THE OPTIMIZE FUND L.P.

INVESTOR NEWSLETTER – Q2 2011

Deteriorating economic statistics toward the second half of the quarter prompted significant profit taking, especially amongst industrial stocks and other cyclical related securities. Financials in the US also were under pressure from exposure to European countries with significant debt issues, mounting concern in the US about disagreements regarding deficit reduction and debt ceiling modification to accommodate rising fiscal and monetary imbalances. Additionally, fear of a double dip prompted by renewed pressure on real estate and the contagion experienced as a result of the Japanese earthquake created renewed anxiety and uncertainty amongst investors. Lastly on the macro side, China and other emerging markets continued tightening monetary policy and imposed additional fiscal measures to prevent inflation from accelerating and creating bubble like consequences. We expect the proactive approach to stabilize pricing pressures and enable these developing countries to maintain sustainable economic growth in the high single digit range.

Despite these macro concerns, globally diversified companies continue to thrive with strong balance sheets and historically elevated gross margins perpetuating continued expansion in profitability. Most developed countries multinationals now spend a majority of their efforts exploring ways of strategically penetrating developing markets where growth rates are significantly above those in the developed world. For example, Citibank now generates over 50% of revenue and 60% of EBIT from international markets. One of the biggest opportunities we've identified is in markets such as China and Brazil, which are trading at multiples in line with those of the developed world despite significantly higher growth rates.

The major factors driving markets (i.e. Interest rates, yield curve, growth expectation, earnings revisions and surprises, valuation etc.) are all bullish but over-riding this has been macro concerns, which in many cases have been blown out of proportion. Various algorithmic and electronic trading platforms driven by short-term profitability objectives have created excessive volatility further heightening investor skepticism about the soundness of investing in the stock market. Fears of a repeat of the 2008 financial crisis debacle only confound this issue.

We continue to stay on course maintaining our over-weights in globally diversified blue chip companies with an expanding foot print solid management teams and strong market positioning. Hedging periodically against macro concerns and binary events affecting individual companies rounds out our risk management framework and portfolio mix.

Sincerely,

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