

TRANEN CAPITAL



Registered with the Monetary Authority of Singapore
Registered with the Financial Services Authority of Japan
Registered with the Financial Supervisor of Columbia
Irish Stock Exchange Listing: Sedol B61DB84 | ISIN Number: VGG8993Y1007
Bloomberg Ticker: TranCap VI | A British Virgin Islands Company

Tranen Capital Newsletter | November, 2010
Performance Data as of 10/31/2010



October was a relatively quiet month in the markets, but a typically busy one for the Fund. The Fund was up 1.80%, while Standard & Poor's 500 stock index rose by 3.81%. The Dow Jones industrial average also closed out the best October in four years. News that the US economy rose modestly for the third quarter had little market effect. The markets seem to be waiting with uncertainty for the November election results. In addition, the signs of a weak economic expansion have built up expectations that the Federal Reserve will take bold steps to bolster the economy when it meets early in the first week of November.

The Fund managers had a very busy month, traveling back to both Hong Kong and Japan, meeting with two very different audiences. In Hong Kong, the Fund was a sponsor of the first Insurance Linked Securities Conference in Asia. The conference attendance was fairly good for a first-ever event, but certainly the industry has to start to engage a larger audience, because the changes in demographics that were highlighted at the conference were striking. One speaker noted that by the year 2040 there will be 400 million Chinese over the age of 65 and therefore needing some sort of retirement income as well as health care! This is an absolute staggering number when we consider that this would be larger than the entire population of the United States in 2040. The issues of the US healthcare system are grave enough with only a potential population of 68 million over the age of 65. Japan's situation is similarly perilous, with a large, retired and aging population that will not receive the financial support from the State, that would be derived largely from taxes, because the younger population is much smaller, generating less tax revenue. This problem is made worse in Japan because the economy remains stagnant, as it has been for more than a decade. These demographic pressures play exactly into the research and the focus of Tranen Capital. The fact that the demographic shifts are happening so quickly all over the world likely poses the biggest threat to the future of the global financial system. The conference had many speakers that were alluding to the same issues.

The Fund managers also visited Japan, which was very educational, as reflected in the comments above. The Fund met with many pension funds and advisors to pension funds. It was interesting to hear how some of them are looking to rebalance their portfolios to include alternative investment asset classes. With interest rates remaining at zero, alternative assets and diversification away from some of the traditional investments make a lot of sense. There is also an increasing sense that there are serious issues that have to be addressed due to the significant liabilities to Pension holders over the next 5-7 years. As mentioned above, Japan also will have to figure out the best way to provide financial assistance to their aging population, and life settlements seems to be an interesting way to fund or pay for these obligations. In a market or society like this, the difficult part is determining which assets could best be used as a model for the future. Certainly our Fund managers will continue to emphasize research on these issues, and hope to come up with models for solving, at least in part, these difficult problems.

We look forward to the coming months with great anticipation, and to reporting to you our ongoing success. In the meantime, our best wishes!



Tranen Capital has become registered in Colombia, becoming the first single strategy hedge fund to be registered in that country.

Both South and Latin America are growing substantially in the aftermath of the economic crisis. There is not only a lot of cash, but a lot of raw materials and commodities in these regions.

In Colombia, local pension plans and institutions have made great amounts of money but now need to diversify into other asset classes.

This is where the Fund comes in!

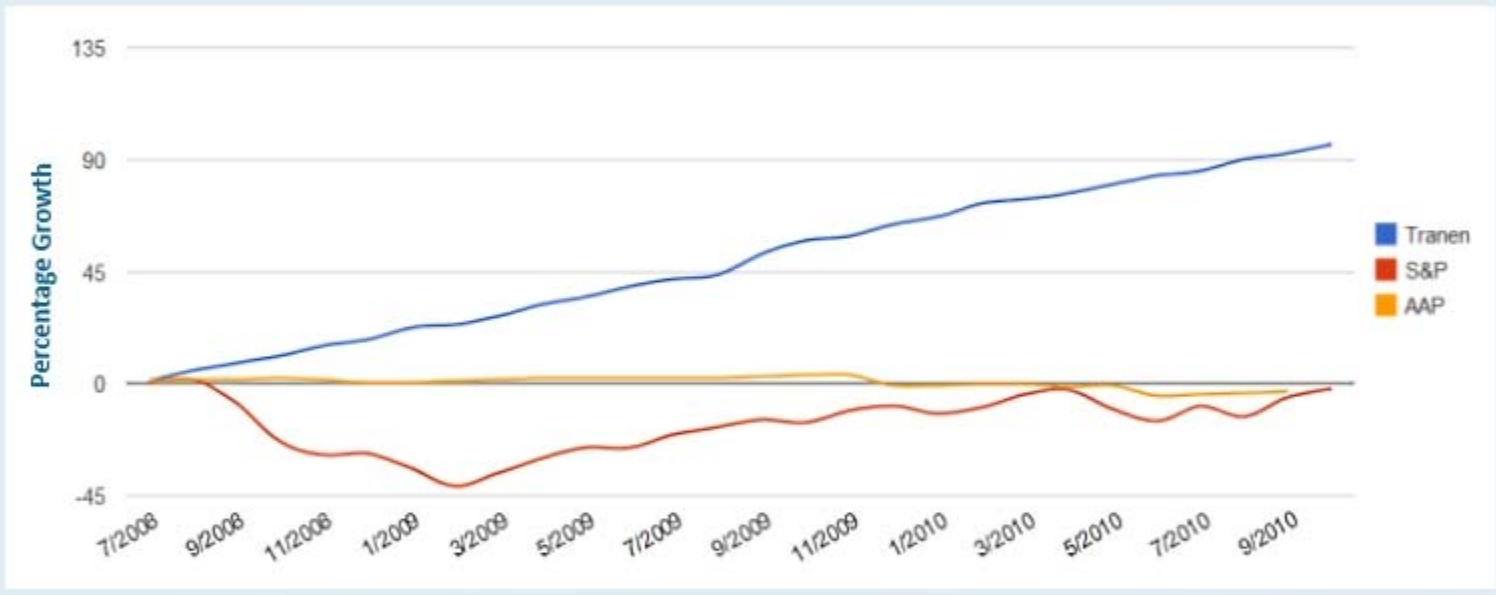
We hope to instruct local asset managers and advisors about the effectiveness of the use of alternative assets both to increase and stabilize their returns, while at the same time showing them that investment in the Fund can meet both of those financial goals.

The larger the Fund's size, the greater is the predictability of successful performance, which, of course, is to the advantage of all of the Fund's investors.

About Colombia

A recent Latin Business Chronicle article states that Colombia has gone from being a "failed state" of rising terrorism and weak investor interest to a global model in fighting crime and an investor darling thanks to a dramatic improvement of security and a series of investor-friendly reforms.

TRANEN FUND PERFORMANCE VS. AAP & S&P SINCE JULY 2008



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	1.7	3.3	1.0	1.3	2.3	1.8	1.1	2.6	1.2	1.8	-	-	19.6% Compounded
2009	4.0	1.3	2.5	3.7	2.5	3.0	2.1	1.6	5.6	3.5	1.2	2.8	39.5% Compounded
2008	-	-	-	-	-	-	0.7	4.2	2.6	3.0	3.4	2.2	17.4% Compounded

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