

# **DISCLOSURE DOCUMENT**

## ***MOBIUS ASSET MANAGEMENT, INC.***

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Scottsdale, Arizona 85254  
(480) 948-3869

**THE COMMODITY FUTURES TRADING COMMISSION HAS NOT PASSED 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 to give any information or make any representations that are not contained in this Disclosure Document.

**THE DATE OF THIS DISCLOSURE DOCUMENT IS DECEMBER 15, 2007**

The delivery of this Disclosure Document at any time does not imply that the information contained herein is correct as of the time subsequent to the date shown above. This Disclosure Document is not to be distributed under any circumstances after September 15, 2008 and will be superseded by that date with a Disclosure Document containing then current information about this Trading Advisor and its trading programs.

## **RISK DISCLOSURE STATEMENT**

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

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

**IF YOU PURCHASE OR SELL A COMMODITY FUTURE OR SELL A COMMODITY OPTION YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE 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 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. THE DISCLOSURE DOCUMENT CONTAINS, AT PAGE 9 A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR.**

**THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF THE COMMODITY MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND COMMODITY TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGES 8-11**

**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.**

## Table of Contents

RISK DISCLOSURE DOCUMENT	2
COMMODITY TRADING ADVISOR	4
Mobius Asset Management, Inc.	4
Date of Disclosure Document	4
BUSINESS BACKGROUND OF THE ADVISOR AND ITS PRINCIPALS	4
The Advisor	4
Principals of the Advisor	4
Proprietary Trading	5
TRADING PROGRAMS	5
Energy Weighted Trading Program	5
Diversified Trading Program	6
Custom Trading Program	7
Combo Trading Program	8
PRINCIPAL RISK FACTORS	8
Trading in Commodity Interests is Speculative and Volatile	8
Commodity Trading May Be Illiquid	9
Trading Decisions Based on Technical Strategies	9
Possible Effect of Trend-Following Systems	9
Substantial Fees and Expenses	9
Tax Matters	10
Counter Party Creditworthiness	10
Stop Loss Orders May Not Limit Losses	10
Futures Trading Is Highly Leveraged	10
FUTURES COMMISSION MERCHANTS	11
MANAGEMENT AND INCENTIVE FEES	11
CONFLICTS OF INTEREST	12
NOTIONAL FUNDS DISCLOSURE	13
PERFORMANCE RECORDS	15
Capsule A (Client Accounts)	17
Notes to Capsule A	18
Capsule B (Client Accounts)	19
Notes to Capsule B	20
Capsule C (Client Accounts)	21
Notes to Capsule C	22
Capsule D (Client Accounts)	23
Notes to Capsule D	24

## **COMMODITY TRADING ADVISOR**

### **Mobius Asset Management, Inc.**

Mobius Asset Management, Inc. (the "Advisor"). An Arizona corporation is registered with the Commodity Futures Trading Commission ("CFTC") as a Commodity Trading Advisor ("CTA") and is a member of the National Futures Association ("NFA") in such capacity. The principal business address of the Advisor is 6001 East Joan De Arc, Scottsdale, Arizona 85254, telephone: (480) 948-3869.

### **Date of the Disclosure Document**

The Advisor first intends to use this Disclosure Document on December 15, 2007. The delivery of this document at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above.

## **BUSINESS BACKGROUND OF THE ADVISOR AND ITS PRINCIPALS**

### **The Advisor**

The Advisor was incorporated on June 1, 1996 in Arizona. On April 9, 1997, the advisor became registered as a CTA and has been a member of the NFA in that capacity since such date. As of June 13, 1997, the Advisor succeeded to the business, operations and assets, and assumed the liabilities of the sole proprietorship CTA operated by John R. McLane. Mr. McLane and Howell S. Wynne are the principals of the Advisor along with being sole shareholders with Mr. McLane serving as President and Mr. Wynne as Vice-President.

### **Principals of the Advisor**

**John R. McLane** is president and a principal of the Advisor. He became registered with the CFTC on October 20, 1995. He has been a member of the NFA in that capacity since that date. As of June 13, 1997, Mr. McLane transferred his registration as a sole proprietorship CTA to associated person of Mobius Asset Management Inc.

Mr. McLane has been working in the commodity futures industry since 1977, when he began his career with Merrill Lynch as a futures broker in Rochester, New York. From 1979 to 1984, he worked as a futures specialist in the Rochester, New York office of Prudential Securities. From 1984 to 1988, Mr. McLane was employed as a futures specialist for E.F. Hutton in Phoenix, Arizona. In December 1988, he joined Dean Witter as a futures specialist in its Phoenix, Arizona office. Mr. McLane moved to Prudential Securities Inc.'s Phoenix office in May 1991, where he continued to work as futures specialist until July 1995, during which time he developed the trading program described below. In July 1995, Mr. McLane left Prudential Securities to form his sole proprietorship CTA. . Mr. McLane is currently registered as an Associated Person, effective April 24, 2001, and a Branch Office Manager, effective May 1, 2001 for Peregrine

Financial Group, Inc. Mr. McLane was born in 1952 and is a 1974 Xavier University graduate with a Bachelor of Arts degree in Political Science.

The performances of the accounts traded by the Advisor are included herein as Capsules A (Client), B (Client), C (Client), D (Client) and E (Client), beginning at page 15.

**Howell S. Wynne** is the Vice-President and a principal of the Advisor. Mr. Wynne became a principal of the Advisor in April 1997. Mr. Wynne has been a self employed investor and business consultant since 1998. Mr. Wynne has been active in the oil and gas business along with several other businesses where he holds majority interests.

Mr. Wynne was registered as an Associated Person from May 22, 1990 until January 30, 1993 and listed as a Principal from October 26, 1989 until January 30, 1993 of DeAngelis Trading Corporation. Additionally, Mr. Wynne was listed as a principal from July 28, 1988 until January 30, 1993 and registered as an Associated Person from July 28, 1988 until January 30, 1993 and a Branch Office Manager from October 16, 1991 until January 30, 1993 of Crown Capital Management, Inc.

Mr. Wynne was born in 1959 and is a 1981 graduate of Vanderbilt University with a Bachelor of Arts degree in Business Administration. Mr. Wynne resides and works in Rancho Santa Fe, California.

### **Proprietary Trading**

The Advisor or its principals may, from time to time, trade commodity interests for their own accounts. Clients will be permitted to inspect the trading records of such proprietary trading, and any written policies with respect thereto, at the Advisor's business office during regular business hours. Please see "Conflict of Interest" Below.

## **TRADING PROGRAMS**

The Advisor presently offers the Energy Weighted Trading Program, Diversified Trading Program, Custom Trading Program and the Combo Trading Program to clients seeking professional money management assistance.

The following descriptions are of necessity brief and are not intended to be exhaustive.

### **Energy Weighted Trading Program**

The Mobius Asset Management Energy Weighted Trading Program combines both Trend Following and Counter Trend systematical technical methodologies. Trading decisions are driven by a proprietary multi-system approach that seeks to capture changes in short term and long-term price momentum. One of the significances of the program is its capacity to respond quickly to directional changes. The Program was developed with a minimum investment of

\$300,000 in order to give both individual and institutional investors the opportunity to invest in a professional and highly disciplined non-traditional trading approach. Additional funds can be added in \$300,000 increments.

The commodities currently traded in the Energy Weighted Program includes, Crude Oil, Heating Oil, Unleaded Gasoline, Natural Gas, Gold, Treasury Bonds and Treasury Notes. The advisor reserves the right to add and delete commodities when needed and without prior notice.

A strict money management discipline is in place. The Mobius risk management overlay utilizes pre-determined stop loss points, which attempt to limit losses and protect gains. Each commodity traded has specific entry and exit points along with stop levels for existing positions. These are updated daily. It should be noted that stop-loss points are not guaranteed to limit loss to the stop-loss price because they are determined by the Advisor's evaluation of historical market volatility and liquidity. The margin to equity ratio will be approximately 15-20%.

### **Diversified Trading Program**

The Diversified Trading Program is a diversified trading program both by products and trading methods. The primary objective of this United States trading program is to provide clients with attractive rates of return consistent with the adherence to prudent risk management procedures. The Program was developed with a minimum investment of \$250,000 and trades in units of \$250,000, (for example, \$1,000,000 will trade four units) in order to provide both individual and institutional investors the opportunity for personal, professional and highly disciplined non-traditional management services.

The Diversified Trading Program is technical and systematic. The Diversified Trading Program combines long term trend following and counter trend methodologies together with a short term system that blends short term trading methodologies of Commodity and Financial sectors.

The commodities currently traded are Gold, Silver, Platinum, Copper, Swiss Franc, Japanese Yen, British Pound, Treasury Bonds, Treasury Notes, Eurodollars, Soybeans, Soybean Oil, Wheat, Corn, Sugar, Coffee, Cocoa, Cotton, Crude Oil, Unleaded Gas, Natural Gas and the S&P 500. The advisor reserves the right to add or delete commodities from its portfolio without prior notice to its clients.

Managing risk is an essential variable in the investment process. The Program employs risk management guidelines that enable returns to naturally occur as the result of solid investment strategy. The Program employs a proprietary risk management overlay that monitors position size (number of contracts and commodities) based on market volatility. Each position's risk management parameters are updated daily and intra-day to monitor volatility within the total portfolio.

The proprietary risk management overlay utilizes pre-determined stop-loss points and orders to limit loss and preserve profits. Each commodity market traded has specific stop-loss points which are updated daily. It should be noted that stop-loss points are not guaranteed to limit loss to the stop-loss point because they are determined by the Advisor evaluation of historical market volatility and liquidity. Changes in volatility, overnight market movements, slippage in trade

execution and exchange price limits may lead to losses that are in excess of the stop-loss limit, and accordingly, are higher than contemplated. In the event of a favorable market move, previously established stop-loss points or orders may not be left at their original price levels, but may be moved to follow (or “trail”) the market. Such trailing stop-loss orders may be used to protect unrealized profits from severe market reversals or reduce the potential of greater loss.

The Advisor determines position size as a function of equity and market volatility. As the volatility increases, position size will generally be decreased. Conversely, as volatility decreases, position sizes may increase. The Advisor generally expects to maintain a margin to equity ratio of approximately 20-25% under this Program.

### **Custom Trading Program**

The Mobius Asset Management Custom Trading Program trades a select sector of financial and commodity instruments. The primary objective of the trading program is to deliver to clients attractive rates of return while adhering to prudent risk management procedures. The Program was developed with a minimum investment of \$100,000 in order to give both individual and institutional investors the opportunity to invest in a professional and highly disciplined non-traditional management area.

The commodities currently traded are Gold, Silver, Treasury Notes, Treasury Bonds, Stock Indices, Euro Currency, Soybeans, Soybean Oil, Corn and Crude Oil. The advisor reserves the right to add and delete commodities when needed and without prior notice.

The Program is technical in nature and entirely systematic. The Program is designed to detect early trend development using a blend of trend following and counter trend systems. Each commodity traded within the Program has its own unique trading parameters. These parameters measure the volatility of each generated trading signal and its overall effect to the entire portfolio in regard to position size and the ability to **add** to existing positions when warranted. The trading Program employs a proprietary risk management overlay that monitors position size based on market volatility.

The Program is committed to adhere to strict money management techniques as an integral part of the trading program. The proprietary risk management utilizes pre-determined stop loss points, which attempt to limit losses and protect gains. Each commodity traded has specific entry and exit points along with stop levels for existing positions. These are updated daily. It should be noted that stop-loss points are not guaranteed to limit loss to the stop-loss point because; in part they are determined by the Advisor’s evaluation of historical market volatility and liquidity.

The Program determines position size as a function of both individual commodity volatility and total portfolio volatility. As volatility increases, position size will tend to decrease and when volatility decreases, position size will increase. The margin to equity ratio will be approximately 10-15%.

## **Combo Program**

The Mobius Asset Management Combo Program trades a combination of Commodity and Financial sectors. The genesis of the methodology was to establish a product that would “stand alone” for sector trading. The promising success in two sectors led to the development of the Combo Trading Program. The primary objective of the trading program is to deliver to clients attractive rates of return while adhering to prudent risk management procedures. The Program was developed with a minimum investment of \$100,000 in order to give both individual and institutional investors the opportunity to invest in a professional and highly disciplined non-traditional management area. Individuals or institutions wishing to achieve a higher portfolio weighting in either the Financial or Commodity Sectors may request a “special” account at the discretion of the manager beginning with \$100,000.

The commodities currently traded are Treasury Notes, Euro Currency, Eurodollars, Stock Indices, Gold, Soybean Oil, Corn, Sugar, Cotton and Crude Oil. The advisor reserves the right to add and delete commodities when needed and without prior notice.

The Program is technical in nature and entirely systematic. The trading Program uses specific volatility studies for each commodity traded. Every signal generated trades in the direction of the trend. Each commodity has pre-determined profit goals per trade along with updated stop loss protection. This program is actively traded but does not add to existing positions. The Program is committed to adhere to strict money management procedures as part of the trading program. Each commodity traded has its specific entry, exit and stop points and are updated both daily and intra-day. The margin to equity ratio will be approximately 10-15%.

## **PRINCIPAL RISK FACTORS**

Investing in Commodity Interests involves a HIGH DEGREE OF RISK. Although the Advisor will attempt to reduce risk through the measures described above, no guarantee can be made that substantial losses will not in fact be incurred. Listed below are the primary risk factors associated with the Advisor’s Trading Program. Prospective investors should carefully consider the risks set forth below, as well as the risks set forth in the “Risk Disclosure Statement” in the forepart of this document, before deciding to participate in the Advisor’s Program.

### **Trading in Commodity Interest is Speculative and Volatile**

The low margin requirements required in commodity futures trading (between 2% and 15% of the value of the contracts traded) allows for a high degree of leverage. Hence, small price movements may result in substantial losses to the client. In all leveraged investments there is always the risk that the losses can exceed the amount invested. However, as set forth above, the Advisor intends to commit no more than 20-30% of the account equity to margin depending on the program.

### **Commodity Trading May be Illiquid**

Most U.S. commodity exchanges limit daily fluctuations in certain commodity prices by imposing “daily limits.” The daily limit places a ceiling and floor on price where trades may be executed. Daily limits are intended to reduce market exposure; however, such limits may actually increase risk under certain conditions. For example, if the market price of a particular commodity has achieved its daily limit, positions can neither be initiated nor liquidated unless executed at the limit. It is possible for prices to move the “daily limit” for several consecutive days, effectively precluding trading except at the limit price. Although rare, such occurrences nevertheless could prevent the prompt liquidation of unfavorable positions and subject a client to substantial losses that could exceed the margin initially committed to such trades.

### **Trading Decisions Based on Technical Strategies**

The Advisor employs, in large part, trading strategies, which seek to take into account certain “technical” factors in identifying priced trends and price movements. The buy and sell signals generated by a technical trading system are not based on analysis of fundamental supply and demand factors, general economic factors or anticipated world events, but generally upon a study of actual inter-day, daily and weekly price fluctuations, volume variations and changes in open interest. The profitability of any diversified technical trading strategy depends upon occurrence in the future of major price moves or trends in some commodity interest. In the past there have been periods without discernable trends and presumably similar periods will occur in the future. The best trading strategy will not be profitable if there are no trends of the kind it seeks to follow. Any factor which may lessen the prospect of major trends in the future (such as increased government control of, or participation in, the markets) may reduce the prospect that any trading strategy will be profitable in the future. Any factor, which would make it more difficult to execute trades at the system’s signal prices, such as a significant lessening of liquidity in a particular market, could be detrimental to profitability.

### **Effects of Trend-Following Systems**

Commodity trading strategies employing trend-following signals based on technical factors are not new, and, if many traders in addition to the Advisor follow very similar strategies, a bunching of buy and sell orders could occur. It is possible that there has been an increase in recent years in both the use of trend-following strategies and the overall volume of trading and liquidity of the commodity markets. Consequently, it is difficult to determine whether the total amount of funds traded on a trend-following basis, either for futures as a whole or for a particular commodity is greater in proportion to the overall volume and liquidity of commodity markets than in the past. The effect of the increase, if any, in the proportion of funds traded pursuant to trend-following strategies in recent years cannot be predicted. Any such increase, however, could alter trading patterns or affect of trades to detriment of the client.

### **Substantial Fees and Expenses**

Each client is responsible to the futures commission merchant it selects (see “Futures Commission Merchant” below) for all margin, commissions and other brokerage costs including but not limited to “give up fees”. Brokerage costs can be substantial, especially in light of the

active trading required to meet the Program's objectives. For example, an account with a Nominal Size of \$1,000,000 traded pursuant to one of the Advisor's Programs can expect 3000 round turns annually. At \$20 per round-turn trade all in, the brokerage commission cost will be equal to approximately 6% per year. These figures are based on the actual experience of the Advisor's Program. The trading frequency may vary in the future due to such market variables as volatility and liquidity.

The Advisor reserves the right to establish relationships and enter into agreements on behalf of the client with one or more executing brokers and to trade through such executing brokers. If an executing broker does not clear his trades through the same clearing broker utilized by the client account, the executing brokers will "give-up" or transfer the positions to the account's clearing broker. Most clearing brokers charge their accounts an additional \$1.50-3.00 per round turn per contract for such "give-ups".

As set forth below, clients are responsible to the Advisor for monthly fees based on the Nominal Account Size of their accounts without regard to the profitability of trading in the account. Finally, clients also are responsible for paying to the Advisor an incentive fee based on the client's quarterly trading profits. As a result, a client must earn substantial trading profits to cover expenses and avoid depleting actual account equity.

### **Tax Matters**

Mobius Asset Management, Inc. is not an expert on tax matters and does not provide tax advice. Prospective clients should consult with their own financial advisor on tax questions related to commodity investments.

### **Counter Party Creditworthiness**

Clients could be unable to recover assets held at a futures commission merchant (FCM) in the event of bankruptcy or insolvency or if the FCM fails to properly segregate customer funds as required by the Commodity Exchange Act.

### **Stop Loss Orders May Not Limit Loss**

It should be noted that stop-loss points are not guaranteed to limit loss to the stop-loss point because in part, they are determined by the Advisor evaluation of historical market volatility and liquidity. Changes in volatility, overnight market movements, slippage in trade execution and exchange price limit changes may lead to losses that are in excess of the stop-loss limit. Trailing stop-loss orders are used in an attempt to protect the account from severe market reversals or reduce the potential of greater loss.

### **Futures Trading Is Highly Leveraged**

The low margin deposits normally required in futures trading (typically ranging between 1% and 25% of the value of the contract) permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a contract may result in immediate and substantial losses to

the investor. Like other leveraged investments, any trade may result in losses in excess of the amount invested.

\* \* \* \* \*

The preceding list of risk factors does not purport to be a complete explanation of the risks involved in investing in the Advisor's Program. Each prospective client who intends to trade commodity futures contracts should carefully read this Disclosure Document, the Risk Disclosure Statement on Page 2 and the risk disclosure statements of the relevant futures commission merchant or introducing broker with particular care, and give due consideration to the risks described therein.

### **FUTURES COMMISSION MERCHANTS**

A client who elects to participate in the Advisor's Program must first open a commodity futures account with a registered futures commission merchant ("FCM"). Clients are free to choose any FCM they wish to carry their account. The client may also elect to use an Introducing Broker ("IB"). Clients are responsible for arrangements and negotiating fees and commissions with the FCM or IB of their choice.

### **MANAGEMENT AND INCENTIVE FEES**

In consideration for the management of its accounts, a client will pay the Advisor a quarterly incentive fee equal to 20% of "Trading Profits," defined below, as of the end of each calendar quarter and a monthly management fee of 0.16% (i.e., 2% annually) of the Nominal Account Size, as described below, as of the end of each calendar month. The Advisor reserves the right to negotiate fees with different clients. Presently, Incentive Fees have a maximum rate of 27.5%. These fees may be based upon such factors as the type of client, size of account, degree of leverage used, and other factors deemed relevant by the Advisor. Fees, which will be deducted directly from the client's account, will be determined as follows:

1. The Advisor will receive a quarterly incentive fee equal to 20% of "Trading Profits." Trading Profits for purposes of calculating the Advisor's incentive fee during a calendar quarter shall mean the cumulative profits (over and above the aggregate of the previous period profits as of the end of any calendar quarter) during the calendar quarter (after deduction for accrued brokerage fees paid and before deducting the Advisor's incentive and management fees payable). Trading Profits shall include both realized and unrealized profits. Trading Profits shall include interest earned by the client on its assets. If Trading Profits for a calendar quarter are negative, it shall constitute a "Carry forward Loss" for the beginning of the next calendar quarter. If

Trading profits are negative at the time of withdrawal, then any loss attributed to those withdrawn funds shall be deducted from the Carry forward Loss. No Incentive fee shall be payable until Trading Profits for the ensuing calendar quarters exceeds the Carry forward Loss. If Trading Profits are positive at the time of a withdrawal the incentive fees accrued that portion of the Trading Profits attributed to the withdrawn funds shall be deemed due and payable at the time.

The incentive fee is based upon, among other things, unrealized appreciation of open positions. All incentive fees paid will be retained by the Advisor even if the account subsequently experiences losses or the appreciation is never realized. The amount of unrealized appreciation may be substantial. Because the incentive fee is payable quarterly, substantial incentive fees may be paid to the Advisor during a year even though the account sustains a net trading loss for that year

2. The advisor will receive a monthly management fee of 0.16% of the Nominal Account Size (2% annually). Nominal Account Size shall mean an account's total actual assets on less total liabilities, to be determined on the basis of generally accepted accounting principles, consistently applied unless otherwise specified. Nominal Account Size will include the sum of all cash, Treasury Bills and other interest-bearing obligations at their cost plus accrued interest, all other accrued interest earned by the Client on its assets, any dollar amount that the Client has stated is subject to the Advisor's trading discretion but may not be deposited in the trading account, whether treated as notional funds, committed funds or otherwise, and the current market value of all open commodity positions, as indicated by the settlement price determined by the exchanges on which such positions are maintained. If there are no trades on the date of calculation due to the operation of the daily price fluctuation limits or due to closing of the exchange on which positions are maintained, the contract will be valued at the nominal settlement prices as determined by the exchange. No reduction shall be made for brokerage commissions and other charges, which would be incurred upon liquidation. The management fee will be paid to the Advisor whether or not trading has been profitable. Management fees accrued on funds withdrawn from Client's account are deemed due and payable at the time of withdrawal. Client understands that since the Nominal Account Size may include notional funds (see "Notional Funds Disclosure below), Client may be paying a management fee not only on actual funds but on notional fund as well. As a result, the management fee expressed, as a percentage of the actual funds may be higher than set forth above.

The management fee will be paid to the Advisor whether or not trading has been profitable. Management fees accrued on accounts, which have reduced the Nominal Account Size, will be charged pro rata.

## **CONFLICTS OF INTEREST**

Due to price volatility, occasional variations in liquidity, and differences in order execution, it is not always possible for the Advisor to obtain identical trade execution for all of its clients. Such

variations and differences may produce differences in performance among client accounts over time. In order to treat its clients fairly when block orders for clients are filled at different prices, the Advisor will assign trades on a predetermined, fair and systematic basis among all accounts it manages based on information about order execution it receives from the FCM's carrying the client accounts managed by the Advisor.

The Advisor and the principals may trade for their own accounts. Orders for the aforementioned accounts may or may not be part of a block order. The principals' orders could be placed before or after other orders for client accounts and might obtain more favorable order execution. No accounts owned by the Advisor or its principals will be deliberately favored by the Advisor or its principals over client accounts. Clients will be permitted to inspect the records of the Advisor and its principals' accounts, and any written policies thereto, during regular business hours at the Advisor's business office.

The Advisor may enter into arrangements with Commodity Pool Operators, Futures Commission Merchants, Introducing Brokers, and Commodity Trading Advisors pursuant to which such entities introduce clients to the Advisor. In such cases, these entities may receive a portion of the fees paid by the client to the Advisor.

### **NOTIONAL FUNDS DISCLOSURE**

Since the Advisor may accept partially funded accounts, the following disclosure is included:

You should request the Advisor to advise you of the amount of cash or other assets (Actual Funds), which should be deposited to the Advisor's trading program for your account to be considered "Fully Funded." This is the amount upon which the Advisor will determine the number of contracts traded in your account and should be sufficient to make it unlikely that any further cash deposits would be required from you over the course of your participation in the Advisor's program, although there can be no assurance of this.

You are reminded that the account size you agreed to in writing, the Nominal Account Size, is not the maximum possible loss that your account may experience. Further, cash additions, cash withdrawals, and net performance will not affect the Nominal Account Size or its trading. The Nominal Account Size will increase or decrease when you elect a new nominal account size. At that time you must sign a new advisory agreement with Mobius Asset Management, Inc.

You should consult the account statements received from your futures commission merchant in order to determine the activity in your account, including profits, losses and current cash equity balance. To the extent that the equity in your account is at any time less than the Nominal Account Size you should be aware of the following:

1. Although your gains and losses, fees and commissions measured in dollars will be the same, they will be greater when expressed as a percentage of account equity; and

2. You may receive more frequent and larger margin calls from the Futures Commission Merchant.

**Performance Disclosure Table**

Notional funds are defined as the amount by which the Nominal Account Size exceeds the amount of Actual Funds on deposit in the account. A prospective investor who plans to partially fund an account in lieu of providing full funding should first interpolate the rate of return information in the following table with respect to partial funding and to the impact of additional leverage on account volatility. The Fully Funded Rate of Return is the actual net trading performance divided by the Nominal Account Size recommended by the Advisor.

The following disclosure table may be used to convert the rates of return (ROR) to the corresponding ROR for particular funding levels:

<i>Fully Funded Actual ROR</i>	<i>Rates of Return based on various funding levels</i>			
30 %	30%	60%	75%	100%
20%	20%	40%	50%	66.76%
10%	10%	20%	20%	33.33%
0%	0%	0%	0%	0%
-10%	-10%	-20%	-25%	-33.33%
-20%	-15%	-30%	-37.5%	-50%
	<b>100%</b>	<b>50%</b>	<b>40%</b>	<b>30%</b>
	<i>Level of funding</i>			

**CLIENTS PARTICIPATING IN THE ADVISOR’S TRADING PROGRAM ARE CAUTIONED THAT THE PERFORMANCE INFORMATION SET FORTH IN THE FOLLOWING CAPSULES IS NOT INDICATIVE OF, AND HAS NO BEARING ON, ANY TRADING RESULTS WHICH MAY BE ATTAINED IN THE FUTURE BY THE ADVISOR SINCE PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. THERE CAN BE NO ASSURANCE THAT A CLIENT WILL MAKE ANY PROFITS AT ALL, OR WILL BE ABLE TO AVOID INCURRING SUBSTANTIAL LOSSES**

## **PERFORMANCE RECORDS**

The performance contained in the following capsules through October 2007 represents client accounts managed by the Advisor pursuant to the Diversified Trading Program and client accounts managed by the Advisor pursuant to the Custom Trading Program, Combo Trading Program and Energy Trading Program. Although the information has not been audited, in the opinion of the Advisor it is accurate and fairly stated in all material respects.

Since past performance is not necessarily indicative of future results, the performance results set forth in the following Capsules may not be indicative of the results, which may be achieved by the Advisor in the future. No representation is being made that any account will or is likely to achieve profits or incur losses similar to those shown. Certain trading methods considered appropriate to large accounts owned by professional traders may be deemed inappropriate for accounts, which have less equity and/or are owned by clients with a greater aversion to risk. In addition, because the Advisor has modified and will continue to modify its trading methods, the results shown do not reflect the precise trading methods that will be used on behalf of the Advisor.

Future performance also may be affected by the increasing amount of funds directed by the Advisor. For example, in certain commodity interest, the Advisor will be unable to acquire positions as large as its strategy might otherwise dictate, because the sizes of these speculative positions are limited by legal regulations. Also, “skid” or “slippage” (difference between ideal and actual trade execution prices, and the transaction cost resulting there from) will increase with the execution of larger orders. And fewer commodity interests will be sufficiently liquid to invest in, reducing diversification and opportunities to profit.

**For all of the above reasons, no client should expect the same performance as that of any other account invested previously, simultaneously or subsequently by the Advisor, its principals, or the performance presented herein, as past performance is not indicative of future results.**

Capsule A contains specified information with respect to results of trading for client accounts traded by the Advisor pursuant to the Combo Trading Program from inception of trading for client accounts. The accounts are charged a quarterly incentive fee ranging from 18% to 20% of the Trading Profits and a monthly management fee ranging from 0% to 2% of the nominal assets in the account.

Capsule B contains specific information with respect to results for client accounts traded by the Advisor pursuant to the Custom Trading Program from inception of trading for client accounts. The accounts have been charged a quarterly incentive fee ranging from 20% to 27.5% of Trading Profits and a monthly management fee ranging from 0% to 2% annually of the nominal assets in the account.

Capsule C contains specified information with respect to results of trading for client accounts traded by the Advisor pursuant to the Diversified Trading Program from inception of trading for client accounts. The accounts are charged a quarterly incentive fee ranging from 15%-20% of Trading Profits and a monthly management fee ranging from .5% annually to 2% annually of the nominal assets in the account.

Capsule D contains specified information with respect to results of trading for client accounts traded by the Advisor pursuant to the Energy Trading Program from inception of trading for client accounts. The accounts are charged a quarterly incentive fee ranging from 18% to 20% of Trading Profits and a monthly management fee ranging from 0% annually to 2% annually of the nominal assets in the account.

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

**Capsule A – Combo Trading Program Client Account Performance (Unaudited)  
(As of October 2007)**

**Interest Earned by the Client is Not Included in the Table**

Name of CTA:	Mobius Asset Management, Inc.
Name of CTA's Trading Program:	Combo Trading Program
Inception of Trading Client Accounts by CTA:	January 22, 1996
Inception of Trading Client Accounts Pursuant to the Program:	September 1, 2003
Number of Open Client Accounts:	2
Total Client Assets Under Management –Actual:	\$1,652,707
Total Client Assets Under Management – Nominal:	\$5,175,843
Total Assets Traded Pursuant to the Program - Actual:	\$12,535
Total Assets Traded Pursuant to the Program - Nominal:	\$212,535
Largest Monthly Draw-down on an Individual Account Basis:	-3.52% November 2003
Largest Peak-to-Valley Draw-down on an Individual Account Basis:	-10.20% July 2006-June 2007
Number of Profitable Opened and Closed Client Accounts:	4 Range: 0.46% – 5.24%
Number of Unprofitable Opened and Closed Client Accounts:	1 Range: -4.36%

Month	2007	2006	2005	2004	2003
January	0.46%	4.64%	2.40%	3.56%	
February	-1.33%	-1.23%	3.37%	2.33%	
March	-1.60%	0.91%	0.32%	0.12%	
April	0.61%	1.57%	-0.17%	0.97%	
May	-1.85%	2.53%	-0.50%	-1.12%	
June	-1.18%	1.42%	2.23%	-0.91%	
July	2.30%	1.56%	-2.11%	1.09%	
August	0.13%	-1.05%	-1.15%	0.61%	
September	4.37%	-2.51%	-0.82%	0.61%	1.52%
October	-2.03%	-1.74%	1.50%	-1.99%	-1.12%
November		0.78%	0.97%	-1.08%	-3.52%
December		-1.23%	3.39%	-0.88%	-1.51%
Annual Rate of Return	-0.32%	3.63%	9.65%	2.16%	-4.61%

**THE NOTES TO PERFORMANCE CAPSULE A ON THE NEXT PAGE  
ARE AN INTEGRAL PART OF THIS PERFORMANCE RECORD.**

## NOTES TO PERFORMANCE CAPSULE A

A summary of significant accounting policies, which have been followed in preparing the accompanying Capsule A, is set forth below. All performance has been prepared on an accrual basis in accordance with Generally Accepted Accounting Principles.

- (1) "Inception of Trading Client Accounts by CTA" is the date on which the Advisor, as successor to John McLane's sole proprietorship CTA, began trading client accounts.
- (2) "Inception of Trading Client Accounts Pursuant to the Program" is the date on which the Advisor, as successor to John McLane's sole proprietorship CTA, began trading client accounts pursuant to the Trading Program.
- (3) "Number of Open Client Accounts" is the number of client accounts directed by the Advisor pursuant to the Trading Program as of the date shown.
- (4) "Total Client Assets Under Management - Actual" is the aggregate amount of actual client assets (including committed funds but excluding nominal funds) under the management of the Advisor as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and includes the sum of all cash, securities, options and open commodity futures positions, U.S. Treasury securities, and accrued interest income less accrued expenses and fees.
- (5) "Total Client Assets Under Management - Nominal" is the aggregate amount of client's assets (including committed funds and nominal funds) under management with the Advisor pursuant to the Trading program as the date shown computed on an accrual basis in accordance with Generally Accepted Accounting Practices and is calculated in the same manner as "Total Client Assets Under Management – Actual" above.
- (6) "Total Assets Traded Pursuant to the Program - Actual" is the amount of actual client assets (including committed funds but excluding nominal funds) under management with the Advisor pursuant to the Trading Program as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and is calculated in the same manner as "Total Client Assets Under Management" above.
- (7) "Total Assets Traded Pursuant to the Program - Nominal" is the amount of client assets (including committed funds and nominal funds) under management with the Advisor pursuant to the Trading Program as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and is calculated in the same manner as "Total Client Assets Under Management" above.
- (8) "Draw-down" means losses experienced by the Trading Program over a specified period expressed as a percentage of beginning net asset value.
- (9) "Largest Monthly Draw-down on an Individual Account Basis" is the largest monthly loss experienced by any account traded pursuant to the Trading Program in any calendar month expressed as a percentage of beginning net asset value and includes the month and year of such draw-down.
- (10) "Largest Peak-to-Valley Draw-down on an Individual Account Basis" is the largest cumulative percentage decline in month-end net asset value of any individual account traded pursuant to the Trading Program due to losses sustained by such account during a period in which the initial month-end net asset value of the account is not equaled or exceeded by a subsequent month-end net asset value and includes the time period in which such draw-down occurred.
- (11) "Number of Closed Client Accounts" is the number of client accounts traded pursuant to the Trading Program that were closed as of the date shown, either profitably or unprofitably, as indicated.
- (12) "Monthly Rate of Return" represents net performance for a month divided by beginning Net Asset Value, time weighted for any additions or withdrawals occurring during the month.
- (13) "Annual Rate of Return" represents the cumulative compounded rate of return for each year or portion thereof. It is computed by applying successively the respective monthly rates of return for each month beginning with the first month presented in each period and represents the net percentage change since the beginning of the period presented.

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

**Capsule B – Custom Trading Program Client Account Performance (Unaudited)  
(As of October 2007)**

**Interest Earned by the Client is Not Included in the Table**

Name of CTA:	Mobius Asset Management, Inc.
Name of CTA's Trading Program:	Custom Trading Program
Inception of Trading Client Accounts by CTA:	January 22, 1996
Inception of Trading Client Accounts Pursuant to the Program:	January 2, 2002
Number of Open Client Accounts:	23
Total Client Assets Under Management – Actual:	\$1,652,707
Total Client Assets Under Management – Nominal:	\$5,175,843
Total Assets Traded Pursuant to the Program - Actual:	\$1,293,897
Total Assets Traded Pursuant to the Program - Nominal:	\$2,017,032
Largest Monthly Draw-down on an Individual Account Basis:	-5.7% January 2002
Largest Peak-to-Valley Draw-down on an Individual Account Basis:	-20.72 May 2006-June 2007
Number of Profitable Opened and Closed Client Accounts:	8 Range: 1.15% - 32.61%
Number of Unprofitable Opened and Closed Client Accounts:	24 Range: -0.27% - 21.84%

Month	2007	2006	2005	2004	2003	2002
January	-3.03%	5.04%	1.57%	0.30%	6.40%	-5.7%
February	4.52%	-3.69%	2.21%	5.13%	0.50%	1.80%
March	-2.34%	-0.58%	0.58%	6.31%	-0.80%	25.3%
April	-4.42%	0.79%	-1.77%	-1.81%	-1.60%	4.10%
May	-0.95%	5.00%	0.76%	-1.57%	2.70%	12.7%
June	-3.10%	-3.06%	6.23%	-2.38%	-0.39%	6.0%
July	0.54%	1.40%	-3.87%	-0.39%	-2.70%	-4.5%
August	1.62%	-1.94%	-2.30%	-0.06%	-3.85%	-1.20%
September	8.13%	-2.78%	0.01%	2.00%	1.26%	2.30%
October	5.40%	-3.92%	3.15%	-2.75%	0.41%	-5.50%
November		1.42%	1.10%	2.20%	1.60%	1.90%
December		-4.39%	3.19%	-3.36%	-2.27%	28.2%
Annual Rate of Return	5.73%	-7.08%	10.96%	3.15%	1.3%	77.3%

**THE NOTES TO PERFORMANCE CAPSULE B ON THE NEXT PAGE  
ARE AN INTEGRAL PART OF THIS PERFORMANCE RECORD.**

## NOTES TO PERFORMANCE CAPSULE B

A summary of significant accounting policies, which have been followed in preparing the accompanying Capsule B, is set forth below. All performance has been prepared on an accrual basis in accordance with Generally Accepted Accounting Principles.

- (1) "Inception of Trading Client Accounts by CTA" is the date on which the Advisor, as successor to John McLane's sole proprietorship CTA, began trading client accounts.
- (2) "Inception of Trading Client Accounts Pursuant to the Program" is the date on which the Advisor, as successor to John McLane's sole proprietorship CTA, began trading client accounts pursuant to the Trading Program.
- (3) "Number of Open Client Accounts" is the number of client accounts directed by the Advisor pursuant to the Trading Program as of the date shown.
- (4) "Total Client Assets Under Management - Actual" is the aggregate amount of actual client assets (including committed funds but excluding nominal funds) under the management of the Advisor as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and includes the sum of all cash, securities, options and open commodity futures positions, U.S. Treasury securities, and accrued interest income less accrued expenses and fees.
- (5) "Total Client Assets Under Management - Nominal" is the aggregate amount of client's assets (including committed funds and nominal funds) under management with the Advisor pursuant to the Trading program as the date shown computed on an accrual basis in accordance with Generally Accepted Accounting Practices and is calculated in the same manner as "Total Client Assets Under Management - Actual" above.
- (6) "Total Assets Traded Pursuant to the Program - Actual" is the amount of actual client assets (including committed funds but excluding nominal funds) under management with the Advisor pursuant to the Trading Program as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and is calculated in the same manner as "Total Client Assets Under Management" above.
- (7) "Total Assets Traded Pursuant to the Program - Nominal" is the amount of client assets (including committed funds and nominal funds) under management with the Advisor pursuant to the Trading Program as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and is calculated in the same manner as "Total Client Assets Under Management" above.
- (8) "Draw-down" means losses experienced by the Trading Program over a specified period expressed as a percentage of beginning net asset value.
- (9) "Largest Monthly Draw-down on an Individual Account Basis" is the largest monthly loss experienced by any account traded pursuant to the Trading Program in any calendar month expressed as a percentage of beginning net asset value and includes the month and year of such draw-down.
- (10) "Largest Peak-to-Valley Draw-down on an Individual Account Basis" is the largest cumulative percentage decline in month-end net asset value of any individual account traded pursuant to the Trading Program due to losses sustained by such account during a period in which the initial month-end net asset value of the account is not equaled or exceeded by a subsequent month-end net asset value and includes the time period in which such draw-down occurred.
- (11) "Number of Closed Client Accounts" is the number of client accounts traded pursuant to the Trading Program that were closed as of the date shown, either profitably or unprofitably, as indicated.
- (12) "Monthly Rate of Return" represents net performance for a month divided by beginning Net Asset Value, time weighted for any additions or withdrawals occurring during the month.
- (13) "Annual Rate of Return" represents the cumulative compounded rate of return for each year or portion thereof. It is computed by applying successively the respective monthly rates of return for each month beginning with the first month presented in each period and represents the net percentage change since the beginning of the period presented.

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

**Capsule C – Diversified Trading Program Client Account Performance (Unaudited)  
(As of October 2007)**

**Interest Earned by the Client is Not Included in the Table**

Name of CTA:	Mobius Asset Management, Inc.
Name of CTA's Trading Program:	Diversified Trading Program
Inception of Trading Client Accounts by CTA:	January 22, 1996
Inception of Trading Client Accounts Pursuant to the Program:	March 1, 2004
Number of Open Client Accounts:	7
Total Client Assets Under Management –Actual:	\$1,652,707
Total Client Assets Under Management – Nominal:	\$5,175,843
Total Assets Traded Pursuant to the Program - Actual:	\$223,992
Total Assets Traded Pursuant to the Program - Nominal:	\$2,223,992
Largest Monthly Draw-down on an Individual Account Basis:	7.07% August 2005
Largest Peak-to-Valley Draw-down on an Individual Account Basis:	-12.63% Mar.- Oct. 2004
Number of Profitable Opened and Closed Client Accounts:	0
Number of Unprofitable Opened and Closed Client Accounts:	2 Range: (-3.74% - 10.68%)

Month	2007	2006	2005	2004
January	-0.10%	-2.63%	0.11%	
February	3.91%	-6.70%	8.49%	
March	-2.64%	1.01%	3.67%	0.65%
April	-2.78%	7.49%	-2.41%	-3.25%
May	-0.46%	6.68%	-1.97%	1.51%
June	-1.50%	-1.43%	9.39%	-3.36%
July	0.57%	1.78%	-3.89%	-2.13%
August	8.99%	-2.95%	-7.07%	-0.61%
September	5.07%	-2.09%	-0.88%	-0.35%
October	5.21%	-2.27%	3.38%	-4.89%
November		-1.05%	-2.75%	5.67%
December		1.91%	10.21%	-5.15%
Annual Rate of Return	16.73%	-1.15%	15.54%	-11.72%

**THE NOTES TO PERFORMANCE CAPSULE C ON THE NEXT PAGE ARE AN INTEGRAL PART OF THIS PERFORMANCE RECORD.**

## NOTES TO PERFORMANCE CAPSULE C

A summary of significant accounting policies, which have been followed in preparing the accompanying Capsule C, is set forth below. All performance has been prepared on an accrual basis in accordance with Generally Accepted Accounting Principles.

- (1) "Inception of Trading Client Accounts by CTA" is the date on which the Advisor, as successor to John McLane's sole proprietorship CTA, began trading client accounts.
- (2) "Inception of Trading Client Accounts Pursuant to the Program" is the date on which the Advisor, as successor to John McLane's sole proprietorship CTA, began trading client accounts pursuant to the Trading Program.
- (3) "Number of Open Client Accounts" is the number of client accounts directed by the Advisor pursuant to the Trading Program as of the date shown.
- (4) "Total Client Assets Under Management - Actual" is the aggregate amount of actual client assets (including committed funds but excluding nominal funds) under the management of the Advisor as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and includes the sum of all cash, securities, options and open commodity futures positions, U.S. Treasury securities, and accrued interest income less accrued expenses and fees.
- (5) "Total Client Assets Under Management - Nominal" is the aggregate amount of client's assets (including committed funds and nominal funds) under management with the Advisor pursuant to the Trading program as the date shown computed on an accrual basis in accordance with Generally Accepted Accounting Practices and is calculated in the same manner as "Total Client Assets Under Management - Actual" above.
- (6) "Total Assets Traded Pursuant to the Program - Actual" is the amount of actual client assets (including committed funds but excluding nominal funds) under management with the Advisor pursuant to the Trading Program as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and is calculated in the same manner as "Total Client Assets Under Management" above.
- (7) "Total Assets Traded Pursuant to the Program - Nominal" is the amount of client (including committed funds and nominal funds) under management with the Advisor pursuant to the Trading Program as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and is calculated in the same manner as "Total Client Assets Under Management" above.
- (8) "Draw-down" means losses experienced by the Trading Program over a specified period expressed as a percentage of beginning net asset value.
- (9) "Largest Monthly Draw-down on an Individual Account Basis" is the largest monthly loss experienced by any account traded pursuant to the Trading Program in any calendar month expressed as a percentage of beginning net asset value and includes the month and year of such draw-down.
- (10) "Largest Peak-to-Valley Draw-down on an Individual Account Basis" is the largest cumulative percentage decline in month-end net asset value of any individual account traded pursuant to the Trading Program due to losses sustained by such account during a period in which the initial month-end net asset value of the account is not equaled or exceeded by a subsequent month-end net asset value and includes the time period in which such draw-down occurred.
- (11) "Number of Closed Client Accounts" is the number of client accounts traded pursuant to the Trading Program that were closed as of the date shown, either profitably or unprofitably, as indicated.
- (12) "Monthly Rate of Return" represents net performance for a month divided by beginning Net Asset Value, time weighted for any additions or withdrawals occurring during the month.
- (13) "Annual Rate of Return" represents the cumulative compounded rate of return for each year or portion thereof. It is computed by applying successively the respective monthly rates of return for each month beginning with the first month presented in each period and represents the net percentage change since the beginning of the period presented.

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

**Capsule D – Energy Trading Program Client Account Performance (Unaudited)  
(As of October 2007)**

**Interest Earned by the Client is Not Included in the Table**

Name of CTA:	Mobius Asset Management, Inc.
Name of CTA's Trading Program:	Energy Trading Program
Inception of Trading Client Accounts by CTA:	January 22, 1996
Inception of Trading Client Accounts Pursuant to the Program:	January 1, 2005
Number of Open Client Accounts:	2
Total Client Assets Under Management –Actual:	\$1,652,707
Total Client Assets Under Management – Nominal:	\$5,175,843
Total Assets Traded Pursuant to the Program - Actual:	\$122,283
Total Assets Traded Pursuant to the Program - Nominal:	\$722,283
Largest Monthly Draw-down on an Individual Account Basis:	-5.91% Oct. 2005
Largest Peak-to-Valley Draw-down on an Individual Account Basis:	-10.73% Sep. 2005-Mar 2006
Number of Profitable Opened and Closed Client Accounts:	2 Range 1.85%-11.10%
Number of Unprofitable Opened and Closed Client Accounts:	0

Month	2007	2006	2005
January	0.82	1.67%	-2.01%
February	1.77%	-3.40%	1.27%
March	-0.66%	-1.09%	4.01%
April	1.26%	3.47%	2.22%
May	-1.00%	1.91%	-1.15%
June	-2.26%	4.48%	5.44%
July	3.90%	4.03%	0.71%
August	1.90%	-3.40%	5.93%
September	4.17%	-1.70%	1.19%
October	4.56%	1.06%	-5.10%
November		0.90%	--1.60%
December		0.01%	1.75%
Annual Rate of Return	15.18%	7.80%	12.65%

**THE NOTES TO PERFORMANCE CAPSULE D ON THE NEXT PAGE ARE AN INTEGRAL PART OF THIS PERFORMANCE RECORD.**

## NOTES TO PERFORMANCE CAPSULE D

A summary of significant accounting policies, which have been followed in preparing the accompanying Capsule C, is set forth below. All performance has been prepared on an accrual basis in accordance with Generally Accepted Accounting Principles.

- (1) "Inception of Trading Client Accounts by CTA" is the date on which the Advisor, as successor to John McLane's sole proprietorship CTA, began trading client accounts.
- (2) "Inception of Trading Client Accounts Pursuant to the Program" is the date on which the Advisor, as successor to John McLane's sole proprietorship CTA, began trading client accounts pursuant to the Trading Program.
- (6) "Number of Open Client Accounts" is the number of client accounts directed by the Advisor pursuant to the Trading Program as of the date shown.
- (7) "Total Client Assets Under Management - Actual" is the aggregate amount of actual client assets (including committed funds but excluding nominal funds) under the management of the Advisor as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and includes the sum of all cash, securities, options and open commodity futures positions, U.S. Treasury securities, and accrued interest income less accrued expenses and fees.
- (8) "Total Client Assets Under Management - Nominal" is the aggregate amount of client's assets (including committed funds and nominal funds) under management with the Advisor pursuant to the Trading program as the date shown computed on an accrual basis in accordance with Generally Accepted Accounting Practices and is calculated in the same manner as "Total Client Assets Under Management - Actual" above.
- (6) "Total Assets Traded Pursuant to the Program - Actual" is the amount of actual client assets (including committed funds but excluding nominal funds) under management with the Advisor pursuant to the Trading Program as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and is calculated in the same manner as "Total Client Assets Under Management" above.
- (7) "Total Assets Traded Pursuant to the Program - Nominal" is the amount of client (including committed funds and nominal funds) under management with the Advisor pursuant to the Trading Program as of the date shown, computed on an accrual basis in accordance with Generally Accepted Accounting Principles, and is calculated in the same manner as "Total Client Assets Under Management" above.
- (8) "Draw-down" means losses experienced by the Trading Program over a specified period expressed as a percentage of beginning net asset value.
- (9) "Largest Monthly Draw-down on an Individual Account Basis" is the largest monthly loss experienced by any account traded pursuant to the Trading Program in any calendar month expressed as a percentage of beginning net asset value and includes the month and year of such draw-down.
- (10) "Largest Peak-to-Valley Draw-down on an Individual Account Basis" is the largest cumulative percentage decline in month-end net asset value of any individual account traded pursuant to the Trading Program due to losses sustained by such account during a period in which the initial month-end net asset value of the account is not equaled or exceeded by a subsequent month-end net asset value and includes the time period in which such draw-down occurred.
- (11) "Number of Closed Client Accounts" is the number of client accounts traded pursuant to the Trading Program that were closed as of the date shown, either profitably or unprofitably, as indicated.
- (12) "Monthly Rate of Return" represents net performance for a month divided by beginning Net Asset Value, time weighted for any additions or withdrawals occurring during the month.
- (13) "Annual Rate of Return" represents the cumulative compounded rate of return for each year or portion thereof. It is computed by applying successively the respective monthly rates of return for each month beginning with the first month presented in each period and represents the net percentage change since the beginning of the period presented.

