

October 14, 2009

To our valued clients:

Over the past two quarters, MCS has received questions and concerns from clients regarding our strategy and the status of your portfolio, which we are glad to say, is healthy. As asset managers and fiduciaries, we fully understand your concerns and confusion, and would to take this opportunity to address the issues that have been presented to us.

Metropolitan Capital Strategies, LLC (MCS) has very specific goals. Our goals are to:

- Protect principal & appreciation
- Double the client's money every 5 years
- Manage long-term risk

This is why clients hire MCS - To protect your assets in volatile and uncertain markets, and grow your assets during stable environments. These primary goals rarely happen overnight. As stated in MCS's ADV, it can take up to two years to experience some of these goals and five years to accomplish the doubling of a clients account value.

In this continued uncertain market, many of you have had questions regarding your accounts. Most of the questions centered on these three issues:

1. Why did MCS not participate in the relief rally from March 6<sup>th</sup> ...or get in sometime this summer?
2. My account has been in cash for a long time, and I'm tired of paying fees for "doing nothing". What value am I receiving?
3. Will my account grow in the next year or few years?

MCS would like to address these questions and concerns below.

***Why did MCS not participate in the relief rally from March 6<sup>th</sup> ...or get in sometime this summer?***

MCS adheres to a strict discipline of risk management that enabled us to get out of the market in 2007 and avoid the **huge down rally** that most investors experienced. This discipline does not include participating in high risk environments. A few identified risk factors, which are in no way exclusive, include:

1) The United States was in a massive crisis of leadership and confidence including the period of March 2009 through July 2009, during which the US government guaranteed, insured, and committed us to \$12 trillion of taxpayers' money to try and stabilize the crisis. They hope this infusion will be successful.

2) The change in mark to market accounting rules that allowed bank balance sheets to appear stable. Banks at that point were allowed to value toxic assets on their books by assigning a value that may or may not be an accurate valuation.

3) The cost cutting attempts by major corporations to stabilize earnings. This led to the layoff of many workers, who are now included in the current unemployment numbers.

By maintaining our discipline we will avoid the huge down rallies and many of the small high risk up rallies. MCS does not need to participate in these high risk rallies to achieve our stated goals (refer back to paragraph 1). If MCS had not followed our investment guidelines and not gotten out of the market in 2007, the clients would have participated in both the down rally and the up rally but would have lost money. That's why our clients still have their principal and profits while everybody else is concerned with recouping their losses. Look at an example of this scenario - A \$100,000 portfolio invested in the S&P 500 Index in October of 2007. Below is a table that shows the volatility of the \$100,000 investment which rode all the up and down rallies. As of September 30, 2009, there is still a **loss** of \$31,630.

Date	S&P 500 Index	% Return	\$ Gained/Lost	\$ Amount	
10/9/2007	1565			\$100,000	Beginning Amount
3/06/2009	666*	-57%	-\$57,000	\$43,000	
9/30/2009	1057	59%	\$25,370	\$68,370	Ending Amount
				(\$31,630)	Net Loss

\*mid-day low

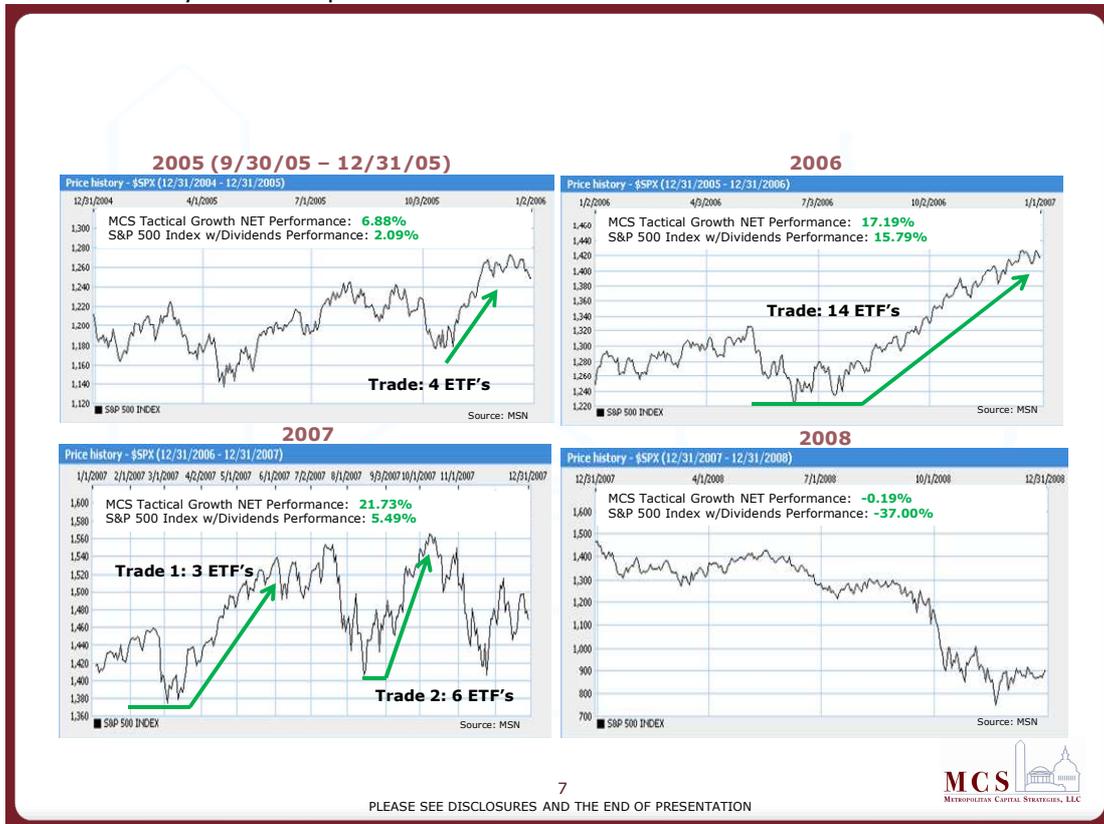
Again, investors that participated in the down rally of the S&P 500 Index and then the following 59% up rally are recouping losses on a much smaller account balance, and the portfolio is still down -32%.

Protecting your assets from decline is more important or valuable as growth. If you are always growing and never declining, then in the long run you will achieve more and have peace of mind. MCS clients that were invested with us in 2007 avoided this volatility from October 2007 through September 2009. Their principal and appreciation has been protected. Please refer to the chart below of the S&P 500 Index for the past 10-years to see all the up rallies and down rallies the market has experienced. It is negative for this time period.



Source: MSN

MCS does not need to participate in each rally to meet the target goals. There will be opportunities to make money and keep the appreciation with low risk in the near future. MCS does not participate in every up market. Below are ETF positions from 2005 – 2009. The green lines show when MCS was invested in the market and how many ETFs were purchased.



We understand that it is difficult to be patient and that it is easy to look at some of the managers that have a profit this quarter and wonder why MCS did not participate. MCS did not participate in the down rally, consistent with our strategy. Nor did we participate in the up rallies because the market environment was too risky. MCS cannot compromise our goal of protection to attempt growth in a risky climate. Please analyze other managers to determine if they are recovering losses by taking excessive risks in an effort to recoup losses too quickly. Look at their track records carefully as well as their stated goals and objectives. Whatever source you use, be sure to look at 1, 2, 3, 5, and 10 year results.

***My account has been in cash for a long time, and I'm tired of paying fees for "doing nothing". What value am I receiving?***

The value you receive is protection during risky times, and growth when the market risk is low. All investments pay a fee. Even the investors that lost money from October 2007 through March 2009 paid a fee, during which time the market, as measured by the S&P 500 Index, lost 57% of its value. MCS will use cash as our asset class of choice during any period when the risk is too high. **MCS evaluates the market every day** to determine when the risk is low and the market is stable. When the appropriate factors appear, MCS will invest the client's funds with the same diligence that made the profits in the past.

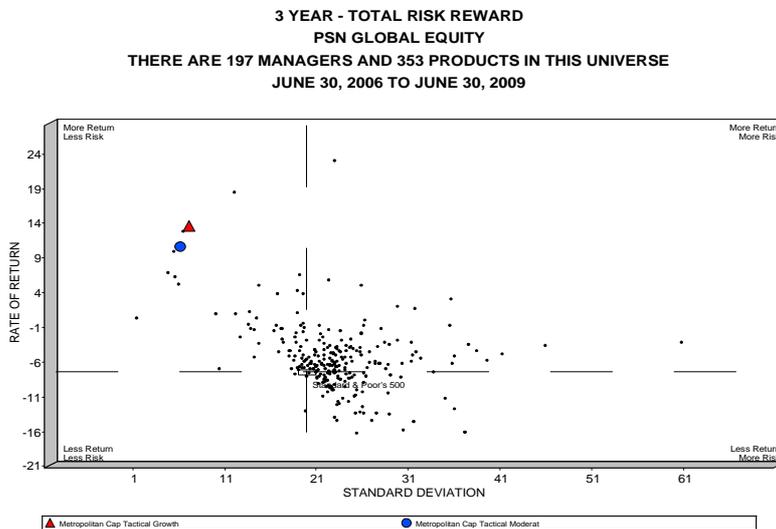
Most people/experts agree that the economy has gone through a tumultuous time and is just beginning to show signs of stabilization. Our country is still experiencing high unemployment, depressed housing prices, lack of consumer spending, and so on. Banks and other companies are still deleveraging. This process will

continue for some time, and the US, as well as the global environment, will experience many bumps in the road to recovery.

**Will my account grow in the next year or few years?**

Yes, client accounts will grow in the next few years and will continue to grow. Remember, **our goal is to double client funds every five years net of fees** from the clients’ date of inception with MCS. It requires patience to meet this goal. There is no precise pattern as to when the money will be made. The market simply does not work that way. MCS will make the money in chunks, meaning we will invest in the market only for a few weeks or months and lock in our profits. We will keep the profits and then repeat the process. This is evident in the prior charts. It is how we define the “chunk” method of making money, and more importantly, keeping profits. MCS will commit your money when the risk parameters are low enough and the potential return is high. Clients that have been with MCS since inception of our company are on schedule to accomplish this goal, as their returns in 2007 were approximately 21% net of fees in the growth strategy. More importantly, clients that are currently even in their accounts because they hired MCS after October 2007, will be able to take advantage of the approaching opportunities in the market with a low risk environment and achieve the stated goals.

Again, you’ve hired MCS to protect your assets in volatile and uncertain markets, and grow the assets during stable environments. The risk/reward chart below should also answer some of your questions. It shows all the managers in the global equity universe that report to the PSN/Informa database. PSN/Informa is a professional money manager database that ranks investment managers. You’ll find us, the red circle and blue triangle, in the top left hand corner; and most of the remaining products/managers are below us to the right. This means that we have less risk and more return than the other products/managers in the global equity universe as of 6/30/09 (most recent data available). It will take years, if ever, for those managers to match MCS’s low risk and high rate of return.



RISK BENCHMARK USED FOR THIS ANALYSIS: STANDARD & POOR'S 500  
SOURCE: PSN INFORMAT

The market will continue to rollercoaster, but MCS is confident of meeting our goals. Clients need to ask the following questions:

1. Would I be satisfied with a 100% return in my portfolio every five years?
2. Am I going to be able to be patient enough to wait for these returns to materialize and let the professionals determine when it is safe?

3. When the next recession/bear market roars its' ugly head in the future, will I be content knowing that I have a management company who will steer me through the turbulent waters that I experienced in 2000 – 2003 and 2007 – 20XX?

MCS is pleased to report that year to date through 6/30/09 (most recent data available), that our Tactical Growth strategy ranked 19<sup>th</sup> out of 1,321 managers with 7,180 products, in the entire PSN Informa database which includes all investment styles (hedge funds, international, domestic, emerging, bonds, etc.). Once again, we are confident of meeting our goal.

Please call us at 571-379-8586 with any questions or if you would like further explanation.

Sincerely,

Metropolitan Capital Strategies, LLC

#### DISCLOSURE PRESENTATION

	Total Firm AUM	Composite Assets		Annual Performance Results			
		USD (millions)	# of Accts	Composite Gross*	Composite Net	S&P 500	Standard Deviation
YTD (as of 9/30/09)	69.9	49.8	84	-0.73%	-2.81%	19.26%	0.5**
2008	67.6	46.2	48	2.66%	-0.15%	-37.00%	1.24
2007	38.3	27.9	22	23.90%	21.73%	5.49%	n/a
2006		7.3	1	17.20%	17.19%	15.79%	n/a
2005 (3 months)		6.7	1	6.89%	6.88%	2.09%	n/a

\*\*Third quarter only

Past performance is no guarantee of future results. Investments may lose value. Composite data provided by Metropolitan Capital Strategies, LLC (MCS) for illustrative purposes only. Actual results may differ from composite results depending upon the size of the account, custodian related costs, the inception date of the account and other factors. Investment in equity strategies involves substantial risk and has the potential for partial or complete loss of funds invested. Results presented include reinvestment of all dividends and other earnings. For further disclosures, please consult the MCS Schedule F ADV, MCS Form ADV Part II, and MCS Discretionary Investment Management Agreement, all of which can be found at [www.mcsmgr.com](http://www.mcsmgr.com).

**1. Compliance Statement** – Metropolitan Capital Strategies, LLC (MCS) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). MCS has been verified for the periods May 1, 2007 through May 31, 2008 by Cohen Fund Audit Services. A copy of the verification report is available upon request. **2. Definition of Firm** – MCS is a registered investment adviser established in 2007. MCS manages a variety of equity assets for primarily U.S. retail clients. **3. Composite Description** – The FACT Funds® Tactical Growth composite was created on September 30, 2005. Prior to January 1, 2009 the composite was named the Absolute Return Level III Composite (ARF). Performance presented prior to May 1, 2007 occurred prior to inception of the firm. The performance for the period September 30, 2005 through April 30, 2007 was achieved while the portfolio manager was with prior firm, Citi Smith Barney. Performance returns during that period have been reduced by transaction costs only; therefore, both gross and net numbers are the same. Prior to May 1, 2007, the composite consisted of one account that is related to one of the firm's principals whose investment objectives and philosophy were similar. The composite does not unfairly inflate performance returns. In presentations prior to September 1, 2009, the prior firm track record for this strategy was presented as supplemental information only, as the GIPS portability requirements were not met at that time. The FACT Funds® Tactical Growth strategy primarily involves purchasing and selling Exchange Traded Funds ("ETFs") along with writing covered and uncovered put and call options, coupled with risk management techniques. Financial derivatives, or option contracts, allow clients to generate income that is intended to offset fees, increase account value, and limit downside potential in a specific underlying investment. There are special risks associated with uncovered option writing, which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions. 1) The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in a risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price. 2) As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument. 3) Uncovered option writing is suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements. Cash positions and options are employed continually throughout the year. The Company intends to buy and sell securities on behalf of its clients on a short-term basis, generally at least every few months. The Company's clients are expected to incur short-term capital gains and losses, which are taxed less favorably than investments held for more than one year. A complete list and description of all the Company's composites is available upon request. The Composites include Metropolitan Capital Strategies, LLC discretionary accounts consistent with the investment strategies noted above. **4. Management Fees** – Fees are negotiable. All accounts included in the composites are charged the rate corresponding to the assets placed under management with MCS. Bundled, tiered fee accounts make up 100% of the composite for all periods shown. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. The bundled fees include custody, trading expenses, and other expenses associated with the management of the account. Management fees are calculated as follows: Less than \$500,000 of Assets - 2.2% of Assets (.550% Quarterly), At least \$500,000 but less than \$3 Mil - 2.0% of Assets (.500% Quarterly), At least \$3 Million but less than \$10 Mil- 1.9% of Assets (.475% Quarterly), More than \$10 Mil -1.8% of Assets (.450% Quarterly). Composite returns calculated in US dollars are presented net and gross of investment management fees and wrap fees. Gross returns are pure gross and considered supplemental to the net returns because they are not reduced by the transactions costs. Management fees vary depending on account size and have been included in the calculation of the returns for the net of fees calculation, but not for the gross of fees calculation. Management fees are billed quarterly beginning with the initial month an account is under Management. Dividends and interest are recorded on an accrual basis. Additional information regarding policies for calculating and reporting returns is available upon request. **5. Composite Dispersion** – The dollar weighted dispersion of annual returns (standard deviation) on the schedules of composite total return is based upon dollar weighted portfolio returns. This calculation measures the spread of the annual returns of individual portfolios within a composite. Only portfolios that have been managed for a full annual period are included in the dispersion calculation. The lower the standard deviation, the smaller the difference in return among individual accounts in the composite. **6. Benchmark** – Metropolitan Capital Strategies, LLC compares its composite performance to the performance of one widely-known United States stock market index, the Standard & Poor's 500 (the "S&P 500"). The securities held in the Metropolitan Capital Strategies, LLC composites are not limited to securities that are included in the selected index. Data from S&P 500 is downloaded on a daily basis from Interactive Data Interface. The S&P 500 performance numbers are verified by Company personnel using the return information provided on the Standard and Poor's website: [www.standardandpoors.com](http://www.standardandpoors.com). The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value. The reported returns reflect a total return for each quarter inclusive of dividends. All Information contained herein is stated as of the date referenced at the beginning of this document unless indicated otherwise.