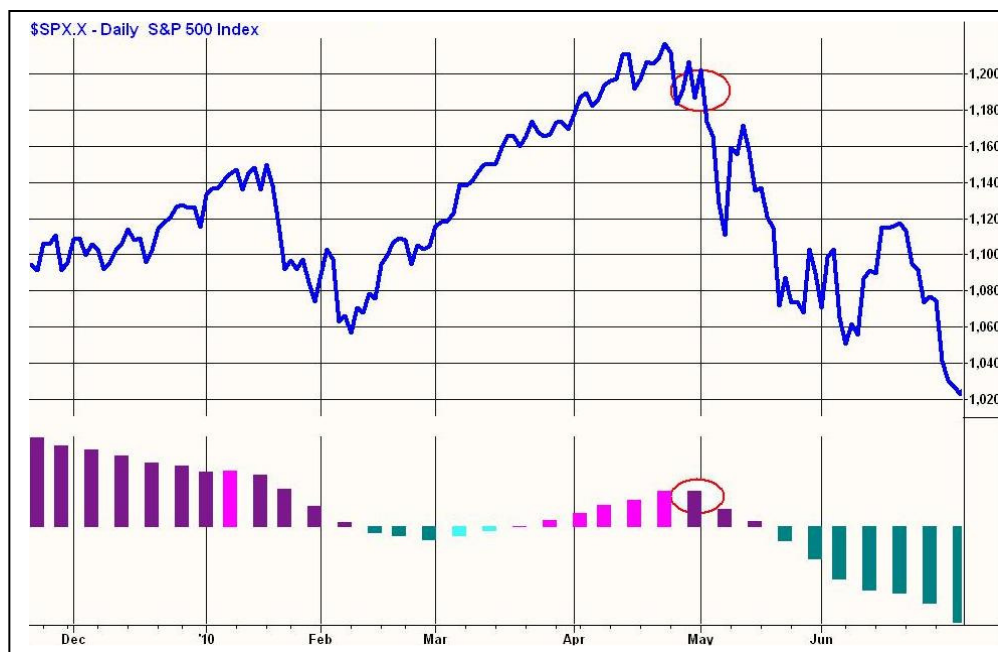
2nd Quarter 2010

Teewinot client accounts remained relatively steady during the second quarter. Meanwhile, stock market averages suffered meaningful declines.

As shown in the chart below, our internal indicator produced a negative reading on the S&P 500 in late April. This is one of several tools we use to determine how our clients' assets are invested. Its primary purpose is to guide us away from stocks when markets exhibit behavior that typically precedes sharply negative periods. We significantly trimmed our exposure to equities at that time.

While the market index lost 15% from its 2010 high point, client accounts sit less than 1% away from all-time highs. Our risk management system enabled us to essentially break even during the quarter. This places us in an advantageous position to pursue new trades and investment ideas, while of course retaining the discipline that's been crucial to our success.

<u>Since Inception</u>		
Clients	S&P 500	Russell 2000
+21.5%	-11.7%	-11.4%
<u>Q2 2010</u>		
Clients	S&P 500	Russell 2000
-0.4%	-10.5%	-9.5%

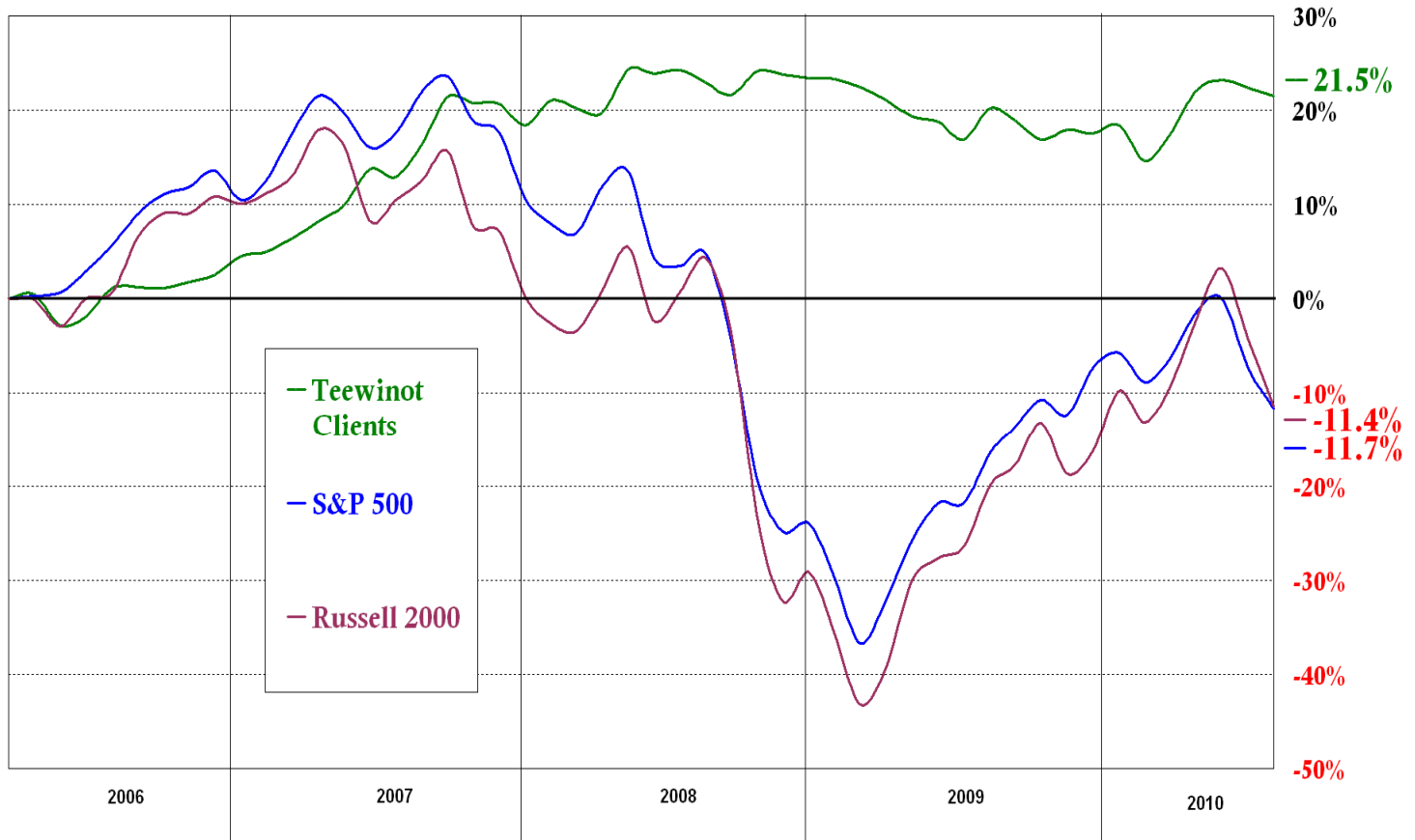


Since Teewinot's inception, we are up over 20%, versus a market down over 10%. Our strategy has provided clients with significantly more profit and far less risk than the stock market as a whole. In fact, since inception – through several up and down markets – our correlation to the market is .13. That is very close to zero, meaning our profitability is not dependent on continuously rising markets. Please note, these results are achieved without the utilization of short selling as a method to capture profits in down markets.

As we continue our risk-managed, opportunistic approach of to equity markets, I am extremely confident investing alongside you.

Buckner Woodford

Buckner Woodford V, CFA



Disclosures

1. Absolute Return Strategy 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. Absolute Return Strategy performance is calculated **net of** Teewinot Asset Management's fees.
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 Teewinot's 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.