

XXX MASTERTRADER ACCOUNT

**STATEMENT OF INVESTMENT
PERFORMANCE AND
INDEPENDENT ACCOUNTANTS' REPORT**

**FOR EACH MONTHLY AND CUMULATIVE INVESTMENT PERIOD
NOVEMBER 14, 2005 TO AUGUST 31, 2006**

XXX MASTERTRADER ACCOUNT

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INDEPENDENT ACCOUNTANTS' REPORT

To **XXX**

We have examined the accompanying Statement of Investment Performance of **XXX Mastertrader Account** for each monthly and cumulative investment period during the period November 14, 2005 to August 31, 2006. This statement is the responsibility of **XXX**. Our responsibility is to express an opinion on this statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Statement of Investment Performance Statistics, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Statement of Investment Performance referred to above presents the investment performance of **XXX Mastertrader Account** for the above-stated periods, in all material respects, based on the measurement and disclosure criteria set forth in the Notes to the Statement of Investment Performance.

Iselin, New Jersey
September 22, 2006

New York

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New Jersey

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Cayman Islands

XXX MASTERTRADER ACCOUNT

**STATEMENT OF INVESTMENT
PERFORMANCE**

FOR THE PERIOD NOVEMBER 14, 2005 TO AUGUST 31, 2006

<u>Period Ending</u>	<u>Beginning Equity</u>	<u>Additions</u>	<u>Net Performance</u>	<u>Ending Equity</u>	<u>Rate of Return</u>	<u>Yearly Cumulative Return</u>	<u>Cumulative Rate of Return Since Inception</u>	<u>Hypothetical Return Net of Management Fees and Incentive Reallocation</u>	<u>Yearly Cumulative Hypothetical Return Net of Management Fees and Incentive Reallocation</u>	<u>Cumulative Hypothetical Return Since Inception Net of Management Fees and Incentive Reallocation</u>
	\$	\$	\$	\$						
November 30, 2005	-	40,000	19	40,019	0.05%	0.05%	0.05%	-0.08%	-0.08%	-0.08%
December 31, 2005	40,019		(528)	39,491	-1.32%	-1.27%	-1.27%	-1.44%	-1.52%	-1.52%
January 31, 2006	39,491		1,671	41,162	4.23%	4.23%	2.90%	3.59%	3.59%	2.02%
February 28, 2006	41,162		550	41,712	1.34%	5.62%	4.28%	0.97%	4.60%	3.01%
March 31, 2006	41,712		317	42,029	0.76%	6.42%	5.07%	0.51%	5.14%	3.54%
April 30, 2006	42,029		498	42,527	1.19%	7.69%	6.32%	0.85%	6.03%	4.42%
May 31, 2006	42,527		44	42,571	0.10%	7.80%	6.43%	-0.02%	6.01%	4.40%
June 30, 2006	42,571		1,276	43,847	3.00%	11.03%	9.62%	2.30%	8.45%	6.80%
July 31, 2006	43,847		(1,534)	42,313	-3.50%	7.15%	5.78%	-3.62%	4.52%	2.93%
August 31, 2006	42,313		200	42,513	0.47%	7.65%	6.28%	0.35%	4.88%	3.29%

See accompanying notes to the Statement of Investment Performance.

XXX MASTERTRADER ACCOUNT

NOTES TO STATEMENT OF INVESTMENT PERFORMANCE

1. Summary of measurement and disclosure criteria

The accompanying Statement of Investment Performance (the "Statement") displayed herein represents the rates of return for one brokerage account managed by **XXX**. This account is maintained with Mastertrader.com.

The performance results are net of commissions and transaction costs, but without provision for federal or state income taxes or management and performance fees. Any other account managed by **XXX** has not been considered in this Statement.

The historical rates of return may not be indicative of future results. Future performance may change based on future circumstances and different trading strategies. In comparing investment performance statistics, other performance calculation methods may produce different results. In addition, comparisons of investment results should be made for portfolios with similar investment objectives, and should also consider qualitative circumstances surrounding financial securities markets.

2. Valuation of investments

Investments in securities and securities sold short, as reported by the national securities exchange on which they are listed or NASDAQ, as applicable, are valued at their last sales price as of the last business day of each month.

3. Rates of return

The weighted average was computed for each month to distribute cash deposits throughout the period. The period began the first day of each month, and ended on the last day of each month, except where noted. The monthly rates of return as reflected in the accompanying Statement were based on:

- a) $\text{Income or loss calculated by the end of period market value minus beginning of the period market value divided by}$
- b) $\text{The beginning of period market value adjusted for cash movements}$

The cumulative returns were calculated by linking monthly returns through compounded multiplication beginning November 14, 2005 to August 31, 2006.