

## 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.

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## Hoffman Asset Management

### **Program Objective**

Hoffman Asset Management's money management program is designed primarily for sophisticated investors. The primary objective of the Commodity Trading Advisor is the capital appreciation of its client's assets through speculation in financial and commodity futures contracts. No assurance can be given that this objective will be met, and an investment in an account to be traded by the Advisor should only be considered by investors that can assume the significant risk of commodity futures trading, including losses in excess of their initial investment. Hoffman Asset Management will attempt to meet the objective of capital appreciation by making trading decisions based upon a proprietary trading method.

### **Trading Methodology**

In managing the accounts of customers, Hoffman Asset Management employs the trading concepts and strategies developed by its principal, Dean Hoffman. Since the trading methods to be utilized by Mr. Hoffman are proprietary and confidential, the discussion that follows is of a general nature and not intended to be exhaustive. In addition, the Advisor may refine or change the implementation of its strategy (including but not limited to technical factors, markets traded and or money management principals) without prior notice to or approval by customers. There can be no assurance that the Advisor's approach to trading will yield the same results as it has in the past.

Commodity traders generally rely on either fundamental or technical analysis, or a combination of both, in making trading decisions. Technical analysis is based upon the theory that a study of the markets themselves will provide a means of anticipating external factors, which affect the supply and demand of a particular commodity in order to predict future prices. Technical analysis of the markets generally includes a study of, among other things, the actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest.

Fundamental analysis, on the other hand, relies on a study of factors external to the trading market such as general economic factors, anticipated world events, and supply and demand factors in order to predict future prices. Fundamental analysis is premised on the concept that market prices frequently may not reflect the real value of a futures contract, although such value will eventually determine price levels. By analyzing underlying economic factors, a fundamental trader hopes to predict future market trends as price levels and actual value move into parity.

### **Hoffman Asset Management's Approach**

Hoffman Asset Management uses multiple non-correlated technical strategies to manage customer accounts. The Advisor believes that future price movements in all markets may be more accurately anticipated by historical price movements within a quantitative or technical analysis than by fundamental economic analysis. Since limited price directional trading strategies are employed, major long-term price movements are not necessarily needed for the program to be successful. Rather, diverse models that have yielded good risk/reward characteristics in the past are combined with other models to form a robust trading program that is less dependent on any particular market characteristics.

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The trading strategies and systems utilized by Hoffman Asset Management may be revised from time to time by the Advisor as a result of ongoing research and development, which seeks to devise new trading strategies and systems as well as test methods currently employed. The trading strategies and systems used by the Advisor in the future may differ significantly from those presently used, due to the changes which may result from this research.

## **Portfolio Selection**

The Advisor has sole discretion as to which futures and options on futures contracts it will trade. The Advisor will effect transactions on all exchanges located in the United States, as well as non-U.S. exchanges, which include but are not limited to the London International Financial Futures and Options Exchange Ltd. (LIFFE), the London Metals Exchange (LME), the Marche a Terme International de France (Matif), the Eurex Deutschland (EUREX), the Montreal Exchange (ME), the Tokyo Stock Exchange (TSE), the Singapore International Monetary Exchange (SIMEX), and the Sydney Futures Exchange Ltd. The contracts that are currently monitored for trading by the Advisor include Eurocurrency, Swiss Franc, Japanese Yen, British Pound, Canadian Dollar, Australian Dollar, Mexican Peso, Eurodollar, Euribor, Euroswiss, Euroyen, Short Sterling, Australian Bank Acceptances, U.S. 30-Year Bond, U.S. Ten-Year Bond, Euro Bond, Long Gilt, Japanese Bond, Australian Bond, S&P 500, Nasdaq 100, Dow Jones Index, Dax Index, FTSE Index, Cac 40, Nikkei Index, Taiwan Index, Crude Oil, Unleaded Gas, Heating Oil, Natural Gas, Gold, Silver, Copper, Aluminum, Zinc, Nickel, Corn, Soybeans, Soybean Meal, Soybean Oil, Wheat, Kansas City Wheat, Coffee, Cotton, Cocoa, Sugar, Live Cattle, & Lean Hogs.

Decisions concerning the liquidation of positions, the futures interest contracts to be traded and the size of positions to be taken or maintained requires the exercise of judgment by the Advisor. A decision not to trade certain futures interest contracts due to lack of liquidity or excessive volatility or for any other reason may result at times in clients missing significant profit opportunities which might otherwise have been captured by the Advisor.

## **Risk Management**

In view of the volatile nature of futures trading, the advisor adheres to a number of money management principals to increase the likelihood of long-term success of the trading program.

## **Diversification**

By committing equity to multiple markets and to different strategies, diversification reduces the dependence of the program on any one particular market or trading system for trading profits. Due to the importance of diversification across different market groups and trading strategies, the Advisor suggests a minimum account size of \$125,000. As account size increases to the \$250,000 range, trading strategies will tend to be more diversified.

## **Initial Capital Exposure**

The Advisor attempts to limit maximum risk per trade to 1.5% of equity. However, there may be circumstances where it is impossible to limit risk as described above. Such a circumstance may be a market that is locked limit up or down, or the occurrence of severe slippage on order execution due to extreme market volatility.

\*Note, In April 2007 the program was materially revised with additional systems and an attempt to trade at a lower volatility levels.

## **Management Information**

Mr. Hoffman attended Pennsylvania State University, where he studied computer science. On February 10th 2000 Mr. Hoffman became registered with the CFTC as a commodity trading advisor and associated person and principal of sole proprietor Hoffman Dean Paul. In January of 2001 Hoffman Dean Paul added a financial software firm that markets algorithmic trading systems. In June 2004 Mr. Hoffman formed Hoffman Asset Management Inc. He became registered with the CFTC as an associated person and principal of Hoffman Asset Management Inc. on August 4, 2004, and he became an NFA Associate on the same date. Mr. Hoffman is responsible for all trading decisions as well as the day-to-day operations of the Advisor. Past performance information is set forth on page 10 of this document. There have been no material administrative, civil or criminal proceedings pending, on appeal, or concluded against the Advisor or its principal within the past five years.

The Advisor and its principal may trade futures for their own accounts. Records of this trading, and any written policies of the Advisor regarding such trading, will be made available for inspection by clients upon reasonable notice.

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