



ALT AIR | ADVISERS

2009 Spring Investment Forum
April 28, 2009

Steven B. Weinstein, *President of Altair Advisers*, began by recapping the economic headlines of the quarter, which featured numerous monetary and fiscal policy initiatives, and capital markets results which saw most risky asset classes reach 10-year lows. He then described Altair's current view on asset allocation, generally characterized by a cautious approach to risky assets, an overweight to fixed income, and a meaningful weighting to hedged and opportunistic investments.

Aaron D. Dirlam, *Altair's Manager of Research*, provided some of the fundamental support for our allocation recommendations. He began by pointing out that despite the chaotic markets in the fall of 2008, with the benefit of hindsight equities were fairly valued at the beginning of 2009. Furthermore, with the substantial rise in the equity markets since early March, and the continuing deterioration of the economy, the likelihood is that corporate earnings will not rebound quickly, thereby presenting substantial downside risk to near-term stock prices. Conversely, Aaron described a more favorable risk/reward relationship existing in the bond markets, with many sectors other than U.S. Treasuries potentially oversold in the flight to quality over the last 6 months.

David S. Richter, *Partner and Director of Research at Grosvenor Capital Management*, discussed the current state and outlook for the hedge fund industry, and outlined his firm's investment perspective and portfolio positioning. He described an industry that will be smaller (with lower quality firms reduced or eliminated), will face heavier regulation and do a better job of due diligence, but one that will be well positioned to take advantage of a difficult investment environment. He then discussed the themes and opportunities Grosvenor is currently emphasizing in their portfolios, focusing primarily on the many opportunities in the credit markets.