

DISCLOSURE DOCUMENT OF

Schwab Capital Advisors | LLC

**A California Limited Liability Company Registered with
the Commodity Futures Trading Commission (CFTC)
as a Commodity Trading Advisor and Member
of the National Futures Association**

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 DELIVERY OF THIS DISCLOSURE DOCUMENT AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS DISCLOSURE DOCUMENT.

NO PERSON IS AUTHORIZED BY SCHWAB CAPITAL ADVISORS, LLC TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS DISCLOSURE DOCUMENT.

THE DATE OF THIS DISCLOSURE DOCUMENT IS JULY 14, 2008



STRATEGIC AND ALTERNATIVE INVESTMENTS

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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 OF 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. THIS DISCLOSURE DOCUMENT CONTAINS, AT PAGE 15 AND 16, 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 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 PAGE 12.

BEFORE YOU TRADE YOU SHOULD INQUIRE ABOUT ANY RULES RELEVANT TO YOUR PARTICULAR CONTEMPLATED TRANSACTIONS AND ASK THE FIRM WITH WHICH YOU INTEND TO TRADE FOR DETAILS ABOUT THE TYPES OF REDRESS AVAILABLE IN BOTH YOUR LOCAL AND OTHER RELEVANT JURISDICTIONS.

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.

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INTRODUCTION

SCHWAB CAPITAL ADVISORS, LLC ("SCA") was organized as a Limited Liability Corporation in 2007 under the laws of California for the purpose of offering investment advisory and portfolio management services to both retail and institutional investors who seek to achieve both capital appreciation of its assets and current income by making investments which, SCA believes, offers significant potential opportunities for growth and income.

The primary trading strategy of SCA will be to sell, on behalf of a client, options on futures contracts. An option on a futures contract gives the purchaser of the option the right but not the obligation to take a position at a specified price (the "strike" or "exercise" price) in the underlying futures contract. The purchase price of an option is referred to as its "premium" and is paid to the seller of the option. As the seller (or writer) of an option, the clients of SCA will earn the premiums paid by the option buyers.

If the option expires without being exercised (which is what SCA anticipates will happen), the client (as the option writer) retains the full amount of the premium. It should be emphasized, however, that like a long or short position, the seller of an option has unlimited risk if the market moves against its positions. In order for SCA's trading program to be profitable, SCA must properly manage this risk.

Schwab Capital Advisors became registered as a commodity trading advisor with the Commodity Futures Trading Commission (the "CFTC") on September 11, 2007, and became an approved member of the National Futures Association (the "NFA") in such capacity as of September 24, 2007. SCA's principal place of business is located at 2194 Twain Avenue, Carlsbad, CA 92008, Telephone 760-809-2700, Fax (760) 931-6126.

MANAGEMENT

James A Schwab, CEO and Chief Investment Strategist, is the sole Principal of Schwab Capital Advisors, LLC. Mr. Schwab is registered with the CFTC as the sole principal of SCA, and is responsible for all money management, trade execution, and risk management of all transactions executed on behalf of SCA.

Mr. Schwab graduated in 1984 from the University of Texas in Austin with a Bachelor of Science degree in Engineering. Upon graduation he became a principal of J&L Custom Homes and later president of Cornerstone Custom Homes. In August 1991, Mr. Schwab became president of American Bakery Supply, Inc., a company he helped start, where he was first introduced to futures and commodities as a commercial and dealt with commodity hedging. The company was later sold to an international firm, where Mr. Schwab remained on and from January 2000 to September 2008 served as General

Manager, Regional Sales Director, where he was responsible for the P&L of a \$40 million unit while managing 75 employees, as well as Business Development Manager and currently as Key Account Manager.

Mr. Schwab has been actively trading stocks and options for his own account for over 20 years, testing and honing his methods and skills. His hands on business background and commodity experience earned him a greater understanding of investment fundamentals as well as applying technical analysis, and quantitative approach to risk management. See page 11 of this document for the client performance of Mr. Schwab's managed accounts.

His passion for option investing in futures led him in December 2006 to become a registered series 3 and 30 futures broker serving as Branch Manager for ML Bear Inc. There he was able to trade alongside Philip Siegel and gain valuable trading experience from option maneuvers employed on the T-Bond and Euro Currency futures and it was there that the option management strategy using the e-mini S&P 500 was developed.

In September 2007, Mr. Schwab launched Schwab Capital Advisors, LLC to provide clients access to his managed futures trading program as a Commodity Trading Advisor (CTA). As such, Mr. Schwab became officially registered with the NFA as a principal of SCA on September 6, 2007 and on September 24, 2007 was registered as an associated person. In doing so, on January 1, 2008, Mr. Schwab withdrew registration as an AP and Branch Manager of ML Bear to focus his futures business solely as a Commodity Trading Advisor.

OPENING THE ACCOUNT – BROKERAGE ARRANGEMENTS

Client funds for trading the Advisor's program may not be held by the Advisor. They must be held by a Futures Commission Merchant (FCM), whose role includes the record keeping of funds and fees and providing the client with statements of his account.

Clients are free to choose the FCM and introducing broker, if any, of their choice. Clients will pay brokerage fees established by the FCM together with applicable exchange and NFA fees and other costs incurred in connection with transactions effected for the customer's account pursuant to instructions provided by the Advisor.

In the attached Investment Management Agreement, the client authorizes SCA to make trading decisions for its account. In addition, in the attached Fee Payment Authorization the client instructs its FCM to transfer to SCA from its account, management and incentive fees as described under "FEES AND EXPENSES." A client is

responsible for paying to the client's FCM all margin, brokerage commissions, and other transaction costs incurred by SCA in connection with transactions effected for the client's account.

THE TRADING PROGRAMS

The following description of Schwab Capital Advisors (Advisor) and its trading methods and strategies is general and is not intended to be exhaustive. Commodity trading methods are proprietary and complex, so only the most general descriptions are possible; no attempt has been or could be made to provide a precise description of Advisor's strategy. While Advisor believes that the description of its methods and strategies included herein may be of interest to prospective clients, such persons must be aware of the inherent limitations of such description. Advisor from time to time may change or refine certain elements of the trading systems employed

The Advisor believes that an investment in the trading program will only experience the benefit of the program over a longer period of time and therefore, the Advisor suggests that the Client view his or her account as a long-term investment with the objective of seeking capital appreciation over time.

- **SCHWAB MARKET NEUTRAL - Option Writing Program:**
Minimum Investment \$10,000

The goal of the Market Neutral Option Writing Program is to achieve capital appreciation with the use of alternative investment strategies. We attempt to obtain consistent quarterly returns that exceed those of the equity market and to protect capital against adverse market trends.

Our profit objective with this program is 24% - 48% or greater. The trading strategy seeks to be flexible enough to profit in rising markets as well as declining markets. The market can move up, down, or sideways within a specific range and still produce profits at, or as it nears, option expiration. Additionally, the SCA trading strategy has the potential to perform well in any economic environment including both inflationary and deflationary periods (unlike stocks).

The SCA strategy primarily engages in a program of selling or "writing" options (puts and calls) on futures contracts on the e-mini S&P 500 Index. To a lesser extent we may also write options on the Treasury bond, foreign currency futures, or other commodities to capitalize on extreme market opportunities. In doing so, we reserve the right to place trades in any commodity futures contract or option contract thereon, on any exchange, foreign or domestic, at our sole discretion.

Generally, we believe the futures markets follow the “Efficient Market” theory and, consequently, do not attempt to forecast or prognosticate market direction. Rather, the SCA strategy utilizes options on futures and initiates market neutral trade positions by writing (selling) out of the money (“OTM”) call and put options sold at different strike prices above and below the predicted trading range. In essence, via our statistical technical and fundamental analyses, we endeavor to determine where the market will not go, as this is often easier than determining where the market will go, for the period of our trade.

Essentially, we attempt to establish high probability “win” positions. Inherent in this strategy is the knowledge that there will be instances where a position will result in a loss. This is an absorbable inevitability. The view of our trading strategy is similar to that of an insurance company who write numerous policies knowing full well that a small percentage of them may have adverse results. To this end, we have in place strict risk management guidelines, designed to make appropriate adjustments based on movement of the underlying futures contract. (See Risk Management on page 8)

Profits are derived when the price of the options that have been written (sold) declines such that the options can be purchased for amounts less than the price at which those options were initially sold. Moreover, profits also are realized when options expire worthless, providing full part on the option premium sold (after commissions and other fees). Our primary trading philosophy is for profits to be made when the value of options are reduced as a function of time, rather than a function of market direction. Ultimately, the profitability of our trading program depends upon the subsequent price movement of the underlying contract.

For example, if the index is above the strike price of the put when the put expires, the position is profitable. If the price of the underlying contract is below the strike price of the put when the put expires, the strategy may potentially produce a loss. Conversely, the strategy will be profitable if the underlying contract is below the strike price of the call when the call expires. If the price of the underlying contract is above the strike price of the call when the call expires, the strategy may potentially produce an unlimited loss.

Trades are generally, but not always, initiated with 30 to 45 days to expiration. If the market remains within the expected range and does not produce a strong move in either direction then the options sold will expire worthless and all premium income collected will be profit.

Our Market Neutral strategy engages the use of historical and current implied volatility and is compared to the historical and current volatility; the current price of the underlying commodity, the volatility (VIX), and the amount of time left until

expiration, all are factored in determining the probability for the SCA investment strategy to be profitable.

Historically, an estimated ninety percent (90%) of the purchasers' of options are net losers on their purchased investment in options. Many of the purchasers of options are making this investment merely as an insurance investment; allowing them to hedge their underlying commodity from a substantial decrease in value. This is done as insurance to protect against a substantial increase or decrease of their underlying investment. Other purchasers of options of commodities are speculators. These speculators are playing calculated odds, assuming that an event may occur, causing a substantial shift in the value of an underlying commodity. Our strategy takes the other side of this trade in selling options to receive premium income.

The implementation of this trading program depends on both technical and fundamental considerations. Technical analysis involves the study of charted prices, volumes, momentum, strengths, and moving averages to determine the future course of prices. Technical indicators also include the prices of various options, both in absolute terms in relation to their historic price level, and in relative terms comparing the prices of puts to the prices of similar calls. Fundamental considerations include the condition of the market, the trend and volatility of the markets, supply and demand, as well as national and international political and economic events, monetary and exchange control programs and policies, changes in interest rates, and prevailing psychological characteristics of the marketplace.

We have developed a proprietary strategy for finding, measuring, monitoring, investing, and recognizing the commendable returns for option selling. Real time pricing information is used and is compared to the additional numerous amounts of financial data available. Proprietary technical tools are used to determine long-term support and resistance price levels on the S&P 500. We sell call and put options on the S&P 500 index using these technically determined inflection points as the strike price for the options. Most of these options expire worthless at expiration because they are significantly out of the money. In our opinion, selling options at a predetermined price level enables a client to enter or exit a trade at a technically advantageous level that may result in a higher number of successful "win" trades.

This SCA Market Neutral strategy creates a potentially profitable scenario, although not guaranteed, in all types of markets. There is continuous monitoring of positions in relationship to the price movement of the market, volatility and economic and political developments, both here in the United States and abroad. Flexibility allows us to change the trading range whenever it becomes advantageous or necessary.

- **THE EQUITY HEDGE PROGRAM:**
Minimum Investment \$100,000

The Equity Hedge Program is a fundamental portfolio hedging program which uses technical and fundamental signals for entry and exit while trading options in Stock Indexes. Debt, Currencies, and Energy futures may also be used to hedge against stocks when fundamentals warrant.

Risk Management

SCA considers it critical to adhere to strict and rigorous money management principals to increase the opportunity for success of the trading program. This can't be stressed enough. It is our goal to produce consistent positive returns with a maximum monthly drawdown of less than 5 percent not to exceed 10 percent during any consecutive monthly period. As such, the trading strategies have pre-defined profit goals and risk exposure.

It is our intention to write options that are at least 5 percent to 15 percent out of the money from the price of the underlying futures contract. If the contract price stays within the projected range, time will erode the value of the option to the purchaser, the option will be worthless at expiration, and the premium that the client collected upfront, net of brokerage fees, will be profit. If the contract price starts to get close to a strike price and threatens to breach one of the projected limits, the SCA strategy makes adjustments to manage this risk.

The greatest risk entailed with the Market Neutral trading strategy occurs during periods of excessive S&P 500 Index volatility, specifically large directional movements. Because the probability of major movements in the S&P 500 Index within a 30-day period is far greater for downward market movements contrasted to upward movements, the trading strategies employed are more cautious regarding major down movements contrasted to upward movements in the S&P 500 Index. Trading strategies provide for making regular adjustments to option positions, including the acceptance of losses to minimize or eliminate risk. To further protect a client from large market moves to the down, at the discretion of the Advisor, may create an option spread, by buying puts which are further out of the money than the naked puts.

Significant emphasis is placed on risk management techniques to minimize the losses on any particular trade on the portfolio as a whole. Stop-losses, either mechanical or discretionary in nature, are used and managed in a proprietary manner to balance the potential loss in any trade versus the opportunity for maximum profit. Stop-loss orders may not necessarily limit losses since they become market orders upon execution; as a result, a stop-loss order may not be executed at the stop-loss price. Additionally, risk may be managed through variable position size or risk levels for any market.

The entire investment portfolio is monitored, by consistently calculating the expected returns, using discounted probabilities of options expiring out of the money and the estimated monthly premiums received. The portfolio is monitored and adjusted so that maximum annualized returns are achieved with minimal additional risk. The portfolio is further adjusted based on the financial markets. By collecting premiums from the selling of far out of the money options, commendable annualized returns can be achieved. And it is this strategy that allows investors to attain commendable returns, in an environment, that is not dependent on whether the financial markets are in an increasing, decreasing, and/or stagnant mode.

The amount of an account's net assets committed to margin and option premiums will vary as a result of market volatility, among other reasons. On average, 20% to 50% of net assets of an account will be committed to margin and option premiums, although, due to market conditions, the amount committed may be substantially higher at various times. In addition, if an exchange or the client's FCM increases margin requirements (because of market volatility or otherwise), the percentage of net assets committed to margin and option premiums may increase to levels beyond the stated averages. Moreover, due to the volatile nature of the market, the Advisor cannot guarantee that any drawdown in the account can be limited to the percentage as indicated above.

Disciplined Investment Process

SCHWAB Capital Advisors believes that an investment strategy can only be as successful as the discipline of the manager to adhere to its requirements in the face of market adversity. A systematic approach is used to manage the trades whereby decisions subject to behavioral biases are limited. SCA follows a disciplined program and extensive research has shown that the programs should produce a positive expectation over time. In the "Market Neutral Index Option Program", the average statistical risk of a short option trade going "into-the-money" allows for a high probability for the options to expire worthless. Therefore, if we are successful in managing risk, then we believe the profits will follow.

We maintain an absolute commitment to consistent portfolio construction and program integrity. In addition, our approach is dependent in part on the existence of certain technical and fundamental indicators. We believe that our track record will benefit substantially from its adherence to its models during and even after periods of negative returns.

The dynamic elements of SCA's investment process involve periodic adaptation to changing market conditions and subjective discretionary decisions on such matters as portfolio weightings, leverage, position size, effective trade execution, capacity and entry into new markets--all of which depend on professional experience and market

knowledge. These changes are made as warranted by our research findings and in the context of underlying principles.

Investor Profile

Prospective clients should understand that funds invested with Schwab Capital Advisors should comprise no more than 20% of the client's current liquid investment portfolio. Clients realizing gains such that their position in Schwab Capital Advisor exceeds 20% should extract monies to reallocate and rebalance their portfolios no less frequently than annually.

Schwab Capital Advisor strategies are constructed to perform optimally over longer periods of time. As such, the source of funds in a SCA managed account should not be borrowed, or constitute any other form of debt including home equity loans etc. In addition, because the investment vehicles utilized by Schwab Capital Advisor inherently contain great risk, the funds in a SCA account should consist solely of "risk capital" and should not be targeted for children's education, home purchase, retirement, health or any of life's critical needs.

It should be emphasized that, unlike an option buyer who risks losing only his investment in the premium, the seller of an option has unlimited risk. Thus, SCA's options selling program is designed for sophisticated investors who can accept a high degree of risk.

BEFORE SIGNING ANY AGREEMENTS WITH THE ADVISOR, YOU SHOULD CAREFULLY READ THIS ENTIRE DOCUMENT AND DISCUSS WITH THE ADVISOR THE VARIOUS RISKS INHERENT WITH TRADING COMMODITY FUTURES.

PERFORMANCE RECORD

When reviewing SCA's and Mr. Schwab's performance record, prospective clients should be aware that different accounts can and have had varying investment results, even though they have been traded according to the same general trading approach. The reasons for this may include the following material differences between accounts:

1. The period during which the accounts were active and the trading profile used. Although accounts using the same trading profile will be traded in accordance with the same general trading approach, that approach can change periodically as a result of ongoing research and development by Mr. Schwab.
2. When entering an order to buy or sell options, SCA may block orders for its managed accounts (group them together) so that trades can be entered and executed with one order. If trades are executed at more than one price, however, a difference in performance can result.

3. The rates of brokerage commissions and fees paid by the accounts.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Commodity Trading Advisor: Schwab Capital Advisors, LLC
 Trading Program: Market Neutral Option Writing

Month	2008
January	14.54%
February	6.60%
March	3.58%
April	5.39%
May	3.83%
June	-0.47%
July	4.47%
August	
September	
October	
November	
December	
Annual Rate of Return (VAMI)	43.90%

<i>Date CTA began trading:</i>	1-Jan-08
<i>Date the advisor began trading this program:</i>	1-Jan-08
<i>Number of accounts traded under this program:</i>	2
<i>Number of profitable accounts that have opened and closed:</i>	None
<i>Number of losing accounts that have opened and closed:</i>	None
<i>Total assets under management:</i>	\$70,000
<i>Total assets under management in program:</i>	\$70,000
<i>Largest monthly drawdown</i>	0.47% (June 2008)
<i>Worst peak to valley drawdown</i>	0.47% (June 2008)
<i>Life to date return (VAMI)</i>	43.90%

* Monthly Rate of Return - Computed by dividing the net change in balances by beginning balance. No capital is removed or added to the account. The "VAMI" (Value Added Monthly Index) is calculated by multiplying the rate of return by the prior period VAMI and then adding this number to the prior period VAMI.

** Largest Monthly Percentage Draw-Down represents the largest loss in any calendar month expressed as a percentage of beginning account balance.

*** Worst Peak-to-Valley Percentage Draw-Down means the greatest cumulative percentage decline in month-end account balance due to losses sustained during any period in which the initial month end account balance is not equaled or exceeded by a subsequent month end account balance.

**** Year-to-Date represents the compounded rate of return for each year or portion of the year presented. It is computed by applying successively the respective Monthly Rate of Return beginning with the first month of that year. The calculation assumes a continuous investment throughout the period.

PRINCIPAL RISK FACTORS AND OTHER CONSIDERATIONS

In addition to the risks inherent in trading commodity interests pursuant to instructions provided by the CTA, there exist additional risk factors, including those described below, in connection with a client advised by the CTA. Prospective clients should consider all of the risk factors described below and elsewhere in this Disclosure Document before making a decision to participate.

Futures' Trading is Speculative and Volatile

Price movements for commodities are influenced by, among other things, changing supply and demand relationships; trade, financial, monetary, and exchange control programs, and policies of governments; United States and foreign political and economic events and policies; changes in national and international interest rates and rates of inflation, currency devaluation and revaluations; and emotions of the market place. None of these factors can be controlled by the CTA and no assurance can be given that any advice will result in profitable trades for a client or that a client will not incur losses.

Futures' Trading is Highly Leveraged

The low margin deposits normally required in commodity trading (typically between 2% and 15% of the value of the contract purchased or sold) permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a contract may result in immediate and substantial losses to the investor. The CTA does not expect to margin more than 70 % of an account's net assets on a daily basis. Subject to margin volatility, this percent could be greater with regard to any given account N.A.V.

Commodity Futures Markets May Be Illiquid

It is not always possible to execute a buy or sell order at the desired price, or to close out an open position, due to market illiquidity. Such illiquidity may be caused by intrinsic market conditions (lack of demand or overabundant supply) or it may be the result of extrinsic factors like the imposition of early price fluctuation limits (which set a floor and ceiling on the price at which a trade may be executed. *THE RISK OF LOSS IN TRADING FUTURES AND OPTIONS CAN BE SUBSTANTIAL.THEREFORE; YOU SHOULD CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU.*

Failure of a Client's FCM

Under CFTC regulations, FCMs are required to maintain client's assets in a segregated account. If FCM fails to do so, the client may be subject to a risk of loss of some or all of the funds on deposit with the client's FCM in the event of its bankruptcy. Thus, in the case of FCM bankruptcy a client may not receive any of their deposited funds. In addition, under certain circumstances, a client may be subject to a risk of loss of the funds on deposit with the client's FCM. In the case of any such bankruptcy or client loss, a client might recover, in respect of property specifically traceable to the client, only a pro rata share of all property available for distribution to all of the FCM's clients.

Consent to Jurisdiction

All actions or proceedings arising with respect to any controversy arising out of their Agreement effected for Client's account(s) shall be litigated at the discretion and election of the CTA only in courts whose site is within the State of California. Client shall accept court service of process by registered and certified mail addressed to the address set forth below to this Agreement and any such service shall constitute personal service of such process. Client waives any right Client may have to transfer or change the venue of any litigation brought against Client by the CTA.

Governing Law

This Agreement and all transactions subject to this Agreement, shall be governed by the Commodity Exchange Act, as amended: the rules, regulations and orders promulgated under such Act by the Commodity Futures Trading Commission, the rules of the National Futures Association, and where applicable the Laws of the State of California. If any provision is found unenforceable, then this Agreement shall be enforced and construed as if that invalid portion did not appear herein. The Client may bring arising out of transactions under this Agreement no action, regardless of form, more than two years after the cause of the action arose.

Risk of Option Trading

Option trading plays a dominant role in our trading strategy. It is important to note, that option trading may not be less risky than trading outright futures contracts. Additionally, selling options involves unlimited loss potential and limited profit potential. The Option market will likely offer less liquidity than that of any given futures contract. Thus, entry and exit may see considerable slippage in extreme market conditions. Because short option trading involves margin; your broker may ask you to deposit a substantial amount of additional funds should a margin call occur. Not doing so could result in liquidation of your positions; you will be responsible for any debit in your account balance.

Fees and Expenses

A client of the CTA may be subject to brokerage commissions and other transactional costs and/or expenses and incentive fees. Incentive fees, in part on unrealized profits, may never be realized. A client is responsible for bearing any and all expenses; losses and fees incurred as a result of maintaining and having the CTA trade the client's account. The frequency of trading will depend on market volatility and the NAV of the account at any given time. A client is responsible for bearing any and all expenses; losses and fees incurred as a result of maintaining and having the CTA trade the client's account. In the Client Agreement (copy enclosed), the client agrees to indemnify and hold harmless the CTA and any future shareholders, directors, officers, employees, principals, affiliates, and agents in this regard. See the "FEES AND EXPENSES" section that follows for more information.

Possible Affects of Speculative Position Limits

Insofar as speculative position limits are applicable, all commodity accounts owned, held, managed and controlled by the Advisor, are aggregated for position Limit purposes. The advisor may manage additional client accounts in the future. Advisor believes that established position limits will not adversely affect the Advisor's contemplated trading. However, it is possible that from time to time the trading decisions of the Advisor may be modified and positions held or controlled by the Advisor may have to be liquidated in order to avoid exceeding applicable position limits.

Non-Diverse Portfolio

The trading programs do not seek a diversified portfolio of investments. Rather, they focus on select financial instruments that SCA believes offer the best combination of favorable rates of return and manageable levels of investment risk. Nonetheless, SCA cannot guarantee that its trading strategies will be successful or profitable. And if these strategies result in a loss to the Client, the extent of the loss may be compounded by the fact that the Client's investment portfolio was concentrated in a few financial instruments or investment styles rather than diversified across a wide array of financial products or strategies.

Electronic Order Entry

The Advisor may place trades via electronic order platforms for its Program. In such instances, trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. The risk exists that a trade may not be placed, a trade may be placed at a later time than originally desired, or a trade may not be able to be cancelled. These occurrences, which are beyond the Advisor's control, could result in losses to a client's account.

Stop Orders

If stop orders are used to enter or exit the market, the customer should be aware that such orders become market orders when “triggered” and do not ensure that the order will be filled at the price stated on the stop order.

Trade Placement

SCA places trades for all accounts that it manages as “bunched orders” or “block orders”, in which trades for all accounts are placed for execution in a group or bunch, and then are allocated to individual accounts when the order has been completed or at the end of the trading day. This process improves the efficiency of trade placement, and is intended to provide better pricing and execution of orders for all accounts. SCA provides the brokerage firms with allocated fills pursuant to SCA’s allocation methodology. SCA will make available to any customer upon request (1) the general nature of the allocation methodology SCA uses; and (2) summary or composite execution and allocation data sufficient for that customer to compare the results of execution and allocation for its account with those for the accounts of comparable customers and any proprietary account participating in the bunched order process

SCA is obligated to make all post-order allocations fair and equitable, so that no account or group of accounts consistently receives favorable or unfavorable treatment. In addition, SCA’s allocation methodology must be sufficiently objective and specific to permit independent verification of the fairness of the allocation and reconstruction of the allocation methodology.

Counterparty Credit Worthiness

Under CFTC regulations, FCM’s are required to maintain customer’s assets in a segregated account. If a customer’s FCM fails to do so, the customer may be subject to risk of loss of funds in the event of the FCM’s bankruptcy. Even if such funds are properly segregated, the customer may still be subject to a risk of a loss of his funds on deposit with the FCM should another customer of the FCM or the FCM itself fail to satisfy deficiencies in such other customer’s accounts. Bankruptcy law applicable to all U.S. futures brokers requires that, in the event of the bankruptcy of such a broker, all property held by the broker, including certain property specifically traceable to the customer, will be returned, transferred or distributed to the broker’s customers only to the extent of each customer’s pro-rata share of all property available for distribution to customers. If any futures broker retained by the customer were to become bankrupt, it is possible that the customer would be able to recover none or only a portion of those assets held by such futures broker.

Smaller Investments May Be At Greater Risk

If a Client’s account is funded at a low investment level, it may be more vulnerable to the rapid onset of potential losses as the result of a forced liquidation of open positions due to a margin call. Therefore, such an account will need to be traded more cautiously than one funded at a higher level. Consequently, smaller accounts may not permit the most efficient and effective implementation of the trading programs, which may diminish their performance.

FEES AND EXPENSES

Schwab Capital Advisors fees that are applicable to each account are specifically described in each Client’s Trading Agreement. Because Schwab Capital Advisors may structure each account (including the applicable fees) to meet specific Client needs, the foregoing description of Schwab Capital Advisors fees represents a general guideline only.

Commissions:

Generally, commission and other transaction based fees (other than give-up fees) should not exceed \$30 per round-turn contract traded.

Management Fee:

Schwab Capital Advisors will receive as compensation for its advisory services, a monthly management fee of 1/12 of 2% (0.17%) of the month-end net asset value of a Client's account, including open trade equity and prior to reduction for incentive fees.. The term " Net Asset Value" of the account shall mean total assets (including, but not limited to, all cash and cash equivalents, valued at cost plus accrued interest income, and the market value of all open futures interest positions), less liabilities of the account, excluding current month accrued brokerage fees and accrued management and incentive fees. The management fee is due and payable as of the last business day of each month (or as negotiated between the client and Advisor). The management fee will be paid whether or not the account has a profit.

Incentive Fee:

Schwab Capital Advisors receives a monthly Incentive Fee of 20%. Clients will pay Incentive Fees only on the Net Trading Profits recognized by its capital account. The incentive fee is paid only if an account has new Trading Profits. Thus, if the account experiences a loss after an incentive fee is paid, the Advisor will retain the payment but will not receive another incentive fee until the account has subsequent Trading Profits.

With respect to each Client's account, "Net Trading Profit" for any given month, is the net realized and unrealized trading profits on the assets of such capital account, less brokerage commissions, floor brokerage, "give-up" or transfer fees, and NFA and exchange fees, less any net trading loss from a previous month or months. Interest income on the account, unless otherwise specified, shall be included in net trading profits and thus reflected in the incentive fee. Incentive Fees are first payable as of the end of each month with respect to a Client's account and will be calculated for the period since the commencement of trading. Each Client must execute a Trading Agreement, which allows the Futures Commission Merchant ("FCM") to deduct such fees directly from their accounts.

If any payment of Incentive Fees is made to Schwab Capital Advisors on account of Net Trading Profits earned by a Client's account and such Client's account thereafter fails to earn Net Trading Profits or experiences losses for any subsequent month (as described above), Schwab Capital Advisors will be entitled to retain any Incentive Fees previously paid to Schwab Capital Advisors in respect of such Net Trading Profits. However, no subsequent Incentive Fees will be payable until such Client's accounts has again earned Net Trading Profits; provided, however, that if Net Assets are reduced because of withdrawals which occur in a month, in which a Client's account experiences a trading loss, the trading loss for that month, which must be recovered before such Client will be deemed to experience Net Trading Profits will be equal to the amount determined by (x) dividing Net assets after such withdrawals by the Net Assets immediately before such withdrawals and (y) multiplying that fraction by the amount of the unrecovered trading loss experienced in the calendar period prior to such withdrawals. In the event that the Client experiences a trading loss in more than one month without the payment of an intervening Incentive Fee and the Net Assets of such Client's account are reduced in more than one such month because of withdrawals, then an adjustment to the trading loss for month will be made in accordance with the formula described above and only such reduced amount of trading loss will be carried forward and used to offset subsequent trading profits.

Schwab Capital Advisor's reserves the right to negotiate an agreement to charge fees other than those detailed in this disclosure document based on account size.

Executing Broker "Give-Up" Fees

If an executing broker does not clear his trades through the same clearing broker utilized by the client account, the executing broker will "give-up" or transfer the position to the Account's clearing firm

(see page 28 CLIENT AUTHORIZATION FOR GIVE-UP ORDERS) Most clearing firms charge their accounts between \$2 and \$4 per round-turn (or \$1and \$2 per side) per contract for such give-ups.

Miscellaneous

1. If a client withdraws from the CTA on a date other than at the end of a calendar month, incentive fees will be calculated and billed as if such termination dates were at the end of the month. At this time, the clients' obligations to pay future fees will terminate. A client is not entitled to a refund of any management fees and/or incentive fees paid or accrued to the date of their withdrawal from the program.
2. An account may have favorable fee arrangements. The Advisor reserves the right to negotiate alternative fee arrangements based upon the size of the client's account, investment objectives and other factors. Accordingly, no assurance can be given that the fees to be charged this account will be more or less than the amount to be charged to any other client account managed by the Advisor.

Risk Factors and Other Considerations

Conflict of Interest

The Advisor could, in some cases, receive up to 85% of the commissions charged to the client, but the actual amount will depend on the amount the FCM or IB charges to do the trades. This could be viewed as an incentive to overtrade the account. The Advisor currently has no arrangements with any FCMs or IBs or any other entity or individual that would cause a potential conflict of interest.

While SCA might have a financial incentive to favor one account over another, favoritism of this kind would be a breach of its fiduciary duty to its clients and will not be allowed. SCA intends to use the same general methods and strategies to trade all its clients' accounts. In rendering trading advice, SCA will never knowingly or deliberately favor the account of any client over the account of any other client. However, due to price volatility, occasional variations in liquidity, and differences in order of execution, it is not always possible for the CTA to obtain identical trade execution for all of its clients. Although unintentional, such variations and differences may produce differences in performance of clients' accounts over time. In order to treat its clients fairly when block orders for clients' accounts are filled at different prices, the CTA 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 carrying the client accounts managed by the CTA.

Proprietary Trading

The CTA reserves the right to trade for its own accounts. You should be aware that the trading activity in these account(s) might differ from the trading activity in a customer's account. There is no assurance that the trading results in the Advisor's/Principal's proprietary account(s) will be the same as the performance in a customer's Account since the Advisor and/or the Principal may trade more aggressively in their own accounts. If trades of the Advisor and/or its principal are "blocked", with those of its customers, the Advisor will, in accordance with ethical trading practice, ensure that assignment of any "split fills" is consistent and equitable.

Risk of Options:

Options buyers have the right, but not the obligation, to take delivery of the underlying futures contract at the determined strike price. Sellers have the obligation to deliver the underlying in the event that the option is exercised.

Option trading may not be less risky than trading outright futures contracts. There is a difference in risk exposure between purchasing options and selling options. Unlike option buying, selling

involves unlimited loss potential and limited profit potential. However, buyers of options can only lose the premium that they paid for the option plus commissions and fees associated with the purchase.

If you 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 a position. Option selling involves theoretically unlimited risk. You may be called upon by your broker to deposit a substantial amount of additional funds on short notice. Not doing so could result in liquidation of your positions; you will be responsible for any debit in your account balance.

Litigation

Neither Schwab Capital Advisors nor any principal of Schwab Capital Advisors has ever been party, nor is there any pending, to any material, administrative, civil or criminal proceedings or actions.

CONCLUSION

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

SUPPLEMENTAL PERFORMANCE INFORMATION – PROPRIETARY TRADING RESULTS

The trading program, Market Neutral Option Writing, employed by the Advisor to manage Client accounts was used in the management of the accounts that are represented by the following proprietary trading results. The results are presented on a pro-forma basis. Specifically, since the proprietary accounts presented in the following performance capsule were not charged management or incentive fees, the Advisor adjusted the performance to take into account the Advisor's advisory fees as described in this Disclosure Document.

NOTE: The composite performance takes into consideration the commission charge, the incentive fee, and the management fee. It should not be expected that these same results could or should be expected for client accounts being managed in accordance with the Market Neutral Option Writing trading program. The difference in performance between client and proprietary is the result of timing of the funds added at inception.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Name of advisor: James A. Schwab
 Trading Program: Market Neutral Option Writing

Month	2007	2008
January		-25.94%
February		8.15%
March		1.09%
April		6.65%
May		3.21%
June		-0.49%
July		5.08%
August	6.71%	
September	11.29%	
October	6.63%	
November	5.39%	
December	5.20%	
Annual Rate of Return (VAMI)	40.39%	-6.81%

Date CTA began trading: 15-Aug-07
Date the advisor began trading this program: 15-Aug-07
Number of accounts traded under this program: 2
Number of profitable accounts that have opened and closed: None
Number of losing accounts that have opened and closed: None
Largest monthly drawdown -25.94% (Jan 2008)
Worst peak to valley drawdown -25.94% (Jan 2008)

Schwab Capital Advisors | LLC

DISCLOSURE DOCUMENT ACKNOWLEDGEMENT

I (We) hereby acknowledge that I (we) have received, read, and understand the Disclosure Document for Schwab Capital Advisors, LLC. dated _____, including Investment Management Agreement, Privacy Statement, Fee Payment Authorization, Client Authorization for Give-Up Orders and conditions as set forth therein, and have carefully considered the matters outlined and referred to therein in determining whether to open a commodity trading account advised by Schwab Capital Advisors LLC, CTA.

Client Signature

Joint Party Signature

Client Name (Print)

Joint Party Name (Print)

Date

Date

Schwab Capital Advisors | LLC

2194 Twain Avenue
Carlsbad, CA 92008
Voice: 760-809-2700
Facsimile: (760) 931-6126
Email: info@schwabcapital.com

Investment Management Agreement

This agreement is entered into between Schwab Capital Advisors, LLC, herein referred to as the 'Advisor' and an individual, partnership, corporation, trust or other legal entity, herein referred to as the 'Client', whose signature herein appears below on page 23 of this agreement. Commencement date of this agreement will begin on the latest signature date of either the Advisor or Client as shown on pages 24 and 25 of this agreement. In consideration of the mutual covenants, conditions, promises and other good and valuable consideration set forth herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgments of the Advisor

A) The Advisor shall trade the Clients account(s), pursuant to the trading authority granted to the Advisor in this agreement.

B) The Advisor will use his best efforts to secure profits for the Client through trading activities and will act only in the best interests of the Client in furnishing trading advice and services in a manner consistent with the program outlined in the Disclosure Document above.

C) The Advisor agrees that he will not take any action in fulfilling his advisory obligation to other clients as would unfairly affect the Client's trading.

D) The Advisor may in the future develop amendments to the trading program currently in use and in all likelihood, employ them for all accounts managed by the Advisor. The Advisor will not notify its clients of any modifications to existing strategies or the addition of new strategies, unless specifically requested by the Client or considered to be material by the Advisor.

2. Acknowledgements of the Client

A) The Client is fully advised as to the speculative nature in allocating funds to the Advisor for trading and management purposes and is financially able to accept a substantial or total loss of funds. The Client further recognizes that the Advisor does not guarantee profit. The Client acknowledges receipt of a copy of the Disclosure Document dated July 14, 2008 of Schwab Capital Advisors, LLC. The Client has carefully reviewed, read, and understands the Disclosure Document.

B) The Client acknowledges and is aware that any trading account opened by the Client with clearing members of a futures exchange or any financial institution must meet all requirements imposed by such exchange, firm or institution. Opening an account with an exchange, firm or institution does not constitute approval of any trading program or system of the Advisor.

C) The Client acknowledges and is fully aware that the Advisor, as a part of regular business, may enter into advisory agreements with various clients that may differ from

this agreement. The Advisor's performance of such services is agreeable and acceptable to the Client.

3. Obligations of the Client

In order to assist in effecting the provisions and objectives of this agreement, the Client shall have the following obligations:

A) The Client will open a trading account with a brokerage firm and the account will be carried by the brokerage firm in the Client's name or number as a managed trading account. The Client shall bear all brokerage fees and expenses associated with the trading of his account.

B) The Client shall not authorize, direct or effect any trading involving the funds of the managed account during the existence of this agreement and related power of attorney or similar authorization. Further, the Client shall not withdraw any funds from the managed account without giving notice (either verbal or written) to the Advisor prior to any such withdrawal.

C) Client hereby appoints the Advisor an appropriate limited power of attorney and/or such other authorization as may be required by the brokerage firm or financial institution where Client accounts are held. Client will grant sufficient authority to the Advisor to carry out the purposes of this agreement and to execute such other authorizations the brokerage firm, Advisor or any exchange may request from time to time. Such limited power of attorney or other authorizations shall appoint the Advisor as the sole and exclusive agent of the Clients account with respect to buying or selling (including short sales) market interests as defined in the Advisor's Disclosure Document. Trading in futures contracts, commodities, and commodity options, all at such times, in such amounts and at such prices as the Advisor may deem prudent. The Advisor is to communicate such orders directly to the brokerage firm or financial institution and such firms shall be authorized to accept and execute such orders. The Advisor, on behalf of the Client, may invest any assets of the account in government obligations and/or any money market funds offered by any firm holding the account of the Client. The power of attorney or other authorizations shall be a continuing power and shall remain in full force until the termination of this agreement, but the termination of this agreement shall not affect any transaction initiated prior to such termination. The Client agrees that the power of attorney or other authorization will not be canceled during the effectiveness of this agreement. The Client will also execute any other reasonable documentation necessary to properly effect the provisions of his agreement. Such limited power of attorney granted to the Advisor will be deemed to terminate with the termination of this agreement and will not require written notice.

D) It is agreed the following matters are the responsibilities of the Client and brokerage firm handling the account:

- 1) To carry the managed account in the name or number designated by the Client;
- 2) To designate the managed account on the books of the brokerage firm as an account managed by the Advisor;
- 3) To see that each trade executed for the managed account is designated as a trade executed for an account managed by the Advisor;
- 4) To handle any loss, deficiencies or margin calls directly between the client and the brokerage firm on a timely basis;
- 5) To make and deliver regular reports of trades and report of account balances to the Client and to the Advisor;
- 6) To make any required reports to an exchange regarding the existence of any managed account;

- 7) To see that all trades selected by the Advisor and reported to the brokerage firm are properly effected;
 - 8) To expedite payment of all fees owed to the Advisor under the terms of this agreement.
4. Termination of the Investment Management Agreement
- A) The term of this agreement will be on a day-to-day basis and either party, without cause, for any reason may terminate it. Notice of termination may be conveyed verbally or in writing between the Client and Advisor. If a Client contacts the brokerage firm or financial institution to terminate this agreement, it will not constitute a legal termination.
 - B) Upon giving or receiving notice of termination, the Advisor may cease entering orders for the account or he may (in his sole discretion), order all or any part of the open positions in the account to be liquidated. Thereafter, the Client accepts full responsibility for existing positions in the account at that time and the Advisor is not responsible to render any further services concerning the account.
5. Notices and Assignabilities
- A) All notices relevant to the terms of this agreement shall be in writing and shall be delivered in person, by facsimile, by email or sent by registered mail. Notices intended for the Client of the Advisor shall be sent to the addresses, facsimile telephone number or email address shown in this agreement. Notices sent to the advisor from the Client without a confirmation that they were in fact delivered does not legally bind the Advisor.
 - B) The Advisor may assign all or any rights and responsibilities from this agreement to any firm, partnership, corporation or other legal entity with which the Advisor is affiliated as a principal employee, if it is in the authority of the Advisor's company operating agreement to do so.
6. Relationship to Parties
- The relationship between the Advisor and the Client shall be limited to this agreement and for the purposes of managing the Client's account for the benefit of the Client. The Advisor is an independent contractor and this agreement shall not be deemed to establish a joint venture between the Advisor and the Client. Nothing herein contained shall be construed as creating a general partnership or other similar relationship or as authorizing any party to act as a general agent or to enter into any contract or other agreement on behalf of any other party.
7. Management of Account; Performance is Not Guaranteed
- The Advisor agrees to manage the account for the Client's benefit and to initiate buy, sell or spread orders for market interests. The Client shall bare all risk of gain or loss in the account and all expenses of this account. No assurance can be given that Advisor's advice will result in profits for the Client or that the Client will incur losses or that losses will be limited. The Advisor is not qualified to give any advice with respect to the tax treatment of profits or losses in the account. The Advisor cannot guarantee that trading will stop at specific levels of equity as predetermined by Client. The Advisor recommends that the Client should make the decision to cease trading rather than have the Advisor cease trading the program when a specified equity level is reached or at a specific point in time. Neither the Advisor nor any of its affiliated entities or parties will be held liable under such conditions.
8. Client's Representations

- A) The Client is aware of the speculative nature and risks of loss inherent in the market interest specified by the Advisor's Disclosure Document and states to be financially, intellectually and emotionally capable of engaging in such activity. All funds in the account represent risk capital to the Client and Client understands there is the potential for a significant risk of loss in participating with the Advisor.
- B) The Client has additional resources beyond the value of the account and any such funds may in the future be committed to the account.
- C) The Client recognizes that the Advisor may request and obtain information concerning the suitability standards of all his clients. Such information will be considered confidential by the Advisor except in those cases of review as required by industry regulators.

9. Non-Exclusive Advice

The Advisor's services are not exclusive and the Advisor will render similar services to others and such services will often be based upon the same advice. The Client acknowledges the advice given by the Advisor is the confidential property of the Advisor and the Client will not disclose the same to third parties without the prior written consent of the Advisor.

10. Miscellaneous

This written agreement constitutes the entire agreement among the parties hereto and may be amended only by a written amendment executed by the parties hereto. This agreement shall be governed by and construed in accordance with the laws of the state of Nevada and the United States and cannot be changed orally, shall inure to the benefit of and bind upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. The captions 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 any of the provisions of this agreement.

11. Compensation of Advisor

- A) The Advisor will send all statements of incentive fees (when applicable) directly to the brokerage firm or FCM holding the Client's account. All incentive fees charged by the Advisor will automatically be shown as a matter of record on the Client's daily and month end account statement as prepared by the FCM. Direct debit of the Client's account will establish a written record of billing and payment to the Advisor for incentive fees. Incentive fee billing statements will be sent to the brokerage firm or FCM on or after the 1st of the following month in which incentive fees are due. The brokerage firm or FCM agrees to ensure prompt delivery of such fees owed to the advisor, within 7 calendar days after receipt of invoice, by direct debit of the balance from the Client's account. Any obligations of payment for fees by the Client to the Advisor will not be waived if the Client's account, relevant to this Agreement is terminated and the account equity balance is transferred to another location. The Client hereby agrees with the Advisor, and instructs the brokerage firm or FCM to pay the Advisor out of the assets in the Client's account, upon receipt of a billing statement from the Advisor. The Client and Advisor hereby jointly and severally agree to indemnify all financial companies associated with the implementation of this agreement, including the brokerage firm or FCM, and to hold them harmless from any loss or claim associated with any payment of fees from the account, if the payment is subsequently shown to be in error or subject to dispute.

- B) In the event that either party terminates this agreement, incentive fees will be computed and payable based on new profits in the client's account up to the effective date of termination.
- C) In consideration for advisory and management services provided by the Advisor, it is understood the Client under one of the following fee arrangements will compensate the Advisor.

Trading Program selected _____

_____ 1. Management Fee 2%---Incentive Fee 20% of new Net Trading Profits (both realized and unrealized, minus order execution fees) marked to the market at the end of the last trading day of the calendar month. Net Trading Profits will include accrued earned interest (if any) and will be calculated from the last incentive fee period or from the beginning balance as applicable. The Client will commence paying incentive fees at the end of the calendar month, following the first trade that is entered in the Client's account by the Advisor and monthly thereafter as applicable. Incentive Fees are not refundable in the event of a loss in the account in subsequent months, however no subsequent Incentive Fees will be payable until such Client's account has again earned Net Trading Profits (as described on pages 15-17 of the Advisor's Disclosure Document).

_____ 2. Alternative Incentive Fee Agreement should be attached, if applicable, and signed by all parties.

THE CLIENT AND THE ADVISOR MUST RETAIN SIGNED COPIES OF THIS DOCUMENT. PLEASE RETURN THE ORIGINAL PAGES OF THIS ENTIRE INVESTMENT MANAGEMENT AGREEMENT, INCLUDING THE SIGNATURE PAGE (6 PAGES) ALONG WITH THE PRIVACY STATEMENT AND GIVE-UP AUTHORIZATION.

With the signature(s) below and by depositing funds with the FCM, Client(s) acknowledge(s) their acceptance of all of the above terms and conditions of this agreement, including having received a copy of the current disclosure document:

CLIENT SIGNATURE (S): _____

CLIENT PRINTED NAMES: _____

ADDRESS _____

TELEPHONE _____

FAX _____

E-MAIL _____

DATE _____

FCM _____

ACCOUNT NUMBER _____

INITIAL SIZE OF ASSET ALLOCATION _____

SCHWAB CAPITAL ADVISORS, LLC _____

James Schwab, Principal

DATE _____

(Investment Management Agreement consists of pages 20-25)

Schwab Capital Advisors | LLC

2194 Twain Avenue, Carlsbad, CA, 92008

PRIVACY STATEMENT

Pursuant to the Commodity Futures Trading Commissions new rules, financial institutions like SCHWAB CAPITAL ADVISORS are required to provide privacy notices to their clients. We at SCHWAB CAPITAL ADVISORS consider privacy to be fundamental to our relationship with our clients. We are committed to maintaining the confidentiality, integrity and security of our current and former clients' nonpublic information. Accordingly, we have developed internal polices to protect confidentiality while allowing clients' needs to be met. We will not disclose any non-public personal information about clients, except to service providers as required by applicable law or regulation. In the normal course of serving our clients, information we collect may be shared with companies that perform various services such as accountants or auditors. Specifically, we may disclose to these service providers non-public personal information including:

- Information SCHWAB CAPITAL ADVISORS receives from clients on managed account agreements and related forms (such as name, address, Social Security/Tax identification number, birth date, assets, income and investment experience); and
- Information about clients' transactions with SCHWAB CAPITAL ADVISORS (such as account activity and account balances).

Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose. To protect the personal information of individuals, we permit access only by authorized employees who need access to that information to provide services to our clients and us. In order to guard clients' non-public personal information, we maintain physical, electronic and procedural safeguards that comply with the U.S. federal standards. If the relationship between a client and SCHWAB CAPITAL ADVISORS ends, SCHWAB CAPITAL ADVISORS will continue to treat clients' personal information as described in this notice. An individual client's right to privacy extends to all forms of contact with SCHWAB CAPITAL ADVISORS including telephone, written correspondence and electronic media, such as the Internet. SCHWAB CAPITAL ADVISORS reserves the right to change this privacy notice, and to apply changes to information previously collected, as permitted by law. SCHWAB CAPITAL ADVISORS will inform clients of any such changes as required by law.

CLIENT SIGNATURE (S):

CLIENT PRINTED NAME(S):

DATE:

Schwab Capital Advisors | LLC

FEE PAYMENT AUTHORIZATION

FCM Name _____

Address _____

In connection with my commodity trading account (Number _____) carried by you, you hereby are authorized to deduct and pay to Schwab Capital Advisors CTA ("CTA") such incentive and management fees ("Fees") as it may specify in writing to you from time to time. The CTA shall be solely responsible for determining the amount of such fees, and you hereby are directed to comply with instruction you receive from CTA without further direction or confirmation from the undersigned. This fee payment authorization shall remain in effect until terminated in writing by the undersigned.

Client Signature

Joint Party Signature

Client Name (Print)

Joint Party Name (Print)

Date

Date

Schwab Capital Advisors | LLC

CLIENT AUTHORIZATION FOR GIVE-UP ORDERS

The undersigned Client(s) authorizes SCHWAB CAPITAL ADVISORS to execute orders on behalf of the Client's account on a "give-up" basis. Schwab Capital Advisors shall have the authority to designate the FCM or Floor Broker who will act as Executing Broker for trades entered into the market on behalf of the Client's account. The Executing Broker will "give up" the orders to the Client's Clearing Broker, for the Client's account held at the Clearing Broker. The Clearing Broker will be acting as the carrying broker and will carry these positions. The Client understands that the Executing Broker will charge fees for give-up orders to the Clearing Broker. The Client agrees that in some cases the Clearing Broker will have to be reimbursed by the Client's account held at the Clearing Broker. The Client authorizes SCHWAB CAPITAL ADVISORS to enter into all arrangements on the Client's behalf, which are necessary or appropriate in the judgment of Schwab Capital Advisors to carry out the obligations of Schwab Capital Advisors in setting up and executing the "give-up" order process. The Client authorizes SCHWAB CAPITAL ADVISORS to negotiate any such agreements up to, but not in excess of, "give-up" charges amounting to \$2.00 per side. The Client must approve any charges in excess of this amount.

CLIENT SIGNATURE(S): _____

CLIENT PRINTED NAME(S): _____

DATE: _____