1777 Borel Place, Suite 415, San Mateo, CA 94402 | TEL: (650) 341-1019 | FAX: (650) 341-1037 | www.presidio-cap.com

Portfolio Review — 1st Quarter 2009

The market, for the first two months of 2009, continued to experience significant market volatility (downside volatility in particular!). The S&P 500, a proxy for the broad equity markets, fell 8.4% in January and another 10.7% in February, bringing the two month total return of the equity markets to -18.2% -- one of the worst two month periods on record. The PGO Fund, during this same period, was down a net -4.3%.

The first few days of March saw the markets continue on a downward slide, with the S&P 500 down another 3%. However, from March 9 through the 26, the S&P staged a massive 23% rally (one of the most violent and fastest two week rally since 1933!), due in large part to indications of improving economic conditions and government plans to move 'toxic assets' from banks balance sheets (PPIF). The S&P ended March up +8.8%, bringing its 1st Quarter 2009 (and Year-to-Date) performance to -11%. The PGO fund was down -2.8% for the same period, with substantially less risk (volatility). For reference, Table 1 below shows the monthly performance of the fund as well as comparative benchmarks.

TABLE 1:

	Performance				
	Jan-09	Feb-09	Mar-09	YTD*	ITD**
Presidio Global Opportunities Portfolio	-0.4%	-3.8%	1.5%	-2.8%	-2.8%
Comparative Indices					
U.S. Stocks (S&P 500)	-8.4%	-10.7%	8.8%	-11.0%	-11.0%
International Stocks (MSCI EAFE)	-9.8%	-10.3%	6.4%	-13.9%	-13.9%
U.S. Fixed Income (Barclays Aggregate)	-0.9%	-0.4%	1.4%	0.1%	0.1%

* Year to date
** Inception to date

PGO's risk-adjusted outperformance to the equity markets were aided in large part to three factors: (1) our bias towards higher quality investments and securities that are senior in the capital structure; (2) risk management hedges; and (3) our lowly correlated theta-decay option strategies.

Given our valuation views on the major capital market asset classes, we tactically positioned our portfolio at the start of the year with a higher quality tilt, focusing on credit oriented securities (e.g. investment and non-investment grade corporate bonds, agencies), short-to-intermediate treasuries and high-quality equities. PGO's bias towards these investments proved beneficial the first two months of the year when investors continued to show risk aversion to equities and assets lower in the capital structure.

The hedges in the portfolio (puts and short positions) were instrumental in helping dampen portfolio volatility and reducing downside risk during the first quarter. Hedging is an active part of our overall portfolio management process, and our decision to implement zero, partial or full hedges is usually the result of our valuation and sentiment views on particular asset classes. For the quarter, we implemented hedges on certain equity positions as well as hedging out the 'equity beta' in a number of positions (e.g. preferred shares, MBSs, REITs) through the use of put options.

Finally, our theta-decay option strategies worked well for us in this volatile environment, providing an uncorrelated +2% return year-to-date. This strategy involves the use of options that help place a floor and upper limit on our investment returns, while at the same time allowing us to take advantage of yield income from the underlying securities as well as the time decay of option premium that we sell. The purpose of this particular strategy is to provide a meaningful and consistent source of low volatility and lowly correlated return to the overall portfolio – a strategy that we continue to expect to add value over time.

Outlook

As we write this quarterly newsletter (April 9), global equities are continuing their powerful rally. Both the S&P 500 and MSCI EAFE (a proxy for International stocks) are up approximately +26% from their March 9 intra-period lows. This 'market revival' has forced us to pause and think more about the durability, quality and sustainability of this rally. Have the reflationary efforts by global central banks finally soaked into the system enough to make things so much better that we are now on the brink of a sustainable bull market rally? Or are we simply just experiencing another bear market rally? We think the latter is more likely, although the first is always possible.

Outlook (continued)

Recent data has shown glimmers of economic improvement. Increases in U.S. existing and new home sales, improving mortgage refinancing activity and an uptick in U.S. durable goods orders indicate that the worst may be behind us. These data points are not too surprising – the massive monetary and fiscal efforts implemented in the last 18 months needed some time to show meaningfully visible effects. However, we still remain cautious, as there continues to be significant headwinds that the global economies face and their impact on the equity markets over the short-intermediate term . The global economy had undergone an unprecedented set of events that was built up over several decades (e.g. consumer and corporate debt implosion) and is likely to take some time to heal. In addition, key data continues to point to uncertainty in the economy and the markets. Unemployment continues to remain high (and is expected to go higher, possibly touching 10-11%), household savings rates are ticking up (currently at about 5%), consumer confidence is at multi-decade lows, stresses in the commercial real estate sector (i.e. high vacancies, refinancing hurdles), consumer credit receivables, and auto receivables are likely to have continued negative effects for the broader economy. Home price declines still haven't seemed to have troughed, further exacerbating the stresses to consumers and lenders. In addition, with 10-year Treasury yields still under 3% and at 50-year lows, and corporate bond spreads (both investment grade and non-investment grade) still at multi-decade highs, the market continues to show a significant sense of risk aversion, and thus, uncertainty about the economic future.

Though the near-to-intermediate term risks are widely understood, we must also be mindful of the longer run implications and unintended consequences that may result from today's actions by central banks and governments. The enormous monetary and fiscal reflation efforts may eventually lead to (among other things): (1) substantial tax increases to finance budget deficits; (2) higher inflation and energy prices; (3) a secularly weaker dollar; and (4) potentially lower global earnings growth caused by the massive consumer and corporate delevering. These uncertainties continually force us to think long and hard about how best to position the portfolio under these multiple, wide ranging economic outcomes.

In light of all this, we are optimistic about the longer-term resiliency of the global economies. With the coordinated efforts among central banks, we believe the necessary tools are in place to help weather this economic and financial storm. As such, we believe risk assets (e.g. equities) will eventually see improved market sentiment and market participants will eventually appreciate the substantial returns these assets may provide, particularly at these valuation levels. In fact, we have been moving into "higher risk" assets over the last few weeks on a gradual, opportunistic basis, and may start accelerating our positions in these assets once we see some resilience in key metrics such as home prices, credit spreads and various leading economic indicators.

Taking Intelligent Risks

The market environment over the last 18 months has given the mainstream media much to talk about. Everywhere we look, from the Wall Street Journal to local newspapers, from CNBC and Bloomberg television to local news stations, we saw headlines like 'Great Depression?', 'Bank Nationalization?', 'Frozen Credit Markets', 'S&P 600?', 'Toxic Assets', 'GM Bankruptcy?,' Billion Dollar Bailouts' and on and on. Surely, these headlines can invoke powerful, varied emotions even for the most seasoned investor.

We want our clients to know that despite all the noise we see and hear in the headlines, we continue to maintain rigor and discipline in our investment process – a process that focuses on taking intelligent risks to produce consistent and attractive risk-adjusted returns. We continually aim to build a high quality, durable portfolio that can do reasonably well in different market conditions – a portfolio that can 'weather the storm' in down markets, but also meaningfully participate in up markets. This, of course, is no easy task. But we believe that by continually combing through the capital markets and evaluating how risks are being priced and compensated, determining what risks are worth taking, and ensuring that our portfolio is appropriately diversified across these risks, we can maximize the probability of meeting this objective.

As always, we thank you for your continued support. Please don't hesitate to contact me with any questions or concerns.

Matthew R. Lee, Managing Director

1777 Borel Place, Suite 415, San Mateo, CA 94402 | TEL: (650) 341-1019 | FAX: (650) 341-1037 | www.presidio-cap.com

Disclosures

Past performance is not a guide to future performance and the value of investments and the income derived from them can go up as well as down. Future returns are not guaranteed and a loss of principal may occur.

This material is for your information only and is not intended to be used by anyone other than you. This material is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction as such an offer or solicitation would be illegal. The presentation is not intended to be used as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client's account should or would be handled, as appropriate investment strategies depend upon the client's investment objectives. It is the responsibility of any person or persons in possession of this material to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. This material has been prepared based upon information that Presidio Capital Investments believes to be reliable. However, Presidio Capital Investments does not represent that this material is accurate, complete and up to date and accepts no liability if it is not.

This presentation should be reviewed in conjunction with its accompanying materials (if applicable), sections of which contain standardized performance information and additional important legal disclosures.

The risk management process described herein includes an effort to monitor and manage risk, but should not be confused with, and does not suggest, explicitly or implicitly, a guarantee against loss or low risk.

Investment in an Alternative Investment Fund is suitable only for sophisticated investors for whom an investment in such fund does not constitute a complete investment program and who fully understand and are willing to assume the risks involved in an Alternative Investment Fund. Alternative Investments by their nature, involve a substantial degree of risk, including the risk of total loss of an investor's capital.

Strategic assumptions are subject to a high level of uncertainty regarding future economic and market factors that may affect actual future performance, which may vary significantly from these assumptions. Accordingly, such data should be viewed as hypothetical indications of a broad range of possible returns. These assumptions should not be construed as providing any assurance or guarantee as to returns that may be realized in the future from investments in any asset or asset class described herein and may not be representative of how we will manage any of our portfolios or allocate funds to such asset classes.

Presidio Capital Investments LLC does not provide legal or tax advice to its clients and all investors are strongly urged to consult with their legal and tax advisors regarding an potential investment.

References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time ("benchmarks") are provided by Presidio Capital Investments, LLC for your information only. Presidio Capital Investments, LLC does not give any commitment or undertaking that the performance of your account(s) will equal, exceed or track any benchmark. Opinions expressed herein are current opinions only as of the date appearing in this material. No part of this material may be: i) copied, photocopied or duplicated in any form, by any means; or ii) redistributed without Presidio Capital Investments prior written consent. © Copyright 2009 Presidio Capital Investments, LLC. All rights reserved.