



Performance Analysis

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Blackstar Diversified Equity Program

February 2007

Investment Strategy

Blackstar Diversified Equity Program (BDEP) employs a quantitative tactical asset allocation strategy to manage a portfolio of securities listed on U.S. stock exchanges. The strategy was designed to produce returns exceeding those of major equity market indexes with significantly less downside volatility. This is achieved with systematic volatility control processes that target a defined level of portfolio risk.

MONTHLY RETURNS*

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|-------|
| 2005 | -2.2% | 4.6% | -1.8% | -3.5% | 4.5% | 4.2% | 5.6% | -0.7% | -0.2% | -3.0% | 3.6% | 0.6% | 11.8% |
| 2006 | 7.8% | -0.5% | 3.7% | 2.1% | -6.0% | -1.4% | -0.7% | 1.7% | 0.5% | 4.5% | 4.2% | 2.6% | 19.4% |
| 2007 | 3.2% | 2.7% | | | | | | | | | | | 6.0% |

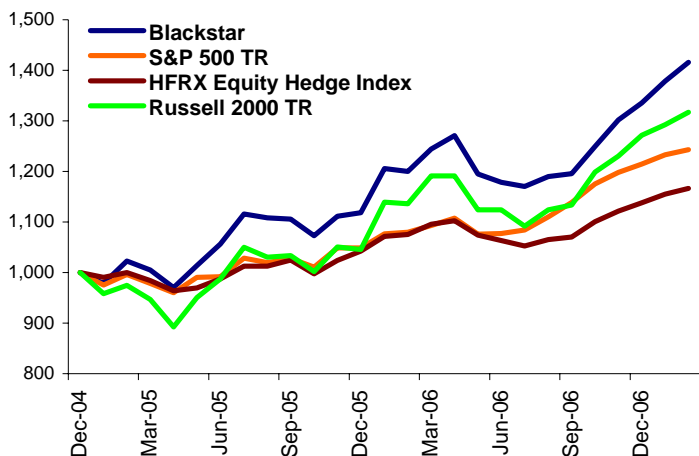
*Composite Gross Returns of Separate Managed Accounts

Estimate

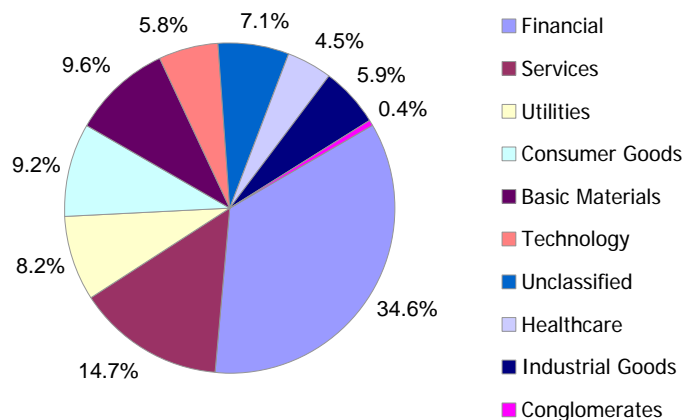
PERFORMANCE STATISTICS

| | | | |
|------------------------------|-------|----------------------------|-------|
| Total Return Since Inception | 41.6% | Maximum Drawdown | -7.9% |
| Compounded Annual Return | 18.2% | Current Leverage | 1.68 |
| Annual Standard Deviation | 11.3% | Average Leverage | 1.25 |
| Returns over last 12 months | 18.0% | Current Number of Holdings | 1389 |

PROGRAM PERFORMANCE



CURRENT ASSET ALLOCATION BY SECTOR

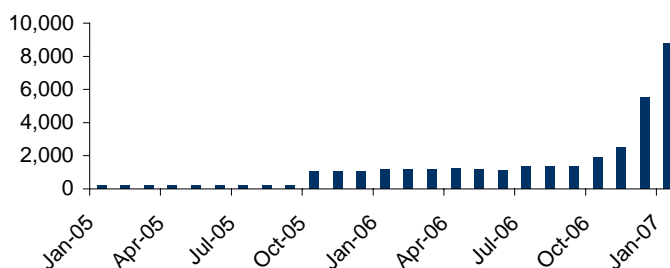


INVESTMENT INFORMATION

| | |
|--------------------|--------------------------|
| Minimum Investment | \$250,000* |
| Liquidity | Monthly* |
| Auditor | Spicer Jeffries, LLP |
| Administrator | SS&C Technologies |
| Prime Broker | Interactive Brokers, LLC |

*Via privately offered fund

ASSETS UNDER MANAGEMENT



IMPORTANT DISCLAIMER

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. THE INFORMATION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT AN OFFER TO SELL, NOR AN OFFER TO PURCHASE AN INTEREST IN ANY FUND. SUCH AN OFFER CAN BE MADE ONLY UPON DELIVERY OF AN OFFERING MEMORANDUM TO A QUALIFIED OFFEREE.

Simulated Performance Jan-1991 to Current (Blackstar gross of fees)

MONTHLY RETURNS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YEAR |
|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|-------|-------|-------|--------|
| 1991 | 4.8% | 9.4% | 6.5% | 0.0% | 5.3% | -6.4% | 7.6% | 5.4% | 1.3% | 3.6% | -4.3% | 14.3% | 56.5% |
| 1992 | -0.7% | 1.3% | -4.0% | -1.2% | 1.1% | -2.7% | 4.5% | -2.1% | 2.7% | 2.5% | 6.4% | 5.0% | 12.8% |
| 1993 | 3.5% | 0.2% | 5.6% | -4.8% | 2.9% | 1.9% | 1.5% | 6.6% | 3.1% | 0.9% | -6.3% | 5.7% | 21.6% |
| 1994 | 2.6% | -1.8% | -7.5% | 0.4% | -1.1% | -3.0% | 2.2% | 4.2% | -1.2% | 1.0% | -5.6% | 1.4% | -8.8% |
| 1995 | -1.6% | 4.9% | 3.9% | 2.3% | 3.5% | 7.3% | 9.2% | 2.2% | 4.5% | -3.1% | 5.6% | 3.5% | 50.5% |
| 1996 | 0.9% | 2.6% | 2.6% | 4.0% | 4.1% | -2.0% | -8.0% | 5.1% | 5.2% | 2.3% | 6.6% | 2.1% | 27.6% |
| 1997 | 3.6% | 0.0% | -5.2% | 1.2% | 7.9% | 7.8% | 9.4% | -1.1% | 10.6% | -5.7% | 2.0% | 4.2% | 38.8% |
| 1998 | -2.1% | 7.4% | 6.5% | 0.0% | -3.9% | 1.8% | -4.3% | -11.1% | 3.0% | -0.9% | 3.1% | 8.4% | 6.4% |
| 1999 | 0.2% | -4.9% | 2.5% | 3.9% | -1.3% | 4.5% | -1.4% | -2.1% | 0.1% | 3.4% | 5.6% | 12.9% | 24.8% |
| 2000 | -0.7% | 12.8% | -2.4% | -7.8% | -2.5% | 4.1% | 0.2% | 4.9% | 1.1% | -2.6% | -3.8% | 6.7% | 8.5% |
| 2001 | -3.4% | -1.3% | -2.3% | 4.2% | 2.5% | 0.8% | -0.3% | -1.1% | -7.3% | 0.3% | 1.8% | 3.2% | -3.5% |
| 2002 | 1.0% | 1.0% | 5.0% | 4.0% | -1.2% | -2.1% | -15.1% | 0.8% | -1.7% | -1.6% | -0.3% | 0.1% | -11.0% |
| 2003 | -0.6% | -0.1% | 1.4% | 6.4% | 7.8% | 4.0% | 3.7% | 3.3% | 1.2% | 9.9% | 5.4% | 5.3% | 59.1% |
| 2004 | 2.9% | 4.3% | 2.8% | -8.3% | 0.3% | 4.2% | -3.3% | 0.3% | 5.3% | 2.9% | 9.9% | 5.1% | 28.5% |
| 2005* | -2.2% | 4.6% | -1.8% | -3.5% | 4.5% | 4.2% | 5.6% | -0.7% | -0.2% | -3.0% | 3.6% | 0.6% | 11.8% |
| 2006* | 7.8% | -0.5% | 3.7% | 2.1% | -6.0% | -1.4% | -0.7% | 1.7% | 0.5% | 4.5% | 4.2% | 2.6% | 19.4% |
| 2007* | 3.2% | 2.7% | | | | | | | | | | | 6.0% |

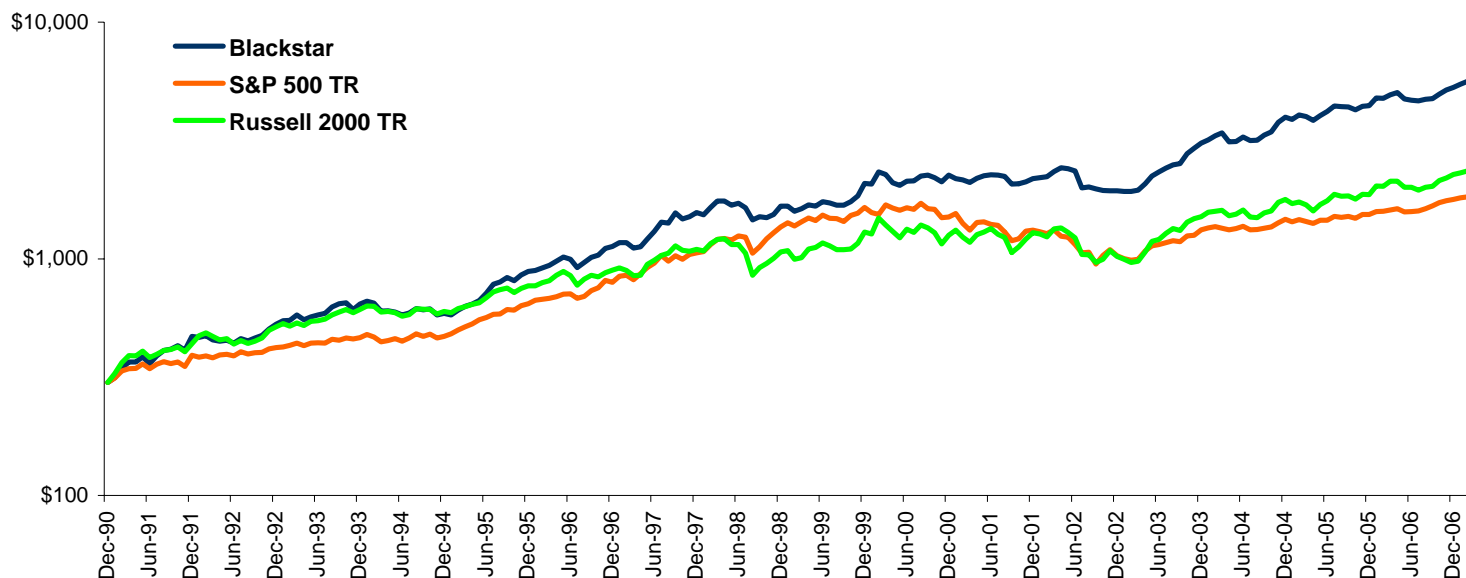
*Reflects actual gross performance

Estimate

PERFORMANCE STATISTICS

| | | | |
|-----------------------------|--------|--------------------------------|-------|
| Compounded Annual Return | 19.9% | Average Leverage | 1.25 |
| Annual Standard Deviation | 15.2% | Current Leverage | 1.68 |
| Returns over last 12 months | 18.0% | Current Number of Holdings | 1389 |
| Maximum Drawdown | -20.7% | Sortino Ratio (avg rf = 4.11%) | 1.71 |
| Average Monthly Gain | 3.9% | Sharpe Ratio (avg rf = 4.11%) | 1.01 |
| Average Monthly Loss | -3.2% | Beta (S&P 500) | 0.75 |
| % Winning Months | 67.5% | Alpha (S&P 500) | 0.86% |
| % Losing Months | 32.5% | Correlation (S&P 500) | 0.67 |

PROGRAM PERFORMANCE



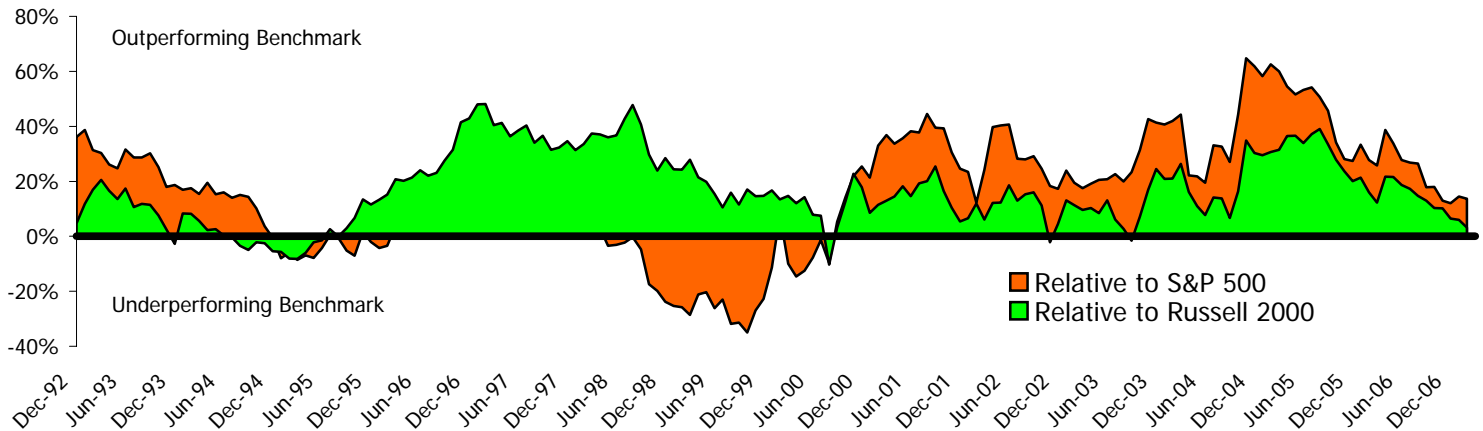
HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT, DO NOT INVOLVE FINANCIAL RISK OR REFLECT ACTUAL TRADING BY ANY ACCOUNT UNDER ACTUAL MARKET CONDITIONS AND THEREFORE DO NOT REFLECT THE IMPACT THAT ECONOMIC AND MARKET FACTORS MAY HAVE HAD ON THE ADVISOR'S INVESTMENT DECISIONS FOR THAT ACCOUNT. NO REPRESENTATION IS MADE THAT BDEP'S PERFORMANCE WOULD HAVE BEEN THE SAME AS SUCH SIMULATED HAD BDEP BEEN IN EXISTENCE DURING SUCH TIME. ANOTHER LIMITATION IS THAT INVESTMENT DECISIONS REFLECTED IN THE SIMULATED RESULTS CANNOT COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK ON THE MANNER IN WHICH AN ACCOUNT WOULD HAVE BEEN MANAGED. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO AFFECT ACTUAL TRADING RESULTS. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL RESULTS AND THE ACTUAL RECORD SUBSEQUENTLY ACHIEVED. THE SIMULATED RESULTS DO NOT TAKE INTO ACCOUNT ENHANCEMENTS THAT MAY BE MADE TO THE PROPRIETARY COMPUTER MODELS OVER TIME. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKET IN GENERAL, OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL SIMULATED PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

Benchmark Comparisons Jan-1991 to Current (Blackstar gross of fees)

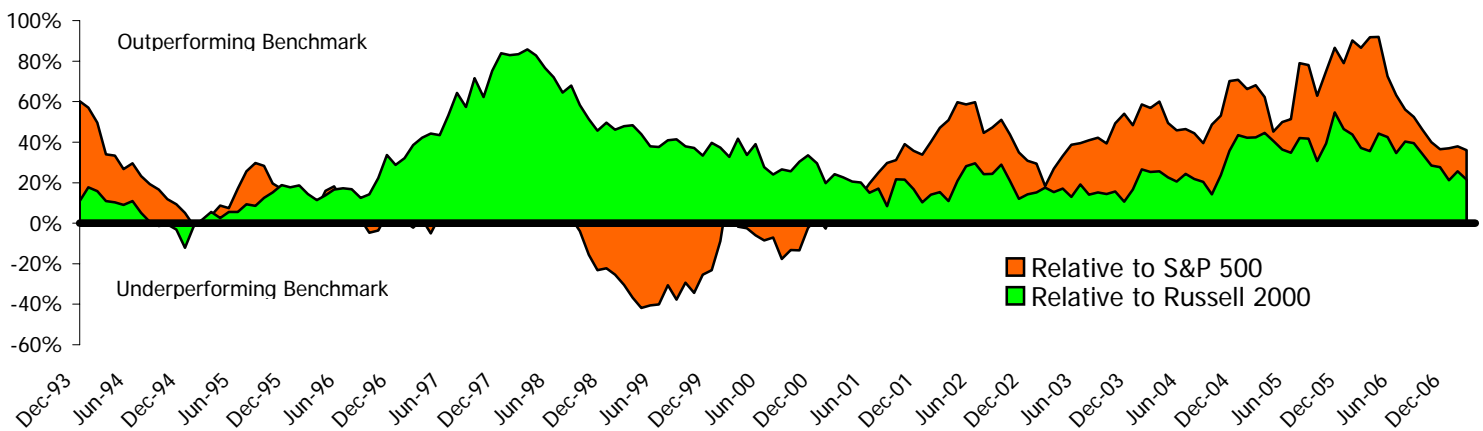
PERCENT OF TIME BLACKSTAR OUTPERFORMED BENCHMARKS ON A ROLLING BASIS

| | S&P 500 | Russell 2000 |
|---------|---------|--------------|
| 2 Years | 76.3% | 89.9% |
| 3 Years | 78.3% | 96.8% |
| 5 Years | 86.5% | 100.0% |

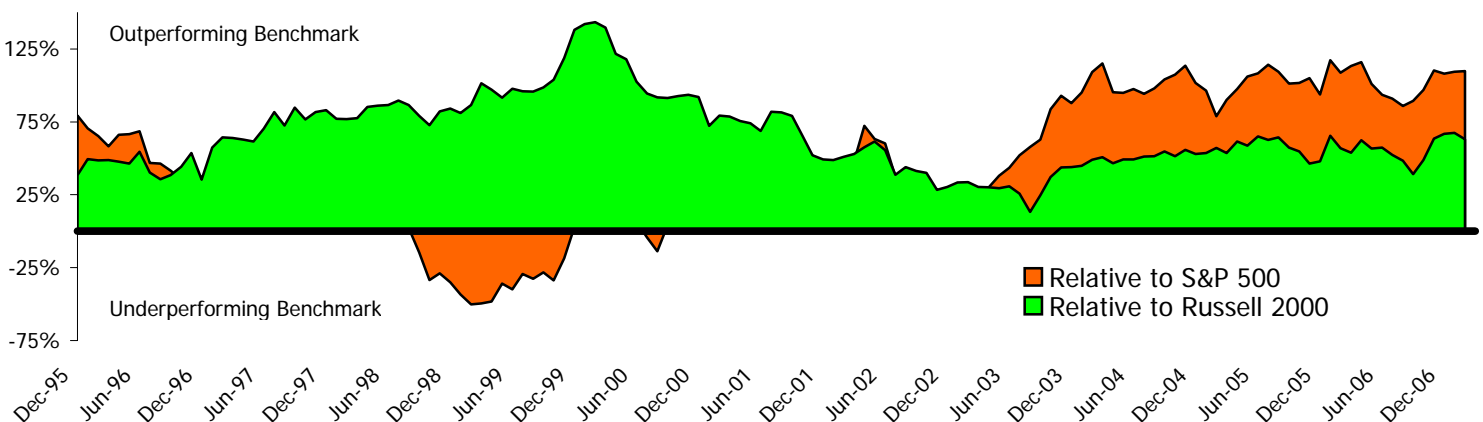
24 MONTH ROLLING EXCESS RETURN - BENCHMARK COMPARISON



36 MONTH ROLLING EXCESS RETURN - BENCHMARK COMPARISON



60 MONTH ROLLING EXCESS RETURN - BENCHMARK COMPARISON

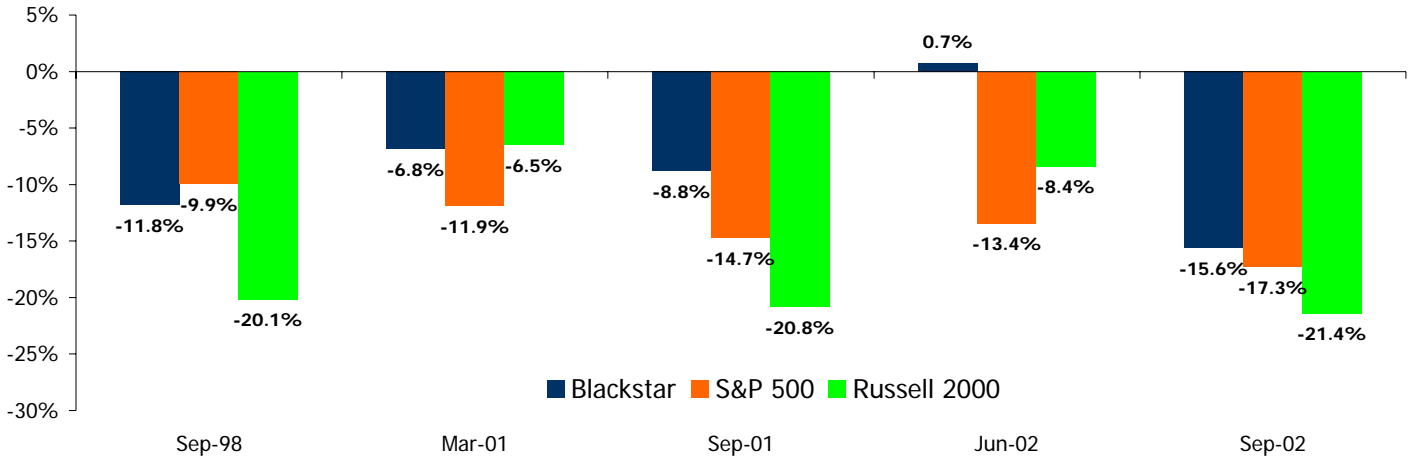


Bear Market Performance Comparisons Jan-1991 to Current (Blackstar gross of fees)

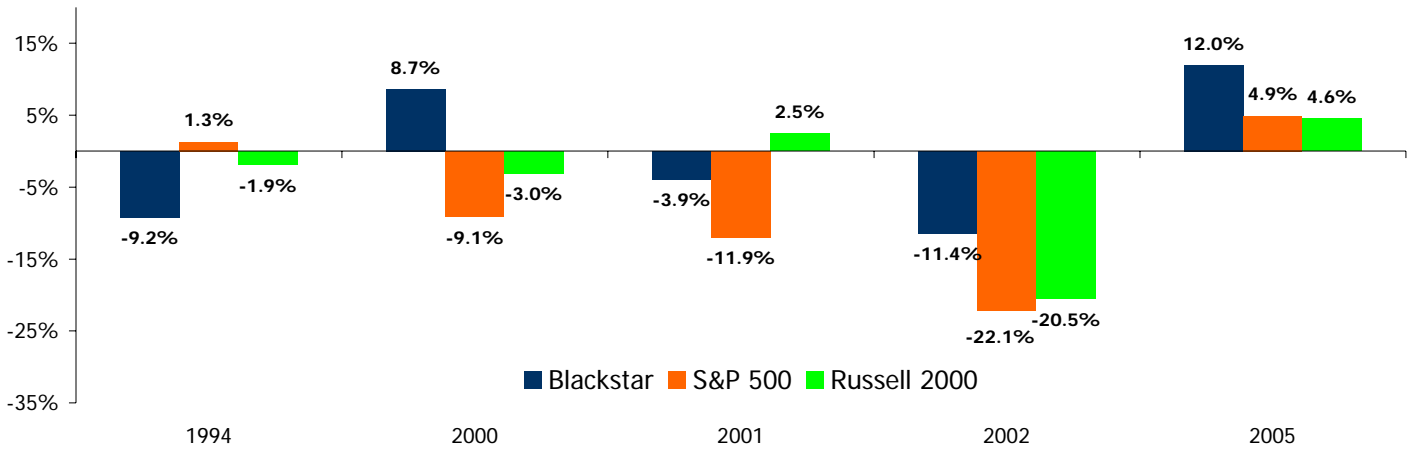
Risk Management

Blackstar Diversified Equity Program was specifically designed to protect investor capital from large losses during periods of extreme downside stock market volatility. The graphs below represent Blackstar relative returns during the worst performing stock market environments from 1991 - current.

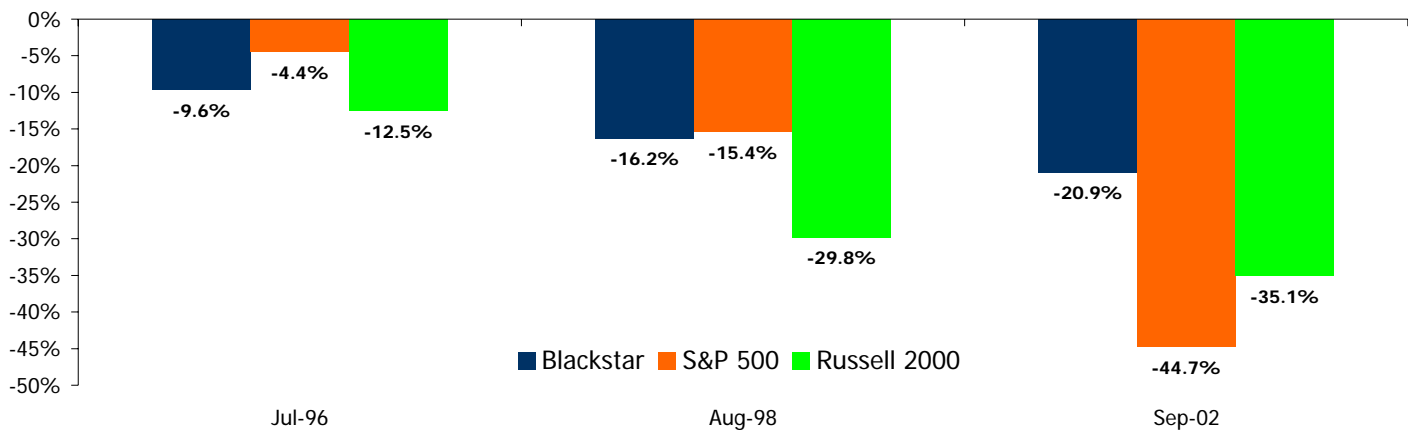
WORST U.S. STOCK MARKET QUARTERS



WORST U.S. STOCK MARKET YEARS

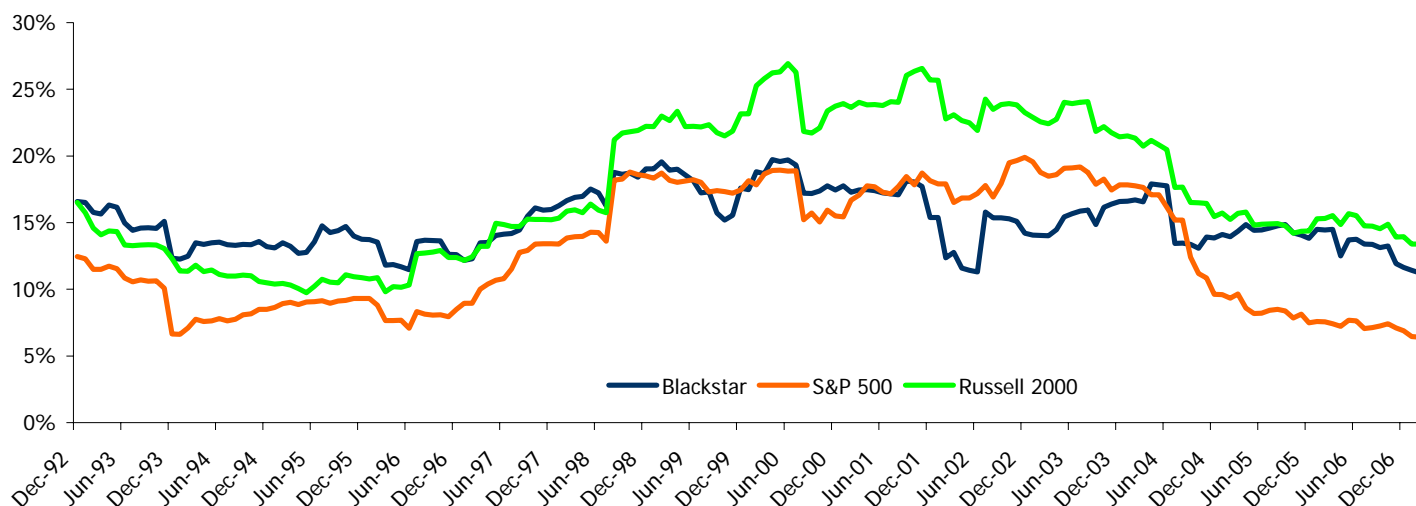


WORST U.S. STOCK MARKET DRAWDOWNS

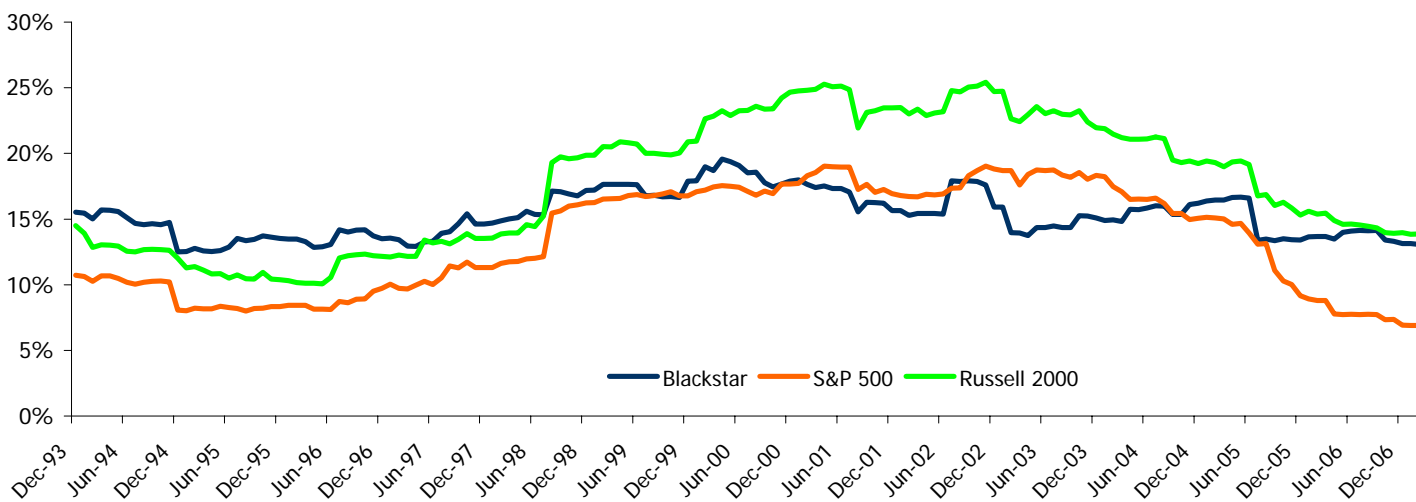


Rolling Volatility Comparisons Jan-1991 to Current (Blackstar gross of fees)

24 MONTH ROLLING VOLATILITY



36 MONTH ROLLING VOLATILITY



60 MONTH ROLLING VOLATILITY

