THE OPTIMIZE FUND L.P.
INVESTOR NEWSLETTER 2009/2010 OUTLOOK

The year concluded in a rather benign fashion with short sellers having their way in the final half hour of trading. Despite this, most markets achieved double digit returns with emerging markets rebounding approximately 50% after declining significantly the prior year. Markets ended 2009 still off 30% plus from their all time highs. Unprecedented monetary and fiscal stimulus prevented a more significant meltdown from transpiring with globally synchronized government intervention providing the liquidity which the financial system was unwilling to provide. The economies and markets appear to have stabilized but many developed countries' balance sheets remain in a precarious position.

Volatility, which exceeded all time highs, came down as the year wound down. Confidence started to build and emerging markets began exhibiting strength especially in their domestic economies. We expect global trade to return to more normal levels, provided the private sector is able to return to its historic role and the consumer is able to strengthen their balance sheet. The secular trend of emerging market industrialization and modernization is likely to persist for decades to come and we continue to position ourselves so as to capitalize on this new frontier. Resource-related securities have rebounded significantly with oil, copper and other commodities bouncing 100% from the lows experienced at the height of the crisis.

With 2009 behind us we will continue to customize our mix of securities to ensure we balance our risk/return exposure. Valuations appear reasonable but a backup in rates, as economic growth triggers fears of inflation, must be monitored. The employment situation is improving and with a large output gap and intense global competition, we expect inflation to stay moderate with the potential for rates to move back up to more normal levels. This may create a temporary hiccup in markets as the investment community adjusts. Companies worldwide have restructured which has led to improved margins. In the event of more normalized GDP growth, we could see corporate earnings continue to excel as revenue growth is achieved.

In summary we managed to achieve strong absolute returns in 2009 with reduced volatility, resulting in an attractive Sharpe ratio in a year unprecedented in terms of price movements and volatility. We hope to continue to incrementally add value via a balanced approach to risk/return in 2010. A summary of 2009 statistics is provided below.

Sincerely,

Jeff Kreps

Optimize Asset Management Incorporated
15 Toronto Street, Suite 602, Toronto Ontario, Canada M5C 2E3, T: 647.436.6131, F: 647.436.1647