

The Long and Short of Commodity Investing

Texas Public Employee Retirement System
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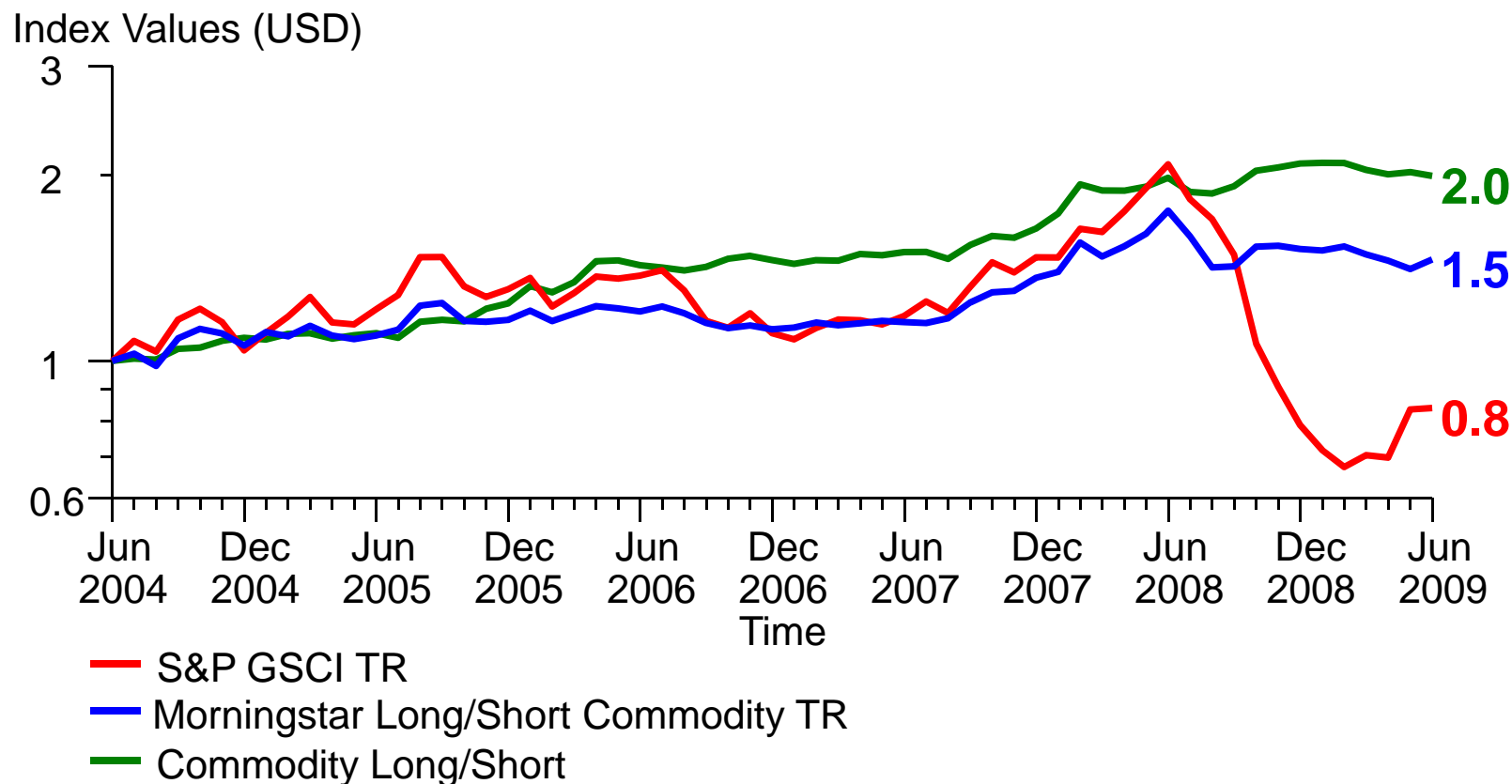
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Stability Across Markets

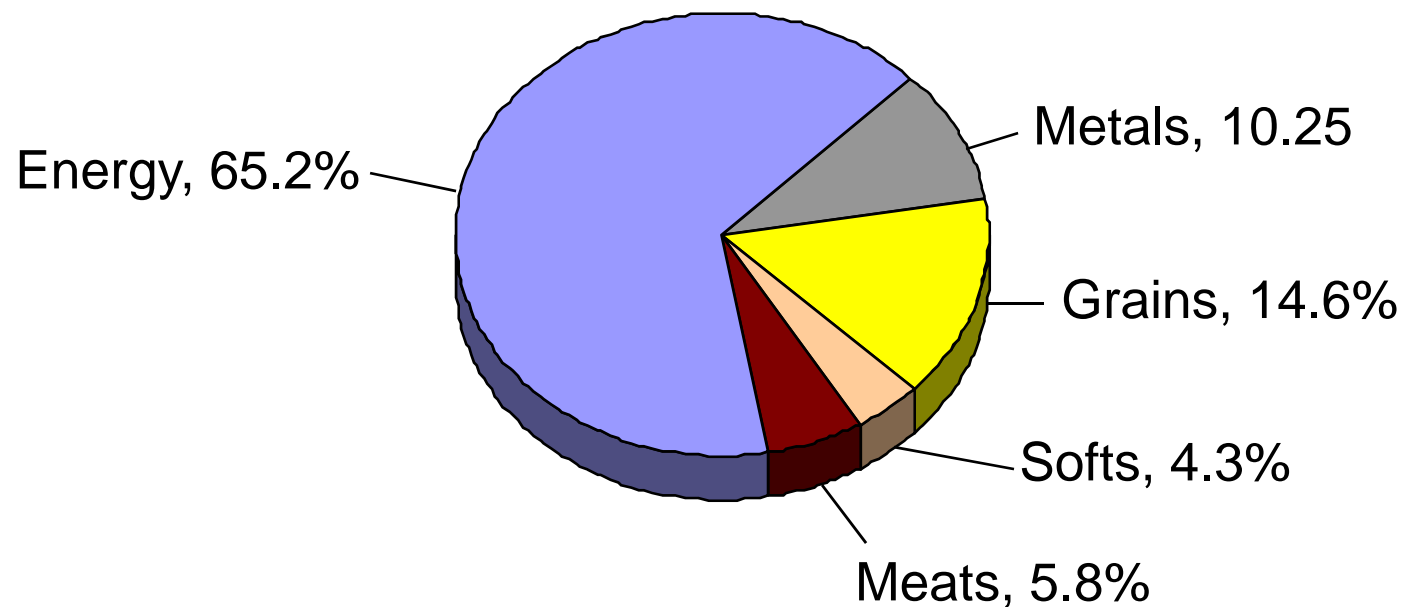
Composite Performance Record 7/1/04 – 6/30/09 *



PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

*The composite performance record is hypothetical and these trading advisors have not traded together in the manner shown in the composite. Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account, multi-advisor managed account or pool will or is likely to achieve a composite performance record similar to that shown. In fact, there are frequently sharp differences between a hypothetical composite record and the actual record subsequently achieved. One of the limitations of a hypothetical composite performance record is that decisions relating to the selection of trading advisors and the allocation of assets among those trading advisors were made with the benefit of hindsight based upon the historical rates of returns of the selected trading advisors. Therefore composite performance records invariably show positive rates of return. Another inherent limitation on these results is that the allocation decisions reflected in the performance record were not made under actual market conditions and therefore, cannot completely account for the impact of financial risk in actual trading. Furthermore, the composite performance record may be distorted because the allocation of assets changes from time to time and these adjustments are not reflected in the composite. Please see the Notes page at the end of this presentation for more information on the composite performance record of the Commodity L/S Fund.

Goldman Sachs Commodity Index* Portfolio Exposure



Energy

crude oil
brent crude
unleaded gasoline
heating oil
gas oil
natural gas

Metals

aluminum
copper
lead
nickel
zinc
gold
silver

Grains

wheat
KS wheat
corn
soybeans

Softs

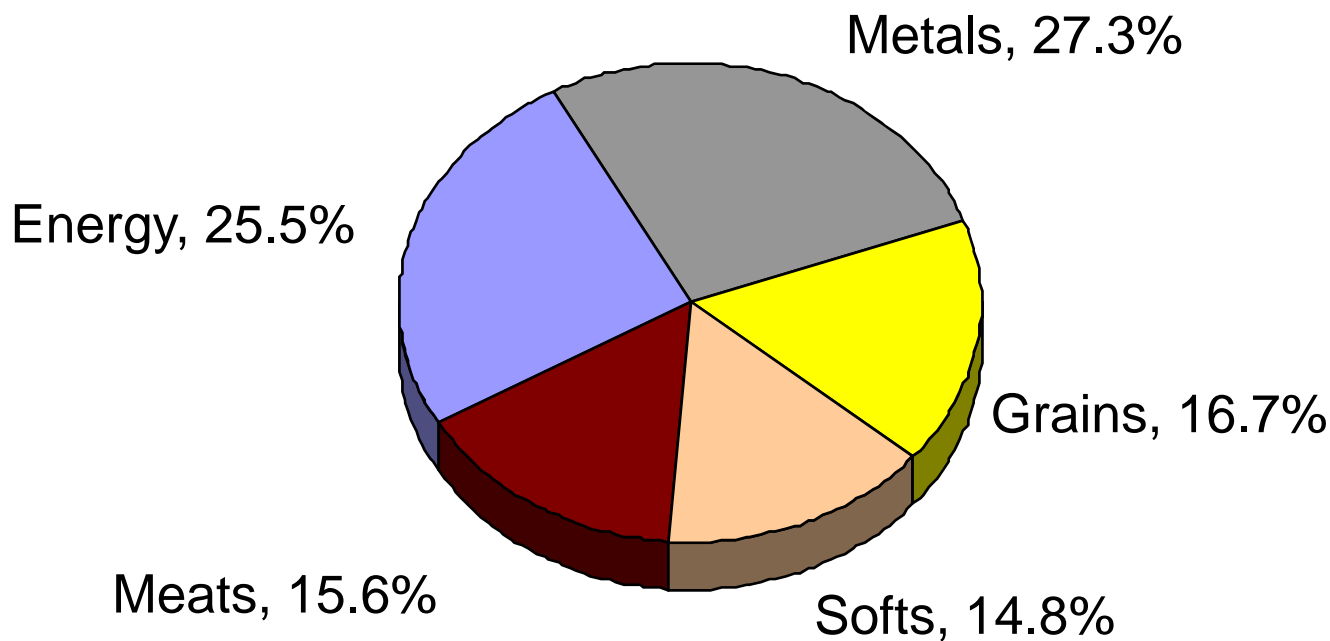
cocoa
coffee
cotton
sugar

Meats

feeder cattle
live cattle
lean hogs

* The S&P GSCI TR Index is a recognized benchmark for the commodities industry; which is not available for investment.

Sample Commodity Long/Short* Portfolio Exposure



* The Commodity L/S Fund is a proposed investment strategy that is not currently operational. See the Notes page at the end of this presentation for more information on the Commodity L/S Fund.

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Commodity Long/Short* Portfolio Exposure (cont'd)

Energy

crude oil
 brent crude
 heating oil
 london gas oil
 unleaded gas
 natural gas
kerosene
blend gasoline

Metals

aluminum
 silver
 gold
 lead
 copper
 nickel
 zinc
palladium
tin
HG copper
NASAC
platinum

Grains

Wheat
 KS wheat
 corn
 soybeans
soymeal
soybean oil
canola
oats
rough rice
milling rice
EU wheat
spring wheat
sunflower
seeds
azuki beans
non-gmo
soybeans
barley
freed wheat

Softs

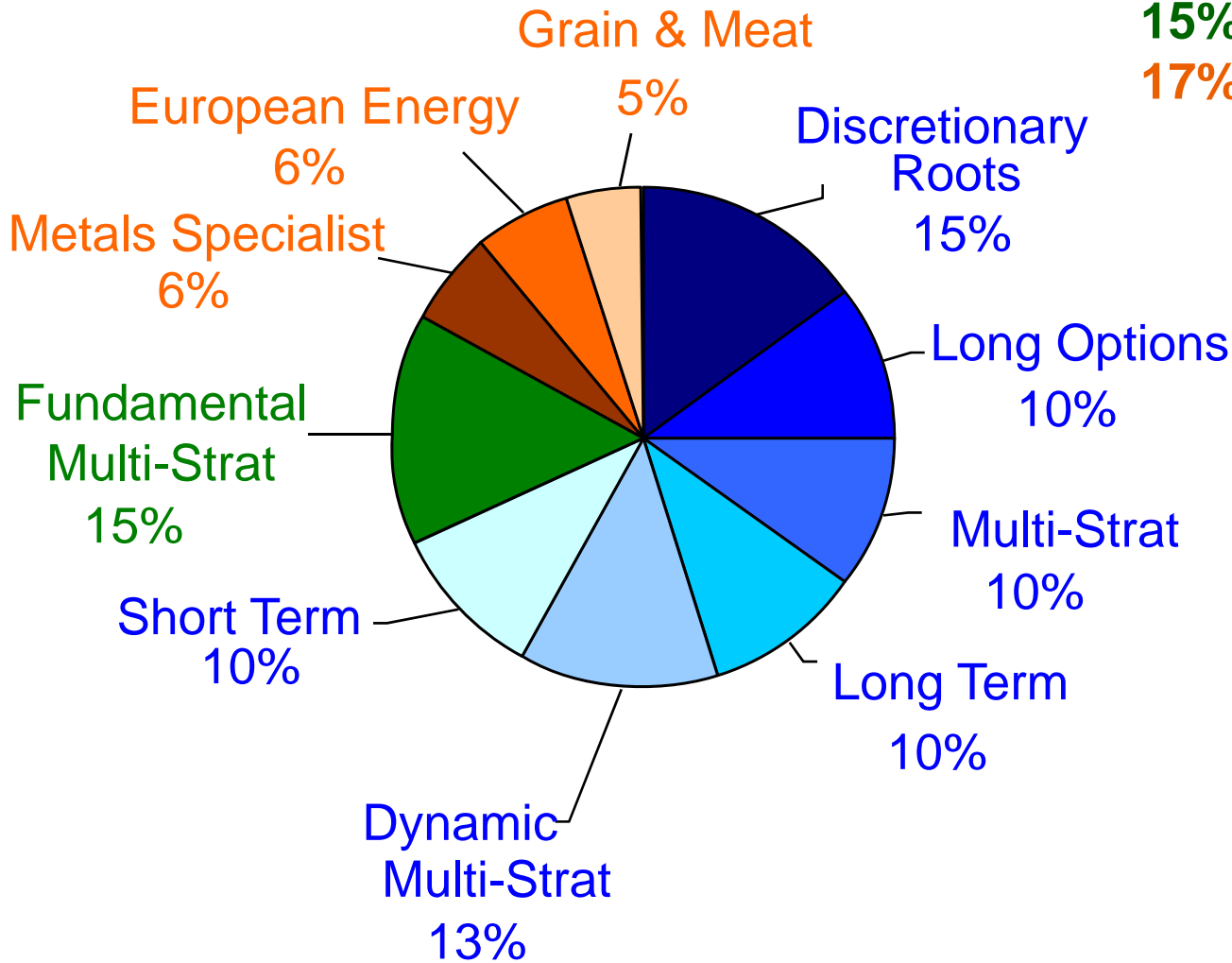
cotton
 sugar
 cocoa
 coffee
London coffee
London sugar
London cocoa
orange juice
milk
lumber
rapeseed
rubber
palm oil

Meats

lean hogs
 feeder cattle
 live cattle
pork bellies
milk class III

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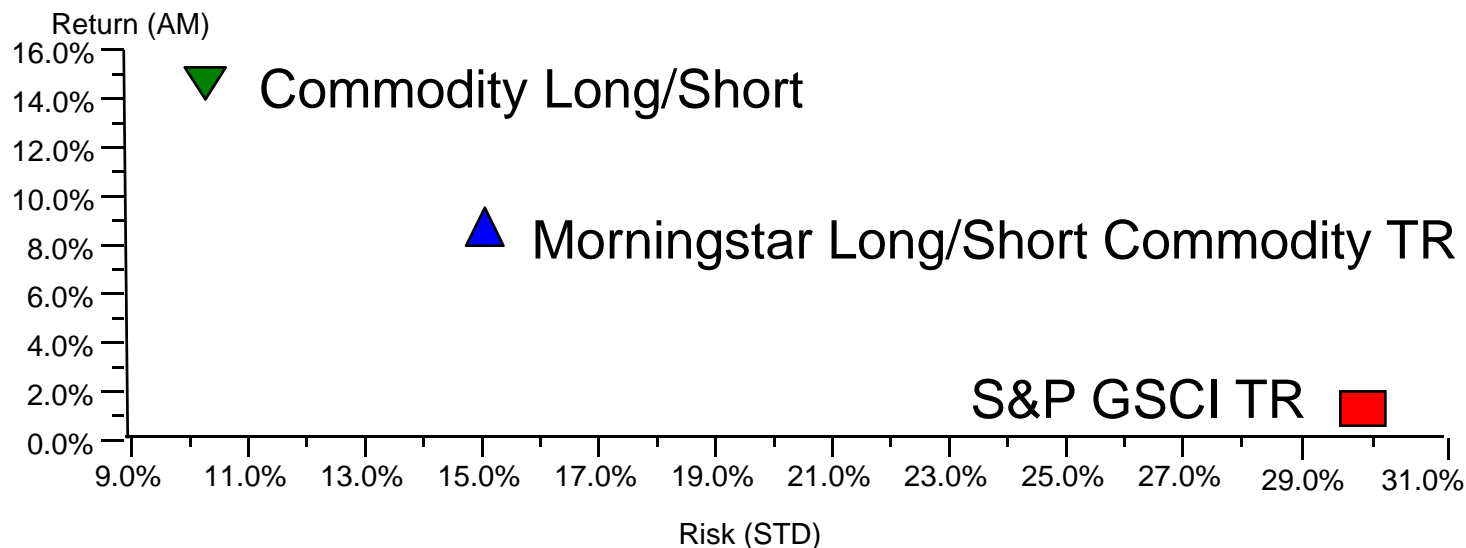
Sample Multi Manager Allocations



68% Systematic
15% Fundamental
17% Sector Specialists

Less Risk Better Return

Composite Performance Record 7/1/04 – 6/30/09 *

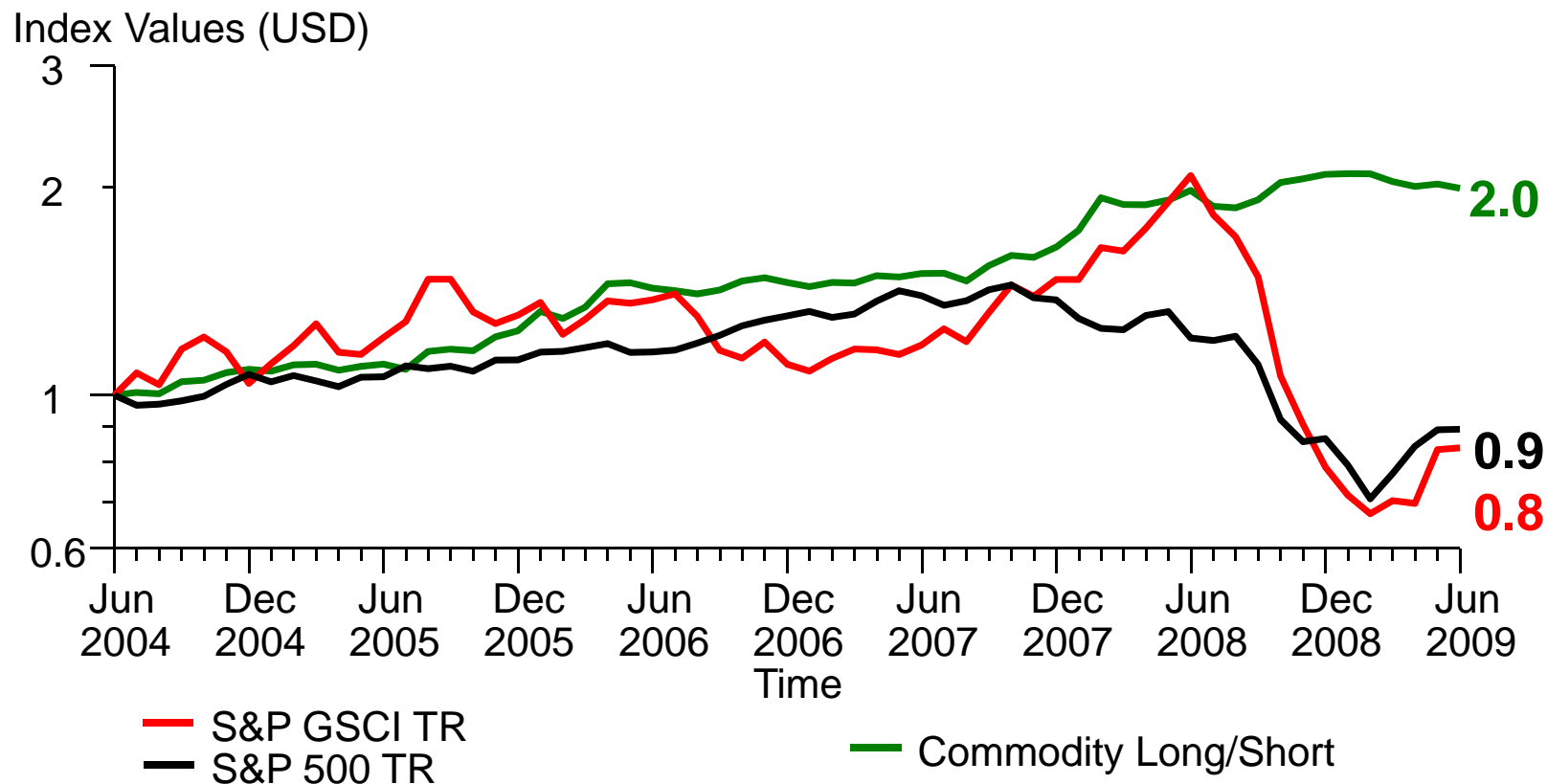


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Negative Correlation Provides Positive Results

Composite Performance Record 7/1/04 – 6/30/09 *



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Firm Overview and Principals

Guidance Capital is dedicated exclusively to hedge fund research and management of multi-manager fund-of-hedge fund portfolios. Clients interested in investing with Guidance can either invest directly in a specific strategy fund or through allocation funds that in turn invest in specific strategy funds. Guidance distinguishes its products in three ways: (i) by emphasizing specialist managers, (ii) by providing modularity for institutional investors, and (iii) by performing excellent manager research. We gather assets through banks, trust companies and other financial institutions that need alternative investment products for their clients. Guidance is a SEC registered investment advisor and a NFA registered Commodity Trading Adviser and Commodity Pool Operator.

Firm Principals

Brian C. Ziv, CFA, Founding Principal, was Chief Investment Officer of Graystone Wealth Management, a subsidiary of Morgan Stanley that advised \$8 billion in traditional and alternative assets. Earlier he ran a value equity manager in Chicago and was an equity analyst at Kidder Peabody in NY. (28 yrs. experience, Princeton)

D. Trowbridge Elliman, III, CIMA®, Founding Principal was Sr. VP with Morgan Stanley where he helped develop and market alternative products, including Market Street Managed Futures LP and Oxford Advisors Ltd. Earlier he headed non-ferrous metals trading at Drexel Burnham in NY. (28 yrs. experience, Hampshire)

Christopher Walvoord, Principal, was Director of Alternative Investments at Northern Trust where he ran four funds of funds with over \$400 million. Earlier he was a portfolio manager running over \$10 billion in structured short-duration credit portfolios. (13 yrs. experience, U of Illinois, U Cal Berkeley, U of Chicago)

Barry Brick, CPA, Principal, is Chief Operating Officer and Chief Compliance Officer. He served as Director of Product Development within the Fund Services Division of SEI Investments. Earlier he was a business unit controller at Kidder Peabody & Company and an auditor with Price Waterhouse & Co. (23 yrs. experience in the financial services industry, SUNY/Albany, St. Joseph's University)

Notes

Guidance Commodity Long/Short Fund (the "Commodity Long/Short Fund") is a proposed investment fund that has not yet commenced operations. The Commodity Long/Short Fund expects to invest substantially all of its assets in underlying hedge funds/commodity pools managed by independent investment advisers/commodity trading advisors.

Composite performance returns do not reflect actual trading and may not reflect the impact that material economic and market factors may have had on the adviser's decision-making during the time period. Composite performance results may be misleading or distorted due to decisions that are made with the benefit of hindsight. Furthermore, a composite performance record may be distorted because the allocation of assets changes from time to time and these adjustments are not reflected in the returns.

COMMODITY LONG/SHORT FUND COMPOSITE PERFORMANCE RECORD DISCLOSURE:

The composite performance record provided for the Commodity Long/Short Fund from July 1, 2004 to January 1, 2009 (the "Composite Performance Period") reflects a hypothetical composite performance record and is based upon the combined actual performance of the seven underlying CTA Funds (the "Commodity Long/Short Composite Returns") in which the fund expects to invest at inception.

The calculation of the Commodity Long/Short Composite Returns assumes the following allocations among the ten CTA Funds at inception: Dynamic Multi-Strategy Manager - 13%, Discretionary Roots Manager - 15%, Long Term Manager - 10%, Short Term Manager - 10%, Multi-Strategy Manager - 10%, Options Manager - 10%, Fundamental Multi-Strategy Manager – 15%, Metals Specialist – 6%, European Energy Manager - 6% and Grain and Meat Manager - 5%; with quarterly rebalancing. In cases where a CTA Fund was not available for investment during a portion of the Composite Performance Period, the calculation assumes that the assets of the Commodity Long/Short Fund were allocated pro-rata among those CTA Funds that were available for investment.

The calculation of the Commodity Long/Short Equal Weighted Manager Composite Returns assumes an equal allocation of 9% among the eleven CTA Funds at inception, with quarterly rebalancing. In cases where a CTA Fund was not available for investment during a portion of the Composite Performance Period, the calculation assumes that the assets of the Commodity Long/Short Fund were allocated pro-rata among those CTA Funds that were available for investment.

Notes (continued)

COMMODITY LONG/SHORT FUND COMPOSITE PERFORMANCE RECORD DISCLOSURE (Continued):

The Commodity Long/Short Composite Returns reflect the incentive allocation and management fees that would have been charged based upon an investment on the first day of the Composite Performance Period. The Commodity Long/Short Composite Returns reflect hypothetical performance an investor would have obtained had it invested in the manner shown and does not represent the results that any investor actually attained. Changes in the assumptions may have a material impact on the composite performance presented. The Commodity Long/Short Fund's actual portfolio of investments will change over time. This composite performance information is provided for illustration purposes only and is not indicative of future performance of Commodity Long/Short Fund. No investor should rely upon this hypothetical composite performance record in making an investment decision.

Index Comparisons: Guidance Capital believes that the comparison of the Guidance Funds' performance to any single market index is inappropriate. The Guidance Funds may contain options and other derivative securities, may include short sales of securities and margin trading and may not be as diversified as the market indices noted in the tables above. Due to the differences among the Guidance Funds' investment strategies and the performance of the market indices noted in the performance tables, Guidance Capital believes that no such index is directly comparable to the investment strategies of the Guidance Funds.

Definitions:

Standard Deviation is a measure of volatility of returns. Roughly two-thirds of returns in a normally distributed sample fall within one standard deviation plus or minus of the mean return.

Sharpe Ratio reflects return (in excess of the risk-free rate) per unit of risk. It is calculated herein using annualized returns and standard deviations. The assumed risk-free rate used in this presentation is the 3 month treasury bill return.

Maximum Drawdown is the maximum peak to trough decline during any period.

Correlation measures the extent that monthly returns of the Fund rise and fall with returns of the indices. Perfect lock-step co-movement would represent a correlation of 1.0, perfectly opposite co-movement would represent a correlation of -1.0, and no relationship at all between return series would represent a correlation of 0.0.

COMMODITY FUTURES TRADING COMMISSION

RISK DISCLOSURE STATEMENT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, YOU SHOULD BE AWARE THAT FUTURES AND OPTIONS TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF YOUR INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT YOUR ABILITY TO WITHDRAW YOUR PARTICIPATION IN THE POOL. THESE SECURITIES HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE COMMODITY FUTURES TRADING COMMISSION, OR WITH ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY. THIS MATERIAL IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY AN INTEREST IN ANY GUIDANCE FUND. ANY OFFER CAN ONLY BE MADE BY THE DISCLOSURE DOCUMENT OF THE APPLICABLE GUIDANCE FUND AND ONLY IN JURISDICTIONS IN WHICH SUCH AN OFFER IS LAWFUL.

FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT, AND ADVISORY AND BROKERAGE FEES. IT MAY BE NECESSARY FOR THOSE POOLS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THE DISCLOSURE DOCUMENT FOR THE GUIDANCE COMMODITY LONG/SHORT FUND CONTAINS A COMPLETE DESCRIPTION OF THE PRINCIPAL RISK FACTORS, EACH EXPENSE TO BE CHARGED TO THIS POOL AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMMODITY POOL. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN THIS COMMODITY POOL, YOU SHOULD CAREFULLY STUDY THE DISCLOSURE DOCUMENT FOR THIS FUND, INCLUDING A DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY POOL MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE TRANSACTIONS FOR THE POOL MAY BE EFFECTED.