# KINKOPF CAPITAL MANAGEMENT, LLC

## Disclosure Document

www.KinkopfCapital.com

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Commodity Trading Advisor Principal: Kenneth Kinkopf Jr.

*Member of the National Futures Association (NFA)*
*Registered with the Commodity Futures Trading Commission (CFTC) as a CTA.*

Minimum Account Size: $100,000

*Dated: February 15, 2013*

**Regulation Requirements:**

*Regulations of the Commodity Futures Trading Commission (CFTC) require that a Commodity Trading Advisor provide each prospective client with a "Disclosure Document" which contains certain information including the Commodity Trading Advisor's performance record, and the risks of commodity trading. This Disclosure Document has been prepared for prospective clients of Kinkopf Capital Management, LLC. The CFTC requires that each client sign a written acknowledgment of receipt of this document prior to initiating an account with the Trading Advisor. Such an acknowledgment is provided in the Advisory Agreement, which accompanies this Disclosure Document. Each prospective client must sign the Advisory Agreement and return it to the Commodity Trading Advisor.*

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

The last date of intended use of this Disclosure Document
November 15, 2013

# RISK DISCLOSURE STATEMENT

**THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING:**

- **IF YOU PURCHASE A COMMODITY OPTION, YOU MAY SUSTAIN A TOTAL LOSS OF THE PREMIUM AND OF ALL TRANSACTION COSTS.**
- **IF YOU PURCHASE OR SELL A COMMODITY FUTURES CONTRACT OR SELL A COMMODITY OPTION OR ENGAGE IN OFF-EXCHANGE FOREIGN CURRENCY TRADING, YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS OR SECURITY DEPOSIT AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUESTED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.**
- **UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION. THIS CAN OCCUR, FOR EXAMPLE, WHEN THE MARKET MAKES A “LIMIT MOVE.”**
- **THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A “STOP-LOSS” OR “STOP-LIMIT” ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.**
- **A “SPREAD” POSITION MAY NOT BE LESS RISKY THAN A SIMPLE “LONG” OR “SHORT” POSITION.**
- **THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY INTEREST TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.**

**IN SOME CASES, MANAGED COMMODITY ACCOUNTS ARE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY FEES. IT MAY BE NECESSARY FOR THOSE ACCOUNTS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS, AT PAGE 12, A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR.**

**THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY INTERESTS MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND COMMODITY INTEREST TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGE 7**

**THIS COMMODITY TRADING ADVISOR IS PROHIBITED BY LAW FROM ACCEPTING FUNDS IN THE TRADING ADVISOR'S NAME FROM A CLIENT FOR TRADING COMMODITY INTERESTS. YOU MUST PLACE ALL FUNDS FOR TRADING IN THIS TRADING PROGRAM DIRECTLY WITH A FUTURES COMMISSION MERCHANT OR RETAIL FOREIGN EXCHANGE DEALER, AS APPLICABLE.**

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# INTRODUCTION

Kinkopf Capital Management, LLC, (“The Advisor”) is a New Jersey formed Limited Liability Company organized on April 8, 2005. Kinkopf Capital Management, LLC, maintains its financial office in Grayslake, Illinois with a mailing address of Kinkopf Capital Management, LLC., 222 Lenox Ct, Grayslake, IL 60030-3700. The contact e-mail address is kkinkopf@kinkopfcapital.com and can be reached at (312) 859-6305.

Kinkopf Capital Management, LLC., is registered as a Commodity Trading Advisor (“CTA”) with the Commodity Futures Trading Commission (“CFTC”) as of June 3, 2005. Kinkopf Capital Management, LLC is also a member of the National Futures Association (“NFA”) effective June 16, 2005. The books and records of the Advisor will be kept and made available for inspection at 222 Lenox Ct, Grayslake, IL 60030-3700. Kenneth Kinkopf is the sole principal and managing member of the firm. The company website can be accessed at http://www.kinkopfcapital.com.

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**BACKGROUND**

Ken Kinkopf is founder and president of Kinkopf Capital Management, LLC. Mr. Kinkopf is an associate member of the National Futures Association and registered with the Commodities Futures Trading Commission as an associated person and principal of Kinkopf Capital Management as of June 3, 2005. Ken Kinkopf is responsible for all trading decisions and management of the firm. He is available for consultations and continues to be an independent consultant.

Mr. Kinkopf has been involved with market forecasting for over 25 years and began investing for himself at the age of 16 using a simple risk management model in August of 1983. Ken Kinkopf began trading options on futures in July of 1988 for himself and has exclusively traded the S&P 500 Index futures beginning June 1989. These long-term commitments led to an influential desire to study the concepts and applications of risk management. After an inexhaustible endeavor, he correlated a risk-reward model using statistical transformations with atypical data. Mr. Kinkopf began to incorporate exploratory data analysis with advanced forecasting techniques using statistical modeling software for further research. The results led to a long-term stable, systematic, non-discretionary trading system.

Mr. Kinkopf began employing his proprietary non-discretionary systematic trading system on a daily basis in January of 1999. Highlights of Mr. Kinkopf's recent achievements include winning first place in five(5) of PFG's CTA Challenges ending February 2010, August 2009, August 2007, May 2007 and November 2006 winning $2,000,000 in trade allocations.* Mr. Kinkopf will manage client funds using the identical techniques he uses to trade his proprietary account.

Mr. Kinkopf's proprietary performance was ranked in the "TOP 20 Traders" for 10 years, 5 years, 3 years and 12 months ending March 2010 by CTA-INFO.com flash reports as well as coming in as #1 Stock Index Trader for 2009 for managed account performance. Ken Kinkopf's managed account performance also made the "Top 10 Traders of 2009" as published in Futures Magazine, March 2010. Ranking source - Barclay Trading Group, LTD **

In November of 2007, Ken Kinkopf was one of eight (8) global speakers invited to present his forecasting strategies at the Taiwan 2007 Futures Trust Enterprise Forum in Taipei.

Prior to joining Kinkopf Capital Management in April of 2005, Ken Kinkopf co-founded KD Development Group LLC in December of 2002, a company which provided business consulting, security reviews, and retail franchising services. Ken Kinkopf was acting president and managed a 35-employee team before selling his interest in July of 2006.

Mr. Kinkopf has also consulted on various IT projects from July of 1996 to present date working as a technology consultant for Database Solutions, Inc through February of 2012 and Softchoice Corp since March of 2012 providing IT advice. Both companies are solution providers that contract IT consultants to work on technology integration projects for a variety of clients. Ken Kinkopf spent several months prior to July 1996 becoming certified in the latest IT technology certifications.

In May of 1991 until April of 1996, he co-foundered and became president of K&D Financial Corporation in New York, which provided sell-side financial advisory services in the managed futures industry. The company was registered with the CFTC as a CTA and was a member of the NFA. Mr. Kinkopf managed client accounts using a discretionary trading system. Mr. Kinkopf has published two technical forecasting advisories services and written for Stocks and Commodities magazine discussing several of the statistical tools and techniques used in his forecasting models.

Ken Kinkopf can be contact for discussion via the company website at www.kinkopfcapital.com
Past Performance information can be found in the section titled Past Performance beginning on page 14 in this disclosure document and on the website.

*PFG contest rankings are not inclusive of all CTA's. Only registered CTA's who deposit and trade funds at PFG can enter. Performance results are 3rd party verified as submitted by PFG. Risk adjusted return is calculated from the total return divided by daily standard deviation.
**Rankings are not inclusive of all CTA's. Only CTA's choosing to submit their performance and trading under ten millions dollars are included. Performance results are based on unaudited submissions.

## TRADING APPROACH

***OVERVIEW:***

Kinkopf Capital Management's strategy can be classified as a long-short equity program which utilizes the S&P 500 e-mini futures contracts as its trading vehicle.

There are two forms of stock market analysis employed in today's markets. One is technical analysis. The other is fundamental analysis. Technical analysts or technicians base their forecasts on patterns that develop over time and are seen as price formations in their charts. They exclude all other sources of information relating to earnings, supply and demand etc. because technicians feel that this data is reflected in the upswings and downturns in the market. Fundamental analysis on the other hand is just the opposite. Fundamentalists forecast prices by studying the economic forces affecting supply and demand. They do not use statistics generated by the market trading activity.

Ken Kinkopf uses a systematic technical analysis approach that incorporates both fundamental data and technical data that is programmatically analyzed and then statistically evaluated to produce a trading system that is robust with the ability to react to system changes over time. When all transformations and calculations encompassing all of his indicators are complete, he then computes the probability of direction and magnitude for a possible market move and positions accordingly.

***METHODOLOGY:***

Mr. Kinkopf designed his statistical trading system to dynamically manage risk by using various techniques combining volatility measures, reversal flow, price target stops and timing stops. He calls his approach "Dynamic Risk Management". Kinkopf Capital Management, LLC core investment philosophy adheres to a strict process that follows a disciplined approach towards trading. Mr. Kinkopf believes that risk management and discipline are the keys for long term sustainability in the markets.

Mr. Kinkopf's trading system reduces market exposure by over fifty percent during an average year by limiting equity exposure to system tradable events only. In December of 2007, Ken Kinkopf introduced an additional and highly innovative layer of risk management by incorporating volatility scaling into its trading program. The volatility scaling method further varies market exposure depending on system performance and market conditions.

Risk management and discipline are the keys for long term success in the markets. Discipline will allow our investment strategy to remain viable in the face of market adversity.

As an investor in any speculative venture, you must be comfortable with the amount of risk capital required for this investment. As an investor, you need to have realistic expectations about rates of return, tolerance to temporary drawdowns, and acceptance that the risk of loss always exists. Those who prematurely close their accounts out of panic and fear when they have encountered a period of flat returns or drawdown will inevitably experience losses. One should refrain from prematurely closing the account but instead, allow the account time to recover from those temporary losses in equity over time.

It is Ken Kinkopf's personal opinion that a wise investment decision would be to commit the risk capital for a minimum of three years and preferably five in this managed account program. Successfully futures trading involves patience and perseverance. Managed accounts should be looked upon as a long term portfolio component designed to help balance overall portfolio risk while adding diversification.

Mr. Kinkopf continuously trades this system on a live daily basis since 1999.

## PRINCIPAL RISK FACTORS

Commodity trading is a highly leveraged, high-risk investment, which should be made only after consultation with independent qualified sources of investment and tax advice. Among the risks involved are the following:

### PRICE FLUCTUATIONS

A principal risk in commodity trading is price volatility (or rapid price fluctuation) in the market prices of commodities and options. The profitability of an account will depend entirely on predicting trends in fluctuations in market prices. Prices of commodity contracts are affected by a wide variety of complex and hard to predict factors, such as supply and demand, governmental activities, political events, economical events, governmental regulations, and the prevailing psychological characteristics of the market place. None of the factors mentioned can be controlled by the trading advisor.

### LEVERAGE

Commodity futures contracts are traded on margins, which typically range from 2% to 20% of the value of the contract. Low margins provide a large amount of leverage. Commodity futures, which are substantially greater, then the margin, may be traded for a relatively small amount of money. Hence, a relatively small change in the market price of a commodity can produce a corresponding large profit or loss. If the trading advisor invested a substantial portion of the assets of a clients account in such a situation, a substantial change, up or down, in the value of the account would result. For example, if at the time of purchase 5% of the price of a futures contract is deposited as margin, a 5% decrease in price of the futures contract would, if the contract was closed out, result in a total loss of the margin deposit. Brokerage commissions and other expenses also would be incurred and would have to be paid despite the loss. Thus, like other leveraged investments, any trade may result in losses in excess of the amount invested.

### MARKET LIMITS

It is not always possible to execute a buy or a sell order at the desired price, or to close out an open position due to market conditions and/or price fluctuations. As an example of this latter risk, it should be noted that when the market price of a commodity futures contract reaches its daily price fluctuation limit, no trades or only a limited number of trades can be executed. Daily price fluctuation limits are established by the exchanges and approved by the Commodity Futures Trading Commission. The holder of a commodity futures contract may therefore be locked into an adverse price movement for several days and lose considerably more than the initial margin paid to establish a position. If the daily price fluctuation limit occurs on the last trading day of the contract, the holder of the futures contract who cannot liquidate his position by the end of the trading day may be required to take delivery of the physical commodity. Another instance of difficult or impossible execution occurs in thinly traded markets or markets which lack sufficient trading liquidity. As a result of the above mentioned factors, no assurance can be given that the trading advisor's orders will be executed at or near the desired price or that losses will be limited which may well exceed the total account investment.

### RISK REDUCING ORDERS

The placing of certain orders (e.g., "stop-loss" orders, where permitted, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions, may be as risky as taking simple "long" or "short" positions.

**OPTIONS TRADING**

The trading advisor may engage in trading options on commodity futures. An option gives the purchaser of the option the right but not the obligation to take a position at a specified price (the strike price) in the underlying futures contract. The purchase price of an option is referred to as its premium. The seller (or writer) of an option is obligated to take a futures position at a specified price opposite to the option buyer if the option is exercised. Options on futures are speculative and highly leveraged. The purchaser of an option risks losing the entire purchase price of the option. The seller (writer) of an option risks losing the difference between the premium received for the option and the price of the futures contract underlying the option which the writer must purchase or deliver upon exercise, which could subject the writer to an unlimited risk in the event of an increase in the price of the contract to be purchases or delivered.

**COUNTERPARTY CREDITWORTHINESS**

The Client could be unable to recover assets held at the Commodity Broker, even assets directly traceable to the client, from the Commodity Broker in the event of a bankruptcy of the Commodity Broker. The Client may also receive only a prorated portion of the assets in the event of bankruptcy. The Client would be subject to the full risk of such counterparties' default or insolvency. The bankruptcy of market counterparties or dealers could result in losses to Clients. Speculative, proprietary trading by a broker or dealer, including the FCM, may impair the safety of customers' funds (including the Client's assets) on deposit with it. Although Futures Commission Merchants are required to segregate customer funds pursuant to the Commodity Exchange Act, there is no equivalent, in the unlikely event of the Commodity Broker's bankruptcy, of the Securities Investors Protection Corporation insurance applicable in the case of securities broker dealer bankruptcies.

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**ELECTRONIC TRADING**

Most electronic trading facilities are supported by computer based component for order routing, execution, matching, registration, or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruptions or failure. The clients' ability to recover certain losses due to technical may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your or your advisor's instructions or is not executed at all.

**CONCENTRATION OF POSITIONS**

The Advisor may concentrate its trading in certain types of commodity interests. Currently the only futures contract traded is the e-mini S&P500 contracts. Consequently, your account may not maintain a variety of diverse positions. Concentration of trading in certain types of commodity interests may subject the account's performance to relatively greater volatility than if the account was more diversified.

**CHANGES IN TRADING APPROACHES AND COMMODITIES TRADED**

The Advisor believes that the development of its trading programs is a continual process. As a result of further analysis and research into the performance of a program, changes may be made from time to time in the specific manner in which the program evaluates price movements in various commodities. As a result of such modifications, the trading program that may be used by the Advisor in the future will differ from that used by the Advisor in the past and might differ from that presently being used. In addition, the Advisor may abandon a program altogether if the Advisor perceives unique market conditions. Should the advisor make material changes to the trading program, clients will be notified in writing. Consequently, the actual trading program applied by it may differ substantially from that described herein and you will not be informed with respect to such changes. The Advisor may trade any futures contracts that are traded now, or may be traded in the future, on exchanges located in the United States. In particular, the number of commodity markets available for trading has increased substantially during recent years (a process which is expected to continue), and the commodity markets in which your account trades can be expected to change significantly in the future, perhaps with adverse consequences.

**RELIANCE ON THE TRADING PROGRAMS EMPLOYED BY ADVISOR**

The Advisor primarily bases its trading decisions on technical analysis. The technical factors that can be evaluated by a trader are limited in that they must be quantifiable in order to be processed by the trader. Technical trading programs may also be unsuccessful both because the market models employed are not in fact reliable indicators of future price trends and because the markets are from time to time dominated by fundamental factors. Any factor which may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future trading profitability. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in limit moves, could also be detrimental to profits. In addition, technical analysis does not generally focus on the forces directly affecting the markets. In short, no assurance can be given that the Advisor's trading programs will be profitable. The best trading program will not be profitable if there are no fundamental or technical indicators of the kind it seeks to follow.

**INCREASED RISK WITH THE USE OF NOTIONAL FUNDS**

You may instruct the Advisor to use notional funds to trade your account. Trading leverage generally consists of two different components, cash and notional funds. Cash is the actual dollars given to the Advisor for use within an account. Notional funds are the increase in dollars, above cash, which the Advisor is instructed by you to consider itself to be managing in your account. The use of notional funds to increase the leverage at which the Advisor will trade can be expected to increase the rapidity of drawdowns and the volatility of an account; however, the use of notional funds has the potential of increasing trading profits. There can be no assurance as to which effect the leverage adjustments may have on the performance of the Advisor or on the performance of your account. If the Advisor uses notional funds for additional leverage, the equity in an account will erode much more quickly than if it does not use notional funds in the event the account experiences losing trades. The Advisor cautions prospective investors to take seriously the following warnings required by both the Commodity Futures Trading Commission and the National Futures Association which are described on page 11, titled "special disclosure for notionally-funded accounts".

**THE FOREGOING LIST OF RISKS FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN COMMODITY TRADING. POTENTIAL INVESTORS SHOULD READ THE ENTIRE DISCLOSURE DOCUMENT AND CONSULT WITH THEIR OWN FINANCIAL AND TAX ADVISORS BEFORE DECIDING TO INVEST.**

## COMMODITIES TRADED

The Trading Advisor provides forecasting for the S&P 500 and currently trades solely the S&P 500 Futures and e-minis S&P500 Futures. However there are no restrictions or limitations to the selection of commodities that the Trading Advisor may trade.

## SPECIAL DISCLOSURE FOR NOTIONALLY-FUNDED ACCOUNTS

The Trading Advisor's current minimum investment for managed accounts is $100,000 and will trade between one and six e-mini S&P 500 contracts for each full $100,000 invested. The amount traded will vary based on the Advisors volatility scaling method and market conditions. You should request your Commodity Trading Advisor to advise you of the amount of cash or other assets (Actual Funds) which should be deposited for your account to be considered "Fully Funded". This is the amount upon which the Advisor will determine the number of contracts traded in your account and should be an amount sufficient to make it unlikely that any further cash deposits would be required from you over the course of your participation in the trading program. You are reminded that the account size you have agreed to in writing (the "nominal" account size) is not the maximum possible loss that your account may experience. You should consult the account statements received from your futures commission merchant in order to determine the actual activity in your account, including profits, losses and current cash equity balance. To the extent that the equity in your account is at any time less than the nominal account size you should be aware of the following:

A. Although your gains and losses, fees and commissions measured in dollars will be the same, they will be greater when expressed as a percentage of account equity.
B. You may receive more frequent and larger margin calls.
C. The disclosures which accompany the performance table may be used to convert the rates of return in the performance table to the corresponding rates of return for particular partial funding levels.
D. The nominal account size shall be increased or decreased to reflect trading gains or losses in the account, fees and expenses charged to the account and additions to or withdrawals from the account.

The Advisor strongly recommends that the clients fund their accounts as a fully funded account, but will consider the clients desire to use notional funding on a case by case basis. Clients considering opening a notionally funded account with Kinkopf Capital Management, LLC should be certain that they fully understand the consequences of the increased leverage inherent in this type of account as compared to a fully funded account. Due to this increased leverage, such an account will experience greater percentage losses as well as greater percentage gains than if the account were fully funded at the nominal account size. Clients should examine the table below and note that the percentage of loss, as well as the percentage of gain, grow larger as funding levels are decreased, i.e. leverage increased. Additionally, one must take into consideration the effect that notional funding has on management fees. For example, if a management fee is charged an account with notional funding of 50% (i.e. $50,000 trading at the nominal amount of $100,000.) would pay a management fee of 2% on the notional amount of the account. In effect the account would be paying a management fee of 4% on the actual funds under management. The Effect of fee's on notionally funded account can be expressed as;

(Nominal account size/actual funds) * n = a

where "n" is the percentage fee based on the nominal account size and "a" is the percentage based on actual funds.

| Rates of Return (%) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Funding** | **-30%** | **-20%** | **-10%** | **0%** | **10%** | **20%** | **30%** |
| **100%** | -30% | -20% | -10% | 0% | 10% | 20% | 30% |
| **80%** | -37.5% | -25% | -12.5% | 0% | 12.5% | 25% | 37.5% |
| **60%** | -50% | -33.3% | -16.7% | 0% | 16.7% | 33.3% | 50% |
| **50%** | -60% | -40% | -20% | 0% | 20% | 40% | 60% |
| **40%** | -75% | -50% | -25% | 0% | 25% | 50% | 75% |

## ADVISORY FEES

For individual management accounts, the Trading Advisor charges a monthly management fee based upon the net assets under management at the beginning of the month and a monthly incentive fee based solely on cumulative profits from futures trading as of the end of the month. Effects of accrued advisory fees and trading commissions will decrease the Net Asset Value.

### MANAGEMENT FEES

The monthly management fee equals a one sixth of one percent (1/6%) of the net assets of the account under management as of the beginning of the month (2% per year) and are negotiable on a case by case basis. Net assets are defined to include all cash, Treasury Bills (valued at cost), and other securities, and all other assets of the account under management (valued at liquidation value) less total liabilities and accrued brokerage commissions payable.

### INCENTIVE FEES

The monthly incentive fee equals twenty percent (20%) of any new high profits in the account and are negotiable on a case by case basis. "New high profits" is the net cumulative profit (which includes both realized and unrealized profits and losses) from futures trading through the end of the calendar month. “New High Profits” means the total of (1) both realized and unrealized profits and losses from trading during the month, MINUS (2) all FCM commissions and fees. Management fees charged by the Advisor are not deducted as a fee in the “new high profit” calculation. Since the management fee is being charged after the incentive fee, the client will pay the management fee on the total investment after the incentive fee deduction. Note that a client may at times pay an incentive fee even if the new high profit for the month is not sufficient to cover the management fee being charged. Any trading losses from prior periods must be recouped and a new high in cumulative new high profit must be achieved before further incentive fees are payable. New high trading profits does not include any interest earned or credited to the account. In the calculation of New High Profits, the Trading Advisor is not required to earn back previously paid incentive fees. Carry-forward losses are proportionally reduced if, and to the extent, the client reduces the amount allocated or reduces the notional funded amount to the Trading Advisor during a period that a carry-forward loss exists. The amount of incentive fee paid in any month will not be affected by subsequent losses in your account, and no incentive fee is refundable in any circumstance.

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## FUTURES COMMISSION MERCHANTS

Clients of the Trading Advisor may establish their commodity trading accounts with a commodity broker ("FCM") of their choice. Clients may also select an introducing broker to introduce their accounts to a commodity broker, although the use of an introducing broker in connection with a commodity trading account is not mandatory and may increase brokerage-related costs to a client. Clients are responsible for negotiating all terms of the brokerage arrangements applicable to their accounts including commission rates.

The Trading Advisor neither has nor contemplates any arrangement whatsoever with any FCM or IB in connection with the establishment or continuation of a client's account. The only compensation earned or to be earned directly or indirectly by the Trading Advisor from any of the client's accounts is from fees paid by the client. The Trading Advisor may, at its sole discretion, pay certain parties who are appropriately registered portions of the fees that it earns as compensation for the introduction and maintenance of client accounts. Such parties must be registered with the CFTC as an Introducing Broker or as an FCM. The Trading Advisor reserves the right to reject any FCM or IB requested by a client for any reason, including the belief that its execution and or back office service is not satisfactory or the commission or fees charged to a client are not satisfactory. The Advisor accepts no responsibility for the performance of any FCM, IB or floor broker for the safety of client funds with the FCM or IB.

In order to maintain efficiency of order entry and trade execution, the Trading Advisor may direct all trades to any FCM it chooses for execution with instructions to "give-up" the client's clearing broker. Following execution, the trades are given up to the clearing firm at which the client’s account is held. The additional cost by the FCM to the client for the execution and “giving up” of the trade will generally range from $2.50 to $3.50 per round trade.

## ACTUAL OR POTENTIAL CONFLICTS OF INTEREST

The Trading Advisor and its principals has traded, and may continue to trade commodity interests for their own account while they manage other client accounts. The Trading Advisor employs the identical trading system and approach in trading its proprietary accounts that it uses to manage client accounts. The Trading Advisor would not and does not, in trading the account of any of his clients, treat any other account preferentially by trading more or less aggressively, intentionally and consistently take positions ahead or behind of any other account, or intentionally violate his fiduciary responsibility to his clients. The Trading Advisor and their principals also trade for their own accounts and within utilizing the same trading system, a difference of trades my arise dependent upon time frame objectives and derivatives used to enact the placement of the trade. Thus there is no assurance that such persons will not be the opposite party to a transaction effected by the Trading Advisor or its principals. As a general matter, the records of trading by the Trading Advisor and its principals will not be made available to clients.

The Advisor is compensated in proportion to their clients' gains, which encourages the Advisor to pursue investment strategies that will seek to maximize returns for their clients. It could be construed that the incentive fee could encourage the Advisor to take excessive risks in an attempt to earn an outsized incentive fee. The typical incentive fee can be viewed as an incentive for the Advisor to take greater short-term risks, which may conflict with their clients' long-term interests

All futures accounts owned or controlled by the Trading Advisor may be required to be aggregated for the purpose of determining whether the Trading Advisor has complied with the exchange position limits. Such aggregation could require a reduction in a client's positions or limitations on the trading in the client's account.

The Trading Advisor and its principals may have commodity accounts at the same brokerage firms as clients, and may, because of the amount traded through the brokerage firm, pay lower commissions than clients.

## PRIOR LITIGATION

There have been no prior material administrative, criminal or civil actions against the Trading Advisor or its principals at any time.

## PAST PERFORMANCE

The performance tables that follow include; the S&P Managed Accounts Program, the Trading Advisors Proprietary Account and K&D Financial Corp's managed futures account. Material differences are explained in detail below. The Principal of Kinkopf Capital Management, LLC, Kenneth Kinkopf has also directed customer accounts from January 1993 through August 1995 under the CTA registration of K&D Financial Corp in a similar trading methodology but different trade placement procedures and fee structure that is currently offered. This information is included to assist with due diligence and explains material differences.

The Trading Advisor may manage client accounts that vary in size. All client accounts are managed similarly using the same trading system even though the size of the account may affect particular trading decisions, such as the relative size of positions taken. Generally, accounts will utilize 60% of its value to purchase T-Bills when feasible. The Trading Advisor's strategy employs an average 20% margin to equity ratio.

The purchase and size of a T-Bill is primarily dependent on the clients FCM T-Bill policy. FCM T-Bill policies vary widely. For example, some FCM's allow 90% of the T-Bill to be used as margin, while other FCM's disallow the use of T-Bills as margin. Once a trading position is taken by the Trading Advisor, every client has allocated the same number of contracts per $100K investment, pro-rated linearly. An account that reaches the $200K level will trade twice as many lots as a $100K account regardless of drawdowns.

When reviewing past performance records, it is important to note that, in a presentation of past performance data, different accounts, even though they are traded according to the same set of rules, can have varying investment results. The reasons for this include: (a) the period during which they are active; (b) the account size (an account with a limited amount of funds may have different results from an account with a greater amount of funds available); (c) the rate of brokerage commissions charged to an account because the brokerage commission will affect the account's performance; and (d) the use of block orders. Bunched (block) orders allow the Trading Advisor to place one order with a FCM for several accounts. This at times, may result in a difference of fill prices for each client. It is dependent on the policy of the clients FCM to allocate the trading fills to each account. The Trading Advisor's current FCM's policy is "the lowest account number will receive the better fill on a long trade, and the highest account number will receive the better fill on a short trade".

It should be noted that there are various methods of calculating the rate of return and, because of the differences among such methods, the percentage results will vary. One method is the alternative "Time Weighting of Additions and Withdrawals." Potential clients should note that calculations using the unadjusted "Beginning Nav" may distort the actual rate of return for the periods shown because the rate of return is based on the increase in the beginning equity over the period net of all additions, withdrawals, and distributions effected during the period without adjustment for the date during the period in which such additions, withdrawals, and distributions were actually effected.

In order to minimize potential distortions, the "Time Weighting" method adjusts the "Beginning Nav" upwards by time weighted additions and downwards by time weighted withdrawals, occurring during the period. This Method is computed by taking the number of days the funds were available for trading divided by the total number of days in the period.

The second method used is "Only Accounts Traded". The only accounts traded (OAT) method calculates the monthly ROR in the conventional manner of dividing the net performance by the "Beginning Nav", except that accounts that traded for only part of the month or witnessed "material" additions/withdrawals during the months would be excluded from the calculations.

The above discussion relating to possible distortions inherent in the rate of return figures is not intended to be an exhaustive discussion of all the other results set forth below. Rather, the examples set forth above are only intended to illustrate some of the possible distortions which may exist in the various methods of calculating the "Monthly Rate of Return" figures.

**The following definitions are provided for reference for the performance tables that follow.**

**Draw-down**:

Losses experienced in the trading program over a specified period.

**Worst peak to valley draw-down**:

The greatest cumulative percentage decline in month-end net asset value due to losses sustained by the trading program during a period in which the initial month-end net asset value is not equaled or exceeded by a subsequent month-end net asset value.

**Current peak to valley draw-down**:

The current to date cumulative percentage decline in month-end net asset value due to losses sustained by the trading program during a period in which the initial month-end net asset value is not equaled or exceeded by a subsequent month-end net asset value. (Current as of the last monthly reporting in the performance tables)

**Monthly rate of Return**:

Monthly rate of return is computed by dividing the performance by beginning equity plus or minus additions and withdrawals. Performance is net of fees and commission.

**Annual and Year-to-Date Rates of Return (ROR)**:

Annual and year-to-date rates of return is calculated using the Value Added Monthly Index (VAMI) method. The VAMI method assumes an initial investment of $1,000 and shows how such an investment would have fared over a certain period of time. In order to calculate annual ROR using VAMI, you must first calculate the value of the $1,000 investment as of the end of each month based upon the monthly ROR.

VAMI for month = (1 + ROR for month) x 1000

For all subsequent months:

VAMI for month = (1 + ROR for month) x VAMI for prior month

Annual ROR would then be calculated as follows:

Annual ROR = (year-end VAMI - $1,000) divided by $1,000.

When calculating the annual ROR for subsequent years, the value of the initial investment is reset to $1,000 at the start of each year.

**Net Asset Value(NAV)**

Net Asset Value(NAV) is the account's total assets (including notional funds, if any) less total liabilities. Net Asset Value will include the sum of all cash and any unrealized profit or loss on open commodity positions.

# MANAGED ACCOUNT PERFORMANCE CAPSULE

The composite table below represent the managed accounts of Kinkopf Capital Management, LLC (the Trading Advisor) trading the Kinkopf Capital – S&P program since inception on January 15th 2007 to November 2010, when the last investor closed their account. The Trading Advisor has consistently traded this trading program since January of 1999 in a proprietary account and does not have any other programs besides the current program. This program is open for investment and will commence with a program name of Kinkopf Capital - S&P Index to better reflect its investment function.

## LAST FIVE YEARS - MANAGED ACCOUNT MONTHLY RATE OF RETURN (ROR)

| 2010 | | 2009 | | 2008 | |
|---|---|---|---|---|---|
| Jan | -2.95% | Jan | 6.09% | Jan | -5.20% |
| Feb | 16.76% | Feb | 3.28% | Feb | 3.79% |
| Mar | 4.06% | Mar | 1.29% | Mar | -9.06% |
| Apr | 0.30% | Apr | 7.41% | Apr | 3.23% |
| May | -11.29% | May | -7.09% | May | 4.23% |
| Jun | -4.53% | Jun | 0.96% | Jun | -5.54% |
| Jul | -2.43% | Jul | 8.28% | Jul | -0.27% |
| Aug | -0.48% | Aug | 8.15% | Aug | -1.99% |
| Sep | -0.14% | Sep | 7.67% | Sep | 5.58% |
| Oct | -6.79% | Oct | 3.66% | Oct | 5.48% |
| Nov | 11.90% | Nov | -2.71% | Nov | -5.47% |
| Dec | n/a | Dec | 7.28% | Dec | -5.79% |
| **YTD** | **1.30%** | **ROR** | **52.52%** | **ROR** | **-11.84%** |

## MANAGED ACCOUNT PERFORMANCE STATISTICS

| **5 Yr Composite Managed Account Capsule Since Inception** | |
|---|---|
| Name of CTA Program | Kinkopf Capital - S&P |
| Date CTA began trading managed accounts | 01/15/07 |
| Date CTA began trading this program | 01/15/07 |
| Number of accounts under management. | 0 |
| Total assets under management including notional funds pursuant to program. | $0 |
| Total assets under management excluding notional funds pursuant to program. | $0 |
| Worst monthly draw-down. | -11.29% (May 2010) |
| Worst peak to valley draw-down. | -44.44% (16 months - 9/07 to 12/08) |
| Current peak to valley draw-down. | n/a |
| Number of accounts traded that were open and closed during the last 5 years | 5 |
| Number of profitable accounts that have opened and closed | 1 |
| Range of returns experienced by profitable accounts: | 12.22% |
| Number of losing accounts that have opened and closed: | 4 |
| Range of returns experienced by unprofitable accounts: | -12.35% to -33.76% |

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

Performance Continued on next page….

**MATERIAL DIFFERENCES IN THIS MANAGED ACCOUNT PERFORMANCE**

The composite performance capsule above is based on actual client and institutional accounts.

1. The performance does not include earnings from T-Bill interest. The Trading Advisor may purchase T-Bills depending on the clients FCM T-Bill policy and the amount of actual funds invested.
2. As per current regulations, the Rate of Return is net of all fees.
   a. Monthly Management Fee's of 0.1667% (2% per annum) are assumed for all accounts in the table above to provide realistic client results. Some institutional funds may not have had the full amount deducted.
   b. Monthly Performance Fee's of 20% on "New High Profits" are deducted and included in the performance table above on the last day of the month.
   c. FCM Commission for some institutional accounts were adjusted higher in the table above to better reflect the costs that a client may incurred when trading this program.
3. The monthly ROR figures are calculated using *realized and unrealized* gains and losses for the monthly period.
4. Prior to December 2007, leverage was kept fairly constant. The rate of return from 12/2007 forward is based on the volatility scaling method which was introduced in December of 2007.
5. Composite performance is calculated using both the OAT's (Only Accounts Traded) method and the Time-weighted method. A discussion of these techniques can be found in the Disclosure Document.

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

# K&D FINANCIAL CORP PERFORMANCE CAPSULE

The table below is the performance of a client account using a similar trading system which Mr. Kinkopf transacted under K&D Financial Corp in prior years beginning in January 1993 through August 1995. Material differences are listed below.

**K&D FINANCIAL CORP MONTHLY RATE OF RETURN (ROR)**

| | 1993 | 1994 | 1995 |
|---|---|---|---|
| **ROR** | 72.21% | -5.80% | -14.22% |

**K&D FINANCIAL CORP PERFORMANCE STATISTICS**

| | |
|---|---|
| Name of CTA | K&D Financial Corp |
| Inception of Trading (CTA and Program) | January 1993 |
| Number of Accounts through period | 1 |
| Total Assets under management as of 8/1995 | $21,102.43 |
| Largest monthly draw-down | -12.75% (Jan 1994) |
| Worst peak to valley draw-down | -25.09% (June 1994 - Aug 1995) |
| Number of profitable accounts that have opened and closed | 1 |
| Range of returns experienced by profitable accounts | + 40.68% |

**MATERIAL DIFFERENCES IN K&D FINANCIAL CORP PERFORMANCE**

1. The current program offered by Kinkopf Capital Management, LLC has a monthly Incentive Fee of 20% on “New High Profits” and a monthly Management Fee of 0.1667% (2% annually)
2. K&D Financial Corp Fees in the time table above were as follows;
    a. *Management Fee’s were 6 % per annum (1.5% per quarter)*
    b. *Performance Fee’s were 15% on “New High Profits”*
3. While K&D Financial Corp trading methodology was similar, a difference existed in the discretion of trade placement procedures.

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

# PROPRIETARY PERFORMANCE CAPSULE

The following tables below are the "PROPRIETARY TRADING RESULTS" of Kinkopf Capital Management, LLC (the Trading Advisor) current trading program. The Trading Advisor has consistently traded this program since January of 1999 and does not have any other programs besides the current program.

**FIVE YEAR PROPRIETARY MONTHLY RATE OF RETURN (ROR)**

| **2012** | | **2011** | | **2010** | | **2009** | |
|---|---|---|---|---|---|---|---|
| Jan | -0.62% | Jan | -0.37% | Jan | -3.55% | Jan | 4.23% |
| Feb | 5.25% | Feb | 1.24% | Feb | 21.48% | Feb | 2.40% |
| Mar | 5.99% | Mar | -8.73% | Mar | 4.33% | Mar | 0.51% |
| Apr | 7.44% | Apr | 0.53% | Apr | 0.40% | Apr | 6.11% |
| May | 1.26% | May | 7.45% | May | -9.33% | May | -5.26% |
| Jun | 18.80% | Jun | -7.04% | Jun | -3.86% | Jun | 0.71% |
| Jul | 16.61% | Jul | -1.32% | Jul | -1.97% | Jul | 6.00% |
| Aug | 1.70% | Aug | 17.83% | Aug | -0.42% | Aug | 5.98% |
| Sep | -5.69% | Sep | -5.75% | Sep | -0.14% | Sep | 6.39% |
| Oct | -0.12% | Oct | -3.39% | Oct | -4.80% | Oct | 3.71% |
| Nov | -2.03% | Nov | -3.36% | Nov | 2.99% | Nov | -1.79% |
| Dec | -0.56% | Dec | 1.03% | Dec | 7.25% | Dec | 8.48% |
| **ROR** | **55.92%** | **ROR** | **-4.44%** | **ROR** | **9.67%** | **ROR** | **43.43%** |

| **2008** | |
|---|---|
| Jan | -4.46% |
| Feb | 3.12% |
| Mar | -7.12% |
| Apr | 2.56% |
| May | 3.37% |
| Jun | -4.36% |
| Jul | -0.12% |
| Aug | -1.59% |
| Sep | 4.31% |
| Oct | 4.20% |
| Nov | -4.31% |
| Dec | -4.45% |
| **ROR** | **-9.37%** |

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

Performance Continued on next page….

## PROPRIETARY PERFORMANCE STATISTICS (Last 5 full years)

| 5 Year Proprietary Capsule | |
|---|---|
| Date CTA began full time with this system. | January 1999 |
| Number of accounts under management. | 1 (Proprietary Account) |
| Total assets under management (Including Notional Funds) | $155,915.18 |
| Total assets under management (Excluding Notional Funds) | $155,915.18 |
| Worst monthly draw-down. | -9.33% (May 2010) |
| Worst peak to valley draw-down. | -36.91% (16 months - 9/07 to 12/08) |
| Current peak to valley draw-down. | -8.26% (4 Months) |

## MATERIAL DIFFERENCES IN PROPRIETARY PERFORMANCE

The proprietary performance capsule above is based on the Trading Advisors personal trading account trading the S&P 500 e-mini. The performance capsule starts with a yearly base of $100,000.

1. The performance does not include earnings from T-Bill interest. The Trading Advisor will purchase T-Bills depending on the clients FCM T-Bill policy.
2. As per current regulations, the Rate of Return is net of all fees.
   a. Monthly Management Fee's of 0.1667% (2% per annum) were deducted in the performance table above the last day of the month.
   b. Monthly Performance Fee's of 20% on "New High Profits" were deducted in the performance table above the last day of the month.
3. Proprietary rate of return from 1/2006-11/2007
   a. Leverage was kept constant at five (5) S&P e-mini contacts traded for each $100K invested.
   b. The monthly rate of return is based on the "realized and unrealized" gains and losses for the month trading the e-mini S&P 500 contract.
   c. The proprietary account did not employ the same "leveraging up" stragergy that client accounts had. Client accounts had additional lots based on account profits, whereas the proprietary account did not. Therefore the returns achieved in the proprietary account do not reflect returns that a client may experience.
4. Proprietary rate of return from 12/2007 to present day
   a. Leverage is based on varying contract allocations using the volatility scaling method which was introduced in December of 2007. There will be between one (1) and seven (7) S&P e-mini contracts traded for each $100K invested.
   b. The monthly rate of return is based on the "realized and unrealized" gains and losses for the month trading the e-mini S&P 500 contract.
   c. Proprietary returns may differ than actual client accounts due to leverage and net asset value differences. For example, an account valued at $70K may be trading the same lot size as an account valued at $130K and therefore the percentage change per lot will differ.

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

# ADVISORY AGREEMENT

This Agreement ("Agreement") is entered into this_________day of______________, 20___ ,between Kinkopf Capital Management, LLC, (the "Trading Advisor") in Grayslake, Illinois and ____________________________________________________________ (the "Client") whose address is ______________________________________________________________________________________.

- Whereas the Trading Advisor offers an advisory service for the management of commodity accounts; and,
- Whereas the Client wishes to subscribe to the Trading Advisor's advisory service under the terms and conditions herein;

Now, therefore, in consideration of the mutual covenants herein contained, the Trading Advisor and the Client hereby agree as follows:

**1. CLIENT ACCOUNT**

A. The Client has opened or will promptly open a commodity trading account (the "Account") at the firm of___________________________________________________ (the "FCM") and introduced through ___________________________________(the "IB"). The Initial Value of the Account to be traded shall be $_____________________. Thereafter the value of the Account as used herein shall be as defined in Section 7.A. The Client agrees to give the Trading Advisor not less than three business days notice prior to withdrawal of any funds from the Account.

B. The relationship between the Client and the FCM or IB shall remain that of a broker and customer and the Trading Advisor shall have no responsibility for any matters relating to the relationship or transactions between the customer and FCM and/or IB, including, without limitation, executions of Client's commodity transactions (once orders are transmitted by the Trading Advisor), payment of brokerage commissions, confirmations of transactions to the Client, transmittal of monthly account statements to the Client, margin requirements, or custody over the funds, securities, or open positions in the Account. The Client hereby instructs the FCM to furnish copies of all confirmations and monthly account statements to the Trading Advisor.

C. The Client will not enter orders for the Account and will not authorize any party, including the FCM or IB, to enter orders for the Account. It is the intent of this Agreement that only the Trading Advisor shall have authority to trade the Account on behalf of the Client.

**2. LIMITED POWER OF ATTORNEY**

The Client hereby appoints the Trading Advisor exclusive attorney-in-fact with respect to the Account to buy, sell (including short sales), spreads or otherwise trade in commodities, commodity futures contracts, and/or commodity options ("Commodity Interests"), all at such times, in such amounts and at such prices as the Trading Advisor, in his sole discretion, may determine. The Trading Advisor shall have full authority to communicate such orders directly to the FCM and IB and the FCM and IB is hereby authorized to accept and execute all such orders. Commodity Interests may be purchased and sold on margin. The Trading Advisor is also authorized to invest any assets of the Account in U.S. Government obligations (or obligations guaranteed by the U.S. Government). The Client acknowledges that the FCM and IB has no responsibility to review or approve the orders entered by the Trading Advisor and hereby agrees to indemnify the FCM and IB and hold it and its employee harmless with respect to any such responsibility. This power-of-attorney is a continuing power and shall remain in full force and effect until revoked by the Client in writing but any such revocation shall not affect transaction initiated prior to receipt of such notice of revocation.

## 3. AGREEMENT TO MANAGE WITH PERFORMANCE NOT GUARANTEED

The Trading Advisor agrees to manage the Account and to initiate buy, sell, or spread orders with the FCM and IB for Commodity Interests. In managing the Account, the Trading Advisor agrees to use its best judgment and efforts for the Client's benefit. However, the parties agree that the Client shall bear all risk of gain or loss in the Account and all expenses of the Account. No assurance can be given that the Trading Advisor's advice will result in profits for the Client or that the Client will not incur losses or that losses will be limited. The Trading Advisor is not qualified to give, and will not give, any advise with respect to the tax treatment of profits or losses in the Account.

## 4. CLIENT'S REPRESENTATION

The Client represents the following to the Trading Advisor.

A. The Client is aware of the highly speculative nature of, and risks of loss inherent in, commodity trading and is financially capable of engaging in such trading.
B. The Client has read and understands the Trading Advisor's Disclosure Document.
C. The Client has significant additional resources beyond the value of the Account and any funds that may in the future be committed to the Account.
D. All funds in the Account represent risk capital to the Client.
E. The Client provides the following information about the Client to the Trading Advisor:

| **Please print answers:** |
|---|
| Current principal occupation or business: |
| |
| Current estimated annual income: |
| |
| Current estimated net worth excluding, home, furnishing and automobiles: |
| |
| Current age: |
| |
| Print Name: |
| |
| Print Full Address: |
| |
| Contact Phone(s): |
| |
| Contact Email: |
| |

F. The Client provides the following investment experience to the Advisor.

| Past experience in the following investments | Years Experience | Location of Account |
|---|---|---|
| Stocks/Bonds | | |
| Stocks Options | | |
| Futures | | |
| Commodity Options | | |
| Other (_____________) | | |

**5. DOCUMENTS AND INFORMATION**

The Client agrees to execute any and all documents required by the FCM, the Trading Advisor and/or any regulatory agency (with jurisdiction over the Account) as may be necessary to open and maintain the Account and to provide the Trading Advisor with the requisite authority to manage the Account.

**6. NON-EXCLUSIVE ADVICE**

The Trading Advisor's services are not exclusive and he shall be free to render similar services to others, even if based upon the same advice. The Client acknowledges that the advice given by the Trading Advisor is the confidential property of the Trading Advisor and the Client will not disclose the same to third parties without the prior written consent of the Trading Advisor.

**7. ADVISORY FEES**

For all of the Trading Advisor's services hereunder, the Client agrees to pay to the Trading Advisor advisory fees, as follows:

A. A monthly **Management Fee** equal to one-sixth of one percent (1/6 %) ____of the Net Assets of the Account is payable on the first day of each calendar month in advance based on the total Net Assets of the Account. The first payable Management Fee will include the previous partial month (if any) calculated by the Account opening date prorated to the number of days remaining in the calendar month. The "Net Assets of the Account" shall be the Initial Value established pursuant to Section 1.A., plus (minus) the cumulative gain (loss) from commodity trading and all cash, Treasury Bills and other securities (valued at cost plus accrued interest) and all other assets of the Account under management (valued at liquidation value), less the Management Fees paid during the month. The "cumulative gain (loss) from commodity trading" shall be determined at the end of each month by totaling all the monthly amounts of the gain (loss) from commodity trading since the inception of the Account. Increases in the Net Assets of the Account during the month made as a result of Client deposits shall be charged or credited the value of the Account Management Fees on a prorated basis.

B. An **Incentive Fee** is payable monthly based on Net Assets of the Account on the last day of the calendar month. The Incentive Fee shall be payable at the rate of twenty percent (20%)____ of New High Profit. "New High Profit" shall be the excess, if any, of the cumulative gain from commodity trading at the end of the Month over the highest past monthly value of cumulative gain from commodity trading since the Account was initiated. “New High Profits” means the total of (1) both realized and unrealized profits and losses from trading during the month, MINUS (2) all FCM commissions and fees. Management fees charged by the Advisor are not deducted as a fee in the “new high profit” calculation. Since the management fee is being charged after the incentive fee, the client will pay the management fee on the total investment after the incentive fee deduction. Note that a client may at times pay an incentive fee even if the new high profit for the month is not sufficient to cover the management fee being charged. If the Account is terminated, an Incentive Fee shall be payable, based on a calculation of New High Profits as of the date of termination. New High Profits do not include any interest earned or credited to the Account. In the calculation of New High Profits, the Trading Advisor is not required to earn back previously paid incentive fees. Carry-forward losses are proportionally reduced if, and to the extent, the client reduces the amount allocated or reduces the notional funded amount to the Trading Advisor during a period that a carry-forward loss exists.

C. Management Fees and Incentive Fees are not refundable in the event of subsequent losses in the Account.

D. The Client hereby agrees with the Trading Advisor, and hereby instructs the FCM, that the FCM shall pay the Trading Advisor Incentive Fees out of assets of the Account upon receipt of a bill and monthly statement from the Trading Advisor addressed to the Client, care of the FCM, without any requirement on the part of the FCM to review or verify that statement. The Client and the Trading Advisor hereby jointly and severally agree to indemnify the FCM and to hold it harmless from any loss or claim associated with any payment of fees from the Account, the payment of which is subsequently shown to be in error or subject to dispute. If an account is held at an FCM other than that used by the Trading Advisor, it may be subject to a “give-up” fee. This fee typically averages around $3 per round turn, per contract. A client may elect to avoid this fee by placing accounts at the same FCM as the firm’s broker. However, this is not required.

## 8. TERMINATION

Either party may terminate this Agreement by giving written notice to the other at any time during the term of this Agreement. Upon receipt of a notice of termination from the Client, or if the Trading Advisor gives notice of termination to the Client, the Trading Advisor may, at his option, cease entering orders for the Account or may, in his sole discretion, order all, or any part, of the open positions in the Account liquidated. The Trading Advisor may, at his discretion, accept notice of termination from the Client confirmed orally to the Trading Advisor by a representative of the Client's FCM. Thereafter, the Trading Advisor shall have no responsibility with respect to the Account or positions in the Account. The Trading Advisor recommends a (3) three day notice in order to liquidate existing positions in an orderly fashion.

## 9. NOTICES

All notices or other communications, other than that contemplated by Section 8, shall be in writing and shall be delivered personally or by telegram, or sent by registered mail, return receipt requested. Notices intended for the Trading Advisor should be addressed to the attention of Mr. Kenneth Kinkopf.; Kinkopf Capital Management, LLC, 222 Lenox Ct, Grayslake, IL 60030-3700. Notices intended for the Client shall be sent to the address given in the preamble of this Agreement.

**10. RELATIONSHIP OF THE PARTIES**

The relationship between the Trading Advisor and the Client shall be limited to that of Advisor and Client or the purpose of managing the Account for the benefit of the Client. The Trading Advisor is an independent contractor and this Agreement shall not be deemed to establish a joint venture between the Trading Advisor and the Client or between the Trading Advisor and the FCM, and nothing herein contained shall be constructed as creating a general partnership or other similar relationship or as authorizing any party to act as general agent, or to enter into any contract or other agreement on behalf of any other party. No party shall be liable to any third party in any way for any such unauthorized contract or agreement or for any negligent act or omission of the other party.

**11. MISCELLANEOUS**

This Agreement constitutes the entire agreement between the Advisor and the Client with respect to the subject matter hereof and supersedes all prior agreements and understandings (written or oral) of the parties in connection herewith. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey and cannot be changed or terminated orally, and shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns. The captions appearing in this Agreement are inserted as a matter of convenience and for reference only and shall not define, limit, or describe the scope and intent of this Agreement or any of the provisions thereof.

**12. EXECUTION OF AGREEMENT**

**THE CLIENT HEREBY EXECUTES THIS AGREEMENT AND ACKNOWLEDGES RECEIPT OF A COPY OF THE TRADING ADVISOR'S DISCLOSURE DOCUMENT DATED_________________.**

In witness whereof, the parties hereto have executed this Agreement as of the day and year first above written.

**KINKOPF CAPITAL MANAGEMENT, LLC.________________________________________**

(Print name of Client)________________________________________

(Signature of Client) ________________________________________( Date)_____________

(Print Name of Joint Client)___________________________________

(Signature of Joint Client)____________________________________(Date)______________

# FEE PAYMENT AUTHORIZATION

Dear Brokerage Representative:

You are hereby authorized and directed to pay from my account the monthly management fees and monthly incentive fees as billed by Kinkopf Capital Management, LLC., "The Trading Advisor". You shall provide notices of debts to my account for such fees.

In rendering this service for the convenience of Kinkopf Capital Management, LLC., "The Trading Advisor" and the undersigned, you may fully rely on any fee invoices submitted without any duty or obligation to check or verify the accuracy of the fee invoice.

| | |
|---|---|
| Today's Date: | |
| Brokerage Firm Name: | |
| Personal Broker Name: | |
| Brokerage Mailing Address: | |
| Brokerage Telephone Number: | |
| Brokerage Account Number: | |
| Print Client Name: | |
| Client Phone Number: | |
| Client Address: | |
| Client Email Address: | |

Sincerely,

(Print name of Client)________________________________________

(Signature of Client) ________________________________________( Date)_____________

(Print Name of Joint Client)___________________________________

(Signature of Joint Client)____________________________________(Date)______________

# ACKNOWLEDGE OF RECEIPT OF DISCLOSURE DOCUMENT

I hereby acknowledge that I have received and read the Disclosure Document from Kinkopf Capital Management, LLC. dated ________________________. In addition, I have had the opportunity to discuss its contents and ask any questions I may have had.

I also understand that no person has been authorized by Kinkopf Capital Management, LLC to make statements inconsistent with or in addition to those contained in the Disclosure Document.

**KINKOPF CAPITAL MANAGEMENT, LLC.** ________________________________________

(Print name of Client)________________________________________

(Signature of Client) ________________________________________( Date)_____________

(Print Name of Joint Client)___________________________________

(Signature of Joint Client)____________________________________(Date)______________

# Supplemental Advisory Agreement for Notional Accounts

This supplemental commodity advisory agreement for notionally funded accounts is made and entered into this _____________ day of ________________, 20___, by and between Kinkopf Capital Management, LLC, a New Jersey based LLC, hereinafter referred to as the "Advisor", and _________________________________________________________________, hereinafter referred to as the "Client".

This agreement specifically relates to accounts that are initially funded at less than the "fully-funded" and recommended minimum amount, or for any reason are considered to be funded at a higher level of equity than the amount actually present in the accounts. Accounts that, at the client's direction, are traded at a higher degree of risk than the recommended and normal level are also considered to be notionally funded.

This agreement is in addition to the "Commodity Advisory Agreement" also made and entered into between the Advisor and the Client.

IT IS MUTUALLY AGREED:

1. Client represents and warrants that he has deposited, or has on deposit with, hereinafter called the "Broker", funds and/or securities necessary to establish an "Account". Client represents and warrants that the funds and/or securities on deposit are sufficient to cover any larger than normal position size and risk that will be incurred due to notional funding changes.
2. On his own accord and not with the recommendation of the advisor, the Client instructs the Advisor to trade the Account as if it were established with the following total funding, representing a combination of actual and notional funding:

| Client Acct # | Actual Deposit ($50K min) | Notional Funding | Total Funding ($100K min) |
|---|---|---|---|
| | | | |

3. The Client may change the degree of notional funding, including returning the account to a normal, "fully funded" level by requesting such a change in writing. Upon receipt of the request, the Advisor will make position size changes as necessary in a reasonable and orderly manner.
4. The Advisor reserves the right to reject or revoke any request or existing agreement to notionally fund the Client's account, if the Advisor believes at any time that the notional funding level is unacceptably adverse for either Client or Advisor . The Advisor does not warrant or imply that any accepted notional funding agreement is in any way safe or appropriate.
5. The Client acknowledges receipt of the "Special Disclosure for Notionally Funded Accounts." The client further acknowledges that he/she has read and fully understands the special disclosure.
6. The Client acknowledges that profits as well as losses, and consequently risk, will be greater as measured by a percentage of assets actually deposited in his/her account, than in an account funded and traded at the level recommended by the advisor.
7. The Client acknowledges that his/her account will experience greater volatility as measured by rates of return achieved in relation to assets actually deposited in his/her account, than in an account funded and traded at the level recommended by the advisor.
8. The Client acknowledges that the amount of funds that initially established the account is not the maximum possible loss that his/her account may experience.
9. The Client acknowledges that fees and commissions as measured as a percentage of assets actually deposited will be larger than in an account funded at the level recommended by the advisor.
10. The Client acknowledges that permitted withdrawals and additions to the account will serve to increase or reduce respectively the level of risk, volatility, commissions and fees in the account as measured by a percentage of assets actually deposited in his/her account as compared to an account funded and traded at the level recommended by the advisor.
11. This agreement supersedes all prior "Supplemental Commodity Advisory Agreement for Notionally Funded Accounts" entered into by and between the Advisor and the Client for the specific program indicated in this agreement.

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

**KINKOPF CAPITAL MANAGEMENT, LLC.** ________________________________________

(Print name of Client)________________________________________

(Signature of Client) ________________________________________( Date)_____________

(Print Name of Joint Client)___________________________________

(Signature of Joint Client)____________________________________(Date)______________

# PRIVACY POLICY

This notice is to the clients of Kinkopf Capital Management, LLC. Maintaining the privacy of your personal information is of utmost importance to us. In order to provide services to you, we must maintain certain information about you that we collect from account applications or other forms that you complete, transactions that you conduct, and communications with us and our affiliates. It is our policy not to disclose your personal information to third parties except as permitted by law (such as to lawyers, accountants, auditors and regulators) or requested by you. We also restrict access to non-public personal information to those employees who need to know that information to provide services to you. We maintain physical, electronic and procedural safeguards that meet or exceed federal standards to safeguard your non-public personal information. You are welcome to contact us at (312) 859-6305 if you have any questions regarding our Privacy Policy. We reserve the right to revise our Privacy Policy and will provide you notice of any revisions.

# ARBITRATION AGREEMENT

This agreement is made between Kinkopf Capital Management, LLC, registered under the Commodity Exchange Act, as amended, as a commodity trading advisor (hereinafter the "Trading Advisor"), and the undersigned (hereinafter "Client"). In consideration of the performance of advisory services by the Advisor for and on behalf of the Client, the Client hereby agrees to the following:

1. Any dispute or controversy between the Advisor and the Client shall, except as provided below, be resolved by arbitration in accordance with the rules of a qualified forum.

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

   **THE CFTC RECOGNIZES THAT THE OPPORTUNITY TO SETTLE DISPUTES BY ARBITRATION MAY IN SOME CASES PROVIDE MANY BENEFITS TO CUSTOMERS, INCLUDING THE ABILITY TO OBTAIN AN EXPEDITIOUS AND FINAL RESOLUTION OF DISPUTES WITHOUT INCURRING SUBSTANTIAL COSTS. THE CFTC REQUIRES, HOWEVER, THAT EACH CUSTOMER INDIVIDUALLY EXAMINE THE RELATIVE MERITS OF ARBITRATION AND THAT YOUR CONSENT TO THIS ARBITRATION AGREEMENT BE VOLUNTARY.**

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

   **YOU NEED NOT SIGN THIS AGREEMENT TO OPEN AN ACCOUNT WITH THE ADVISOR. SEE 17 CFR 166.5.**

3. At such time as the Client may notify the Advisor that he/she intends to submit a claim to arbitration, or at such time as the Advisor notifies the Client of his intent to submit a claim to arbitration, the Client will have the opportunity to elect a qualified arbitration forum for conducting the proceeding. Within ten business days after the Client notifies the Advisor of his intent to submit a claim to arbitration, or the Advisor so notifies the Client, the Advisor will provide the Client with a list of certain qualified forums for such arbitration pursuant to the requirements of the regulations of the Commodity Futures Trading Commission. The Client shall, within 45 days after receipt of such list, notify the Advisor of the forum selected. The Client's failure to provide such notice shall give the Advisor the right to select a forum from the list.

4. If a dispute or controversy is submitted to arbitration, the Client will have the right to have the dispute or controversy heard by a mixed panel of arbitrators. If the dispute or controversy is heard by a contract market, a mixed panel will be composed of a majority of arbitrators who are not associated with any contract market, the members of any contract market, or the employees of members of any contract market. If the dispute or controversy is heard by a registered futures association, a mixed panel will be composed of a majority of arbitrators who are not associated with the registered futures association, its members, or the employees of its members. If the Client chooses to have a dispute or controversy heard by a mixed panel, the Advisor will pay any incremental fees which may be assessed by the arbitration forum for providing a mixed panel, except that the Client will be required to pay such fees if the arbitrators in the proceeding decide that the Client acted in bad faith in initiating or conducting the proceeding.

5. If, by reason of any applicable statute, regulation, exchange rule or otherwise, other than the Client's right to commence reparations proceedings under Section 14 of the Commodity Exchange Act, the Client's advance agreement to submit a dispute or controversy to arbitration is not enforceable by the Advisor, then the Client shall not enforce the Advisor's advance agreement to submit to arbitration.

6. Any award rendered in such arbitration shall be final and binding on and enforceable against the Client in accordance with the laws of the State of New Jersey.

7. The Client agrees that if he/she seeks reparations under Section 14 of the Commodity Exchange Act and the Commodity Futures Trading Commission declines to institute reparation proceedings, the claim or grievance will be subject to this Arbitration Agreement. Any claim or grievance that is not subject to the reparations procedure (i.e. does not constitute a violation of the Commodity Exchange Act or the rules thereunder) must be submitted to arbitration pursuant to this Arbitration Agreement.

8. This Arbitration Agreement shall survive the termination of the Commodity Advisory Agreement by and between the parties hereto and may not be altered, modified or terminated without the signed written consent of all parties hereto.

9. The Client acknowledges that he understands, agrees with and consents to this Arbitration Agreement.

In witness whereof, the parties hereto have executed this Agreement as of the day and year first as written.

**KINKOPF CAPITAL MANAGEMENT, LLC.** ________________________________________

(Print name of Client)________________________________________

(Signature of Client) ________________________________________( Date)______________

(Print Name of Joint Client)___________________________________

(Signature of Joint Client)____________________________________(Date)_______________