DISCLOSURE DOCUMENT

BEAR COMMODITIES CORPORATION

Commodity Trading Advisor

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

No person is authorized by Bear Commodities Corporation to give any information or make any representations not contained herein. The delivery of this Disclosure Document does not imply that the information contained herein is correct as of any time subsequent to the date set forth below.

The date of this Disclosure Document is January 31, 2017.

RISK DISCLOSURE STATEMENT

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

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

IF YOU PURCHASE OR SELL A COMMODITY FUTURES CONTRACT OR SELL A COMMODITY OPTION OR ENGAGE IN OFF-EXCHANGE FOREIGN CURRENCY TRADING YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS OR SECURITY DEPOSIT AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUESTED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.

UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION. THIS CAN OCCUR, FOR EXAMPLE, WHEN THE MARKET MAKES A ``LIMIT MOVE."

THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A ``STOP-LOSS" OR ``STOP-LIMIT" ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.

A ``SPREAD" POSITION MAY NOT BE LESS RISKY THAN A SIMPLE ``LONG" OR ``SHORT" POSITION.

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

IN SOME CASES, MANAGED COMMODITY ACCOUNTS ARE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY FEES. IT MAY BE NECESSARY FOR THOSE ACCOUNTS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS, AT PAGE 14, A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY INTEREST MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND COMMODITY INTEREST TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGE 9.

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

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INTRODUCTION

Bear Commodities Corporation (the "Advisor") a New Hampshire Corporation, engages in the management of commodity trading accounts for qualified investors pursuant to its trading program.

This Disclosure Document describes the trading management services offered by the Advisor, its trading program and the risks associated with trading commodity interests, including commodity futures contracts, commodity options and any other items which are presently, or may hereafter become, the subject of commodity trading, on margin or otherwise, on exchanges or in markets located in the United States. The Advisor intends to begin using this Disclosure Document on or after January 31, 2017.

Features

Trading commodities offers many opportunities for profit. However a careful, disciplined, methodical approach needs to be in place at all times. Combining research, observation, recognition and most of all discipline, the Advisor has created a trading program that has the following features:

- **Diversified Analysis.** The Advisor's program incorporates fundamental, technical and related market and current event data as input for its discretionary trading model.
- **Robust.** The program has been developed to be robust, i.e., work in a variety of markets, such as bull and bear markets and inflationary and deflationary economies.
- **Risk Management.** Effective risk management is a crucial aspect of the trading program. Account size, expectation, volatility of markets traded and the nature of other positions taken are all factors in deciding whether to take a position and determining the amount of equity committed to that position.
- **Enhancement to a Traditional Portfolio.** The Advisor's program is not intended as a replacement for investing in traditional asset classes, but rather as an enhancement to a traditional portfolio. There has historically been a degree of non-correlation between the returns realized on certain commodity interest trading and those on stocks and bonds. This non-correlation suggests that commodity trading can, in certain circumstances, be a valuable complement to a traditional portfolio.

Levels

The Advisor is offering its trading program at two different leverage levels:

- **Level I** is traded with the Advisor's standard leverage
- **Level II** is traded with increased leverage or approximately twice the leverage of Level I

The Advisor is willing to consider trading at other leverage levels depending upon the risk parameters of the client.

Commodity trading involves substantial risks due in part to the highly speculative nature of such trading. As a result, an investment in a commodity trading account is only suitable for you if you have adequate means to provide for your current needs and personal contingencies and you can bear the economic risk of losing your entire investment. You must also possess an appropriate level of financial sophistication and experience.

Contact Information

You can contact us by one of three ways:

- **Mailing Address**: 4117 Crescent Street, Suite PH2E, Long Island City, NY 11101
- **Telephone**: (603) 401-3445
- **Email**: spaitchel@bearcommodities.com

MANAGEMENT

The Advisor is registered as a Commodity Trading Advisor ("CTA") with the Commodity Futures Trading Commission ("CFTC"). It is also a member of the National Futures Association ("NFA").

The Advisor was registered as a CTA with the CFTC from January 2006 to April 2007, although it ceased trading client accounts in November 2006. In June 2011 the Advisor returned to managing client accounts but this time as an exempt trading advisor. As its trading proved profitable and in order that it may expand its services to the investing public, the Advisor re-registered as a CTA and NFA member on November 29, 2011.

Steven B. Paitchel is the President of the Advisor. He is a graduate of the University of Massachusetts (Amherst) with a Bachelor of Science degree. As President of the Advisor, Mr. Paitchel also managed logistics and events for various corporate functions around the world since January 2005, a service he no longer performs since he began operating the Advisor full time in March 2014. He has also been a self-employed trader managing his own proprietary assets.

Mr. Paitchel has been a principal and associated person of the Advisor since November 29, 2011. Prior to that he was also a principal and associated person of the Advisor from January 2006 to April 2007.

See "Past Performance" (page 16).

There has never been a material administrative, civil, or criminal action--whether pending, on appeal or concluded--against the Advisor or its principal.

The Advisor and its principal may trade commodity interests for their own personal accounts. Clients of the Advisor will not be permitted to inspect the records of any such trading by the Advisor and its principal or any written policies related to such trading.

TRADING PROGRAM

The Advisor will trade your account in accordance with a proprietary trading program developed and refined by the Advisor. The Advisor believes that its trading program will generate substantially above-average returns over time, creating an attractive opportunity for investors looking for enhancement and diversification. No assurance can be made that this objective will be met.

The Advisor's trading program incorporates the following:

- **Technical Analysis**. The program will use "technical" analysis based on the theory that a study of the markets themselves provides a means of anticipating price movements.
- **Fundamental Analysis.** The Advisor will also consider "fundamental" analysis. Such analysis attempts to examine the underlying factors which affect the supply and demand and hence the price of a commodity.
- **Market and Non-Market News.** The Advisor will consider news regarding the markets, as well as non-market events or developments that may have an impact on the markets, such as political events, weather conditions and the prevailing psychological characteristics of the marketplace.

By combining technical and fundamental analysis with other information, the Advisor tries to determine whether a market is either overbought or oversold, sitting on an area of resistance or support or recognizing failure and success in market movement. It is the Advisor's objective to recognize trading ranges in one or more markets and capitalize on the volatility within the range, at times trading against the trend.

The success of trading depends largely on the trading ability, knowledge and judgment of the Advisor. The Advisor will exercise its judgment and discretion in interpreting and applying its program and will make all decisions regarding the trading of commodity interests. In addition, the Advisor will determine the time at which orders are to be placed, the method by which orders are to be placed, the types of orders that are to be placed and the overall leverage for the portfolio.

Decisions made by the Advisor will be based on an assessment of available facts. However, because of the large quantity of facts at hand, the number of available facts that may be overlooked and the variables that may shift, any investment decision must, in the final analysis, be based on the judgment of the Advisor.

The Advisor is generally a short-term trader. Nearly every trade will be open for less than 72 hours. Most positions will be closed the same session they are initiated. In other words, this will be an actively traded investment, not a methodology of sitting still while opportunity presents itself.

Seldom will a position be carried through the release of an important economic figure. Instead, the price fluctuation will be observed, analysis of the data will be considered and only then will a position be initiated. The opportunity after highly volatile economic data tends to be as potentially profitable, yet more risk adverse.

The Advisor trades futures and options in the following markets, among others: stock indices, energy, metals, currencies, grains and US Treasury Bonds. The number of markets in which the Advisor trades may grow and there are no restrictions on such growth. The preference of a trade will depend upon which market the Advisor determines will provide the best opportunities for profit.

The decision by the Advisor not to trade certain markets or not to make certain trades may result at times in missing price moves and hence profits of great magnitude, which other trading managers who are willing to trade these commodities may be able to capture. The Advisor's approach is dependent in part on the existence of certain technical or fundamental indicators. There have been periods in the past when there were no such market indicators, and those periods may recur.

Effective risk management is a crucial aspect of the investment strategy. Account size, expectation, volatility of market traded and the nature of other positions taken are all factors in deciding whether to take a position and determining the amount of equity committed to that position. Protective stops may, on occasion, be used to control risks.

The trading program utilized by the Advisor is proprietary and confidential. The foregoing description is of necessity general and is not intended to be exhaustive. Consequently, clients of the Advisor will not be able to determine the full details of this method. There can be no assurance that any trading strategy of the Advisor will produce profitable results or will not result in losses.

TRADING LEVELS

The Advisor is offering two levels of trading:

- **Level I** is traded with the Advisor's standard leverage
- **Level II** is traded with increased leverage or approximately twice the leverage of Level I

In other words, both levels will be traded by the Advisor in accordance with its trading methodology, except that the Advisor will trade Level II with approximately 2 to 1 leverage, i.e., for every one commodity contract bought or sold for Level I, the Advisor will buy or sell 2 equivalent contracts for Level II, although there may be situations where Level II is traded with more or less leverage.

The Advisor is willing to consider trading at other leverage levels depending upon the risk parameters of the client.

Additional Risk Factors for Level II

The investors of Level II must understand the following statements regarding their increased risk:

- Level II can expect to have more rapid increases or drawdowns and greater volatility than Level I, and the equity invested in Level II may grow or erode more quickly than the equity in Level I.
- The use of increased leverage will increase the aggregate amount of brokerage commissions paid by Level II when expressed as a percentage of equity since the number of trades initiated by the Advisor for Level II may be 2 times or more the number of trades for Level I.
- Level II will be required to generate a greater level of trading profits than Level I in order to offset its higher brokerage expenses.
- Level II accounts may receive more frequent and larger margin calls.

The following matrix allows one to compare rates of return for different levels.

Rates of Return at Different Leverage Levels	
Level I (Standard Leverage)	**Level II (Increased 2 to 1 Leverage)**
15%	**30%**
10%	**20%**
5%	**10%**
0%	**0%**
-5%	**-10%**
-10%	**-20%**
-15%	**-30%**

For example, a rate of return of -10% for a Level I account would translate to a rate of return of -20% for a Level II account.

Although Level II may be riskier than Level I, both levels are speculative and involve a high degree of risk.

Minimum Investment

The minimum investment for each level is as follows:

- Level I: $100,000
- Level II: $50,000

Please note that the Advisor may, in certain circumstances, agree to manage a smaller amount for either level.

Trading Suspension Levels

Each level will have a pre-defined trading suspension level. When an account reaches a trading suspension level, the Advisor will close all open positions as expeditiously as possible and promptly discuss the situation with the client. After discussion with the client, trading may remain suspended or trading may begin again with new trading suspension levels in place.

The following are the current trading suspension levels:

- Level I: Annual Rate of Return of approximately –14.5%
- Level II: Annual Rate of Return of approximately -29%

For example, if a Level I account achieves an Annual Rate of Return of –14.5%, then the Advisor will suspend trading. There can be no assurance that an investor's account will have a specific value upon suspension of trading because of the unpredictability of liquidating positions, together with the expenses of liquidation, may move the account's value substantially below or above the trading suspension level. The Annual Rate of Return will be an estimate calculated by the Advisor at the end of each trading day and is inclusive of all fees.

RISK FACTORS

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

Active, Robust Trading

The Advisor employs an active trading method with frequent activity. Such trading can experience substantial trading profits or rapid drawdowns and volatile performance. In the event the Advisor experiences winning or losing trades, your account equity will grow or erode more quickly than that of an account that does not use such a robust trading strategy.

In addition, the Advisor's trading is expected to generate a much higher volume of trades, and therefore a higher aggregate amount of brokerage commissions, than some other trading methods may generate. Brokerage commissions will constitute an ongoing expense for an account that must be recouped before profits can be generated.

Commodity Trading is Volatile

A principal risk in commodity interest trading is the traditional volatility (or rapid fluctuation) in the market prices of commodities. The volatility of commodity trading may cause your account to gain significantly or to lose all or a substantial amount of its assets in a short period of time. Prices of commodity interests are affected by a wide variety of complex factors, such as political and economic events, weather and climate conditions and the prevailing psychological characteristics of the marketplace.

Substantial Leverage

Commodity futures contracts are traded on margins that typically range from about 2% to 20% of the value of the contract. Low margin provides a large amount of leverage, i.e., commodity futures contracts for a large number of units (bushels, pounds, etc.) of a commodity, having a value substantially greater than the margin, may be traded for a relatively small amount of money. Hence a relatively small change in the market price of a commodity can produce a corresponding large profit or loss. If the Advisor invested a substantial portion of the assets in your account in such a situation, a substantial change, up or down, in the value of the account would result. For example, if at the time of purchase 5% of the price of a futures contract is deposited as margin, a 5% decrease in the price of the futures contract would, if the contract were then closed out, result in a near doubling of the margin capital or a total loss of the margin deposit. Brokerage commissions and other expenses also would be incurred and would have to be paid. Thus, like other leveraged investments, any trade may result in losses in excess of the amount invested.

Commodity Trading May be Illiquid

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

Stop Order Limitations

The Advisor may use “stop orders” to trade your assets. Stop orders are often used in an effort to limit trading losses if prices move against a position. There can be no guarantee, however, that it will be possible under all market conditions to execute the stop loss order at the price specified. In an active, volatile market, the market price may be declining (or rising) so rapidly that there is no opportunity to liquidate a position at the stop price. Under these circumstances, the broker's only obligation is to execute the order at the best price that is available.

Clients Personally Liable for Losses in Their Accounts

You are directly and personally liable for the losses in your trading account. Your potential loss is by no means limited to the amount of assets that you deposit in your account. For example, in a market in which the Advisor is unable to liquidate positions, you could lose well in excess of the maximum amount that you committed to your account. *However the Advisor offers complete transparency in real time with your account. Therefore you can always know exactly what your investment is doing in regard to profit and loss and current positions.*

Reliance on the Trading Program Employed by Advisor

The Advisor may base its trading decisions on technical analysis. The technical factors that can be evaluated by a trader are limited in that they must be quantifiable in order to be processed by the trader. Technical trading programs may also be unsuccessful both because the market models employed are not in fact reliable indicators of future price trends and because the markets are from time to time dominated by fundamental factors. Any factor which may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future trading profitability. Any factor that would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in limit moves, could also be detrimental to profits. In addition, technical analysis does not generally focus on the forces directly affecting the markets.

Trading decisions may also be based on fundamental analysis of underlying market forces. Fundamental analysis attempts to examine factors external to the trading market that affect the supply and demand for a particular commodity interest in order to predict future prices. Such analysis may not result in profitable trading because the Advisor may not have knowledge of all factors affecting supply and demand or may incorrectly interpret the information it does have. Furthermore, prices may often be affected by unrelated or unexpected factors, and fundamental analysis may not enable the trader to determine whether its previous decisions were incorrect in sufficient time to avoid substantial losses. In addition, fundamental analysis assumes that commodity markets are inefficient—i.e., that commodity prices do not always reflect all available information—which some market analyses dispute.

In short, no assurance can be given that the Advisor's program will be profitable. The best trading program will not be profitable if there are no fundamental or technical indicators of the kind it seeks to follow.

Reliance on Key Personnel of the Advisor

The services of Mr. Paitchel are essential to the Advisor's business. If his services were no longer available, or if he were unable to provide his services, the continued ability of the Advisor to operate would be subject to substantial uncertainty and could be terminated. In addition, he devotes to the affairs of the Advisor, and will devote to the trading affairs of any particular account, only such time, as he, in his sole discretion, deems necessary.

Changes in Trading Approaches and Commodities Traded

The Advisor believes that the development of a trading program is a continual process. As a result of further analysis and research into the performance of its program, changes may be made from time to time in the specific manner in which the program evaluates price movements in various commodities. As a result of such modifications, the trading program that may be used by the Advisor in the future will differ from that used by the Advisor in the past and might differ from that presently being used. In addition, the Advisor may abandon its program altogether if the Advisor perceives unique market conditions. Consequently, the actual trading program applied by it may differ substantially from that described herein.

The Advisor may trade any futures or options contracts that are traded now, or may be traded in the future, on exchanges located in the United States. In particular, the number of commodity markets available for trading has increased substantially during recent years (a process which is expected to continue), and the commodity markets in which your account trades can be expected to change significantly in the future.

Trading in Options on Commodity Futures

The Advisor may trade your account in options on commodity futures contracts. Options on futures are speculative and highly leveraged. The purchaser of an option risks losing the entire purchase price of the option. The seller (writer) of an option risks losing the difference between the premium received for the option and the price of the futures contract underlying the options which the writer must purchase or deliver upon exercise of the option, which could subject the writer to an unlimited risk in the event of an increase in the price of the

Increased Risk with the Use of Notional Funds

You may, with the consent of the Advisor, instruct the Advisor to use notional funds to trade your account.

Trading leverage generally consists of two different components, cash and notional funds. Cash is the actual dollars given to the Advisor for use within an account. Notional funds are the increase in dollars, above cash, which the Advisor is instructed by you to consider itself to be managing in your account.

The use of notional funds to increase the leverage at which the Advisor will trade can be expected to increase the rapidity of drawdowns and the volatility of an account; however, the use of notional funds has the potential of increasing trading profits. There can be no assurance as to which effect the leverage adjustments may have on the performance of the Advisor or on the performance of your account. If the Advisor uses notional funds for additional leverage, the equity in an account will erode much more quickly than if it does not use notional funds in the event the account experiences losing trades.

The Advisor cautions prospective investors to take seriously the following warnings required by both the Commodity Futures Trading Commission and the National Futures Association:

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 an amount sufficient to make it unlikely that any further cash deposits would be required from you over the course of your participation in the Advisor's program.

You are reminded that the account size you have agreed to in writing (the "nominal" or "notional" account size) is not the maximum possible loss that your account may experience.

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

a. The management fee paid to the Advisor will be calculated based partly on the notional funds in the client's account. As a result, the use of notional funds will increase the amount of management fees that the Advisor will receive from the client for trading the same amount of cash or actual funds. For example, the Advisor may receive a 2% management fee. If a client's account is fully funded the Advisor will receive a management fee of 2% based on the actual funds in the account. If the account, however, is funded at only 50%, i.e., one half actual funds and one half notional funds, the 2% management fee, expressed as a percentage of actual funds, would be 4%.

b. The nominal account size shall be increased or decreased to reflect trading gains or losses in the account, fees and expenses charged to the account and additions to or withdrawals from the account.

c. The use of notional funds to increase the leverage at which the Advisor will trade can be expected to increase the rapidity of drawdowns and the volatility of an account. You may also receive more frequent and larger margin calls if you use notional funds for additional leverage.

d. 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.

e. You must also understand that if you use notional funds, the equity in your account will erode much more quickly than if you do not use notional funds in the event the account experiences losing trades. This matrix allows one to convert monthly rates of return for fully funded accounts (vertical axis) to corresponding rates of return for different funding levels (horizontal axis).

Fully Funded Rates of Return	Rates of Return at Certain Funding Level		
	50% Cash/50% Notional	75% Cash/25% Notional	100% Cash/0% Notional
20%	40%	27%	20%
10%	20%	13%	10%
5%	10%	7%	5%
0%	0%	0%	0%
-5%	-10%	-7%	-5%
-10%	-20%	-13%	-10%
-20%	-40%	-27%	-20%

For example, a rate of return of –20% for a fully funded account would translate to a rate of return of –40% for an account that is funded 50% with cash and 50% with notional funds.

Commencement of Trading

An account managed by the Advisor will encounter a start-up period during which it will incur certain risks relating to the initial investment of its assets. An account may commence trading operations at an unpropitious time, such as shortly before a period during which markets have few or no price trends. Moreover, the level of diversification may be lower during the start-up period than in later periods characterized by the commitment of a greater percentage of assets to trading in certain commodity interests. No assurance can be given that the approach which the Advisor chooses to adopt as a means of moving toward full portfolio commitment will be successful or will not result in substantial losses that might have been avoided by other means of initiating such trading in commodity interests.

Failure of Your Futures Commission Merchant

Under CFTC regulations, futures commission merchants are required to maintain clients' asset in segregated accounts. If your commodity broker (which is registered as a futures commission merchant with the CFTC) fails to segregate client assets, you may be subject to a risk of loss of your funds in the event of the broker's bankruptcy. Also, under certain circumstances such as the inability of another client of your commodity broker or the commodity broker itself to satisfy substantial deficiencies in such other client's account, you may be subject to a risk of loss of your funds even if such funds are properly segregated. In the case of any such bankruptcy or client loss, you might recover only a portion of your funds.

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

CONFLICTS OF INTEREST

An investment in an account managed by the Advisor involves risks due in part to certain inherent or potential conflicts of interests. Among such conflicts are the following:

- The Advisor and its principal may advise other commodity trading accounts, including commodity pools. These accounts may be traded according to the same programs described herein. Positions held by all client accounts, as well as the proprietary accounts of the Advisor and its principal, will be aggregated for the purpose of applying the speculative position limits. If these limits were approached or reached by trading directed by the Advisor and its principal for their proprietary accounts or other client accounts, an account might be unable to enter or hold certain positions. Such other accounts managed by the Advisor could also compete with an account for the execution of the same trades. Because of the price volatility, variations in liquidity from time to time, and differences in order execution, it is impossible for the Advisor to obtain identical trade executions for all its clients. In addition, certain clients of the Advisor may pay fees to the Advisor which are higher than that which the Advisor will receive from other clients. The Advisor will have a conflict of interest between its interest in treating all client accounts alike and its interest in favoring certain clients over others because such clients may pay more in fees to the Advisor. In rendering trading advice to a client, the Advisor and its principal will not knowingly or deliberately favor any other account over the account of a client. No assurance is given that the performance of all accounts managed by the Advisor and its principal will be identical or even similar.
- The Advisor and its principal may trade, or will continue to trade, for their own proprietary accounts; such trading may be extensive. There is a conflict of interest between their interest in trading client accounts in order to maximize trading profits for clients and their interest in trading the proprietary accounts in order to maximize trading profits for such accounts. A potential conflict of interest may also occur under a variety of circumstances whereby the Advisor and its principal take positions which are opposite, or ahead of, the positions taken for a client. These circumstances include, but are not limited to, a neutral allocation system, testing a new trading system or trading the proprietary accounts more aggressively. In addition, proprietary accounts may pay lower commission rates. However, any such proprietary trading is subject to the duty of the Advisor to exercise good faith and fairness in all matters effecting client accounts.
- Because the Advisor receives an incentive fee it may have an incentive to make riskier or more speculative investments in order to generate profits.
- The Advisor may appear on the approved list of commodity trading advisors for commodity brokers. Appearance on an approved list means that the representatives of the broker may solicit managed accounts for the Advisor. Such representatives may receive a portion of the brokerage commissions paid to the broker for soliciting such clients. In addition, the Advisor may enter into arrangements to share its fees with brokers who solicit clients on its behalf. Inclusion on such an approved list may create a conflict of interest for the Advisor between its duty to trade clients' accounts in the best interest of clients and its financial interest in maintaining a position on a broker's approved list or in preserving its arrangement with the broker, which could be contingent upon generation of adequate commissions or other income from those accounts managed by the Advisor. The Advisor's policy, however, is to trade all comparable accounts in the same manner regardless of the method by which the account was obtained.

FEES OF THE ADVISOR

The Advisor will generally receive the following fees for its services: (i) a 20% incentive fee, which is based on trading performance and (ii) a 2% management fee, which is based on the amount of assets in the account that the Advisor is managing.

At the discretion of the Advisor, certain of its clients may be charged fees that vary from those described below.

Fees will be billed by the Advisor, with the billing sent directly to your commodity broker to be paid out of your account. You are required to execute a Fee Payment Authorization directing your commodity broker to deduct the fees from your account upon presentation to the broker by the Advisor of a certificate setting forth the amount of the fees payable to the Advisor.

Incentive Fee

The Advisor will generally receive a monthly incentive fee of 20% of your account's Net Trading Profits as of the close of business on the last trading day of each calendar month.

The incentive fee is payable exclusively on cumulative Net Trading Profits. All incentive fees payable to the Advisor will be retained by the Advisor and will not be repaid to the account because of subsequent losses. It should be noted that since the incentive fee on Net Trading Profits is paid on a monthly basis, an account may pay an incentive fee when it traded profitably even though at some subsequent time in the same year the account may have a net loss overall.

Net Trading Profits is equal to the excess, if any, of an account's Net Asset Value at the end of the calendar month over its Net Asset Value at the end of the highest previous month or its Net Asset Value at the date trading commences, whichever is higher, i.e., the "high-water mark," and as further adjusted to eliminate the effect on the account's Net Asset Value resulting from new capital contributions or capital withdrawals, if any, made during the period, whether the assets are held separately or in a margin account. Losses attributable to capital withdrawals shall not be carried forward.

Net Trading Profits shall be net of all accrued or payable brokerage commissions, fees and other expenses and shall include interest or other income not directly related to trading activity. The incentive fee calculation also includes, in part, unrealized appreciation on open positions. Such appreciation may never be realized by a client. For example, if at the end of a month the client's account had unrealized profits on open positions, the Advisor may receive an incentive fee based on such unrealized profits. Following such payments, those open positions might, due to adverse market conditions, be closed out at no profit or a loss; nevertheless the Advisor would retain the entire fee.

Management Fee

The Advisor will generally receive a monthly management fee equal to 1/12 of 2% (2% annually) of your account’s Net Asset Value as of the close of business on the last trading day of each calendar month.

The Advisor may receive a monthly management fee based on your account’s Net Asset Value as of the close of business on the last trading day of each month. Any management fee charged will be paid whether or not trading has been profitable.

Net Asset Value shall mean an account's total assets (including notional funds, if any) less total liabilities. Net Asset Value will include the sum of all cash and any unrealized profit or loss on securities and open commodity positions. All securities and open commodity positions shall be valued at their then market value which means, with respect to open commodity positions, the settlement price determined by the exchanges on which such positions are maintained and, with respect to United States Treasury Bills, their cost plus accrued interest. If there are no trades on the date of the 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 settlement price as determined by the exchange on the first subsequent day on which the position could be liquidated.

BROKERAGE ARRANGEMENTS

You are free to choose the commodity broker that will carry your account. Commission charges and other charges to such accounts by the commodity broker may vary significantly and are negotiated between you and your commodity broker.

You are not required to maintain your account at any particular commodity or introducing broker; except, however, the broker or brokers that you do choose must be approved by the Advisor. The Advisor will also consider whether the commission rate to be charged by the broker is generally competitive with those charged by other brokers and other factors such as the quality of the trade execution and clearance services of the broker.

The Advisor will use "block" orders to trade your account. A block order combines trading orders for your account along with the orders of other accounts that the Advisor manages when the orders are called into the executing firm. The Advisor will only use block orders for multiple accounts if the order is for the same commodity and month of a futures contract or for the same commodity, month and strike price of an option contract. After the block order is executed, the executing broker will use its breakdown procedures to allocate the trades to your clearing broker and your clearing broker will use its price allocation and account breakdown procedures to allocate the trades to your account. These procedures may vary from clearing firm to clearing firm.

You may also select another brokerage firm to carry your account. In such a situation, the Advisor may use another futures commission merchant to execute your trades. In this situation, the other futures commission merchant is called the "executing broker" for the order and will “give-up” or transfer the executed position to the broker carrying your account (sometimes referred to as the “clearing broker” or the “carrying broker”). It is anticipated that executing broker will charge $1 or less per round turn contract for such give-ups and such fees will be paid by you. These fees are in addition to normal exchange and commission fees charged by the broker carrying your account.

PAST PERFORMANCE

Table I presents the performance of the Advisor's Bear Commodities Level II Trading Program.

For the past five years the Advisor and its principal have not managed client accounts, except for the accounts presented in Table I.

The Advisor believes that the past performance information presented herein may be of interest to you, but encourages you to look at such information more as a statement of the Advisor's trading objectives than as any reliable indication that such objectives will, in fact, be achieved.

No representation is or could be made that the results set forth below are representative of the program that the Advisor will use to trade your account or that the Advisor will or is likely to achieve profits or incur losses similar to those shown.

The results set forth in the table are not indicative of the results that may be achieved by the Advisor in the future. The markets in which the performance record was compiled have been and are changing; a trading methodology or approach successful in a particular set of market conditions might not be successful in other market conditions existing now or in the future.

All customer accounts will generally be traded in parallel. However, all accounts managed by the Advisor may not have parallel results. Results among accounts will vary depending on such factors as the size of the accounts, commission rates and advisory fees charged the accounts, the date the accounts started trading and the order in which trades for the various accounts were entered. The size of an account may affect the relative size of positions taken, the degree of diversification and the particular commodities traded.

Table I
Bear Commodities Corporation
Bear Commodities Level II Trading Program

Name of Advisor		Bear Commodities Corporation
Date Advisor Began Directing Client Accounts		January 2000
Assets Under Management (All Trading Programs)		$874,289
Name of Trading Program		Bear Commodities Level II Trading Program
Date Program Began Directing Client Accounts		June 2011
Assets Under Management (This Trading Program)		$874,289,
Worst Monthly Percentage Draw-Down	-36.21%	April 2013
Worst Percentage Peak-to-Valley Drawdown	-42.78%	May 2016 to January 2017
Number of Open Accounts		19
Closed Accounts for the Period Shown		
Number of Closed Profitable Accounts		3
Range of Lifetime Returns for Closed Profitable Accounts		4.61% to 5.73%
Number of Closed Unprofitable Accounts		14
Range of Lifetime Returns for Closed Unprofitable Accounts		-1.20% to -34.89%

Rates of Return

Month	2017	2016	2015	2014	2013	2012
January	-9.05%	-25.92%	-10.95%	-16.84%	9.79%	20.87%
February		1.08%	14.10%	11.61%	-1.55%	1.49%
March		2.83%	-3.79%	7.53%	16.96%	4.69%
April		1.73%	-10.00%	7.02%	-36.21%	-4.59%
May		32.82%	5.40%	2.74%	54.22%	-5.18%
June		-1.27%	-7.39%	-7.66%	28.91%	5.33%
July		-12.42%	15.35%	-10.70%	26.62%	-5.92%
August		-10.54%	-10.54%	2.22%	0.15%	-8.48%
September		-13.49%	48.46%	-5.14%	2.47%	6.67%
October		18.33%	26.87%	-17.52%	-4.16%	-9.15%
November		-15.83%	28.19%	3.61%	12.52%	11.14%
December		-5.60%	5.66%	12.45%	-10.09%	-17.75%
Year	-9.05%	-34.54%	126.08%	-15.68%	101.99%	-6.66%

*Separate Performance for Account with Materially Different Performance than the Performance Presented Above

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2014					2.66	-6.79	-3.99	-1.63	-3.63	-17.98	4.44	11.35	-16.93
2015	-7.63	12.73	3.63	-7.57	11.09	2.12	2.55	-6.00	22.54	17.48	22.71	4.77	101.87
2016	-15.48	5.09	2.08	0.57	18.08	-1.48	-7.12	-5.29	-4.61	8.91	-8.97	-1.90	-13.43

Annual Rates of Return Prior to 2012

Year:	2011
Annual Rate of Retur	100.51%

The accompanying footnotes are an integral part of this table.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

Notes to Table

(1) "Worst Monthly Percentage Draw-Down" means the largest monthly loss experienced by the program in any calendar month expressed as a percentage and includes the month and year of such draw-down.

(2) "Worst Percentage Peak-to-Valley Draw-Down" means the greatest cumulative percentage decline in month net asset value due to losses sustained by the program during which the initial month-end net asset value is not equal to or exceeded by a month-end net asset value.

(3) "Monthly Rates of Return" is calculated using the Only Accounts Traded method ("OAT" method), which is net performance divided by beginning equity subject to certain adjustments. In this calculation, accounts are excluded from both net performance and beginning equity if their inclusion would materially distort the Monthly ROR. The excluded accounts include (i) accounts for which there has been additions or withdrawals during the month, (ii) accounts which were open for only part of the month or (iii) accounts which had no open positions during the month due to the intention of permanently closing the account.

(4) The Monthly Rates of Return are compounded to arrive at the annual rate of return.

(5) Results included in the following table is presented on a composite basis. The composite performance does not reflect the performance of any one account. Individual accounts may have realized more or less favorable results than the composite results indicate. Results varied depending on such factors as the size of the accounts, commission rates, the date the account started trading and the order in which trades for the various accounts were entered. Additionally, the size of an account may have affected the relative size of the position taken, the scaleability of position sizes and the degree of diversification. Accounts that differ materially with respect to rates of return may not be presented in the same composite performance table. As a result, the performance of one account from May 2014 to December 2016 is disclosed separately.

(6) In June 2011 the Advisor began managing client accounts as a trading advisor exempt from registration because it managed less than 15 client accounts and did not hold itself out to the public. In November 2011 the Advisor registered as a Commodity Trading Advisor with the Commodity Futures Trading Commission and a member of the National Futures Association.

(7) The following matrix allows the conversion of the fully funded rates of return included in the table set forth above to the effective rates of return that would have been experienced by a notionally funded account.

Rates of Return Based on Various Funding Levels

Fully Funded Rates of Return	Funding Levels		
	50%	75%	100%
20%	40%	27%	20%
10%	20%	13%	10%
5%	10%	7%	5%
-5%	-10%	-7%	-5%
-10%	-20%	-13%	-10%
-20%	-40%	-27%	-20%

This matrix allows one to convert the range of monthly rates of return on fully funded accounts (vertical axis) to corresponding rates of return for different funding levels (horizontal axis). For example, a rate of return of -20% for a 100% funded account would signify a rate of return of -27% for an account that is 75% funded (50% with cash and 50% with notional funds).

OPENING AN ACCOUNT

You must read, sign and return to the Advisor its Commodity Advisory Agreement and the Fee Payment Authorization. You may also sign and return to the Advisor the Arbitration Agreement, although you are not required to sign such agreement in order to retain the services of the Advisor. You must also complete the standard package of customer account agreements of its commodity broker.

In order to invest with the Advisor, clients must provide it with personal information, such as their occupation, income level and net worth. The Advisor collects this information so that it can meet its obligations under certain laws and regulations. It is the Advisor's policy and practice to respect its clients' privacy and to protect all personal information entrusted to it. The Advisor does not disclose any nonpublic information about its clients or former clients to third parties except as permitted by law, such as lawyers, accountants, auditors and regulators.

The Advisor strongly recommends that you view a managed futures trading program as a long-term investment.

ADDITIONAL INFORMATION

Additional information about the Advisor is available from it upon request. Inquiries should be directed to Steven B. Paitchel, President of the Advisor, at 4117 Crescent Street, Suite PH2E, Long Island City, NY 11101. His email address is spaitchel@bearcommodities.com and his telephone number is (603) 401-3445. You should also consult with your personal tax or financial advisors to obtain an understanding of the impact of trading commodity interests on your tax and financial situations.