

## 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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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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## Lindakivi Capital Management

### **Program Description: Theseus**

Lindakivi Capital Management AS utilizes a combination of technical and fundamental analysis in its trading methodology. The Advisor trades both futures and options on U.S. exchanges, including grains, energies, currencies, softs, electronic bonds and e-mini indices products.

At present, the Lindakivi Capital Management's trading program Theseus relies on three trading strategies. Two of them are of seasonal nature: SeasonalST and Polaris. The third one mainly writes out of the money options based on educated decisions made through research and technical analysis.

The minimum account size for the program is \$100,000. The program could be traded with a notional account of \$50,000. Please see page 14 of the disclosure document for more info about notionally traded accounts.

The following provides more detailed information of the three strategies traded within Theseus Program.

### **Uncovered Options Writing Strategy**

The objective of this strategy is to achieve substantial capital appreciation through the Speculative trading of options on futures contracts. This objective can entail a comparatively high level of risk. Lindakivi Capital Management currently engages in this strategy of selling or "writing" put and call options on commodities. Lindakivi Capital Management may trade commodity future and option contracts on any United States exchange. The commodity markets include but are not limited to: financials, metals, energies, grains and softs.

The profitability of a trading system consisting of selling ("writing") uncovered options on commodities depends upon the subsequent price movement of the commodity. If the Advisor writes calls on a commodity and the calls are not bought in before their expiration, the strategy will be profitable if the commodity is below the strike price of the call when the call expires. If the commodity price is above the strike price of the call when the call expires, the strategy may produce a potentially unlimited loss.

If Lindakivi Capital Management writes puts on a commodity and the puts are not bought in before their expiration, the strategy will be profitable if the commodity is above the strike price of the puts when the puts expire. If the commodity is below the strike price of the puts when the puts expire, the strategy may produce an almost unlimited loss.

It is the intention of Lindakivi Capital Management to write mainly "out-of-the-money" puts and calls, Which means that he will write puts which have strike prices below the current price of the commodity and write calls which have strike prices above the current price of the commodity. Thus, if the commodity remains near its current price until the options expire, both the puts and the calls will be profitable. If the futures contract moves up above the strike price of the calls, the calls may be unprofitable. If the futures contract moves down below the strike price of the puts, the puts may be unprofitable.

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Lindakivi Capital Management may decide at some future date that in addition to writing options as described above, it will also purchase options which are further out of the money than the ones which it has written to reduce risk exposure. Also the Advisor could sell additional calls or puts with the purpose of bringing in more premium.

The implementation of the trading program depends on technical and fundamental conditions in order to give the best risk/reward possible in the Lindakivi Capital Management's opinion. Option contracts are written at a sufficient distance out of the money to allow, in most cases, for the options to be bought back for a fraction of the price or to expire worthless.

In general, this option writing strategy should be profitable when the commodity price remains constant. It could be unprofitable when a commodity makes large moves either up or down.

#### **Futures Trading Strategies: SeasonalST**

SeasonalST is based on various, well-researched seasonal patterns. The length of the trade varies from one day to maximum three months, with the average trade lasting couple of days. SeasonalST signals could be traded with the four main index emini products (Nasdaq, S&P, Russell, and Dow) or S&P emini options.

The decision upon what type of contract to be used rests upon The advisor. Thorough market analysis he will determine the entry and exit times for the trades, and what vehicle to be used.

The profitability of this trading system depends upon the price movement of the commodity. If Lindakivi Capital Management shorts the commodity based on a SeasonalST signal, the strategy will be profitable when the trade is exited at a price below the entry price. If the commodity is above the entry price when the trade is closed, the strategy may produce a potentially unlimited loss.

If Lindakivi Capital Management enters a long commodity trade based on a SeasonalST signal, the trade will be profitable if the trade is exited at a price above the entry price. If the commodity is below the entry price when the trade is closed, the strategy may produce a potentially unlimited loss.

The risks associated to writing an option was explained previously (see Uncovered Options writing strategy on page 7 of the disclosure document). As far as buying options is concerned the risk is limited not only to the premium paid for the option but also commissions and fees.

Please note that at the present time, Lindakivi Capital Management has decided to halt the trading of this strategy. It is upon the Advisor's discretion if this strategy will be included in the program in the future or not.

## **Futures Trading Strategies: Polaris**

Polaris is also based on seasonal patterns. Compared to SeasonalST the length of trades is shorter, minimum one trading day and maximum two trading days. Please note that none of the strategies is intra day. At times Polaris and SeasonalST trades encompass each other. Polaris could be traded with emini futures contracts on Nasdaq, S&P, Russell, and Dow.

The decision upon what type of contract to be used rests upon Lindakivi Capital Management. Thorough market analysis he will determine the entry and exit times for the trades and what vehicle to be used.

The profitability of a trading system consisting of buying or selling commodities depends upon the price movement of the commodity. If the Advisor shorts the commodity based on a Polaris signal, the strategy will be profitable when the trade is exited at a price below the entry price. If the commodity is above the entry price when the trade is closed, the strategy may produce a potentially unlimited loss.

If Lindakivi Capital Management enters a long commodity trade based on a Polaris signal, the trade will be profitable if the trade is exited at a price above the entry price. If the commodity is below the entry price when the trade is closed, the strategy may produce a potentially unlimited loss.

## **Management Information**

### **:: Indrek Raud**

Indrek Raud is the Chief Executive Officer of Lindakivi Capital Management AS. His experience makes him ideally suited to the role he assumes as a principal of the Advisor.

For the last 18 years, he has traded various financial instruments: stocks, futures and options on futures. Indrek Raud is the developer of the only 100% seasonal-patterns based systems. He researched and established the accuracy of seasonal patterns on data going back more than 30 years.

Indrek Raud obtained a bachelor degree in Computer Science in 1993. In November 2006 he founded Lindakivi Capital Management AS. From January 2003 to August 2007 he was the founder and director of Theseus Group Inc, a company that specialized in research and implementation of trading programs.

He has published articles for well-known magazines such as "Stocks and Commodities" and "Futures Magazine".

Indrek Raud has registered with CFTC as CTA on February 21st, 2007. He registered as a principal with the Advisor on April 2nd, 2008 and as an Associated Person on July 10th, 2008.

### **:: Sandrina Mayela**

Sandrina Mayela is the Vice President of Lindakivi Capital Management AS since January 2007. She handles customer's inquires, participates in the trading decision making process and conducts research on various US commodities markets.

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Her experience in the financial industry includes serving in similar capacity from January 2003 to January 2007 for Theseus Group Inc, a company that specialized in research and implementation of commodities trading programs. Theseus Trading Program was developed and traded initially by Theseus Group Inc.

Sandrina Mayela registered with CFTC as CTA on March 2007. She co-authored a series of trading-related articles for “Futures Magazine”. She registered as a principal with the Advisor on April 2nd, 2008.

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

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