

DISCLOSURE DOCUMENT



CLINAMEN FINANCIAL GROUP LLC  
VIX PORTFOLIO HEDGING (VXH) PROGRAM  
VOLATILITY ARBITRAGE PROGRAM

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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.**

No person is authorized by Clinamen Financial Group, LLC to give any information or make any representations not contained herein. The delivery of this Disclosure Document does not imply that the information contained herein is correct as of any time subsequent to the date set forth below.

The effective date and date of intended first use of this Disclosure Document is January 31, 2012.

## RISK DISCLOSURE STATEMENT

**THE RISK OF LOSS IN TRADING COMMODITY INTERESTS 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 FUTURES CONTRACT OR SELL A COMMODITY OPTION OR ENGAGE IN OFF-EXCHANGE FOREIGN CURRENCY TRADING YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS OR SECURITY DEPOSIT 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 REQUESTED 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 INTEREST 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. THIS DISCLOSURE DOCUMENT CONTAINS, AT PAGE 17, A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR.**

**THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY INTEREST MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND COMMODITY INTEREST TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGE 13.**

Clinamen Financial Group, LLC  
VIX Portfolio Hedging (VXH) Program  
Volatility Arbitrage Program

**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 OR RETAIL FOREIGN EXCHANGE DEALER, AS APPLICABLE.**

## CONTENTS

Risk Disclosure Statement	2
Introduction	5
The Advisor	6
Volatility Arbitrage Program	7
Risk Management	8
Volatility Arbitrage Program Performance Disclosure	9
VIX Portfolio Hedging (VXH) Program	11
Allocation to the Program	11
VIX Portfolio Hedging (VXH) Program Performance Disclosure	12
Risk Factors	13
Disclosure for Individual Retirement Accounts	15
Disclosure for Notionally Funded Accounts	16
Fees	17
Management Fees	17
Incentive Fees	18
Account Additions & Withdrawals	19
Conflicts of Interest	19
Privacy Policy	19
Anti-Money Laundering Program	20
Opening an Account	21
Disclosure Acknowledgment	23

## INTRODUCTION

Clinamen Financial Group, LLC (the "Advisor") engages in the management of commodity trading accounts for clients. This Disclosure Document describes the Advisor's VIX Portfolio Hedging (VXH) Program and Volatility Arbitrage Program. The VIX Portfolio Hedging (VXH) Program takes long positions in short-term futures contracts on the CBOE Volatility Index (VIX) for the purposes of hedging exposure to equities and equity indexes. The Volatility Arbitrage Program identifies opportunities for exploiting the differential between present implied and future realized volatility. The Advisor uses futures and options on futures to trade these opportunities.

Trading in commodities is not intended as a replacement for investing in traditional asset classes, but rather as a possible enhancement to a traditional portfolio. There has historically been a degree of non-correlation between the returns realized on certain commodity interest trading and those on stocks and bonds. This non-correlation suggests that commodity trading can, in certain circumstances, be a valuable complement to a traditional portfolio.

Commodity trading involves substantial risks due in part to the highly speculative nature of such trading. As a result, an investment in a commodity trading account is only suitable for you if you have adequate means to provide for your current needs and personal contingencies and you can bear the economic risk of losing your entire investment. You must also possess an appropriate level of financial sophistication and experience.

This Disclosure Document describes the trading management services offered by the Advisor, its VIX Portfolio Hedging (VXH) Program, its Volatility Arbitrage Program, and the risks associated therewith. The Advisor intends to begin using this Disclosure Document on or after January 31, 2012.

The minimum investment in the VIX Portfolio Hedging (VXH) Program is \$50,000; notional funding is permitted on an individual basis. The minimum investment in the Volatility Arbitrage Program is \$100,000, with up to \$50,000 of notional funding.

## THE ADVISOR

The Advisor is Clinamen Financial Group, LLC a Delaware limited liability company organized in May 2006. The Advisor's office is located at 103 Dry Run Court, Forest, Virginia 24551. Books and records of the Advisor are maintained at this address. Its telephone number is (917)715-7034. The Advisor's email address is [contact@clinamengroup.com](mailto:contact@clinamengroup.com).

The Advisor became registered as a commodity trading advisor with the Commodity Futures Trading Commission on January 22, 2009. The Advisor became a member of the National Futures Association on January 22, 2009. The Advisor did not manage customer funds from May 2006 to January 2009. The performance record of the Advisor is presented on pages 9 and 12.

*Jared L. Woodard, President.* Mr. Woodard, the firm's sole principal and advisor, became registered as Associated Person and listed principal of the Advisor on January 22, 2009. In May 2006, he founded Condor Options LLC, a New York-based research firm focusing on market neutral and volatility-based trading strategies. Since May 2006, he has worked as Senior Options Strategist at Condor Options, and has published educational materials and research on equity options strategies with particular emphasis on risk management and quantitative analysis.

From August 2004 to August 2006, Mr. Woodard pursued a Ph.D. in philosophy at Fordham University in New York. He is a Ph.D. candidate with master's degrees in philosophy and the history of philosophy and has worked in areas such as set theory, formal logic, and the philosophy of mathematics. From April 2004 to August 2004, he performed legal research at Crowell & Moring, LP, a law firm in Washington, D.C.

There has not been a material administrative, civil, or criminal action – whether pending, on appeal or concluded – against the Advisor or against the CTA's principal within the five years preceding the date of this Disclosure Document, or at any other time.

## VOLATILITY ARBITRAGE PROGRAM

The goal of the Volatility Arbitrage program is to provide superior risk-adjusted returns by making investments which the Advisor believes offer significant opportunities for growth and income. The program identifies opportunities for exploiting the differential between present implied and future realized volatility over particular timeframes, and the Advisor uses futures and options on futures to trade these opportunities.

The program establishes market-neutral positions that are net short options on futures. A position is "net short" options when the value of option contracts sold to open is higher than the value of option contracts bought to open, such that the position is opened for an initial credit. The market-neutral orientation of this program signifies that profits are not directly dependent on the price behavior of the underlying; the Advisor does not attempt to forecast price direction. Instead, these positions stand to gain from any of three distinct factors, namely: the natural decay of option premiums over time, a decline in implied volatility from levels at which a position was opened, and/or a lower future realized volatility than the amount implied at the time when a position was opened. Profits are realized when option positions are closed for a price lower than the initial amount of credit received on opening them.

The profitability of any individual position that is net short options is affected to some extent by the price movement of the underlying asset. For instance, if the Advisor sells out of the money calls and buys further out of the money calls on some underlying futures contract, the option position will be maximally profitable if the futures contract is below the strike price of the short calls at expiration. The position will incur its maximum pre-defined loss if the futures contract is above the strike price of the long calls at expiration. During any given short period of time, the program therefore exhibits some path dependency, and clients are advised to commit to participation for at least twelve to eighteen months to avoid unduly magnifying the effects of any ordinary drawdown.

Positions may be allowed to expire worthless to achieve the maximum profit potential or may be closed prior to expiration, depending on the conditions specified by the program. The Advisor may purchase options or employ other hedging strategies to reduce the risk of or to offset existing positions as needed. The Advisor may trade uncovered ("naked") options as well as spreads of various types, including vertical, calendar, butterfly, condor, ratio, straddle, strangle, and other spreads. The primary underlying assets used are equity index futures, although options on commodity contracts are also employed when called for by the program, including but not limited to Eurodollars, precious metals, corn, crude oil, and coffee. Including assets with low or no correlation to US equity indexes is intended to reduce overall portfolio volatility and provide additional avenues for growth and income.

The implementation of the program is driven by analysis of changes in the volatility environment of the underlying. This analysis includes but is not necessarily limited to the relationship between implied and historical volatility over various time periods, volatility forecasting models (e.g. GARCH(1,1), EGARCH, Stochastic), and changes in the term structure of volatility derivatives. Traditional methods such as fundamental or technical analysis may be considered at the Advisor's discretion on a supplementary basis, although neither approach is necessary for the implementation of the program.

The investment program is designed to be as mechanical as possible. The program is rule-based, and it is estimated that less than 10% of the trading decisions of the program depend on the discretion, skill, or judgment of the Advisor. However, the Advisor's business plan includes ongoing development and refinement of its programs, so the Advisor retains

Clinamen Financial Group, LLC  
VIX Portfolio Hedging (VXH) Program  
Volatility Arbitrage Program

the right to revise any methods, rules, or strategy, including the trading rules employed, commodity interests traded, and/or risk and money management principles used. It may make any such changes without notification or prior approval of any client if it believes such changes are in the best interest of the client.

The program is proprietary and confidential, and the descriptions herein are of necessity general and are not intended to be exhaustive. Consequently, you will not be able to determine the full details of the program or whether the program is being followed. There can be no assurance that any trading strategy of the Advisor will produce profits or will not result in losses.

## RISK MANAGEMENT

Under normal circumstances, the program is functionally “short” volatility, in that it profits when volatility does not rise dramatically over a short period of time. Such periods of persistently rising volatility are typical of extreme market events and this exposure to rapidly rising volatility is one of the principal risk factors of the program.

The program is not sensitive to market environments in which volatility merely persists at some high level (e.g. most bear markets in US equity indexes), and is actually designed to thrive in such markets. Rather, the primary risk exposure is to some multi-week dramatic rise in volatility such that existing positions are threatened. The Advisor has adopted the following procedures for the purpose of reducing and responding to this risk factor:

1. The use of risk-defined option spreads significantly reduces the impact of extreme market events relative to simple short option positions by defining in advance the amount of capital that may be gained or lost by a given position.
2. The practice of dynamically hedging open positions reduces exposure to directional risk. The Advisor balances the need for dynamic hedging against the increased costs associated with such practices.
3. Time-distributed positions reduce program sensitivity to jump risk: by staggering the entry and exit of positions across time, the program reduces the amount of capital exposed at any one time to an unforeseen swing in market prices.
4. Proprietary market stress models help the Advisor anticipate and identify abnormal market environments. Upon identifying such an environment, the Advisor may reduce in size or offset entirely any open positions. The Advisor may also initiate “long” volatility positions for hedging or speculative purposes when market conditions warrant.

**VOLATILITY ARBITRAGE PROGRAM PERFORMANCE DISCLOSURE**

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

Performance Capsule – Volatility Arbitrage Program

Month	2009	2010	2011
January		-1.37%	-7.83%
February		0.47%	-4.33%
March		2.31%	2.65%
April		-1.75%	11.72%
May		-11.55%	2.40%
June		7.40%	-2.43%
July	-10.93%	-7.79%	-3.74%
August	1.35%	7.82%	-21.98%
September	-4.05%	-4.88%	-11.80%
October	-2.03%	-3.39%	2.50%
November	8.71%	-1.36%	2.18%
December	6.59%	3.17%	-2.73%
Annual	<b>-1.66%</b>	<b>-12.01%</b>	<b>-31.82%</b>

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

Performance Capsule – Volatility Arbitrage Program (cont'd)

Commodity Trading Advisor:	Clinamen Financial Group LLC
Trading Program:	Volatility Arbitrage
Inception of Trading - Client Accounts:	July 1, 2009
Inception of Trading – Pursuant to Program:	July 1, 2009
Number of Accounts:	2
Number of Closed Accounts with Positive Performance:	0
Number of Closed Accounts with Negative Performance:	3
Lifetime Rate of Return for Closed Accounts with Negative Performance:	-13.78% to -22.47%
Current Nominal Assets Under Management	\$365,746
Current Nominal Assets Traded Pursuant to the Program:	\$330,890

Clinamen Financial Group, LLC  
VIX Portfolio Hedging (VXH) Program  
Volatility Arbitrage Program

Worst Monthly Percentage Drawdown:	-21.98% (August 2011)
Worst Peak-to-Valley Percentage Drawdown: September 2011)	-42.10% (June 2009 –

Results above reflect actual returns in customer accounts, net of commissions and fees and adjusted for additions and withdrawals.

“Drawdown” means losses experienced by the program over a specified period. “Worst Monthly Percentage Drawdown” is the program’s worst monthly percentage rate of return. “Worst Peak-to-Valley Percentage Drawdown” is the greatest cumulative percentage decline in month-end net asset value (NAV) due to losses sustained by the accounts during any period in which the initial month-end NAV is not equaled or exceeded by a subsequent month-end NAV.

## VIX PORTFOLIO HEDGING (VXH) PROGRAM

The goal of the VIX Portfolio Hedging (VXH) program is to offer protection to equity and equity index investors against sudden and severe market shocks by investing in short-term futures contracts on the CBOE Volatility Index (VIX). The VIX index is a widely-followed measurement of the short-term implied volatility in S&P 500 option prices. Few asset classes exhibited a low or negative correlation to equities during the financial crisis of 2007-2008; volatility was an exception. The VXH program is designed to provide access to long volatility assets as a means of hedging existing equity exposure.

The VXH program establishes long positions in VIX futures according to a defined allocation formula, and “rolls” those positions on a monthly basis by selling existing contracts and buying new, longer-dated contracts.

The VXH program is not expected to yield meaningful profits in many market environments, and may experience small losses on a regular basis. Profits are achieved when S&P 500 implied volatility rises, which historically has coincided with large and/or sudden declines in equity prices. Because of the expected return profile of the VXH program, it is essential that clients avoid participating in the program on a short-term or *ad hoc* basis. Clients who participate in the program are strongly urged to do so for a period not less than (3) calendar years.

The allocation formula maintains a minimal level of constant volatility exposure but may increase exposure substantially in response to changes in the historical and implied volatility of the S&P 500 index. The allocation formula does not rely on methods such as fundamental analysis or subjective technical analysis (i.e., chart visuals or pattern recognition); the formula relies only on changes in historical and implied volatility.

The VXH program is proprietary and confidential, and the descriptions herein are of necessity general and are not intended to be exhaustive. Consequently, clients will not be able to determine the full details of the program or whether the program is being followed. There can be no assurance that any trading strategy of the Advisor will produce profits or will not result in losses.

### ALLOCATION TO THE PROGRAM

Because the VXH program is intended to reduce tail risk in an existing portfolio, clients should allocate capital to the program in proportion to the size of the existing portfolio they wish to hedge. The minimum advisable capital allocation to the program is 10% of the value of the existing portfolio to be hedged.

Given the minimum program investment of \$50,000 and the 10% suggested allocation, the minimum total portfolio value is roughly \$500,000. Because of the highly leveraged nature of the contracts being traded, notional funding is not appropriate in most situations, and will be permitted only after careful review.

**VIX PORTFOLIO HEDGING (VXH) PROGRAM PERFORMANCE DISCLOSURE**

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

Performance Capsule – VIX Portfolio Hedging (VXH) Program

Month	2010	2011
January		-5.26%
February		-7.66%
March		-9.76%
April		-11.19%
May		-8.12%
June		-10.86%
July		-2.39%
August		167.28%
September		27.54%
October		-17.95%
November		-18.32%
December	0.22%	-9.76%
<b>Annual</b>	<b>0.22%</b>	<b>15.55%</b>

Performance Capsule – VIX Portfolio Hedging (VXH) Program (cont'd)

Commodity Trading Advisor:	Clinamen Financial Group LLC
Trading Program:	VIX Portfolio Hedging (VXH)
Inception of Trading - Client Accounts:	July 1, 2009
Inception of Trading – Pursuant to Program:	December 1, 2010
Number of Accounts:	1
Number of Closed Accounts with Positive Performance:	0
Number of Closed Accounts with Negative Performance:	0
Current Nominal Assets Under Management	\$365,746
Current Nominal Assets Traded Pursuant to the Program:	\$34,856
Worst Monthly Percentage Drawdown:	-18.32% (November 2011)
Worst Peak-to-Valley Percentage Drawdown:	-43.95% (December 2010 – July 2011)

“Drawdown” means losses experienced by the program over a specified period. “Worst Monthly Percentage Drawdown” is the program’s worst monthly percentage rate of return. “Worst Peak-to-Valley Percentage Drawdown” is the greatest cumulative percentage decline in month-end net asset value (NAV) due to losses sustained by the accounts during any period in which the initial month-end NAV is not equaled or exceeded by a subsequent month-end NAV.

## RISK FACTORS

An investment in any program is speculative and involves a high degree of risk, and should only be made after consultation with independent qualified sources of investment and tax advice. Prospective clients should consider all of the risk factors described below and elsewhere in this document before participating in the program.

### FUTURES TRADING IS VOLATILE

A principal risk in commodity and futures trading is the traditional volatility (or rapid fluctuation) in the market prices of commodities and futures. Price volatility may cause your account to lose all or a substantial amount of its assets in a short period of time. Prices are affected by a wide variety of complex and hard to predict factors, such as political and economic events, weather and climate conditions, government and fiscal policies, and the prevailing psychological characteristics of the marketplace.

### LEVERAGE

Commodity and futures contracts and options are traded on margins typically ranging from 2% to 20% of the value of the contract, which provides a large amount of leverage. Contracts and options on an underlying asset may have a value substantially larger than the margin requirement. Accordingly, a relatively small price movement in a contract may result in immediate and substantial profits or losses for the investor. If the Advisor invested a substantial portion of the capital in your account in such a situation, a substantial change up or down in the value of the account would result. For example, if at the time of purchase, ten percent of the price of the futures contract is deposited as margin then a ten percent decrease in the price of the futures contract would, if the contract were then closed out, result in a total loss of the margin deposit before any deduction for the trading commission. Thus, like other leveraged investments, any trade may result in losses well in excess of the amount invested.

### OPTIONS ON FUTURES

Options on futures are speculative and highly leveraged. The purchaser of an option risks the loss of the entire premium paid in addition to fees and commissions. The seller (writer) of an option risks losing the difference between the premium received and the price of the underlying contract that must be purchased or delivered upon exercise of the option, which entails unlimited risk in the case of a sold call option. Naked options carry an additional risk in that losses incurred overnight may not be adequately restricted by open stop orders.

### SPREADS

A "spread" position may not be less risky than a simple "long" or "short" position. Additionally, there may be higher costs associated with spread trading.

### ABNORMAL MARKET CONDITIONS

Because the VIX Portfolio Hedging (VXH) Program relies on changes in historical and implied volatility to generate trading signals, changes in the correlation of equity prices and historical and/or implied volatility may affect the performance of the program.

#### TECHNICAL AND COMPUTERIZED TRADING

The Advisor uses methods that rely on computer-generated information to determine appropriate trading signals. If the Advisor is incorrect in the interpretation or application of that information, the account may suffer a loss. Additionally, although the Advisor takes steps to prevent such problems, events such as power failures, virus attacks, data loss, etc. may adversely affect the ability of the Advisor to implement the trading program(s), and could cause the account to suffer a loss.

#### COMMODITY TRADING MAY BE ILLIQUID

It is not always possible to execute an order at the desired price, or to close out an open position due to market conditions and/or price fluctuations. This may occur, for example, when the market makes a "limit move." In these circumstances, clients could incur losses until it becomes possible to liquidate the open position. Another example of difficult execution occurs in thinly traded markets. As a result, no assurance can be given that the Advisor's orders will be executed at or near the desired price.

#### CLIENT IS PERSONALLY LIABLE

You are directly and personally liable for the losses in your trading account. Your potential loss is by no means limited to the amount of assets which you deposit in your account. For example, in a market in which the Advisor is unable to liquidate positions, you could lose well in excess of the maximum amount that you committed to the account.

#### INCREASED RISK IN NOTIONALLY FUNDED ACCOUNTS

You may instruct the Advisor to use notional funds to trade your account. Trading leverage generally consists of two different components, cash and notional funds. Cash is the actual capital provided for use within the account. Notional funds are the increase in capital, above cash, which the Advisor is instructed by you to consider itself to be managing in your account.

The use of notional funds to increase the leverage at which the Advisor will trade can be expected to increase the rapidity of drawdowns and the volatility of an account; however, the use of notional funds also has the potential to increase trading profits. There can be no assurance regarding which effect the leverage adjustments may have on the performance of the Advisor or the performance of an account. If the Advisor uses notional funds for additional leverage, the equity in an account will erode much more quickly in the event of losing trades than if it does not use notional funds. Notionally funded accounts may also receive more frequent and larger margin calls.

If a client uses notional funding in an account, the fees and commissions as a percentage of actual funds will be higher. For example, using an annual management fee rate of 2%, an account funded with \$50,000 in actual funds and \$50,000 with notional funds will be charged a management fee of \$2000 on an annual basis ( $\$100,000 * 0.02$ ). As a result,

the management fee as a percentage of actual funds is 4% (\$2000/\$50,000). For more information about fees and their effect on notionally funded accounts, please see the following section in this document, "Advisory Fees".

#### RELIANCE ON KEY PERSONNEL

The services of the Advisor's principal are essential to the Advisor's business. If the services of the principal were no longer available, the continued ability of the Advisor to operate would be subject to substantial uncertainty and the services of the Advisor could be terminated completely.

#### FAILURE OF THE CLIENT'S FUTURES COMMISSION MERCHANT

Under CFTC regulations, Futures Commission Merchants ("FCMs") are required to maintain a client's assets in a segregated account. If the client's FCM fails to do so, the client may be subject to a risk of loss of his funds on deposit with his FCM in the event of such FCM's bankruptcy. In addition, under certain circumstances, such as the inability of another client of the FCM or the FCM itself to satisfy substantial deficiencies in such other client's account, a client may be subject to a risk of loss of his funds on deposit with his FCM, even if such funds are properly segregated. In the case of any such bankruptcy or client loss, a client might recover, even in respect of property specifically traceable to the client, only a pro rata share of all property available for distribution to all of the FCM's clients.

#### CHANGES IN PROGRAM METHODS

The Advisor seeks to continually improve the quality of the program, such that changes in the program strategy and methods may be made which would alter the program as described herein. Additionally, the Advisor may trade additional futures or commodity interests including futures or options traded on foreign exchanges. Any such changes may have an adverse affect on the quality of the program.

THE LIST OF RISK FACTORS DESCRIBED ABOVE IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF THE RISKS INVOLVED IN COMMODITY TRADING. YOU SHOULD READ THIS DISCLOSURE DOCUMENT IN ITS ENTIRETY AND CONSULT YOUR OWN FINANCIAL PLANNING AND TAX ADVISORS BEFORE DECIDING WHETHER TO INVEST IN ANY COMMODITY TRADING PROGRAM.

#### DISCLOSURE FOR INDIVIDUAL RETIREMENT ACCOUNTS

For self-directed individual retirement accounts, the portion of the account committed to margin generally will not exceed 50% of the beginning equity of the account for any given period. Further, the Advisor will cease all trading for the account(s) if the account(s) experience a drawdown in excess of 30% of the account's current trading level. The drawdown will be reviewed at the end of each trading day and will not generally be monitored on an intra-day basis. In the event the account is approaching the 30% drawdown benchmark, the Client will be provided with the option to either terminate the account and liquidate all positions and remaining balances, with such liquidation occurring as soon as

administratively possible by the Advisor, or continue trading upon written instructions from the Client. Due to the volatile nature of the futures markets, the Advisor is unable to guarantee that any drawdown in the account can be limited to 30% of the accounts current trading level.

## DISCLOSURE FOR NOTIONALLY FUNDED ACCOUNTS

All Clients should request the Advisor to advise them of the amount of cash or other assets (Actual Funds), which should be deposited to the Advisor trading program for the account to be considered "Fully-Funded". This is the amount upon which the Advisor will determine the number of contracts traded in their account and should be an amount sufficient to make it unlikely that any further cash deposits would be required from them over the course of their participation in the Advisor's program. You are reminded that the account size you have agreed to in writing (the "nominal" - defined as actual plus "notional" account size) is not the maximum possible loss that your account may experience. You should review the account statements received from your FCM in order to determine the actual activity in your account, including profits, losses and current cash equity balance. To the extent that the equity in your account is at any time less than the nominal account size you should be aware of the following:

1. Although your gains and losses, fees and commissions measured in dollars will be the same, they will be greater when expressed as a percentage of account equity.
2. You may receive more frequent and larger margin calls.
3. The table below may be used to convert the rates-of-return ("ROR's") in the performance table to the corresponding ROR's for particular partial funding levels.

<b>Actual ROR</b>	<b>Funding Levels</b>		
	<b>100%</b>	<b>75%</b>	<b>50%</b>
-30%	-30%	-40%	-60%
-20%	-20%	-26.6%	-40%
-10%	-10%	-13.3%	-20%
10%	10%	13.3%	20%
20%	20%	26.6%	40%
30%	30%	40%	60%

Upon establishing a notionally funded account, the Client must inform the Advisor of the nominal value (or "trading value") that should be used. For example, if a Client adds \$60,000 in actual funds and instructs the Advisor to trade the account at a nominal value of \$100,000, then the account will be regarded as having \$40,000 in notional funds. If the Client withdraws \$10,000, and excluding any profits or losses, the nominal value will remain the same and the notional value will be increased to \$50,000 **unless the Client instructs the Advisor otherwise in writing**. Likewise, if the Client adds \$20,000, and excluding any

profits, losses, or other additions or withdrawals, the nominal value will remain the same and the notional value will be decreased to \$20,000 **unless the Client instructs the Advisor otherwise in writing**. Note that when a notionally funded account experiences a profit (loss), the resulting amount of notional funding will be lower (higher) on a percentage basis. Net performance will affect the nominal account size by increasing or decreasing the amount of actual funds in the account; net performance will not affect the amount of notional funding used in an account. For example, if a Client funds an account with \$60,000 in actual funds and instructs the Advisor to trade at a nominal value of \$100,000 (i.e. using \$40,000 in notional funds), and the account subsequently suffers a 10% loss, the nominal account value will be \$90,000, composed of \$50,000 in actual funds and \$40,000 in notional funds.

Clients should be aware of the effects of notional funding on their rate of return and drawdown exposure. For example, if a \$100,000 account with 50% in notional funding (\$50,000) realizes a drawdown of 20%, the resulting account balance of \$80,000 will include only \$30,000 of actual Client equity, meaning that the Client will have suffered a 40% loss due to notional funding. Likewise, if a \$100,000 account with 50% in notional funding (\$50,000) realizes a gain of 20%, the resulting account balance of \$120,000 will include \$70,000 of actual Client equity, meaning that the Client will have achieved a 40% gain due to notional funding. Clients are strongly urged to consider the impact of increased leverage before establishing notional funding in an account.

## FEES

The Advisor receives two types of fees for the services provided: a management fee and an incentive fee. The management fee is based on the amount of assets in the account managed by the Advisor. The incentive fee is based on the performance of the program. The following description of fees is offered as a general guideline; the Advisor may structure each account (including applicable fees) to meet specific client needs, and may reduce or waive fees for any account without notification to other clients of such action. Unless otherwise agreed to in writing, all fractional dollar amounts of any fees are rounded to the nearest dollar.

### MANAGEMENT FEES

For the VIX Portfolio Hedging (VXH) Program, the Advisor will be paid a non-refundable 2.5% annualized percentage of Net Liquidation Value, applied on a daily basis [the "Management Fee(s)"].

For the Volatility Arbitrage Program, the Advisor will be paid a non-refundable 2% annualized percentage of Net Liquidation Value, applied on a daily basis [the "Management Fee(s)"]. Net Liquidation Value shall mean an account's total assets, including any notional equity declared, less total liabilities, determined in accordance with Generally Accepted Accounting Principles. Net Liquidation Value will include the sum of all cash and any unrealized profit or loss on securities and open commodity positions. All securities and open commodity positions shall be valued at their then market value which means, with respect to open commodity positions, the settlement price determined by the exchanges on which such positions are maintained. If there are no trades on the date of the calculation due to the operation of the daily price fluctuation limits or due to closing of the exchange on which

positions are maintained, the contract will be valued at the settlement price as determined by the exchange on the first subsequent day on which the position could be liquidated.

#### INCENTIVE FEES

For the VIX Portfolio Hedging (VXH) Program, the Client is generally required to pay the Advisor a quarterly fee based on the profitability of program trading for the client's account. The incentive fee is 5% of Net Trading Profits [the "Incentive Fee(s)"]. The Advisor's Incentive Fee may be modified by the Advisor and its Clients depending on a variety of factors. Because the Advisor may structure each account (including the applicable fees) to meet specific client needs, the foregoing description of the Incentive Fee represents a general guideline only, and specifically does not represent the maximum or minimum Incentive Fees that may be charged to an account.

For the Volatility Arbitrage Program, the Client is generally required to pay the Advisor a quarterly fee based on the profitability of program trading for the client's account. The incentive fee is 20% of Net Trading Profits [the "Incentive Fee(s)"]. The Advisor's Incentive Fee may be modified by the Advisor and its Clients depending on a variety of factors. Because the Advisor may structure each account (including the applicable fees) to meet specific client needs, the foregoing description of the Incentive Fee represents a general guideline only, and specifically does not represent the maximum or minimum Incentive Fees that may be charged to an account.

Net Trading Profits is equal to the excess of an account's Net Assets at the end of the calendar quarter over its Net Assets at the end of the previous quarter, and as further adjusted to eliminate the effect on the account's Net Assets resulting from new capital contributions or capital withdrawals, if any, made during the period, whether the assets are held separately or in a margin account. Losses attributable to capital withdrawals shall not be carried forward. Losses attributable to trading losses shall be carried forward and no further incentive fees will be made in subsequent quarters until previous losses have been recovered.

Net Trading Profits shall be net of all accrued or payable brokerage commissions, fees and other expenses. The Incentive Fees calculation also includes, in part, unrealized appreciation on open positions. Such appreciation may never be realized by a client. For example, if at the end of a quarter the Client's account had unrealized profits on open positions, the Advisor may receive an Incentive Fee based on such unrealized profits. Following such payments, those open positions might, due to adverse market conditions, be closed out at no profit or a loss; nevertheless if a Client's account incurs a loss after an Incentive Fee has been paid, such Incentive Fee will not be rebated and the Advisor will retain the fee, but no further Incentive Fee will be made in subsequent quarters until the account again has Net Trading Profits. If an account closes out before the end of a quarter, the closing date will be deemed the end of the quarter for purposes of calculating such Incentive Fee.

Incentive Fees and Management Fees are calculated by the Advisor and/or its designee(s) and paid directly out of a Client's account, unless the Advisor and the Client have otherwise made a different arrangement. Upon calculation, the Advisor is authorized by the Client to deduct the fees directly from the Client's account.

The Client's Management Fee is calculated based on the total nominal account value, which includes notional funds in addition to actual net assets. Therefore, for example, a two and one half percent (2.5%) annual fee based on a fully-funded account will equal a five percent (5%) annual fee based on an account funded only as to fifty percent (50%) of its fully-funded size.

## ACCOUNT ADDITIONS & WITHDRAWALS

The Advisor has established an account minimum of \$100,000 to participate in the Volatility Arbitrage program and an account minimum of \$50,000 to participate in the VIX Portfolio Hedging (VXH) Program, although the Advisor may alter the requirement on a case-by-case basis. The Client may add funds to the account pending prior approval of the Advisor, and may withdraw funds at any time. The Advisor suggests that the Client provide written notice at least fifteen (15) days in advance of any withdrawals and thirty (30) days in advance of account termination.

## CONFLICTS OF INTEREST

The Advisor is obligated to provide fair and equitable treatment to all client accounts. Clients should be aware that normal market factors may cause the results of various accounts to differ.

The Advisor and its principal will trade for their own proprietary accounts. Clients of the Advisor will not be permitted to inspect the records of or written policies regarding any such trading by the Advisor or its principal. There may be a conflict between the Advisor's interest in trading client accounts in order to maximize profits and its interest in trading the proprietary accounts in order to maximize profits for such accounts. A potential conflict of interest may occur as a result of the development or deployment of additional programs or trading strategies in proprietary accounts or any other actions that would not constitute a violation of the Advisor's fiduciary duties, or take positions in the proprietary accounts that are opposite or ahead of positions taken for a client.

The Advisor does not currently receive services or products known as "soft dollar" arrangements from any Introducing Broker ("IB") or Futures Commission Merchant ("FCM") but it may do so in the future. Such services may be used to provide assistance to the Advisor in making decisions for its clients. As a result, the Advisor may have a conflict of interest because it receives valuable benefits from a FCM or IB and the transaction compensation charged by the broker might not be the lowest available.

Because the Advisor receives incentive fees, it may be inclined to trade in a more speculative manner than if it received only a management fee.

## PRIVACY POLICY

The Advisor respects the confidentiality of our clients' non-public, personal information. It is our intention to ensure that this information is safeguarded to protect against its misuse. To that end, we have included a copy of our current Privacy Policy in this Disclosure Document to remind you of our concern for and our efforts related to the protection of, your personal, non-public information.

When you enter into a financial advisory agreement to establish a managed account with the Advisor, we collect personal information about you for business purposes, such as evaluating your financial needs, processing your requests and transactions, informing you about products and services that may be of interest to you, and providing customer service. The personal information we collect about you includes:

1. Information you provide to us on applications and other forms, such as your name, address, telephone numbers, date of birth, social security number, occupation, net worth, and income;
2. information about your prior trading history;
3. information you provide to us to verify your identity, such as a passport,
4. or information received from other entities not affiliated with the Advisor.

All information given to the Advisor and all recommendations and advice furnished by the Advisor to its Clients will be kept confidential and will not be disclosed to anyone, except as the Advisor may so agree in writing or as may be required to do so by law.

As part of the Advisor's policy, the Advisor restricts access to confidential personal information about its clients to those employees of the Advisor who need to know that information in order to provide products or services to its clients. The Advisor maintains physical, electronic, and procedural safeguards to comply with federal standards to guard its Clients' confidential personal information. We do not rent or sell your name or personal information to anyone.

Should a client agree to accept financial advisory services provided by the Advisor, the Advisor may share the client's non-public, personal information ("NPI") with nonaffiliated third parties in order to support the financial products and services we provide to you. The Advisor may or may not maintain agreements with various affiliated or nonaffiliated entities that may act as the custodian and account holder for customers of the Advisor. Furthermore, the Advisor may engage third party companies to perform services for us or on our behalf, such as vendors that prepare and mail performance reports, compute the Advisor's management and incentive fees or provide data processing, computer software maintenance and development, transaction processing and marketing services. These third-party institutions may require agreements to establish the Advisor's client's account with them. The Advisor will share only the appropriate customer NPI needed to facilitate these account agreements on behalf of its clients.

## ANTI-MONEY LAUNDERING PROGRAM

The USA PATRIOT Act was signed into law on October 26, 2001. In accordance with Title III of the USA PATRIOT Act, entitled the "International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001", and in particular § 352, the Advisor has established an anti-money laundering program that includes, but is not limited to:

- the development of internal policies, procedures and controls;
- the designation of a compliance officer;
- an ongoing employee training program; and
- an independent staff audit function to test programs.

Federal regulations and executive orders administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") prohibit, among other things, the engagement in

transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC web site at <http://www.treas.gov/ofac>. Each client must represent and warrant in its Investment Management Agreement that, among other things, neither the client, nor any person controlling, controlled by, or under common control with, the client, nor any person having a beneficial interest in the client, or for whom the client is acting as agent or nominee in connection with this investment, is a country, territory, person or entity named on an OFAC list, or is a person or entity that resides or has a place of business in a country or territory named on such lists. The Advisor will not accept any investment from the client if it cannot make the representation described in the preceding sentence.

## OPENING AN ACCOUNT

For more information about opening an account, contact us directly.

Clients are free to choose a Futures Commission Merchant ("FCM") and/or Introducing Broker ("IB"). The Advisor recommends but does not require the use of Interactive Brokers LLC ("IBL") as an FCM to clients. IBL charges a commission rate of \$0.85 per side for futures and options on futures, plus applicable exchange and regulatory fees. Total per side commission rates inclusive of exchange and regulatory fees for contracts traded pursuant to the program are \$1.12 - \$1.87. The Advisor does not receive any share of these commissions. The following disclosure was provided by IBL regarding any material administrative, civil, or criminal actions involving it: Pursuant to requirements of the National Futures Association ("NFA"), this memorandum is intended to disclose material administrative, civil or criminal actions involving Interactive Brokers LLC or any of its principals ("Interactive") within the past five years.

For purposes of this memorandum, an action will be considered material if:

- The action would be required to be disclosed in the notes to Interactive's financial statements prepared pursuant to generally accepted accounting principles;
- The action was brought by the Commodity Futures Trading Commission ("CFTC") (a concluded action that did not result in civil monetary penalties exceeding \$50,000 need not be disclosed unless it involved allegations of fraud or other willful misconduct); or
- The action was brought by any other federal or state regulatory agency, a non-United States regulatory agency or a self-regulatory organization and involved allegations of fraud or other willful misconduct.

### Disclosures

In 2007, Interactive submitted an Offer of Settlement in anticipation of a CFTC administrative proceeding involving a former customer of Interactive. The customer had maintained an account with Interactive in his own name, but the frequency, magnitude and pattern of deposits and withdrawals to the individual's account, relative to his stated liquid net worth, suggested he might be operating as an unregistered commodity pool operator. In the Offer of Settlement, which was accepted by the CFTC in July 2007, the firm consented to a CFTC order that included a finding that Interactive violated CFTC regulation 166.3 (17 CFR 166.3) in that its procedures for determining the source of funds received through wire transfers were inadequate to meet its supervisory responsibilities. The order required that Interactive cease and desist from violating CFTC regulation 166.3, disgorge \$175,000 in commissions earned and comply with an undertaking not to deny, directly or indirectly, any finding in the order.

In a related proceeding, the NFA issued a complaint charging Interactive with failure to maintain required books and records, failure to cooperate promptly and fully with NFA in an NFA audit, and doing business with a non-Member of NFA that was required to be registered

with the CFTC. Interactive submitted an offer of settlement to the NFA Business Conduct Committee, which the hearing panel accepted in May 2007. The firm was ordered to pay up to \$325,000 into a restitution fund at NFA and pay a fine of \$125,000 to NFA. The panel ordered the dismissal of the charge of failure to cooperate promptly and fully with an NFA examination and inquiry.

On November 9, 2007, Interactive was named as a defendant in a complaint related to the above matter, filed in the Circuit Court of Cook County, Illinois by a number of clients seeking compensatory and punitive damages for plaintiffs' alleged losses. The action was removed to the U.S. District Court for the Northern District of Illinois and, on January 11, 2008, Interactive filed a motion to dismiss the complaint. The court granted the motion and dismissed some of the claims with prejudice, but permitted the plaintiffs to file an amended complaint with respect to the other counts. The parties agreed to settle the remaining disputes without admitting liability or the validity of the respective claims and the Litigation was dismissed with prejudice. Payment was made on 7/22/2009 in settlement of the above-mentioned matter in the amount of \$1,500,000.

On February 3, 2010, Trading Technologies International, Inc. ("Trading Technologies") filed a complaint, in the United States District Court for the Northern District of Illinois, Eastern Division, against IBG, Inc., IBG LLC, IBG Holdings LLC, and IBLLC for direct and indirect infringement of five US patents owned by Trading Technologies. The plaintiffs are seeking, among other things, damages and injunctive relief. It is not possible at this time to estimate the possible loss, if any. Interactive believes that it has meritorious defenses to the allegations made in the complaint and intends to defend itself vigorously against them.

Transactions effected for accounts managed by the Advisor may be subject to tax and accounting considerations. The Advisor does not render professional tax counsel. Clients are advised to retain a professional tax adviser for the purposes of carefully assessing such matters with respect to the client's particular tax planning objectives and accounting standards.

In addition to the execution of the accompanying exhibits, each client may also be required to execute the various new account forms, powers-of-attorney, risk disclosure documents, notional equity agreement (where applicable), and customer agreements of the FCM for the client's account.

**DISCLOSURE ACKNOWLEDGMENT**

This is to acknowledge that I have read and understand the Disclosure Document of Clinamen Financial Group, LLC (hereinafter "Adviser") dated January 31, 2012 and agree to all of the terms and conditions thereof, and have carefully considered the matters outlined and referred to therein in determining whether to open a commodity trading account managed by the Adviser.

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<b>Client 1</b>	Print Name			
	Signature			Date
<b>Address</b>	Street	City	State	Zip

<hr/>				
<b>Client 2</b>	Print Name			
	Signature			Date
<b>Address</b>	Street	City	State	Zip