

Around the Clock Partners, LP

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October 21, 2004

Around the Clock Partners, LP
Limited Partners, LP

Re: 3rd Quarter 2004 Results

Dear Limited Partners,

Under ordinary circumstances, I would not be satisfied with a Quarterly return of 1.18%, but this past quarter was anything but normal. Yes, the return for the Fund was **1.18%** for the 3rd quarter of 2004. In comparison, the Dow Jones delivered a return of **-3.40%** for this same period, while the Nasdaq's return was a negative **7.37%**.

The markets declined from the continued military unease in Iraq, oil breaking the \$50.00 barrier and eventually hitting highs of \$55.00 per barrel, and the uncertainty surrounding the upcoming Presidential election. With at least one of these factors coming to an end within the next 2 weeks, I would expect some of the weight to be lifted from the markets. I do not expect the markets to take off like a rocket, but I am looking for the Dow and Nasdaq to end the year in positive territory. Currently, the Dow is down **3.58%** year to date, while the Nasdaq is down **5.34%**.

With Christmas upon us soon, the retailers are gearing up for a strong Holiday season. Most analysts are not predicting anything big, in terms of sales, out of the retailers this year. I certainly believe if oil remains above \$52.00 per barrel through the end of the year, it will take a bite out of consumers' wallets and in turn the retailers. If this scenario does develop, I would expect a flood of earnings warnings out of the retail stocks, and the beginning of a second leg down in the major indices. If I am correct, this pullback should begin in the 2nd to 3rd week of January. Let me set the record straight, and say that I do not want the above to happen. I had rather see the consumer find a spark of confidence, oil drop back to the low \$40s, and jobs become abundant again. But if the retailers begin to tell us that all was not so jolly during this Holiday season, I will shift the portfolio to a more defensive allocation.

I wish each and all of you a Safe and Happy Holiday Season. If any questions, please never hesitate to contact me via phone or e-mail.

Sincerely,

Wayne Anderson
As Managing Member
Around the Clock Trading and Capital Management, LLC

