

# AP FUTURES, LLC

Volatility Trading Program

*Updated: May 11, 2026*

# Table of Contents

---

- I. Investment Advisor Biography & Strategic Partners
- II. Volatility: What It Is and Why It Should Be Traded
- III. A Simple, yet Powerful, Approach
- IV. Historical Track Record
- V. Allocation Considerations
- VI. Tax Benefits of Futures Trading
- VII. How to Co-Invest

# I. Investment Advisor Biography & Strategic Partners

---

Professional Experience, Educational Background and the Larger Team

# Investment Advisor Biography

---

## Andrew P. Haleen

### Biography:

Andrew is the Principal and Founder of AP Futures, LLC. He has been trading the strategy of the offered program since September 2013 and launched the Volatility Trading Program on January 30, 2017. Andrew has run several short-gamma volatility-based strategies in his career including the primary strategies for two hedge funds that he founded, an option-based sub-strategy that he managed for a private commodity pool, a retail focused Letter of Direction (LoD) signal providing service, and most recently with AP Futures' two new programs, Core Equity + Crisis Alpha Program ("Core CAP") and Crisis Alpha Overlay Program ("CAO"). Prior to founding AP Futures, Andrew held several roles across multiple asset classes where he specialized in structuring, recommending, or trading volatility-related products. Andrew volunteers in his community, is an AYSO Soccer Coach, and is the proud father of two adventurous children.

### Professional Experience:

**AP Futures, LLC:** *Principal & Founder - 2017 to Present*

- Executes the Volatility Trading Program for Clients in Separately Managed Accounts

**Capital Edge Advisors LLC:** *CIO & Portfolio Manager - 2015 to 2019*

- Actively Managed Clients Assets in a Pooled Investment Vehicle

**BNP Paribas:** *Vice President, Credit Sales & Trading - 2010 to 2014*

- Covered Hedge Fund and Middle Market Asset Managers for HY & IG Cash, CDS and Structured Credit Flow Products

### Educational Background:

**The University of Chicago Booth School of Business:**

- Graduated in 2010 with Honors from the full-time MBA program
- Earned Concentrations in Analytic Finance as well as Econometrics & Statistics

**Citigroup:** *Portfolio Management Associate - 2006 to 2008*

- Constructed Customized Portfolio Solutions for Ultra High Net Worth Individuals and Non-Profit Institutions

**Keystone Capital Management, LLC:** *Principal & Founder - 2004 to 2006*

- Actively Managed Clients Assets in a Pooled Investment Vehicle

**Merrill Lynch:** *Associate Financial Advisor - 2002 to 2004*

- Executed Listed Option Strategies and Produced Prospecting and Client Performance Review Presentations for a \$7.6B AUM Team

**University of California at Los Angeles:**

- Graduated in 2002 with a BA in Economics

# Strategic Partners

---



**HUGHES & COMPANY**  
Institutional Futures / Options Brokerage



## II. Volatility: What It Is and Why It Should Be Traded

---

A Refresher on Volatility and Its Market Dynamics

# What Is Volatility?

---

## Intuitive Definitions

- Realized Volatility: The amount of **short-term noise** that an investment has at its long-term returns are gradually realized
- Implied Volatility: The amount of **uncertainty** surrounding the prospects of an investment
- Risk, Fear, and **Opportunity**...

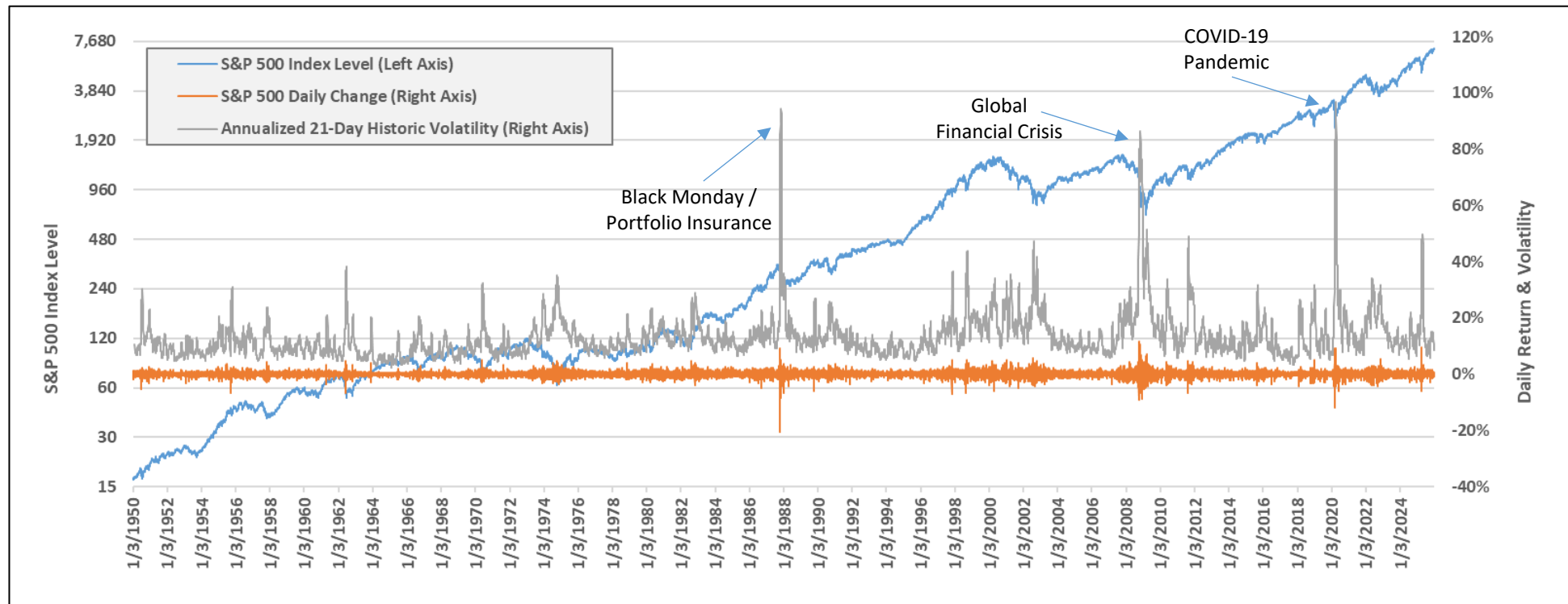
## Calculation

- Volatility is typically calculated as the **annualized standard deviation of return** over a given lookback period. In this presentation, a 21-trading-day lookback period is used.
- Importantly, the calculation **removes the mean return**, or trend, of the return series. Therefore, it is the size of the variations from the trend and not the direction of the trend itself that determines the volatility level.

# Level, Change & Volatility: 75+ Years at a Glance

## S&P 500 Index\* Level Versus Volatility – From 1950 through 4Q 2025

- The S&P 500 Index has trended higher over the past 75+ years.
- The volatility of the S&P 500 Index has not trended higher or lower over the past 75+ years.



\* The S&P 500 Index is a widely followed third-party index, but it is not directly investable.

Source Data: Yahoo Finance / Historical Returns / S&P 500 Adjusted Close

# Profiting from Mean Reversion

---

- Markets that do not trend and tend to revert to a particular level or range establish a **“fair value.”**
- Astute market participants attempt to generate profits in excess of those generated by a “Buy & Hold” investor by following an active **“Buy Low / Sell High”** approach with respect to the fair value.
- The objective of profiting from mean reversion strategies is straightforward, but a **disciplined risk management** process is required. The principal risk is that something that is over/undervalued can become more over/undervalued before the expected reversion occurs.

THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. PLEASE THOROUGHLY REVIEW THE DISCLOSURE DOCUMENT OF THE OFFERED PROGRAM INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS.

## III. A Simple, yet Powerful, Approach

---

Performance Driven from Core Principles

# Core Philosophy and Related Trading Tactics

---

## Core Philosophy

## Trading Tactic

Volatility Indices Are Extremely Volatile, but Also Tend to Mean Revert over Longer Time Horizons



Risk Exposure Adjusted Dynamically to Match the Market Opportunity

Perceived Uncertainty Increases with Time



Portfolio Generally Positioned to Profit from Time Decay

VIX Futures Pricing Closely Resembles Insurance Premiums for Equity Markets



Risk Management Based Constraints Used to Manage Aggregate Exposures Versus Profit Targeting

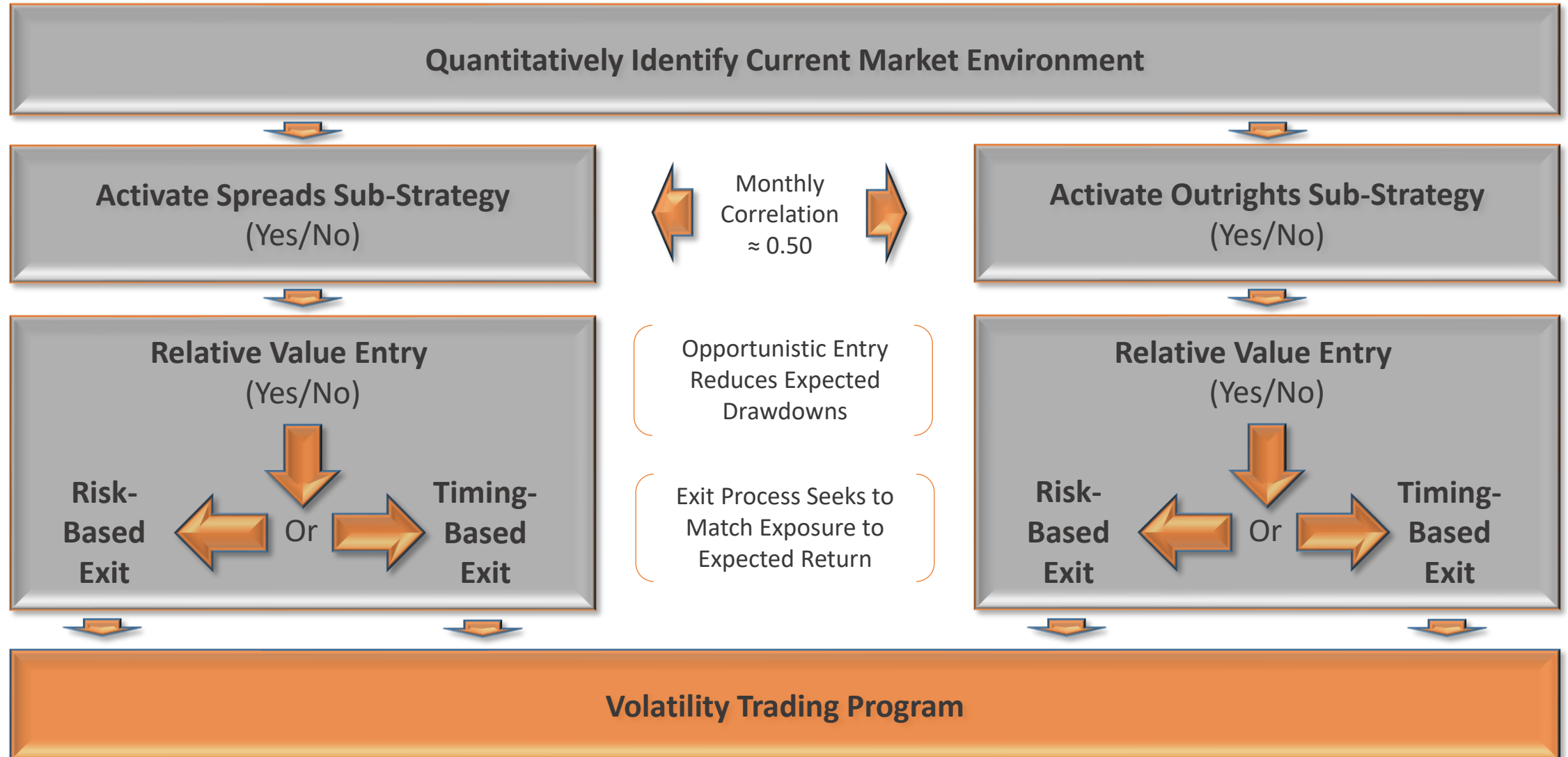
Insurance Markets Carry a Premium



Portfolio Generally Positioned as a Net Seller of Insurance (Net Short VIX Beta)

THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. PLEASE THOROUGHLY REVIEW THE DISCLOSURE DOCUMENT OF THE OFFERED PROGRAM INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS.

# Our Approach at a Glance



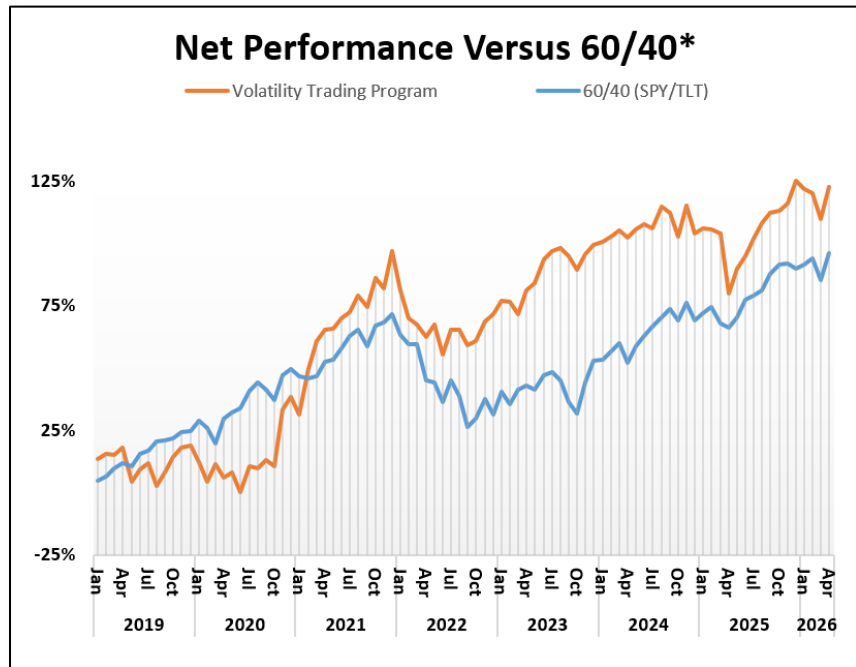
## IV. Historical Track Record

---

A Proven Model

# Historical Net Performance (1/1/19 - 4/30/26)\*

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.



Month	2026	2025	2024	2023	2022	2021	2020	2019
Jan	-1.48%	1.01%	0.56%	3.16%	-7.94%	-4.90%	-5.78%	13.73%
Feb	-0.85%	-0.34%	1.07%	-0.20%	-6.34%	13.94%	-6.93%	1.77%
Mar	-4.65%	-0.79%	1.09%	-2.90%	-1.37%	7.25%	6.63%	-0.49%
Apr	6.22%	-11.66%	-1.28%	5.71%	-3.01%	2.92%	-4.55%	2.63%
May		5.38%	1.61%	1.56%	3.02%	0.17%	1.69%	-11.57%
Jun		2.59%	0.96%	5.16%	-6.99%	2.62%	-7.09%	4.62%
Jul		3.63%	-0.83%	1.76%	6.24%	1.54%	10.05%	2.20%
Aug		3.27%	4.20%	0.62%	0.14%	3.76%	-0.48%	-8.12%
Sep		1.82%	-1.05%	-1.80%	-3.83%	-2.53%	2.82%	5.36%
Oct		0.40%	-4.58%	-2.71%	0.94%	6.67%	-1.98%	5.65%
Nov		1.43%	6.16%	3.30%	5.00%	-2.19%	20.62%	3.49%
Dec		4.25%	-5.12%	1.99%	1.66%	8.15%	3.45%	0.61%
<b>Portfolio</b>	<b>-1.06%</b>	<b>10.34%</b>	<b>2.25%</b>	<b>16.33%</b>	<b>-12.88%</b>	<b>42.46%</b>	<b>16.14%</b>	<b>19.02%</b>
<b>60/40*</b>	<b>3.28%</b>	<b>12.39%</b>	<b>10.39%</b>	<b>16.42%</b>	<b>-23.31%</b>	<b>14.57%</b>	<b>19.80%</b>	<b>24.94%</b>

**\* Investment Return Notes:**

- X.XX% Volatility Trading Program Performance from 1/1/19 - Most Recently Reported Period.
- X.XX% Volatility Trading Program - Annual and Cumulative Strategy Performance.
- X.XX% 60/40: Balanced Index of 60% SPY and 40% TLT - Rebalanced Monthly Performance from 1/1/19 - Most Recently Reported Period.

**Performance Notes:** Portfolio returns are net returns and are shown on a proforma basis after reducing the actual returns by the maximum fee schedule (1% of AUM and 20% of Net New Profits). Please see the Disclosure Document for additional detail on fees and historical performance. The worst monthly draw-down for the Volatility Trading Program was 11.66% in April 2025, while the worst peak-to-valley draw-down was 20.97% from December 2021 to June 2022. SPY (SPDR S&P 500 ETF TRUST) is one of the most traded market instruments, is directly investable, pays dividends and represents the majority of the market cap of the US equity market. TLT (iShares 20+ Year Treasury Bond ETF) is one of the most traded market instruments, is directly investable, pays dividends and seeks to track an index composed of U.S. Treasury Bonds with remaining maturities greater than twenty years.

**THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. PLEASE THOROUGHLY REVIEW THE DISCLOSURE DOCUMENT OF THE OFFERED PROGRAM INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS.**

# Barclay Hedge Net Performance Based Awards

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

Please visit [www.barclayhedge.com](http://www.barclayhedge.com) for more information regarding award criteria.

Awards Across Investment Styles  
for CTAs with \$1-\$10mm in AUM



## Performance Award Notes:

Monthly and annual rankings only include CTAs that submit their performance to Barclay Hedge for the referenced reporting period. Reporting CTAs are then split into AUM categories and Sector categories. Awards in the AUM category include all sectors and are divided into a \$1-\$10mm in AUM category and an over \$10mm in AUM category. Awards in the Stock Index category are based on CTAs that self-categorize as trading the Stock Index sector and have at least \$1mm in AUM.

**THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. PLEASE THOROUGHLY REVIEW THE DISCLOSURE DOCUMENT OF THE OFFERED PROGRAM INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS.**

# Barclay Hedge Net Performance Based Awards

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

Please visit [www.barclayhedge.com](http://www.barclayhedge.com) for more information regarding award criteria.

Awards for Stock Index Category  
for CTAs with \$1mm+ in AUM



**Performance Award Notes:**  
Monthly and annual rankings only include CTAs that submit their performance to Barclay Hedge for the referenced reporting period. Reporting CTAs are then split into AUM categories and Sector categories. Awards in the AUM category include all sectors and are divided into a \$1-\$10mm in AUM category and an over \$10mm in AUM category. Awards in the Stock Index category are based on CTAs that self-categorize as trading the Stock Index sector and have at least \$1mm in AUM.

**THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. PLEASE THOROUGHLY REVIEW THE DISCLOSURE DOCUMENT OF THE OFFERED PROGRAM INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS.**

# Barclay Hedge Net Performance Based Awards

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

Please visit [www.barclayhedge.com](http://www.barclayhedge.com) for more information regarding award criteria.

Awards for Stock Index Category  
for CTAs with \$1mm+ in AUM

Continued...



## Performance Award Notes:

Monthly and annual rankings only include CTAs that submit their performance to Barclay Hedge for the referenced reporting period. Reporting CTAs are then split into AUM categories and Sector categories. Awards in the AUM category include all sectors and are divided into a \$1-\$10mm in AUM category and an over \$10mm in AUM category. Awards in the Stock Index category are based on CTAs that self-categorize as trading the Stock Index sector and have at least \$1mm in AUM.

**THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. PLEASE THOROUGHLY REVIEW THE DISCLOSURE DOCUMENT OF THE OFFERED PROGRAM INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS.**

# Barclay Hedge Net Performance Based Awards

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

Please visit [www.barclayhedge.com](http://www.barclayhedge.com) for more information regarding award criteria.

Awards for Stock Index Category  
for CTAs with \$1mm+ in AUM

Continued...



## Performance Award Notes:

Monthly and annual rankings only include CTAs that submit their performance to Barclay Hedge for the referenced reporting period. Reporting CTAs are then split into AUM categories and Sector categories. Awards in the AUM category include all sectors and are divided into a \$1-\$10mm in AUM category and an over \$10mm in AUM category. Awards in the Stock Index category are based on CTAs that self-categorize as trading the Stock Index sector and have at least \$1mm in AUM.

**THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. PLEASE THOROUGHLY REVIEW THE DISCLOSURE DOCUMENT OF THE OFFERED PROGRAM INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS.**

## V. Allocation Considerations

---

Hypothetical Comparisons of Portfolios w/VTP Added at Various Weights

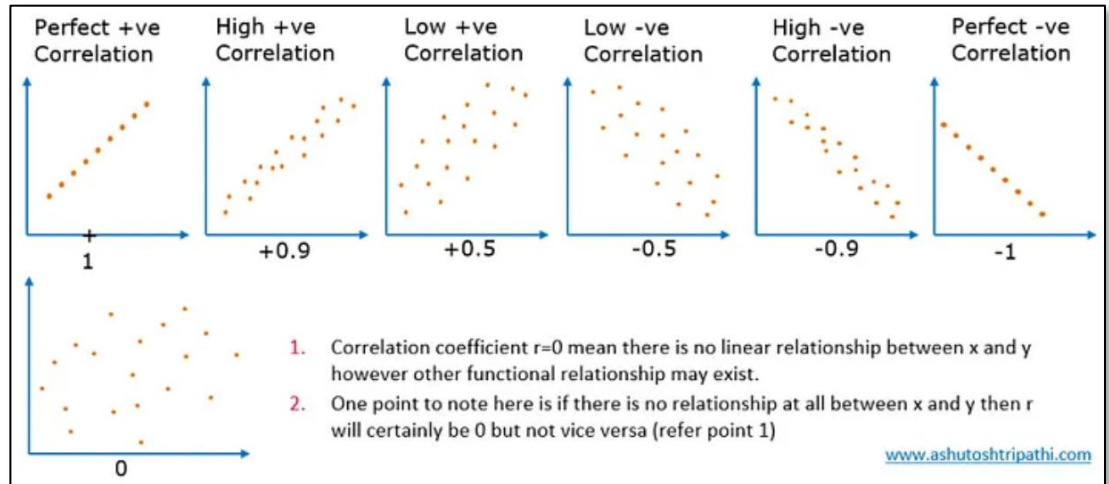
# Allocation Considerations

❖ *It is not the variance of an asset that determines whether it benefits a portfolio with its inclusion, but the covariance of that asset with the current portfolio.*

❖ *The corollary is that diversification isn't achieved by owning many things, but by owning different things.*

❖ *The Volatility Trading Program was designed to offer a diversification benefit as well as enhance the returns of an existing portfolio. Through active risk management and dynamic allocation across the VIX futures curve, we believe that VTP produces a return stream not replicated elsewhere.*

## Correlation Legend



# Disclaimers for Hypothetical Combinations

On the following page, the actual net returns of VTP will be combined with various weighted combinations of a broad market equity ETF (SPY) and a broad market bond ETF (TLT). The resulting portfolios are hypothetical in nature and are for illustrative purposes only. The explicit goal for presenting these portfolio combinations is to show the benefits of holding a diversified portfolio and how the construction of that portfolio impacts risk and return characteristics.

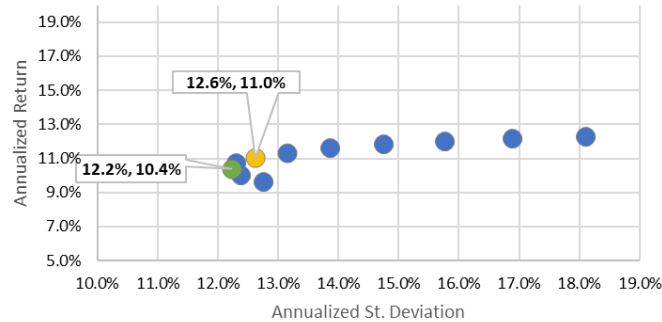
THIS COMPOSITE PERFORMANCE RECORD IS HYPOTHETICAL AND THESE TRADING ADVISORS HAVE NOT TRADED TOGETHER IN THE MANNER SHOWN IN THE COMPOSITE. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY MULTI-ADVISOR MANAGED ACCOUNT OR POOL WILL OR IS LIKELY TO ACHIEVE A COMPOSITE PERFORMANCE RECORD SIMILAR TO THAT SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN A HYPOTHETICAL COMPOSITE RECORD AND THE ACTUAL RECORD SUBSEQUENTLY ACHIEVED. ONE OF THE LIMITATIONS OF A HYPOTHETICAL COMPOSITE PERFORMANCE RECORD IS THAT DECISIONS RELATING TO THE SELECTION OF TRADING ADVISORS AND THE ALLOCATION OF ASSETS AMONG THOSE TRADING ADVISORS WERE MADE WITH THE BENEFIT OF HINDSIGHT BASED UPON THE HISTORICAL RATES OF RETURN OF THE SELECTED TRADING ADVISORS. THEREFORE COMPOSITE PERFORMANCE RECORDS INVARIABLY SHOW POSITIVE RATES OF RETURN. ANOTHER INHERENT LIMITATION ON THESE RESULTS IS THAT THE ALLOCATION DECISIONS REFLECTED IN THE PERFORMANCE RECORD WERE NOT MADE UNDER ACTUAL MARKET CONDITIONS AND THEREFORE, CANNOT COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FURTHERMORE, THE COMPOSITE PERFORMANCE RECORD MAY BE DISTORTED BECAUSE THE ALLOCATION OF ASSETS CHANGES FROM TIME TO TIME AND THESE ADJUSTMENTS ARE NOT REFLECTED IN THE COMPOSITE.

The following are the additional assumptions that were made when constructing the hypothetical combinations: a) the initial investment amount was set at 100% of a portfolio and the weights for each VTP, SPY and TLT are shown for each portfolio; b) profits are reinvested; c) taxes are not considered in the resulting performance; d) the returns for VTP are shown on a Net Basis (performance is reduced by the maximum fee schedule shown in the DDoc); e) the returns for SPY and TLT are shown without fees and transactions occur at the settlement price for the day; f) the portfolio is rebalanced to target weights each month; g) fractional shares are assumed as weights are set by percent allocations and not by specific share counts; and h) liquidity constraints of the positions are not considered.

# Historical Data of Hypothetical Combinations

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

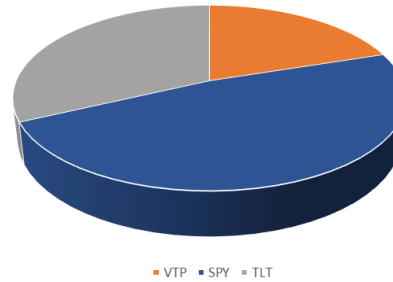
Two-Asset Efficient Frontier



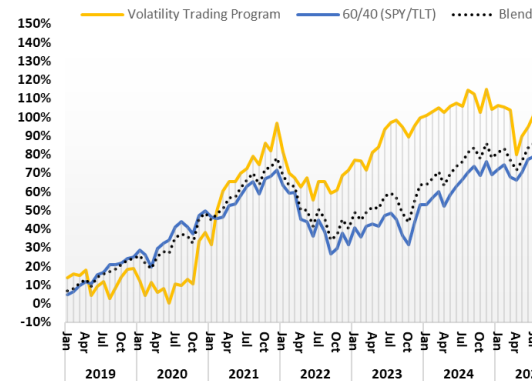
Weight	VTP	60/40	StDev	Return
No VTP	0%	100%	12.8%	9.6%
Low Allocation	10%	90%	12.4%	10.0%
Mod. Allocation - 1	20%	80%	12.2%	10.4%
Mod. Allocation - 2	30%	70%	12.3%	10.7%
Mod. Allocation - 3	40%	60%	12.6%	11.0%
Balanced Allocation	50%	50%	13.2%	11.3%
High Allocation - 1	60%	40%	13.9%	11.6%
High Allocation - 2	70%	30%	14.7%	11.8%
High Allocation - 3	80%	20%	15.8%	12.0%
High Allocation - 4	90%	10%	16.9%	12.2%
All VTP	100%	0%	18.1%	12.3%

**Important Performance Note:** All return combinations are hypothetical as they are mathematical combinations of assets that have actual returns.

Minimum Variance

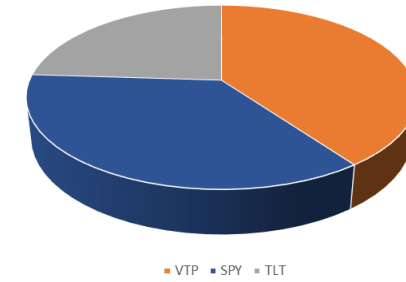


Net Performance - Comparison

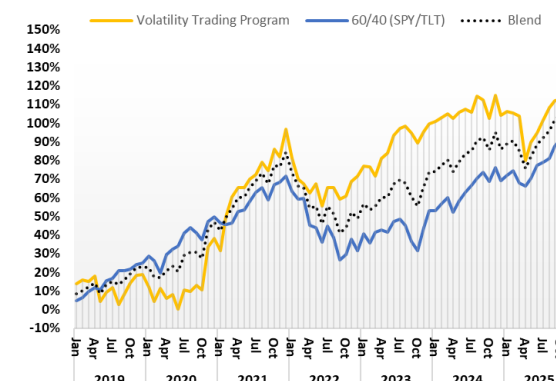


Investment	VTP	60/40	Blend
Weight	20%	80%	100%
Ann. Return	12.29%	9.60%	10.38%
Ann. StDev.	18.10%	12.76%	12.23%
Correlation			0.44

Mean Variance



Net Performance - Comparison



Investment	VTP	60/40	Blend
Weight	40%	60%	100%
Ann. Return	12.29%	9.60%	11.04%
Ann. StDev.	18.10%	12.76%	12.62%
Correlation			0.44

- Data comes from VTPs Actual Net Returns and SPY (60%) and TLT (40%) Historical Data Sourced from Yahoo Finance. The data range is January 2019 through Q4 2025. "Blend" in the above graphics represents the portfolio of the VTP and 60/40 at the specified weights shown. 11 specific "Blends" are shown in the table with 2 highlighted with additional detail.

# VI. Tax Benefits of Futures Trading

---

Favorable Tax Treatment for Active Strategies

# Tax Benefits of Futures Trading

---

## Section 1256 Contracts

- Regulated futures contracts are **mark-to-market** securities, and all positions are considered closed at year-end for tax reporting purposes.
- Any gain or loss on contracts held during the year, regardless of the actual holding period, is given **60% long-term** and **40% short-term** capital gains treatment.
- For positions that result in a gain and are held for 1 year or less, this special tax treatment will result in a **lower effective tax rate** than what one would face on a stock or bond with a similar gain and holding period.

## VII. How to Co-Invest

---

Separately Managed Accounts with Full Transparency for Investors

# Co-Investing Details

---

- Separately Managed Accounts Maintained by Client-Identified FCM
- Orders Executed in Bulk with Clients and Advisor Splitting Allocations Pro Rata
- Client has Full Access to Positions, Statements, and Performance Reports
- Tax Reporting through FCM Generated 1099
- All Market Data Costs Are Covered by the Advisor
- All Regulatory and Brokerage Commissions are Minimized and Paid By Client\*
- No Minimum Account Size (preferred account size of at least \$250k)
- Fee Structure: 1% Annual AUM Fee Paid Monthly, 20% Incentive Allocation on Net New Profits above the High Watermark Assessed Quarterly

*\* The CTA bundles orders for execution purposes and may benefit from volume discounts. Any and all volume discounts are passed directly through to the individual client accounts, thus minimizing the client's effective commission rates.*

# Important Disclosures

---

THIS PRESENTATION IS ONLY INTENDED TO SERVE AS A CATALYST FOR A THOUGHTFUL DISCUSSION OF THE STRATEGY EMPLOYED BY THE OFFERED PROGRAM AND IS NOT A SOLICITATION NOR DOES IT SERVE AS A REPLACEMENT OR EVEN A SUPPLEMENT TO THE DISCLOSURE DOCUMENT.

THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING:

IF YOU PURCHASE A COMMODITY OPTION YOU MAY SUSTAIN A TOTAL LOSS OF THE PREMIUM AND OF ALL TRANSACTION COSTS.

IF YOU PURCHASE OR SELL A COMMODITY FUTURES CONTRACT OR SELL A COMMODITY OPTION OR ENGAGE IN OFF-EXCHANGE FOREIGN CURRENCY TRADING YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS OR SECURITY DEPOSIT AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUESTED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.

UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION. THIS CAN OCCUR, FOR EXAMPLE, WHEN THE MARKET MAKES A "LIMIT MOVE."

THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A "STOP-LOSS" OR "STOP-LIMIT" ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.

A "SPREAD" POSITION MAY NOT BE LESS RISKY THAN A SIMPLE "LONG" OR "SHORT" POSITION.

THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY INTEREST TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.

IN SOME CASES, MANAGED COMMODITY ACCOUNTS ARE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY FEES. IT MAY BE NECESSARY FOR THOSE ACCOUNTS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THE DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY INTEREST MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THE DISCLOSURE DOCUMENT AND COMMODITY INTEREST TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THE INVESTMENT.

THIS COMMODITY TRADING ADVISOR IS PROHIBITED BY LAW FROM ACCEPTING FUNDS IN THE TRADING ADVISOR'S NAME FROM A CLIENT FOR TRADING COMMODITY INTERESTS. YOU MUST PLACE ALL FUNDS FOR TRADING IN THIS TRADING PROGRAM DIRECTLY WITH A FUTURES COMMISSION MERCHANT OR RETAIL FOREIGN EXCHANGE DEALER, AS APPLICABLE.