

## 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.

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For the up-to-date performance information on 100+ managed accounts, please access the alternative investment database\*.

To access the database:

1. Request an access key at [altavra.com](https://altavra.com).
  - The access key will be automatically generated and sent immediately to your email address.
2. After you receive your access key, you can follow the instructions in the email to access 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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## Program Description: The Trading Program

Hamer Trading seeks capital appreciation through speculation in commodity futures trading. There is no representation being made that the Diversified Systematic Program will be successful in achieving this goal. The trading system utilized by the Manager is proprietary and confidential. The following description is of necessity general and is not intended to be all-inclusive. Past results are not necessarily indicative of future results. The of loss in trading futures, options and off-exchange forex can be substantial.

Money managers, such as the Manager, generally rely on either fundamental or technical analysis, or a combination thereof, in making trading decisions and attempting to identify price trends in a security or commodity interest.

"Fundamental analysis" considers factors external to the market of a particular instrument which affects the supply and demand of that particular instrument in order to predict future prices of that instrument. As an example, some of the fundamental factors which affect the supply of commodities (e.g. agricultural products such as corn and soybeans) include the acreage planted, weather during the growing season, harvesting and distribution of the commodity and the previous year's crop carryover. The demand for such commodities is determined in part by domestic consumption and exports and is a product of many factors, including general world economic conditions, exports and the cost of competing products which might be substituted as alternate sources of food or fiber.

Technical analysis is not based on the anticipated supply and demand of the "cash" or "physical" (i.e., actual) commodity, but is instead based on the theory that a study of the markets themselves (in particular, of trends established by the markets for various instruments during selected historical periods) provides a means of anticipating prices. Technical analysis of the markets often includes a study of the actual daily, weekly and monthly price fluctuations as well as volume variations and changes in open interest, utilizing charts and/or computers for analysis of these items and other technical market data. Both general methodologies have been employed with success by traders and investors in the past, however, neither trading method can be assured of success in a particular interval of time.

Hamer Trading's Diversified Systematic Program utilizes a systematic trend following approach trading a diversified portfolio of markets, based primarily on technical analysis, but utilizing fundamental analysis when and where appropriate. The Diversified Systematic Program seeks to capture trends in a variety of global commodity and futures markets using 31 broadly diversified markets covering seven major sectors: interest rate, currency, stock index, energy, grain, metals and softs. Average holding period is 100 days. The program has been refined over the past thirteen years from a multi-system / multi-time frame trend approach to a focus on long term trend following with the constant goal to provide consistent returns while reducing volatility. This transition to a focus on long term trend following began in 2008.

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## Markets Traded

Hamer Trading intends to trade primarily in futures and options thereon in a variety of 31 markets, including but not limited to grain, currency, metal, energy, financial, stock index, fiber, softs (coffee, cocoa, sugar, and orange juice) markets.

## Management Information: Jim Hamer

Since graduating from West Virginia University (B.S. Forestry) in May of 1983, Jim Hamer's early career was concentrated in the hardwood lumber industry, where he managed sawmill operations for his family business, The Jim C. Hamer Company. Jim built and managed sawmills in eastern Kentucky and southern West Virginia for his family.

Jim Hamer became interested in trading right out of college when he began managing a small inheritance left to him from his grandfather. After losing a substantial amount of money during the stock market crash of 1987, Jim Hamer's interest level in finding better ways to invest and trade was intensified. Jim Hamer left the family business in January 1989 and moved to Chicago to become a member of the Chicago Mercantile Exchange, where he traded in the S&P 500 pit for his own account as a "local" / floor trader. Jim Hamer learned a great deal about the impact of price movements due to: order flow, the influence of other markets, and the actions of "locals" in the trading pit. Although still very interested in trading, Jim became less interested in being a "local" for the long-term after trading in the pits for almost a year.

He left Chicago in October, 1989 and returned to the lumber business in his home state of West Virginia. In November 1991 he started a new company for his family, Hamer Pellet Fuel, manufacturing wood pellets which are used for environmentally friendly residential stoves. Jim Hamer built and managed the pellet plant for his family in 1991. Jim Hamer continued to educate himself through trading books and also began subscribing to Futures Truth, a publication that tracks publically offered trading systems. He noticed that many of the trading systems that were followed by the publication showed up consistently in the rankings year after year. Jim later purchased Tradestation, a financial modeling software program and began testing his own trading ideas and began experimenting with these mechanical trading systems with his own money.

In 1996 after reading the book Market Wizards (1988) by Jack Schwager, Jim contacted Ed Seykota, one of the "Market Wizards" featured in the book. In the book, Ed is credited with converting Richard Donchian's trading methods into computer code to back test the trading methods on historical price data. Seykota is credited with being one of the first to do such systematic testing. Donchian is considered to be the "Father of Trend Following".

After much correspondence with Ed Seykota, Jim Hamer convinced Ed Seykota to mentor him and in March of 1997 Jim left the family businesses again and moved to Nevada where he was able to receive training in systematic trend following principles. Under Ed Seykota's guidance, Jim Hamer learned trend following basics and proper money management skills. Ed Seykota also spent a lot of time discussing the psychology of trading and how that impacts the trader. Ed Seykota

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continues to provide training to traders about the subconscious mind and how it influences our actions and our trading success through his "Trading Tribe" website.

Since that training with Ed Seykota, Jim Hamer has devoted his full time and attention to the research of market trends and to the management of capital in the commodity and futures trading arena. Jim Hamer began managing family (proprietary) accounts in June of 1997 and became registered as an Associated Person and Principal of Hamer Trading, Inc in August of 1998. He continues to develop and implement new strategies for trading using Wealth Lab, a financial modeling software offered through Fidelity Investments. Jim Hamer lives in Williamsburg, Virginia with his wife, Lesley.

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

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