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1/9/2015

Dear Friends and Investors,

For the month of December net performance for all accounts including the Navigator Fund L.P. lost 0.30%, finishing the year higher by 8.7%. The HFRX Equity Hedge Fund Index lost -0.54% on the month posting a 1.42% gain for the year. The HFRX Hedge Fund Index lost 0.75% and ended the year lower by 0.40%. The Investor Business Daily Mutual Fund Index, based on the composite of 20 Mutual Funds lost ground last month and finished the year with a 2.38% gain. The Barclay Long Short Hedged Fund Index which is depicted in green in the chart comparing asset classes returned 2.44% year to date as of November, the most recent data available. GMI Assets under management along with proprietary funds are roughly at $70 million.

Stock prices ran into turbulence in the early part of December as the twin six month declines in oil prices and high yield bonds ('HYB") accelerated in the first half of the month. Oil prices began the month of December nearly 40% under the summer peak and lost an additional 15% in the first two weeks of the month, while HYB which were yielding 5.2% in the summer, entered the month yielding 6.2% and by mid-month yields had risen an additional 100 basis points. This contagion eventually spread to the S&P which declined by 4.55% into mid-month. It should be noted that the energy sector contributes to roughly one-sixth of the weighting in the HYB market. A sharp rise in HYB yields can at times be a troubling sign for stock prices, particularly if accompanied by a change in credit/financial conditions. Checking an oscillator ("CFC") that monitors credit/ financial conditions reveals little change during the previous six months, which included the first two weeks of December. This gauge suggested liquidity levels had remained "abundant" and for the record this oscillator has remained steadfastly in this mode for the past 1¾ years. Reviewing the last financial crisis reveals that in February 2007 before ominous signs appeared this oscillator matched the present levels while the HYB were yielding 7.25%. Nine months later in November 2007 the HYB rose by 200 basis points, similar to the rise seen in the middle of last month but the CFC oscillator during that time span did trend substantially higher, suggesting a dramatic change in liquidity. In sum, in the later part of 2007 the 200 basis point rise in HYB was accompanied by a dramatic and worsening change in liquidity, unlike the present situation. Past performance is not necessarily indicative of future results

Similar to the January letter sent to investors last year the table below labeled S&P 500 VS "Pure Market Call" VS "WDD" is based on yearly rate of returns on the S&P 500 VS GMI's proprietary long- term performance (Prop. gross returns) along with the yearly cumulative maximum monthly peak to trough in equity (‘WDD”) followed by the difference in the two performances.

S&P 500 VS “Pure Market Call” (Excluding Fees) VS Worse Cumulative Monthly Drawdowns WDD

Date	S&P ROR	GMI ROR	S&P WDD	GMI WDD	Diff in ROR	Diff in WDD
2002	-22.0%	23.2%	-29.0%	-5.2%	45.2%	23.8%
2003	28.0%	55.7%	-4.4%	-2.0%	27.7%	2.4%
2004	10.7%	10.4%	-3.2%	-6.3%	-0.3%	-3.1%
2005	4.8%	12.3%	-4.5%	-3.8%	7.5%	0.7%
2006	15.6%	23.8%	-3.1%	-5.9%	8.2%	-2.8%
2007	5.4%	5.7%	-5.2%	-7.0%	0.3%	-1.8%
2008	-36.5%	10.9%	-34.0%	-4.3%	47.4%	29.7%
2009	25.9%	22.5%	-18.6%	-11.8%	-3.4%	6.8%
2010	14.8%	14.9%	-13.6%	-14.4%	0.1%	-0.8%
2011	2.0%	5.3%	-14.8%	-6.3%	3.3%	8.5%
2012	13.4%	7.8%	-7.0%	-6.2%	-5.6%	0.8%
2013	29.6%	32.8%	-3.0%	-2.7%	3.2%	0.3%
2014	11.4%	11.9%	-3.9%	-3.9%	0.5%	0.0%
AVG	**6.0%**	**18.5%**	**-11.1%**	**-6.1%**	**10.4%**	**5.0%**

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

The next table lists GMI’s 6 mandates/missions. First, not to incur a losing year and at minimum produce a gross return greater than 5%, which has been the minimum annual gross return in the past thirteen years. Gross return last year was 11.9%. GMI’s critically important Risk Management and volatility factors are as follows: The cumulative maximum monthly peak to trough in the equity should not exceed -6.5%. Last year this parameter inclusive of fees was -3.95%. Additionally, 80% of the recovery of losses should take place in less than 4.5 months, the 13 year average. Last year losses were recovered in 1 month. Next, the Sharpe Ratio for the year should be at or greater than 1 and last year the level was at 1.15. The 5th mandate is to outperform the S&P on a gross basis, which was achieved by 50 basis points. Finally, profitable months have historically occurred 66% of the time and last year eight out of twelve months (66%) were profitable, with three monthly declines at 1.1% or less. Although not part of the mandates Beta has also been included.

Mandates /Mission

Mandates/ Mission	2014	2013
No losing years, gross returns >5.0%	11.9%	32.8%
Monthly peak to though in equity <=-6.5%(average)	-3.95%	-2.7%
80% recovery of recent losses in months (avg. =4.5 months)	1 month	1 month
Sharpe ratio >=1 (average =1.1)	1.15	3.03
Outperform the S&P 500 on a gross basis	100	310
Profitable months=66%	66%	83%
Beta	0.93	0.85

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A modest increase in equity allocation during last month's stock market pullback led to an incremental outperformance Vs the S&P on a gross basis. The market selloff as mentioned above was not accompanied by a change in liquidity based on a liquidity oscillator, which was one factor behind the modest equity change. Last year the S&P encountered a rare event having not declined for four consecutive trading days. In 1983 the market went roughly 10 months without a consecutive 4 day decline. The current record is two months longer having just ended in the first week of the New Year. In addition, October's swift and sharp six week market correction of over 7% was recouped in less time than it took the market to decline, posting another rare and unusual behavior.

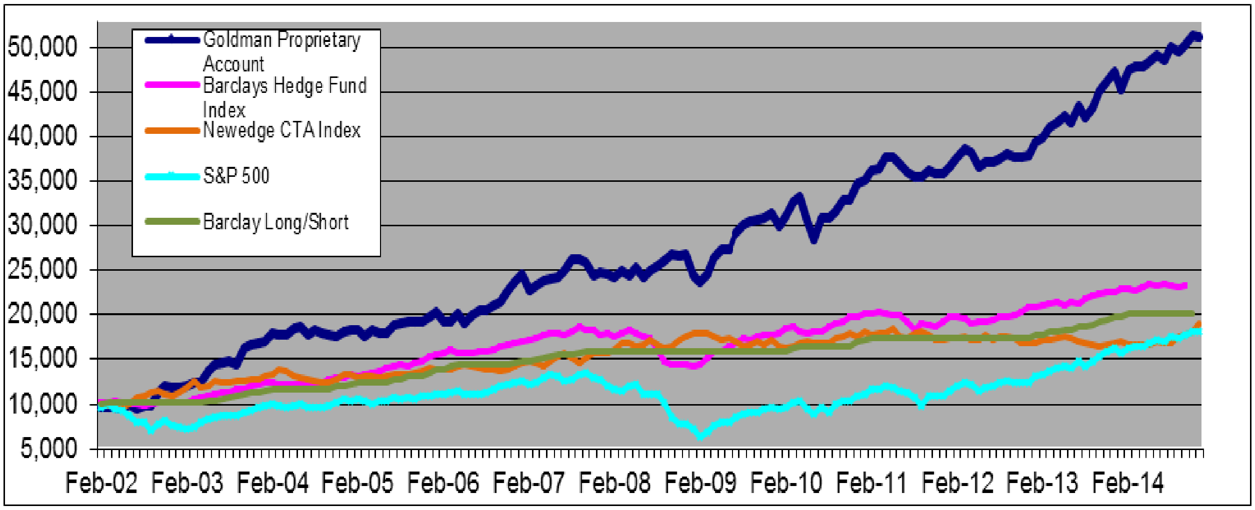
T*he aforementioned market commentary may not necessarily be correlated with returns from Goldman Management, Inc. as trading decisions are based on an array of proprietary indicators and models.*

Wishing you a healthy, happy and prosperous New Year!

Thank you for your interest,

Steven Goldman

Returns Compared To Other Asset Classes



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Performance Table (Proprietary Account 1% and 20%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Returns	WDD*
2002	n/a	(2.8)	(0.4)	(0.4)	(1.1)	4.8	(5.1)	3.9	0.6	14.4	5.9	(1.2)	**18.6%**	**(5.2%)**
2003	(0.8)	2.4	2.3	0.5	9.9	5.6	1.5	1.1	(1.7)	12.6	2.3	0.7	**41.8%**	**(1.7%)**
2004	0.7	5.7	(1.0)	(0.1)	4.1	1.4	(4.8)	3.2	(2.4)	(0.8)	(1.6)	3.5	**7.8%**	**(6.3%)**
2005	0.6	0.4	(3.8)	3.5	(1.4)	(0.1)	4.9	0.7	1.3	(0.2)	(0.1)	3.4	**9.5%**	**(3.8%)**
2006	2.1	(4.7)	0.0	3.9	(5.0)	5.1	2.0	0.6	2.4	1.6	6.4	3.7	**18.9%**	**(5.9%)**
2007	3.8	(6.9)	1.7	2.6	0.9	0..6	3.3	5.4	(0.6)	(1.4)	(5.1)	1.1	**4.8%**	**(7.0%)**
2008	(0.9)	(1.6)	3.2	(1.7)	3.2	(4.3)	3.2	2.5	2.1	2.6	(0.4)	0.4	**8.3%**	**(4.3%)**
2009	(9.1)	(3.0)	4.4	7.2	3.4	(0.1)	6.6	3.6	1.0	0.5	0.6	1.7	**17.0%**	**(11.8%)**
2010	(4.6)	3.6	5.6	1.4	(8.3)	(6.7)	8.4	0.4	2.4	3.8	0.0	5.8	**10.8%**	**(14.4%)**
2011	0.9	3.3	0.7	3.5	(0.1)	(1.8)	(2.7)	(1.7)	(0.1)	2.3	(0.8)	0.1	**3.4%**	**(6.3%)**
2012	1.7	3.1	2.3	(0.5)	(4.6)	1.5	0.3	0.9	1.5	(1.3)	0.2	0.6	**5.5%**	**(5.1%)**
2013	3.9	1.1	3.1	1.2	1.7	(1.5)	4.2	(2.7)	2.7	4.0	2.7	2.1	**24.8%**	**(2.7%)**
2014	(3.9)	4.8	0.5	0.2	1.3	1.3	(1.1)	3..01	(1.1)	1.8	2.1	(0.3)	**8.5%**	**(3.9%)**
AVG													**14.2%**	**(6.0%)**

Information & Statistics

Internal Rate of Returns	13.4%	Avg. yr. max cum. monthly DD	6.0%	AUM (million)	$63
Compounded Returns	14.2%	Correlation to the S&P 500	0.55	Avg. Monthly Return	1.12%
Gross Compounded Returns	18.9%	Correlation to the CTA Index	0.00	Proprietary acct.	$9.2 mil
Sharp Ratio	1.14	Correlation to the Hedge Index	0.38	LTR (GMI)	510%
Standard Deviation	12.05	Profitable Months	68%	LTR (S&P 500)	81%
Sortino Ratio	2.22%	Beta to S&P	0.45		

WDD Worse cumulative monthly draw down from a peak during the year

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Managed Accounts & Fund (Composite)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Returns	WDD
2011												0.0	**0.0%**	**0.0%**
2012	1.7	2.8	2.1	(0.5)	(5.1)	1.7	0.3	1.0	1.7	(1.4)	0.2	0.6	**5.0%**	**(5.6%)**
2013	3.9	1.1	3.1	1.2	1.7	(1.5)	4.3	(2.7)	2.7	4.0	2.8	2.1	**25.1%**	**(2.7%)**
2014	(4.0)	4.8	0.5	0.2	1.3	1.4	(1.2)	3.1	(1.1)	1.8	2.1	(0.3)	**8.6%**	**(4.0%)**

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