To: Viking Investors
From: O. Andreas Halvorsen
Date: October 8, 2008

We enjoyed seeing so many of you at our 9th Annual Investor Meeting. While we appreciate every interaction we have with you throughout the year, we particularly look forward to this annual event. It gives all of us an opportunity to tell you what we do and hear what all of you are concerned about. This quarterly letter summarizes the main topics discussed at the meeting. In addition, we have posted a few slides to our website.

Performance and Portfolio

Everyone at Viking has put in their maximum effort to protect and grow your investment. This strong commitment enables me to report that a dollar invested in Viking at the beginning of the year remained intact through the end of the third quarter. While we are disappointed with the drawdown we experienced in September, we are pleased that we have been able to preserve capital.

Our performance in the third quarter was a negative 6.5% net of all fees on a composite[1] basis. The long portfolio was down 13.3% and the shorts were down 6.2%, both on an unlevered basis, compared to a negative 9.3% mean return for the stocks in our defined universe (see the attached Base Case Analysis). For the first nine months, Viking was up 0.1% net of all fees on a composite basis. This compares to a loss of 22.7% for the MSCI World Index and a loss of 19.3% for the S&P 500. Our annualized daily volatility of returns has been well below that of the broad indices.

	VGE	MSCI World Index	S&P 500 Index
Net Return[1]			
Third Quarter	-6.5%	-11.4%	-8.4%
First Nine Months	0.1%	-22.7%	-19.3%
Annualized Volatility			
Third Quarter	10.2%	26.5%	35.6%
First Nine Months	9.8%	20.6%	26.9%

[1] Viking composite return is calculated for an investor subject to 20% incentive fee taken at the calendar year-end. Actual investor returns will vary based on fund, class, hot issue eligibility, and timing of individual contributions and withdrawals. The attached Performance Report provides further details by fund, class, and hot issue eligibility.

Viking's gross exposure on September 30, 2008 was 96% comprised of 63% long and 33% short for a net long exposure of 30%. I will elaborate on our gross exposure later in the letter.

At the end of the third quarter, Apollo Group was our largest long position at 6.6% of capital. Our ten largest longs comprised 30.8% of capital and the ten largest shorts accounted for 13.9% of capital. The largest individual short position represented 2.4% of capital. The following is a list of our ten largest long positions on September 30, 2008 (in order of size):

Apollo Group, Inc. (APOL.O)
Invesco Limited (IVZ.N)
Experian PLC (EXPN.L)
Qualcomm Inc. (QCOM.O)
Deutsche Telekom AG (DTEGn.DE)
DaVita Inc. (DVA.N)
Fresenius Medical Care AG (FMEG.DE)
First Data Corp. Bank Debt[2]
MSCI Inc. (MXB.N)
Groupe Aeroplan Inc. (AER.TO)

Four of these positions were new to, or reentered, the top 10 list this quarter: Fresenius, First Data, MSCI and Groupe Aeroplan.

Investment Themes

The following exhibit shows our portfolio broken down by themes:

VGE Portfolio Overview as of September 30, 2008

Themes	Gross Exposure Weighting	Net Exposure Weighting
Market Sensitive	11%	0%
Credit	10%	9%
Banks	7%	-3%
Japan	3%	0%
Total Themes	31%	6%
Stand-alone Positions	65%	24%
Total	96%	30%

[2] Our position in First Data Corp. Bank Debt represents the aggregate amount of exposure to Tranche B2 and Tranche B3, both due on September 24, 2014.

Risk Management

Managing risk is a topic that remains at the top of my agenda. I think of risk management as consisting of three lines of defense: (1) Investment-specific research and analysis, (2) portfolio management and related monitoring and controls, and (3) business and operational procedures. These activities are all critical to Viking's success. As the firm's risk manager, I pay attention to all three.

(1) Investment-Specific Research and Analysis

Avoiding pitfalls on the investment side is all about the investment team. Our analysts and portfolio managers are carefully recruited, consistently trained and mentored by our most experienced investors, and encouraged to collaborate across all industry groups and geographies.

Our goal to maximize the productivity of our analysts led us to reorganize the investment organization earlier this year and I have written about these changes in previous letters. In conjunction with the new structure, we also revamped our compensation methodology. At its core is an improved performance measurement system that tracks, by analyst, a number of factors such as alpha generation, return on capital, and batting average. This continuous, and transparent, mark-to-market of our talent is a powerful tool that lets our analysts know where they stand at all times; allows us to provide timely guidance thus speeding the development of key producers; provides great insight into key traits shared by our successful analysts which we incorporate into our recruiting criteria; exposes bad habits to be addressed with urgency; and provides valuable inputs into our formal review process.

In most cases, we believe this information has led to a very healthy increase in effort and production. It has raised the performance bar for membership on the Viking team. While this is a great motivator for some, Viking is not for everyone. Three portfolio managers have recently decided to leave Viking and pursue other opportunities. Glenn Salzman and Jeff Eberwein decided to set out on their own. They wish to invest at a smaller scale and search for stocks outside Viking's universe. Jesse Ro also left the firm but has not yet decided what he will go on to do. We appreciate their past contributions to Viking and wish them success going forward.

(2) Portfolio Risk Management

Portfolio risk management is centralized and shared by David Ott and me. We actively involve our most experienced portfolio managers, Tom Purcell, Dan Sundheim and Jim Parsons. As a group, we manage the overall exposures of the portfolio such as: (i) Position limits and portfolio liquidity, (ii) aggregate exposures across industry sectors, geographies and investment themes, and (iii) the firm's net and gross exposures.

(i) Position Limits and Portfolio Liquidity

Position limits are set for each portfolio manager and are defined in terms of dollars and days' trading volume. No exceptions are given on dollar limits. Also, no portfolio manager at Viking is allowed to cause a firm-wide position to exceed six days trading volume without my explicit approval. I rarely get these requests and, when I do, I only give approval after having determined that the attractiveness of the position warrants the associated liquidity risk. The trading desk monitors all limits real-time and prevents violations by automatically trimming positions. The position limits vary from manager to manager and are reviewed by me on a regular basis. No one is exempted from these rules.

I monitor portfolio-wide liquidity with the objective of retaining operational flexibility at all times. We seek to maintain the ability to convert a substantial portion of the portfolio to cash in a relatively short period of time and be able to do so without being left with an undesirable remnant portfolio full of illiquid positions. We can liquidate two thirds of our portfolio in five trading days at no more than 20% of daily traded volume. This is based on the average daily volume over the prior 20 trading days. We recognize that trading volumes can ebb and flow, so we monitor liquidity continuously.

(ii) Aggregate Exposures

Aggregate exposures across industry sectors, geographies and investment themes are monitored real time. David is charged with managing these exposures through the CIO portfolio. Every Monday morning, David is joined by Tom, Dan and Jim to review these aggregates. They discuss the relative attractiveness of every large position in the portfolio and discuss the appropriateness of the overall exposures.

(iii) Net and Gross Exposures

Aggregate net and gross exposures are monitored by David and me. Each position in the portfolio, long and short, is sized according to its relative attractiveness. Net exposure is an outcome of this portfolio construction process. Given our strong belief in the integrity of our investment selection process, we do not second-guess the resulting net exposure based on top-down analysis. As it turns out, our macro-related views are formed by our company-specific research. Therefore, they typically correspond with our bottom-up portfolio construction.

We actively manage our gross exposure, which has steadily dropped from 196% in July 2007 to 96% on September 30, 2008. We have cut our gross exposure by more than half. 96% gross exposure represents Viking's lowest ever, well below our typical range of 150-210%. We have deliberately taken down risk and firmly believe our gross exposure is at the appropriate level.

There are two important reasons for this exposure reduction: One investment-specific factor and one macro-related factor. The investment-specific factor relates to the risk associated with being wrong about our fundamental views. While we always form point specific estimates of the fundamentals of each investment we make, the range of potential outcomes around these point estimates is currently much wider than usual. The cost of being wrong has become enormous. This has led us to reduce gross exposure.

The macro-related factor concerns regulation and government intervention. Over the last two decades, we have seen regulatory intervention and policy responses with various degrees of predictability in markets all around the world. A common feature of these responses is that the less predictable they are, the more volatile the market reaction. In the past year, and especially the last month, we have concluded that government intervention, even in the U.S, has become increasingly unpredictable. This also led us to reduce gross exposure.

The combination of these investment-specific and macro-related factors, as well as the severe housing and debt market crisis, has led to a particularly volatile investment environment. Given this backdrop, we feel that we have managed the portfolio prudently and that the reduction in gross exposure has been timely.

3. *Business and Operational Risk*

The current restrictions on short-selling go to the core of our business model. In itself, the selective ban does not present a risk to our current balance sheet, but it rocks the foundation of what we do. You have given us a mandate to construct a portfolio of long and short positions to limit market risk. Combined with modest leverage, this is a recipe for generating attractive returns at relatively low volatility. If we can only short certain stocks, our ability to generate alpha is curtailed. It also will lead us to use less leverage which will lower returns further.

Obviously, if the ban is extended beyond the middle of the month, or if it is broadened to include non-financial stocks, we will have to make adjustments to our business model. In the meantime, we have brought down leverage and increased our cash position.

Similarly, the public reporting requirements currently in effect have lowered our appetite for shorting. The risk of having our short positions broadly known exposes us to market factors that can lead to increased volatility. Even if our alpha generation remains attractive, higher volatility will affect the quality of our returns and contribute to reduced leverage. Again, if the current reporting requirements are extended indefinitely, we will have to review our business model and possibly make adjustments.

In the meantime, Viking analysts remain hard at work on shorts as well as longs. While our gross exposure is lower than usual, we will pursue the best investment ideas we can find at all times. We always seek to replace good ideas already in our portfolio with even better ideas generated through our continuous research. We are actively monitoring the regulatory environment and will report to you as the situation develops.

Turning to operational and counterparty risks, we are happy to describe some of our actions, but would like to make two disclaimers. First, given the rapidly changing regulatory and financial environment, our actions evolve from day-to-day and what is true today may no longer be true tomorrow. And second, we wish to keep some of our specific actions to ourselves to avoid negative unintended consequences.

As you know, investment funds face significant risk that a prime broker or other counterparty will default on its obligation to return assets. This could cause Viking to suffer significant losses. Even if the resulting losses were not permanent, Viking could be deprived of the ability to manage assets for some period of time, during which we could be subject to adverse market movements.

Viking also faces the risk that a prime broker or other counterparty will fail to execute our instructions on a timely basis, or settle our transactions due to a credit or liquidity problem, or cease to provide us financing.

The current environment for our brokerage and trading counterparties is unlike any we have seen in Viking's history. Prior to the bankruptcy filing by Lehman Brothers, there had never been an investment bank failure of similar magnitude. In addition, market dynamics are changing at an extremely rapid rate. Steps we take based on information available today could be revealed to have been sub-optimal in light of new information. In short, while we monitor and proactively manage counterparty risk, it is impossible to eliminate the risks. That having been said, we have given our counterparties a great deal of attention over the past two years. I have described some of the measures we have taken in past quarterly letters.

Since July 2007, we have conducted six in-depth reviews and audits of our counterparty relationships. Following these audits we have redeemed balances in full from particular prime brokers several times. If our concerns were alleviated, which in several instances they were, we reinstated the relationship. On three occasions, we have also ceased all cash trading with a particular counterparty. As our concerns were addressed, we reinstated two of these trading relationships.

Starting a year ago, we aggressively reduced our derivatives exposure across all counterparties. To safeguard our balances further, we have moved assets to bank holding companies and moved non-U.S. positions to U.S. regulated and insured brokerage subsidiaries when possible and we recently converted excess cash balances from Fed funds held by prime-brokers to short-term Treasury Securities held by custodial banks. In addition, we have moved equity securities not held for margin purposes to custodial banks.

All of these actions have been taken as preventive measures to protect capital. Some of them have resulted in additional expenses incurred by the fund and others have resulted in reduced yields. To the extent this has been the case, we believe that the security obtained warranted the price paid. To-date, less than two basis points' worth of capital has become tied up at a failed broker-dealer. This amount has been marked to zero on our books although we remain optimistic that we may recover some portion of this claim in due course.

The actions we have taken to mitigate operational risks have involved every manager on the operational team. As with the investment side, the operations side is all about people, as well. While productivity is the key performance parameter on the investment staff, error avoidance is the critical success criterion of the operations staff. Analytical errors can be costly, but operational errors can jeopardize our entire business, especially in the current environment.

The operations team has benefited greatly from our long-standing expertise as analysts of the financial sector when managing our counterparty exposures. Our recent experience of collaboration in this regard has been very encouraging. It has reinforced the importance of teamwork across all Viking disciplines.

In addition to the emphasis on portfolio liquidity, we have an active process in place to deal with the liquidity of our liability side as well. As you know, we have two classes of capital: a one-year class and a three-year class. We have consciously sought to spread the maturity schedule of both classes throughout the year. In no month does more than 22% come due. To the extent that we replace redemptions by accepting additional contributions, we seek to even out the maturity schedule. But whatever the contractual terms and maturity calendar, the most important factor in determining the stability of the capital base is you. We spend a great deal of time getting to know our investors to make sure they understand what we do.

Viking Long Fund

In August we sent you a letter announcing the launch of Viking Long Fund. We have been mindful of protecting the existing hedge fund when deciding to launch this new fund. As investors, your and our interests are aligned in this regard.

We currently enjoy significant scale benefits and our investment team is more productive than ever, yet the scope for expansion is much greater on the long side than on the short side. This imbalance is largely due to the longs in our portfolio being much more liquid than our shorts. In fact, our longs are approximately twice as liquid as our shorts. Hence, we cannot engage more capital in the hedge fund at this time. Viking Long Fund will channel our excess capacity to where the market allows for growth and where it can be well-managed. Recent events in financial markets only enhance the rationale for launching a long fund.

Viking Long Fund will largely be a replication of the long equity positions in our hedge fund and will not divert anyone on the investment staff from their current assignments. They will continue their search for longs and shorts unabated. David Ott and I will select investments to be included in the new fund. No fund will receive preferential trading treatment; when we determine to purchase or sell contemporaneously in the hedge fund and long fund, trades will be made *pari passu*. Trade allocations, as well as differences in portfolio weightings, will be reviewed daily. Viking employees will make a significant initial investment in the new fund.

Other

We are enhancing the security of our website and will be issuing new passwords for accessing the site and capital balances on-line. You will receive an email over the course of the next few days with specific instructions on how to request your new password.

Later this month you will receive an updated Confidential Memorandum relating to your investment in Viking. The update reflects a number of changes that have taken place at Viking and in our industry including, among other things, adjustments to Viking's investment program (specifically with regard to our Credit Portfolio) and changes in market and regulatory dynamics. We have apprised you of these changes as they were made, so nothing in these documents should come as a surprise. All terms relating to your investment remain unchanged. Nonetheless, we urge you to review carefully the black-lined document showing updates and to contact us with any questions.

Also, we are approaching the conclusion of our litigation with Brian Olson. The current schedule calls for a resolution sometime before March 2009. We look forward to putting this issue behind us such that all our efforts can be dedicated to running the business.

In conclusion, while we have no idea when all the cross-currents presently in the marketplace will subside or when our view regarding their impact will be clearer, we will act quickly when our conviction warrants action. In the meantime we are working diligently to protect capital and are scouring the globe for ideas that can make us all money despite the difficult conditions.

All Vikings wish you the best during this tumultuous time and thank you for your loyal support. If you would like to discuss these topics further, please contact Rebecca Ginzburg (212 672 7012) or Phil Eagan (203 863 5040).

Investment Advisers Act Disclosure

It should not be assumed that investments made in the future will be profitable or will equal the performance of the securities discussed in this letter. The specific securities described herein do not represent all of the securities purchased, sold or recommended by Viking during the applicable period.

Base Case Analysis for Period 7/1/08 – 9/30/08

	Return	Exposure	Contribution
Base Case	-9.3%	40%	-3.7%
Variation from Base Case			
Actual Long Performance (-13.3%)	-4.0%	120%	-4.8%
Actual Short Performance (-6.2%)	-3.1%	80%	-2.5%
Actual Net Exposure (34%)	-9.3%	-6%	0.6%
Actual Gross Exposure (128%)			3.7%
Total Variation from Base Case			-3.0%
Total Return from Equity Positions			-6.7%
Total Return from Credit Positions			-0.9%
Other (Interest & Fees)			-0.4%
Gross Return			-8.0%
Net Composite Return			-6.5%

Past performance is not a guarantee of future results.

Overview

The base case quantifies alpha generation on our equity portfolio relative to the average performance of our investable universe (~2,000 stocks that trade $20+ million on average per day selected across all sectors and geographies). We reconcile the average return of this universe to our actual performance based on alpha generation on longs and shorts and a reconciliation of our actual exposures to our base case exposures of 120% long, 80% short, 200% gross and 40% net.

Calculations

Base Case: The base case return of -9.3% is the average return of the stocks in our investable universe. The universe returns are calculated on a currency-protected basis and are inclusive of dividends. When the average return of the universe is multiplied by the 40% net exposure, the base case portfolio yielded a 3.7% loss for the period.
Actual Long Performance: The actual unlevered performance of our long equity portfolio was a loss of 13.3%. The differential between our unlevered long performance and the -9.3% mean return of the universe was -4.0%, which is the alpha generated from our longs. The long alpha multiplied by 120% base case long exposure yields -4.8% of performance contribution from our longs.
Actual Short Performance: The actual unlevered performance of our short equity portfolio was -6.2%. When compared to the -9.3% mean return of the universe, the differential (or alpha) generated by our shorts was -3.1%. The short alpha multiplied by 80% base case short exposure yields -2.5% of performance contribution from our shorts.
Actual Net Exposure: The actual average net exposure of 34% deviated from the base case 40% net exposure by -6%. The -6% differential multiplied by the base case return of -9.3% yields a contribution from the variation in net exposure of 0.6%.
Actual Gross Exposure: The actual average gross exposure (128%: 81% long, 47% short) deviated from the base case gross exposure (200%: 120% long, 80% short). The deviation in the level and composition of gross exposure contributed to a base case variation of 3.7%.
Total Variation from Base Case: The sum of the above variations.
Total Return from Equity Positions: The sum of Base Case Contribution and Total Variation from Base Case.
Total Return from Credit Positions: The contribution to Viking's return generated by Viking's credit positions (bank debt, corporate bonds, CDS, LCDS, etc.).
Other (Interest & Fees): The contribution to Viking's return generated by management fees, debit/credit interest on broker balances, and net short rebate income.
Gross Return: The sum of Total Return from Equity Positions plus Total Return from Credit Positions plus Other (Interest & Fees).
Net Composite Return: Gross Return, net of fees for an investor assuming one year lockup terms (20% incentive fee). Actual returns will vary based on fund, class, hot issue eligibility and timing of individual contributions and withdrawals.

Viking Global Equities III Ltd.
Exposure Report as of September 30, 2008

Fund AUM (in $millions): **$6,209**
Firm AUM (in $millions): **$9,877**

Equity Exposure By Sector	Long	Short	Gross	Net
Consumer Discretionary	11.2%	-7.0%	18.1%	4.2%
Consumer Staples	1.1%	0.0%	1.1%	1.1%
Energy	0.4%	-0.1%	0.5%	0.3%
Financials	13.6%	-16.1%	29.7%	-2.5%
Health Care	8.4%	-2.4%	10.7%	6.0%
Industrials	4.0%	-2.3%	6.4%	1.7%
Information Technology	9.6%	-3.9%	13.5%	5.7%
Materials	0.8%	-1.1%	1.9%	-0.3%
Telecommunication Services	4.0%	0.0%	4.0%	4.0%
Utilities	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	0.0%
Total	**53.1%**	**-32.9%**	**86.0%**	**20.2%**

Equity Exposure By Geography	Long	Short	Gross	Net
U.S. & Canada	31.7%	-22.1%	53.8%	9.6%
Western Europe	15.2%	-7.8%	22.9%	7.4%
Japan	1.5%	-1.3%	2.8%	0.3%
Asia (ex-Japan)	3.0%	-1.4%	4.3%	1.6%
Emerging Markets	1.8%	-0.4%	2.2%	1.3%
Other	0.0%	0.0%	0.0%	0.0%
Total	**53.1%**	**-32.9%**	**86.0%**	**20.2%**

Equity Exposure By Market Cap	Long	Short	Gross	Net
Large Cap	41.3%	-23.8%	65.1%	17.6%
Mid Cap	11.4%	-8.8%	20.2%	2.5%
Small Cap	0.5%	-0.3%	0.8%	0.1%
Total	**53.1%**	**-32.9%**	**86.0%**	**20.2%**

Non- Equity Exposure	Long	Short	Gross	Net
Corporate Bonds	1.4%	0.0%	1.4%	1.4%
Bank Loans	7.6%	0.0%	7.6%	7.6%
Total	**9.0%**	**0.0%**	**9.0%**	**9.0%**

CDS Exposure	Notional	Unrealized
Single name CDS		
Purchased Protection	5.5%	0.1%
Written Protection	1.1%	0.1%
Index CDS		
Purchased Protection	1.1%	0.1%
Written Protection	0.0%	0.0%

Concentration	Long	Short
# of Equity Positions	56	75
Largest Position	6.6%	-2.4%
Top 10 Positions	30.8%	-13.9%

FAS 157 Disclosure (value expressed as % of capital)	
Level 1 Positions	90.7%
Level 2 Positions	9.2%
Level 3 Positions	0.1%

Viking Global Equities III Ltd. - Perfomance Report as of September 30, 2008

Fund AUM (in $millions): $6,209
Firm AUM (in $millions): $9,877

Performance Attribution by Sector	**Jan-08**	**Feb-08**	**Mar-08**	**Apr-08**	**May-08**	**Jun-08**	**Jul-08**	**Aug-08**	**Sep-08**	**Oct-08**	**Nov-08**	**Dec-08**	**YTD**
Long:													
Consumer Discretionary	-1.7%	0.0%	0.0%	0.5%	0.4%	-2.2%	1.7%	-0.2%	-1.8%	0.0%	0.0%	0.0%	-3.4%
Consumer Staples	-0.1%	0.0%	0.0%	0.2%	0.0%	0.1%	-0.4%	0.1%	-0.2%	0.0%	0.0%	0.0%	-0.4%
Energy	-1.5%	1.4%	0.0%	1.2%	0.8%	-0.2%	-2.0%	0.0%	-2.4%	0.0%	0.0%	0.0%	-3.2%
Financials	-3.1%	-0.5%	-1.1%	1.8%	0.5%	-2.7%	0.0%	0.5%	-2.4%	0.0%	0.0%	0.0%	-7.4%
Health Care	-0.1%	0.4%	-0.3%	0.5%	0.3%	0.0%	0.4%	0.2%	-0.3%	0.0%	0.0%	0.0%	1.1%
Industrials	-0.2%	0.0%	-1.2%	0.3%	0.3%	-0.4%	0.0%	0.2%	-0.7%	0.0%	0.0%	0.0%	-1.9%
Information Technology	-0.7%	-0.7%	1.7%	2.9%	1.2%	-1.0%	0.3%	0.2%	-1.9%	0.0%	0.0%	0.0%	1.8%
Materials	-0.6%	0.2%	-0.1%	0.1%	0.1%	-0.5%	-0.2%	0.2%	-0.3%	0.0%	0.0%	0.0%	-1.3%
Telecommunication Services	-0.3%	0.0%	-0.7%	0.6%	0.3%	0.0%	0.4%	0.0%	-0.3%	0.0%	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Long Performance	**-8.3%**	**0.9%**	**-1.7%**	**8.0%**	**4.0%**	**-7.0%**	**0.3%**	**1.0%**	**-10.3%**	**0.0%**	**0.0%**	**0.0%**	**-14.6%**
Short:													
Consumer Discretionary	0.6%	0.4%	0.2%	-0.5%	0.2%	1.1%	0.3%	-0.7%	-0.3%	0.0%	0.0%	0.0%	1.2%
Consumer Staples	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Energy	0.4%	-0.4%	0.0%	-0.6%	-0.3%	-0.2%	0.7%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%
Financials	1.6%	2.8%	0.6%	-1.9%	1.1%	4.0%	-0.4%	0.7%	1.2%	0.0%	0.0%	0.0%	10.2%
Health Care	0.3%	0.1%	0.0%	0.0%	0.1%	0.3%	0.0%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.6%
Industrials	0.4%	0.1%	-0.1%	0.0%	0.0%	0.9%	0.3%	0.2%	0.1%	0.0%	0.0%	0.0%	2.2%
Information Technology	0.8%	0.0%	0.1%	-0.3%	-0.3%	0.5%	0.1%	-0.2%	0.3%	0.0%	0.0%	0.0%	1.0%
Materials	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Telecommunication Services	0.1%	0.0%	0.0%	-0.1%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Utilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	0.1%	0.1%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Total Short Performance	**4.3%**	**3.2%**	**0.8%**	**-3.6%**	**0.9%**	**6.7%**	**1.0%**	**-0.4%**	**1.8%**	**0.0%**	**0.0%**	**0.0%**	**15.5%**
P&L from Credit Portfolio	0.2%	0.2%	0.0%	0.4%	0.0%	0.1%	-0.1%	0.0%	-0.7%	0.0%	0.0%	0.0%	0.0%
Other Items (mgmt fees, interest)	0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%	0.0%	0.0%	0.0%	-0.8%
Total Gross Return - Composite	**-3.7%**	**4.2%**	**-0.9%**	**4.6%**	**4.8%**	**-0.2%**	**1.0%**	**0.6%**	**-9.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Total Gross Return - New Issue Eligible	**-3.7%**	**4.2%**	**-0.7%**	**4.6%**	**4.8%**	**-0.2%**	**1.0%**	**0.6%**	**-9.4%**	**0.0%**	**0.0%**	**0.0%**	**0.3%**
Total Gross Return - Ineligible	**-3.7%**	**4.2%**	**-1.5%**	**4.6%**	**4.8%**	**-0.2%**	**1.0%**	**0.6%**	**-9.4%**	**0.0%**	**0.0%**	**0.0%**	**-0.5%**

Performance Attribution by Geography	**Jan-08**	**Feb-08**	**Mar-08**	**Apr-08**	**May-08**	**Jun-08**	**Jul-08**	**Aug-08**	**Sep-08**	**Oct-08**	**Nov-08**	**Dec-08**	**YTD**
Long:													
U.S. & Canada	-3.1%	-0.2%	0.7%	5.2%	3.0%	-2.8%	1.3%	1.6%	-5.7%	0.0%	0.0%	0.0%	-0.6%
Western Europe	-4.2%	0.9%	-2.0%	1.4%	1.1%	-3.1%	-1.1%	-0.5%	-2.8%	0.0%	0.0%	0.0%	-11.0%
Japan	-0.1%	0.0%	-0.1%	0.2%	0.1%	-0.2%	-0.1%	-0.1%	-0.3%	0.0%	0.0%	0.0%	-0.7%
Asia (ex-Japan)	-0.5%	0.1%	-0.1%	0.9%	-0.2%	-0.8%	0.3%	-0.3%	-0.8%	0.0%	0.0%	0.0%	-1.7%
Emerging Markets	-0.4%	0.1%	-0.1%	0.3%	0.1%	-0.2%	-0.1%	0.3%	-0.5%	0.0%	0.0%	0.0%	-0.6%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Long Performance	**-8.3%**	**0.9%**	**-1.7%**	**8.0%**	**4.0%**	**-7.0%**	**0.3%**	**1.0%**	**-10.3%**	**0.0%**	**0.0%**	**0.0%**	**-14.6%**
Short:													
U.S. & Canada	2.0%	2.7%	0.6%	-2.2%	0.7%	4.4%	0.1%	-0.8%	0.7%	0.0%	0.0%	0.0%	8.6%
Western Europe	1.2%	0.1%	0.0%	-0.3%	-0.1%	1.4%	0.5%	-0.1%	0.3%	0.0%	0.0%	0.0%	3.2%
Japan	0.1%	0.1%	0.1%	-0.3%	0.0%	0.2%	0.1%	0.3%	0.2%	0.0%	0.0%	0.0%	0.8%
Asia (ex-Japan)	1.0%	0.1%	0.1%	-0.9%	0.5%	0.6%	0.2%	0.1%	0.4%	0.0%	0.0%	0.0%	2.3%
Emerging Markets	0.0%	0.1%	0.0%	0.0%	-0.2%	0.1%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.5%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Short Performance	**4.3%**	**3.2%**	**0.8%**	**-3.6%**	**0.9%**	**6.7%**	**1.0%**	**-0.4%**	**1.8%**	**0.0%**	**0.0%**	**0.0%**	**15.4%**
P&L from Credit Portfolio	0.2%	0.2%	0.0%	0.4%	0.0%	0.1%	-0.1%	0.0%	-0.7%	0.0%	0.0%	0.0%	0.0%
Other Items (mgmt fees, interest)	0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%	0.0%	0.0%	0.0%	-0.8%
Total Gross Return - Composite	**-3.7%**	**4.2%**	**-0.9%**	**4.6%**	**4.8%**	**-0.2%**	**1.0%**	**0.6%**	**-9.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Total Gross Return - New Issue Eligible	**-3.7%**	**4.2%**	**-0.7%**	**4.6%**	**4.8%**	**-0.2%**	**1.0%**	**0.6%**	**-9.4%**	**0.0%**	**0.0%**	**0.0%**	**0.3%**
Total Gross Return - Ineligible	**-3.7%**	**4.2%**	**-1.5%**	**4.6%**	**4.8%**	**-0.2%**	**1.0%**	**0.6%**	**-9.4%**	**0.0%**	**0.0%**	**0.0%**	**-0.5%**

Schedule of Net Performance:	**MTD**	**QTD**	**YTD**	**Fiscal YTD**
Class A - New Issues Eligible	-9.4%	-7.9%	0.2%	-7.9%
Class A - New Issues Non-Eligible	-9.4%	-7.9%	-0.5%	-7.9%
Class B - New Issues Eligible	-9.4%	-7.9%	0.2%	-7.9%
Class B - New Issues Non-Eligible	-9.4%	-7.9%	-0.5%	-7.9%
Class F - New Issues Eligible	-9.4%	-7.9%	0.2%	-7.9%
Class F - New Issues Non-Eligible	-9.4%	-7.9%	-0.5%	-7.9%
Class H - New Issues Eligible	-9.4%	-7.9%	0.2%	-7.9%
Class H - New Issues Non-Eligible	-9.4%	-7.9%	-0.5%	-7.9%
Class I - New Issues Eligible	-9.4%	-7.9%	0.2%	-7.9%
Class I - New Issues Non-Eligible	-9.4%	-7.9%	-0.5%	-7.9%

Index Returns:	**MTD**	**QTD**	**YTD**
S&P 500 Index*	-8.9%	-8.4%	-19.3%
MSCI World Index**	-10.8%	-11.4%	-22.7%

**Returns presented with dividend income reinvested.*
***Returns presented with dividend income reinvested net of withholding taxes; measured in local currency terms*

NOTES:
(1) The performance attribution and exposure figures provided above are as of September 30, 2008; the fund's performance attribution and exposure figures will likely vary in subsequent periods.
(2) All performance figures are unaudited. Gross performance is after management fees and fund expenses but before the incentive allocation.
(3) All profit attribution and exposure figures are expressed as a % of total fund capital.
(4) Miscellaneous includes management fees and interest on broker balances.
(5) Individual investor returns may vary based on timing of contributions and withdrawals.
(6) Values may not add due to rounding.
(7) Past performance is not an indication of future performance.
(8) The S&P 500 Index and the MSCI World Index are provided for comparison purposes only. The fund does not restrict its investments solely to securities included in the S&P 500 Index and the MSCI World Index.