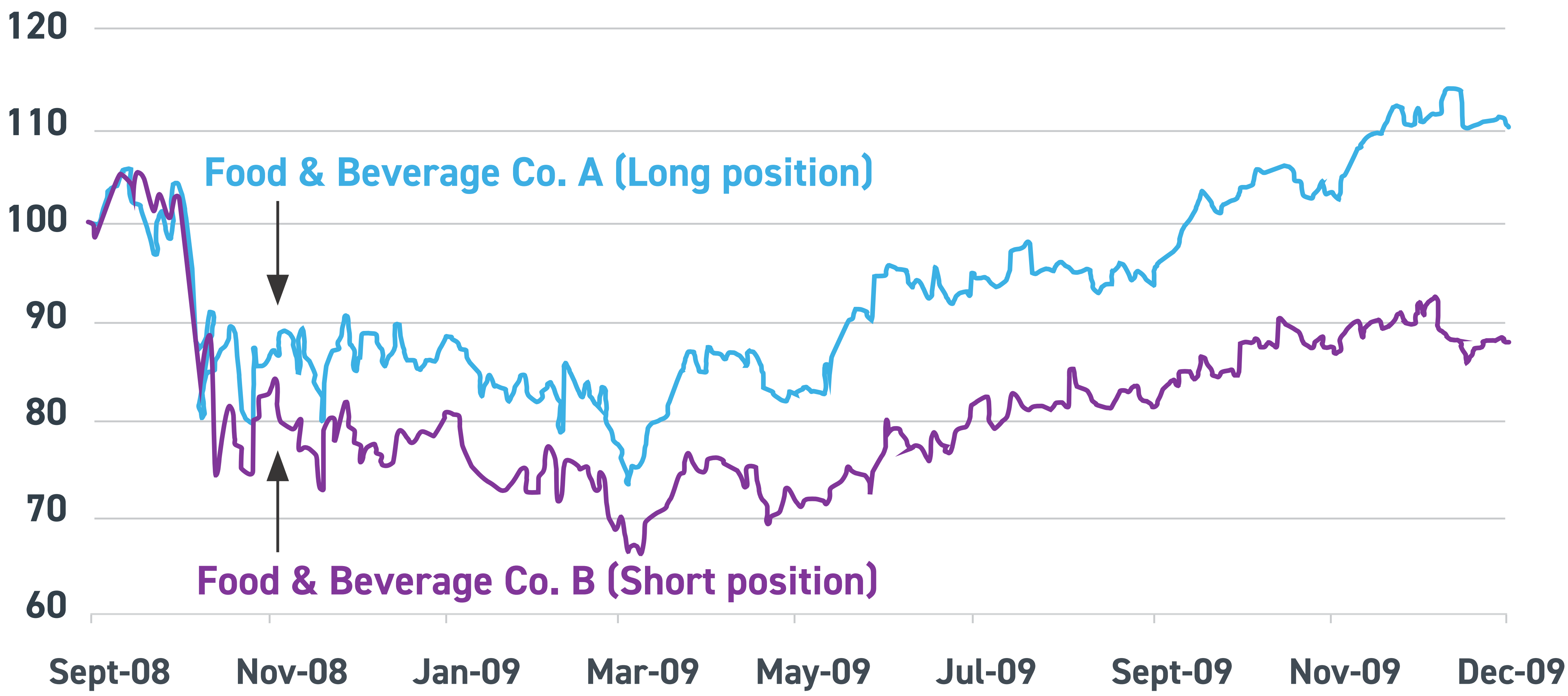
HERE IS AN APPLIED EXAMPLE DEMONSTRATING HOW THE STRATEGY CAN WORK

Long/short case study: Share price path (Sept. 2008 – Dec. 2009)*

Pairing a long short trade with companies that have similar broad market exposure aims to mitigate the impact of broad market risk which isolates the ability of a portfolio manager to generate alpha while aiming to capitalize on both positive and negative stock views.



*From 09/03/2008 to 12/31/2009

This example of shorting **Food & Beverage Co. B** and investing long in **Food & Beverage Co. A increases profit** and, more importantly, **lowers volatility.**

	RETURN	STANDARD DEVIATION (VOLATILITY)
Long (Food & Beverage Co. A)	10%	10%
Short (Food & Beverage Co. B)	14%	12%
Long + Short	**24%**	**6%**

Source: PMAM Research. For illustrative purposes only. The gross return does not incorporate transaction costs, other applicable fees and margin requirements that would have reduced the actual return of the investments. There is no guarantee that a hedging strategy will be effective or achieve its intended effect. The use of derivatives or short selling carries several risks which may restrict a strategy in realizing its profits or limiting its losses, or which may cause a strategy to realize a loss. There may be additional costs and expenses associated with the use of derivatives and short selling in a hedging strategy.