



ALT AIR | ADVISERS

2009 Fall Investment Forum
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Steven B. Weinstein, *President of Altair Advisers*, began by recapping the economic headlines of the quarter, which included the continued stabilization of economic conditions and improving corporate earnings, and capital markets results which saw some of the best quarterly returns in history for stocks, bonds, and real estate securities. He then explained that while fundamental conditions are improving, the challenges looking ahead include economic headwinds such as high unemployment, weak consumer spending, hampered credit conditions, problematic commercial real estate loans, and a lack of corporate revenue growth. In addition, political headwinds including increased taxes, out of control spending, protectionism, and increasing regulation also threaten a recovery.

Jason M. Laurie, *Altair Director and Chairman of its Investment Committee*, began by providing some economic data supporting the challenges expressed by Steve. He pointed out that some of the fundamentals have improved with the presence of massive government intervention, and expressed concern that consumers and small businesses will have difficulty fueling a strong recovery without jobs or the availability of credit. Noting that corporate earnings drive the equity markets over time, Jason expressed the view that the expected earnings recovery of 2010 and 2011 priced into the market at current levels is very optimistic. As such, Altair is still recommending a cautious allocation strategy to its clients including the purchase of a protective put on risky assets.

Roxanne M. Martino, *Chief Executive Office of Aurora Investment Management*, discussed the opportunities that exist today in hedged investments, pointing out that heightened risk aversion tends to create pricing opportunities that hedge funds are poised to exploit. Specifically, she thinks opportunities in long/short credit strategies will be as compelling as ever. Additionally, she noted that the stressors in the marketplace create favorable conditions for macro strategies. Finally, Roxanne said that it is reasonable to expect increased regulation of the hedge fund industry, which will create even more transparency for investors, and that quality firms welcome it.