

# ***S.A.F.E. Management LLC***

## ***Secure Acquisition Financial Entity LP***

October 17, 2006

Dear S.A.F.E. Investor,

Since our last communication we are pleased to report a cumulative fund performance for August and September of 17%. While this is strong activity, we know we are in uncertain times. While the Dow is at record highs, performance of other indices and sectors remain down. *"Beneath the Dow's Surge, Investors Find a Mixed Bag"* (Wall Street Journal 10/1/06) reports that *"while the Dow nears uncharted territory, the S&P 500 remains some 12% below its early 2000 record, and the Nasdaq Stock Market is more than 55% short of the peak above 5000 it reached in March 2000."*

The message is a basic one: "The DJIA is bumping up against a new high, but that likely isn't reflected in the portfolios of most individual investors." This is evident with recent headlines: "Hedge Funds Miss Their Target," "At Goldman, Top Fund and Earnings Drop," along with top funds reporting lackluster performance (Convexity Capital 1%, TPG-Axon 3%, Moore Capital Management 1.5%, and Tudor BVI Global fund up just under 3%.

*"Still the Dow gained 2.6% for the month, and more than 4% for the third quarter, making this the best third quarter in more than a decade. That's profitable news - if your portfolio consists of nothing but the 30 big company stocks comprising the Dow. Few portfolios are built that way, however. Most individuals hold stocks found in the Standard & Poor's 500, the Nasdaq 100 and other indices. The bulk of investors own a blend of stocks, many of which aren't helping to drive the Dow toward record highs."*

With a weak housing market, erratic energy prices and rising inflation it is natural to expect "very human returns this year." (WSJ 9/13) On the other hand, we know a diverse balanced portfolio will help us navigate the turbulent times that is our recent economy.

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**"Protecting a Portfolio"** (WSJ 9/10) suggests an overall adjustment to your asset mix to avoid a hit from a slowdown while not overreacting. The article also reports optimism based on the fact that ***"US companies have near-record levels of cash on hand to get them through economic rough spots."*** This supports the core metric of the SAFE Fund trading methodology: ***Cash from Operations.***

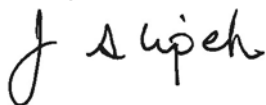
Our plan is to stay the course and continue to manage our three portfolios of small, mid and high cap companies that report strong "cash from operations." This methodology, based upon patented software technology, monitors over 1,800 stock data points to ensure we continuously respond to market conditions. Our ability to use a small portion of funds to take advantage of timely opportunities allows us the best of both worlds: diversity with a small amount of risk.

We know the trend towards computerized trading is picking up steam. TD Ameritrade, Fidelity, TradeStation Group, Interactive Brokers have all announced enhancements to their "quantitative analysis" programs. The Wall Street Journal announced a "push towards computerized funds" in April of this year while they went on to report on October 1st that ***"computerized stock management is slowly trickling down to the small investor."***

Our belief in this trend along with the power of the StockDiagnostics software led us to our investment in TRES: The Retirement Solution which went live on August 30th and officially changed symbols on September 19th. TRES is the exclusive distributor of StockDiagnostics software.

We plan to continue monitoring the state of computerized analysis in the financial markets as we begin to develop our own twelve month track record of SAFE performance through May of 2007. ***Overall, only time and consistency will be able to determine performance we can truly be excited about.***

Sincerely,



John O. Slipek  
Investment Manager  
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