

VALOR FX

MANAGED FOREX PROGRAM

Notice

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The MFA are intended only for, and limited to, the educated, professional or sophisticated investor who can afford the risks inherent in this type of investment. An investment in the MFA should be considered by an investor as speculative and an investment made should not constitute the sole or principal holding of any investor.

Product Specific Risk Factors

Participation in this investment initiative should be considered by all parties as a speculative investment. All parties must understand that no degree of success can be guaranteed by the any managed forex system and as stated above, it is recommended that all parties consult with their legal, investment and tax advisors, before deciding whether to participate collectively or refer investors in this initiative and should specifically consider:

- Investment, Currency, Market and Economy Risks: The capital value of investments held or owned by the any investor may go down as well as up and there can be no assurance of security of principal or profits generated by any managed forex systems.

- Volatility of the Market: Managed Forex Program Managers shall reserve the right to be in or out of the markets, depending on market volatility or any other risks which may present themselves.

- Forex Markets: Trading Forex involves a relatively HIGH DEGREE OF RISK compared to other types of investments. Before investing in Forex, investors should consult their financial advisor(s) to inform themselves fully on Forex trading and to determine if Forex is suitable for their investment needs. Forex trading involves many risks. The client should become familiar with some of the more significant risks.

- Trading is Speculative and Volatile: Foreign currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply and demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments, US and foreign political and economic events and policies, changes in interest rates and inflation rates; currency devaluations and revaluations; and marketplace emotions. None of these factors can be controlled by any market participant and no assurance can be given that any trading strategy will result in profitable trades for any investor or that an investor will not incur losses. Account leverage magnifies the impact of currency volatility on margin requirements of open positions.

- Forex Trading is Leveraged: Any event which adversely affects the value of an investment would be magnified to the extent when leverage is employed and will result in greater losses than would be realized if leverage were not used.

- Relying on the Managed FX Trading Strategies: No assurance can be given that the techniques and strategies of any trading systems used on managed accounts will be profitable in the future, or that the services of it will be available to any investor in the future. The specific details of many trading systems and trading approaches are proprietary; consequently, you may not be able to determine the details of it, and changes to the approaches can often be done at anytime without prior consultation.

- FCM & Broker Stability: No assurance can be given regarding the stability or credibility (past, present or future) of any chosen brokers used to facilitate a Managed Account Product. If the client is unsure as to whether or not they are comfortable putting their funds with a specific broker (FCM), the client needs to conduct additional due diligence. No party will be held responsible for any actions, omissions, errors or misconduct, conducted by a broker that has any affect on a clients account(s), negative or otherwise. The client assumes all responsibility when they place their funds with a specific FCM and should carefully consider the broker before doing so.

- Potential Illiquidity of Forex Market: Forex positions cannot always be liquidated at the desired price. This can occur when the market is “thinly traded” (i.e., a relatively small volume of buy and sell orders).

It is the responsibility of each investor to ensure that they understand the risks associated with this type of an investment. This document is an information prospectus.

Valor FX Summary

- Clients maintain full ownership, access, and control of their individually-owned account at all times in a Managed Account structure.
- Trading Agent (Money Manager) maintains "*trade-only*" access.
- Clients may withdraw funds or remove their account from the management service *at any time*. There are no "lock-in" periods.
- Monthly Performance Fee: 30-35% (based on balance) with high watermark policy.
- Annual NET Profit Targets: Absolute, with 50% + compounded targets.
- Typical Risk to Capital: 5% average peak to valley draw downs. Emergency global equity stop loss applied at -20% in floating open positions.
- Diversified strategy with a mixed systematic/manual trade execution and discretion.
- Time-tested proven stable trading strategy with excellent risk management.

Program Introduction

The Valor FX Managed Forex Program has been engineered from the ground up to serve as a safe harbor against the otherwise volatile FX market. With optimal risk management as its top priority, Valor FX pays careful attention to the risk/reward ratio of every trade with the goal of delivering stable profits even when the market environment is anything but stable.

The team consists of US and UK based traders who got their start in 1996 trading equities as well as commodity and index futures; since 2007 however, their focus has been exclusively on the FX market. Over the years, they have learned the importance of evolution; markets are not static, therefore successful traders must be able to adapt and refine strategies while maintaining strict adherence to core risk management principles. It often takes time for such principles to become engrained, which is why the vast experience of the Valor FX team is such a valuable attribute they possess.

Program Strategy

Through extensive analysis, the Valor FX Team has optimized strategies to correspond with each trading session. During the UK and early New York sessions, they place only manual trades derived from time-independent indicators. On an average day they will place between 3-5 trades per session (though this can be more or less based on market conditions) with a typical S/L and T/P of 15-40 pips. This is a very simple strategy that has proven to be highly effective and is the underlying "core" strategy of the Valor FX program.

SUB-STRATEGIES

During the NY afternoon (approx 12-4 PM EST) and the Tokyo session part 1 (8PM to midnight EST) Valor FX often run a volatility-bands-based counter trend EA. This EA has been custom developed over the course of two years at a great cost to the Valor FX trade team.

From midnight EST until approximately 3AM EST (London open) Valor FX may run a custom-designed EA that essentially plays the breakouts of the Asian range.

They also have in their toolset a very powerful AUDNZD averaging systematic strategy which can be used during low volatility periods and operates under very strict risk controls.

Lastly they utilize proprietary economic news trading tools (manual and mechanical) working together in harmony. The traders wait for a consensus among the indicators and although this doesn't occur with great frequency, the resulting signals have proven to be highly accurate.

Their entire suite of products when used to pay tribute to one another form a very powerful and synergistic blend of strategies which can literally stand up to any type of market condition. Having a toolset which allows the ability to adapt to various market conditions is often what separates strategies with potential to win nearly every month from those who must by their inherent nature go through regular alternating periods of good and poor performance.

Program Methodology

The trading methodology of Valor FX is built on the ability to profit from the short term downswings and upswings in currency rates. As noted in the strategy description, the core method involves manual trading which is then complemented by the use of proprietary automated strategies.

The Valor FX team strongly believes in diversification and using multiple methods concurrently, within the confines of proper leveraging so losses from one method are "absorbed" by gains in the other.

They believe in only manual trading during "prime time" hours (UK & early NY sessions) as they don't trust algorithms (systematic trading) to react as well as humans would or to be able to process the inputs required properly for successful trading during these higher volume periods.

The core Valor FX trading method averages an approximate 1:1 risk:reward ratio and seeks to maintain positive trade accuracy (>50%).

The primary pairs traded are the G5 currency basket with various AUD and JPY crosses mixed in on occasion however any pair can be traded if the traders consider it to be a profitable opportunity.

Risk Management

MONEY MANAGEMENT

Hard equity stops are used on all trades and are calculated based on chart patterns, volatility or trend direction and reversals. Manual trades (core strategy) are typically set with a 1% risk limit (though in rare circumstances can increase up to 2% at the traders' discretion). The use of trailing stops is also employed once a position has reached defined profit levels.

Certain sub-strategies can operate with a wider S/L to T/P ratio and will also make use of trailing stop losses on occasion. However, the percentage risked per trade is governed by the same rules as the core strategy.

Special attention is given across all strategies to ensure the account does not become over-leveraged. Losses are always predefined and accepted as per each trade's inherent stop loss rule.

Trades are typically held on an intra-day basis with the T/P or S/L being achieved, more often than not, during the same session in which they were opened.

KEY PERSONS RISK CONSIDERATIONS

The operating results of this Managed Forex Account will depend largely on the trading and analysis of the Valor FX trade manager. Should the trade manager become physically unable to oversee trading within client accounts a temporary interruption of service may occur. The trade manager has partners to assist in trading, but has taken all the required appropriate steps to notify clients of any such occurrence, when/if it may occur.

ELECTRONIC TRADING CONSIDERATIONS

The Valor FX program will place trades on the electronic trading platform offered by a specified brokerage partner. In the event that there is a failure or disruption of this platform, it is possible that, for a certain time period, the managers may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. In addition, a system failure may also result in loss of orders or order priority. The trading team, in conjunction with the corresponding brokerage firms have put as many safety protocols and check points as possible in place to prevent such occurrences from happening, and to minimize damage when/if such events do occur. Other product specific risk factors have been identified in the early section of this document, as well as in the risk disclosure section at the end.

Transparency and Safety of Funds

The Managed Account structure allows clients to maintain full ownership and control over their accounts at all time. All client accounts are individually owned and segregated by the investor. As a result, clients retain real-time access and monitoring to their accounts. Furthermore, clients may

withdraw their funds at any time or disable their trading account from the Master Control Platform at their own discretion. Hence, the structure is extremely transparent and secure.

The Managed Account structure places a large focus on providing its investors with security of funds, full account transparency, and continuous access to their capital. Investors maintain the ability to monitor their trading accounts in real-time which entails viewing of all currently open positions, account balance and equity statistics, as well as the entirety of their completed trading history which can be exported from trading software at any given time into common programs such as PDF and Excel.

OWNERSHIP OF ACCOUNT

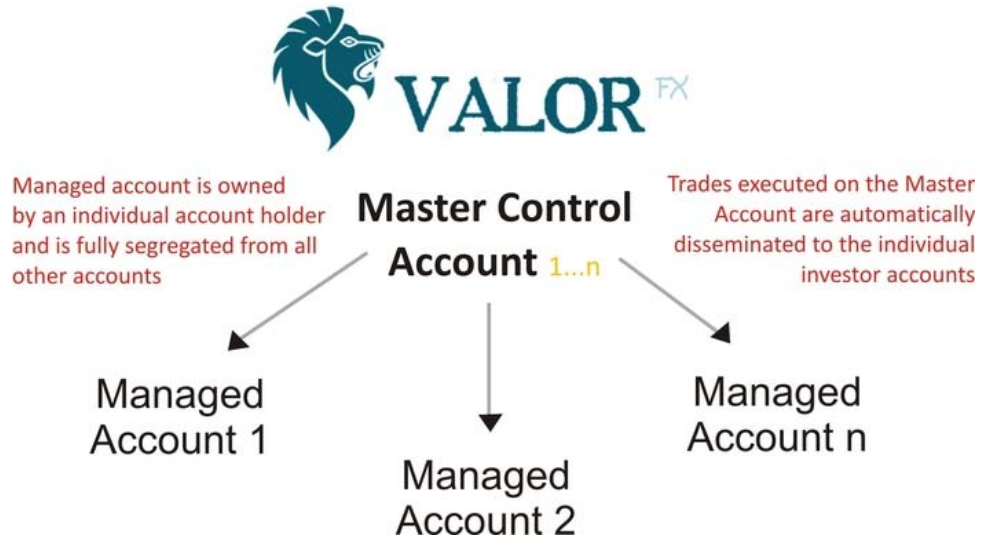
Clients who invest capital within a Valor FX Managed Forex Account enjoy a customary level of transparency, ownership, and control over their funds. The investor maintains full individual ownership and control of funds within their account. Furthermore, the client maintains login access in order to monitor and evaluate their trading account performance in real-time. The Trade Manager maintains what is referred to as “trade-only” access to client accounts in overseeing the management of trading activity.

ACCESS TO FUNDS

The Valor FX Managed Forex Program provides clients with fully liquid access to their funds at all times. Therefore, and unlike most investment funds, clients may withdraw all or part of their investment at any time without any penalty or lock-in periods.

ACCOUNT SETUP

Individually-owned and segregated client trading accounts are synchronized to Valor FX Managed Forex Master Control Platform. The Trade Manager executes trades via the master platform. These trade orders are automatically disseminated to individual client accounts via percent allocation module software as illustrated below.



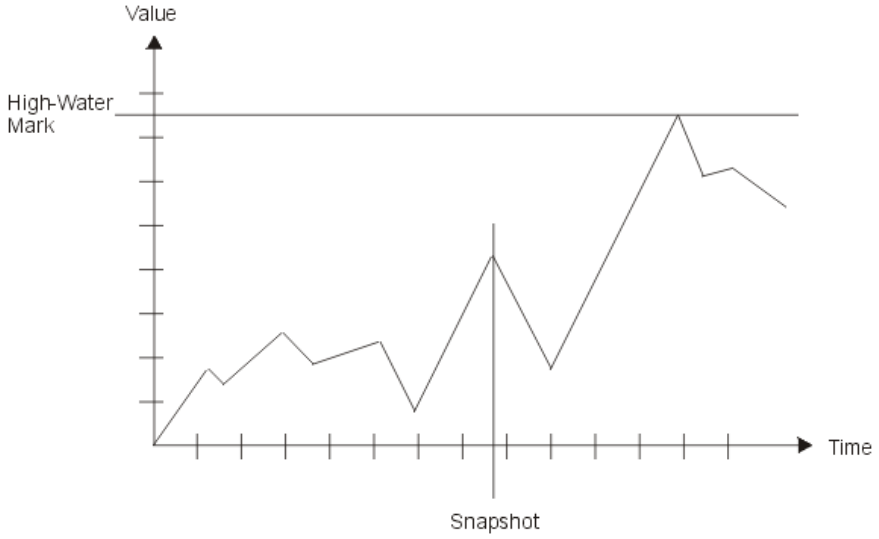
Fees and Expenses

PERFORMANCE FEE

The Valor FX Managed Forex Program charges each account a monthly performance fee equal to 30-35% of the profits generated within each client account for the respective month using a net "high water-mark" policy.

Net Profits shall mean the aggregate net trading profit, both realized and unrealized in a managed account during such calendar month, minus brokerage fees and other managed account transaction costs and expenses, and plus or minus the change from the previous month-end in the balance of brokerage commissions necessary to liquidate positions. The existence of a Carry Forward Loss is determined by adding all the Net Losses that have been sustained since the last month-end at which a Monthly Performance Fee was paid and subtracting those from Net Profits for the same time period.

High Water Mark Illustration



The use of a Carry Forward Loss insures that Monthly Performance Fees are paid only on the cumulative increases in the Net Profit of a managed account. The Monthly Performance Fee will not be charged until there are Net Profits. However, Monthly Performance Fees shall not be rebated by virtue of subsequent losses. If a participating client withdraws from the Managed Forex Account Program, the client shall be billed for the Monthly Performance Fee if the managed account has earned a Net Profit in the month of such a withdrawal. If the Managed Forex Account has incurred a loss in the month of withdrawal the client will not be charged a Monthly Performance Fee.

MANAGEMENT, TRANSACTIONAL, AND OTHER FEES

MFH charges no front-end load fee or any management fees on the Valor FX program, and will, unless otherwise specified, bear its own management, administrative, legal, audit and other

expenses. MFH profit shares with their brokers on an increased transactional fee either in the form of a round turn dollar or per million cost or alternatively on a spread markup. Average spread markups vary per brokerage and typically range from 0 – 2 pips. All performance figures reported on the site for Valor FX are net of any transactional fees, and gross before any performance fees have been paid.

PERFORMANCE FEE BILLING

The trade team and/or manager and/or the brokerage firm will automatically calculate and bill all Performance Fees to each managed account. All fees paid will be retained by the Trade Manager, even if the managed account subsequently experiences losses. Since the Monthly Performance Fee is payable monthly, substantial Monthly Performance Fees may be paid to the Trade Manager during a fiscal year even though the managed account sustains a net trading loss in the fiscal year. The Monthly Performance Fee will not be paid until the account is above its original value. The breakeven point which dictates every subsequent "high water mark" level equates to the original amount deposited in the account minus the Monthly Performance Fee being paid. The monthly billing cycle typically is conducted from the 1st to the last calendar day of each month, or from NFP to NFP, which is the first Friday of every month.

Transactions and Monitoring

DEPOSTIS AND WITHDRAWALS

Investors may initiate deposits into their Managed Forex Account at any time. All trading efforts will immediately take consideration of newly added funds. Withdrawal requests may also be initiated at any time and are all handled by the brokerage firm. In certain situations it may be beneficial for the trade manager to bring the accounts flat (close all open orders) before processing withdrawals, if it is determined that the withdrawal with adversely effect other clients, however most brokerage firms have software in place which will automatically adjust for the changes in equity due to withdrawing and depositing of capital.

CLOSING ACCOUNTS

Investors may close their accounts at any time, as per above as their investment is fully liquid and has no lock-in periods. There are no fees involved with closing an account, other than any unpaid performance fees which may be due. Investors can also revoke the LPOA agreement at anytime if they are not happy with how the trader is managing their funds. This gives them the ability to "opt out" at anytime.

REPORTING

The Trade Manager and the Brokerage partner have continuous monitoring capabilities and may report to each client Net Asset Value on a daily & monthly basis. On-going statements of

performance are available in real-time for export via a trade platform login and password directly provided to them by the brokerage firm (as shown in the example statement below), or daily statement forwarding by email can be setup, where clients receive theses automatically each day.

Example Trade Statement – Exported from Brokerage Trading Platform

Order	Time	Type	Size	Symbol	Price	S / L	T / P	Time	Price	Swap	Profit
4184110	2012.09.12 04:59	buy	2.32	eurusd.dma	1.28615	0.00000	0.00000	2012.09.12 05:40	1.28810	0.00	452.40
4184203	2012.09.12 04:59	buy	1.16	gbpusd.dma	1.60753	0.00000	0.00000	2012.09.12 07:48	1.60948	0.00	226.20
4197079	2012.09.13 02:00	buy	2.34	gbpusd.dma	1.61126	0.00000	0.00000	2012.09.13 03:00	1.61225	0.00	231.66
4197164	2012.09.13 02:00	buy	2.33	eurusd.dma	1.29159	0.00000	0.00000	2012.09.13 04:58	1.29222	0.00	146.79
4212104	2012.09.14 02:24	buy	2.34	audusd.dma	1.05592	0.00000	0.00000	2012.09.14 02:42	1.05739	0.00	343.98
4212200	2012.09.14 02:27	buy	2.34	eurusd.dma	1.29980	0.00000	0.00000	2012.09.14 02:43	1.30109	0.00	301.86
4240303	2012.09.18 04:59	sell	2.35	audusd.dma	1.04620	0.00000	0.00000	2012.09.18 08:23	1.04421	0.00	467.65
4240251	2012.09.18 04:59	sell	2.35	eurusd.dma	1.30985	0.00000	0.00000	2012.09.18 08:33	1.30808	0.00	415.95
4253654	2012.09.19 05:58	buy	1.18	gbpusd.dma	1.62551	0.00000	0.00000	2012.09.19 08:06	1.62666	0.00	135.70
4256903	2012.09.19 10:10	sell	2.36	eurusd.dma	1.30304	0.00000	0.00000	2012.09.19 10:56	1.30115	0.00	446.04
4267098	2012.09.20 05:01	sell	2.36	audusd.dma	1.04103	0.00000	0.00000	2012.09.20 06:45	1.03912	0.00	450.76
4266929	2012.09.20 04:59	sell	2.36	eurusd.dma	1.30035	0.00000	0.00000	2012.09.20 06:48	1.29872	0.00	384.68
4267012	2012.09.20 05:00	sell	1.18	gbpusd.dma	1.62041	0.00000	0.00000	2012.09.20 07:05	1.61840	0.00	237.18
4280572	2012.09.21 04:59	buy	1.19	gbpusd.dma	1.62412	0.00000	0.00000	2012.09.21 05:36	1.62584	0.00	204.68
4280500	2012.09.21 04:59	buy	2.36	audusd.dma	1.04651	0.00000	0.00000	2012.09.21 06:34	1.04779	0.00	302.08
4371292	2012.10.02 06:04	buy	1.19	gbpusd.dma	1.61544	0.00000	0.00000	2012.10.02 10:22	1.61665	0.00	143.99
4371159	2012.10.02 06:03	buy	2.34	eurusd.dma	1.29038	0.00000	0.00000	2012.10.02 10:23	1.29143	0.00	245.70

RISK DISCLOSURE STATEMENT

Investing in the foreign exchange (Forex) market, alternative investments, and other leveraged asset classes carries a high level of risk, and may not be suitable for all types of investors. Before deciding to invest in any type of alternative investment, you should carefully consider your investment objectives, length of investment and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor, who is familiar with these types of trading if you have any doubts.

Trading in these markets is speculative and may involve loss of principal; therefore funds placed under management should be risk capital funds that if lost will not significantly affect one's personal or financial well being. This is not a solicitation to invest and you should carefully consider your financial condition as to the suitability to your situation prior to making any investment or entering into any transaction.

Effects of Leveraged Trading: Spot Forex Transactions carry a high degree of risk. The amount of initial margin is small relative to the value of the Spot FOREX Contract so that transactions are "leveraged" or "geared". As an example, a margin deposit of $2,000 can control a market value of approximately up to $100,000. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. Given the possibility of losing a substantial investment, trading funds should only consist of risk capital or funds that an individual or an institution can afford to lose.

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