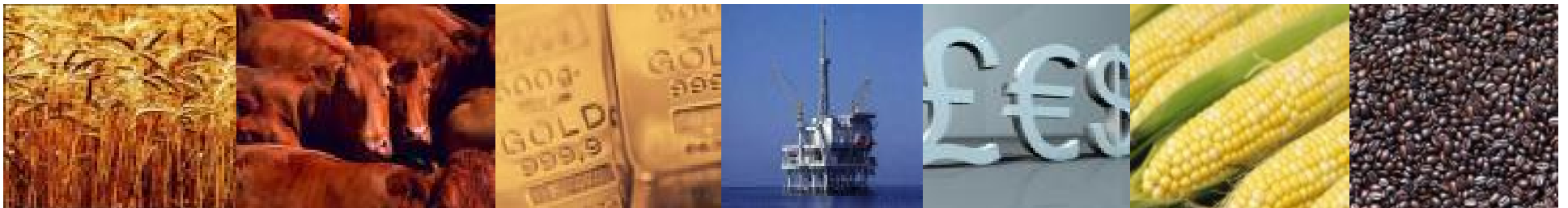




# *Spectrum Asset Management LLC*

**141 W Jackson Blvd.  
Suite 1692  
Chicago, IL 60604  
312-341-7018**

***“NEW DEVELOPMENTS IN NATURAL RESOURCES INVESTING”***



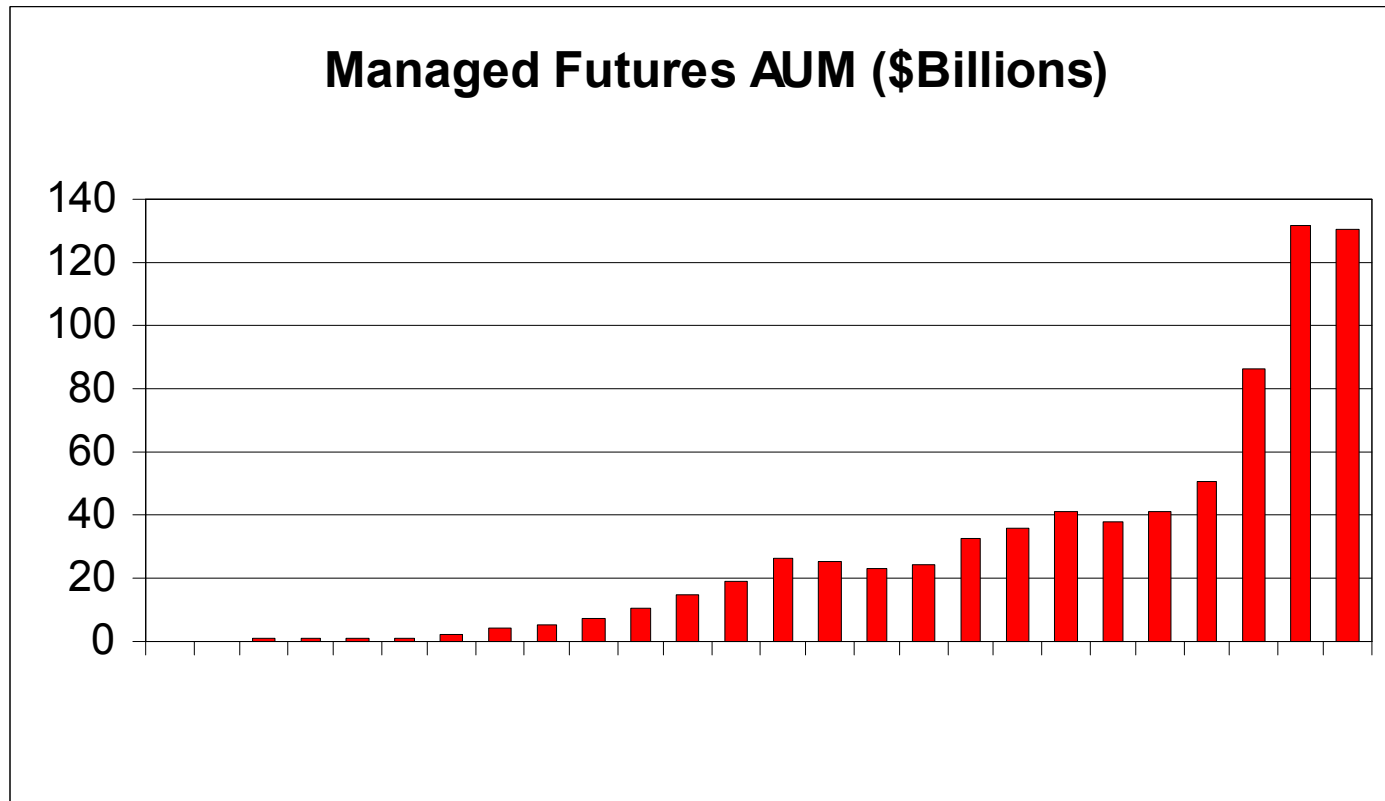
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## **Biography**

**Michael E. Songer (*President & Founder*)** – Prior to Spectrum , Mr. Songer was a trader at C&D Commodities, Inc. (Dennis Trading Group) from March 1997 through December 2000 where he traded futures and options on currencies, financials, stock indices, grains, softs, metals and energies in all major world markets. From June 1994 through February 1997, Mr. Songer was a trader and manager at MacLaren Securities, Inc. where he designed and traded proprietary trading systems which traded in numerous futures and options markets, as well as trading fixed income products and equities. Prior to 1994, Mr. Songer's experience includes working on the floor of the Chicago Mercantile Exchange for Smith Barney, Harris Upham & Co. and three years at Kidder, Peabody & Company as an account executive. Mr. Songer graduated from College of the Holy Cross in 1988 where he received a Bachelor of Arts in Economics.

## Industry Growth



## **Bull Market in Commodities**

- Supply and demand imbalance for physical commodities
- Physical demand – China & India
- Supply limitations due to a lack of investment in new plants and technology
- Potential supply disruptions due to political turmoil
- Investment demand from commodity indexes and ETFs
- Self-fulfilling prophecy
- Will investor psychology lead to mania?

## **Have the Markets Changed?**

- How we access markets has changed
  - More accessible to investors
  - Leveled the playing field
  - Locals have gone electronic
  - 24 hour access
  - Grains go electronic side by side in August
- Participants have changed
  - Greater institutional participation through FOF
  - More Commodity Trading Advisors
  - More locals due to electronic trading

## **Challenges to Managers**

- Adapting to new trading environment
- Identifying new ways to capture inefficiencies
- Identifying new inefficiencies
- Similar strategies among managers
- New Markets
- Data
- Liquidity
- Fast Money

## **Challenges to Institutional Investors**

- Capacity constraint
- Large managers closing to new investment
- Forced to consider smaller managers
- Due diligence on many small managers vs. a few large managers
- Initial Due Diligence
  - Quantitative Analysis
  - Qualitative Analysis
- Ongoing Due Diligence

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## **Outsourcing**

- Creating new efficiencies
- Research
- Due Diligence
- Back Office
- Marketing
- Legal
- Accounting

## **Asset Class vs. Skill Based Investment**

- Passive Index (asset class)
- Actively Managed Program (skill based)

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## **Markets - SGDP**

### **Financials**

US Bond  
US 10 Yr. Note  
US 5 Yr. Note  
US 2 Yr. Note  
Eurodollar  
Fed Fund  
Canadian Gov Bond  
Japanese Gov Bond  
UK Gilts  
German Bund  
German Bobl  
German Schatz  
Canadian BA  
Euroyen  
Short Sterling  
Euribor  
Euroswiss

### **Currencies**

Euro Currency  
Swiss Franc  
British Pound  
Japanese Yen  
Australian Dollar  
Canadian Dollar  
Mexican Peso  
Dollar Index

### **Stocks**

S&P 500  
Nikkei  
FTSE  
DAX

### **Softs**

Orange Juice  
Cocoa  
Sugar  
Coffee  
Lumber  
Cotton  
London Coffee  
London Cocoa  
London Sugar

### **Energy**

Crude Oil  
Natural Gas  
Heating Oil  
Unleaded Gas  
Brent Crude  
Gas Oil

### **Metals**

Gold  
Silver  
Copper  
Platinum  
Palladium

### **Grains**

Soybeans  
Soybean Oil  
Soybean Meal  
Wheat  
Kansas Wheat  
Corn  
Oats  
Rice  
Canola

### **Meats**

Lean Hogs  
Pork Bellies  
Live Cattle  
Feeder Cattle

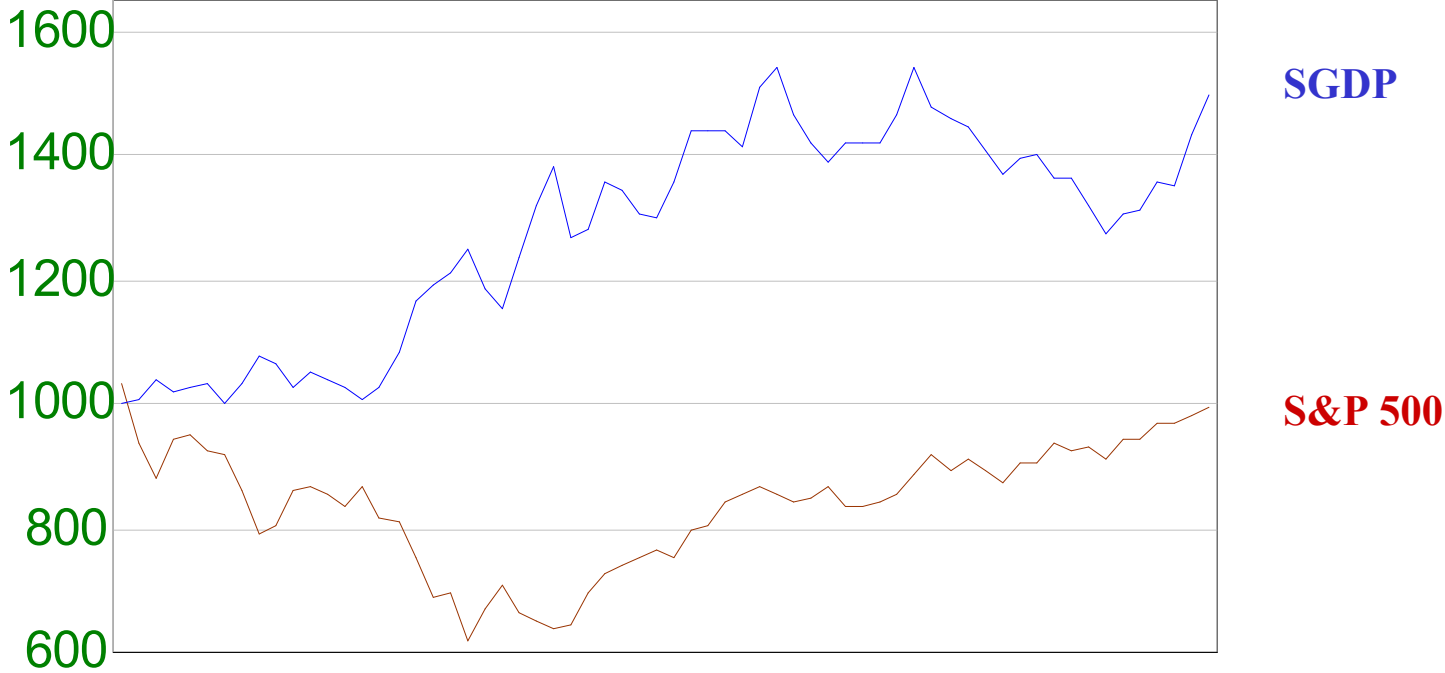
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## **Returns - SGDP**

	2001	2002	2003	2004	2005	2006
Jan	+0.20	-1.51	+6.90	-1.84	-1.57	+3.55
Feb	+0.82	-0.95	+4.56	+6.51	-0.98	-0.20
Mar	+2.72	-1.59	-8.15	+2.40	-2.56	+6.04
Apr	-1.61	+1.62	+0.83	-5.24	-2.49	+4.26
May	+0.25	+5.75	+6.11	-2.71	+1.56	
June	+0.71	+7.28	-0.99	-2.42	+0.59	
July	-2.99	+2.21	-3.06	+2.09	-2.74	
Aug	+3.45	+1.83	-0.17	+0.13	+0.09	
Sep	+3.90	+3.08	+4.49	+0.23	-3.54	
Oct	-0.88	-5.17	+5.78	+3.00	-2.97	
Nov	-3.92	-2.51	+0.08	+5.09	+2.54	
Dec	+2.82	+7.05	+0.17	-3.86	+0.06	
	+5.24	+17.51	+16.61	+2.70	-11.55	+14.25

**SGDP vs. S&P 500**



## **“REMINISCENCES OF A STOCK OPERATOR”**

**-Jesse Livermore**

I always have traded in commodities as well as in stocks. I began as a youngster in the bucket shops. I studied those markets for years, though perhaps not so assiduously as the stock market. As a matter of fact, I would rather play commodities than stocks. There is no question about their greater legitimacy, as it were. It partakes more of the nature of a commercial venture than trading in stocks does.... In the long run commodity prices are governed but by one law -- the economic law of demand and supply.

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## **Contact Information**

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