

2011

Quick Review

Market Neutral Mutual Funds

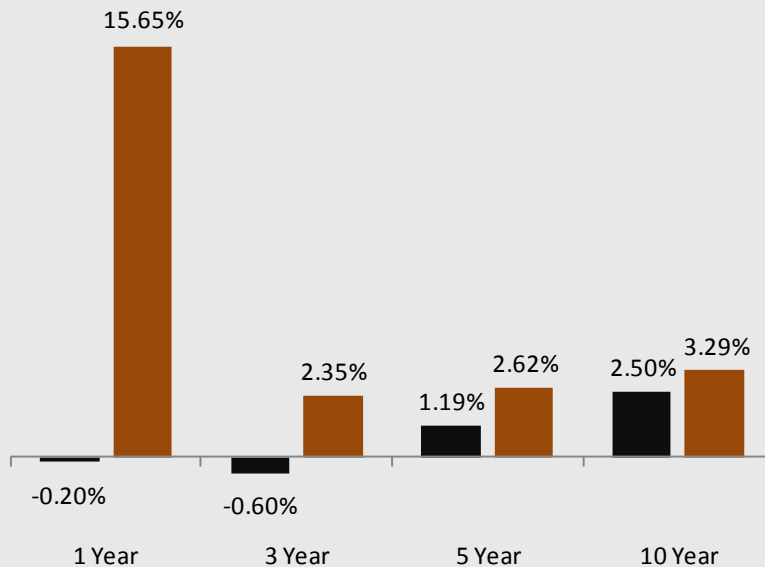
We surveyed **367** Investment Advisory firms to find out how many are currently using Alternative Mutual Funds.

Only **20%**

of those who responded stated they currently use Alternative Mutual Funds for their clients.



Annualized Performance History | As of 03/31/2011



A. Market Neutral Mutual Funds have generally underperformed in most trailing periods.

B. Despite aiming for zero beta, these funds have offered good performance over a ten year period.

What About 2008?
(Next Slide)

Chart Legend:

Morningstar Market Neutral Funds
S&P 500 Index

Data shown is: 03/2001 to 03/2011 Source: Informa Investment Solutions, Inc. Performance figures are annualized. The Morningstar Market Neutral category consists of 87 mutual funds as of 03/31/2011. Funds closed during the time period are not included in this performance figure analysis. If a mutual fund within the category does not have a return figure for a period, the category return is computed based on a rebalance of the performance figures for the remainder of the funds.

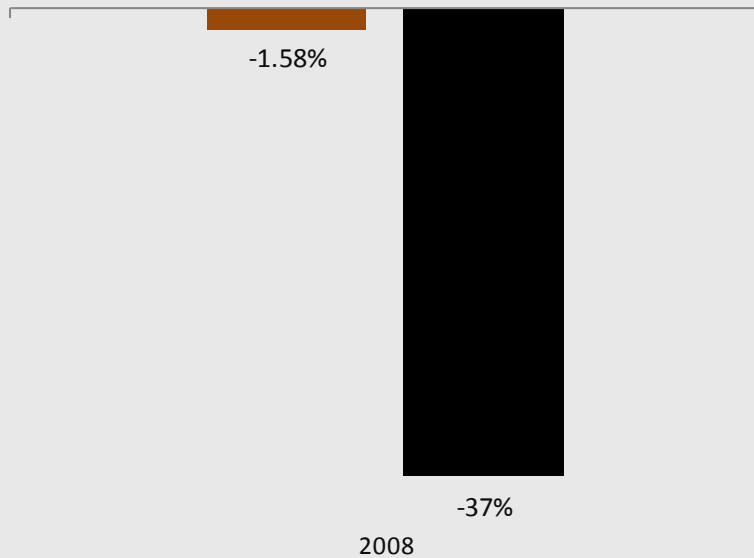
MARKET NEUTRAL FUNDS HAVE HISTORICALLY UNDERPERFORMED

Over the past ten years, Market Neutral Mutual Funds have underperformed the S&P 500 Index by a small margin. These mutual funds typically use an investment strategy that involves carrying a short exposure to match the fund's long exposure. By definition, a Market Neutral strategy is a strategy that exhibits a beta of zero against the broad equity market. We'll measure the validity of that last statement on the next slide, but for now we examine returns. In the past twelve months, the S&P 500 moved up sharply returning over 15%. During this same time period, Market Neutral based mutual funds were down marginally. We attribute this under-performance to several factors; perhaps most interestingly, the out-performance of the securities that market neutral programs generally held-short. This condition could be a cyclical phenomenon, but judging from the group's relatively fair 10-year return of 2.50%, it may suggest that this is not a common occurrence. Market Neutral Mutual Funds can have a variety of exposure in their equity holdings. Such funds may invest in small and mid-cap companies, as well as larger cap and international equities.

We believe that these funds offer a good strategy diversifier and tactical benefits. Furthermore, these funds have shown that if they're held over long periods of time (such as a ten year period) they may act as a true provider of absolute returns through multiple cyclical periods in the market.



Performance in 2008 | As of 03/31/2011



- A. Market Neutral Mutual Funds have outperformed over the 10-Year period.
- B. During shorter time frames, Market Neutral Mutual Funds have underperformed.

What About Risk?
(Next Slide)

Chart Legend:

Morningstar Market Neutral Funds
S&P 500 Index

Data shown is: 12/2007 to 12/2008 Source: Informa Investment Solutions, Inc. Performance figures are annualized. The Morningstar Market Neutral category consists of 87 mutual funds as of 03/31/2011. Funds closed during the time period are not included in this performance figure analysis. If a mutual fund within the category does not have a return figure for a period, the category return is computed based on a rebalance of the performance figures for the remainder of the funds.

MARKET NEUTRAL FUNDS, GOOD RELATIVE RETURNS IN 2008?

The year of 2008 was a period when many asset classes that were believed to be uncorrelated revealed significant correlation in the downturn.

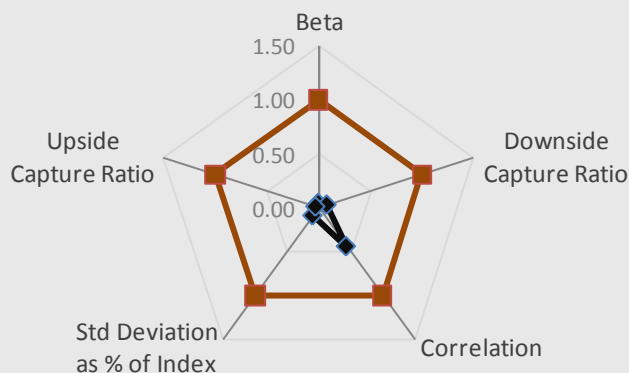
The S&P 500 was down 37%, yet many long-only investment programs were down even more. Many alternative natured products suffered significant losses as well. After such a loss in the S&P 500, a 59% gain would be needed to recoup the losses of this single year decline. Market Neutral Mutual Funds, as advertised, exhibited almost no drawdown in comparison, falling just 1.58% during the same time period. Therefore, investors in these funds would have almost no losses to recoup. Market Neutral funds advertise their ability to have a zero beta portfolio. Such a philosophy showed significant value during the period of 2008.

PERFORMANCE OF VARIOUS INDICES DURING 2008

	% Return
Dow Jones Industrial Avg.	-32.00
NASDAQ 100 Index	-41.88
Russell 2000 Index	33.79
MSCI EAFE Index	-43.38
NAREIT (Real Estate) Index	-37.74
Barclays Aggregate Bond Index	5.24
Barclay CTA Index	14.09
Barclay Currency Index	3.50



Radar Map of Risk Statistics | As of 03/31/2011



- A. Market Neutral Mutual Funds have outperformed over the 10-Year period.
- B. During shorter time frames, Market Neutral Mutual Funds have underperformed.

Chart Legend:

Morningstar Market Neutral Funds
S&P 500 Index

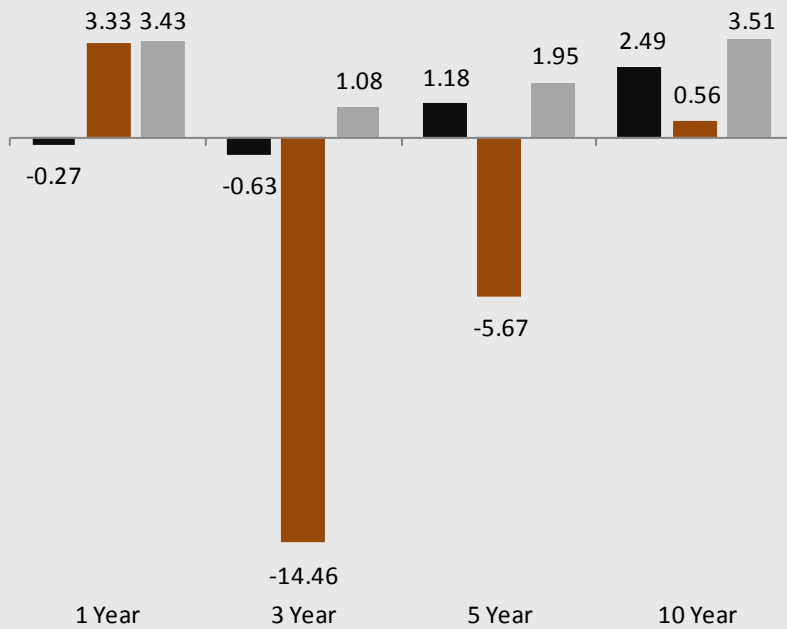
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FOCUSING ON RISK

The radar-graph shown above illustrates the risk characteristics of the Market Neutral Mutual Fund group relative to the S&P 500 Index. As illustrated, there is almost no relationship across the risk measurements when compared to the S&P 500. Many of these attributes are very positive in their case for adding these funds to a portfolio. Starting with Beta at just .04, the group is clearly not related to the overall performance of the broad equity markets. Just as the strategy promises zero beta in its investment selection, the results are clear in their collective delivery. This is further confirmed by the relatively small correlation figure of .44. Both the Up-Side and Down-Side capture ratios are representative of the limited exposure characteristics. The Up-capture figure is just 3%, while the downside-capture ratio is just 8%. It is very rare for these figures to be in the single digit range, and speaks volumes to how narrow the variance of returns may be on these products. One may certainly argue that these types of products might be suitable for a very conservative investor. Again, we recognize that these particular risk metrics may paint different conclusions. There is a cost to the reduced volatility of these alternative products, and the absolute return nature in general reflects their low beta figures and limited performance relationship to the S&P 500. Standard Deviation of the mutual fund category is about one tenth of the S&P 500 index at 2.11 versus 23.32. This figure is a testament to the methodology of maintaining a zero beta, market neutral portfolio.



Returns vs. Hedge Fund Counterparts | As of 03/31/2011



A. Market Neutral Mutual Funds have generally underperformed well compared to Hedge Funds.

B. The Hedge Indices have a wide performance variance, particular in the 3 and 5 year periods.

Chart Legend:
Morningstar Market Neutral Mutual Funds
Dow Jones Market Neutral Hedge Funds
Global HedgeSource Equity Market Neutral Hedge Funds

Data shown is: 03/2001 to 03/2011 Source: Informa Investment Solutions, Inc. Performance figures are annualized. The Morningstar Market Neutral category consists of 87 mutual funds as of 03/31/2011. Funds closed during the time period are not included in this performance figure analysis. If a mutual fund within the category does not have a return figure for a period, the category return is computed based on a rebalance of the performance figures for the remainder of the funds.

MARKET NEUTRAL FUNDS BEHAVED MUCH DIFFERENTLY THEN HEDGE FUNDS

As the chart above illustrates, there is significant dispersion among the indexes that track managed futures products. Most notably, there is significant variation in the returns over the past three years. Relatively speaking, the graph above shows that the performance of the Morningstar Market Neutral Mutual Funds have provided very strong returns in all time periods.



Consider the Sherwood Forest Long/Short Program

What Are Our Advantages?

1. **Our Passionate** execution of risk management, designed to limit large losses and drawdown in our portfolio.
2. **Our Commitment** to unbiased and opportunistic investing, we are committed to find opportunities in both bull or bear markets, unlike many long/short funds that have long-biased strategies.
3. **Our Flexibility**, the fund's portfolio can be fully in cash or fully invested depending on the market environment.
4. **Our Attention** to detail, we continuously monitor each holding to diligently manage risk and assess return the profiles of our positions.
5. **Our Focus** is on a single strategy, the Sherwood Forest Long/Short program, so our expertise and undivided attention are dedicated to your long/short allocation with us.

For More Information on Sherwood Forest Capital Management

Visit: SherwoodAdvisor.com

Call: 1.800.718.0556



¹ Actual number of Morningstar Long/Short funds: 206 before adjusting for the additional share classes, 76 funds as of 12/31/2009 after adjusting for additional share classes.

Index Definitions:

The S&P 500: An unmanaged index of 500 large-cap domestic stocks that is commonly used as a proxy for the large-cap stock market. Historically, the index has targeted a composition of 400 industrial companies, 40 financial companies, 40 utility companies, and 20 transportation companies. The index does not contain real estate investment trusts. Changes in the index composition may be made at any time. Performance numbers for the index are a size-weighted average of the performance numbers for each index constituent.

Dow Jones Industrial Average: Price weighted average of 30 actively traded shares of the blue chip US industrial corporations listed on the New York Stock Exchange. The trend in the movement of the market value of these shares is considered to be an indicator of the movement of the entire US stock market. The corporations included in DJIA change from time to time and generally represent about 20 percent of the market value of all shares traded on NYSE.

Nasdaq 100 Index: Consists of the 100 largest and most actively traded non-financial stocks on the Nasdaq. **Dow Jones Industrial Average:** A price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

The MSCI EAFE® Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. The index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

The NAREIT index is an unmanaged index of securities that meet the definition of Real Estate Investment Trust (REIT) and are traded on the NYSE, AMEX, or NASDAQ. REITs are investments in rental properties, and are required to pay out 95% of their earnings each year as dividends. Performance numbers for the index are a size-weighted average of the performance numbers for each index constituent.

Barclays Capital Aggregate Bond Index: Is an unmanaged index made up of the following fixed-income securities: all debt securities issues to the public by the U.S. Government or its agencies, as well as quasi-federal corporations or corporate debt guaranteed by the U.S. Government; all public obligations of the U.S. Treasury except flower bonds and foreign-targeted issues; all 15-year and 30-year fixed-rate securities backed by mortgage pools of GNMA, FHLMC, and FNMA, with the exception of graduated payment mortgages, manufactured home mortgages, and graduated equity mortgages; and all publicly-issued, fixed-rate, non-convertible, investment-grade, dollar-denominated, SEC-registered corporate debt securities with at least one year to maturity and an outstanding par value of at least \$100 million

The Barclay CTA Index: A leading industry benchmark of representative performance of commodity trading advisors. There are currently 488 programs included in the calculation of the Barclay CTA Index for the year 2009, which is un-weighted and re-balanced at the beginning of each year.

The Barclay Currency Traders Index: An equal weighted composite of managed programs that trade currency futures and/or cash forwards in the interbank market. In 2009 there are 124 currency programs included in the index.



Statistics Definitions:

Cumulative Upside Market Capture Ratio –the Cumulative Upside Market Capture Ratio measures the manager’s performance in up markets relative to the performance of the market (index) itself. An up market is defined as any period (month or quarter) where the market’s return is greater than or equal to zero.

Standard Deviation – Standard Deviation measures the central tendency of a probability distribution. The more a product varies from its mean, the higher the standard deviation.

Beta – A measurement indicating the volatility of a manager relative to a chosen market. A beta of 1 means a manager has about the same volatility as the market. Higher betas are associated with higher risk levels, while lower beats are associated with lower risk levels.

Correlation Coefficient – Correlation measures the strength and direction of linear association between two variables. This coefficient allows the user to determine which combination of managers/products will best complement each other. The range of values is from -1 to 1. A value of negative 1 indicates a perfectly negative linear relationship, whereas a value of positive 1 indicates a perfectly positive linear relationship. A value of 0 indicates no linear relationship at all.

Cumulative Downside Market Capture Ratio - measures the manager’s performance in down markets relative to the performance of the market (index) itself. A Cumulative down market is defined as any period (month or quarter) where the market’s return is less than zero.

R-Squared – Squared (sometimes referred to as the coefficient of determination) measures the reliability of the statistical estimates of alpha and beta as a linear function of the market. A product with a high R-Squared can generally have most of its variance explained by the variations in the benchmark index. As a consequence, the estimates of alpha and beta can be used with confidence.

Sharpe Ratio - Population – The Sharpe Ratio - Population is a measure of risk-adjusted return. It divides excess return by risk. Excess return is defined as the annualized return of the manager minus the annualized return of the risk free rate. Risk is defined by standard deviation. A high value for the Sharpe Ratio is generally considered to be positive since either the excess return is rather large or the level of risk is low.

Batting Average – is defined as the number of periods that the product outperforms the benchmark divided by the total number of periods for the entire period. It is a percentage indicating the probability of outperforming the index in a given date range.

Calmar Ratio - is a risk/return ratio that shows the annualized rate of return relative to the absolute value of the maximum drawdown, the higher the Calmar ratio, the better. Some funds have high annual returns, but they also have extremely high drawdown risk. Most people use data from the past 3 years in assessing results of this ratio

Kurtosis - is a measure of “peakedness” of a probability distribution. Higher kurtosis values indicate that more of the variance comes from infrequent extreme deviations. Lower kurtosis values indicate that the smaller and more frequent deviations are responsible for more of the variance.

Skewness - Skewness measures the asymmetry of a probability distribution. A negative value indicates that the left tail of the distribution is longer, where a positive value indicates that the right tail is longer. The skewness of a standard normal distribution is zero.

Sterling Ratio - The Sterling Ratio is another version of a risk-adjusted return. The return of the manager is divided by the average of the maximum yearly drawdowns.

T Statistic - The T-Statistic is used to measure a hypothesis test. In the case of PSN, it is used to see if the mean return is different from 0.