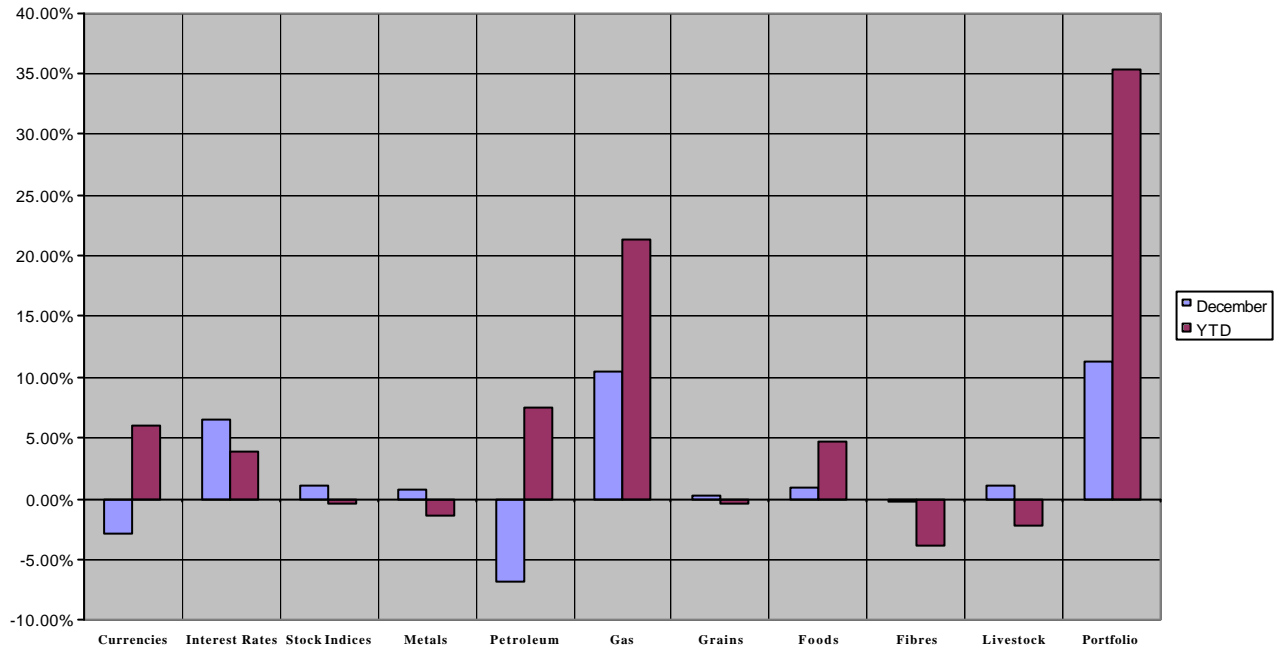


Mulvaney Capital Management Ltd - Gross Returns By Market Sector - December 2000



Dec 2000 %	-2.80	+6.53	+1.12	+0.75	-6.82	+10.4	+0.23	+0.86	-0.15	+1.12	+11.24
YTD 2000 %	+6.09	+3.81	-0.38	-1.43	+7.49	+21.4	-0.37	+4.75	-3.86	-2.15	+35.35

December saw continuations of several established trends and proved to be the second most profitable month of the year, with Q4 2000 now the highest scoring quarter since the inception of trading.

Low inventories and unexpectedly cold weather in the US prompted a major extension of the rally in Natural Gas, with a 10+% contribution to global return. This meant that Natural Gas alone provided around 60% of the year's gross profits. We should consider whether this high concentration is a cause for concern. On the contrary. Natural Gas prices tripled between May and December – the trading system is, by design, a big game hunter and this is exactly the sort of dislocation on which it thrives. Philosophically: positions may be deleveraged when appropriate due to escalating volatility, but one should never completely eliminate exposure in a running market.

Oil & petroleum products reversed sharply triggering liquidation of core longs we had held since May 1999. Despite losing around 6.8% as the denouement unfolded, it was encouraging that the system generated exit orders well above the low posted on December 20th.

Elsewhere, with many economists now attaching significant probability to a global recession, interest rate products marched on to new highs. The portfolio has had long exposure in all major economies since July and garnered another 6.53% from this sector. However with US yields falling relative to the rest of the world, the Dollar was undermined somewhat and our short positions in the Euro, Swiss Franc, Pound and Australian Dollar gave up 2.8%.

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