



NuWave Investment Corp.

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June 2008

Dear Investor,

NuWave Combined Futures Portfolio Ltd. (2x) finished down 3.56% for the month of June. Losses attributable to long bond positions and short metals positions outweighed solid gains on the short side of world stock indices, while long side energy and grain participation was too small to contribute measurably.

Trading during the month was concentrated in financial and metals contracts. Bond positions, which have been long, were reduced in size, while a surge in equity index selling increased bearish bets. Short positions in aluminum were reduced as new shorts in copper were established. Grain, soft, and energy market trading was relatively quiet, given the hyper-stretched price moves that have occurred in recent weeks and months.

Poor performance for the second quarter was dominated by losses in fixed income positions that were heavily slanted to the long side. The abrupt movement lower in bond prices has been viewed by Combined Futures Portfolio as corrective in nature, as opposed to a spiral higher in interest rates. This perspective has been painful to say the least. As we frequently discuss with clients, the recent direction of price movement in any market contributes to NuWave's forecast of future price movement, however it does not dictate this view. The question to be answered each day is: where are prices going to be weeks or months ahead compared to where they are now? NuWave's directional views are forward looking and frequently diverge from those of the masses.

The present drawdown from the new equity high made March stands at 13.51%, a level approached or exceeded on four prior occasions since Combined Futures Portfolio began trading in June of 2001. Our positions may be in sync with historical tendencies as we measure them, yet our timing has recently been at odds with actual price movements. In the past, such windows have been fleeting. Recoveries in the six month periods following such windows of poor performance have yielded more than double NuWave's normal return expectation. As is typical of our advice to clients, the NuWave principals routinely invest on such drawdowns, and have increased their investments to Combined Futures portfolio by 30% to 50% as of July 1.

NuWave enters the month of July with total exposure slightly below our historical average. In historical terms, the commodity markets are stretched to the point where continued participation on the long side must be measured carefully. The suggestion seems to be that "it's different this time," however this is rarely the case. We expect volatility of an extreme nature over the next several months, and continue to view the environment constructively as it relates to directional price opportunity.

NuWave Investment Management

Past performance is not necessarily indicative of future results.