



Model Portfolio Daily Update: October 18, 2010

This daily update is a supplement to a monthly report dated September 30, 2010 that details the model portfolio strategies of Ascendere Associates LLC ("Ascendere"). The daily update alerts readers to portfolio changes, provides updated rolling price targets and stops, and reports daily returns and updates to month-to-date and year-to-date returns. None of the information in this report is representative of any investment management service we offer. Please see our disclosures and disclaimers at the back of this report.

New Actions Required:

A short position in EOG Resources, Inc. (EOG) closed above its stop price of \$100.74 and will be assumed closed at the end of next trading day and replaced with cash for the balance of the month.

Of Note:

1 out of 18 long positions have been closed for the MTD and replaced with cash, and 7 out of 19 short positions have been closed and replaced with cash.

Actions Taken for October to Date:

10/15/2010: A long position in Assured Guaranty Ltd. (AGO) was assumed closed at \$21.50 after surpassing its price target of \$21.14 the prior trading day. A short position in Liberty Media Capital (LCAP.A) was assumed closed at \$57.16 after closing above its stop price of \$56.50 the prior trading day.

10/14/2010: Short positions in Sunoco Inc. (SUN), Cameco Corp. (CCJ) and MEMC Electronic Materials Inc. (WFR) were assumed closed at \$39.75, \$30.45 and \$13.54 and replaced with cash for the balance of the month after closing above their stop prices of \$39.56, \$30.03 and \$13.55, respectively, the previous trading day.

10/13/2010: A short position in Developers Diversified Realty Corp. (DDR) was assumed closed at \$12.55 and replaced with cash for the balance of the month, after moving above its stop price of \$12.37 the previous trading day.

10/12/2010: A short position in Mosaic Co. (MOS) was assumed closed at \$68.15 today and replaced with cash for the balance of the month after moving above its stop price of \$66.50 the previous trading day.

10/11/2010: A short position in MGM Mirage (MGM) was assumed closed at \$13.48 today and replaced with cash for the balance of the month after moving above its stop price today of \$12.82 the previous trading day.

10/8/2010: The Opportunistic Model Short Portfolio exceeded its stop price and all short positions in this model are assumed closed as of October 8, 2010 for a 6.26% MTD return.

10/4/2010: To stay consistent with our backtested approach, we are removing two stocks from the model short portfolios that are under \$10 -- Brocade Communications (BRCD) and Cemex S.A.B. (CX). In the Core and Opportunistic short models, the retroactive replacements are Nucor (NUE) and Regency Centers Corporation (REG). The MTD retroactive penalty of taking these actions is an estimated 47 basis points in the Core and Opportunistic models.

10/1/2010: Delete AmeriCredit Corp (ACF) from the "high-quality" long models and reweight the long portfolios equally among 18 stocks versus 19 stocks previously. We discovered ACF was erroneously listed as an actively traded stock.

10/1/2010: Model portfolios were rebalanced following the 9/30/2010 close.

Model Portfolio Strategies*	10/18/10	WTD	MTD	YTD	Cumulative	Sharpe
Simple Return Method						
Naïve Model						
Long "High-Quality"	-0.03%	-0.03%	4.14%	12.91%	65.9%	0.35
Short "Low-Quality"	0.57%	0.57%	4.63%	11.85%	-5.1%	(0.10)
Dollar Neutral	-0.60%	-0.60%	-0.49%	1.06%	71.0%	0.56
Core Model						
Long	-0.04%	-0.04%	6.37%	18.24%	154.7%	0.76
Short	0.60%	0.60%	7.65%	24.94%	-69.6%	(0.53)
Dollar Neutral	-0.65%	-0.65%	-1.28%	-6.71%	224.2%	1.54
Opportunistic Model						
Long	-0.04%	-0.04%	6.37%	34.16%	197.5%	1.41
Short	0.00%	0.00%	6.26%	19.83%	-73.2%	(0.74)
Opportunistic Long/Short	-0.04%	-0.04%	0.11%	14.33%	270.6%	2.10
S&P 500 Index, ex dividends	0.72%	0.72%	3.78%	7.54%	13.67%	(0.00)

*** This table represents a theoretical model, and is presented for informational purposes only. The figures above are gross returns of various models and do not assume any kind of cost. This table is not to be construed as any advertisement of any investment service.**

The "Naive" Model is so named because it excludes risk management and other refinements and is intended to show the returns due to fundamental factors alone, which include operating momentum, relative value, fundamental quality and analyst revision momentum. Typically the Naive Model comprises of approximately 80-100 stocks.

The Core Model is a refined version of the Naive Model and uses stock-specific price targets and stops. Over the backtest, the number of stocks in the Core Model has comprised on average approximately 22 stocks in the long portfolio and 15 stocks in the short portfolio.

The Opportunistic Model uses the same stocks and stock-specific price targets and stops of the Core Model, but it additionally applies target and stop loss rules to the long and short portfolios. This model is usually dollar neutral, but when target or stops are reached this model could change to 100% long or short or to 100% cash at any given time.

Return of Stocks in the Long Portfolio - Return of Stocks in the Short Portfolio = Return of Overall Portfolio. YTD returns are based in part on backtested returns. Returns of the Naive Model have been tracked in real time since December 31, 2009. Returns of the Core Model has been tracked in real time since July 31, 2010. Returns of the Opportunistic Model have been tracked in real time since August 31, 2010. Cumulative returns and the Sharpe Ratios are calculated from the 12/31/2004 "inception." The risk free rate used in the calculation is the 90-day T-bill, which has averaged ~2.39% since 12/31/2004. None of these models assume any kind of expenses.

Naïve Model

October 18, 2010

Best performing "high-quality" stocks:

Mitsubishi UFJ Financial Group, Inc.	MTU	+1.94%
Mizuho Financial Group, Inc.	MFG	+1.76%
Chimera Investment Corporation	CIM	+1.45%

Worst performing "high-quality" stocks:

Novo Nordisk A/S	NVO	-4.80%
Tractor Supply Company	TSCO	-2.47%
Aixtron AG	AIXG	-1.87%

Best performing "low-quality" stocks:

MEMC Electronic Materials Inc.	WFR	-2.91%
Mosaic Co.	MOS	-2.53%
Randgold Resources Ltd.	GOLD	-1.41%

Worst performing "low-quality" stocks:

Developers Diversified Realty Corp.	DDR	+2.90%
Nasdaq OMX Group Inc	NDAQ	+2.81%
Stanley Works	SWK	+2.27%

Most of the time, our models assume investors are long "high-quality" stocks and short "low-quality" stocks. Therefore, we would prefer to see "high-quality" stocks moving up for the day and "low-quality" stocks moving down.

Daily Returns

The latest daily returns, and backtested daily returns, of all stocks and model portfolio strategies are available to paying subscribers on request.

The stock picking methodology among our Core and Opportunistic Models are the same.

Our Opportunistic Model differs from our Core Model in that it incorporates portfolio-based risk-management strategies, which are continually under refinement.

Our portfolio targets and stops are available to paying subscribers.

Core & Opportunistic Long Model					Daily						
10/15/2010 to 10/18/2010											
Sector	Company	Ticker	10/15/2010	10/18/2010	Performance	Price Target	Stop Target	Target/ Stop Date	Date+1 Sell Price	Return	
Consumer Discretionary	TRW Automotive Holdings Corp.	TRW	43.70	44.19	1.12%	\$ 50.08	None				
Financials	Brookfield Properties Corporation	BPO	17.18	17.37	1.11%	\$ 17.47	None				
Materials	EI DuPont de Nemours & Co.	DD	46.67	47.11	0.94%	\$ 49.60	None				
Materials	Domtar Corporation	UFS	68.95	69.52	0.83%	\$ 77.76	None				
Materials	Lubrizol Corp.	LZ	112.97	113.82	0.75%	\$ 119.07	None				
Information Technology	Avnet Inc.	AVT	27.63	27.82	0.69%	\$ 30.99	None				
Consumer Discretionary	Williams-Sonoma Inc.	WSM	33.55	33.68	0.39%	\$ 37.58	None				
Consumer Discretionary	Limited Brands Inc.	LTD	29.26	29.35	0.31%	\$ 31.21	None				
Information Technology	LAM Research Corp.	LRCX	41.36	41.45	0.22%	\$ 48.58	None				
Financials	Franklin Resources Inc.	BEN	116.41	116.56	0.13%	\$ 121.58	None				
Financials	CIT Group, Inc.	CIT	41.30	41.34	0.10%	\$ 45.48	None				
Financials	Assured Guaranty Ltd.	AGO	21.50	21.48	-0.09%		None	10/14/2010	\$ 21.50	25.66%	
Consumer Discretionary	Fossil Inc.	FOSL	53.90	53.81	-0.17%	\$ 62.34	None				
Information Technology	LG Display Co., Ltd.	LPL	18.48	18.42	-0.32%	\$ 20.48	None				
Consumer Discretionary	Autoliv, Inc.	ALV	69.42	68.95	-0.68%	\$ 74.42	None				
Consumer Discretionary	Lear Corp.	LEA	87.31	85.71	-1.83%	\$ 87.94	None				
Information Technology	Aixtron AG	AIXG	32.03	31.43	-1.87%	\$ 36.18	None				
Consumer Discretionary	Tractor Supply Company	TSCO	39.64	38.66	-2.47%	\$ 44.15	None				

Core & Opportunistic Short Model					Daily			Opportunistic Portfolio Stop Date		10/8/2010	6.26%
10/15/2010 to 10/18/2010											
Sector	Company	Ticker	10/15/2010	10/18/2010	Performance	Price Target	Stop Target	Target/ Stop Date	Date+1 Sell Price	Return	
Information Technology	MEMC Electronic Materials Inc.	WFR	13.39	13.00	-2.91%			10/13/2010	\$ 13.54	13.59%	
Materials	Mosaic Co.	MOS	68.39	66.66	-2.53%			10/11/2010	\$ 68.15	15.98%	
Industrials	Textron Inc.	TXT	21.51	21.26	-1.16%	\$ 18.14	\$ 22.98				
Energy	Pride International Inc.	PDE	31.95	31.64	-0.97%	\$ 26.25	\$ 32.61				
Consumer Discretionary	Liberty Media Capital	LCAPA	57.16	56.94	-0.38%			10/14/2010	\$ 57.16	9.80%	
Industrials	Boeing Co.	BA	70.11	70.23	0.17%	\$ 61.13	\$ 71.95				
Financials	Regency Centers Corporation	REG	41.93	42.18	0.60%	\$ 36.18	\$ 42.76				
Materials	Nucor Corp.	NUE	39.25	39.51	0.66%	\$ 35.48	\$ 40.92				
Materials	Arcelor Mittal	MT	34.75	35.06	0.89%	\$ 29.44	\$ 36.52				
Energy	Cameco Corp.	CCJ	30.55	30.85	0.98%			10/13/2010	\$ 30.45	9.81%	
Consumer Discretionary	MGM Mirage	MGM	11.06	11.17	0.99%			10/8/2010	\$ 13.48	19.50%	
Industrials	Robert Half International Inc.	RHI	26.77	27.10	1.23%	\$ 23.41	\$ 28.59				
Energy	EOG Resources, Inc.	EOG	100.04	101.33	1.29%			10/18/2010	\$ 101.33	8.99%	
Energy	Sunoco Inc.	SUN	39.83	40.39	1.41%			10/13/2010	\$ 39.75	8.90%	
Materials	United States Steel Corp.	X	43.68	44.31	1.44%	\$ 38.14	\$ 49.54				
Financials	General Growth Properties Inc.	GGP	16.12	16.48	2.23%	\$ 14.43	\$ 16.77				
Consumer Discretionary	Stanley Works	SWK	62.13	63.54	2.27%	\$ 56.10	\$ 66.46				
Financials	Nasdaq OMX Group Inc	NDAQ	19.91	20.47	2.81%	\$ 17.99	\$ 20.87				
Financials	Developers Diversified Realty Corp.	DDR	12.42	12.78	2.90%			10/12/2010	\$ 12.55	11.85%	

Month to Date Returns

Core & Opportunistic Long Model			MTD									
9/30/2010 to 10/18/2010												
Sector	Company	Ticker	9/30/2010	10/18/2010	Performance	Price Target	Stop Target	Target/ Stop Date	Date+1 Sell Price	Return		
Financials	Assured Guaranty Ltd.	AGO	17.11	21.48	25.54%		None	10/14/2010	\$ 21.50	25.66%		
Financials	Brookfield Properties Corporation	BPO	15.57	17.37	11.56%	\$ 17.47	None					
Consumer Discretionary	Limited Brands Inc.	LTD	26.78	29.35	9.60%	\$ 31.21	None					
Financials	Franklin Resources Inc.	BEN	106.90	116.56	9.04%	\$ 121.58	None					
Consumer Discretionary	Lear Corp.	LEA	78.93	85.71	8.59%	\$ 87.94	None					
Materials	Domtar Corporation	UFS	64.58	69.52	7.65%	\$ 77.76	None					
Materials	Lubrizol Corp.	LZ	105.97	113.82	7.41%	\$ 119.07	None					
Consumer Discretionary	TRW Automotive Holdings Corp.	TRW	41.56	44.19	6.33%	\$ 50.08	None					
Consumer Discretionary	Williams-Sonoma Inc.	WSM	31.70	33.68	6.25%	\$ 37.58	None					
Information Technology	LG Display Co., Ltd.	LPL	17.44	18.42	5.62%	\$ 20.48	None					
Materials	EI DuPont de Nemours & Co.	DD	44.62	47.11	5.58%	\$ 49.60	None					
Consumer Discretionary	Autoliv, Inc.	ALV	65.33	68.95	5.54%	\$ 74.42	None					
Information Technology	Aixtron AG	AIXG	29.78	31.43	5.54%	\$ 36.18	None					
Information Technology	Avnet Inc.	AVT	27.01	27.82	3.00%	\$ 30.99	None					
Financials	CIT Group, Inc.	CIT	40.82	41.34	1.27%	\$ 45.48	None					
Consumer Discretionary	Fossil Inc.	FOSL	53.79	53.81	0.04%	\$ 62.34	None					
Information Technology	LAM Research Corp.	LRCX	41.85	41.45	-0.96%	\$ 48.58	None					
Consumer Discretionary	Tractor Supply Company	TSCO	39.66	38.66	-2.52%	\$ 44.15	None					

Core & Opportunistic Short Model			MTD				Opportunistic Portfolio Stop Date		10/8/2010	6.26%
9/30/2010 to 10/18/2010										
Sector	Company	Ticker	9/30/2010	10/18/2010	Performance	Price Target	Stop Target	Target/ Stop Date	Date+1 Sell Price	Return
Consumer Discretionary	MGM Mirage	MGM	11.28	11.17	-0.98%			10/8/2010	\$ 13.48	19.50%
Materials	United States Steel Corp.	X	43.84	44.31	1.07%	\$ 38.14	\$ 49.54			
Industrials	Textron Inc.	TXT	20.56	21.26	3.40%	\$ 18.14	\$ 22.98			
Materials	Nucor Corp.	NUE	38.20	39.51	3.43%	\$ 35.48	\$ 40.92			
Consumer Discretionary	Stanley Works	SWK	61.28	63.54	3.69%	\$ 56.10	\$ 66.46			
Industrials	Robert Half International Inc.	RHI	26.00	27.10	4.23%	\$ 23.41	\$ 28.59			
Financials	Nasdaq OMX Group Inc	NDAQ	19.43	20.47	5.35%	\$ 17.99	\$ 20.87			
Industrials	Boeing Co.	BA	66.54	70.23	5.55%	\$ 61.13	\$ 71.95			
Financials	General Growth Properties Inc.	GGP	15.60	16.48	5.64%	\$ 14.43	\$ 16.77			
Materials	Arcelor Mittal	MT	32.98	35.06	6.31%	\$ 29.44	\$ 36.52			
Financials	Regency Centers Corporation	REG	39.47	42.18	6.87%	\$ 36.18	\$ 42.76			
Energy	Pride International Inc.	PDE	29.43	31.64	7.51%	\$ 26.25	\$ 32.61			
Energy	EOG Resources, Inc.	EOG	92.97	101.33	8.99%			10/18/2010	\$ 101.33	8.99%
Information Technology	MEMC Electronic Materials Inc.	WFR	11.92	13.00	9.06%			10/13/2010	\$ 13.54	13.59%
Consumer Discretionary	Liberty Media Capital	LCAPA	52.06	56.94	9.37%			10/14/2010	\$ 57.16	9.80%
Energy	Sunoco Inc.	SUN	36.50	40.39	10.66%			10/13/2010	\$ 39.75	8.90%
Energy	Cameco Corp.	CCJ	27.73	30.85	11.25%			10/13/2010	\$ 30.45	9.81%
Materials	Mosaic Co.	MOS	58.76	66.66	13.44%			10/11/2010	\$ 68.15	15.98%
Financials	Developers Diversified Realty Corp.	DDR	11.22	12.78	13.90%			10/12/2010	\$ 12.55	11.85%

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