TOP CTA PROGRAMS ABOVE/BELOW $10 MILLION

Below are the top CTAs managing more than $10 million at the end of 2010. Programs have a minimum history of 36 months through December 2010. Statistics were calculated since program inception dates, unless otherwise indicated, from a universe of 504 programs.

CTA	Current YTD Return	Worst drawdown during 2010	Compound ann. return (3 yr.)	Sharpe ratio	Worst drawdown	Upside/Downside Standard	Best 12 Months	Worst 12 Months	Money under mgmt.($ mil.)	Date Started
Tactical Invest. Mgmt. (Inst'l)	68.99%	4.80%	44.36%	0.74	30.74%	1.82	76.76%	-22.47%	66.3M	Apr-93
AIS Futures Management (3X-6X)	66.29%	28.35%	-4.66%	0.29	89.66%	1.26	225.23%	-86.44%	104.3M	Jul-92
24FX Management Ltd	63.14%	16.81%	40.43%	1.57	19.28%	1.52	63.14%	-12.12%	50.4M	Jan-01
Two Sigma (Enhanced Compass)	58.92%	7.08%	43.66%	1.62	18.17%	2.10	78.44%	-0.28%	1775.0M	Jan-05
Hawksbill Capital Mgmt. (Gl. Divers.)	57.60%	6.70%	37.86%	0.47	61.77%	1.95	822.00%	-60.04%	83.0M	Nov-88
Commodity Fut. Services (IPATS)	55.93%	6.93%	41.58%	0.33	55.98%	1.32	151.88%	-51.84%	23.6M	Aug-95
Hawksbill Capital Mgmt. (Legacy)	52.94%	6.57%	35.09%	0.27	54.73%	1.56	196.03%	-51.19%	35.7M	Dec-90
Friedberg Comm. Mgmt. (Curr.)	52.32%	6.39%	4.80%	0.24	77.79%	2.81	903.60%	-73.75%	72.3M	Jan-86
Clarke Cap'l Mgmt. (Jupiter)	52.18%	21.59%	24.67%	0.65	44.77%	1.41	80.02%	-44.26%	12.3M	May-05
Keck Capital Management	44.67%	1.77%	24.98%	0.57	28.98%	1.37	58.98%	-20.52%	25.4M	Dec-03

Below are the top CTAs managing less than $10 million at the end of 2010. Programs have a minimum history of 36 months through December 2010. Statistics were calculated since program inception dates, unless otherwise indicated, from a universe of 232 programs.

CTA	Current YTD Return	Worst drawdown during 2010	Compound ann. return (3 yr.)	Sharpe ratio	Worst drawdown	Upside/Downside Standard	Best 12 Months	Worst 12 Months	Money under mgmt.($ mil.)	Date Started
Level III Management	95.13%	21.24%	50.01%	0.46	58.25%	1.62	169.07%	-8.13%	1.8M	Aug-07
CenturionFx Ltd (6X)	68.75%	21.60%	60.87%	2.20	21.60%	2.01	106.83%	7.34%	4.5M	Jan-06
EG Systems (Prop. Arbitrage)	61.16%	6.91%	33.89%	2.19	51.02%	2.05	302.11%	-20.51%	6.9M	Jun-06
Bayou City Capital	56.10%	12.80%	7.25%	0.38	80.32%	0.96	153.44%	-67.59%	0.1M	Jan-01
Becker Asset Mgmt. (Prop. A)	55.74%	2.87%	29.22%	0.63	41.07%	1.8	211.24%	-32.65%	0.4M	Feb-04
Vaca Capital (Gl. Diversified 2X)	54.25%	21.73%	33.61%	0.95	27.93%	1.6	54.25%	-27.93%	1.6M	Jan-08
Silicon Valley Quant. (UQP)	46.75%	8.41%	27.51%	0.40	41.73%	1.51	98.70%	-34.90%	1.9M	Nov-99
Jones, James H. (Diversified)	42.70%	7.35%	7.59%	0.32	45.64%	1.76	120.82%	-41.74%	3.5M	Sep-01
District Capital Mgmt. (Divers.)	41.23%	21.14%	38.96%	0.19	68.84%	1.49	155.56%	-68.84%	8.7M	Jan-85
D2W Capital Mgmt (Radical Wealth)	38.55%	47.50%	50.09%	0.54	47.50%	1.3	204.73%	-11.58%	1.5M	Apr-06

Source: BarclayHedge

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softs and grains. The metals were getting so overvalued from our point of view that we actually were taking short positions against them."

While the Federal Reserve still is claiming inflation is not a problem, don't tell trend followers that. They don't look at it from a macro economic view, they just spot a trend, jump on and ride it to profits. When and if the current bull move reverses, trend followers will ride that. Di Tomasso says there likely will be opportunities to short in 2011, pointing out that the CCI index (formerly CRB) has risen above where it was in mid-2008.

It was also a good year for options writers, whose ranks were thinned during the highly volatile equity crash in 2008.

"These are perfect market conditions for us," says Scott Sykora of LJM Partners. "A lot of the systematic risk has been reduced. Corporations are sitting on boatloads of cash, they have lots of liquidity, their balance sheets are robust; lets see if the banks stay stable," Sykora says. "Outside of geopolitical events, we are going to continue to do pretty well."

The interesting thing about 2010 is that it was hard to know who did well and why, just looking at the market activity. While there were opportunities for trend-followers, there were also some choppy markets. What we have learned in recent years is that there is perhaps more diversity in the space than most people acknowledge. Trading legend Bill Eckhardt said as much in our interview (see "William Eckhardt," page 18). "People look too much at the correlation between traders. The correlations tend to overstate the relationship. ...there is more diversification among trend followers than one would expect. There really are different variance of trend-following and they have different properties," Eckhardt says.

That is good news for managers and investors because if allocation growth continues at last year's pace, investors will need to find new managers as the largest ones will have capacity issues.

Waksman says the increase will force people to look at the full plate of managers. "You have to diversify your holdings. Do you want to have all your investment in managed futures with one manager, regardless of how good they are? The additional money will have to go to other managers," Waksman says.

Typically, new money has gone to short-term traders. Waksman points out that many short-term traders saw a large increase in assets, despite unspectacular returns. But the vast array of traders offer plenty of opportunity.

"This is one of the best investment areas that exists because of transparency, the facility with which traders can go long or short and because there are so many areas, in terms of geopolitics, economics and even weather, where things can change significantly enough to give rise to price dislocations," Shanks says. "Opportunities are going to persist for a long time and this is a great vehicle to take advantage of them."

Shanks is not looking to offer a retail product, but sees no problem with managed futures being offered to retail. "There are an awful lot of good traders out here that the retail side is not getting enough exposure to."