



DISCLOSURE DOCUMENT

November 15, 2009

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 VALHALLA CAPITAL GROUP, LLC TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS DISCLOSURE DOCUMENT. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY VALHALLA CAPITAL GROUP, LLC.

NFA Member ID # 0402215

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RISK DISCLOSURE STATEMENT

THE RISK OF LOSS IN FOREX TRADING 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 ALSO BE AWARE OF THE FOLLOWING:

FOREX TRANSACTIONS ARE NOT TRADED ON AN EXCHANGE, AND THOSE FUNDS DEPOSITED WITH THE COUNTERPARTY FOR FOREX TRANSACTIONS MAY NOT RECEIVE THE SAME PROTECTIONS AS FUNDS USED TO MARGIN OR GUARANTEE EXCHANGE-TRADED FUTURES AND OPTIONS CONTRACTS. IF THE COUNTERPARTY BECOMES INSOLVENT AND YOU HAVE A CLAIM FOR AMOUNTS DEPOSITED OR PROFITS EARNED ON TRANSACTIONS WITH THE COUNTERPARTY, YOUR CLAIM MAY NOT RECEIVE A PRIORITY. WITHOUT A PRIORITY, YOU ARE A GENERAL CREDITOR AND YOUR CLAIM WILL BE PAID, ALONG WITH THE CLAIMS OF OTHER GENERAL CREDITORS, FROM ANY MONIES STILL AVAILABLE AFTER PRIORITY CLAIMS ARE PAID. EVEN CUSTOMER FUNDS THAT THE COUNTERPARTY KEEPS SEPARATE FROM ITS OWN OPERATING FUNDS MAY NOT BE SAFE FROM THE CLAIMS OF OTHER GENERAL AND PRIORITY CREDITORS.

THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN FOREX TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.

MANAGED ACCOUNTS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY FEES AND THE ACCOUNT MAY NEED TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETING OR EXHAUSTING ITS ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE ACCOUNT MANAGER. (SEE PAGE 18).

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND SIGNIFICANT ASPECTS OF THE FOREX MARKETS. THEREFORE, YOU SHOULD CAREFULLY REVIEW THIS DISCLOSURE DOCUMENT BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT (SEE PAGE 8).

NATIONAL FUTURES ASSOCIATION HAS NEITHER PASSED UPON THE MERITS OF PARTICIPATING IN THIS TRADING PROGRAM NOR THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.

THE 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 AN ENUMERATED COUNTERPARTY.



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INTRODUCTION

Overview

VALHALLA CAPITAL GROUP, LLC (“VCG”) serves the needs of investors seeking asset advisory and management services in the Off Exchange Retail Foreign Exchange markets (“Forex or FX”). This market is also known and/or referred to as the Over The Counter (“OTC”) Spot Forex market.

Valhalla Capital Group manages trading accounts in the FOREX market on behalf of their clients, employing a confidential and proprietary collection of strategies that unite both systematic and discretionary trading disciplines. The exact descriptions of the respective trading programs are described further in this disclosure document.

The date of this Disclosure Document is November 15, 2009. Valhalla Capital Group, LLC is required to immediately update the disclosure document with any material changes. FOREX trading is speculative in nature, involves a high degree of risk, and is not suitable for all investors. An investor should consult his or her financial advisor before opening a managed forex account. No person is authorized by Valhalla Capital Group to give any information or to make any representation not contained herein.

Details Of The Firm

Valhalla Capital Group is a Delaware Limited Liability Corporation organized on January 18, 2008. Valhalla Capital Group, LLC became a registered Introducing Broker (“IB”) with the Commodity Futures Trading Commission on November 11, 2008. Valhalla Capital Group, LLC also became an approved member of the National Futures Association on November 11, 2008 [NFA ID: 0402215]. Valhalla Capital Group, LLC is also registered as a Commodity Trading Advisor, as of October 07, 2009.

Valhalla Capital Group, LLC’s principal office is located at 20626 Highland Hall Drive, Montgomery Village, MD 20886 and its main telephone number is 1-813-375-9228. The records of the firm are located at the address above as well. The performance record disclosures of VCG may be found on Page 30.

BUSINESS BACKGROUND

The Principals

Biographical information on the principals of Valhalla Capital Group is listed below:

Stephen A. I. Hart

As Co-founder and Chief Operating Officer of Valhalla Capital Group, LLC, Mr. Hart is responsible for the overall management of VCG and all ongoing compliance, marketing and sales within the firm.

Prior to his complete transition into the Foreign Exchange markets, Mr. Hart spent over 6 years in the mortgage industry. Mr. Hart was an Account Executive with the Wholesale Division of New Century Mortgage Corp., Tampa, Florida from August 2003 through October 2006. New Century Mortgage Corp. was a licensed wholesale mortgage lender and their wholesale division was primarily responsible for working directly with licensed mortgage broker businesses.

Since October 2006, Mr. Hart has dedicated himself to active full time employment with Capital Ventures, LLC (founded in September 2005) and Valhalla Capital Group, LLC, both firms being founded and owned by Mr. Hart. Mr. Hart studied at the University of South Florida and graduated with a Bachelors of Arts in Business Management.



Mr. Hart is Series 3 licensed in Futures and Options.

Below is a brief list of Mr. Hart's registrations and activities since August 2003 - Present:

- Principal approved (March 10, 2008 – Present), NFA Associate Member approved (March 12, 2008 – Present) and Associated Person registered (March 12, 2008 – Present); Capital Ventures LLC, a registered Commodity Trading Advisor and NFA approved member firm.
- Principal approved (August 27, 2008 – Present), NFA Associate Member approved (November 11, 2008 – Present) and Associated Person registered (November 11, 2008 – Present); Valhalla Capital Group LLC, a registered Introducing Broker and Commodity Trading Advisor.

The business background information provided above represents Mr. Hart's complete employment history for the past five years.

Mr. Hart may be contacted by:

Tel. 1-813-375-9221
Fax. 1-813-283-9069
Email: stephenhart@mycapitalventures.com
Website: <http://www.valhallacapitalgroup.com>

Phillip Charles Campbell

As Co-founder and Chief Strategist of Capital Ventures, LLC, Mr. Campbell is responsible for all trading strategies and models employed and utilized by the firm.

Mr. Campbell comes to the Foreign Exchange markets after a shift from the wholesale automotive industry. From January 2004 until May 2007, Mr. Campbell worked with Motoring Concepts Distribution (MCD) in Tampa, Florida where he served for over 3 years as a Senior Sales Executive. MCD was a wholesale automotive distribution company responsible for the wholesale distribution of automotive parts and supplies. From May 2007 through the present, Mr. Campbell has been actively employed on a full time basis with Capital Ventures, LLC and Valhalla Capital Group, LLC; both Co-founded by Mr. Campbell; and he is now the Chief Strategist and Risk Manager behind one of the firm's proprietary trading model.

Below is a brief list of Mr. Campbell's registrations and activities since January 2004 - Present:

- Principal approved (March 12, 2008 – Present); Capital Ventures LLC, a registered Commodity Trading Advisor and NFA approved member firm.
- Principal approved (August 27, 2008 – Present); Valhalla Capital Group LLC, a registered Introducing Broker and Commodity Trading Advisor.

The business background information provided above represents Mr. Campbell's complete employment history for the past five years.

Mr. Campbell may be contacted by:

Tel. 1-813-375-9218
Fax. 1-813-283-9069
Email: charlescampbell@mycapitalventures.com
Website: <http://www.valhallacapitalgroup.com>

Both Mr. Hart and Mr. Campbell will be equally involved in making the trading decisions on behalf of the CTA.



Capital Ventures, LLC

Capital Ventures is a LLC organized in Florida on September 23, 2005. Capital Ventures became a registered Commodity Trading Advisor (CTA) with the C.F.T.C. on March 12, 2008. Capital Ventures, LLC also became a member of the National Futures Association on March 12, 2008 [NFA ID: 0383366]. Capital Ventures' principal office is located at 20626 Highland Hall Drive, Montgomery Village, MD 20886 and its main telephone number is 1-813-375-9228.

Capital Ventures, LLC is a principal of Valhalla Capital Group, LLC. They were approved as a principal on October 3, 2008.

The above represents Capital Ventures, LLC's complete business background for the past five years.

Valhalla Capital Group, LLC Sub-Advisory Relationship

Valhalla Capital Group, LLC has entered into a sub-advisory agreement with Finexo Global Investments, Ltd. to manage the trading model for the International AB (IAB) program. Valhalla Capital Group, LLC will hold Limited Power of Attorney and Finexo Global Investments will be authorized to use their trading systems to enter and exit trades on the portfolio of the International AB program. Finexo is also authorized to actively manage the systems being used to trade the portfolio. Finexo does not have access to withdraw client funds and will only trade per the Power of Attorney provided by the client to Valhalla Capital Group, LLC. Valhalla Capital Group, LLC will act in the capacity of the CTA, to raise assets and manage the operation of the trading program, allowing Finexo to utilize their systems, which are 100% automated, to trade the funds under the International AB portfolio.

Finexo Global Investments, Ltd is incorporated under the BVI Business Companies Act 2004 in the British Virgin Islands and was organized there on February 14, 2006. Finexo acts as a trading development company and is responsible for the development and management of the International AB (IAB) program. As a trading development company, under the sub-advisory agreement entered into, Finexo has developed, tested, and uses their systems over dedicated remote servers to trade the assets of the International AB program over a variety of liquidity providers (see bottom of page 24 for definition of liquidity provider) connected through FC Stone.

The principals of Finexo Global Investments, Ltd are Elon Bezalely and Aryeh Fried. Biographical information on these principals are listed below:

Mr. Elon Bezalely has spent the past 15 years in the financial services industry. From November 1998 through February 2006, Mr. Bezalely has been employed by The First International Bank of Israel, in Tel Aviv. There he worked as a FX Options Market Maker, where he participated in market making for interbank and corporate clients, fund managers, the bank's branches and private clients of the trading rooms. Since February 2006, Mr. Bezalely has been dedicated to full time employment with Finexo Global Investments, Ltd.

Since January, 2001, Mr. Aryeh Fried retired from 21 years of employment with Union Bank Ltd. located in Herzliyah, Israel (Union Bank Limited provides various banking services to individuals, small and medium-sized enterprises, and corporate customers). In February 2006, he incorporated the Finexo Global Investments Ltd with Mr. Bezalely. Since February 2006, Mr. Fried has been dedicated to full time employment with Finexo Global Investments, Ltd.

Finexo Global Investments, Ltd is not registered or licensed with the NFA / CFTC in the United States.. The above represents Finexo Global Investments, Ltd and their principals complete business background for the past five years.



Litigation

There have been no material civil, administrative or criminal proceedings pending, on appeal, or concluded against Valhalla Capital Group, L.L.C. or its principals Stephen A. Hart, Phillip C. Campbell, Capital Ventures, LLC and/or sub-advisors (Finexo Global Investments, Ltd.) in the past five years or any time prior.

PRINCIPAL RISK FACTORS

Valhalla Capital Group directs the trading for customers in SPOT FOREX contracts (collectively referred to as “FOREX trading”). Before investing in FOREX, prospective clients (“clients”) should consult their financial advisor to inform themselves fully on FOREX trading and to determine if FOREX is suitable for their investment needs. FOREX trading involves many risks. Prospective clients should review this section and the entire Disclosure Document to become familiar with some of the more significant risks.

Market Risks

FOREX Trading is Speculative and Volatile. FOREX trading is speculative and has a high degree of price variability. This variability, combined with the leverage used in FOREX trading, can cause large and sudden losses of capital and may result in the total loss of your investment or, in certain circumstances, clients can lose more than their total investment..

FOREX Trading is Highly Leveraged. Because the amount of margin funds necessary to be deposited in order to enter into a FOREX position is typically about 1% to 2% of the total value of the contract, Valhalla Capital Group is able to hold positions with face values equal to several times the net assets of a client’s account. As a result of this leveraging, even a small movement in the price of a contract can cause major losses.

Your Investment Could be Illiquid. FOREX positions cannot always be liquidated at the desired price. The prices at which a buy or sell occurs may differ from the prices expected because there may be a delay between receiving a quote and executing a trade, particularly in circumstances where a market has limited trading volume and prices are often quoted for relatively limited quantities. A market disruption, such as when foreign governments may take or be subject to political actions which disrupt the markets in their currency or major exports, can also make it difficult to liquidate a position.

Unexpected market illiquidity has caused major losses in recent years in such sectors as emerging markets and mortgage-backed securities. There can be no assurance that the same will not happen to an account at any time or from time to time. The size of the positions which Valhalla Capital Group acquires for an account increases the risk of illiquidity by both making its positions more difficult to liquidate and increasing the losses incurred while trying to do so.

Day Trading can be very risky. Day trading is generally not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund any day trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial loss.

Forex transactions are Over-the-Counter and are not regulated. Forex transactions are typically traded over-the-counter through a dealer market, which is dominated by major money center and investment banks, and are not regulated by the CFTC. Thus, investors do not receive the protection of CFTC regulation or the statutory scheme of the Commodity Exchange Act in connection with such trading activity. The market for forex transactions relies upon the integrity of market participants in lieu of the additional regulation imposed by the CFTC on participants in the forex markets. The absence of regulation could expose a client’s account to significant losses in the event of trading abuses or financial failure by participants in the forex markets which it might otherwise have avoided. Also, in the event of bankruptcy, no protection exists for forex customer funds maintained at the counterparty. If the counterparty becomes insolvent and you have a claim for amounts deposited or profits earned on transactions with the counterparty, your claim may not receive a priority. Without a priority, you are a general creditor and your claim will be paid, along with the claims of other general creditors, from any monies still available after



priority claims are paid. Even customer funds that the counterparty keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors.

An Investment in Managed FOREX Accounts May Not Diversify an Overall Portfolio. Historically, alternative investments such as managed FOREX have been generally non-correlated to the performance of other asset classes such as stocks and bonds. Non-correlation means that there is no statistically valid relationship between the past performances of FOREX contracts on the one hand and stocks or bonds on the other hand. Non-correlation should not be confused with negative correlation, where the performance of two asset classes would be exactly opposite. Because of this non-correlation, a client's account cannot be expected to be automatically profitable during unfavorable periods for the stock market or vice versa. The FOREX markets are fundamentally different from the securities markets in that for every gain made in a FOREX transaction, the opposing side of that transaction will have an equal and offsetting loss. If a client's account does not perform in a manner non-correlated with the general financial markets or does not perform successfully, an investor will obtain no diversification benefits by investing in managed FOREX and an investor's account may have no gains to offset losses from other investments.

Trading Risks

Valhalla Capital Group Analyzes Primarily Technical Market Data. The trading systems used by Valhalla Capital Group for clients' accounts are primarily technical. The profitability of trading under these systems depends on, among other things, the occurrence of significant price movements, up or down, in FOREX prices. Such price movements may not develop; there have been periods in the past without such price movements. No assurance can be given that Valhalla Capital Group' methods will be successful in the future, or that investment results of a client's account will be similar to those achieved by Valhalla Capital Group in the past. The likelihood of profitability could be materially diminished during periods when events external to the markets themselves have an important impact on prices. During such periods, Valhalla Capital Group' historic price analysis could establish positions on the wrong side of the price movements caused by such events.

Increased Competition from Other Trend-Following Traders Could Reduce Valhalla Capital Group Profitability. There has been a dramatic increase in the volume of assets managed by trend-following trading systems like some of the Valhalla Capital Group programs. Increased trading competition from other trend-following traders could operate to the detriment of a client's account. It may become more difficult for Valhalla Capital Group to implement its trading strategy if other trading advisors using technical systems are, at the same time, also attempting to initiate or liquidate FOREX positions, or otherwise alter trading patterns.

Trading Systems Involve Proprietary Methods. Because specific elements of Valhalla Capital Group's trading systems are proprietary, a client will not be able to determine the full details of the systems or whether the systems are being followed. For more information regarding Valhalla Capital Group's trading systems, see "Trading Program."

Trades May be Executed at Different Prices for Different Accounts. The trading models used by Valhalla Capital Group identify the price of a particular FOREX currency pair which corresponds to the models' entry or exit point for a trade. Once the entry or exit point has been reached, Valhalla Capital Group attempts to execute the trade for all accounts at the best price possible. Trades may be executed at different times for different accounts. There is no guarantee that every client account will receive a trade at the price identified by the models or at the same price as other accounts.

Increase in Assets Under Management May Make Profitable Trading More Difficult. Valhalla Capital Group has not agreed to limit the amount of equity which it may manage, and is actively engaged in raising assets for new and existing accounts. The more equity Valhalla Capital Group manages, the more difficult it may become for Valhalla Capital Group to trade profitably because of the difficulty of trading larger positions without adversely affecting prices and performance. Accordingly, such increases in assets under



management may require Valhalla Capital Group to modify its trading decisions, which could have a detrimental effect on a client's investment. In addition, Valhalla Capital Group may have an incentive to favor other accounts because the compensation received from some other accounts may exceed the compensation it receives from certain other accounts. Because records with respect to other accounts are not accessible, an investor will not be able to determine if Valhalla Capital Group is favoring other accounts. See "Trading Capacity."

Performance May Vary From Other Accounts During the Start of Trading. A client's account may incur certain risks relating to the initial investment of its assets. Due to market conditions, Valhalla Capital Group may take several days or months before a client's account is fully invested. Notwithstanding any delay in becoming fully invested, a client's account may commence trading operations at an unpropitious time, such as after sustained moves in a number of markets.

Stop Loss Order May Not Be Executed

No guarantee can be made that a stop loss order or equity stop will be honored by the broker at the requested price. Due to market volatility during major news announcements, clients must invest only risk capital that they can afford to lose in the event of a market gap that falls outside of the trading advisor's risk management settings, resulting in unavoidable losses that cannot be controlled by either the trading advisor, system or broker.

Tax Risks

Fees May be Characterized as "Investment Advisory Fees". The Internal Revenue Code of 1986, as amended, provides that investment advisory fees are to be aggregated with unreimbursed employee business expenses and other expenses of producing income, collectively "aggregate investment expenses," and the aggregate amount of such expenses will be deductible only to the extent that such amount exceeds 2% of a taxpayer's adjusted gross income. In addition, aggregate investment expenses in excess of the 2% threshold, when combined with certain other deductions, are subject to a reduction generally equal to 3% of the taxpayer's adjusted gross income in excess of a threshold amount. Such limitation could substantially reduce the deductibility for federal income tax purposes on any amount deemed to constitute "investment advisory fees." The performance fees payable to Valhalla Capital Group, LLC may be characterized as investment advisory fees subject to the above limitation. EACH CLIENT, THEREFORE, MAY PAY TAX ON MORE THAN THE NET PROFITS GENERATED IN THEIR ACCOUNT. EACH PROSPECTIVE CLIENT MUST CONSULT AND MUST DEPEND ON THEIR OWN TAX ADVISER REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PARTICIPATING IN THE VALHALLA CAPITAL GROUP, LLC TRADING PORTFOLIOS.

Other Risks

Foreign Exchange Trading is Not Subject to U.S. Regulation, but are Subject to Foreign Market Credit, Regulatory and Exchange Risk. The risk of loss in trading forex markets can be substantial. Participation in forex transactions involves the execution of trades, which is not conducted on any regulated exchange. Neither the CFTC, NFA nor any other domestic exchange regulates activities, including the execution and delivery of forex transactions and none have any power to compel enforcement of the rules of any applicable foreign laws.

The price of any forex currency pair, and therefore the potential profit or loss thereon, may be affected by any variance in the foreign exchange rate between the time a position is established and the time it is liquidated, offset or exercised. Some over the counter FX currencies may also be in a developmental stage so that prior price histories may not be indicative of current price dynamics.

You Must Not Rely on the Past Performance of Valhalla Capital Group in Deciding Whether to Invest.

The future performance of a client's account is not predictable, and no assurance can be given that a client's account will perform successfully in the future. Past performance is not necessarily indicative of future results.



Conflicts of Interest. While Valhalla Capital Group will seek to avoid conflicts of interest to the extent feasible and to resolve all conflicts that may arise equitably and in a manner consistent with its responsibilities to a client's account, no specific policies regarding conflicts of interest have been or are intended to be adopted by Valhalla Capital Group. See "Conflicts of Interest."

Reliance on Valhalla Capital Group. The incapacity of Valhalla Capital Group's principals could have a material and adverse effect on Valhalla Capital Group's ability to discharge its obligations. However, there are no individual principals at Valhalla Capital Group whose absence would result in a material and adverse effect on Valhalla Capital Group's ability to adequately carry out its management responsibilities.

Fees and Commissions May be Incurred Regardless of Profitability and are Subject to Change. A client's account may be subject to substantial charges payable irrespective of profitability, in addition to performance fees which may be payable based on an account's profitability. Included in these charges are brokerage fees. On FOREX trading, "bid-ask" spreads and prime brokerage fees may be incorporated into the pricing of FOREX transactions by the counterparties in addition to the brokerage fees paid. It is not possible to quantify the "bid-ask" spreads paid by the account because the profit its counterparty is making cannot be determined. Such spreads can at times be significant.

Proposed Regulatory Change is Impossible to Predict. The futures markets are subject to comprehensive statutes, regulations and margin requirements. In addition, the CFTC and the exchanges are authorized to take extraordinary actions in the event of a market emergency. The regulation of FOREX transactions in the United States is a rapidly changing area of law and is subject to modification by government and judicial action. In addition, various national governments have expressed concern regarding the disruptive effects of speculative trading in the currency markets. The effect of any future regulatory change on a client's account is impossible to predict, but could be substantial and adverse.

The Performance Fee Could be an Incentive to Make Riskier Investments. Valhalla Capital Group employs a speculative strategy and receives performance fees based on the trading profits earned by it. Valhalla Capital Group would not agree to manage a client's account in the absence of such a performance fee arrangement. Accordingly, Valhalla Capital Group may make investments that are riskier than might be made if the assets were managed by a trading advisor that did not require performance-based compensation.

Potential Inability to Trade or Report Due to System Failures. Valhalla Capital Group's strategies are dependent to a significant degree on the proper functioning of its internal computer systems. Accordingly, systems failures, whether due to third party failures upon which such systems are dependent or the failure of Valhalla Capital Group's hardware or software, could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short time), could, in certain market conditions, cause a client's account to experience significant trading losses or to miss opportunities for profitable trading. Additionally, any such failures could cause a temporary delay in reports to investors.

Potential Disruption or Inability to Trade Due to a Failure to Receive Timely and Accurate Market Data from Third Party Vendors. Valhalla Capital Group's strategies are dependent to a significant degree on the receipt of timely and accurate market data from third party vendors. Accordingly, the failure to receive such data in a timely manner or the receipt of inaccurate data, whether due to the acts or omissions of such third party vendors or otherwise, could disrupt trading to the detriment of a client's account or make trading impossible until such failure or inaccuracy is remedied. Any such failure or inaccuracy could, in certain market conditions, cause a client's account to experience significant trading losses, effect trades in a manner which it otherwise would not have done, or miss opportunities for profitable trading. For example, the receipt of inaccurate market data may cause Valhalla Capital Group to establish (or exit) a position which it otherwise would not have established (or exited), or fail to establish (or exit) a position which it otherwise would have established (or exited), and any subsequent correction of such inaccurate data may



cause Valhalla Capital Group to reverse such action or inaction, all of which may ultimately be to the detriment of a client's account.

Limitations or Risks Associated with using a PAMM (Percentage Allocation Model) account.

Using a percentage allocation, sub accounts are allocated on a percentage basis. A client wanting to withdraw funds or close their account, will in most cases force the open positions on the Master Trading Account to be closed. This could harm the other investors in the allocation, if they received an unfavorably exit to a trade(s) due to one investor's withdrawals.

What is a PAMM Account?

PAMM stands for Percentage Allocation Management Module. It is a technical solution, that allows the counterparty broker to create an unlimited number of investor accounts under one "master" account (or Manager account). The funds from all investors on the master account are traded as one unit, which gives more room for money management and better position management options. The trading on a PAMM-account can only be performed by the Account Manager (CTA).

The PAMM service keeps each investor's account records separate and the gains and losses are automatically distributed by the counterparty broker on a percentage basis so that each party receives its percentage rate of return.



The Trading Programs

Valhalla Capital Group provides our clients access to the following trading programs:

The CMAC1R Trading Program

The CMAC1R trading program was designed with the clear objective of combining and employing a number of different short-term, conservative trading strategies in one trading model. The model seeks to preserve and appreciate investor capital steadily and consistently. CMAC1R primarily trades the Major “G7” currencies listed below. Our program will focus mainly on trading these currencies against each other, though we will not limit ourselves from trading other “exotic pairs” if the opportunities arise:

US dollar (USD), Euro (EUR), Great British Pound (GBP), Japanese Yen (JPY), Canadian dollar (CAD), Swiss Francs (CHF), and the Australian dollar (AUD).

The CMAC1R collection of strategies are predominantly quantitative in nature, and utilize a wide selection of technical indicators, used to analyze the markets on time frames ranging from 1 minute to 1 hour. CMAC1R’s objective is to enter and exit all trades within the same day (24 hour cycle), with the focus being on minimizing the open market risk exposure both with regard to time and trade size. We will employ different strategies during various trading sessions (i.e. Asia, Europe, London, USA).

Regarding the risk management of the CMAC1R model, mandatory procedures are completed prior to entering all trades. The exact profit being targeted and expected loss exposure allowed in each trade is calculated. Based on these variables, a trade is entered with the appropriate trade size, having a predetermined maximum amount being risked in each and every trade. No trade will be entered without a protective stop loss. The model will exit all trades if the equity balance is ever reduced by 5% of its beginning balance in a given day or week. The program’s management team will then assess the issue with the broker, market, signal and/or system being used and ensure the problem has been addressed and resolved before re-entering the markets.

CMAC1R allows for clients to leverage their investments through the use of notional funding, up to 4x the base amount. Please review the notional funding description in our disclosure document for more details. This aggressive level of the program, allowing for the use of notional funding of 4x the base amount will be referred to as the CMAC4R program.

Minimum Investment: \$5,000



MS1 Trading Program

The MS1 program was developed over the past 3 years by our development team. The MS1 is a well defined mathematical algorithm (automated trading system), designed to provide the necessary instructions to forecast potential price action and trade the resulting momentum of fundamental news announcements around the globe ahead of other traders who must analyze and trade these announcements manually.

The algorithm was developed and programmed to receive market data feeds from different paid data sources including Bloomberg and Reuters. This means that we have data being streamed from these major news providers, which typically are streamed through to our trading system in advance of other mass market news sources releasing the same announcements (may be seconds or milliseconds before in some cases). This data being received is then sent directly into our trading model that is programmed to analyze the actual news release and establish whether it should or should not enter a position. Our trading system will analyze the effect of that data's deviation of the actual news result against the market's prior forecast. From there, the system can make a prediction about the likely movement of the market in the seconds to follow, and can place its trade automatically ahead of the market's ability to process the data and do the same manually.

Risk Management: The system is designed to block the risk of inefficient position fills by the broker, as the system is programmed to surpass a trade if the entry is not within a specific price range. The system was also programmed for minimal open market exposure, as most trades are entered and exited in a short window of time. Given the model's rare drawdowns exceeding 10 - 15%, the trading advisor will suspend any further trading if the equity of the portfolio falls below 20% of its beginning monthly balance. This is to ensure that all system issues, broker issues and market issues are identified and resolved. Given the high degree of risk in forex trading, no guarantee can be made that a stop loss order or equity stop will be honored by the broker at the requested price. Due to market volatility during news announcements, clients must invest only risk capital that they can afford to lose in the event of a market gap that falls outside of the trading advisor's risk management settings, resulting in unavoidable losses that cannot be controlled by either the trading advisor, system or broker.

Our program will focus mainly on trading these currencies against each other, though we will not limit ourselves from trading other "exotic pairs" if the opportunities arise:

US dollar (USD), Euro (EUR), Great British Pound (GBP), Japanese Yen (JPY), Canadian dollar (CAD), Swiss Francs (CHF), and the Australian dollar (AUD).

Minimum Investment: \$10,000 - \$250,000 (based on broker minimums)



IAB Trading Program

The primary objective of the IAB program is capital appreciation and preservation of capital through reliable, multi-strategic, “market neutral” investment strategies. The objective of this program is to achieve capital appreciation with a low level of volatility.

The program seeks to accomplish its objective by allocating its assets among a diverse group of specialized trading systems. The program’s systems will trade a range of investment strategies, in pursuit of delightful risk-adjusted returns. The actual number of strategies being used may vary and may change materially over time as determined by Valhalla Capital Group in their sole discretion.

Valhalla Capital Group intends that the program’s objective will be achieved by a disciplined trading approach. The assets of this program will be traded by the traders selected by the firm.

All signals under the program are generated by a system that is constantly monitored. These systems use a wide array of technical indicators to identify price patterns that improve the probability for success. Certain algorithms find mini trends, directional movements and inefficiencies which produce multiple signals.

Consistent risk management and capital preservation represent a key element of the program’s objective. Proper risk management is the means to successful trading followed by sound technical and fundamental analytical skills. Every trade takes into account risk to reward parameters and overall impact to yield.

The initial risk for the strategy is limited to a pre-determined maximum drawdown limit, presently set at 5% of the program’s total assets. These drawdown limits are mandatory. These pre-determined drawdown limits are imposed, so any position(s) that realizes the pre-determined drawdown limit will be discontinued.

In summary, the program’s multiple logic based systems utilize small amounts of trading capital per trade, and concurrently adhering to automated drawdown limits, continuously evaluating markets, and exercising efficient risk management processes, which hopefully lead to consistent and reliable profitable results, whilst also preserving capital.

Our program will focus mainly on trading these currencies against each other, though we will not limit ourselves from trading other “exotic pairs” if the opportunities arise:

US dollar (USD), Euro (EUR), Great British Pound (GBP), Japanese Yen (JPY), Canadian dollar (CAD), Swiss Francs (CHF), and the Australian dollar (AUD).

Minimum Investment: \$250,000



Account Structure & Opening Process

Managed Account Structure

In order to participate in a Valhalla Capital Group CTA program, clients will need to open and fund an account in their name with a registered and regulated counterparty (CFTC/NFA regulated brokerage firm). Investors will sign a Limited Power Of Attorney (LPOA) form to provide Valhalla Capital Group, LLC with authority to trade on their behalf. In most cases, as the account holder, the client will have the ability to view trade activity online 24 hours a day / 7 days a week and maintain sole authority of withdrawing funds.

All participating accounts are maintained separately but traded simultaneously in a Master Percentage Allocation Module (PAMM) Account. Profits/losses are divided fairly among all the investor accounts according to their percentage ownership of the PAMM. For example, if your account makes up 5% of the total PAMM, then you receive 5% of the total profits/losses from each trade made on behalf of the PAMM. This setup provides maximum flexibility and protection to each participant.

Opening An Account

In connection with establishing an account, our client must provide power of attorney to VCG to authorize Valhalla Capital Group to direct the trading of the investor's account. The power of attorney will provide and grant Valhalla Capital Group the authority to determine all trades that will be made in the investor's account without any prior approval by or notification to the investor and all such trades shall be made in the sole discretion of Valhalla Capital Group. The power of attorney will be subject to termination at any time by the investor. If the investor terminates the power of attorney, the control of such investor's account will revert to the investor and Valhalla Capital Group will direct no further trades in the investor's account without the investor's approval.

The business of Valhalla Capital Group includes managing forex accounts. Valhalla Capital Group will manage and direct the trading of accounts for other investors during the same period that they are managing any particular investor's account. The power of attorney will not prohibit Valhalla Capital Group from managing or directing the trading of other accounts during the term of the power of attorney or from using the same information and trading strategy obtained, produced or utilized in the performance of services for any particular investor or account.

Under the power of attorney, Valhalla Capital Group will be acting as a trader for the client and the client will be legally bound as principal for all trades and any and all other obligations incurred by Valhalla Capital Group. In the event, therefore, of a deficiency in the investor's account due to a margin call, a loss exceeding the value of the account or otherwise, the investor will be responsible for the full amount of the deficiency. Investors must be aware and recognize that his or her potential liability for the account may exceed the amount held in, or the value of the account from time to time.

Prospective clients will obtain a copy of the limited power of attorney ("LPOA") from their counterparty broker. The counterparty will require the client to sign the LPOA, authorizing Valhalla Capital Group to trade on the client's behalf. The client should carefully review and study the power of attorney before determining to establish such an account. Prospective clients should also be aware that the power of attorney will have been prepared by the counterparty selected by Valhalla Capital Group, and as such, it will likely contain provisions requiring them to indemnify the counterparty and other parties for all losses in the investor's account and perhaps other matters. It is also likely that the power of attorney will contain provisions providing that any and all disputes regarding the investor's account will be subject to arbitration at a specified location and in accordance with certain specified arbitration rules and procedures.

Authorization of Manager and Sub-Advisors: Prospective clients authorizes Valhalla Capital Group to enter orders on behalf of the Account for Forex Transactions. Further, prospective clients authorizes



Disclosure Document

Valhalla Capital Group, in VCG's sole discretion, to retain (and dismiss) one or more sub-advisors (individually, a "Sub-Advisor" and collectively the "Sub-Advisors") to place orders for Forex transactions with VCG in the name of and for the sole account and risk of the Customer. Customer understands and agrees to execute a Limited Power of Attorney with VCG authorizing VCG or the Sub-Advisors the authority to transact Foreign Transactions in the Customer's Account.

In addition to the client opening an account with the respective counterparty broker, Valhalla Capital Group will require that the client complete and return the following VCG documents via direct mail, email or fax to our offices:

- Client Acknowledgement of this Disclosure Document (Last page of this document)
- VCG Client Questionnaire
- VCG Management Agreement

These documents will be completed, signed and returned by direct mail, fax or email to our main office:

Valhalla Capital Group, LLC
20626 Highland Hall Drive
Montgomery Village, MD 20886
Tel: +1-813-375-9228
Fax: +1-813-283-9069
info@valhallacapitalgroup.com

Fees and Commissions

Valhalla Capital Group manages two separate trading programs, which have different fee structures. Please see the following breakdown of the fees on each program:

CMAC1R Trading Program Fees

The LPOA for the CMAC1R program provides for a monthly performance fee payable solely out of net new appreciation in the account's value. These standard fees are as follows:

Management Fee

The Management fee equals an annualized 2% of the account value as of the end of each month. This fee is used to maintain overhead cost, such as utility, employees, server's maintenance etc. The trading advisor will charge a management fee of 1/12 of 2% monthly (2% annually), of the ending monthly Net Asset Value ("NAV") on the MS1 Trading Program. NAV is defined as the account's total assets less total liabilities and includes the net profit of the account.

NAV is the total of Gross Ending Equity plus all Notional Funds plus any withdrawals made during the month. This management fee will be charged whether or not trading has been profitable and are not pro-rated. Gross Ending Equity is defined as the Beginning Equity plus any Additions minus any Withdrawals plus the Gross Trading Performance Plus Interest ("GTPPI") minus any fees or charges other than those listed under Brokerage Commission & Miscellaneous Fees. Such fees would include any wire transfer fees. GTPPI is defined as the sum of the realized and unrealized trading profits plus any interest credited to the account during the period.

Monthly Performance Fee

The monthly performance fee equals twenty percent (20%) of the new trading profits of the client's account value during each calendar month. This is an incentive charge for trading performance. As used herein, new trading profits means, for any calendar month, the sum of (i) the net of any profits and losses realized on all trades and positions in forex transactions closed out for the account during such month, plus (ii) the net of any unrealized profits and losses on open positions in forex transactions in the account as of the last business day of such month, minus (iii) (A) the net of any unrealized profits or losses on open positions in the account as of the last business day of the immediately preceding month, and (B) cumulative net realized or unrealized trading losses in forex interests in the account (reduced by a proportionate share of realized and unrealized trading losses in forex interests in the account attributable to withdrawn amounts, to the extent that the dollar value of such withdrawn amounts exceeds the dollar value of additions to the account during such month), if any, carried forward from all preceding calendar months since the last calendar month for which performance fees were paid to Valhalla Capital Group with respect to the account or, if no performance fee has ever been paid with respect to such account, then since the commencement of trading there for. New trading profits shall be calculated (i) after deduction of brokerage commissions and other transaction charges and (ii) exclusive of interest income. If any performance fee shall have been paid to Valhalla Capital Group, and the account shall thereafter incur a net loss for any subsequent month, Valhalla Capital Group shall be entitled to retain the performance fees previously paid from the account. However, no subsequent performance fee shall be paid to Valhalla Capital Group until the account has again experienced new appreciation. Losses carried forward into subsequent months will be reduced proportionately for any withdrawals of capital.

Other fees / commissions

Valhalla Capital Group, as the introducing broker to CMAC1R, also collects a rebate of 1 pip (1 pip represents \$10 on USD cross pairs, See Understanding Pips / Calculating Pip Value for calculating pip value on USD base pairs, Page 33) per round turn lot traded, and this is embedded in the PFG bid-ask spreads charged on each transaction. This is a rebate collected for introducing clients to the program.

MS1 Trading Program Fees

The LPOA for the MS1 program provides for a monthly management fee to be paid from the client's account regardless of whether the account is profitable, and a monthly performance fee payable solely out of net new appreciation in the account's value. These standard fees are as follows:

Management Fee

The Management fee equals an annualized 2% of the account value as of the end of each month. This fee is used to maintain overhead cost, such as utility, employees, server's maintenance etc. The trading advisor will charge a management fee of 1/12 of 2% monthly (2% annually), of the ending monthly Net Asset Value ("NAV") on the MS1 Trading Program. NAV is defined as the account's total assets less total liabilities and includes the net profit of the account.

NAV is the total of Gross Ending Equity plus all Notional Funds plus any withdrawals made during the month. This management fee will be charged whether or not trading has been profitable and are not pro-rated. Gross Ending Equity is defined as the Beginning Equity plus any Additions minus any Withdrawals plus the Gross Trading Performance Plus Interest ("GTPPI") minus any fees or charges other than those listed under Brokerage Commission & Miscellaneous Fees. Such fees would include any wire transfer fees. GTPPI is defined as the sum of the realized and unrealized trading profits plus any interest credited to the account during the period.

Monthly Performance Fee

The monthly performance fee equals twenty percent (20%) of the new trading profits of the client's account value during each calendar month. This is an incentive charge for trading performance. As used herein, new trading profits means, for any calendar month, the sum of (i) the net of any profits and losses realized on all trades and positions in forex transactions closed out for the account during such month, plus (ii) the net of any unrealized profits and losses on open positions in forex transactions in the account as of the last business day of such month, minus (iii) (A) the net of any unrealized profits or losses on open positions in the account as of the last business day of the immediately preceding month, and (B) cumulative net realized or unrealized trading losses in forex interests in the account (reduced by a proportionate share of realized and unrealized trading losses in forex interests in the account attributable to withdrawn amounts, to the extent that the dollar value of such withdrawn amounts exceeds the dollar value of additions to the account during such month), if any, carried forward from all preceding calendar months since the last calendar month for which performance fees were paid to Valhalla Capital Group with respect to the account or, if no performance fee has ever been paid with respect to such account, then since the commencement of trading there for. New trading profits shall be calculated (i) after deduction of brokerage commissions and other transaction charges and (ii) exclusive of interest income. If any performance fee shall have been paid to Valhalla Capital Group, and the account shall thereafter incur a net loss for any subsequent month, Valhalla Capital Group shall be entitled to retain the performance fees previously paid from the account. However, no subsequent performance fee shall be paid to Valhalla Capital Group until the account has again experienced new appreciation. Losses carried forward into subsequent months will be reduced proportionately for any withdrawals of capital.

Other fees / commissions

Valhalla Capital Group, as the introducing broker to MS1, may also collect a rebate ranging from \$1 per million to 1 pip (1 pip represents \$10 on USD cross pairs, See Understanding Pips / Calculating Pip Value for calculating pip value on USD base pairs, Page 33) per round turn lot traded, and this is embedded in the counterparty commissions/spread charged on each transaction. This is a rebate collected for introducing clients to the program.



IAB Program Fees

The LPOA for the program provides for a monthly performance fee payable solely out of net new appreciation in the account's value. These standard fees are as follows:

Monthly Performance Fee

The monthly performance fee equals fifty percent (50%) of the new trading profits of the client's account value during each calendar month. This is an incentive charge for trading performance. As used herein, new trading profits means, for any calendar month, the sum of (i) the net of any profits and losses realized on all trades and positions in forex transactions closed out for the account during such month, plus (ii) the net of any unrealized profits and losses on open positions in forex transactions in the account as of the last business day of such month, minus (iii) (A) the net of any unrealized profits or losses on open positions in the account as of the last business day of the immediately preceding month, and (B) cumulative net realized or unrealized trading losses in forex interests in the account (reduced by a proportionate share of realized and unrealized trading losses in forex interests in the account attributable to withdrawn amounts, to the extent that the dollar value of such withdrawn amounts exceeds the dollar value of additions to the account during such month), if any, carried forward from all preceding calendar months since the last calendar month for which performance fees were paid to Valhalla Capital Group with respect to the account or, if no performance fee has ever been paid with respect to such account, then since the commencement of trading there for. New trading profits shall be calculated (i) after deduction of brokerage commissions and other transaction charges and (ii) exclusive of interest income. If any performance fee shall have been paid to Valhalla Capital Group, and the account shall thereafter incur a net loss for any subsequent month, Valhalla Capital Group shall be entitled to retain the performance fees previously paid from the account. However, no subsequent performance fee shall be paid to Valhalla Capital Group until the account has again experienced new appreciation. Losses carried forward into subsequent months will be reduced proportionately for any withdrawals of capital.

Other fees / commissions

Valhalla Capital Group, as the introducing broker to IAB program, also collects a dollars per million rebate, embedded in the FC Stone charge for introducing clients to the program. The actual rebate being collected varies, based on the volume traded by the portfolio and the rebate ranges between \$1 -\$5 per million.

i.e. If the Investment Manager trades 100 contracts of \$100,000 over the course of a month, then the manager did \$10,000,000 in volume for the month and would receive a commission of \$1 - \$5 for each million in volume traded. At \$5 per million, Valhalla Capital Group, LLC would receive a commission of \$50.

Conflicts of Interest

Valhalla Capital Group acts as trading advisor to numerous managed accounts, all of which compete with each other for Valhalla Capital Group's services and time. Thus, Valhalla Capital Group could have a conflict of interest between its responsibilities to one client's account and to those other accounts. Valhalla Capital Group believes that it has sufficient resources to discharge its responsibilities in this regard in a fair manner. Valhalla Capital Group may receive higher advisory fees from some accounts than others. Valhalla Capital Group, however, trades all its accounts within the portfolio in a substantially similar manner, given the differences in size and timing of the capital additions and withdrawals.

Principals/Associated Persons of Valhalla Capital Group and Valhalla Capital Group itself, may trade SPOT FOREX positions for his/her/its own accounts. A conflict of interest exists if proprietary trades are in the same markets and at the same time, using the same counterparty as another account. To the extent executions are bundled and then allocated among accounts held at the counterparty, one account may receive less favorable executions than other accounts. It is Valhalla Capital Group's policy to objectively allocate trade executions that afford each account the same likelihood of receiving favorable or unfavorable executions over time. Valhalla Capital Group, LLC will use a PAMM account (Percentage Allocation Management Module) as the sole method for allocation of trades among its investors on each trading program (See What is a PAMM account, page 10).

A potential conflict also may occur if Valhalla Capital Group or its principals were to trade their proprietary accounts more aggressively, or take positions in proprietary accounts which are opposite, or ahead of, the positions taken by any non-proprietary account. While VCG will not give preference to orders placed for their own account over orders placed for their client's accounts, conflicts of interest could result because the personal account could also be competing with client's accounts for trades. Valhalla Capital Group will only trade in conjunction with the program and will not trade opposite or ahead of the positions taken for the client. Clients will be given the ability at any time to inspect the records of any proprietary account.

There is a conflict of interest with regard to Valhalla Capital Group being registered as both a Commodity Trading Advisor and an Introducing Broker. VCG may be incentivized to over trade their managed account program(s), as VCG will receive more rebates/fees for each trade for each of the clients they introduce to each counterparty.

The Trading Capacity

Valhalla Capital Group believes that it is not possible to define or quantify capacity with any degree of certainty. As assets under management have increased, Valhalla Capital Group has continued to introduce new strategies designed to deliver returns which have low correlation to returns from existing strategies. In addition, Valhalla Capital Group has continued to develop new ways to manage assets, such as the application of dynamic portfolio and capital management tools and innovative execution methods. At the same time, a significant increase in assets has led to portfolio compromises, as increasingly large positions can only be established and maintained in those markets that have sufficient depth and liquidity.

Notwithstanding Valhalla Capital Group's research, risk and portfolio management efforts, there may come a time when the combination of available markets and new strategies may not be sufficient for Valhalla Capital Group to add new assets without detriment to diversification. If this were to occur, Valhalla Capital Group would expect risk-adjusted returns to begin to degrade – a more concentrated portfolio may result in lower risk-adjusted returns and may have a detrimental effect on your investment. See "The Risks You Face – Trading Risks – Increase in Assets Under Management May Make Profitable Trading More Difficult."

NOTIONALLY FUNDED ACCOUNTS

Valhalla Capital Group will accept accounts under its CMAC1R that are not fully funded or notionally funded (Notional Accounts). All clients will disclose on our Management Agreement, the actual cash amount deposited and the requested nominal value being requested.

Description of Notional Funding

For an account to be 'fully funded', the market value of the account should equal the account's net assets. If a client wishes to partially fund an account, Valhalla Capital Group can advise the client of an appropriate amount of cash or other assets (actual funds) which should be deposited in the client's account in order to make it unlikely (but not impossible), that any further cash deposits would be required.

If a client requests Valhalla Capital Group to trade an account that is not fully funded, Valhalla Capital Group requires a Management Agreement that will provide the client an opportunity to state the amount they would like notionally funded, in a format acceptable to Valhalla Capital Group, in its sole discretion.

You should consult the account statements received from your Futures Commission Merchant to determine the actual activity in your account, including profits, losses and current cash equity balance. To the extent that the equity in an account is at any time less than the account's net assets, you should be aware of the following:

- (i) While profits and losses, fees and commissions measured in dollars are the same, they are greater when expressed as a percentage of the actual account equity. For more, see the conversion matrix on page 24 to calculate the effect of notional and partial funded accounts. Partial funding increases the fees and commissions as a percentage of actual funds but does not increase the dollar amount of those fees.
- (ii) You may receive more frequent and larger margin calls.
- (iii) Where the account's net assets are greater than the amount actually deposited in your account may experience proportionally greater losses, as well as greater profits on the actual amount invested than on a fully funded account.
- (iv) Increases/decreases in the trading level may occur either by adding to or withdrawing capital in the account or by increasing/decreasing the account's notional funds. As above, see the matrix on page 24 to calculate the effect of notional and partial funded accounts.

Cash additions and withdrawals to the account will not affect the Nominal Account Size. In order to change the Nominal Account Size, a client must notify Valhalla Capital Group in writing, of the revised Nominal Account Size. This notification must be received 3 days or more prior to the beginning of the month.

Valhalla Capital Group reserves the right to limit the number of participants in all trading programs as well as the amount of equity allowed to be traded in all trading programs, or to discontinue the Program(s) altogether, in its sole discretion, without notice.

Here is an example of a notionally funded account:

A client wants to open an account under the CMAC1R program with a *trading level* of \$100,000, but doesn't want to deposit the full \$100,000 cash with the broker, and instead would like to only deposit \$25,000. The *trading level* or *Nominal Account Value* will be set by the broker, PFG Best, at \$100,000. The account will then be traded as if \$100,000 cash were in the account. The deposit made to PFG Best, the broker, is the *actual cash* or *actual equity* in the account or \$25,000. The *Notional Amount* or *Notional Value* of the account is \$75,000, which is simply the difference between the actual account equity and the Nominal Account Value of the account).

Leverage of Notional Trading

| Actual Rate of Return (1) | Levels of Funding (2) | | |
|--|-----------------------|------|------|
| | 100% | 50% | 25% |
| -15% | -15% | -30% | -60% |
| -10% | -10% | -20% | -40% |
| -5% | -5% | -10% | -20% |
| 5% | 5% | 10% | 20% |
| 10% | 10% | 20% | 40% |
| 15% | 15% | 30% | 60% |
| Rates of Return at Various Funding Levels (3) | | | |

- (1) This column represents the range of actual rates of return for fully funded accounts.
- (2) These represent the percentage of actual funds divided by the fully funded trading level.
- (3) These columns represent the rate of return experienced by a client at various levels of funding. The rates of return for accounts that are not fully funded are inversely proportionate to the actual rates of return based on the percentage level of funding.

Because the advisor’s strategy is proprietary and confidential, only the most general description of the risks involved in the operation of an account is possible. No such description can fully convey the risks of the highly leveraged strategies which the advisor implements.

You should request Valhalla Capital Group, LLC 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 Valhalla Capital Group 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’ size) is not the maximum possible loss that your account may experience.

You should consult the account statements received from your Futures Commission Merchant (‘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 the account equity.
2. You may receive more frequent and larger margin calls
3. The ‘Leverage of Notional Trading’ disclosure (See Page 24) may be used to convert the rates of returns (“RORs”) shown in the performance capsule disclosures (See Page 32), to the corresponding RORs for particular partial funding levels.
4. Notional Equity creates additional leverage in an account relative to the cash in such account. This additional leverage results in proportionately greater risk of loss/gain. While the possibility of losing all of the cash in an account is present in all accounts, accounts that contain notional equity have a proportionately greater risk of loss.



The Forex Broker

Counterparty brokers that are preferred for our trading programs are as follows:

CMAC1R and MS1 programs are traded at PFG Best

PEREGRINE FINANCIAL GROUP, INC. ("PFG or PFG Best") is an Iowa corporation with its principal address at 190 S. LaSalle Street, 7th Floor, Chicago, Illinois 60603. PFG is registered with the Commodities Futures Trading Commission ("CFTC") as a futures commission merchant ("FCM") and is a member of the National Futures Association ("NFA").

PFG will maintain the Customer's account on a "fully disclosed" basis. The positions and funds of the Customer held by PFG will be commingled with those of other customers, but segregated from those of the Broker, pursuant to the CFTC's rules.

PFG clears its customers' transactions on an omnibus basis. PFG will be responsible for transaction, order execution of futures and options contracts, as well as certain administrative duties, such as record keeping, transmittal of confirmation and statements to the Customer, and calculating the equity balances and margin requirements for the Customer's account.

PFG has not assisted in the preparation of this disclosure document except to the extent that it has provided information relative to a description of itself, its limited role and the material legal proceedings that involves PFG. PFG is not connected in any way with this trading program, other than in its capacity as an FCM for the Customer's account. Accordingly, any person who is solicited in connection with this trading program should realize that those who solicited his investment are not representatives of PFG, and PFG is not involved with this trading program except in its limited role as a carrying broker. The opening and maintenance of the Customer's accounts with PFG does not constitute an endorsement or recommendation of this trading program by PFG.

Disciplinary History

There has been no other material administrative, civil, or criminal proceedings against PFG or any of its principals with the preceding 5 years of the date of this Disclosure Document that would be material to a client's decision to open and maintain a commodities account with PFG.

The Advisor, solely in reliance upon representations of the management of PFG, believes that any pending litigation in which PFG may be involved will not have a material effect upon PFG's condition, financial or otherwise, and that such actions are not material to Customer's decision to have his account carried by PFG. PFG vigorously defends, as a matter of policy, civil litigation, reparations and arbitration proceedings brought against it and, in all such proceedings currently pending, the management of PFG has represented to the CTA that PFG has factually and legally sound defenses.

PFG Best Commissions/Pip Spread Charged

PFG Best charges a 1 pip* spread mark up to all clients of the CMAC1R model for their commission, over and above the interbank market pricing fed to PFG Best through their liquidity providers (see below).

*1 pip represents \$10 on USD cross pairs, See Understanding Pips / Calculating Pip Value for calculating pip value on USD base pairs, Page 33

Liquidity Provider

Also referred to as a Market Maker. One who maintains firm bid and offer prices by standing ready to buy or sell at publicly quoted prices.



International AB program is traded at FC Stone

FCSTONE, LLC is a Futures Commission Merchant (FCM) on all major commodity exchanges in North America. FCStone, LLC is a leader in exchange volume and open interest in many of the most widely traded commodities.

FCStone is also a market leader in the development of innovative, customized OTC strategies, with more than 1.3 million OTC contracts traded in FY2008.

FCStone History

FCStone is a leading commodity risk-management company with roots dating back to 1924. Starting as a farmer-owned co-op, FCStone later became a private company and, in 2007, went public.

Throughout the years and through organic growth, mergers, and acquisitions, FCStone has added expertise and capabilities in energy, cotton and textiles, forest products, dairy products, and a host of other commodities. But it has never lost sight of its agricultural heritage and its commitment to helping customers improve their bottom-line results.

Disciplinary History

FCStone, LLC - Bankruptcy Case, Case No. 07-14987

On August 17, 2007, Sentinel Management Group, Inc. filed for bankruptcy protection in the United States Bankruptcy Court for the Northern District Illinois. The trustee in the bankruptcy case filed an adversary complaint against a number of futures commission merchants including FCStone, LLC. The complaint seeks the avoidance and recovery of alleged preferential transfers made prior to the petition date. A trial date is set for July 5, 2010, and the parties are in the early stages of discovery.

As the case with other brokerage firms in the securities and commodities business handling numerous customer accounts, FCS is occasionally involved in civil litigation and administrative proceedings brought by its customers. Except as discussed above, the current or pending civil litigation or administrative proceedings in which FCS is involved are not expected to have a material effect upon its condition, financial or otherwise. FCS vigorously defends, as a matter of policy, civil litigation, reparation, and arbitration proceedings brought against it and, in all such proceedings currently pending, FCS believes that it has factually and legally sound defenses.

FCStone Commissions/Pip Spread Charged

FC Stone charges between \$17 - \$25 per million for executing and settling all trades through their platforms.



The Introducing Broker (IB)

Valhalla Capital Group will recommend that clients choose Valhalla Capital Group as their Introducing Broker. However, a client is not required to follow the recommendation of Valhalla Capital Group and the client is free to choose the Introducing Broker of their choice.

Accounts introduced by Valhalla Capital Group to be traded under one of VCGs managed programs, will result in VCG receiving a rebate / commissions that varies by counterparty and/or currency pair traded. These rebates / commissions can range from \$1 **per million*** traded and go up to \$10 per standard lot (round turn).

***PER MILLION: If the Investment Manager trades 100 contracts of \$100,000 over the course of a month, then the manager did \$10,000,000 in volume for the month and would receive a commission of \$1 for each million in volume traded. At \$1 per million, Valhalla Capital Group, LLC would receive a commission of \$10.**



Added Disclosures

Valhalla Capital Group reserves the right to waive any and all fees, commissions, profit sharing fee and management fee at its sole discretion.

Valhalla Capital Group will accept new funds anytime, but reserves the right to begin trading the new funds the beginning of any future month. Valhalla Capital Group will not hold investor funds past a maximum of 30 days, prior to the commencement of trading.

ANY FEES, COMMISSIONS, PROFIT SHARING FEES AND MANAGEMENT FEES THAT HAVE BEEN PAID TO VALHALLA CAPITAL GROUP WILL NOT BE REIMBURSED TO THE INVESTOR SHOULD THE INVESTOR LOSE MONEY IN ANY MONTH.

The investor authorizes the counterparty, after the last business day of each month to deduct from the investor's account and pay to Valhalla Capital Group any profit sharing fees earned by Valhalla Capital Group.

If the investor's account is closed as of any date which is not the end of a month, the trading profit sharing fee described above, if applicable, will be determined as if that date were the end of a month and paid to Valhalla Capital Group.

Investor Privacy Policy

The CFTC has approved regulations that impose various requirements on financial institutions' treatment of customer information. The regulations require that financial institutions develop privacy policies and disclose these policies to its customers.

Valhalla Capital Group considers your privacy one of our utmost concerns. This Privacy Notice outlines our current policies and practices regarding how information about individual customers is collected and used. Should any portion of our current policies and practices change you will be sent a revised Privacy Notice in advance, thus providing you with sufficient notice to respond prior to the effective date of the change.

Personal Information

When you apply for or maintain a live account with Valhalla Capital Group, LLC, 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. Such information may include:

- application information: Information you provide to us on applications and other forms, such as your name, address, birth date, Social Security number, occupation, assets, and income;
- transaction information: Information about your transactions with us and with our affiliates as well as information about our communications with you. Examples include your account balances, trading activity, your inquiries, and our responses;
- verification information: Information necessary to verify your identity, such as a passport or driver's license. Examples also include background information about you we receive from public records or from other entities not affiliated with Valhalla Capital Group, LLC. The USA PATRIOT Act requires us to collect information and take actions necessary to verify your identity.

About Cookies



Cookies are small files containing information that a Web site uses to track its visitors. Valhalla Capital Group, LLC may set and access Valhalla Capital Group, LLC cookies on your computer, enabling us to learn which advertisements and promotions bring users to our Web site. Valhalla Capital Group, LLC or any of its divisions may use cookies in connection with Valhalla Capital Group, LLC's products and services to track your activities on our Web sites. Such information that we collect and share would be anonymous and not personally identifiable.

Sharing Information with Our Affiliates

We may share personal information described above with our affiliates for business purposes, such as, but not limited to, servicing customer accounts and informing customers about new products and services, or to aid in the trading activity of the company, its affiliates, or employees, and as permitted by applicable law. Our affiliates may include companies controlled or owned by us as well as companies that have an ownership interest in our company. The information we share with affiliates may include any of the information described above, such as your name, address, trading and account information. Our affiliates maintain the privacy of your information to the same extent Valhalla Capital Group, LLC does in accordance with this Policy.

Sharing Information with Third Parties

Valhalla Capital Group, LLC does not disclose your personal information to third parties, except as described in this Policy. Third party disclosures may include sharing such information with non-affiliated companies that perform support services for your account or facilitate your transactions with Valhalla Capital Group, LLC, including those that provide professional, legal, or accounting advice to Valhalla Capital Group, LLC. Non-affiliated companies that assist Valhalla Capital Group, LLC in providing services to you are required to maintain the confidentiality of such information to the extent they receive it and to use your personal information only in the course of providing such services and only for the purposes that Valhalla Capital Group, LLC dictates.

We may also disclose your personal information to third parties to fulfill your instructions or pursuant to your expressed consent.

We want you to know that Valhalla Capital Group, LLC will not sell your personal information.

Regulatory Disclosure

Under limited circumstances, Valhalla Capital Group, LLC may disclose your personal information to third parties as permitted by, or to comply with, applicable laws and regulations. For example, we may disclose personal information to cooperate with regulatory authorities and law enforcement agencies to comply with subpoenas or other official requests, and as necessary to protect our rights or property. Except as described in this privacy policy, we will not use your personal information for any other purpose, unless we describe how such information will be used at the time you disclose it to us or we obtain your permission.

Opt Out

You are not required to supply any of the personal information that we may request; however, failure to do so may result in our being unable to open or maintain your account or to provide services to you. While we make every effort to ensure that all information we hold about you is accurate, complete, and up to date, you can help us considerably in this regard by promptly notifying us if there are any changes to your personal information.

If you do not wish to have your personal information disclosed to our affiliates or other third parties as described in this Policy, please contact us via e-mail at: info@valhallacapitalgroup.com or send your request to:



Valhalla Capital Group, LLC
Attention: Compliance Officer
20626 Highland Hall Drive
Montgomery Village, MD 20886
Fax +1-813-283-9069

Disclosure Document

Please be advised, that if we receive such instruction we will not be able to service your account and must close any open and funded accounts you have.

Indemnification

Valhalla Capital Group nor any of its employees, principals, legal advisors, accounting firm or other affiliates shall in any way be personally liable to the client or to any other parties in connection with any orders for the purchase, sale, spread or trading of FOREX on behalf of the client or for any other actions taken by Valhalla Capital Group in connection with the management of an account which is not the result of fraud or willful, wanton or reckless misconduct on the part of Valhalla Capital Group. All spreads, purchases, sales and trades and all expenses and losses of the account shall be for the account of and at the risk of the client.



Performance Records Disclosure

The CFTC mandates that all Commodity Trading Advisors should disclose the actual performance records of all accounts, which the Commodity Trading Advisor and its principals have had the authority, via Limited Power of Attorney ('POA'), to trade.

THIS TRADING ADVISOR PREVIOUSLY HAS NOT DIRECTED ANY ACCOUNTS

Valhalla Capital Group, is registered as an Introducing Broker, and has now also become a registered Commodity Trading Advisor as of October 7, 2009. The CTA was formed to offer its own trading programs, outside of other 3rd party programs referred to by Valhalla Capital Group.

The trading strategies behind the managed programs of Valhalla Capital Group are presently being used by Capital Ventures, LLC, however, for a different client base. VCG created this CTA to offer the respective trading programs to a new group of clients. Therefore, as a new entity, the preceding bold disclosure is completely accurate for VCG. VCG, as of the date of this document, has not directed any accounts.

The performance records on the pages that follow show the actual track record of the principals and Capital Ventures, LLC, from the respective program inception dates beginning from the earliest in April 2009. The disclosures are mandatory as Stephen Hart ,Phillip C. Campbell and Capital Ventures, LLC are principals of Valhalla Capital Group.

Prospective clients are reminded not to assume that Valhalla Capital Group has its own track record.



Performance of the CMAC1R Program
 Under Capital Ventures, LLC CTA
 Capsule Composite Performance Record
 April 2009 – October 2009

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Commodity Trading Advisor (CTA): Capital Ventures, LLC
 Name of Trading Program: CMAC1R
 Date Capital Ventures began trading client accounts: August 2008
 Date CTA program began trading client accounts: April 2009
 Program's Total AUM: \$176,345.19
 CTA's Total AUM: \$1,072,387.13
 Worst Monthly % Draw-down*: -0.68% (July 2009)
 Worst Peak-to-Valley Draw-down**: 0.68% (June 2009 – July 2009)

Current # of Active Accounts: 9
 # Accounts Opened and closed with a profit: 0
 # Accounts Opened and closed with a loss: 1
 Range of Returns experienced by closed accounts with a profit: n/a
 Range of Returns experienced by closed accounts with a loss: -0.47%

| Year | Rate of Return @ 1x leverage (Computed on a compounded monthly basis) | | | | | | | | | | | | YTD |
|------|---|-----|-----|-------|-------|-------|--------|-------|-------|--------|-----|-----|-------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | |
| 2009 | NT | NT | NT | 0.65% | 1.09% | 0.36% | -0.68% | 0.05% | 0.93% | -0.16% | | | 2.25% |

CMAC1R does have 2 clients exercising the use of Notional Funding to leverage their accounts 4x. Their performance figures based on the partial funding level are reflected below.

| Year | Rate of Return @ 4x leverage (Computed on a compounded monthly basis) | | | | | | | | | | | | YTD |
|------|---|-----|-----|-------|-------|-------|--------|-------|-------|--------|-----|-----|-------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | |
| 2009 | NT | NT | NT | 2.60% | 4.36% | 1.44% | -2.72% | 0.20% | 3.72% | -0.64% | | | 9.11% |

The preceding capsule represents the actual live composite trading results of all client accounts managed by Capital Ventures, LLC CMAC1R trading program as of April 2009 through September 2009, on a monthly and annual basis (year-to-date for partial year).

Rate of Return ('ROR') in capsule is NET of all performance fees (meaning above ROR calculations reflect a 20% performance fee deducted). The performance capsules reflected above are net of all trading fees charged by the counterparty broker.

Performance Fees are charged at rates ranging from 0% to 20% of Net New Trading Profits, as defined. Additions and withdrawals are accounted for. Management reserves the right to waive and/or negotiate management and/or performance fees.

*Draw-down means losses experienced by the trading program over a specified period

**Worst Peak to Valley Draw-down means the greatest cumulative percentage decline in month-end net asset value due to losses sustained by a trading program during any period in which the initial beginning of month net asset value is not equaled or exceeded by a subsequent month-end net asset value.



Performance of the International AB (IAB) Program
 Under Capital Ventures, LLC CTA
 Capsule Composite Performance Record
 July 2009 – October 2009

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Commodity Trading Advisor (CTA): Capital Ventures, LLC
 Name of Trading Program: International AB (IAB)
 Date Capital Ventures began trading client accounts: August 2008
 Date CTA program began trading client accounts: July 2009
 Program's Total AUM: \$896,041.94
 CTA's Total AUM: \$1,072,387.13
 Worst Monthly % Draw-down*: 0%
 Worst Peak-to-Valley Draw-down**: 0%

Current # of Active Accounts: 6
 # Accounts Opened and closed with a profit: 0
 # Accounts Opened and closed with a loss: 0
 Range of Returns experienced by closed accounts with a profit: n/a
 Range of Returns experienced by closed accounts with a loss: n/a

| Year | Rate of Return (Computed on a compounded monthly basis) | | | | | | | | | | | | |
|------|---|-----|-----|-----|-----|-----|-------|-------|-------|-------|-----|-----|--------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
| 2009 | | | | | | | 7.51% | 4.91% | 8.25% | 5.35% | | | 28.63% |

The preceding capsule represents the actual live composite trading results of all client accounts managed by Capital Ventures, LLC International AB trading program as of July 2009 through October 2009, on a monthly and annual basis (year-to-date for partial year). The International AB program was managed via the sub-advisors Finexo Global Investments, Ltd.(see page 6 for more detailed explanation).

Rate of Return ('ROR') in capsule is NET of all performance fees (meaning above ROR calculations reflect a 50% performance fee deducted). The performance capsule reflected above is net of all trading fees charged by the counterparty broker.

Performance Fees are charged at rates ranging from 0% to 50% of Net New Trading Profits, as defined. Additions and withdrawals are accounted for. Management reserves the right to waive and/or negotiate management and/or performance fees.

*Draw-down means losses experienced by the trading program over a specified period.

**Worst Peak to Valley Draw-down means the greatest cumulative percentage decline in month-end net asset value due to losses sustained by a trading program during any period in which the initial beginning of month net asset value is not equaled or exceeded by a subsequent month-end net asset value.



PROPRIETARY PERFORMANCE
 MS1 Program
 Capsule - Composite Performance Record
 May 2009 – October 2009

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Commodity Trading Advisor (CTA): Capital Ventures, LLC
 Name of Trading Program: MS1
 Date CTA began trading client accounts: August 2008
 Date CTA program began trading client accounts: May 2009
 Program's Total AUM: \$546,390.00
 CTA's Total AUM: \$1,072,387.13
 Worst Monthly % Draw-down*: 0%
 Worst Peak-to-Valley Draw-down**: 0%

Current # of Active Accounts: 1
 # Accounts Opened and closed with a profit: 0
 # Accounts Opened and closed with a loss: 0
 Range of Returns experienced by closed accounts with a profit: n/a
 Range of Returns experienced by closed accounts with a loss: n/a

| Year | Rate of Return (Computed on a compounded monthly basis) | | | | | | | | | | | | YTD |
|------|---|-----|-----|-----|--------|-------|--------|--------|-------|-------|-----|-----|--------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | |
| 2009 | | | | | 18.14% | 6.49% | 13.29% | 15.79% | 0.56% | 3.77% | | | 72.21% |

The proprietary performance and RORs above, reflects pro forma data that has factored deductions for a performance fees charge of 30% and annualized 2% management fee, collected on a monthly basis). The performance capsule reflected above is net of all trading fees charged by the counterparty broker.

ROR is actual returns on live trading of the proprietary account from May 2009 – October 2009. **They are listed as the proprietary results due to the fact that no funds of clients were invested in this program through October 2009**, so the results shown are what our client could have earned over this point, but not what actually was earned.

The amount of proprietary assets traded pursuant to the MS1 program total \$546,390.00.

*Draw-down means losses experienced by a trading program over a specified period

**Worst Peak to Valley Draw-down means the greatest cumulative percentage decline in month-end net asset value due to losses sustained by a trading program during any period in which the initial beginning of month net asset value is not equaled or exceeded by a subsequent month-end net asset value.

Forex Basics

How A Currency Trade Works

Reading A Currency Quote

Currencies are quoted in pairs, e.g. GBP/USD, USD/CHF etc. The first listed currency is called the "base" currency. The base currency is the basis for the buy or sell transaction. The second listed currency is called the "cross" currency.

As an example, if you place a buy GBP/USD order with your broker what you have effectively done is sell US dollars and bought Great British pounds (GBP). By definition, the first currency is the stronger between the two.

Let's look at another example: USD/CAD

If you believe that the Canadian government is going to weaken its currency (Canadian dollar) in order to help its export industry you would BUY USD/CAD (in trading terms: GO LONG). Why? Because you want to own US dollars while they appreciate against the Canadian dollar. On the other hand, if you believe that due to instability in the US economy the US dollar will lose value you would execute a SELL USD/CAD (in trading terms: GO SHORT). By doing so you have sold US dollars with the expectation that they will depreciate against the Canadian dollar.

There are many currency pairs in existence. However, the ones we consider important are the 'G7' currency pairs, those with the best market liquidity, i.e. the most heavily trade. They possess all the quality a good market has for trading purposes.

The following is a list of these currency pairs:

- EUR/USD : Euro and United States dollar
- USD/JPY: United States dollar and Japanese yen
- USD/CHF: United States dollar and Swiss franc
- GBP/USD: Great British pound and United States dollar
- AUD/USD: Australian dollar and United States dollar
- USD/CAD: United States dollar and Canadian dollar

Understanding Pips

Every currency pair has a corresponding value and hence a quote. For example, a GBP/USD quote could be 1.5776. This means that the exchange rate for every GBP is USD 1.5776. In other words, it would cost the trader USD 1.5776 to buy a single GBP.

A pip is the smallest price change that a given exchange rate can make. In our example a move from 1.5776 to 1.5777 would indicate a 1 pip increase. Since most major currency pairs (but not all, example of an important exception is the USD/JPY pair) are priced to four decimal places (.0000), the smallest change is obviously that of the last decimal point, or one basis point.

Calculating Pip Value

The value of a pip depends on the amount that is being bought or sold of that specific currency. Let's use a 10,000 unit purchase for our example. Formula: (one pip with proper decimal placement/currency exchange rate) X (amount being purchased) = pip value

Example: GBP/USD Rate is 1.5776

$0.0001/1.5776 \times \text{GBP } 10,000 = 0.6339 \text{ GBP}$. Since we want the value in USD we multiply the GBP pip value by the exchange rate: $0.6339 \times 1.5776 = \text{USD } 1.00$. In other words, in a USD 10,000 purchase of GBP's the pip value is one dollar.

We can see that when the USD is the weaker currency between the two, a pip value will be one USD. However, this is not the case if the USD is the stronger currency. Let's look at some examples:

Example: USD/JPY Rate is 113.20

$.01/113.20 \times \text{USD } 10,000 = \text{USD } 0.8834$. Since the USD is the base currency we do not have to go on and multiply the pip value by the exchange rate (like in the above example).

Don't worry! We just wanted you to know the correct way to calculate pip value but in reality most trading platforms will tell you automatically the correct pip value of the currency pair being traded.



Exhibit A

Client Acknowledgement of Disclosure Document

The undersigned hereby acknowledges that he has read and understood the Disclosure Document for Valhalla Capital Group, LLC. Dated November 15, 2009, and agrees to all of the terms and conditions thereof, and has carefully considered the matters outlined and referred to therein in determining whether to open a commodity trading account advised by Valhalla Capital Group, LLC.

Date

Client Signature

Client Name (Typed or Printed)

Acknowledgement of Electronic Receipt

The undersigned represents that this document was received electronically and the content has not been edited or altered in any way.

Date

Client Signature

Client Name (Typed or Printed)