

## CFTC Risk Disclosure Statement

THE RISK OF LOSS IN TRADING COMMODITIES CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY 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 THE PRINCIPAL RISK FACTORS AND EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR ("CTA").

THE REGULATIONS OF THE COMMODITY FUTURES TRADING COMMISSION ("CFTC") REQUIRE THAT PROSPECTIVE CUSTOMERS OF A CTA RECEIVE A DISCLOSURE DOCUMENT WHEN THEY ARE SOLICITED TO ENTER INTO AN AGREEMENT WHEREBY THE CTA WILL DIRECT OR GUIDE THE CLIENT'S COMMODITY INTEREST TRADING AND THAT CERTAIN RISK FACTORS BE HIGHLIGHTED. THIS DOCUMENT IS READILY ACCESSIBLE AT THIS SITE. THIS BRIEF STATEMENT CANNOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY MARKETS. THEREFORE, YOU SHOULD PROCEED DIRECTLY TO THE DISCLOSURE DOCUMENT AND STUDY IT CAREFULLY TO DETERMINE WHETHER SUCH TRADING IS APPROPRIATE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. YOU ARE ENCOURAGED TO ACCESS THE DISCLOSURE DOCUMENT BY CLICKING THE LINKS PROVIDED AT [FORMS.ALTAVRA.COM](https://forms.altavra.com). YOU WILL NOT INCUR ANY ADDITIONAL CHARGES BY ACCESSING THE DISCLOSURE DOCUMENT. YOU MAY ALSO REQUEST DELIVERY OF A HARD COPY OF THE DISCLOSURE DOCUMENT AT [FORMSBYMAIL.ALTAVRA.COM](https://formsbymail.altavra.com), WHICH WILL ALSO BE PROVIDED TO YOU AT NO ADDITIONAL COST. THE CFTC HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN ANY OF THESE TRADING PROGRAMS NOR ON THE ADEQUACY OR ACCURACY OF ANY OF THESE DISCLOSURE DOCUMENTS.

QUESTIONS OR COMMENTS: PLEASE EMAIL [CLIENTSERVICES@ALTAVRA.COM](mailto:CLIENTSERVICES@ALTAVRA.COM) OR CALL 1-800-998-7870.

For up-to-date performance information on 90+ managed accounts, please access the alternative investment database\*.

To access the database:

1. Request a pin number at [altavra.com](https://altavra.com).
2. After you receive your pin number, you can access the database at [portfolio.altavra.com](https://portfolio.altavra.com).
3. In the database, click on "List of Programs" at the top of the page to view all of the programs in the database.

\*PLEASE NOTE: There is no fee to access the database. This is not a trial access. The pin number does not expire.

---

THE RISK OF LOSS IN TRADING FUTURES, OPTIONS AND OFF-EXCHANGE FOREX CAN BE SUBSTANTIAL.  
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

## Becker Asset Management (BAM)

### **Program Description: Program Objectives**

The objective of Becker Asset Management's (BAM's) trading programs is to seek profits from commodities transactions while taking reasonable steps to protect capital relative to the rates of return sought. Becker Asset Management will attempt to accomplish this objective by following the trading methods set forth below.

### **Program Description: Summary**

Becker Asset Management employs a trading strategy which offers a unique combination of short-term counter-trend trading with longer-term trend following. Although each system may be profitable if run in isolation, the combination of different models and strategies is believed to produce performance superior to either trading model alone. The use of multiple systems also decreases the reliance on any one market or trading strategy to produce consistent trading profits. The consistency of returns generated by the advisor has been achieved by the use of uncorrelated models run over the same markets. The unique nature of the strategy employed by the advisor has produced trading returns for clients that exhibit an insignificant correlation to that of other CTAs and other asset classes. As such, an investment with the advisor may not only provide a unique investment opportunity when added to a traditional portfolio, but also diversification to a portfolio of existing CTAs.

There is no directional bias. The program may be net long, short or flat any particular market or sector at any time. Average trade duration can range from one day to several months or more. The program may have exposure to all major sectors, including, but not limited to currencies, agriculturals, equity indices, interest rates, metals, energies, softs and meats. The trading approaches include trending, non-trending and reversal phases of any major market trend. All trades taken are actively managed with the view of locking in as much of the prevailing market thrust as possible, while at the same time allowing each trade sufficient room to move in order to meet its return objectives.

### **Program Description: Trading Style**

CTAs generally rely on either fundamental or technical analysis or a combination thereof to identify price trends and formulate effective trading strategies. BAM's trading strategies utilize technical analysis in trading commodities markets. More specifically, the trading systems and strategies that will be utilized by Becker Asset management to trade are outlined as follows:

Becker Asset Management utilizes mechanical trading systems and risk management models for all trading programs that have been developed by the principals of BAM. The strategies are designed to take advantage of short, medium and long-term movements in the futures markets while keeping risk to a minimum. The strategies employed do not attempt to analyze economic fundamentals or predict the direction of markets.

---

THE RISK OF LOSS IN TRADING FUTURES, OPTIONS AND OFF-EXCHANGE FOREX CAN BE SUBSTANTIAL.  
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

In developing its trading strategies, the Advisor undertook trading on both a discretionary and systematic basis; the results of this and a great deal of research and development reinforced the Advisor's opinion that computer-based trading strategies are preferable to a discretionary approach in the trading of futures markets. The main reasons for this is that firstly, many of the uncertainties associated with human emotion are eliminated, and secondly, thorough back and forward testing of strategies can be conducted which allows the trader to develop a suitable risk management environment in which to trade a system or systems. While the Advisor maintains that the optimal method of trading is by the use of a systematic trading approach, in the event of unique market conditions the trading models may be overridden and the discretion of the Advisor may be used to ensure that certain risk parameters are adhered to.

Becker Asset Management's trading programs and strategies operate on two levels. The first part of the strategy involves the use of two trading systems operated simultaneously; each system used has been profitable if run in isolation, but the combination of different models and strategies should produce better returns than any of the trading models alone. The use of multiple systems also decreases the reliance on any one market or trading strategy to produce consistent trading profits. The returns generated by the Advisor have been achieved by the use of uncorrelated models run over the same markets. The combination of these strategies, which are applied predominantly over short, medium and long-term time frames, should perform in both volatile and erratic or trending markets. The Advisor defines 'short-term' as being positions that are open for less than a month.

The second part of the trading strategy involves strict risk management procedures that are used in order to achieve trading returns with the least possible risk. The Advisor believes that the leverage offered by futures contracts can work for and against an Advisor, and the understanding of risk is essential in trading mechanical systems over a wide range of futures markets. Risk is analyzed on a market basis and used to regularly balance the portfolio of contracts being traded at any given time. This in-depth analysis of risk on a number of levels has allowed the models to operate in a manner that minimizes risk on an account without compromising the potential to generate trading profits on a consistent basis.

#### **Risk Management: General**

Becker Asset Management and its principals believe that the risk management discipline is an important element of the overall trading program. This discipline is comprised of the following major components.

The portfolio is balanced in relation to the size of the client's account and their individual risk parameters, once the trading subsystems and markets have been selected. Following this evaluation BAM assesses individual trade risk, trade diversification and market sector constraints and portfolio constraints.

#### **Risk Management: Individual Trade Risk**

The portfolio's risk on each individual trade is constrained based on the risk of each trade to be less than approximately 2% of a portfolio. However, there is no guarantee that BAM will be able to keep losses below 2%.

## **Trade Diversification and Market Sector Constraints**

Becker Asset Management monitors the exposure that a portfolio has in each various market sector. Open positions in all market sectors are evaluated prior to the opening and the necessary adjustments are made in order to maintain a balanced portfolio. This process is repeated across all other market sectors when they open. The list of market sectors includes interest rates, currencies, stock indices, grains, energies, metals, meats and soft commodities traded on domestic or foreign exchanges.

The procedure of monitoring a given sector protects a client's portfolio against over exposure to markets of similar correlation and against major adverse movements in numerous market sector groups. These major adverse movements usually occur during volatile periods where traditional non-correlated markets move in tandem. The trading strategy will be designed, at BAM's discretion, to gain exposure to opportunities in the majority of actively traded market groups, while simultaneously limiting, to the extent possible, the exposure in any one particular group. The intent of this policy is to increase opportunities for gain, decrease risk and provide more consistent returns. Especially in view of the above, there may be times, due to market and other conditions, that the trading is not well diversified; in fact, on occasion, there may even be a heavy concentration of a given commodity (such as Japanese yen) or a commodity complex (such as foreign currencies) which could result in a greater return or risk to the account."

## **Portfolio Constraints**

Because all trading orders are monitored, the sum of all market exposures is restricted to acceptable levels of risk based on the amount of client funds on deposit, or on the notional funds under management. There are various calculations made in the risk management of each client's portfolio. The total risk in the market of each portfolio is managed on the current open positions and the size of the client's account or notional fund amount.

Becker Asset Management estimates that the total assets committed to margin at any one particular point in time will range from 10% to 50% or higher of an accounts Nominal Account Value on both an intraday and overnight basis. Although the percentage may, from time to time, be greater or less than these percentages, depending on market conditions, current margin requirements and changes in assets under management.

## **Management Information**

### **:: John D. Becker**

John D. Becker is registered with the NFA as a principal and associated person since September 2004 (from 9/2004 as a principal and from 11/2004 as an associated person thru 6/2005 with CH4 Trading, LLC, and 12/19/2004 thru present with Becker Asset Management, LLC.). Mr. Becker was an energy industry derivatives trader with a focus on natural gas futures and options. He stayed at home to raise his son and focused on proprietary trading of his own portfolio from November 2001 through September 2004, and has since returned to this focus in June 2005. He served as the Chief Trading Officer for CH4 Trading, LLC, an unaffiliated commodity pool operator from January 005 thru June 2005. He traded natural gas futures and options for The New Power Company (a competitive electricity provider) from March 2001 – November 2001, Enron Energy Services (a merchant energy trading concern) from November 2000 March 2001, his

---

THE RISK OF LOSS IN TRADING FUTURES, OPTIONS AND OFF-EXCHANGE FOREX CAN BE SUBSTANTIAL.  
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

proprietary account from March 2000 – November 2000, and Entergy Power Marketing (a merchant energy trading concern) from March 1999 – February 2000. From July 1998 March 1999 Mr. Becker focused on proprietary trading. Mr. Becker managed the interest rate, FX and one of the fixed income investment portfolios of MMI Companies, Inc. (a medical malpractice insurer) from November 1995 July 1998. Mr. Becker holds a bachelors degree in Business Administration from DePaul University and a Masters' in Financial Markets and Trading from the Illinois Institute of Technology, both in Chicago, IL. Mr. Becker is a system and discretionary trader.

**:: Robert J. Mehnert**

Robert J. Mehnert, Jr. is registered with the NFA as principal since December 19th, 2004, and an associated person since December 22nd, 2004 of Becker Asset Management, LLC. Further, he was registered as a Commodity Trading Advisor from 4/14/04 thru 7/5/08. He has been involved in investments in various capacities for over the last 10 years. Prior to establishing Becker Asset Management, LLC, Mr. Mehnert was an investment professional and energy trader with a concentration in electricity and natural gas. From March 1994 August 1995, Mr. Mehnert worked at AIM Capital Management, Inc. (a mutual fund company) as a client service manager. Between August 1995 and November 1996 attended graduate school in Lind, Sweden. Mr. Mehnert later worked at Financial Federal Credit, Inc (commercial lender) serving as credit manager from November 1996 December 1998. From December 1998 to March 1999 focused on changing careers. From March 1999 – March 2001, he worked for Entergy Power Marketing Corporation (a merchant energy trading concern) and AXIA (a merchant energy trading concern) on a graduate rotational program. Some of the rotations included pricing & structures, project management, and physical power trading. In March 2001, Mr. Mehnert left AXIA and joined CMS Marketing Service & Trade (a merchant energy trading concern) as an asset portfolio manager. He later moved into term trading focusing on trading electricity forwards, options, and spreads until May 2003. In May 2003, the Houston office of CMS Marketing Service and Trade closed its doors. From May 2003 until February 2004, Mr. Mehnert focused on proprietary trading. From March 2004 November 2006, Mr. Mehnert worked at Utility Resource Solutions, LP (a competitive electricity provider) as an electricity & natural gas portfolio manager. In November 2006, Mr. Mehnert began working for Florida Power & Light (a merchant energy trading concern) as a proprietary trader. Mr. Mehnert holds a bachelors degree in finance from The University of Houston and a Masters' in European Affairs from Lund University, Sweden. Mr. Mehnert is a system and discretionary trader.

*The descriptions above are from the Advisor's disclosure document and other written materials published by the Advisor.*