



April 17, 2008

Dear Friends and Investors:

I am writing to tell you of my decision to retire from managing money, other than for friends and family.

I have been very fortunate to have had an exciting and rewarding Wall Street career. During this present turbulent period, however, I feel compelled to make a more significant contribution to my community and country for the opportunities each has given me. Also, as many of you know, I have a large and boisterous family. For the last 25 years, my career has absorbed the bulk of my mental, physical and emotional energies. As I turn 50, it is time to make a shift in emphasis.

Moreover, I believe the financial markets and the global economy are in a period of adjustment resulting from the many imbalances of the most recent economic cycle – and that adjustment remains incomplete. Asset liquidity is the worst in my career and there is significant systemic leverage yet to be unwound. The impact of these factors on the real economy is negative, perhaps significantly so. In addition, the speed and volatility of the adjustment process to date has shaken the major financial institutions that we rely on for clearing, custody, funding and market making. In this environment, I believe that the primary objective of money management is capital preservation.

Over the last six months, as a matter of prudent asset management in a highly illiquid and volatile environment, Arx has de-leveraged and increased liquidity. The vast majority of the Fund's remaining positions will simply mature in the near future. Effective as of June 30, 2008, all investors will be required to withdraw from the Funds. We intend to return investor capital shortly following the end of the second quarter, except for the audit holdback provided for in the Fund documents, which will be released after the completion of our final audit.

I deeply appreciate your confidence in allowing us to manage your money over the years. We started the Partnership with the objective of outperforming both the Merrill Lynch High Yield index and the S&P 500.



We are proud to recap Arx's track record since inception in February of 2002.

February 1, 2002 through March 31, 2008	Returns (%)
Arx	
Master (Gross)	+150.34
Domestic Fund Class A (net)	+89.57
Merrill Lynch High Yield	+ 57.73
S&P 500 with dividends	+ 30.86

In conclusion, I deeply appreciate the insights, conversations and relationships that have developed with you over the last six years. I hope they will endure.

Lastly, I want to thank my partners and associates at Arx for their many contributions, without which our achievements would not have been possible.

Sincerely,

Dwight Sippelle
CEO and Global Portfolio Manager