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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.
2. After you receive your pin number, you can access the database at 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.

HB Capital Management

Program Description: Trading Methodologies and Strategies

This program utilizes the principal's 20+ years experience trading in the futures markets in order to develop a multi-strategy and multi-market approach to trading both commodity futures and options on futures trading.

:: Commodity Option Selling

The program consists of selling or "writing" options (puts and calls) on futures contracts in the crude oil, coffee, soybeans, silver, natural gas and corn markets, among others. The program may also, from time to time, purchase options and may employ the use of hedged strategies such as option spreads, strangles, straddles, or may purchase or sell futures to offset an open option position.

The implementation of this trading program depends on both technical and fundamental considerations. Technical analysis involves the study of charted prices, volume and momentum to determine the future course of prices. Other analysis may also be performed on the prices of various options, both in absolute terms in relation to their historic price level, and in relative terms comparing the prices of puts to the prices of similar calls. Implied and historical volatility of both the option and its underlying commodity are also studied. Fundamental considerations, utilized on a commodity by commodity basis, include supply and demand, seasonal movements as well as business and economic factors, governmental policies, weather, and other worldwide events, which can influence the commodity markets.

The predominant strategy used in the commodity option program is to sell medium dated "out-of-the-money" options (those expiring in 1-3 months). "Out-of- the- money" puts have strike prices below the current price of the underlying futures contract, and "out-of-the- money" calls have strike prices above the current price.

Profits are derived when the price of the options that have been written (sold) declines such that the options can be purchased for amounts less than the price at which those options were initially sold. Profits also are realized when options expire worthless, providing full profit on the option premium sold (after commission and other fees).

The profitability of a trading program consisting of selling options on a futures contract depends upon the subsequent price movement of the underlying contract. For example, if the program writes puts on a commodity contract and the puts are not bought back prior to expiration, the strategy will be profitable if the commodity contract is above the strike price of the put when the put expires. If the price of the underlying contract is below the strike price of the put when the put expires, the strategy may potentially produce a loss.

:: Seasonal and Spread Trading

HB seeks to profit from seasonal patterns inherent in various commodity markets. The trades taken may be outright long (buy) and short (sell) positions or spread trades between two similar commodities. Seasonal trading may also employ the use of buying and/or selling options.

:: Stock Market Timing

HB has developed a proprietary program for trading the stock market. HB may take a long position when a buy signal is generated for the stock market and may take a short position when a sell signal is generated.

:: Trend Following

One technical system developed by HB is designed to identify trending markets. When such trends are identified, positions may be taken in the markets based on computer generated signals.

In order to attempt to achieve the goal of steady profits with minimal loss of equity (drawdown), these systems are blended together in a portfolio. In this regard, HB may trade in 10-15 commodities. Of course, no assurances can be made that any trading strategies will produce profitable results.

HB believes that the development of a commodity trading strategy is a continual process. As a result of further analysis and research into the performance of HB's methods, changes have been made from time to time in the specific manner in which these trading methods evaluate price movements in various commodities, and it is likely that similar revisions will be made in the future.

Money Management Techniques

HB employs money management strategies in an effort to maximize profits while minimizing drawdown. These techniques include:

:: Diversification

A number of non-correlated markets are traded; e.g. metals, currencies, foods, grains, interest rates, stocks. Thus, some markets may be trending while others are not. This strategy is modern portfolio theory applied to the futures markets. The net result of this strategy is to smooth out the ups and downs in an account's equity curve.

The amount of an account's net assets committed to margin and option premiums will vary as a result of market volatility, among other reasons. On average, 10% to 25% of net assets of an account will be committed to futures margin and option premiums, although, due to market conditions, the amount committed may be substantially higher at various times.

:: Optimal Fixed Fractional Trading

This technique applies to the reinvestment of trading profits to obtain the fastest geometric growth in the portfolio. Through evaluation of past performance for a particular system, the optimal fixed fraction for each market is determined. This fixed fraction of the total investment stake is then reinvested on each trade.

Management Information

Howard A. Bernstein is the President and Sole Principal of HB. He is solely responsible for all money management, trade execution, and risk management of all transactions executed on behalf of HB. Mr. Bernstein holds a Bachelor of Arts degree from Rutgers University and a Masters degree in Geology from the University of North Carolina, Chapel Hill. From June, 1977 to June, 1979 he worked as a geophysicist for the U. S. Geological Survey, a Federal government agency. From June, 1979 to August, 1993 he was employed as a geologist for the Federal Energy Regulatory Commission, a Federal government agency. Mr. Bernstein first registered as a Commodity Trading Advisor on April 12, 1989. The firm named was changed from Howard A. Bernstein, sole proprietor, to HB Capital Management, Inc. in October, 1993 and Mr. Bernstein became President. Mr. Bernstein remained President through May 9, 2002 when he became a private trader and consultant.

From September, 2002 to July, 2004 Mr. Bernstein was an investment advisor representative for AFC Asset Management Services, a Registered Investment Advisor, in Gaithersburg, MD. He was head trader at Financial Investments, Inc., a registered Investment Advisor, in Herndon, VA, beginning in July, 2004. He was registered as an NFA Associated Person on November 10, 2004 until January 4, 2007 with the firm and traded for both the Financial Investments Limited Partnership and Financial Commodities Investments' (FCI) client commodity accounts. Mr. Bernstein was a private trader and consultant from January, 2007 through December, 2007.

Mr. Bernstein first achieved recognition by finishing in the top ten of the US Investing Championship, Futures Division in 1990, 1991 and 1992, highlighted by a 2nd place finish in 1991. Other performance awards include: Managed Derivatives Magazine, high performance award, 1994; Stark Research Report ranked #3 for previous 4 years, 1994; CTA Research Corporation ranked #2 for risk-adjusted return, 1995; Managed Account Reports, Quarterly Performance Reports, ranked #6 for performance and #8 for risk-adjusted return over previous 5 years, 1996; Moniresearch newsletter ranked #1 for performance over previous 3 years, March 2001; Autumn Gold newsletter #1 ranking for 1 year performance to FCI for Commodity Trading Advisors, August, 2006.

Mr. Bernstein has appeared in publications such as Barron's, Investor's Business Daily, Wall Street Transcripts, Financial Planning Magazine, Futures Magazine, America's Best Timers, Managed Account Reports, Society of Market Technicians Newsletter, Formula Research Newsletter and Technical Traders Bulletin. He has also been a featured speaker at professional investment seminars and on business radio. He has actively traded commodities in his own account since 1985.

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