

DISCLOSURE DOCUMENT OF

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**Compak Alternative Investments, LLC**

**Managed Account Program**

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A CALIFORNIA LIMITED LIABILITY COMPANY REGISTERED WITH THE COMMODITY FUTURES TRADING COMMISSION AS A COMMODITY TRADING ADVISOR AND A MEMBER OF THE NATIONAL FUTURES ASSOCIATION

**Compak Alternative Investments, LLC**  
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THE COMMODITY FUTURES TRADING COMMISSION HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS TRADING PROGRAM NOR HAS THE COMMISSION PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.

THE INFORMATION OF THIS DISCLOSURE DOCUMENT AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE SHOWN BELOW.

*No person is authorized by Compak Aternative Investments, LLC to give any information or to make any representations that are not contained in this Disclosure Document.*

The date of this Disclosure Document is September 10, 2007.

**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. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING:

IF YOU PURCHASE A COMMODITY OPTION, YOU MAY SUSTAIN A TOTAL LOSS OF THE PREMIUM AND OF ALL TRANSACTION COSTS.

IF YOU PURCHASE OR SELL A COMMODITY FUTURE OR SELL A COMMODITY OPTION YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUIRED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.

UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION. THIS CAN OCCUR FOR EXAMPLE WHEN THE MARKET MAKES A "LIMIT MOVE."

THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A "STOP-LOSS" OR "STOP-LIMIT" ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.

A "SPREAD" POSITION MAY NOT BE LESS RISKY THAN A SIMPLE "LONG" OR "SHORT" POSITION.

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 OF THOSE ACCOUNTS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS AT PAGES 15 THROUGH 17 A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND COMMODITY TRADING BEFORE YOU TRADE INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGES 11 THROUGH 14.

THIS COMMODITY TRADING ADVISOR IS PROHIBITED BY LAW FROM ACCEPTING FUNDS IN THE TRADING ADVISOR'S NAME FROM A CLIENT FOR TRADING COMMODITY INTERESTS. YOU MUST PLACE ALL FUNDS FOR TRADING IN THIS TRADING PROGRAM DIRECTLY WITH A FUTURES COMMISSION MERCHANT.

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**PRIVACY DISCLOSURE**

The following privacy disclosure describes the standards Compak Alternative Investments, LLC (the “Advisor”) follows for the collection, use, and protection its clients’ non-public personal information. The Advisor considers the protection of sensitive information to be a sound business practice and a foundation of customer trust and protects its clients’ personal information by maintaining physical, electronic and procedural safeguards that meet or exceed applicable legal requirements. The Advisor only discloses nonpublic personal information about investors or former investors (including information regarding transactions or experience with investors or former investors) to employees, affiliates and nonaffiliated third parties who assist the Advisor in providing services to the Advisor (for example, accountants and attorneys), each as permitted by law or as otherwise required by law.

**Information the Advisor Collects**

The Advisor collects non-public information about clients from the following sources: (i) information on account documents and other forms, which may include a client’s name, address, tax identification number, age, marital state, number of dependents, assets, debts, income, employment history, beneficiary information, and personal bank account information; (ii) information from a client’s transactions with the Advisor, such as account history or balance; and (iii) correspondence, whether written, telephonic or electronic, between a client, The Advisor and/or any service providers for a client’s account.

**Information the Advisor Discloses**

The Advisor does not disclose any non-public personal information that it collects to unaffiliated third parties except to the extent necessary for a financial service provider, such as a futures commission merchant, to process the client’s account(s) and as expressly permitted by a client or by law. The Advisor treats non-public personal information concerning former clients in the same way it treats such information about current clients.

**Information the Advisor Protects**

The Advisor treats non-public personal information in a confidential manner and limits access to the non-public personal information it has about clients to its employees, affiliates, and financial services providers who have an appropriate reason to access it, and to third parties to which a client has requested such disclosure. In addition, the Advisor endeavors to maintain appropriate safeguards such as physical, electronic and procedural safeguards to protect such information.

**ANTI-MONEY LAUNDERING DISCLOSURES**

In order to comply with laws and regulations aimed at the prevention of money laundering and prohibiting transactions with certain countries, organizations and individuals, the Advisor may request such information as it reasonably believes necessary to verify the identity of a client and to determine whether a client is permitted to be a client of the Advisor under such laws and regulations. In the event of delay or failure by a client to produce any information required by the Advisor for these purposes, the Advisor may close a client’s account or may refuse to accept an account of a prospective client. Likewise, after reviewing the information provided, it is possible that the Advisor may determine to close a client’s account or to refuse to accept a new account. In certain circumstances, the Advisor may be required to provide information about a client to regulatory authorities and to take any further action as may be required. The Advisor will not be liable for any loss or injury to a client or may occur as a result of disclosing such information or refusing or closing an account.

**§1. INTRODUCTION**

Compak Alternative Investments, LLC (the "Advisor") intends to begin using this Disclosure Document on March 15, 2007. Delivery of this disclosure document at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. Futures, forward and option contract trading is speculative in nature, involves a high degree of risk and is not suitable for all investors. Each investor should consult his or her financial advisor before opening a managed futures account.

**§2. THE ADVISOR**

The Advisor is a California limited liability company that was organized in December 2006. The Advisor was registered with the CFTC as a commodity trading advisor and became a member of the National Futures Association in that capacity on February 15, 2007.

The Advisor's address is 8105 Irvine Center Drive, Suite 1100, Irvine, California 92618, and its telephone number is (949) 679-2500. The books and records of the Advisor are kept and will be made available for inspection at this address.

Feroz U. Ansari is the managing and sole trading principal of the Advisor. Javaid H. Ansari is a principal and Beatrice L. Ansari is a principal owner only of the Advisor.

**Past performance information for the Advisor is presented on page 17.**

There have never been any material administrative, civil, or criminal proceedings against Compak Alternative Investments, LLC or its principals.

**§3. BACKGROUND OF THE ADVISOR'S PRINCIPALS AND KEY PERSONNEL**

**Feroz U. Ansari**

Feroz Ansari has been a member and manager of the Advisor since its formation in December 2006. He became listed as a principal effective January 24, 2007 and registered as an associated person effective February 15, 2007. Since July 2002 he has been Chief Operating Officer and Global Portfolio Strategist for Compak Asset Management, Inc., a registered investment adviser and introducing broker with which he became a registered associated person effective December 20, 2006. He has also been a registered representative and general securities principal with Compak Securities, Inc., a registered broker dealer, since September 2003. He was Treasurer and Deputy General Manager of the Emirates Bank, Karachi, Pakistan, from October 1996 to July 2002. He was registered as an associated person and principal of Compak Investments, LLC, a commodity pool operator, effective February 15, 2007 and January 24, 2007, respectively.

Feroz Ansari has a Certified Financial Planner (CFP®) designation. He holds an MIM (Masters of International Management) degree from Thunderbird, the American Graduate School of International Management, Arizona, and an MBA from the Institute of Business Administration, Karachi, Pakistan. He has completed numerous risk management, trading, portfolio management, leadership and financial management programs at The Oxford University in England, INSEAD in France, Citibank Training Center-Singapore, Euromoney in New York and Emirates Bank Training Center in Dubai. Feroz Ansari published a research paper dealing with dual exchange rate mechanisms and has conducted training programs for treasury management and foreign exchange. He worked previously as general manager, deputy general manager, head of treasury and corporate banking and global treasurer, county treasurer and dealer at numerous international banks.

**Javaid H. Ansari**

Javaid Ansari has been a Principal since July 2007. From August 2006 to May 2007 he was a Cash Desk Associate for Pacific Investment Management Company (PIMCO). From March 2006 to July 2006 he was a market researcher for William O'Neil & Co, publishers of the *Investor's Business Daily*. From August 2005 to March 2006 he worked as a Financial Analyst for Compak Asset Management, a registered investment adviser.

Javaid Ansari holds a B.S. in business administration from the Haas School of Business at the University of California, Berkeley. In the summer of 2004, he completed humanity studies at Pembroke College at Cambridge University, United Kingdom. In addition, he has attended the "Wealth Management Theory and Practice" seminar provided by Russell Investment Group. Javaid also completed Advanced Equity Analysis program at the Swiss Finance Institute in Geneva. He has also passed the NASD Series # 3, 7, 63 & 65 and is also registered with Compak Asset Management and Compak Securities Inc. He is a Chartered Financial Analyst (CFA) Level II candidate.

**Beatrice L. Ansari**

Ms. Ansari has been a member of the Advsiior since its formation and became listed as a prncipal effective February 15, 2007. She is involved with the company solely as a passive owner. Ms. Ansari is not responsible for the day to day operations or management activities of the Advisor.

**§4. POTENTIAL ADVANTAGES OF MANAGED FUTURES**

In these changing investment times, investors are looking for opportunities to achieve escalating financial goals by increasing the overall value of their portfolios. These goals are based on two primary characteristics, profit potential and the risks associated with achieving these goals. Over the past few years, investors have been increasingly choosing alternative investments, such as managed futures, as part of a well-diversified portfolio.

The industry of managed futures represents a group of professional money managers known as "commodity trading advisors" (CTAs). Through the use of global futures and forward markets as the underlying investments, these money managers trade client assets on a discretionary basis. There are many types of vehicles in which one can invest in managed futures including public funds, private placements and individual managed accounts.

Managed futures offer investors the opportunity for greater diversity through increased exposure to international investments and non-financial sectors on over 100 futures and forward markets worldwide. These investments are not typically represented in traditional stock and bond portfolios. In addition, because of the low correlation of managed futures with more traditional asset classes, i.e. stocks and bonds, adding a managed futures component to a diversified investment portfolio may decrease portfolio risk while enhancing overall portfolio returns. Furthermore, the very nature of futures trading allows participation on both the buy and the sell side of the investment, providing investors the potential for profit in any economic or political environment.

Prospective clients should be aware that stocks, bonds and managed futures are very different types of investments, each involving different investment considerations and risks, including but not limited to liquidity, safety, guarantees, insurance, fluctuation of principal and/or return, tax features, leverage and volatility. For example, trading in futures and forward contracts may involve a greater degree of risk than investing in stocks and bonds due to, among other things, a greater degree of leverage and volatility. Also, U.S. government bonds are guaranteed by the U.S. government and, if held to maturity, offer both a fixed rate of interest and return of principal.

## §5. BACKGROUND OF THE FUTURES AND OPTIONS MARKETS

### **Futures Contracts**

A futures contract is an agreement, made through the facilities of an established exchange, by which the seller agrees to deliver and the buyer agrees to accept a certain quantity of a specified grade of a commodity during a designated delivery month at a specified price. Certain futures contracts, such as those in Eurodollar time deposits or stock indices, are closed out by cash settlement of the profit or loss of an open position rather than by delivery. Speculative traders rarely expect to take delivery of any commodity under a futures contract. Rather, they hope to realize profits from fluctuations in the price of futures contracts, “offsetting” such contracts by taking an equal and opposite position in the same contract before delivery is due. A margin deposit is required to initiate both “long” and “short” futures positions. Additional margin is required if unrealized losses in open positions reduce the margin on deposit below required minimums. Unlike margin in the securities industry, which essentially constitutes a loan from a client’s stockbroker, margin in futures trading acts as a deposit to give assurance to a trader’s futures broker of the trader’s ability to pay for any losses which may be incurred on the trader’s positions.

### **Options Contracts**

An option on a futures contract gives the purchaser of the option the right to take a position at a specified price (the “strike” or “exercise” price) in the underlying futures contract. A “call” option gives the purchaser the right to take a long position in the underlying futures contract, and the purchaser of a “put” option acquires the right to take a short position in the underlying contract. The purchase price of an option is referred to as its “premium”. The seller (or “writer”) of an option is obligated to take a futures position at a specified price opposite to the option buyer if the option is exercised. Selling such options involves risks similar to those involved in trading futures contracts, in that options are speculative and highly leveraged. Specific market movements of the commodities or futures contracts underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of potentially unlimited loss in excess of the premiums received.

### **Regulation**

Futures exchanges in the United States and the trading conducted thereon are subject to regulation under the Commodity Exchange Act (“CEA”) by the CFTC. The Advisor is registered with and subject to regulation by the CFTC as a commodity trading advisor. Registration with the CFTC is not, and must not be considered as, any indication of CFTC approval. The NFA is the self-regulatory body of the United States futures industry, of which the Advisor is a member. The NFA has responsibility for processing the registrations of commodity trading advisors and their associated persons, as well as most other CFTC-registered persons.

### **Margin**

Margin is the amount of funds that must be deposited by a trader with his or her commodity broker to secure the obligation either to make or accept delivery under a futures contract or to make an offsetting sale or purchase. Because futures contracts are customarily bought and sold on margins which range upward from less than two percent of the purchase price of the contract, price fluctuations occurring in commodity futures markets may create profits and losses that are greater than are customary in other forms of investment. The margin deposit required of an account will be reduced or increased daily as a consequence of fluctuations in the market price of the open contracts held for the account, and additional deposits may become necessary as a consequence of adverse market movements. Exchanges impose, and

may at any time increase, minimum margin requirements, and brokers may, in their discretion, further increase the amount of margin required from any account.

The foregoing is not a complete summary of the complex and highly various futures and options markets. Each client should familiarize himself or herself with the futures and options markets and carefully read the Risk Disclosure Statements in the front of this Disclosure Document and the previous description of certain risks connected with futures and options trading before opening an account.

## **§6. INVESTMENT OBJECTIVES AND STRATEGIES**

### **Investment Objective and Use of Leverage**

The Advisor's principal investment objective is to realize capital appreciation while actively managing risk. The Advisor will primarily trade short index options positions on stock indices. The Advisor may also trade other futures and futures option contracts and may also invest in equities, bonds, mutual funds and exchange-traded funds.

### **Technical and Fundamental Analysis**

The success of the Advisor's trading depends largely on the ability of the trading methods and strategies utilized by it to identify market trends and execute the appropriate strategies in the market. The trading strategies used by the Advisor are based on the probability that a commodity price move can be anticipated and captured, and also on the assignment of realistic risk control upon initiating the position. There are essentially two ways of attempting to forecast price behavior in the markets - "technical" and "fundamental" analysis.

Technical analysis is based upon the theory that market prices at any given point in time reflect all known factors affecting supply and demand for a particular instrument. Therefore, only a detailed analysis of such factors as daily, weekly and monthly price fluctuations, volume variations, and changes in open interest are of predictive value in determining the future course of price movements. Trading recommendations are generally based on computer generated signals, chart interpretation, mathematical measurements, or a combination of such items.

Fundamental analysis, on the other hand, is based on the study of the external factors that affect the supply and demand of a particular security or commodity in order to predict future prices. Fundamental analysis assumes that markets are imperfect and that information is not instantaneously assimilated or disseminated in the marketplace. By monitoring relevant supply and demand factors of a particular business or commodity, a state of disequilibrium of conditions may be identified that has yet to be reflected in the price of that security or commodity. Such factors may include weather, the economics of a particular business or commodity, government policies, domestic and foreign political and economic events, and changing trade prospects.

The Advisor intends to utilize a technical analysis as its principal approach to trading the markets, but will also utilize aspects of a fundamental analysis from time to time, as deemed necessary by the Advisor's trading manager.

### **General**

The development of a trading strategy is a continuous process and the trading strategy may therefore be modified from time to time. As a result, the trading methods used by the Advisor may change from time to time in the future. Clients will be notified of changes, additions or deletions to the trading approach deemed to be material by the Advisor.

Trading methods utilized by the Advisor are proprietary and confidential. The foregoing description is not intended to be exhaustive.

The trading strategies used by the Advisor may differ from those used with respect to other accounts managed by the Advisor or its own accounts.

Trading decisions will require the exercise of judgment by the Advisor, through its managing principal, Feroz U. Ansari. Javaid Ansari as a Principal also provides input and advise on Trading and Risk Management. The Advisor may, at times, decide not to make certain trades, thereby foregoing participation in price moves which would have yielded profits or avoided losses. There is no assurance that the performance or systems of the Advisor will result in profitable trading for its clients or the avoidance of losses.

The Advisor does not intend to limit its use of investment vehicles or its policies to the above described investment instruments or strategies. As new and useful financial products and markets are developed and introduced, as it often the situation, the Advisor may investigate and utilize such products and markets.

**THERE CAN BE NO ASSURANCE THAT THE ADVISOR AND ITS CLIENT ACCOUNTS WILL ACHIEVE THE FOREGOING OBJECTIVES, OR THAT THE CLIENT ACCOUNTS WILL NOT INCUR LOSSES. MOREOVER, THERE CAN BE NO ASSURANCE THAT THE ADVISOR'S TRADING WILL YIELD THE SAME RESULTS AS IT HAS IN THE PAST.**

## **§7. CLIENT ACCOUNTS**

### **Account Size and Funding**

The minimum account size is \$10,000, provided, however, that under certain circumstances, the Advisor may, in its sole and absolute discretion, accept smaller accounts. Any interest earned on money deposited in a client account will accrue to the benefit of the Advisor.

### **Opening an Account**

The Advisor does not currently intend to have clients utilize an introducing broker when opening an account. To open an account you should complete the account-opening documents which accompany this Disclosure Document. There are additional requirements for corporations and partnerships. The Advisor will place an account on "active" status within ten business days after receipt of all signed documents and agreements from the client or the client's representative and notification from the FCM (as defined in Section 8 of this Disclosure Document) that the account is ready to trade. "Active" status means that the account is being monitored by the Advisor for possible trade executions, based on entry and exit signals from the Advisor's models.

### **New Accounts**

Each new account will encounter a startup period during which it may incur certain risks related to the initial investment of assets. For example, during an account's start-up period, the level of diversification may be lower than a previously existing account with a fully committed and diversified portfolio. In an effort to manage such risk, the Advisor has developed procedures governing the appropriate timing for the commencement of trading and the appropriate means of moving toward full portfolio commitment for new accounts. The Advisor at its discretion may delay the actual start of trading for an account for an extended period of time or invest a new account more slowly than it would a more mature account. These procedures may be modified from time to time, and no assurance is given that they will be successful in moving an account toward full portfolio commitment without substantial losses which might have been avoided, or foregoing substantial profits which might have been achieved, by other means of initiating investment in the markets.

### **Closing an Account**

A client may close his or her account at any time by notifying both the Advisor and the FCM in writing. The Advisor will close an account within 5 business days after receipt of written notification from the client or the client's representative. The Advisor may close a client's account at any time, at the Advisor's discretion, by notifying the client in writing.

### **Account Additions and Withdrawals**

Funds may be added or withdrawn at any time by deposits or withdrawals made directly with the FCM. The Advisor must be notified 5 business days in advance of any cash funding change.

### **Order Entry and Allocation**

The Advisor will generally place a block order for all accounts, including any proprietary accounts in which the same commodity interest is being traded, through the same executing FCM. In this instance, the Advisor employs an objective price allocation procedure in which all accounts are assigned trades based upon a predefined single allocation "Available Equity" criterion, which is applied to all accounts in the group. Based upon the values derived from this criterion, the FCM will automatically calculate and distribute the correct number of shares to each client account.<sup>1</sup> Notwithstanding the foregoing, the Advisor will designate any proprietary account(s) to the FCM and request that they receive the "worst fills" on any block order transaction, that is, proprietary accounts will be given the highest execution price on buy orders and the lowest price on sell orders. Allocation records, including the Advisor's composite performance figures, are available for review by clients upon reasonable notice.

## **§8. CLEARING BROKER AND FUTURES COMMISSION MERCHANT**

In the absence of written direction to the contrary provided by the client, the Advisor will utilize ADM Investor Services, Inc. ("ADM") as the futures commission merchant ("FCM") to hold the assets of the client's account with the Advisor. Clients may open an account with ADM or an alternative FCM chosen by the client. The Advisor reserves the right to reject any FCM chosen by the client, taking into consideration such factors as execution capability, cost, services provided, financial resources and industry reputation.

ADM Investor Services, Inc. is registered futures commission merchant and is a member of the National Futures Association. Its main office is located at 141 W. Jackson Blvd., Suite 1600A, Chicago, IL 60604. In the normal course of its business, ADM is involved in various legal actions incidental to its commodities business. None of these actions are expected either individually or in aggregate to have a material adverse impact on the Clearing Broker. Neither the Clearing Broker nor any of its principals have been the subject of any material administrative or criminal actions within the past five years.

Each client will be provided with a monthly statement from the FCM indicating the amount of brokerage commissions charged to his or her account. Client account statements are prepared by ADM must be reviewed carefully by clients in order to accurately interpret the accounts trading performance.

Each client account and not the Advisor, is responsible for paying brokerage commissions on its futures and options contract transactions. While trading pursuant to the Advisor's trading program is not

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<sup>1</sup> Thus, for example, under the "Available Equity" criterion, if an order is submitted by the Advisor for 700 shares of stock in XYZ Company at a time that the Advisor is managing three client accounts (accounts A, B and C, with available equity of \$25,000, \$50,000 and \$100,000, respectively), the FCM will calculate a ratio of 1:2:4 and allocate 100 shares of XYZ Company to Client A, 200 shares to Client B and 400 shares to Client C.

expected to generate a high volume of trading activity, the Advisor anticipates that brokerage commissions in connection therewith may be substantial, and could negatively impact the profitability of an account. In its trading, the Advisor expects clients to pay brokerage commissions to ADM at a rate or rates ranging approximately from \$30.00 to \$75.00 per "round turn" "futures or options transaction. Brokerage commissions are expected to average approximately 10% per year of assets under management. Brokerage commissions at FCMs other than ADM may be substantially lower or higher than the foregoing.

A qualified investor wishing to open an account with the Advisor must authorize the Advisor to manage assets pursuant to a limited power of attorney contained in the Commodity Advisory Agreement, a copy of which is included with this Disclosure Document as Exhibit B. In addition to the Commodity Advisory Agreement, each client will also be required to execute the various new account forms, including a power-of-attorney, risk disclosure documents, a notional equity agreement (where applicable) and customer agreements of the FCM for the client's account.

A portion of the assets of each client's account may, at the sole discretion of the Advisor, be invested in interest-bearing obligations, such as United States Treasury bills. Any such obligations will be posted as margin to the extent allowable by various exchanges rather than maintained in cash, thus enabling the Advisor to earn interest on funds being used for trading futures interest contracts, as well as funds being held in reserve.

## **§9. PRINCIPAL RISK FACTORS**

*Prospective investors should consider the following risks before utilizing the services of the Advisor. The risk factors below are not intended to include all possible risks of trading pursuant to the methodologies employed by the Advisor, nor are the summaries intended to provide complete descriptions of the risks that are included. There is a degree of risk associated with the utilization of the Advisor's trading program, and any such utilization should be made only after consultation with independent qualified sources of investment, legal and tax advice. No person should consider investing with the Advisor more than he can comfortably afford to lose.*

Clients participating in the Advisor's trading program will be subjected to a number of risks, including, but not limited to the following:

### **Investment Risks**

The futures markets are speculative, prices are volatile and market movements are difficult to predict. Supply and demand for futures contracts change rapidly and are affected by a variety of factors, including interest rates, merger activities and general trends in the overall economy or particular industrial or other economic sectors. Government actions, especially those of the U.S. Federal Reserve Board, have a profound effect on interest rates, which affect the price of futures contracts. In addition, a variety of other factors that are inherently difficult to predict such as domestic and international political developments, governmental trade and fiscal policies, patterns of trade and war or other military conflict can also have significant effects on the markets. The Advisor may have only limited ability to vary its investment portfolio in response to changing economic, financial and investment conditions. Those risks may be enhanced significantly by the concentration of the Advisor's investments, its consequent lack of diversification and the potential that creates for volatility. No assurance can be given as to when or whether adverse events might occur that could cause significant and immediate loss in value of the Advisor's portfolio. Even in the absence of such events, trading futures and options contracts can quickly lead to large losses.

### **Trading Is Speculative and Volatile**

Prices of futures contracts can be highly volatile. The Advisor will trade in these markets on a purely speculative basis. No assurance can be given that the Advisor's speculative trading will result in

profitable trades that clients will not incur substantial losses.

### **Lack of Liquidity**

Many futures contracts are subject to daily price limitations, which means that the exchanges have prohibited the trading of futures contracts if the price fluctuates by a certain amount. If this occurs, it may be impossible to liquidate a position. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences in markets in which the Advisor may hold positions at that time could prevent the Advisor from promptly liquidating unfavorable positions and subject it to substantial losses. Daily limits may reduce liquidity, but they do not limit ultimate losses, as such limits apply only on a day-to-day basis. In addition, even if contract prices have not moved the daily limit, the Advisor may not be able to execute trades at favorable prices if there is only light trading in the contracts involved.

### **Leverage**

A futures position can be established with margin that typically ranges between 1 and 5% of the total value of the futures contract. Thus, a small movement in the price of the underlying commodity can result in a substantial price movement relative to the margin deposit and may result in immediate and substantial losses. Accordingly, a relatively small price movement may result in immediate and substantial losses. In addition, trading on margin may result in substantial interest charges. Although the use of leverage can substantially improve the return on invested capital, it may also increase any losses, and it is possible that a client could lose most or all of its capital due to the effects of leverage combined with price volatility.

If managed account(s) suffers losses, the Advisor may de-leverage its account(s), which would materially impair its ability to recover its initial losses.

### **Speculative Position Limits**

The CFTC and the commodity exchanges have established limits on the maximum net long or net shorts futures positions which any person or group of persons acting together may hold or control. Any commodity accounts owned or managed by the Advisor, or its principals, must be combined for position limit purposes. The Advisors believe that the current limits will not adversely affect its trading. However, it is possible that the Advisor's trading decisions may have to be modified and positions may have to be liquidated in order to avoid exceeding such limits.

### **Trading of Options**

The Advisor intends to engage in the trading of options on futures contracts. Each option on a commodity futures contract or physical commodity is a right, purchased for a certain price, to either buy or sell a commodity futures contract or physical commodity during a certain period of time for a fixed price. Although successful commodity options trading requires many of the same skills as does successful commodity futures trading, the risks involved are somewhat different. For example, if the Advisor buys an option (either to sell or purchase a futures contract or commodity), it will pay a "premium" representing the market value of the option. Unless the price of the futures contract or commodity underlying the options changes and it becomes profitable to exercise or offset the option before it expires, the client's account may lose the entire amount of such premium (together with the costs of commissions and fees incurred to purchase such options). Conversely, if a client sells an option (either to sell or purchase a futures contract or commodity) it will be credited with the premium but will have to deposit margin due to its contingent liability to take or deliver the futures contract or commodity underlying the option in the event the option is exercised. Sellers of options are subject to the entire loss which occurs in the underlying futures position or underlying commodity (less any premium received). The ability to trade in or exercise options may be restricted in the event that such trading on U.S. commodity exchanges is restricted by both the CFTC and such exchanges, and it has been at certain times in the past.

### **Currency and Exchange Rate Risks**

The Advisor may invest in futures contracts denominated or quoted in currencies other than the U.S. Dollar. Changes in currency exchange rates therefore may affect the value of a client's portfolio and the unrealized appreciation or depreciation of investments. Further, the Fund may incur higher brokerage commissions in connection with conversions between currencies as brokers are subject to risks during the conversion process. The Fund and the Trading Advisor may seek to protect the value of some portion or all of its portfolio holdings against currency risks by engaging in hedging transaction, if available, cost-effective and practicable. The Fund may enter into forward contracts on currencies as well as purchase put and call options on currencies. There is no certainty that instruments suitable for hedging currency shifts will be available at the time when the Fund or the Trading Advisor wish to use them or that, even if available, the Fund or the Trading Advisor will elect to utilize a hedging strategy.

### **Certain Risks Peculiar to Forward Trading**

The Advisor may enter directly or indirectly into forward contracts for the trading of certain commodities, such as currencies and precious metals, with banks and currency and precious metals dealers and counter parties. A forward contract is similar to a futures contract in that they both are contractual obligations to buy or sell a specified quantity of a commodity at or before a specified date in the future at a specified price. However, forward contracts generally are unregulated and banks and dealers act as principals in such markets. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell. Clients will absorb the "bid-ask" spread incorporated into the price of forward contracts.

### **Counterparty Credit Worthiness**

Under CFTC regulations, FCM's are required to maintain customer's assets in a segregated account. If a customer's FCM fails to do so, the customer may be subject to risk of loss of funds in the event of its bankruptcy. Even if such funds are properly segregated, the customer may still be subject to a risk of a loss of his funds on deposit with the FCM should another customer of the FCM or the FCM itself fail to satisfy deficiencies in such other customer's accounts. Bankruptcy law applicable to all U.S. futures brokers requires that, in the event of the bankruptcy of such a broker, all property held by the broker, including certain property specifically traceable to the customer, will be returned, transferred or distributed to the broker's customers only to the extent of each customer's pro-rata share of all property available for distribution to customers. If any futures broker retained by the customer were to become bankrupt, it is possible that the customer would be able to recover none or only a portion of its assets held by such futures broker.

### **Active Trading**

The Advisor's trading activities could involve substantial portfolio turnover and correspondingly high transactional costs.

### **Competition**

The Advisor will engage in investment and trading activities that are highly competitive with other investment and trading programs. Clients will compete for trades with mutual funds, investment banks, broker/dealers, commercial banks, insurance companies, pension funds and other financial institutions, all of which may have investment objectives similar to the client's and substantially greater resources or experience than the client or the Advisor.

### **There May Be Additional Risks in the Trading of Derivative Instruments**

The Advisor may invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities, futures contracts, interest rates, indices or markets on a leveraged or unleveraged basis. Derivative instruments are subject to additional risks that include interest rate and

credit risk volatility; world and local market price and demand; and general economic factors and activity. Derivative instruments also have counter-party risk and may not perform in the manner expected by the Advisor or the counter-parties, thereby resulting in greater loss or gain.

#### **Limitations of Risk-Defined Strategies**

The risk of leveraged trading and the requirement to make additional margin deposits are generally within defined limits. However, these risks can never be eliminated entirely. Moreover, one side of a “balanced” position may decline in value, requiring additional margin deposits in connection with the financing of a position prior to a market move in the offsetting position. Although the Advisor believes that it would be unusual for a situation of this type to persist for any prolonged length of time, the markets in which the Advisor acquires (or disposes of) positions could move in such fashion for extended periods of time or to a significant degree. Should this occur, clients could incur substantial losses.

#### **Speculative Position Limits**

The CFTC and the commodity exchanges have established limits on the maximum net long or net short futures positions which any person or group of persons acting together may hold or control. Any commodity accounts owned or managed by the Advisor or its principals, including client accounts, must be combined for position limit purposes. The Advisor believes that the current limits will not adversely affect its trading on behalf of its clients. However, it is possible that the Advisor’s trading decisions may have to be modified and positions held by clients’ accounts may have to be liquidated in order to avoid exceeding such limits.

### **§10. CONFLICTS OF INTEREST**

#### **Commission Income**

The Advisor will share in commissions and may receive up to 95% of the per contract commission paid by clients, estimated to range between \$30.00 and \$75.00 per “round turn” transaction. This could be viewed as an incentive to trade accounts more frequently, and not necessarily in the best interest of clients, in an attempt to generate greater commission income. In such a situation, client accounts would need to earn income sufficient to cover larger commission expenses in order to be profitable.

#### **Interest Income**

The Advisor will receive any interest income earned on cash balances in client accounts in excess of the amount needed to margin open positions. This will create an incentive for the Advisor to develop a trading strategy which maximizes the opportunity to earn interest income or allocate less assets to the trading program and retain more assets as cash.

#### **Proprietary Trading**

The Advisor and its principals may trade or continue to trade their own proprietary accounts. Although the Advisor will generally trade in parallel with client accounts, due to differences in leverage, performance may differ significantly from customer performance. Moreover, from time to time, The Advisor’s and/or its principal’s trades for their own accounts may be held in varying duration or opposite of those held by the client account(s). Neither the Advisor nor its managing principal will intentionally favor a proprietary account over a client account, nor will either the Advisor or its managing principal knowingly permit a proprietary account to trade ahead of a client account. The Advisor’s and its principal’s proprietary trading records will not be available to clients for review.

#### **Trading Multiple Accounts/ Bunched Orders**

Because of price volatility, occasional variations in liquidity and differences in order execution, it is impossible for the Advisor to obtain identical trade execution for all its clients. Such variations and differences may produce differences in performance among client accounts over time. Accordingly, order entry may be done by means of a “block” order, which may include positions for unrelated client account(s), as well as the account(s) of the Advisor and its principals. In an effort to treat its clients fairly when block orders for client’s accounts are filled at different prices, the Advisor assigns trades on a systematic basis and in a non-preferential manner in accordance with NFA rules and advisories concerning block order allocation procedures. (See specifically “Order Entry and Allocation” in Section 7 of this Disclosure Document).

The Advisor may receive higher fees from some accounts than others. However, the Advisor trades all of its accounts in a substantially similar manner, given the differences in size and timing of the capital additions and withdrawals. In addition, the Advisor may find that futures positions established for the benefit of a particular account, when aggregated with positions in other accounts managed by the Advisor, approach the speculative position limits in a particular market. The Advisor may decide to address this situation either by liquidating positions in that futures contract and reapportioning the portfolio in other contracts, or by trading in other markets which do not have restrictive limits. In the event that the Advisor were required to liquidate positions as the result of speculative position limits, such liquidation would be done on a pro rata basis across all accounts under its management.

### **Performance Allocations**

The Advisor is compensated on an incentive basis with a performance allocation for any new profits realized by the accounts it manages. This may present a conflict of interest in that the Advisor may enter riskier trades than normal in order to produce greater profits for a client.

While these conflicts do exist, the Advisor and its managing principal do not intend to trade client accounts in any manner inconsistent with the trading program set forth in this Disclosure Document.

## **§11. FEES AND EXPENSES**

### **Definition of Net Assets and New Trading Profits**

“Net Assets” or “Net Asset Value” or “Net Liquidation Value” of a client’s account as of any date shall mean (i) the total assets as of such client’s account including all cash and cash equivalents, the market value of all open commodity futures positions, accrued interest, plus capital committed by a client but not actually deposited in the account, minus (ii) all accrued liabilities (including brokerage fees, management, and incentive fees) if any, of the client’s account as of such date. The market value of a commodity future or option will be that price quoted on the exchange on which such future or option is traded as of the close of each trading day, or if any such future or option is not so traded, the fair market value of each future, as determined by the Advisor.

“Positive Market-to-Market Profit & Loss” or “Net Profits” with regard to the Net Assets in a client’s account will mean the appreciation in the Net Assets relating to such client’s account (i) after deducting additions and adding back withdrawals made by the client, if any, relating to such Net Assets, (ii) after deduction of the Advisor’s management fee and before performance allocations, if any, relating to such Net Assets. The term Net Profits includes interest income earned or accrued on such Net Assets. Net Profits will be determined from the end of the last calendar quarter in which a performance allocation was earned by the Advisor, or if no performance allocation has been earned with respect to that account. Net Profits will be completed from the initial value of such account.

**Management Fees**

The Advisor will receive a monthly management fee of 0.2083% (2.5% annually) of an account’s Net Asset Value (as defined above) as of the end of each month, determined in accordance with United States generally accepted accounting principles, including all cash and cash equivalents, accrued interest income, capital committed by a client but not actually deposited in the account and the market value of all open futures interest contract positions (less accrued brokerage commissions). The management fee will be accrued and charged on a daily basis. An account’s total assets will be reduced by any management fee or performance allocation accrued since the previous day.

Notwithstanding the foregoing, the Advisor expressly reserves the right to waive or reduce this management fee at its sole and absolute discretion.

**Performance Allocations**

At the end of each calendar quarter, the Advisor will receive a performance allocation equal to the following percentage of Net Profits (as defined above) earned by each client’s account during such calendar quarter (or shorter period beginning on the date of account opening and ending at the end of such calendar quarter):

<u>Net Profits</u>	<u>Performance Allocation</u>
Up to and including 25%	25%
More than 25%	35%

No performance allocation will be made until the client’s account has achieved Net Profits of at least 5% for the calendar year on an annualized basis.

“Annualized Net New Profits” are the total Net Profits allocated to a capital account during the calendar quarter minus the sum of (a) the total Net Losses allocated to such capital account during the calendar quarter, and (b) the total Net Losses allocated to such capital account during previous calendar quarters that have not been offset by Net Profits allocated to such capital account in those calendar quarters. Quarterly Net Profits are adjusted to the equivalent annual rate of return using the formula  $R_{\text{annual}} = [1 + R_{\text{quarterly}}]^4 - 1$ . Under this formula, Net Profits and Net Losses are greater for each quarterly period than unadjusted Net Profits and Net Losses and all Net Losses allocated to a capital account are in effect carried forward and must be offset by Net Profits in order for the Manager to receive a Performance Allocation with respect to such capital account.

The amount of the performance allocation is determined independently with respect to each quarter and the amount of any such fee paid is not affected by subsequent losses. Any net losses from previous months allocated to a client’s account will be “carried forward” so that the Advisor will receive a performance allocation only to the extent that new trading profits are generated. If the Commodity Advisory Agreement with a client is terminated at a time that is not the end of a calendar quarter, the termination date will be deemed to be the end of a calendar quarter for purposes of calculating the Advisor’s performance allocation.

If Net Profits are positive at the time of a withdrawal, the performance allocation accrued on that portion of the Net Profits attributed to the withdrawal funds shall become due. If the account has a loss carry forward when a portion of the equity is withdrawn from the account, whether at quarter-end or another date, such loss is proportionately reduced for the purposes of determining subsequent Net Profits.

COMPAK ALTERNATIVE INVESTMENTS, LLC

Management fees and performance allocations will be deducted directly from the client's account. The client agrees to authorize the FCM to remit payment of management fees and performance allocations directly to the Advisor. Brokerage commissions on futures contracts will be determined by the FCM.

**§12. PERFORMANCE**

COMPAK ALTERNATIVE INVESTMENTS, LLC  
**Capsule Customer Performance Information**  
 Period 6/1/07 to 6/30/07

Inception of trading by CTA	June 2007
Inception of trading by CTA in offered program	June 2007
# of customer accounts currently traded pursuant to the program	1
Total customer Actual assets under management by the CTA	\$2,751,505
Total customer Nominal assets under management by the CTA	\$2,751,505
Total actual assets pursuant to this program	\$2,751,505
Total nominal assets pursuant to this program	\$2,751,505
Largest monthly draw-down**	none
Worst peak to valley draw-down**	none
# of profitable accounts that have opened and closed since Jun. 2007	none
Range of returns experienced by profitable accounts	
# of losing accounts that have opened and closed since Jun 2007	none
Range of returns experienced by losing accounts	
See notes to the capsule performance summary.	
MONTHLY/ANNUAL RATES OF RETURN ***	

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2007						1.54 %							1.54 %

\*\* Draw-down and peak to valley mean losses experienced by the composite over a specified period. Largest draw-down relates to one period and peak to valley relates to a period of time from point A to Point B.

\*\*\* Rate of Return is calculated by taking the net performance divided by the time-weighted equity of all accounts. Y-T-D Return is calculated by taking the ending \$1,000 Index minus the previous year's ending \$1,000 index divided by the previous year's ending \$1,000 index. This index shows how a theoretical \$1,000 investment, if left untouched, would have appreciated (depreciated) during each annual period in the performance table.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

**§13. CONCLUSION**

In view of the foregoing, a prospective client in the Advisor's trading program should consider carefully the highly speculative nature and risks of loss inherent in trading in the futures and options markets. A

client should be financially capable of accepting the risks associated with such trading. Further, a client should have significant resources beyond any funds, which are traded by the Advisor.

**This document is not a contract and does not modify or limit the terms of any agreement, including the Commodity Advisory Agreement between the Advisor and any client. Clients should carefully review the specific terms of the Commodity Advisory Agreement and trading authorization and the authorization to pay fees enclosed with this Disclosure Document.**

**Compak Alternative Investments , LLC**  
8105 Irvine Center Drive, Suite 1100  
Irvine, California 92618

**ACKNOWLEDGMENT OF RECEIPT**

I acknowledge receipt of the Commodity Trading Advisor Disclosure Document of Compak Alternative Investments, LLC, dated September 10, 2007

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Date of Receipt

**SUITABILITY INFORMATION**

National Futures Association Rule 2-30 requires Compak Alternative Investments, LLC to request the following information from each prospective client who is an individual. The client may decline to provide this information if he or she so chooses.

1. Clients Name: \_\_\_\_\_
2. Client's Date of Birth: \_\_\_\_\_
3. Client's Tax ID or Equivalent: \_\_\_\_\_
4. Client's Education: \_\_\_\_\_  
\_\_\_\_\_
5. Client's Occupation: \_\_\_\_\_
6. Client's approximate Annual Income: \_\_\_\_\_
7. Client's approximate Net Worth: \_\_\_\_\_
  
8. Investment Experience - Please check all that apply:

- |   |                     |
|---|---------------------|
| <input type="checkbox"/> Stocks/Bonds         | For How Long: _____ |
| <input type="checkbox"/> Futures              | For How Long: _____ |
| <input type="checkbox"/> Limited Partnerships | For How Long: _____ |
| <input type="checkbox"/> Mutual Funds         | For How Long: _____ |
| <input type="checkbox"/> Other                | For How Long: _____ |

9. Type of Account – Please check the investment status that applies to you. This investment is made as a(n):

- |                                      |  |
|--------------------------------------|--|
| <input type="checkbox"/> Individual  | <input type="checkbox"/> Corporation               |
| <input type="checkbox"/> Joint       | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Other _____               |

**Registration Requirements for NON-INDIVIDUAL ACCOUNTS**

1. Does the entity currently have or solicit US Investors?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Is the entity organized outside of the Unites States?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Is the entity registered with the NFA, CFTC or SEC? If so, please provide registrations.

Yes \_\_\_\_\_ No \_\_\_\_\_

Registrations \_\_\_\_\_

If the entity is not registered, please attach a copy of the exemption notice submitted to the NFA \*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Compak Alternative Investments, LLC**  
8105 Irvine Center Drive, Suite 1100  
Irvine, California 92618

**COMMODITY ADVISORY AGREEMENT**

This COMMODITY ADVISORY AGREEMENT (the "Advisory Agreement") is entered into as of \_\_\_\_\_ 200\_\_\_\_ by and between \_\_\_\_\_, LLC (the "Advisor") and \_\_\_\_\_ ("Client").

WHEREAS, Client desires to engage the services of Advisor for the purposes of trading Client's commodity trading account; and

WHEREAS, the Advisor desires to manage the commodity trading account on behalf of Client; and

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereto agree as follows:

1. THIS ADVISORY AGREEMENT IS ENTERED INTO BASED UPON THE FOLLOWING REPRESENTATIONS:

Client represents that (i) it has the requisite capital for the principal purpose of investing in commodity futures contracts and related options, forward contracts, physical, and other commodity interests and cash market contracts (hereinafter called "Commodity Interests") pursuant to the trading policies employed by the Advisor; (ii) it has been informed and is fully cognizant of the possible risks associated with such investments; (iii) it has the requisite authority to enter into this Advisory Agreement; and (iv) the individual executing this Advisory Agreement on behalf of the Client is authorized to execute it.

2. Client shall open an account and/or deposit funds with \_\_\_\_\_, a duly registered Futures Commission Merchant, or such other duly registered Futures Commission Merchant as pre-approved in writing by the Advisor (hereinafter called the "Broker"). The initial account value is \$\_\_\_\_\_. Any interest on money deposited or maintained in Client's Account will accrue to the benefit of the Advisor.

3. The Advisor will seek capital appreciation in Client's Account by trading speculatively in Commodity Interests utilizing the proprietary trading methods for Advisor's Managed Account Trading Program.

4. The Advisor's services are not rendered exclusively for Client, and the Advisor shall be free to render similar services to others.

5. This Advisory Agreement shall remain in effect until terminated by the receipt of written notice of either party to the other. The Advisor or Client may terminate this Advisory Agreement for any reason. Upon termination of this Advisory Agreement, the open positions and subsequent management of the Account shall be the sole responsibility of the Client. Upon termination of this Advisory Agreement, the Advisor will liquidate the open positions in an orderly manner; provided, however, that if Client instructs the Advisor in writing not to liquidate the open positions in Client's Account.

6. Client may add to or withdraw funds from its Account at any time as long as the Account's value remains above the minimum initial account value set forth in Section 2 above. Client agrees to notify the Advisor, in writing, at least 5 business days in advance of such additions and withdrawals. Client may

also increase or decrease the notional trading level of its Account at any time, but agrees that it shall notify the Advisor in writing at least business 5 days in advance of such change in notional trading level.

7. Client's Account shall be charged for all commissions, fees and/or expenses, including wire charges and NFA and exchange fees arising from transactions exercised in connection with the Advisor's management of the account and/or the administration of the Account.

8. Client agrees to inform the Advisor immediately if the Client is dissatisfied with the Advisor's decisions or actions, or if the Client is dissatisfied with the Broker's handling of the Account.

9. The Advisor's recommendations and authorizations shall be for the account and risk of Client. The Advisor makes no guarantee or representation that any of its services will result in a profit to the Client or its Account. Client has discussed the risks of futures trading and understands those risks. Client assumes the responsibility for losses that may be incurred.

10. Client agrees to execute a Limited Trading Authorization and Power of Attorney with the Broker authorizing the Advisor to enter orders for Commodity Interests for Client's Account. Client understands and agrees that the Advisor has no responsibility for the proper execution of orders by the Broker.

11.(a) The Client will pay the Advisor a daily management fee equal to 0.2083% (2.5% annually) of the Account's ending monthly Net Liquidation Value. The term "Net Assets" of the Account means (i) the total assets (including, but not limited to, all cash and cash equivalents, valued at cost, the market value of all Commodity Interests, plus capital committed by Client but not actually deposited in the Account), minus (ii) all accrued liabilities of the Account (including brokerage fees), excluding accrued management fees and performance allocations. The current market value of all open Commodity Interests shall be as indicated by the settlement price determined by the exchanges on which such positions are maintained.

(b) Where an Account is partially-funded, the daily management fee shall be taken as a percentage of the Account's nominal size, defined as the dollar amount that the Advisor and Client have agreed in writing will determine the level of trading in the Account, regardless of the actual assets on deposit with the Broker.

12. The Client re-allocates to the Manager, as of the end of each calendar quarter, the following percentage of any "Annualized Net New Profits" that have been allocated to each capital account during the calendar quarter:

<u>Annualized Net New Profits</u>	<u>Performance Allocations</u>
Up to and including 25%	25%
More than 25%	35%

No Performance Allocation will be made until the Fund has achieved Annualized Net New Profits of at least 5% for the calendar year on an annualized basis.

"Annualized Net New Profits" are the total Net Profits allocated to a capital account during the calendar quarter minus the sum of (a) the total Net Losses allocated to such capital account during the calendar quarter, and (b) the total Net Losses allocated to such capital account during previous calendar quarters that have not been offset by Net Profits allocated to such capital account in those calendar quarters. Quarterly Net Profits are adjusted to the equivalent annual rate of return using the formula  $R_{\text{annual}} = [1 + R_{\text{quarterly}}]^4 - 1$ . Under this formula, Net Profits and Net Losses are greater for each quarterly period than unadjusted Net Profits and Net Losses and all Net Losses allocated to a capital account are in effect carried forward and must be offset by Net Profits in order for the Manager to receive a Performance Allocation with respect to such capital account.

The term "Net Profits" is defined to mean the appreciation in the Net Assets relating to such Account(s) as of the end of each Performance Allocation Period after (i) adjustments for additions to and/or withdrawals from the Account and (ii) deducting brokerage commissions paid and accrued, floor brokerage fees, and other fees, costs, and expenses directly related to the Account's trading activities (but prior to deduction of any accrued and unpaid management fees and/or performance allocations), and the term Net Profits shall include all interest income earned or accrued on such Net Assets. Net Profits are determined from the end of the last Performance Allocation Period for which a performance allocation was earned by the Advisor, or if no performance allocation has been earned with respect to any account, Net Profits are determined from the inception of such account. In calculating Net Profits, the Advisor is not required to earn back previously paid performance allocations. If the Advisory Agreement is terminated as of any date which is not the end of a Performance Allocation Period, the performance allocation described above, if applicable, will be determined as if such termination date were at the end of a Performance Allocation Period. If any payment of performance allocations is made to the Advisor on account of Net Profits and the Client's Account thereafter fails to earn Net Profits or experiences losses for any subsequent Performance Allocation Period, the Advisor will be entitled to retain such amounts of performance allocations previously paid to it in respect of such Net Profits. However, no subsequent performance allocations will be payable to the Advisor until the Account has overcome any trading losses being carried forward to achieve Net Profits. If any withdrawals from the Account occur as of any date that is not at the end of a Performance Allocation Period, a performance allocation will be paid, if applicable, with respect to such withdrawn amount as if such withdrawal occurred as of the end of a Performance Allocation Period. Withdrawals from the Account will result in a proportional reduction of any cumulative trading loss carry forward as of the date of such withdrawal.

13. The Advisor will bill all management fees and performance allocations to which Advisor is entitled under this Advisory Agreement, and will send billing statements directly to the Broker to be paid out of Client's Account. Client agrees to authorize the Broker to make payments from Client's Account to the Advisor as compensation, as set forth in Section 12 of this Advisory Agreement, for the Advisor's services to Client under this Advisory Agreement. The Advisor reserves the right to negotiate different fees for different clients and share any portion of these fees with third parties in accordance with regulatory and industry standards.

14. The Client acknowledges that Client has read a copy of the Disclosure Document, including the Risk Disclosure Statement. The Advisor makes no guarantee that any of its services will result in a profit or will not result in a loss for Client. The Advisor will not be liable to Client or to others except by reason of acts constituting willful malfeasance or gross negligence as to its duties herein.

15. In the event that any provisions of this Advisory Agreement are invalid for any reason whatsoever, all other conditions and provisions of this Advisory Agreement shall, nevertheless, remain in full force and effect.

16. This Advisory Agreement constitutes the entire agreement between the parties, and no modifications or amendments of this Advisory Agreement shall be binding unless in writing and signed by the parties hereto.

17. Client acknowledges that should Client's Account become underfunded, trading profits and losses on a percentage basis will be greater than if the Account were fully funded and that additional capital may be required to maintain trading positions.

18. When market conditions warrant, the Advisor may reduce the number of positions normally held.

19. This Agreement shall be governed by the laws of the State of California without regard to any internal conflict of laws provisions.

IN WITNESS WHEREOF, the parties hereto have executed this Advisory Agreement on the day and year first written above.

**ADVISOR:**

Compak Alternative Investments , LLC  
8105 Irvine Center Drive, Suite 1100  
Irvine, California 92618  
Telephone (949) 679-2500

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CLIENT(S):**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
(City, State and Zip)

\_\_\_\_\_  
(Telephone) (Fax)

\_\_\_\_\_  
(Email)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City, State and Zip)

\_\_\_\_\_  
(Telephone) (Fax)

\_\_\_\_\_  
(Email)

**Compak Alternative Investments, LLC**  
8105 Irvine Center Drive, Suite 1100  
Irvine, California 92618

**LIMITED POWER OF ATTORNEY**

TO: \_\_\_\_\_

The undersigned hereby authorizes Compak Alternative Investments, LLC ("the Advisor") as his/her/its agent and attorney-in-fact to buy, sell (including "short" sales) commodities on margin or cash or forward currency transactions or otherwise for the undersigned's account and risk including the purchase and sale of U.S. Treasury Bills and investments in money market fund accounts. The undersigned hereby agrees to indemnify and hold the brokerage firm harmless from all loss, cost, indebtedness and liabilities arising therefrom.

In all such purchases and sales you are authorized to follow the instructions of the aforesaid agent in every respect concerning the undersigned's account with you; and except as herein otherwise provided, the Advisor is authorized to act for the undersigned in the same manner and with the same force and effect as the undersigned might or could do with respect to such purchases and sales as well as with respect to all other things necessary or incidental thereto, except that the Advisor is not authorized to withdraw any money, securities, or other property either in the name of the undersigned or otherwise other than that in conjunction with payment of fees owed to the Advisor.

The undersigned hereby ratifies and confirms any and all transactions with you heretofore or hereafter made by the aforesaid agent on behalf of or for the account of the undersigned.

The authorization and indemnity is in addition to (and in no way limits or restricts) any rights which you may have under any other agreement to agreements between you and the undersigned.

This authorization and indemnity is a continuing one and shall remain in full force and effect until revoked by the undersigned by a written notice addressed to you and delivered to you at the above address, but such revocation shall not affect any liability in any way resulting from transactions initiated prior to such revocation. This authorization and indemnity shall inure to your benefit and that of your successors and assigns.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Customer's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Customer's Signature



**Compak Alternative Investments, LLC**  
8105 Irvine Center Drive, Suite 1100  
Irvine, California 92618

**ARBITRATION AGREEMENT**

The undersigned client ("Client") hereby agrees that any claim or controversy between Client and Compak Alternative Investments LLC or any of its employees, affiliates, or agents, or its or their respective successors or assigns (collectively referred to as the "Advisor") arising directly or indirectly out of, or relating to, the Commodity Advisory Agreement between Client and the Advisor (the "Advisory Agreement") or any of the account opening documentation, including but not limited to the Limited Power of Attorney, Fee Payment Authorization, Trading Level Agreement, or in connection with Client's accounts with the Advisor, transactions between Client and the Advisor or any other document or agreement now or hereafter existing that relates to Client's accounts with the Advisor, or any breach of any of them or any transactions effected pursuant to them shall, except as provided below, be resolved by binding arbitration before a forum chosen in accordance with the following procedure. At such time as Client notifies the Advisor or any of its affiliates that Client intends to submit a claim or controversy to arbitration or at such time as the Advisor or any of its affiliates notifies Client that the Advisor or any of its affiliates intends to submit a claim or controversy to arbitration, Client shall have the opportunity to choose a forum from a list of three or more qualified forums provided to Client by the Advisor within 10 days of notification that a claim or controversy is being submitted for arbitration. If Client fails to make a selection of a qualified forum within 45 days or receipt of such list, the Advisor shall have the right to select a qualified forum from the list. A "qualified forum" is an organization whose procedures for conducting arbitrations comply with the requirements of United States Commodity Trading Commission ("CFTC") Regulation Section 166.5. The National Futures Association will be one of the forums offered. Any award rendered by the arbitrators shall be final and binding on and judgment may be entered in any court having jurisdiction.

The Advisor acknowledges that the Advisor or any of its affiliates who is a party to any controversy arbitrated pursuant to this Arbitration Agreement shall be required to pay any incremental fees which may be assessed by a qualified forum for provision of a mixed arbitration panel, unless the arbitrator(s) hearing the controversy shall determine that Customer has acted in bad faith in initiating or conducting the arbitration. A "mixed arbitration panel" is an arbitration panel composed of one or more persons, a majority of whom are not members of a contract market or employed by or otherwise associated with a member of a contract market and are not otherwise associated with a contract market.

Any award rendered in any arbitration conducted pursuant to this Arbitration Agreement shall be final and binding on and enforceable each and/or all of the parties hereto and their personal representatives in accordance with the substantive law of the State of Michigan, and judgment may be entered on any such award by any court having jurisdiction thereof.

THREE FORUMS EXIST FOR THE RESOLUTION OF COMMODITY DISPUTES: CIVIL COURT LITIGATION, REPARATIONS AT THE COMMODITY FUTURES TRADING COMMISSION (CFTC), AND ARBITRATION CONDUCTED BY A SELF-REGULATORY OR OTHER PRIVATE ORGANIZATION.

THE CFTC RECOGNIZES THAT THE OPPORTUNITY TO SETTLE DISPUTES BY ARBITRATION MAY IN SOME CASES PROVIDE MANY BENEFITS TO CUSTOMERS, INCLUDING THE ABILITY TO OBTAIN AN EXPEDITIOUS AND FINAL RESOLUTION OF DISPUTES WITHOUT INCURRING SUBSTANTIAL COSTS. THE CFTC REQUIRES, HOWEVER, THAT EACH CUSTOMER

INDIVIDUALLY EXAMINE THE RELATIVE MERITS OF ARBITRATION AND THAT YOUR CONSENT TO THIS ARBITRATION AGREEMENT BE VOLUNTARY.

BY SIGNING THIS AGREEMENT, YOU (1) MAY BE WAIVING YOUR RIGHT TO SUE IN A COURT OF LAW; AND (2) ARE AGREEING TO BE BOUND BY ARBITRATION OF ANY CLAIMS OR COUNTERCLAIMS WHICH YOU OR COMPAK ALTERNATIVE INVESTMENTS, LLC MAY SUBMIT TO ARBITRATION UNDER THIS AGREEMENT. YOU ARE NOT, HOWEVER, WAIVING YOUR RIGHT TO ELECT INSTEAD TO PETITION THE CFTC TO INSTITUTE REPARATIONS PROCEEDINGS UNDER SECTION 14 OF THE COMMODITY EXCHANGE ACT WITH RESPECT TO ANY DISPUTE WHICH MAY BE ARBITRATED PURSUANT TO THIS AGREEMENT. IN THE EVENT A DISPUTE ARISES, YOU WILL BE NOTIFIED IF COMPAK ALTERNATIVE INVESTMENTS, LLC INTENDS TO SUBMIT THE DISPUTE TO ARBITRATION. IF YOU BELIEVE A VIOLATION OF THE COMMODITY EXCHANGE ACT IS INVOLVED AND IF YOU PREFER TO REQUEST A SECTION 14 "REPARATIONS" PROCEEDING BEFORE THE CFTC, YOU WILL HAVE 45 DAYS FROM THE DATE OF SUCH NOTICE IN WHICH TO MAKE THAT ELECTION.

**YOU NEED NOT SIGN THIS AGREEMENT TO OPEN AN ACCOUNT WITH COMPAK ALTERNATIVE INVESTMENTS, LLC. SEE 17 CFR 180.1-180.5.**

CLIENT(S) SIGNATURE:

\_\_\_\_\_  
\_\_\_\_\_

DATE:

\_\_\_\_\_  
\_\_\_\_\_

CLIENT(S) PRINTED NAME:

\_\_\_\_\_  
\_\_\_\_\_

ACCEPTED:

Compak Alternative Investments, LLC

DATE:

By: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_