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").

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1. Request a pin number at altavra.com.
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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.

Cervino Capital Management

Program Description: Overview of Advisor's Methodology

The Advisor currently offers three separate investment programs: Diversified Options Strategy 1X, Diversified Options Strategy 2X, and a Commodity Options Program. Each investment strategy involves trading in derivatives and is intended primarily for sophisticated investors. The overarching goal of the Advisor's money management services is the capital appreciation of its clients' investments through speculation mainly in exchange traded derivative contracts such as futures1 and options on futures2. No assurance can be given that this objective will be met, and any investments in an account to be traded by the Advisor should only be considered by investors that can assume the significant risk of trading futures and options on futures, including losses in excess of their initial investments. The Advisor will attempt to meet the objective of capital appreciation for this investment program by making trading decisions based upon proprietary trading methodologies.

The Advisor generally relies on fundamental, technical or quantitative analysis, or a combination of each, in making trading decisions and attempting to anticipate price movements.

Fundamental analysis looks at the factors that affect the supply and demand of a particular commodity or financial asset in order to predict the expected market price for that asset. Such factors include, but are not limited to, government actions (e.g., Federal Reserve discount rate, imposition of embargoes, price controls, etc.), the release of information concerning weather conditions (e.g., reports of frost in certain growing areas), or the release of economic statistics (e.g., Consumer Price Index, Housing Starts, Unemployment Rate, etc.) resulting in actual or probable significant price movements.

Technical analysis is not based on the anticipated supply and demand of the cash (actual) commodity or financial asset; instead, it is based on the theory that a study of the movement of markets themselves will provide a means of anticipating future prices. Technical analysis often includes the study of intra-day, daily, weekly, and monthly prices, volume and open interest data, and utilizes charts and/or computers for analysis of these items. Another type of technical analysis is market sentiment which is based on the theory of contrary opinion and assumes that when investors swing to emotional extremes they are likely to be overreacting. Sentiment indicators such as short sales or put and call activity is used to highlight junctures of bullish excess (overbought) and bearish excess (oversold), which are useful leading indicators of trend exhaustion.

In addition to fundamental and technical analysis, trading decisions may be based on quantitative analysis, a technique that seeks to understand price behavior by using complex mathematical and statistical modeling, measurement and research. For example, since an option's price is a function of its strike price, time to expiration, underlying asset's price and volatility, and short-term interest rates, it is logical that a formula can calculate option prices from these variables.

Therefore, utilizing statistical analysis, a model of price variation on a particular futures contract may be used to theoretically determine the fair value of an option on such futures contract.

In developing its market opinion and evaluating potential trades, the Advisor generally uses a blended combination of mechanical signals and subjective interpretation of fundamental studies, technical and sentiment indicators, as well as statistical probability analysis. This research includes, but is not limited to, continuous analysis of short- and long-term price series, the impact of seasonal and cyclical price movements upon the underlying price trend, fundamental factors affecting supply and demand influences, and application of statistical models in order to consider risk factors associated with various trading opportunities. The intent is to identify and arbitrage price discrepancies that reflect under- and over-valuations as well as directional trend bias or trend-reversal/mean reversion opportunities, and to produce a replicable trade execution process consisting of positions with statistically high probabilities of positive outcomes. To accomplish this goal, the Advisor utilizes options to structure complex positions that within one or across several underlying asset exposures can tactically reflect one or more trading perspectives, such as hedged relative value, fundamentally-based, or volatility/opportunistic investment strategies.

Risk control is achieved through a variety of means which should in most, but not necessarily all, market conditions help minimize the impact of drawdowns. The first is portfolio constructions and diversification such as the use of hedged positions across several underlying assets; second is controlling leverage through position sizing adjusted according to account size, market volatility and risk-reward analysis; and third is stops based on money management rules. Risk management is deemed to be an ongoing process and therefore the Advisor continually monitors all positions. Occasionally the Advisor may adjust positions either by entering into new positions which hedge existing market exposure, or by liquidating and/or covering existing positions in order to reduce market exposure or reset a position at different strike price(s) and/or contract expiration(s).

Prospective investors should be aware that the Advisor's trading programs may be more aggressive than most other trading programs. This is due to the fact that the Advisor's trading strategy primarily utilizes options on futures, and the Advisor will typically adjust its positions on a regular basis. As a result, it is anticipated that the velocity, or turnover rate, may be substantially higher than the turnover in other money management programs. Accordingly, the Advisor’s trading strategy can result in substantially greater commission charges that may rapidly deplete the equity in a client's account in the event the Advisor's strategies are not successful. The trading methods employed by the Advisor may be profitable overall, however, there may be periods in which such trading methods may result in substantial trading losses.

Diversified Options Strategy 1X and 2X Programs

The Advisor’s Diversified Options Strategy 1X and 2X involve trading in a diversified portfolio of option on futures contracts including options on equity index futures. Diversified Options Strategy 1X is a baseline program and the past performance of this program is set forth in Section 7 Performance. Diversified Options Strategy 2X is leverage at two times the Diversified Options Strategy 1X program; in other words, the 2X program will trade twice as many contracts as the 1X program for the same nominal account size. Accordingly, the additional leverage of the 2X program is expected to result in increased account volatility, and therefore an increased potential for higher returns as well as an increased potential for larger drawdowns. The Advisor previously has not directed any accounts in the Diversified Options Strategy 2X program.

These programs are designed to be an absolute return program focused mainly on premium capture strategies with the objective of generating positive returns in most market conditions regardless of whether the underlying market(s) is up or down. Both of these programs focus their trading activities on a portfolio of options on futures contracts diversified across a variety of underlying financial assets. Opportunity and risk exposure is further diversified through the use of different types of option combinations including, but not limited to, bear spreads, bull spreads, condors, ratio spreads, strangles and calendar spreads as well as naked puts and calls. The variety of position combinations that are possible with options contributes to the creation of multifaceted and versatile investment strategies tailored to market conditions and trading outlook. Generally, both the Diversified Options Strategy 1X and 2X are counter-trend biased in the sense that these programs will, for example, write calls into rallies and write puts into declines. While the Advisor will utilize mechanical signals as a component of its investment process, unlike certain technical traders the Advisor does not purely follow any systematic entry and exit signals in implementing its trading strategy for Diversified Options Strategy 1X and 2X. Rather, there is a significant element of discretion involved with Advisor's formulation and execution of its trading ideas for these programs.

The underlying asset classes and futures contracts upon which both the Diversified Options Strategy 1X and 2X focus their options trading consists primarily of the S&P 500 equity index, with additional portfolio exposure, but to a lesser degree, in currencies (e.g., Euro, Yen), and U.S. Treasuries (e.g., 10 Year U.S. Treasury Note) and precious metals (e.g., gold, silver). In addition, the Advisor may for accounts funded with Actual Funds (see Section 2.5 Broker, Account Size, and Funding) invest in fixed income securities that are fungible for margin purposes. The forementioned list of underlying asset classes is not meant to be exclusive, and the Advisor may trade in other markets in its own discretion in order to gain exposure to opportunities in the majority of actively traded markets, and to achieve a balance across economic sectors while simultaneously limiting, to the extent possible, undue concentration in any particular economic sector. The intent of such discretion is to increase opportunities for gain, decrease risk and provide more consistent returns.

The trading strategy largely involves, but is not limited to, the implementation of option combinations such as bear spreads, bull spreads, condors, ratio spreads, strangles and calendar spreads. The writing of "naked options," is another strategy that the Advisor may utilize from time to time. In addition the Advisor may establish outright long option positions, or establish long or short futures positions under certain market conditions. Options on futures may be used by the Advisor on both a covered basis and an uncovered basis, but in the vast majority of circumstances positions will not be "covered" by the underlying futures contract(s). Both put and call options will be traded.

Due to the nature of the Advisor's trading methods and the experience of its trading principal, the portfolio often may not be diversified; in fact, on occasion, there may be a heavy concentration of a given position or a position complex, which could result in a greater return or risk to the account. While the Advisor may utilize contingent orders such as “stop-loss” or “stop-limit” orders, such orders will not necessarily limit losses to intended amounts since market conditions may make it impossible to execute such orders.

The foregoing investment principles are factors upon which the Advisor bases its trading decisions for both the Diversified Options Strategy 1X and 2X. Such trading strategies have been and will be enhanced or revised from time to time. The research and trading methods of the Advisor are proprietary and confidential. The description of this program is, of necessity, general and is not intended to be exhaustive.

Gold Covered Call Writing Program

The Advisor’s Gold Covered Call Writing program involves a combination of long gold futures contracts and short gold call options. The Advisor intends to maintain a perpetual long gold futures position by “rolling the futures contract forward” to deferred-delivery futures contracts, and writing call options on the underlying gold futures contracts either “at-the-money,” slightly “out-of-the-money” or slightly “in-the-money.” This strategy is often referred to as “covered call writing.” If the futures contract is purchased simultaneously with writing the call option, the strategy is commonly referred to as a “buy-write.” If the futures contract is already an established position, it is commonly referred to an “overwrite.” In either case, the long futures contract fully collateralizes or “covers” the obligation conveyed by writing a call option contract.

Though the covered call can be utilized in any market condition, it is most often employed when the investor, while bullish on the underlying asset, feels that the asset’s market value will experience little range over the lifetime of the call contract. The investor desires to either generate additional income apart from appreciation in the value of the underlying asset, and/or provide a limited amount of protection against a decline in the underlying asset value. While this strategy can offer limited protection from a decline in price of the underlying asset and limited profit participation with an increase in asset’s price, it generates income because the investor keeps the premium received from writing the call. At the same time, the investor benefits from maintenance of a long futures position in gold which is considered a “reserve asset,” unless assigned an exercise notice on the call and is obligated to sell the futures contract. The covered call is widely regarded as a conservative strategy because it decreases the risk of asset ownership.

Maximum profit for the covered call strategy occurs when the underlying asset is at or above the call option's strike price, either at its expiration or when a written call is assigned an exercise notice before it expires. The risk of financial loss with this strategy comes from the long gold futures position. This loss can become substantial if the gold futures price continues to decline in price as the written call expires. At the call's expiration, loss can be calculated as the current market price of the gold futures contract less its original purchase price, plus the premium received from initial sale of the call. Any loss accrued from a decline in the gold futures price is partially offset to the extent of the premium received from the written call option.

While managing the Gold Covered Call Writing program, the Advisor’s opinion in the underlying position, whether more bullish or more bearish, may change before the call option expires. It is anticipated that in order to increase the upside potential of the program, when the underlying gold futures contract goes “into-the-money,” the Advisor may at its discretion “roll” the covered call up and “overwrite” the option a higher strike price, or re-establish the strategy using a different delivery date futures contract and option series. Alternatively, if the underlying gold contract declines in price and the premium in the covered call option also declines, thereby reducing the effectiveness of the call option hedge, the Advisor may at its discretion “roll” the covered call down and “overwrite” the option a lower strike price, or re-establish the strategy using a different delivery date futures contract and option series. Under certain circumstances, the Advisor may decide to “collar” the underlying gold futures position by purchasing a put option in order to protect the long gold position from further decline. This is known as a “married put” position.

Investors in the Gold Covered Call Writing program should be aware that assignment on written options is always possible. As expiration day for the call option nears, the Advisor will need to consider different scenarios depending on whether the option is in-the-money, at-the-money or out-of-the-money. If the option is in-the-money at option expiration, it is highly probable that client accounts will be assigned an exercise notice on the written option and will be required to deliver the underlying futures position at the option’s strike price. If the written option expires exactly at-the-money, assignment of an exercise notice on such a contract is possible, but should not be assumed. If the written option expires out-of-the-money, no action is necessary since it is unlikely that an exercise notice will be initiated. Under each of the scenarios described above, the Advisor at its discretion may choose to close out the option position with a closing purchase transaction prior to option expiration. It should be noted that since the Advisor does not control which client accounts are assigned an exercise notice, it is possible that some accounts may receive an assignment while other accounts do not. Under such circumstances, the Advisor will take appropriate action to realign positions in client accounts as quickly as possible.

The foregoing investment principles are factors upon which the Advisor bases its trading decisions for the Gold Covered Call Writing program. Such trading strategies have been and will be enhanced or revised from time to time. The research and trading methods of the Advisor are proprietary and confidential. The description of this program is, of necessity, general and is not intended to be exhaustive. As of the date of this Disclosure Document, the Advisor previously has not directed any accounts in the Gold Covered Call Writing program.

Background and History of Gold as a Reserve Asset

Central banks, and official international institutions, have been major holders of gold for more than 100 years and are expected to retain large stocks in future. Central banks started building up their stocks of gold from the 1880s during the period of the classical gold standard. Under that system, for countries on the gold standard, the amount of money in circulation was linked to the country's gold stock, and paper money was convertible into gold at a fixed price. The rise in official gold stocks began during the period of economic nationalism between the two world wars. Up to that point, most gold had been held privately, circulating as currency among citizens and across borders in commercial trade transactions. Gold, which had been the foundation of the first genuinely international monetary system during the period before World War I, came to be used as a weapon in economic competition and national rivalries. In 1933-34, the United States under President Roosevelt devalued the dollar in terms of gold, raising the price from $20.67 an ounce to $35 an ounce. This new higher price caused holders of gold around the world to sell their holdings to the United States. At their peak in the 1960s, official gold stocks reached about 38,000 tonnes and probably accounted for about 50% of all above ground stocks.

Until the 1970s, central banks kept gold because, through the fixed official dollar price of gold and dollar convertibility, it was the foundation of the international monetary system. Although there was no direct link between gold holdings and national money supplies (as there had been under the classic gold standard), gold was considered the primary "reserve asset." Central banks could convert dollar balances into gold at the official price. So gold provided the "anchor" to which all currencies of member countries were linked, directly or indirectly. But gradually, as central banks created more money than was consistent with stable prices, and after several years of moderate but persistent inflation, the fixed official gold price again became unrealistic, and the United States, as the pivot of the system, was faced with the choice of deflating, devaluing or abandoning the system. In August 1971, it abandoned the system, with President Nixon "closing the gold window." In the 1980s and 1990s central banks began re-appraising the role of gold in their external reserves. The movement to central bank independence and the more commercial attitude of their reserve managers led some of them to put more emphasis on the current yield on their reserve portfolios. In this environment, gold, as an asset that earns no interest, apart from a small return available from lending gold for those central banks willing to engage in the lending market, began to look vulnerable. Some central banks decided to reduce their gold holdings, and the total of official stocks declined by about 10% between 1980 and 1999.

In September 1999, a group of European central banks agreed, in the first Central Bank Gold Agreement (CBGA 1), to limit disposals to 400 tonnes a year for five years, and also set a ceiling on the volume of gold lent to the market. They also reaffirmed their confidence in the future of gold as a reserve asset. The agreement reassured the market about the intentions of central banks, since the signatories included those that had been seen as the most likely major sellers, and the price, which had reached a low of $252 an ounce in July 1999, stabilized. CBGA 1 proved very successful and was renewed CBGA 2 for a further five year term in 2004. On August 7, 2009, the European Central Bank and 18 other central banks signed a 5-year extension of CBGA. The current CBGA caps sales at 500 tons a year and expires on September 26, 2009. The new CBGA extends the agreement for another 5 years—through 2014—with a ceiling of 400 tons per year.

Management Information

:: Davide Accomazzo

Davide Accomazzo has been trading professionally since 1996. From July 1996 through December 1997 he was employed as a Euro-convertible bond/international equities sales trader for Jefferies and Company, Inc., an investment bank. In this position, he covered many international funds, including: Arca, La Generali, Hansberger, New Africa Fund/NCM, Cranberry Rock, Pontaray, Weston Group, and Oppenheimer retail international desk. In January 1998 he left to trade his own capital and in November 1999 he started Kensington Offshore Limited, a speculative hedge fund which outperformed the S&P 500 market benchmark during the 1999 through 2002 equity markets' boom and bust cycles. In February 2001 he launched Kensington Capital Management, LLC, a commodity trading advisor that focused on trading options on futures and currency futures. Mr. Accomazzo was signed on by UBS Wealth Management USA, a broker-dealer, in October 2004 to manage the portfolios of high net worth investors, and withdrew as principal and associated person of Kensington Capital Management, LLC in November 2004. In October 2005, Mr. Accomazzo resigned from UBS having co-founded Cervino Capital Management LLC with Michael Frankfurter. Mr. Accomazzo received a Laurea in Political Sciences and International Relations at Universita' degli Studi Genova in 1990, a Masters in Arts in Mass Communication from California State University Northridge in 1992, and his MBA in Finance at the School of Business and Management at Pepperdine University in June 1996. During his academic career he worked in collaboration with Investment Technology Group ("ITG") on projects that focused on automated portfolio management through Quantex, ITG's electronic execution system. Since August 2007 Mr. Accomazzo has also served as an adjunct professor at Pepperdine University, Graziadio School of Business and Management, where he teaches courses on global capital markets and portfolio investment management.

:: Michael W. Frankfurter

Michael "Mack" Frankfurter started his career in the financial services industry in 1989 with Bank of America, a commercial bank. In July 1991 he was recruited by private equity boutique The Echelon Group, Inc. (subsequently restructured as The Echelon Group of Companies, LLC) as vice president in charge of operations of Echelon's managed futures business. As an associated person, Mr. Frankfurter was involved with the startup, accounting, client services, compliance, backoffice and marketing of multiple Echelon-related joint venture commodity trading advisors including Ark Capital Management, Dreiss Research Corporation, Echelon Capital Advisors, Jackson Grain Management, Longview Capital Management, Range Wise and Royal Union Petroleum Group. Mr. Frankfurter was also involved in activities related to the establishment of other Echelon-related ventures including Dignity Partners, Inc., a viatical settlement business. Dignity Partners institutionalized the viatical settlement industry by successfully completing a private placement of $50 million in securitized notes (voted "1995 Private Deal of the Year" by Investment Dealers Digest), and a subsequent initial public offering in 1996. Later renamed Point West Capital Corporation, the company launched a venture capital subsidiary, a correspondent broker subsidiary and a specialty business-lender subsidiary. During this time Mr. Frankfurter was responsible for implementing and maintaining both Echelon's and Point West's information systems while continuing to administer to Echelon's managed futures business.

Mr. Frankfurter left Echelon and Point West in January 1999. After spending some time off sailing and traveling, he worked as a consultant on projects for FleetBoston Robertson Stephens. In January 2000 he briefly became an associated person of The Pixley Group, an introducing broker, prior to being recruited in July 2000 by The Capital Markets Company (Capco) as senior consultant to work as project manager for an online private banking startup and joint venture between Scudder Kemper and Thomas Weisel Partners. That long-term project was followed by an international inter-company trading systems implementation for Commerzbank involving Royalblue *fidessa*, and a T+1/STP readiness assessment for Bank of Montreal. He left Capco in April 2002 and in May 2002 founded NextStep Strategies, LLC which focused on consulting and headhunting for financial services companies. NextStep Strategies was also registered as a commodity trading advisor and commodity pool operator from March 2003 to July 2004. Mr. Frankfurter joined UBS Financial Services, Inc., a broker-dealer, in May 2004 in their Beverly Hills office and provided financial advisory services to clients until June 2005. He rejoined NextStep Strategies, LLC in July 2005 and co-founded Cervino Capital Management LLC with Davide Accomazzo in August 2005. In September 2007, Mr. Frankfurter became an associated person of Managed Account Research, Inc. ("MARI"), an introducing broker, where he functions in an operational and administrative capacity.

The descriptions above are from the manager's disclosure document.