

VEGA SECURITIES LP

375 PARK AVENUE, 30TH FLOOR
NEW YORK, NY 10152

Telephone: (212) 754-9762

Facsimile: (212) 754-9837

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Dear Friends and Investors,

Given the significant amount of noise in the market regarding the performance of the Vega Funds and the stability of our business, we believe it is prudent to communicate directly with you, our investors, to: 1. Provide a brief commentary on the recent performance of the Vega Funds and 2. Assure you that the Vega organization remains strong and stable.

September proved to be a difficult month, in particular for the Vega Select Opportunities Fund, the most aggressive of the Vega Funds. The Vega Select portfolio concentrates risk in a handful of core positions which the portfolio manager trades aggressively. During September, the Vega Select Fund incurred losses primarily from short positions in the US, European, and to a lesser extent, Japanese fixed income markets. For a detailed explanation of the rationale behind the portfolio manager's views, please refer to our August monthly newsletter.

In the second half of the month, the fixed income markets experienced sharp rallies, precipitated by a string of weak economic figures. Consequently, Vega Select suffered a net loss of -10.63% for the month, bringing YTD losses to -16.68%. This is within the Fund's risk guidelines but compares unfavorably with the 12.32% annualized returns Vega Select has generated since its inception in June 2000.

The Vega Global Fund, which is a much more diversified global macro fund, had some positions which expressed similar macroeconomic views to those in Vega Select. However, because the positions in Vega Global are calibrated to more conservative risk guidelines, and due to the fact that risk is diversified across many more uncorrelated trades, the Vega Global Fund incurred monthly losses of -0.85%. As a result, Vega Global is roughly flat on the year through September, down -0.45%. Vega Global has generated annualized returns of 6.80% since it began trading almost 10 years ago in November 1996.

The Vega Relative Value Fund incurred losses of -1.88% in September, bringing year to date losses to -0.96%. Vega Relative Value has generated 6.16% annualized returns since the fund began trading in January 2002.

Clearly we and the portfolio manager are not pleased with the recent performance of the Vega Funds and are determined to return Vega's performance to the top tier of global fund managers. We restate to you our conviction in Vega's ability to deliver superior risk adjusted returns. As always, we remain grateful for your encouragement and support.



Michael Mann
President
Vega Securities LP
Member NASD, SIPC and NFA