AIS CAPITAL MANAGEMENT, LLC
FUTURES MANAGEMENT, LLC

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MAAP December Review January 4, 2010

For December, the MAAP portfolio was down slightly, but for all of 2009 the MAAP portfolio experienced one of its strongest years since its inception in 1992. During December, three asset categories had gains, the long positions in energy, the short position in U.S. Treasury bonds, and the long position in the S&P 500. However, offsetting these gains were losses in the long position in metals, long positions in grains, and the long positions in foreign currencies (Australian and Canadian dollars and the euro). For the year, all six asset classes contributed to the profits, with metals, energy, grains, and currency positions contributing the bulk of the gains.

Our investment strategy continues to emphasize a long-term approach using a combination of global macro economic analysis, asset sector fundamentals, and technical/quantitative analysis. In addition, at mid-year, we added a systematic risk management process for managing (e.g. reducing) leverage in our commodity sectors during adverse market environments. We believe that this risk management process will enhance our ability to both capture significant investment opportunities while moderating future drawdowns.

It has been, and remains, our view that the global economy is in a new growth phase, with China and the other developing economies as the primary engine of growth, while the developed world, the U.S., Europe, and Japan, are the “caboose” of this economic growth train. Central banks in the developed world will likely overstay their hand in monetary easing, in order to stabilize the still fragile financial system and stimulate employment growth. As the private sector repairs its balance sheet, and debt is reduced to more manageable levels, through defaults and increased savings, developed country governments are taking on potentially unmanageable debt levels. The global economy will continue to experience a hangover from the carnage of the prior speculative bubbles as well as new side effects from the excessive government and central bank stimulation. However on the positive side, the massive growth of a newly emerging middle class in the developing world will provide significant demand growth.

This growth in demand from the expanding developing country middle class will aid exports in the developed world, thereby assisting economic recovery globally. However, this global demand growth is likely to quickly translate into renewed shortages of key commodities, such as energy, industrial metals, and foods. Rising prices of these basic commodities will create new policy problems for politicians as they try to counter rising costs against the need for stimulating economic growth to reduce unemployment. Coincident with these issues will be the world’s continued effort to diversify away from the dollar as it seeks an alternative store of value. For this reason, the dollar may remain under long-term pressure regardless of a resumption of U.S. economic growth. Concurrently gold’s role as an alternative store of value may continue to increase. For more on gold see the Featured Reading section at our web site: http://aisgroup.com/.

Just as the 1970s required an evolving investment strategy from the type that worked best in the 1950s and 1960s, the current period appears to require a more flexible and broader based asset orientation than the 1982-2007 era. We believe that MAAP provides that broader diversification and the potential to profit from both the opportunities and challenges that the investor will be presented with.

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January 5, 2010

TAAP Investment Strategy
(The Asset Allocation Portfolio)

Current Portfolio Weighting

Stocks	20.4%
Bonds	0.0%
Gold	78.9%
Cash	0.7 %

Portfolio Review

As the above weightings indicate the TAAP strategy continues to emphasize gold as the most attractive investment asset given its current price, value, and momentum. Stocks have the second highest weighting, with no allocation to long-term bonds. Our tactical strategy has served investors well throughout this decade, including through the financial crisis that unfolded in the fall of 2008 as well as through the recovery in 2009. For the 2009 TAAP had a gain of 25.49% vs.26.46% for the S&P500. For three years TAAP's compound annual return was positive 15.55% versus a negative (-15.95%) for the S&P500, for five years TAAP's compound annual return was 16.53% versus 0.42% for the S&P500, and since inception TAAP's compound annual return has been 10.20% versus 8.01% for the S&P500.

During the fourth quarter of 2009 two new companies were added to our equity portfolio, Anadarko Petroleum and Walter Energy, Inc. Anadarko has made a potentially large oil discovery offshore West Africa that could potentially rival the discoveries offshore Brazil. Walter Energy is a major producer of metallurgical coal which we believe could be in short supply as global growth continues. Two stocks were eliminated, American Science & Engineering and Myriad Genetics.

Investment Outlook:

Even though the TAAP strategy has achieved strong gains for the past year and for this past decade, we believe that gold is still in the early stages of a strong secular, multiyear advance. Gold's early and decisive bottom in the fall of 2008, and its ability to reach a new all time high by October of 2009, suggests strong leadership qualities, usually demonstrated by markets that are in powerful secular bull markets. From a technical perspective, gold has been outperforming virtually all asset classes since 2001.

Our investment analysis continues to favor gold as the most attractive long-term asset class, among stocks bonds, and gold, for two basic reasons. First, gold has extremely attractive supply and demand fundamentals. In addition we are concerned about risks emanating from the U.S. dependence on continued foreign ownership of our debt, the dollar's potential replacement as the world's reserve currency, and the lagged inflationary side effects of excessive monetary and fiscal stimulus. For further discussion of gold's price potential, attached is a paper entitled "How Should Gold Be Valued".

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AIS Capital Growth Fund Quarterly Review January 5, 2010

The AIS Capital Growth Fund continued to achieve strong performance in the 4th quarter of 2009 and for the full year 2009, with gains of 7.60% and 36.92% respectively. During the fourth quarter the Fund added five new positions: 1. Thompson Iron Mines, a small Canadian iron ore producer. 2. Legend International, a small Australian phosphate miner. 3. Walter Energy, Inc., a leading metallurgical coal producer. 4. A-Power Energy Generation, a Chinese producer of wind power equipment. 5. Amerigo Resources, a Chilean copper ore tailings reclamation company. The Fund eliminated positions in Ascent Media and Stanley Inc. and partially reduced its position in Fuel Systems, due to its appreciation.

As discussed in previous quarterly commentaries, the fund investments are heavily concentrated in six sectors that we believe offer above average potential in the type of global economic environment most likely to develop in the next few years. The six sectors are infrastructure/energy service, energy, alternative energy, basic materials, agriculture, and niche technology. Furthermore, within these sectors we have five companies based in Brazil and Chile, two countries we believe are uniquely positioned to benefit from growth in the developing world.

The fund's goal is to identify companies which have the potential to outperform the market on a 12 to 18 month time frame. Our global macro economic analysis is employed to identify sectors which could benefit from strong economic tailwinds. Favorable demand and pricing trends are significant factors, since no business operates in a vacuum. Next our weekly technical screens of over 2000 companies assist in identifying emerging market leadership. Finally, individual company fundamental analysis can identify important management, product and balance sheet issues that will impact a company's performance.

Within the next year, global economic growth should eliminate the temporary surpluses of energy and other key commodities. This should lead to sharp price increases for energy, basic metals, agricultural products, fertilizers, and precious metals. Therefore companies producing these products, or engaged in infrastructure/engineering projects designed to modernize or expand production of these key factors of production, should be major beneficiaries. In addition companies capable of improving efficiencies, or producing alternatives to scarce energy, or other raw material supplies, will receive increased investor interest.

As 2010 unfolds an increasing market challenge could develop between pressures of rising long-term interest rates, and their negative impact on price/earnings ratios of equities generally, versus profit opportunities in companies whose earnings are beneficiaries of rising raw materials prices. This could lead to a bifurcated stock market where the value of stock selection becomes increasingly important. Therefore the Fund will continue to concentrate on sectors that we believe will benefit from this environment, while also being cognizant of opportunities to use its hedging strategies to protect against general market risk.

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AIS Gold Fund Quarterly Review January 5, 2010

The AIS Gold Fund continued to experience strong gains in the 4th Quarter of 2009 and for the full year 2009 with returns of 25.46% and 189.53% respectively. Even though the Fund has achieved strong gains during the past year, we believe that gold and gold mining stocks are still in the early stages of a strong secular, multiyear advance. Gold's early and decisive bottom in the fall of 2008, and its ability to reach a new all time high by October of 2009, suggests strong leadership qualities, usually demonstrated by markets that are in powerful secular bull markets. From a technical perspective, gold has been outperforming virtually all asset classes since 2001.

We cannot, nor can anyone else, know with certainty what price level gold can ultimately achieve but the evidence appears to point to substantially higher prices in the years ahead. However, in the accompanying paper, "How Should Gold Be Valued", we discuss factors that could justify much higher prices in the years ahead.

While the price of gold has reached an all time high, junior gold mining companies have considerable distance to recoup after their devastating price declines in the second half of 2008. At the low point in late 2008 the Toronto Venture Exchange index, which is largely made up of precious metals companies, was as low as its low in 2001 when gold was approximately $255 an ounce. Although these stocks have recovered to some degree since the 2008 low, on average, they remain considerably depressed relative to their highs of 2006-2008. Given the weight of the evidence favoring significantly higher gold prices, a unique opportunity continues to exist among junior mining companies in politically secure countries. Although they have recovered moderately since their lows, they remain very cheap on a reserve valuation basis. Therefore our research continues to focus on identifying junior companies in Canada, the U.S., Brazil, and Australia, where reserves can be purchased at a fraction of the current gold price.

Earlier in the year we discussed how our largest positions were in two royalty companies, as we felt the dearth of investment capital offered them a special advantage in the current environment. Late in 2009 our largest holding, International Royalty, received competing bids to acquire the company, validating our view of the company's underlying value.

During the fourth quarter, we added eight junior mining companies to the portfolio. In one instance we acquired units (share plus one half warrant) in Magellan Minerals Ltd. below the public market price of the shares. These units are a 144A restricted offering that will require the Fund to hold them for four months from the offering date before they become fully exchangeable. We believe it is an extremely compelling time to be making this type of investment given the current valuation and scarcity of capital available to the smaller companies. As we have shifted the Fund's investments to junior companies, the overall leverage of the Fund has been reduced from that of several years ago when our emphasis was on futures contracts.

In summary, we believe that this is a unique and compelling time for investments in the gold and precious metals sector.