



CAPITAL MANAGEMENT LP

QMS Diversified Global Macro

PERFORMANCE UPDATE JUNE 2011

Strategy Overview

The QMS Diversified Global Macro strategy is a quantitative, systematic, long-short investment program, well-diversified across asset classes, conceptual investing themes, modeling approaches, and trading time-horizons. The strategy currently trades in highly liquid global futures and forwards, including equity indices, sovereign rates/bonds, commodities, and currencies. Over the medium to long term, the strategy is expected to provide returns that are substantially uncorrelated to the macro asset classes in which it trades. The strategy seeks to generate consistent alpha by applying sophisticated statistical techniques and rigorous economic insight to global markets. QMS believes substantial value is recognized by combining lower-frequency fundamental economic views with higher frequency trades driven by market-based signals. A fundamental understanding of the economic environment most suitable for each model facilitates systematic tactical allocation among the various styles of investing employed. Strict risk management is embedded in the portfolio optimization process and is managed at the individual model level, the thematic level, and the portfolio level.

June Portfolio Commentary

QMS's Diversified Global Macro Strategy returned a positive month in June, gaining 0.79% gross and 0.50% net — outperforming the Newedge CTA Index return of -1.69%

Fundamental, relative value models outperformed more technical models for a second consecutive month. Industry-wide, trend-following models again showed marked under-performance, with significant intra-month price swings in global equity and commodity markets. Although these effects contributed to a drag on QMS's performance this month, the effect was somewhat limited due to the continued algorithmically-lowered risk allocation in the face of an uncertain trend-following environment. The portfolio as a whole had a negative contribution from commodity models, but positive contributions from equity, fixed-income, and currency strategies. Models predicting global investment flows were the top contributors for the month — particularly those relating foreign exchange and equity markets. Monetary policy expectation models remained positive contributors as well, through bets on the shapes of global yield curves.

Account Specifications

Strategy	Global Macro
Style	Systematic, Long-Short
Asset Classes	Global currencies Sovereign rates/bonds Global equity indices Commodities
Instruments	Futures, Forwards
Futures Exchanges	ADEX BMF CBOT CME EUREX FINEX HKFE ICE IDEM KCBT LIFFE LME MDEX MDX ME MEFF NSE NYBOT, NYMEX OM OSE SAFX SFE SGXDT TASE TFX TOCOM TS WSE

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Account Performance: percent return, non-compounded

<u>Gross of Fees:</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010						1.99	1.13	3.45	2.59	1.47	(3.22)	0.84	8.25
2011	0.59	2.67	(4.46)	3.79	1.26	0.79							4.64
<u>Net of Fees:</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010						1.46	0.77	2.63	1.94	1.05	(2.71)	0.54	5.67
2011	0.34	2.00	(3.70)	2.90	0.87	0.50							2.91

Performance through February 2011 is pro-forma, based on actual trading of QMS Capital's primary managed account, scaled to 15% ex-ante annual volatility, and intended for illustration purposes only. Returns shown are non-compounded, based on a constant notional. Net returns include a pro-forma management fee of 2% and performance fees of 20%, subject to high water mark and applied annually. Performance inception of June 2010 corresponds to commencement of QMS's diversified strategy, risk-balanced among equity, rates/bonds, and currencies (live trading began two weeks earlier, at low risk and implemented unequally across asset classes). The performance numbers are unaudited and have been computed by QMS Capital Management LP. The returns shown are based on actual trading but do not represent the return of any client of QMS, and QMS makes no representation as to the accuracy of such numbers. March-April 2011 performance is pro forma, based on a paper traded portfolio. May 2011 performance numbers correspond to a live track record on the dbSelect Managed futures platform, where performance may vary slightly from dbSelect reports, due to month-end differences in exchange settlement prices (dbSelect uses London closing prices and QMS uses actual closes of each exchange).

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