



November 1, 2011

Dear LJM Partners,

October was another historic month for the S&P 500. Up until the final day of the month, the S&P was on pace to reach its highest monthly gain since October 1974, and despite a sell off on the 31<sup>st</sup>, still gained nearly 11% for the month. Most equity portfolios are finally enjoying some profits for the year, and in the meantime, LJM Partners performed right on pace with traditional monthly targets. The rallies have coincided with an expected drop off in the high volatility levels that we experienced in September, reducing the opportunity for LJM strategies to capitalize on the unique market conditions that created above average returns in September. However, we are still moving in the right direction towards the ultimate goal of full recovery and return to high water marks in all three strategies.

There remains a great deal of uncertainty regarding the European debt crisis, so LJM anticipates for volatility to return to elevated levels. As I have stated in several of the past newsletters, our strategies are market neutral, which allows the strategies, especially the Preservation & Growth strategy, to maintain low correlation with equity markets. Whether the S&P 500 continues to gradually rally or starts to shift back towards a bearish market, LJM has the ability to produce positive returns. Here are the updated returns including final September 2011 figures and October 2011 estimates:

#### PERFORMANCE OF LJM PRODUCTS AGAINST THE S&P INDEX

	LJM Aggressive	LJM Moderately Aggressive	LJM P&G	S&P 500
1998	-10.16% <sup>1</sup>	n/a	n/a	9.23% <sup>1</sup>
1999	60.52%	n/a	n/a	21.04%
2000	-3.07%	n/a	n/a	-9.10%
2001	21.02%	n/a	n/a	-11.89%
2002	-4.24%	n/a	n/a	-22.10%
2003	68.20%	22.14% <sup>2</sup>	n/a	28.68%
2004	53.83%	38.22%	n/a	10.88%
2005	42.21%	32.10%	n/a	4.91%
2006	37.72%	31.35%	6.84% <sup>3</sup>	15.79%
2007	21.25%	26.53%	12.57%	5.49%
2008	-48.47%	-17.06%	12.13%	-37.00%
2009	50.02%	29.09%	11.11%	26.46%
2010	38.20%	22.80%	11.14%	15.05%
2011	-19.76%	-11.21%	0.98%	1.24%
Total Return	751.30% <sup>1</sup>	332.70% <sup>2</sup>	68.20% <sup>3</sup>	39.98% <sup>1</sup>
Ave. Annual Return	17.17%	18.50%	7.34%	2.55%
Correlation	0.34214	0.36094	0.06710	1.00000

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. October 2011 returns are estimated.

Note 1: LJM Aggressive Strategy opened in July 1998, hence 6 months performance in 1998.

Note 2: LJM Moderately Aggressive Strategy opened in April 2003, hence 9 months performance in 2003.

Note 3: LJM P&G Strategy opened in May 2006, hence 8 months performance in 2006

LJM was honored outside of our investments this past month. The International Alternative Investment Review (IAIR) recognized LJM Partners for excellence in Alternative Charities for the LJM Foundation and the Summit 54 project. Philanthropy is a large part of our company culture, so we are extremely honored to be recognized for our efforts. The timing couldn't be more perfect to coincide with the grand opening of College Track/Summit 54 in Aurora, Colorado this Thursday, November 3<sup>rd</sup>. Anyone in the Denver area who is interested in attending, please feel free to contact me. For those who are interested in learning more about the first class of students, please visit [www.summit54.org](http://www.summit54.org).

I wish everyone a Happy Thanksgiving this month!

Regards,

*Lauren Caine*

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