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**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. 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, 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 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.
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.

# Parrot Trading Partners

**Program Description: Types of Transactions**

The Advisor has sole discretion as to which futures and options on futures contracts he will trade, and his strategy for making such trades. The Advisor reserves the right to trade in any futures or options on futures contract traded on any U.S. exchange, including commodity type contracts such as other US based equity index contracts and energy contracts. Notwithstanding the foregoing, generally, the Advisor will trade futures in securities-related contracts such as the S&P 500 and the electronic version of the S&P 500, which is referred to as an “e-mini”, or similar equity based contracts.

**Program Description: Trading Methodology**

The Advisor’s trading strategy is proprietary and confidential. The following description is of necessity general and is not intended to be all inclusive. The Advisor seeks to capture profits from intermediate to long-term trends in the futures, forward, or cash markets. Trading signals are generated from proven trading strategies.

The basic strategy is to employ the use of diagonal calendar spreads. The Advisor will purchase puts and calls in the deferred months, and sell offsetting puts and calls in the nearby months, in order to maintain a reasonably balanced delta neutral position. A delta neutral position simply means that the Advisor will take positions that substantially offset one another, so that if the market moves up, the increase in the value of one contract may be offset by the loss in value of a different contract. The objective is to allow the time premium to bleed off the nearby months at a much more rapid pace than the time premium bleeds off the deferred months. This Disclosure Document will describe the effect of volatility changes. The most recent high volatility conditions the S&P 500 futures contracts experienced was during 2001- 2002 and over the past twelve months.

Higher volatility trades requires less cash because the nearby options are sold at a lower price as compared to the deferred options. In either case, the nearby contracts can be rolled out to collect additional premium and offset the upfront cost of this position (which by the way does not account for slippage that might amount to another 2 points @ $250.00 per point). Positions must be adjusted to account for market activity and the Advisor’s history indicates that it can successfully monitor and adjust the trade to maintain a profitable position over time. Recent conditions have seen VIX trading at more elevated conditions compared to the previous eighteen months. During 2007 volatility conditions saw the VIX trade back to a range in the mid- to upper 20's. The Advisor expects volatility to resume trading somewhere near its mean, but cannot predict its movements in the short term.

Depending on market direction and volatility, sometimes it is necessary to sell additional naked positions in the nearby month, generally expiring in less than three weeks, in order to maintain delta neutrality. The Advisor has found this procedure to be extremely beneficial in that the time premium bleeds so rapidly. An investor is able to roll to a deferred month and out as occurred in the violent volatility of the Summer of 2002 and again in the Fall of 2002. It may also be necessary to hedge with futures contracts. As indicated, the overall objective is to utilize the collection of time premium in the nearby months. This is a relatively brief description of the Advisor's strategy to collect a time premium. The Advisor believes this strategy provides an edge in the market place, as the nearby months' daily theta are generally greater, more so than the deferred months. The Advisor has seen this strategy be successful in both low volatility or high volatility conditions. The strategy can be particularly successful when moving from high volatility to low volatility conditions. The Advisor may be able to anticipate in certain situations when the market is becoming more volatile and effectively lower the investor's risk by avoiding the market and the use of this strategy in these conditions, or utilize a different strategy that seeks to take advantage of this greater volatility. There can be no assurance, of course, that the Advisor will be able to do this, or the Advisor will be able to anticipate correctly the timing in the shift in market volatility.

Notwithstanding the foregoing, each investor must understand that past performance cannot necessarily accurately predict future performance, and that there is always a risk that this strategy will not be successful, that the strategy may not be properly executed by the Advisor, or that the Advisor may not decide to employ a different or slightly different trading strategy that may not be as successful.

The information highlighted above is a very brief and simple explanation of a very complex trading mechanism that involves the pricing components of options, the S&P itself, its relationship to the inside strikes, the overall recent range of the market as well as the market volatility (VIX) in an environment where the Advisor will attempt to maintain a reasonable amount of market neutrality on a day to day basis. Sometimes, the Advisor will make an adjustment every day while other times the Advisor may not make any adjustment for a couple of days.

The Advisor's goal is to achieve an average positive return of 1% - 2% per month over a year's time. When the market is reasonably stable, the return may be higher. Similarly, when the market is extremely volatile, or the strategy has not been successful, one may expect to see a drawdown in the neighborhood of 10-20% negative return on an annual basis. In the current low VIX environment it may be harder to attain the high end of the goal (2%), yet when VIX is trading above average, the high end of our goal will be attainable.

The Advisor will upon request explain in more detail this strategy with each investor as may be required. Each investor should understand that this strategy represents dynamic positions that are subject to change on a daily basis. The Advisor's experience in the market allows him to maximize the results of this strategy.

**Management Information**

**:: J. E. Santaularia**

J. E. Santaularia ("Jes"), an sole proprietor, was registered as CPO and became an NFA member as of March 17, 2004, and registered as a CTA on August 26, 2004. On January 25, 2006, Jes formed the Advisor as a Florida limited liability company for the purpose of managing commodity trading accounts on his behalf. Beginning on January 25, 2006, the Advisor began receiving payments, on behalf of Jes, with respect to the operations of Parrot Trading Partners, LLC, a commodity pool. In August, 2006, Jes received a power of attorney ("POA") with respect to a client account, for which the

Advisor received payments on behalf of Jes for his management services. Although Jes received the POA, payments were made to the Advisor on behalf of Jes without the Advisor being registered as a CPO or CTA, and without the Advisor being an NFA member. Although Jes was not aware of any violation at the time, the receipt of such payments by the Advisor was determined to be a violation of CFTC regulations and NFA rules during an NFA audit of Jes (sole proprietor); the Advisor was promptly registered upon Jes becoming aware of such violation.

The Advisor became an NFA member and a CPO on March 19, 2008, and registered as a CTA on March 20, 2008. The Advisor currently manages one commodity pool (Parrot Trading Partners, LLC) in addition to client accounts which were formerly managed and operated by Jes. Jes, as a sole proprietorship, is pending withdrawal as a CPO, CTA and NFA member. Additionally, Jes withdrew, as a sole proprietorship, his registration as an Associated Person and NFA Associate Member on May 6, 2008. In summary, the Advisor is registered as a CTA, CPO and NFA Member while Jes is a trading principal of the Advisor. The Advisor's principals, Jes and Charlie Santaularia, became Associated Persons of the Advisor on May 6, 2008 and March 19, 2008, respectively.

As set forth above, the Advisor shall utilize the services of Jes and Charlie Santaularia as its trading principals. Jes has served as the president of Diversified Concepts, L.L.C., a Kansas limited liability company, from January, 1986 to the present. Diversified Concepts, L.L.C. develops and manages real estate in several states, including Kansas, Missouri and Florida. While serving as president of Diversified Concepts, L.L.C., Jes has directed the construction, financing and management of numerous self-service storage facilities, including overseeing the acquisition and rezoning of real property and the negotiation process with Diversified Concepts' lenders. Jes Santaularia's complete Curriculum Vitae is attached as Exhibit A to this Disclosure Document.

Jes has been successfully trading commodities on his own account for more than twenty years. He is a Certified Public Accountant, Certified Financial Planner, Financial Industry Regulatory Authority Arbiter (FINRA) and a Kansas Real Estate Broker. Jes became a principal of the Advisor on March 18, 2008. In addition, Jes became an Associated Person and NFA Associate Member of the Advisor on May 6, 2008.

**:: Charlie Santaularia**

Charlie Santaularia holds an bachelors degree in economics from the University of Kansas, and holds a Series 3 NASD (National Association of Securities Dealers) license. Charlie Santaularia has been employed by Jes since the formation of Parrot Trading Partners, LLC (a commodity pool) on April 13, 2004. During that time, Charlie performed administrative and back office operations. Prior to that time, Charlie Santaularia worked as an assistant for Diversified Concepts, L.L.C., assisting the CEO in connection with certain real estate development projects. Charlie Santaularia attended the University of Texas in Austin from 2001 to 2002, and the University of Kansas in Lawrence from 2002 to 2005. Charlie Santaularia became a principal of the Advisor on March 18, 2008. In addition, Charlie became a Branch Manager of the Advisor on April 28, 2008. Charlie is also a branch manager of Jes (a sole proprietorship), as of April 28, 2008. Charlie became an Associated Person and NFA Associate Member of the Advisor on March 19, 2008. Charlie became an NFA Associate

Member and Associated Person of Jes on December 4, 2006. Furthermore, Charlie has been an approved principal of Jes since February 21, 2008. Pending Jes' withdrawal of registration (as described on page 1), Charlie's status under Jes will also be withdrawn. Please see Exhibit A in the disclosure document for the Curriculum Vitae of Charlie Santaularia.

The Advisor currently manages a commodity pool for Parrot Trading Partners, L.L.C., a Delaware limited liability company, and is currently registered as a CPO and CTA (please refer to "Past Performance" on page 10 of the disclosure document).

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