THE OPTIMIZE FUND L.P.

INVESTOR NEWSLETTER - Q1 2010

Markets had a rocky start to the year as January marked the beginning of a moderate correction, as fear of a double dip recession and stubbornly high unemployment kept global markets under pressure. As earnings worldwide exceeded expectations and fears of an early monetary tightening subsided confidence was restored and February and March produced respectable returns across most markets resulting a in a positive outcome for the first quarter.

US markets led the advance as depressed financials showed early signs of emerging quicker than expected from the severe credit crisis of 2008/2009. The technology sector provided strong leadership through resumption in revenue growth, from the mobile internet revolution, increased corporate spending and a PC refresh cycle. Combined with cost rationalization (expanding margin) this enabled most companies to exceed both revenue and EPS estimates. Commodities remained strong as emerging markets (China, India and Brazil) resumed double digit growth. However emerging markets continued to consolidate as early signs of monetary tightening by governments kept investors at bay. Concerns of rising interest rates to combat inflationary pressures kept the major developing markets under wraps.

Volatility has come down dramatically, and so has the cost of hedging. Optimize continues to maintain exposure to equity markets but at the same time balancing off the risk through short option (puts) deployment. This balancing act continues to keep our risk profile in check with returns relative to the benchmark on a risk adjusted basis on a firm footing. As our prior newsletter highlighted, if rates do rise globally, markets may correct short term, but we believe that globalization will continue to benefit multinational companies and emerging market strength will resurface resulting in higher stock prices, over both the medium (1 & 3 years) and long term.

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