

**CRESCENT BAY CAPITAL MANAGEMENT, INC.
AS COMMODITY TRADING ADVISOR**

DISCLOSURE DOCUMENT

BALANCED VOLATILITY PROGRAM



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THE DATE OF THIS DISCLOSURE DOCUMENT IS JULY 30TH, 2011.

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 PAGES 7-9, 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 PAGES 10-12.

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.

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THIS DOCUMENT IS INTENDED FOR FIRST USE ON JULY 30TH, 2011.

INTRODUCTION TO THE TRADING ADVISOR

Crescent Bay Capital Management, Inc. (“CBCM” or the “Advisor”), a registered Commodity Trading Advisor is currently offering managed futures trading programs (the “Programs”) to both retail and institutional investors. These Programs currently trade options on domestic futures contracts, but may trade in futures markets outside of these categories at the discretion of the Advisor. Such trading is referred to collectively as trading in “commodity interests.” All trading follows the methods and strategies used by Crescent Bay Capital Management, Inc. See “DESCRIPTION OF TRADING METHOD AND STRATEGY” beginning on page 5, for more information specific to the trading of the Balanced Volatility Program (“BVP”). In addition, performance summaries for all Programs traded by the Advisor within five years preceding the date of this Disclosure Document are shown in the “PERFORMANCE INFORMATION” section which begins on page 13.

Crescent Bay Capital Management, Inc., a California corporation, became registered with the Commodity Futures Trading Commission as a Commodity Trading Advisor (“CTA”) on August 23rd, 2004. CBCM was previously registered as a Commodity Pool Operator (“CPO”) from November 14th, 2006 to October 18th, 2009. CBCM has been a member of the National Futures Association since August 23rd, 2004. David Bedford (the “Principal”) is the sole shareholder of CBCM. He was registered as an Associated Person and Principal of the firm on August 23rd, 2004. The business office of CBCM is located at: 1201 Puerta Del Sol, Ste. 227; San Clemente, CA 92673; telephone: (949) 276-8718; facsimile: (949) 276-8448.

There have not been (nor are there pending) any material administrative, civil or criminal actions against CBCM, or its Principal, within five years preceding the date of this Disclosure Document. Neither CBCM, nor its Principal, have been charged with any criminal conduct.

MANAGER BACKGROUND:

David Bedford - President/Principal Mr. Bedford graduated in April 1990 from Pepperdine University in Malibu, California with a Bachelor of Science degree in Sports Medicine. In May 1990, he became a Partner of Bedford Hardwood (a wood flooring sales and contracting company). In June 1991, he co-founded Sand Vac Systems (a manufacturer of dust retrieval systems for the construction industry). Mr. Bedford served as Manager of Business Operations for both Bedford Hardwood and Sand Vac Systems through April 1996.

From May 1996 to December 1997, as a Biomaterials Research Associate at University of California at San Francisco, Mr. Bedford managed projects using statistical and quantitative testing methods (a prelude to his future career in trading systems research). From January 1998 to February 2007 he was employed as a District Sales Manager by GC America, an International dental products manufacturer.

While remaining gainfully employed with GC America, Mr. Bedford began graduate coursework in quantitative analysis, statistics, and information technology at Golden Gate University in August 1998. These studies, combined with his interest in the markets, launched the pursuit of profitable trading methods and research. Mr. Bedford has been an active trader since August 1999, testing his methods and skills in the stock, futures, and options markets.

Mr. Bedford serves as President of Crescent Bay Capital Management, Inc. (CBCM) which was formed January 20th, 2003 for the purpose of trading and market research. CBCM was engaged in the research and development of futures trading strategies from January 2003 to August 2004. CBCM has been registered with the National Futures Association (NFA) and the Commodity Futures Trading Commission (“CFTC”) as a Commodity Trading Advisor (“CTA”) since August 23rd, 2004. CBCM was previously registered as a Commodity Pool Operator (“CPO”) from November 14th, 2006 to October 18th, 2009. Mr. Bedford was also registered as a Principal of Light Tower Investments, Inc. from October 28th, 2010 to December 17th, 2010. He sold his equity share in Light Tower Investments, Inc. and no longer has any affiliation.

Mr. Bedford continues to research multiple trading strategies and alternative markets in addition to constant management and refinement of CBCM’s currently offered managed account programs. The managed futures programs currently open and offered by CBCM are the Premium Stock Index Program (“PSIP”) and the Balanced Volatility Program (“BVP”). Performance capsules begin on page 13.

ASSOCIATED PERSONS:

Dan McIntire - Business Development Mr. McIntire graduated Magna Cum Laude in May 1996 from California State University, Chico where he obtained a Bachelor of Arts degree in English and a minor in Economics. Mr. McIntire began full-time trading of equities in March 2000. The experience cemented his respect for the discipline of trading and the skill set required for success. As a result, he became David Bedford's first managed account client in May 2005.

Since May 2002, Mr. McIntire has conducted business as a Mortgage Lender. He continues to work in dual capacity, leading his loan origination team at Cherry Creek Mortgage Company in Roseville, CA and directing sales and marketing efforts for CBCM in Business Development. Mr. McIntire is NASD Series 3 examination qualified and became an Associated Person of CBCM in January 2008.

Justin Stephan – Back Office Operations Mr. Stephan is responsible for daily back office operations for CBCM. Prior to his association with CBCM, he managed proprietary and family accounts. Mr. Stephan is NASD Series 3 examination qualified and handles daily trade reconciliation. He became an Associated Person of CBCM in February 2006.

BALANCED VOLATILITY PROGRAM

It is well documented that the strategy of “selling premium” (short options) is profitable in “quiet” or low volatility markets. However, when volatility increases sharply, many months (or even years!) of profit can be lost if risk is not properly managed. The Balanced Volatility Program (“BVP”) was developed as an alternative to “naked” option selling programs. It can function as a standalone investment, or, in tandem with a premium selling program such as CBCM's Premium Stock Index Program (“PSIP”).

OBJECTIVES:

The BVP seeks to achieve multiple objectives through the speculative trading of options on futures contracts:

1. Offset volatility risks, which are inherent in “short” options or “premium seller” managed futures programs, while offering the benefits of an absolute return strategy.
2. Offer Clients a trading approach that is not already represented within their CTA portfolio. Investors have long turned to CTAs for diversification, but in the view of the Advisor, emulating other CTAs does not increase diversification within the sector.
3. Maintain a low degree of correlation with respect to other CTA programs, hedge funds, the S&P 500 index, and investment benchmarks in general. To this end, the Advisor employs a trading method and strategy which it believes is different from those of other investment managers.
4. Effectively manage risk in order to limit account draw-downs and reduce account volatility.
5. Generate capital appreciation and positive risk-adjusted returns for Clients by consistently achieving trading profits.

DESCRIPTION OF TRADING METHOD AND STRATEGY:

The trading method and strategy applied by CBCM is both proprietary and confidential. As a result, the following discussion is of necessity general in nature, and not intended to be exhaustive. The Advisor relies on proprietary systematic trading models that its Principal has developed and traded in-house. These models operate 75% systematically and 25% discretionarily. The trading strategy is non-directional.

The BVP trading strategy blends various short and long Put options to create an overall position that is buffered from increases in volatility. Furthermore, positions are strategically placed across different calendar months using a “diagonal spread method” providing an overall net long volatility position. Each new position is “delta neutral” which provides additional insulation from market volatility. These core elements result in a balanced strategy.

In May 2010, CBCM developed a proprietary option pricing model. The Advisor believes this “Straight Line Time” option pricing model to be more useful than Black-Scholes in determining the true time decay value of options. It is the opinion of CBCM that the Straight Line Time (“SLT”) model identifies the optimal exit points at which open trade positions should be closed.

Trade positions are placed (using proprietary strike level and ratio algorithms) to achieve a strategy that can be profitable in flat or volatile market conditions. Profit is made through the expansion of the spread’s “Theta Differential.” This creates a position that can make profit from time decay and underlying market moves. The primary risk controls for the BVP are stop limits (which are derived as a function of account value) and real-time monitoring of positions. Furthermore, the BVP only participates in high liquidity markets (currently the S&P 500 futures Put option contracts).

CBCM regularly evaluates its trading methodology and retains the discretion to revise any method or strategy, including the technical trading factors used, the commodity interests traded, and/or the money management principles applied. Such revisions, unless deemed material, will not be made known to clients.

RISK MANAGEMENT:

It is the opinion of CBCM that returns alone should never be used to evaluate the merits of an investment. This is particularly true when considering a managed futures program because of the high degree of leverage that is possible with futures. In fact, returns alone reveal nothing about the risks to which an account may have been exposed in pursuit of those returns. By their nature, futures are risky instruments. With respect to trading options on futures contracts, CBCM has imposed certain restrictions and procedures upon the Program, in light of their inherent risk.

Use of Leverage. As noted above, the trading of commodity interests typically involves extensive use of leverage. The Advisor expects the average overnight margin-to-equity ratio for client accounts to be less than 60%. This ratio is expected to vary from 0% to 60% over time, and may also sometimes exceed the high end of this range.

Equity draw-down limit. In the event that, at the close of business on any business day, the Net Asset Value of a client’s account is 50% or less of the initial Net Asset Value of the account, CBCM may, at its discretion, liquidate open positions in the account. In that event, CBCM may at its discretion terminate the client’s account or seek further instructions from the client with respect to termination of, or the infusion of additional funds into, the account. Because of varying market conditions, no assurance can be given that an account terminated under this provision will receive 50% of its initial value; it may receive less.

Position Size. The Program’s contract limits are solely determined by the equity in the account. This feature helps to manage risk as it results in reduced position sizes during losing periods.

Pyramiding not used. CBCM does not employ the trading technique commonly known as “pyramiding,” that is, using unrealized profits on existing futures positions as margin for the purchase or sale of additional positions. However, it may add to existing positions when such action is dictated by its trading methodology. CBCM includes unrealized profits in its determination of account equity, which forms the basis for decisions on position size.

The trading strategy and account management principles described are factors upon which CBCM bases its trading decisions. The factors discussed in the preceding pages may be revised from time to time by CBCM as it deems advisable or necessary. Accordingly, no assurance is given that all of these factors will be considered with respect to every trade or recommendation made on behalf of a Program account or that consideration of any of these factors in a particular situation will lessen a client's risk of loss or increase the potential for profits.

OPENING THE ACCOUNT

CBCM accepts trading accounts of at least **\$25,000**, although it reserves the right to increase or decrease this minimum. A qualified client who wishes to participate in the Programs will have their trades placed with a registered Futures Commission Merchant ("FCM") with the Commodities Futures Trading Commission ("CFTC") and a member of the National Futures Association ("NFA"). The Advisor recommends that each prospective client should familiarize themselves with the services, experience, and integrity of the FCM through which they will do business.

Clients are free to choose the FCM and IB through which they do business. However, the Advisor reserves the right to approve the client's designated FCM for clearing and the IB that introduces its account based on the following criteria:

- 1) FCM/IB must be in good standing with the NFA;
- 2) A give-up agreement must be in place or negotiated with the FCM and also with one of CBCM's execution brokers, MF Global, Inc. ("MFG") or X-Change Financial Access, LLC ("XFA" is an IB and a CME floor member that provides trade execution services);
- 3) Maximum commission charges are limited to \$15 RT All-In for the E-mini SP (es) contracts and \$60 RT All-In for the Full Size SP (sp) contracts;
- 4) In addition, the Client authorizes CBCM to negotiate "give-up" arrangements up to, but not in excess of, \$1.25 per side or \$2.50 per round turn. The Client must approve any charges in excess of this amount; and
- 5) The client generally will be provided with a statement from its IB and/or FCM disclosing the amount of brokerage commissions and fees charged to the account.

In the attached Client Agreement and Trading Authorization ("Client Agreement"), the client authorizes CBCM to make trading decisions for its account. In addition, in the attached Authorization to Pay Fees, the client instructs its FCM to transfer to CBCM from its account, management and incentive fees described under "FEES AND EXPENSES." A client, and not CBCM, is responsible for paying to the client's FCM all margin, brokerage commissions, and other transaction costs incurred by CBCM in connection with transactions effected for the client's account. See "DESCRIPTION OF TRADING METHOD AND STRATEGY" and "FEES AND EXPENSES."

The Advisor is prohibited from accepting funds from a client in the Advisor's name. Instead, funds must be placed directly with a registered FCM.

FEES AND EXPENSES

CBCM charges clients a .166% monthly management fee and a monthly incentive fee equal to 25% of New Net Profits. CBCM reserves the right to negotiate or reduce the fees charged to the client. The formula for calculating fees and other related terms and conditions are described below.

MANAGEMENT FEE:

A monthly Management Fee of .166 percent of Net Asset Value of the account at the month-end (.166 percent or 2% per Annum). Net Asset Value shall be adjusted to include any withdrawal of funds from the account in the last

calendar month-end. The Management Fee shall be calculated before any Incentive Fee is subtracted from the account and shall be due regardless of whether any profits were achieved that month.

Management fees are based on the value of the account under management, which includes notional funds. Clients with notionally funded accounts will pay management and other fees at a higher rate as a percentage of actual funds than clients whose accounts are fully funded. For example, a client account with fifty percent of its trading level in actual funds and a stated management fee of two percent will pay a management fee of four percent based on actual funds.

Net Asset Value means the account's total assets less total liabilities, determined according to the following generally accepted accounting principles.

- (a) Net Asset Value shall include any unrealized profit or loss on open positions.
- (b) All open positions shall be valued at their then market value which means, with respect to open positions, the settlement price as determined by the exchange on which the transaction is effected or the most recent appropriate quotation as supplied by the account's commodity broker or banks through which the transaction is effected, except that United States Treasury bills (not futures contracts thereon) shall be carried at cost plus accrued interest. If there are no trades on the date of the calculation due to operation of the daily price fluctuation limits or due to a closing of the exchange on which the transaction is executed, the contract will be valued at the nominal settlement price as determined by the exchange.
- (c) Brokerage commissions and fees shall be treated as a liability of the account upon the initiation of a position. Incentive fees payable to the Advisor on Trading Profits shall be accrued for purposes of calculating Net Asset Value.

INCENTIVE FEE:

The incentive fee, which is calculated and paid monthly, is taken as a percentage of New Net Profits. New Net Profits are computed using the formula: (1) the net realized profit and loss during the period, plus (2) the change in unrealized profit and loss on open positions during the period, minus (a) all brokerage commissions, transaction fees, management fees and other charges incurred during the period and (b) cumulative net loss, if any, carried over from previous periods. The carryover of previous loss makes certain that incentive fees are paid only on the cumulative increases in the net gains of an account. It should be noted that the full loss is not carried over to the next month in an instance where there has been a partial withdrawal of funds. In such a case, the portion of the loss attributable to the withdrawn amount is first subtracted from the carryover loss. For example, if funds representing 10% of the amount under management are withdrawn, then 10% is subtracted from the carryover loss.

If an account does not generate New Net Profits in a given month, no incentive fee will be due to CBCM unless the account experiences New Net Profits in a subsequent month. The amount of the incentive fee due to CBCM, if any, will be determined independently with respect to each month, in that a fee once paid will never be returned. However, no further fee will be payable until any carry-forward loss has been recovered.

All fees will be billed by CBCM directly to the broker carrying the client's account, and will be paid to CBCM from the amount on deposit in the account. No minimum account value is necessary in order for CBCM to be entitled to the fees described herein. CBCM may share a portion of its compensation with properly registered persons who have assisted in the solicitation process.

BROKERAGE COMMISSIONS:

Brokerage commissions will be the responsibility of the client. Said commissions will be paid directly to the clearing firm. Based on a round-turn brokerage commission of \$5-\$15 for E-mini option contracts and \$10-\$60 for Full size option contracts, CBCM's commission to equity ratio is estimated at 5%-18% of an account's average annual Net Assets based on a projected 6,000-12,000 round-turns annually per \$1,000,000 of client assets.

MISCELLANEOUS:

- (1) If a client withdraws from the Program on a date other than at the end of a month, the management fee and/or incentive fee will be calculated and billed as if such termination date were the end of the month. At this time, the client's obligation to pay future fees will terminate. A client is not entitled to a refund of any incentive fees paid or accrued to the date of its withdrawal from the Program.
- (2) If a client increases its investment in the Program, such investment will be treated as a new and separate client account for the purpose of calculating incentive fees.
- (3) Following the end of each month, CBCM will send to each client a bill for management and/or incentive fees that are due and owing. A bill is deemed sent to a client upon CBCM sending a facsimile or electronic mail or depositing the bill in the mail in a first-class postage pre-paid envelope addressed to the client and is considered to be delivered to the client personally whether actually received or not. A bill is deemed correct and is conclusive and binding on a client unless a written or verbal objection from the client is immediately received by CBCM. If no written or verbal objection to a bill is immediately received by CBCM, CBCM will present the bill to the client's FCM for full payment. In the Authorization to Pay Fees (copy enclosed), a client authorizes the client's FCM to transfer management and/or incentive fees from the client's account to CBCM within the prescribed time upon receipt of a bill for these fees from CBCM.

BROKERAGE ARRANGEMENTS

Introducing Broker and Futures Commission Merchant. In order for Clients to participate in CBCM's trading program they must open or have an existing account with a Futures Commission Merchant (FCM). The account can either be opened directly with the FCM, or, be opened through an Introducing Broker (IB).

Clients are free to choose the FCM and IB through which they do business. However, the Advisor reserves the right to approve the client's designated FCM for clearing and the IB that introduces its account based on the following criteria:

- 1) FCM/IB must be in good standing with the NFA;
- 2) A give-up agreement must be in place or negotiated with the FCM and also with one of CBCM's execution brokers, MF Global, Inc. ("MFG") or X-Change Financial Access, LLC ("XFA" is an IB and a CME floor member that provides trade execution services);
- 3) Maximum commission charges are limited to \$15 RT All-In for the E-mini SP (es) contracts and \$60 RT All-In for the Full Size SP (sp) contracts;
- 4) In addition, the Client authorizes CBCM to negotiate "give-up" arrangements up to, but not in excess of, \$1.25 per side or \$2.50 per round turn. The Client must approve any charges in excess of this amount; and
- 5) The client generally will be provided with a statement from its IB and/or FCM disclosing the amount of brokerage commissions and fees charged to the account.

CONFLICTS OF INTEREST

CBCM's Trading of Accounts and Other Activities. CBCM manages the accounts of a number of clients and actively solicits the accounts of individuals, pools and other investment entities. Certain of these accounts may pay more or less in fees than others and certain of these accounts may have significantly larger amounts committed to commodity interest trading than others. While CBCM might have a financial incentive to favor one account over another, favoritism of this kind would be a breach of its fiduciary duty to its clients and will not be allowed.

CBCM intends to use the same general methods and strategies to trade all its clients' accounts although smaller accounts may sometimes participate in "mini" contracts rather than regular-sized contracts. In rendering trading

advice, CBCM will never knowingly or deliberately favor the account of any client over the account of any other client. However, this is not to say that all accounts will achieve the same rates of return. Depending on variations in commissions, account leverage and its position on the allocation list, an account is likely to receive a better or worse price per trade than other accounts. See under “RISK MANAGEMENT - USE OF BLOCK ORDERS.”

Proprietary Trading. CBCM and its Principal may trade in commodity markets for their own accounts and for the accounts of their clients. In this regard, they may leverage their personal accounts more aggressively than a client’s account. Also, they may use personal accounts to experiment with new systems and trade other programs. CBCM’s and the Principal’s personal accounts may be combined with client accounts for the purpose of placing block orders. The Principal may hold or initiate positions for a proprietary account that are opposite in direction to positions being initiated or held for a client account. The Principal’s proprietary account records will not be available for inspection by clients.

Application of Speculative Position Limits. All accounts managed and controlled by CBCM are combined (that is, aggregated) for position limit purposes. CBCM believes that established position limits will not adversely affect its trading for clients. However, the possibility exists that from time to time CBCM’s trading decisions may have to be modified and positions held or controlled by it may have to be liquidated to avoid exceeding applicable position limits. If the application of position limits were to affect CBCM’s trading decisions, it would attempt to modify its recommendations in such a way as not to affect disproportionately the performance of any one client account compared with that of any other account managed or controlled by CBCM or its Principal.

Incentive fees. A conflict of interest exists insofar as the Advisor is compensated on an incentive fee basis, which may increase the likelihood that the Advisor may engage in trading which is riskier than that which is described in the trading programs. However, the Advisor has no intention of engaging in trading in any manner not consistent with the trading programs described herein.

RISK FACTORS AND OTHER CONSIDERATIONS

In addition to the risks inherent in trading financial futures contracts pursuant to instructions provided by CBCM (see “DESCRIPTION OF TRADING METHOD AND STRATEGY”), there exist additional risk factors, including those described below, in connection with a client participating in the Program. Prospective clients should consider all of the risk factors described below and elsewhere in this Disclosure Document before making a decision to participate.

Commodity Interest Trading Is Speculative and Volatile. Futures and options prices are highly volatile. Price movements in the financial and currency markets are influenced by, among other things: changing supply and demand relationships; trade, fiscal, monetary, and exchange control programs and policies of governments; United States and foreign political and economic events and policies; changes in national and international interest rates and rates of inflation; currency devaluations and revaluations; and emotions of the marketplace. None of these factors can be controlled by CBCM and no assurance can be given that CBCM’s advice will result in profitable trades for a client or that a client will not incur losses.

Commodity Interest Trading is Highly Leveraged. The low margin deposits normally required in financial futures trading (typically between 3% and 20% of the value of the contract purchased or sold) permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a contract may result in immediate and substantial losses for the investor. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. A decrease of more than 10% would result in a loss of more than the total margin deposit. Thus, like other leveraged investments, any trade may result in losses in excess of the amount invested.

Commodity Interest Trading May Be Illiquid. It is not always possible to execute a buy or sell order at the desired price, or to close out an open position, due to market illiquidity. Such illiquidity may be caused by intrinsic market conditions (lack of demand or overabundant supply) or it may be the result of extrinsic factors like the imposition of daily price fluctuation limits (which set a floor and ceiling on the price at which a trade may be executed) or circuit breakers (which halt trading in certain stock indices whenever the Dow Jones Industrial Average or the S&P 500 Stock Index declines or rises by a certain number of points).

Limited Portfolio May Result in Increased Volatility. Trading a limited portfolio may result in Clients experiencing greater performance volatility and greater risk of loss than would be experienced by a more diversified portfolio.

Electronic Trading and Order Routing System. Trading through an electronic trading or order routing system exposes the trader and his customers to risks associated with systems or component failure. In the event of system or component failure, it is possible that, for a certain time period, the Advisor may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of order or order priority.

Exchanges offering an electronic trading or order routing system have adopted rules to limit their liability, the liability of FCM's and software and communications system vendors and the amount of damages collectible for system failure and delays.

Use of Block Orders. CBCM may place individual orders for each account or a block order for all Program accounts in which the same commodity interest is being cleared through the same FCM. The Principal's personal trading accounts may be combined with the client accounts when placing such block orders. In the latter instance, it will direct the FCM for the accounts to employ the neutral allocation system generally used by the FCM to assign trades. On occasion, CBCM may employ an Average Price per Share ("APS") allocation procedure when partial fills occur. The APS allocation method averages the fill prices to allocate equally among accounts.

Use Of Stops Are Not Always Effective. Stops are not always effective at controlling risk. There can be no assurance that a stop order will be executed or even if so, that such execution will occur at or near the specified price. Stops will not always protect an account from a suspension in trading caused by daily price fluctuation limits. Stops may even exacerbate losses by causing the Program to exit a position early that otherwise would have subsequently recovered.

Participating Client's FCM May Fail. Under CFTC regulations, FCMs are required to maintain clients' assets in a segregated account. If a Program client's FCM fails to do so, the client may be subject to risk of loss of all funds on deposit with the client's FCM in the event of its 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 the funds on deposit with the client's FCM. 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. In some instances, none of the Clients' funds may be available for distribution after an FCM failure.

CBCM's Trading Decisions Are Based On Technical Analysis. Trading decisions made by CBCM on behalf of clients are based on technical analysis. See "DESCRIPTION OF TRADING METHOD AND STRATEGY." The profitability of technical analysis as incorporated in the Program depends upon the accurate forecasting of price behavior in some commodities. However, there is no assurance that such price behavior will develop in the markets followed by CBCM or that it will be forecast accurately. In the past, there have been periods without such discernible price behavior and, presumably, such periods will occur in the future. Even where such price behavior develops, its course may be shortened by outside factors, like government intervention.

Furthermore, the effectiveness of technical analysis is limited by the expectation that price relationships observed in the past will continue to exist in the future. Under certain circumstances, a technical method may fail to identify price behavior on which action should be taken or may overreact to erratic movements and thus

establish a position contrary to the eventual price direction, which may result in losses. In addition, a technical trading method may under-perform other trading methods when fundamental factors dominate price moves within a given market.

A Client Is Subject to Substantial Fees and Expenses Regardless of Whether Any Profits Are Realized.

A client in the Program is subject to substantial brokerage commissions and other transaction costs and substantial incentive fees. Incentive fees, in particular, are based in part on unrealized profits that may never be realized. Accordingly, a client's account will have to earn substantial trading profits to avoid depletion of his funds due to such commissions, costs, and fees. See "FEES AND EXPENSES."

A client is responsible for bearing any and all expenses, losses, and fees incurred as a result of maintaining and having CBCM trade the client's account. In the Client Agreement (copy enclosed), the client agrees to indemnify and hold harmless CBCM and future shareholders, directors, officers, employees, principals, affiliates, and agents in this regard. See "FEES AND EXPENSES."

Account Activity. Based on a round-turn brokerage commission of \$5-\$15 for E-mini option contracts and \$10-\$60 for Full size option contracts, CBCM's commission to equity ratio is estimated at 5%-18% of an account's average annual Net Assets based on a projected 6,000-12,000 round-turns annually per \$1,000,000 of client assets.

Deductibility of Incentive Fees Is Limited. Under pre-1987 law, individual taxpayers who itemized deductions were permitted to deduct expenses of producing income, including investment advisory fees, when computing taxable income. The United States Internal Revenue Code, as amended by the Tax Reform Act of 1986 (the "Code"), provides that such expenses are to be aggregated with certain unreimbursed employee business expenses, miscellaneous itemized deductions and other expenses for producing income (collectively, "Aggregate Expenses"), and the aggregate amount of such expenses will be deductible only to the extent such amount exceeds 2% of a taxpayer's adjusted gross income. The incentive fees payable to CBCM will be characterized as investment advisory fees. Accordingly, each client's incentive fees paid to CBCM will be deductible only to the extent that such client's Aggregate Expenses Exceed 2% of such client's adjusted gross income. EACH CLIENT PARTICIPATING IN THE PROGRAM THEREFORE MAY PAY TAX ON MORE THAN THE NET PROFITS GENERATED BY THE PROGRAM. The laws and rules relating to the taxation of commodities and stock index futures are extremely complex. There are various federal and state tax consequences associated with trading commodities. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS BEFORE OPENING AN ACCOUNT WITH CRESCENT BAY CAPITAL MANAGEMENT, INC.

PERFORMANCE INFORMATION

Balanced Volatility Program (BVP)

NAME OF CTA.....Crescent Bay Capital Management, Inc.
 Inception of Trading for Advisor.....November 1, 2004
 Name of Trading Program.....Balanced Volatility
 Inception of trading pursuant to Program.....August 1, 2007
 Number of accounts currently traded by Program.....76
 Total assets managed pursuant to Program\$3,960,000
 Assets currently under management.....\$4,850,000
 Worst monthly percentage draw-down¹.....(15.96%) Sept 2008
 Worst peak to valley percentage draw-down².....(32.69%) Apr 2008 – Oct 2009
 Number of profitable accounts opened and closed.....33
 Range of returns experienced by profitable accounts..... 1% - 29%
 Number of losing accounts opened and closed..... 145
 Range of returns experienced by unprofitable accounts.....(1%) - (35%)

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Month	2007	2008	2009	2010	2011
January		(3.80)	3.35	(4.40)	(1.17)
February		13.90	(.24)	5.25	1.01
March		5.50	(11.46)	1.24	3.08
April		2.20	.68	(.75)	2.30
May		(1.63)	.81	6.25	3.47
June		(.47)	.63	10.78	(.63)
July		.31	(4.29)	4.55	
August	4.00	.96	(1.57)	11.39	
September	7.10	(15.96)	2.39	(4.30)	
October	12.40	(6.29)	(3.45)	.36	
November	12.10	(2.18)	6.48	.53	
December	(4.20)	1.49	4.21	(3.98)	
Year	34.45%	(8.41%)	(3.65%)	28.49%	8.24%

Past performance through November 2010 was based on round-turn commission charges ranging from \$6.00 to \$30.00, management fees from 0%-2%, and incentive fees from 20%-30%. In December 2010 the maximum allowable commission charge was increased to \$60.00 which may affect future performance.

¹ “Worst monthly percentage draw-down” is the largest monthly loss experienced by all accounts included in the capsule in any calendar month expressed as a percentage of total equity and includes the month and year of such draw-down.

² “Worst peak to valley draw-down” is the greatest cumulative percentage decline in month-end net asset value of all accounts reflected in the capsule during a period in which the initial month-end net asset value of the account is not equaled or exceeded by a subsequent month-end net asset value of the account and includes the time period in which it occurred.

Premium Stock Index Program (PSIP)

NAME OF CTA.....Crescent Bay Capital Management, Inc.
 Inception of Trading for Advisor.....November 1, 2004
 Name of Trading Program.....Premium Stock Index
 Inception of trading pursuant to Program.....October 1, 2005
 Number of accounts currently traded by Program30
 Total assets managed pursuant to Program\$890,000
 Assets currently under management.....\$4,850,000
 Worst monthly percentage draw-down¹.....(11.44%) Sept 2008
 Worst peak to valley percentage draw-down²..... (26.46%) Aug 2008 - Jul 2009
 Number of profitable accounts opened and closed.....44
 Range of returns experienced by profitable accounts.....1% - 20%
 Number of losing accounts opened and closed.....104
 Range of returns experienced by unprofitable accounts..... (1%) - (38%)

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Month	2006	2007	2008	2009	2010	2011
January	5.57	6.35	(2.50)	2.04	.62	2.10
February	1.50	(3.22)	6.88	(.88)	3.62	(1.36)
March	3.15	(9.18)	8.78	(7.33)	(3.19)	.83
April	4.14	(2.73)	1.78	1.58	.56	1.67
May	(1.75)	6.77	(.85)	1.31	(1.60)	3.00
June	2.41	.60	2.22	1.21	2.06	1.23
July	(3.23)	(10.10)	.98	(4.47)	3.19	
August	3.82	(.10)	1.97	2.15	3.01	
September	1.76	4.70	(11.44)	3.00	.80	
October	(1.17)	2.50	(9.73)	(.93)	.25	
November	3.11	5.50	(2.09)	3.25	(1.28)	
December	2.25	2.80	.75	1.74	1.83	
Year	23.37%	2.09%	(5.05%)	2.12%	10.09%	7.65%

Past performance through November 2010 was based on round-turn commission charges ranging from \$6.00 to \$30.00, management fees from 0%-2%, and incentive fees from 20%-30%. In December 2010 the maximum allowable commission charge was increased to \$60.00 which may affect future performance.

¹ “Worst monthly percentage draw-down” is the largest monthly loss experienced by all accounts included in the capsule in any calendar month expressed as a percentage of total equity and includes the month and year of such draw-down.

² “Worst peak to valley draw-down” is the greatest cumulative percentage decline in month-end net asset value of all accounts reflected in the capsule during a period in which the initial month-end net asset value of the account is not equaled or exceeded by a subsequent month-end net asset value of the account and includes the time period in which it occurred.

Crescent Bay Diversified Futures Fund, L.P. (CBDFF) **CLOSED**

NAME OF CTA.....Crescent Bay Capital Management, Inc.
 Inception of Trading for Advisor.....November 1, 2004
 Name of Trading Program.....Crescent Bay Diversified Futures Fund, LP
 Inception of trading pursuant to Program.....May 1, 2007
 Number of accounts currently traded by Program.....0
 Total assets managed pursuant to Program\$0
 Assets currently under management.....\$4,850,000
 Worst monthly percentage draw-down¹.....(31.66%) Sept 2008
 Worst peak to valley percentage draw-down².....(38.88%) Sept 2008 - Nov 2008
 Number of profitable accounts opened and closed..... 0
 Range of returns experienced by profitable accounts.....N/A
 Number of losing accounts opened and closed.....1
 Range of returns experienced by unprofitable accounts..... (6.63%)

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Month	2007	2008	2009
January		1.97	1.48
February		10.91	
March		5.23	
April		2.21	
May	4.06	(1.38)	
June	(10.72)	1.86	
July	7.03	1.21	
August	2.09	1.43	
September	(.38)	(31.66)	
October	5.20	(7.65)	
November	17.91	(3.16)	
December	(6.12)	1.91	
Year	17.77%	(21.87%)	1.48%

Past performance through November 2010 was based on round-turn commission charges ranging from \$6.00 to \$30.00, management fees from 0%-2%, and incentive fees from 20%-30%. In December 2010 the maximum allowable commission charge was increased to \$60.00 which may affect future performance.

¹ “Worst monthly percentage draw-down” is the largest monthly loss experienced by all accounts included in the capsule in any calendar month expressed as a percentage of total equity and includes the month and year of such draw-down.

² “Worst peak to valley draw-down” is the greatest cumulative percentage decline in month-end net asset value of all accounts reflected in the capsule during a period in which the initial month-end net asset value of the account is not equaled or exceeded by a subsequent month-end net asset value of the account and includes the time period in which it occurred.

ACCOUNT FUNDING MATRIX

ACTUAL RATE OF RETURN (1)	100% Funded	50% Funded
-60.00%	-60.00%	-120.00%
-40.00%	-40.00%	-80.00%
-20.00%	-20.00%	-40.00%
-15.00%	-15.00%	-30.00%
-10.00%	-10.00%	-20.00%
0.00%	0.00%	0.00%
10.00%	10.00%	20.00%
15.00%	15.00%	30.00%
20.00%	20.00%	40.00%
25.00%	25.00%	50.00%
30.00%	30.00%	60.00%
35.00%	35.00%	70.00%
40.00%	40.00%	80.00%

Note that net profits and losses will affect the nominal account size and additions and withdrawals will not affect the nominal account size.

Additions or withdrawals will materially affect RORs of notionally funded accounts. This is because the Advisor will continue to trade the account at the agreed trading level without taking into consideration additions or withdrawals, and thus any additions or withdrawals of actual funds will not result in a corresponding proportional increase or decrease in the nominal funding of an account. For example, assume that a Client opens an account with an actual funding level of \$100,000, and instructs the Advisor to trade the account at a nominal level of \$200,000. If the Client withdraws \$50,000 of actual funds from the account, the Advisor will continue to trade the account at a nominal level of \$200,000. Before the withdrawal, the account would be traded at a 50% funding level, but after the withdrawal the account would be traded at a 25% funding level. If the trading program were to experience a -5% rate of return, then if that performance occurred before the withdrawal the actual performance would be -10% return but if that performance occurred after the withdrawal the actual performance would be -20%.

It is not anticipated that changes in account equity attributable to trading profits and losses will materially affect RORs of notionally funded accounts. This is because any trading profits and losses in actual funds will result in a corresponding proportional increase or decrease in the nominal funding of an account. For example, assuming that a Client opens an account with an actual funding level of \$100,000 and instructs the Advisor to trade the account at a nominal level of \$200,000, if a Client's account achieves actual trading profits of \$100,000 resulting in an actual funding level of \$200,000, the Advisor will trade the account at nominal level of \$400,000. Further, if Client's account sustains actual trading losses of \$50,000 resulting in an actual funding level of \$50,000, the Advisor will trade the account at nominal level of \$100,000. However, the RORs experienced by the account would be the same following the losses because the proportion of actual to notional funding will remain the same.

Please note that the increased leverage resulting from notional funding may lead to more frequent and larger margin calls in the event of a draw-down in an account.

See page 17 for additional risk disclosure regarding notionally funded accounts and the effect that partial funding has on the rate of return and account draw-downs.

NOTIONALLY FUNDED ACCOUNT RISK DISCLOSURE STATEMENT

YOU SHOULD REQUEST YOUR COMMODITY TRADING ADVISOR TO ADVISE YOU OF THE AMOUNT OF CASH OR OTHER ASSETS (ACTUAL FUNDS) WHICH SHOULD BE DEPOSITED TO THE ADVISOR'S TRADING PROGRAM FOR YOUR ACCOUNT TO BE CONSIDERED "FULLY FUNDED." THIS IS THE AMOUNT UPON WHICH THE COMMODITY TRADING ADVISOR WILL DETERMINE THE NUMBER OF CONTRACTS TRADED IN YOUR ACCOUNT AND SHOULD BE AN AMOUNT SUFFICIENT TO MAKE IT UNLIKELY THAT ANY FURTHER CASH DEPOSITS WOULD BE REQUIRED FROM YOU OVER THE COURSE OF YOUR PARTICIPATION IN THE COMMODITY TRADING ADVISOR'S PROGRAM.

YOU ARE REMINDED THAT THE ACCOUNT SIZE YOU HAVE AGREED TO IN WRITING (THE "NOMINAL" OR "NOTIONAL" ACCOUNT SIZE) IS NOT THE MAXIMUM POSSIBLE LOSS THAT YOUR ACCOUNT MAY EXPERIENCE.

YOU SHOULD CONSULT THE ACCOUNT STATEMENTS RECEIVED FROM YOUR FUTURES COMMISSIONS MERCHANT 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) I MAY RECEIVE MORE FREQUENT AND LARGER MARGIN CALLS.
- (3) THE DISCLOSURES WHICH ACCOMPANY THE PERFORMANCE TABLE 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.
- (4) I WILL INCUR GREATER RISK BECAUSE I MAY EXPERIENCE GREATER LOSSES, AS MEASURED BY A PERCENTAGE OF ASSETS ACTUALLY DEPOSITED IN MY ACCOUNT, THAN AN ACCOUNT FUNDED EXCLUSIVELY WITH ACTUAL FUNDS.
- (5) MY ACCOUNT WILL EXPERIENCE GREATER VOLATILITY, AS MEASURED BY RATES OF RETURN ACHIEVED IN RELATION TO ASSETS ACTUALLY DEPOSITED IN MY ACCOUNT, THAN AN ACCOUNT FUNDED EXCLUSIVELY WITH ACTUAL FUNDS.
- (6) MANAGEMENT FEES WILL BE CHARGED ON THE BASIS OF THE DESIGNATED ACCOUNT SIZE, WHICH IS INCLUSIVE OF THE NOTIONAL FUNDS. ACCORDINGLY, I WILL PAY HIGHER ADVISORY FEES AS

MEASURED BY THE PERCENTAGE OF SUCH FEES IN RELATION TO ASSETS ACTUALLY DEPOSITED IN MY ACCOUNT, THAN AN ACCOUNT FUNDED EXCLUSIVELY WITH ACTUAL FUNDS.

- (7) ANY CASH ADDITIONS TO (OR WITHDRAWS FROM) THE ACCOUNT WILL NOT AFFECT THE TRADING LEVEL OF THE ACCOUNT. ANY CHANGE IN THE DESIRED TRADING LEVEL OF THE ACCOUNT WILL REQUIRE A NEW **NOTIONAL FUNDS NOTIFICATION & AUTHORIZATION (PAGE 31)** FORM TO BE EXECUTED, STATING THE REVISED TRADING LEVEL AMOUNT.
- (8) TO THE EXTENT THAT THE DESIGNATED ACCOUNT SIZE IS GREATER THAN ACTUAL FUNDS, MY ACCOUNT WILL BE SUBJECT TO GREATER LEVERAGE AND VOLATILITY THAN IF THE DESIGNATED ACCOUNT SIZE WERE FULLY FUNDED WITH ACTUAL FUNDS. BY DIRECTING CRESCENT BAY CAPITAL MANAGEMENT, INC. TO TRADE MY ACCOUNT AT THE DESIGNATED ACCOUNT SIZE, MY ACCOUNT WILL TRADE A GREATER NUMBER OF CONTRACTS THAN IF IT WERE FUNDED EXCLUSIVELY WITH ACTUAL FUNDS. THIS WILL RESULT IN A GREATER NUMBER OF BROKERAGE COMMISSIONS AND PERCENTAGE OF THE ACTUAL FUNDS BEING COMMITTED AS MARGIN.
- (9) I ALSO ACKNOWLEDGE AND AGREE THAT HAVING THE ACCOUNT TRADED AT THE DESIGNATED ACCOUNT SIZE, WHICH EXCEEDS THE ACTUAL FUNDS IN THE ACCOUNT, WILL RESULT IN AN INCREASE IN THE RATES OF RETURN (BOTH POSITIVE AND NEGATIVE). FOR EXAMPLE, IF \$1MIL IN ACTUAL FUNDS HAS A \$1.5MIL DESIGNATED ACCOUNT SIZE, A TRADING LOSS OF \$150,000 WILL BE A 10% LOSS BASED ON DESIGNATED ACCOUNT SIZE, BUT A 15% LOSS OF ACTUAL FUNDS.

PRIVACY POLICY

At Crescent Bay Capital Management, Inc. we recognize the importance of maintaining the utmost security and confidentiality of our customer's information. In addition to internal policies and procedures designed to safeguard customer information, we prohibit those we do business with from any reuse of that information for purposes other than those intended by CBCM.

Customer information security and confidentiality

We take a number of steps to ensure that customer information is adequately safeguarded. These steps include the following: 1) implementing a number of physical and electronic security features to prevent unauthorized access; 2) limiting employee's access to customer information; and 3) conducting periodic reviews of our computer systems, including security features. Additionally, our employees are required to acknowledge their responsibility to maintain the confidentiality of customer information.

How we collect customer information

We collect customer information about you that: 1) we receive on applications to us for our products and services; 2) we receive from processing your accounts with us and the transactions in those accounts, as well as providing services to you; 3) we receive about you from our affiliated companies; and 4) we receive in response to requests made to third parties about you or to confirm information that you have provided to us.

How we disclose customer information

We may disclose some or all of the customer information we collect about you under the following circumstances: 1) to verify or complete a transaction; 2) to verify the existence and condition of your account for a third party, such as another financial institution; 3) to a third party who performs functions on behalf of Crescent Bay (i.e. a custodian, clearing firm, or broker-dealer); 4) to comply with laws, regulations, or a court or government order or request, such as in response to a subpoena or a request by an CFTC/NFA examiner; 5) to inform you of our other products or services; 6) if you or any authorized person on the account gives us oral or written permission to do so; or 7) to verify the accuracy of information that you have provided to us.

Customer information about Former Customers

We apply the same privacy and practice to our former customers that we do to our existing customers. Collected customer information is retained in accordance with Federal law.

Customer information-Accuracy

We recognize the importance of maintaining accurate customer information that is provided to you in various forms, including account statements and billing statements. If you ever notice that your information is inaccurate, please contact us. Upon your notification we will correct any inaccuracies.

Protecting your information

There are a number of steps you can take to protect your information, including: 1) before you reveal any personally identifying information, find out how it will be used and whether it will be shared with others; 2) pay attention to your billing cycles and follow up with creditors if your bills don't arrive on time; 3) guard your mail from theft; 4) deposit outgoing mail in post office collection boxes or at your local post office; and, 5) put passwords on your credit card, bank and phone accounts. If you suspect that your personal information, including social security number or account information has been misappropriated to commit fraud or theft, please contact: 1) your Crescent Bay personal representative; 2) the fraud departments of each of the three major credit bureaus; 3) the creditors for any accounts that have been tampered with or opened fraudulently; and 4) your local police or the police in the community where the identity theft took place. You should also contact the Federal Trade Commission (FTC) at 1-877-IDTheft or at www.consumer.gov/idtheft.

Privacy Notice Availability

A copy of this privacy notice may also be obtained by visiting or contacting our office.

CONCLUSION

In view of the foregoing, a prospective client in the Program should consider carefully the highly speculative nature and risks of loss inherent in trading in the financial futures markets. A client should be financially capable of accepting such risks and engaging in such trading. A client should have significant resources beyond any funds which he deposits in the commodity trading account to be advised by CBCM and such funds should represent risk capital to the client.

THIS DOCUMENT IS NOT A CONTRACT AND DOES NOT MODIFY OR LIMIT THE TERMS OF ANY AGREEMENT BETWEEN CRESCENT BAY CAPITAL MANAGEMENT, INC. AND ANY CLIENT PARTICIPATING IN THE BALANCED VOLATILITY PROGRAM. CLIENTS PARTICIPATING IN THE PROGRAM SHOULD CAREFULLY REVIEW THE SPECIFIC TERMS OF THE CLIENT AGREEMENT AND TRADING AUTHORIZATION AND THE AUTHORIZATION TO PAY FEES ENCLOSED WITH THIS DISCLOSURE DOCUMENT.

CRESCENT BAY CAPITAL MANAGEMENT, INC.

1201 Puerta Del Sol, Ste. 227
San Clemente, CA 92673
Telephone: (949) 276-8718
Facsimile: (949) 276-8448

CLIENT AGREEMENT AND TRADING AUTHORIZATION

This Client Agreement and Trading Authorization (“Agreement”) is made and entered into as of the date set forth at the end of this Agreement by and between Crescent Bay Capital Management, Inc. (the “Advisor”) and the undersigned client (“Client”);

WHEREAS, Client hereby acknowledges to the Advisor that Client has received, read, and understood and carefully considered the risks outlined in the **Disclosure Document dated July 30th, 2011** of the Advisor, and Client has signed an acknowledgement to that effect;

WHEREAS, Client hereby represents to the Advisor that Client has capital available and desires to invest such capital in speculative investments in “commodity interests,” which term shall include, for purposes of this Agreement, contracts on and for physical commodities, currencies, mortgage-backed securities, money market instruments, obligations of and guaranteed by the United States Government, and any other financial instruments, securities, stock, financial, and economic indices, and items which are now, or may hereafter be, the subject of futures contract trading, options on futures contracts and physical commodities, cash and forward contracts, foreign exchange commitments, deferred delivery contracts, leverage contracts, and other commodity-related contracts, agreements, and transactions, and securities (such as United States Treasury bills) approved by the United States Commodity Futures Trading Commission for investment of client funds:

WHEREAS, Client, if an individual, hereby represents to the Advisor that Client is of full legal age in the jurisdiction in which Client resides and is legally competent to execute and deliver this Agreement and to purchase, sell, trade, and own commodity interests as contemplated by this Agreement;

WHEREAS, Client, if a corporation, partnership, trust, or other entity or association, hereby represents to the Advisor that Client has full power and authority to execute and deliver this Agreement and to purchase, sell, and trade, and own commodity interests as contemplated by this Agreement and that the individual executing and delivering this Agreement for and on behalf of Client is of full legal age in the jurisdiction in which such individual resides and is legally competent and has full power and authority to do so on behalf of Client and his stockholders, partners, or beneficiaries;

WHEREAS, Client hereby represents to the Advisor that Client is fully familiar with the speculative nature of commodity interest trading and its high degree of risk suitable only for a person who can sustain substantial losses which may be far in excess of such person’s funds on deposit in such person’s commodity trading account;

WHEREAS, Client hereby represents to the Advisor that Client is willing and able, financially and otherwise, to assume the risks of commodity interest trading and has the financial ability to bear losses in excess of the amount deposited pursuant to Section 1 of this Agreement; and

WHEREAS, Client desires to retain the Advisor as Client’s commodity trading advisor upon the terms and conditions set forth in this Agreement, and the Advisor desires to service Client in such capacity upon such terms and conditions;

NOW, THEREFORE, in consideration of the premises set forth above, the parties hereto do hereby agree as follows:

1. Client has deposited the sum set forth at the end of this Agreement in a commodity trading account (“Account”) established and maintained with the futures commission merchant (“FCM”) named at the end of this Agreement.
2. Client hereby constitutes, appoints, and authorizes the Advisor as Client’s true and lawful agent and attorney-in-fact, in Client’s name, place and stead, to purchase, sell (including short sales), trade, and otherwise acquire, hold, dispose of, and deal in commodity interests, on margin or otherwise, on United States and foreign exchanges, in the inter-bank market and otherwise, and to make and take delivery of commodities in fulfillment of any commodity interests, all for Client’s Account and risk. Client hereby gives and grants to the Advisor full and exclusive power and authority to act for Client and on the Client’s behalf to do every act and thing whatsoever requisite, necessary, or appropriate to be done in connection with this power of attorney as fully and in the same manner and with the same force and effect as Client might or could do if personally present, and Client hereby ratifies all that the Advisor lawfully does or causes to be done by virtue of this power of attorney. In granting this limited power of attorney, Client relinquishes all authority to directly or indirectly effect transactions of any kind in the Account, except for depositing and withdrawing funds and closing the Account, as set forth in the Agreement. Client hereby ratifies and confirms any and all transactions heretofore made by the Advisor for the Account and agrees that the rights and obligations of Client in respect thereof shall be governed by the terms of this Agreement.
3. The Advisor’s services to Client shall not be deemed to be exclusive to Client, and the Advisor shall be free to render similar services to others.
4. Any and all transactions effected by the Advisor for the Account shall be subject to the constitution, by-laws, rules, regulations, orders, and customs and usages of the exchange or market where executed (and of its clearinghouse, if any), and to the provisions of the United States Commodity Exchange Act, as amended, and to the rules, regulations and orders promulgated from time to time there under, and to all applicable laws, rules and regulations of the United States, various states in the United States, and foreign jurisdictions. The Advisor shall not be liable to Client as a result of any action taken by the Advisor which is necessary to comply with any such constitution, by-law, rule, regulation, order, custom, usage, act, or statute.
5. Client, and not the Advisor, shall pay all margin, brokerage and floor commissions and fees, and other transaction costs and expenses charged and incurred by the FCM and its agents in connection with the Account.
6. All transactions effected for the Account by the Advisor shall be for the Client’s Account and risk. The Advisor has made and makes no guarantee whatsoever as to the success or profitability of the Advisor’s trading methods and strategies, and Client acknowledges that Client has received no such guarantee from the Advisor or any of its employees, affiliates, or agents and has not entered into this Agreement in consideration of or in reliance upon any such guarantee or similar representation from the Advisor or any of its employees, affiliates, or agents.
7. Neither the Advisor nor its employees, affiliates, or agents shall be liable to Client or to any other party, except that the Advisor shall be liable to Client for acts by its employees, affiliates, or agents which constitute gross negligence, willful malfeasance, or fraud. Client shall indemnify, hold harmless, and defend the Advisor and its employees, affiliates, and agents from and against any liability, loss, cost, and expense, including attorneys’ fees that any of them may become subject to in acting as contemplated under this Agreement, or in connection with any transaction for the Account, or in connection with Client’s failure to pay any Incentive Fees to the Advisor, or in connection with investigating or defending any such liability, loss, cost, or expense covered by this indemnity.

8. (A) As compensation for the services to be rendered by the Advisor pursuant to this Agreement, and for so long as this Agreement is in force and effect, Client shall pay to the Advisor a monthly management fee of .166% and a monthly incentive fee equal to 25% of New Net Profits. This fee shall be calculated and billed as follows:

Management Fee. A monthly Management Fee of .166 percent of Net Asset Value of the account at the month-end (.166 percent 2% per Annum). Net Asset Value shall be adjusted to include any withdrawal of funds from the account in the last calendar month-end. The Management Fee shall be calculated before any Incentive Fee is subtracted from the account and shall be due regardless of whether any profits were achieved that month.

Incentive Fee. The monthly Incentive Fee, which is calculated and paid monthly, shall be taken as a percentage of New Net Profits. New Net Profits shall be computed using the formula: (1) the net of realized profit and loss during the period, including interest income, plus (2) the change in net unrealized profit and loss on open positions during the period, minus (a) all brokerage commissions, transaction fees and other fees and charges paid or accrued during the period and (b) cumulative net loss, if any, carried over from previous periods. Cumulative net loss shall be computed by totaling all net profit in each month in which there was such loss, provided that the full cumulative net loss shall not be carried over where a withdrawal has occurred. Instead a portion of the loss (calculated by dividing the withdrawn amount by the total under management and multiplying the result by the cumulative net loss) attributable to the withdrawn amount shall first be subtracted from the cumulative net loss.

If the Account does not have New Net Profits in a given month, no Incentive Fee shall be due to the Advisor unless and until the Account experiences New Net Profits in a subsequent month. The amount of any Incentive Fee paid shall not be affected by subsequent losses experienced in the Client's Account except insofar as any cumulative net loss must be recovered before additional Incentive Fees shall be owed.

- (B) The term "Net Asset Value" of the Account shall mean the net assets in the Account (that is, total assets less total liabilities), including interest income and unrealized profit and loss on open commodity interest positions.
- (C) If this Agreement shall be terminated on the date other than at the end of a month, Incentive Fees shall be calculated as if such termination date were the end of the month. Client shall be billed for Incentive Fees accrued to the date of such termination and Client's obligation to pay future fees shall terminate. Client shall not be entitled to a refund of any Incentive Fees paid or accrued to the date of the termination of this Agreement.
- (D) Following the end of each month, the Advisor shall send to Client a statement for Incentive Fees That are due and owing the Advisor. A statement shall be deemed sent to Client upon the Advisor sending a facsimile or electronic mail or depositing such statement in the United States mail in a first-class, postage pre-paid envelope addressed to Client and shall be deemed delivered to Client personally whether actually received or not. A statement shall be deemed correct and shall be conclusive and binding on the Client unless a written or verbal objection from Client has been received by the Advisor within ten business days after the statement has been mailed by the Advisor. If no written or verbal objection to a statement has been received by the Advisor within the prescribed time, the Advisor shall present the statement to the FCM for full payment by it within five business days. Client shall authorize the FCM to transfer to the Advisor such Incentive Fees from the Account within the prescribed time upon receipt of a statement for such fees from the Advisor.

9. Client hereby authorizes and directs the FCM to send to the Advisor a copy of the monthly account statements with respect to the Account, which are sent to Client, and the FCM is similarly authorized and directed to provide the Advisor with copies of all confirmations, purchase and sale statements and other documents relating to the Account.
10. This Agreement shall become effective only after it has been signed by all parties. This Agreement is continuing one and shall remain in full force and effect until terminated by written notice of either party to the other party as provided herein. This Agreement may be terminated by Client, or in the event of Client's death, incompetency, incapacity, disability, bankruptcy, dissolution, liquidation or insolvency, by the Client's legal representative ("Termination Event"), by giving written notice of a Termination Event to the Advisor, which notice shall be deemed effective upon the Advisor's actual receipt of such notice. The Advisor may terminate this Agreement by giving written notice of termination to Client, which notice shall be deemed effective upon the Advisor's depositing such notice in the United States mail in a first-class, postage pre-paid envelope addressed to Client. Any such notice of termination given by Client or the Advisor shall have no effect upon liabilities and commitments initiated, made, or accrued prior to the effective date of such termination.
11. In the event that, at the close of business on any business day, the total equity in the Account is 50% or less than the equity at the time the Account opened, the Advisor may, at its discretion, liquidate open positions in the Account. Further, the Advisor may exercise its discretion to close the Account or seek further instruction from Client with respect to termination of, or the infusion of additional funds into, the Account. Client understands that, due to market conditions, there can be no assurance that the account can be closed at 50% of its initial value.
12. All notices to either party shall be in writing. All notices to the Advisor shall be sent to the Advisor at the address appearing at the beginning of this Agreement. All notices and statements to Client shall be sent to Client at the address appearing at the end of this agreement. Either party, may designate in writing any other address to which notices, statements, and communications to such party may be sent.
13. This Agreement may not be assigned by either party without prior express written consent of the other party.
14. This Agreement constitutes the entire agreement between the parties with respect to the matters referred to herein, and no other agreement, verbal or otherwise, shall be binding as between the parties unless it is in writing and signed by the party against whom enforcement is sought.
15. No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed by the parties. No amendment or waiver of any provision of this Agreement may be implied from any course of dealing between the parties or from the failure of either party to assert his or its rights under this Agreement on any occasion or series of occasions.
16. If any provision of this Agreement is, or at any time shall become, inconsistent with any present or future law, rule, regulation, or ruling of any jurisdiction, court or regulatory body, exchange, or board having jurisdiction, such provision shall be deemed rescinded or modified to conform to such law, rule, regulation, or ruling and the remaining provisions of this Agreement shall not be affected thereby and shall remain in full force and effect.
17. This Agreement shall be deemed to have been made under, and shall be governed by and construed and enforced in accordance with, the law of the State of California, U.S.A. (excluding the law thereof which requires the application of or reference to the law of any other jurisdiction).
18. The parties agree that any action or proceeding arising, directly, indirectly, or otherwise in connection with, out of, related to, or from this Agreement, any breach hereof, or any transaction covered hereby shall be resolved, whether by arbitration or otherwise, within the County of Orange, State of California, U.S.A. The parties further agree that any action or proceeding

brought by either party to enforce any right, assert any claim, or obtain any relief whatsoever in connection with this Agreement shall be commenced by such party exclusively in the federal or state courts, or if appropriate, before an arbitral body, located within the County of Orange, State of California, U.S.A.

- 19. If more than one person is signing this Agreement as Client, each undertaking herein shall be a joint and several undertaking of all such persons, and the foregoing grant of power of attorney and authority to the Advisor shall be a joint and several grant by all such persons. Actions of any one Client pursuant to this Agreement shall bind all such Clients unless indicated below. An Account in joint names creates a joint tenancy with right of survivorship and not tenancy in common.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the ____ day of _____, 20____.

CLIENT PRINTED NAME(S): _____

CLIENT SIGNATURE(S): _____

DATE: _____

CLIENT ADDRESS: _____

TELEPHONE: _____

FACSMILE: _____

E-MAIL: _____

FCM: _____

INTRODUCING BROKER: _____

INITIAL SIZE OF ASSET ALLOCATION: \$ _____ Account # _____

CRESCENT BAY CAPITAL MANAGEMENT, INC. _____
David Bedford, President

DATE: _____

CRESCENT BAY CAPITAL MANAGEMENT, INC.

1201 Puerta Del Sol, Ste. 227
San Clemente, CA 92673
Telephone: (949) 276-8718
Facsimile: (949) 276-8448

ARBITRATION AGREEMENT

The undersigned client(s) ("Client") hereby agrees that any controversy between Client and CRESCENT BAY CAPITAL MANAGEMENT, INC. ("CBCM") or any of its employees, affiliates, or agents, or its or their respective successors or assigns (hereinafter referred to as "affiliated persons") arising directly, indirectly, or otherwise in connection with, out of, related to, or form Client's accounts with CBCM, transactions between Client and CBCM, or any of its affiliated persons, or the Client Agreement and Trading Authorization, Authorization to Pay Fees, or any other document or agreement now or hereafter existing that relates to Client's account with CBCM 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 Crescent Bay Capital or any of its affiliated persons that Client intends to submit a controversy to arbitration or at such time as Crescent Bay Capital or any of its affiliated persons notifies Client that CBCM or any of its affiliated persons intends to submit a controversy to arbitration, Client shall have the opportunity to choose a forum from a list of two or more qualified forums provided by CBCM. A "qualified forum" is an organization whose procedures for conducting arbitrations comply with the requirements of the United States Commodity Trading Commission ("CFTC"). The National Futures Association will be one of the forums offered.

CBCM or any of its affiliated persons who is a party to any controversy arbitrated pursuant to this Arbitration Agreement shall pay any incremental fees which may be assessed by a qualified forum or provision of a mixed arbitration panel, unless the arbitrator(s) hearing the controversy shall determine that Client has acted in based 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 against Client in accordance with the substantive law of the State of California, U.S.A., 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 COMMISSISON (CFTC), AND ARBITRATION CONDUCTED BY A SELF-REGULATORY OR OTHER PRIVATE ORGANIZATION.

TH CFTC RECOGNIZES THAT THE OPPORTUNITY TO SETTLE DISPUTES BY ARBITRATION MAY IN SOME CASES PROVIDE MANY BENEFITS TO CLIENT, INCLUDING THT ABILITY TO OBTAIN AN EXPEDITIOUS AND FINAL RESOLUTION OF DISPUTES WITHOUT INCURRING SUBSTANTIAL COSTS. THE CFTC REQUIRES, HOWEVER, THAT EACH CLIENT INDIVIDUALLY EXAMIN THE RELATIVE MERITS OF ARBITRATION AND THAT YOUR CONCENT 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 ARBITRASTION OF ANY CLAIMS OR COUNTERCLAIMS WHICH YOU OR THE ADVISOR OR ANY OF ITS AFFILIATED PERSONS MAY SUBMIT TO ARBITRATION UNDER THIS AGREEMENT. YOU ARE NOT, HOWEVER, WAIVING YOUR RIGHT TO ELECT INSTEAD TO PETITION THE CFTC TO INSTITURE 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 THE ADVISOR OR ANY OF ITS AFFILIATED PERSONS 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 THE ADVISOR. SEE 17 CFR166.5

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CLIENT PRINTED NAME(S): _____

CLIENT SIGNATURE(S): _____

DATE: _____

CLIENT ADDRESS: _____

TELEPHONE: _____

FACSMILE: _____

E-MAIL: _____

FCM: _____

INTRODUCING BROKER: _____

CRESCENT BAY CAPITAL MANAGEMENT, INC.

1201 Puerta Del Sol, Ste. 227

San Clemente, CA 92673

Telephone: (949) 276-8718

Facsimile: (949) 276-8448

AUTHORIZATION TO PAY FEES

The undersigned client ("Client") hereby authorizes the futures commission merchant named below ("FCM") to deduct from Client's futures account with the FCM and remit directly to CRESCENT BAY CAPITAL MANAGEMENT, INC. (the "Advisor") the fee amount determined by the Advisor, upon receipt by the FCM of written invoice from the Advisor.

Client acknowledges Client's ongoing responsibility to review regularly all client account records and statements from the FCM and from the Advisor since such records will be conclusive and binding on Client unless a prompt written and/or verbal objection form Client is received by the FCM or the Advisor, as the case may be.

CLIENT PRINTED NAME(S): _____

CLIENT SIGNATURE(S): _____

DATE: _____

CLIENT ADDRESS: _____

TELEPHONE: _____

FACSMILE: _____

E-MAIL: _____

FCM: _____

INTRODUCING BROKER: _____

ACCOUNT NUMBER: _____

CRESCENT BAY CAPITAL MANAGEMENT, INC.

1201 Puerta Del Sol, Ste. 227
San Clemente, CA 92673
Telephone: (949) 276-8718
Facsimile: (949) 276-8448

CLIENT AUTHORIZATION FOR GIVE-UP ORDERS

The undersigned Client(s) authorizes Crescent Bay Capital Management to execute orders on behalf of the Client's account on a "give-up" basis. Crescent Bay Capital Management shall have the authority to designate the FCM or Floor Broker who will act as Executing Broker for trades entered into the market on behalf of the Client's account. The Executing Broker will "give up" the orders to the Client's Clearing Broker, for the Client's account held at the Clearing Broker. The Clearing Broker will be acting as the carrying broker and will carry these positions. The Client understands that the Executing Broker will charge fees for give-up orders to the Clearing Broker. The Client agrees that in some cases the Clearing Broker will have to be reimbursed by the Client's account held at the Clearing Broker. The Client authorizes Crescent Bay Capital Management to enter into all arrangements on the Client's behalf, which are necessary or appropriate in the judgment of Crescent Bay Capital Management to carry out the obligations of Crescent Bay Capital Management in setting up and executing the "give-up" order process. The Client authorizes Crescent Bay Capital Management to negotiate any such agreements up to, but not in excess of, "give-up" charges amounting to \$1.25 per side. The Client must approve any charges in excess of this amount.

CLIENT PRINTED NAME(S):

CLIENT SIGNATURE(S):

DATE:

CRESCENT BAY CAPITAL MANAGEMENT, INC.

1201 Puerta Del Sol, Ste. 227
San Clemente, CA 92673
Telephone: (949) 276-8718
Facsimile: (949) 276-8448

CLIENT STATEMENT OF INFORMATION

The following confidential financial information is needed to open your account. Joint or Partnership clients must provide combined financial information.

If client is a Corporation, Partnership, or LLC (only):

- 1. Annual Income (US Dollars)
 Over \$100,000
 Less than \$100,000
- 2. Net Worth (excluding equity in home)
 Over \$100,000
 Less than \$100,000
- 3. Investment Experience:
 Stocks/Bonds Yes No
 Funds Yes No
 Commodities Yes No
 Options Yes No
- 4. Do you understand:
 Futures Trading Yes No
 Options Trading Yes No
 Risk of Loss Yes No
 Margin Policy Yes No
- 5. Have you ever declared bankruptcy?
 No
 Yes (provide copy of Discharge)

- 7. Nature of Business _____
- 8. How many principals or investors in the entity?
 # _____
- 9. Is the Corporation, Partnership, or LLC registered with the NFA?
 No
 Yes NFA ID# _____
- 9. Does the Corporation, Partnership, or LLC have trading authority over outside personal, partnership, corporate, or LLC accounts that buy or sell commodity interests?
 No
 Yes (If yes, explain relationship)

- 10. Does the Corporation, Partnership, or LLC solicit for the purpose of investing in futures?
 No
 Yes

CLIENT SIGNATURE(S): x _____ x _____

CLIENT PRINTED NAME(S): _____

DATE: _____

ADVISOR'S SIGNATURE CONFIRMATION: x _____

DATE: _____

CRESCENT BAY CAPITAL MANAGEMENT, INC.

1201 Puerta Del Sol, Ste. 227
San Clemente, CA 92673
Telephone: (949) 276-8718
Facsimile: (949) 276-8448

NOTIONAL FUNDS NOTIFICATION & AUTHORIZATION
(Required in order to initiate or change the Notional Amount)

This Agreement is made by and between **Crescent Bay Capital Management, Inc.**, the Advisor (CTA), and the Client whose name and signature is below. Client has agreed to notionally fund a portion, or all, of its trading account with the Advisor.

The undersigned hereby acknowledges that they have opened an account to be managed by Crescent Bay Capital Management, Inc. For the purpose of trading limits and any fee calculations, this account is determined to have a trading level of \$_____, with \$_____ being deposited with _____ a registered futures commission merchant (FCM). The balance of the account will be considered "notional" funds.

Any cash additions to (or withdraws from) the account do not affect the trading level of the account. Any change in the desired trading level of the account will require a new **Notional Funds Notification & Authorization** form to be executed, stating the revised trading level amount.

CLIENT PRINTED NAME(S): _____

CLIENT SIGNATURE(S): _____

DATE: _____

INTRODUCING BROKER: _____

ACCOUNT NUMBER: _____

ADVISOR'S SIGNATURE: _____

THIS FORM FOR NOTIONALLY FUNDED ACCOUNTS ONLY
(Not recommended nor required by Crescent Bay Capital Management, Inc.)