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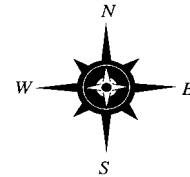
TACTICAL

INVESTMENT MANAGEMENT CORPORATION

Managed Account Program

A Michigan Corporation registered with
the Commodity Futures Trading
Commission as a Commodity Trading
Advisor and as a Commodity Pool
Operator

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The date of this Disclosure Document is January 12, 2006

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 A 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 8, 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 11.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY TRADING ADVISOR MAY ENGAGE IN TRADING FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE YOUR TRANSACTIONS MAY BE EFFECTED. 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 ADVISORS NAME FROM A CLIENT FOR TRADING COMMODITY INTERESTS. YOU MUST PLACE ALL FUNDS FOR TRADING IN THIS PROGRAM DIRECTLY WITH A FUTURES COMMISSION MERCHANT.

TABLE OF CONTENTS



The Trading Advisor	1
The Futures Trading Program	4
The Tactical Trading System	4
Commodity Broker	8
Account and Fee Information	8
Conflicts of Interest	10
Litigation	11
Commodity Trading by Tactical Investment Management and its Principals	11
Additional Risk Factors	11
Past Performance	13
<i>Current Investment Program</i>	
Institutional Futures Program Composite	16
Institutional Futures Program Composite Graph	17
<i>Supplemental Performance Information</i>	
Tactical Futures Composite	18
Tactical Futures Composite Graph	19

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This document is intended for use on and after January 12, 2006



PATIENCE AND DISCIPLINE

Since 1981

THE TRADING ADVISOR

Introduction

Tactical Investment Management Corporation, “Tactical,” the “Advisor,” or the “Trading Advisor,” is a commodity trading advisor (CTA) and commodity pool operator (CPO) in the business of managing futures investments.

Tactical Investment Management Corporation is a Michigan Corporation with its business offices located at 6963 Emerald Springs Lane, Las Vegas, NV 89113 with its mailing address in Nevada being 2657 Windmill Parkway #220, Henderson, NV 89074, and at 59-417 Waka Rd., Haleiwa, Hawaii 96712 with a mailing address of P.O. Box 976, Haleiwa, Hawaii 96712. Tactical's telephone numbers are 702 248-8184 (phone and fax) in Nevada and 808 638-8032 (phone) and 808 638-5223 (fax) in Hawaii. Tactical Investment Management Corporation is registered with the Commodity Futures Trading Commission (CFTC) as a CTA and CPO and is a member of the National Futures Association and the Managed Futures Association.

The Advisor has retained Tactical Investment Management Business Services Corporation (“Tactical BSC”) to perform various bookkeeping, recordkeeping and other administrative functions. Tactical BSC is located at 59-417 Waka Road, Haleiwa, Hawaii 96712, and its telephone number is 808 638-8032. All books and records required to be maintained by the Advisor are retained by Tactical BSC at its offices in Hawaii.

Tactical Investment Management Corporation currently acts as CTA for managed futures accounts and as CPO for two commodity pools one of which is an Exempt Pool open to Qualified Eligible Persons only. The Advisor will manage accounts for individuals, institutions, funds, or pension plans on a discretionary basis utilizing commodity futures contracts, options on futures, and cash and forward positions in foreign currencies and physical commodities.

Business Background

The following is a description of the business background of Tactical Investment Management Corporation, the history of its trading programs, and its principals.

Tactical Investment Management Corporation is a Michigan corporation originally organized as Speculation Limited on February 5, 1980 under the Michigan Business Corporation Act. It became registered as a Commodity Trading Advisor on July 1, 1980. It operated under the name Speculation Limited from its inception through October 7, 1991 when its name was changed to Tactical Investment Management Corporation. It is registered in Hawaii and Nevada as a foreign corporation doing business in those states.

History of Trading Programs

Current Program

Tactical began managing its currently active trading program, the **Institutional Futures Program**, in April 1993. Originally only available through large individual managed accounts, the Institutional Futures Program also became accessible in part through the Tactical Multistrategy Commodity Fund, LP, a commodity pool that the Advisor launched in November 2000. Multistrategy combines Tactical's systematic Institutional Futures Program with an outside discretionary CTA. Also, in May 2005 the Advisor established the Tactical Institutional Commodity Fund, LP, a Section 4.7 exempt fund available only to Qualified Eligible Persons which is traded according to the Institutional Futures Program.

Past Programs

Tactical Investment Management managed four commodity funds and several managed accounts via the **Flagship Futures Program**, its original highly aggressive futures trading program, from 1980 to 1999. After 18 years, in October 1999, Tactical ceased trading this long-term profitable program when it exceeded internal statistical boundary limits set by Dr. Druz. The Institutional Futures Program replaced the Flagship Futures Program at that time as Tactical's bellwether trading program. The Institutional Program is identical in every way to the original program but with 2/3 the leverage and much lower commission rates.

Tactical also profitably managed a commodity options fund which traded briefly, from January 1997 to October 1997.

Principals of Tactical

David S. Druz, MD, 52, is the President, the founder, the sole director and shareholder of Tactical Investment Management Corporation. He began managing his own personal commodity interest accounts in August 1975. He has been registered with the National Futures Association as a principal since March 1983. Dr. Druz was employed by Stotler & Company, a former Futures Commission Merchant, beginning in June, 1977 and worked intermittently on a contractual basis until June, 1980 to perform commodity market research for its research department while concurrently attending medical school. He founded Tactical in February 1980 and beginning in June, 1980 to the present he has performed commodity market research for the company.

Dr. Druz received a bachelor's degree in electrical engineering with emphasis in computer science from the University of Illinois in May, 1975 where he graduated first in his class with a 5.0 grade average. He received a medical doctor degree from Johns Hopkins School of Medicine in May, 1979 and subsequently pursued a dual career in futures investment analysis and in medicine. From July, 1979 through June, 1982 he did an emergency medicine residency and from July, 1982 through June, 1991 he worked as a board certified practicing emergency physician, all the while concurrently running Tactical Investment Management.

In July, 1991, Dr. Druz left the practice of Emergency Medicine to devote his energies fully to Tactical Investment Management Corporation and his futures investment career.

Dr. Druz is the market analyst, research programmer, and a principal of Tactical Investment Management Corporation. The Tactical Trading System used by the Advisor is his development. The performance tables for Tactical Investment Management and David Druz as principal are located on pages 16 to 19.

Colleen Haviland, 48, is the Vice President and a principal of Tactical Investment Management. She has been registered with the National Futures Association as an associated person of Tactical Investment Management since May, 1989. Ms. Haviland received a bachelor's degree in business administration from the University of Hawaii in 1983. She is the office manager of Tactical Investment Management's Hawaii branch and President of Tactical Investment Management Business Services Corporation where she has been employed since May, 1984.

Tactical Investment Management Business Services Corporation is a Hawaii corporation organized on May 18, 1984. The main business activity of Tactical Investment Management Business Services Corporation is business services.

THE FUTURES TRADING PROGRAM

Current Investment Program

Tactical offers a single managed account program, its bellwether **Institutional Futures Program**. The Program trades a globally diversified portfolio of commodities and currencies seeking above average long-term growth unrelated to stocks and bonds. It is managed via the Tactical Trading System described below.

THE TACTICAL TRADING SYSTEM

Trading Objective

The Tactical Trading System (the “System”) has been used to trade all of the Advisor’s futures funds and managed accounts since inception in 1981, including the currently offered Institutional Futures Program. Its objectives are to achieve above-average growth during any 5 to 15 year holding period with low correlation to global stocks and bonds and to provide clients with a potential inflation hedge. The System trades a widely diversified portfolio of global commodity futures and currency forwards and benefits from long, broad price trends in the markets it trades.

Emphasis on Robust Strategies

The System's trading strategies are all highly robust. Robust methods are those that Tactical expects to remain valid over the years. Highly robust techniques are based on very general, successful trading principles and as such are non-optimized and rarely exactly fit to any specific market situation. This lack of exact market-fit contributes to significant volatility in this investment. Tactical expects robust trading strategies to remain valid and thus increase the System’s potential for above-average long-term growth.

Systematic Technical System

Portfolio managers and their trading programs are classified as either "systematic" or "discretionary" or a varying combination to the two. Systematic managers trade by following non-emotional sets of trading rules, often based on mathematical models of market behavior. Systematic managers use their judgment and intuition in designing their market models and trading systems. Discretionary managers, on the other hand, apply judgment and intuition in making every trading decision. Tactical’s System is so fully systematic that virtually no day to day discretion is used.

The System incorporates mathematical market models that integrate key elements of modern portfolio theory, chaos theory, and proprietary money management concepts. It is an exclusively technical system in that its inputs are data *intrinsic* to the markets: price and liquidity data, current positions, account equities, and previous outputs. It is to be distinguished from a fundamental system which weighs factors *extrinsic* to the markets such as supply and demand, governmental actions, and market sentiment. The System's outputs are precise buy and sell orders, including quantities to buy and sell, and markets to trade. It is computerized to reduce human error and emotional input. It has an elegantly small number of parameters whose values are identical across all markets.

Projected Source of Profits

The Advisor believes that futures are a zero-sum game: for every winner there is a loser. Commercial hedgers trade in futures primarily to transfer risk and receive insurance against adverse price moves. Tactical believes that this economic benefit cannot possibly be obtained for free and that hedgers must therefore be net losers in futures over the long run, paying a “risk premium” for the insurance they receive.

The Tactical Trading System is based upon capturing hedgers' risk premium. It is designed to trade opposite hedgers as much as possible and attempts to fade them at technically determined price levels. By doing so in a consistent, disciplined manner, the Advisor believes the System obtains a positive mathematical edge in the market place.

Trend-Following a Natural Result

Hedgers tend to sell when prices are strong and buy when prices are weak. By acting in opposition to this, the System buys strength and sells weakness, actually losing money on the majority of trades. The winning trades, less frequent but larger on average, occur when prices strengthen or weaken well beyond expectations, forming trends.

By trading opposite hedgers, the System becomes a trend-follower in practice, but not by fundamental design. In contrast to trading systems that are designed specifically to capture trends, trend-following is an entirely natural result of this System designed to capture hedgers' risk premium.

A Non-Linear Approach

Certain aspects of the Tactical Trading System are based on non-linear mathematical models described in chaos theory. Among other things, these models suggest that markets are fractal and that markets should intermittently exhibit unpredictable trending behavior over multiple time scales. The Tactical Trading System targets *extra long-term* trends, not uncommonly holding positions (with rolls) for over a year. This frequently requires riding out significant counter-trend price moves during which equity is lost. This contributes to the near-term volatility in the System. Yet Tactical believes that targeting extra long-term trends is a highly robust trading strategy well worth the resultant volatility.

Portfolio Composition

The System trades commodities and currencies throughout the world, mostly on futures exchanges and in the interbank foreign exchange markets. Its portfolio is extremely well diversified and balanced in approximately 50 global markets. Physical commodities such as grain, food & fiber, metal, and petroleum futures make up about half of the portfolio. Currencies and global interest rate futures, the financial commodities, make up the rest. Stock index futures are rarely traded. As much as half or more of the trading may occur in non-U.S. markets.

The System places great emphasis on portfolio composition. Markets are selected primarily on the basis of modified covariance analysis. The techniques identify the markets that are as distinctly different from each other as possible. Dr. Druz makes the final decision as to which markets comprise the portfolio and their respective weightings. Selecting diverse markets reduces volatility in the portfolio while increasing stability and robustness of the trading system. Tactical feels that a globally balanced and diversified portfolio with meaningful exposure to both physical and financial commodities is the most robust and most desirable futures portfolio.

Money Management and Risk Control

Money management deals with all aspects of equity management and risk control. It is vital to the System and is integrated from the ground up. The System uses proprietary, advanced money management and risk control strategies. Instead of trying to reduce near-term volatility at the cost of decreased potential long-term gain, the System occasionally employs sizable leverage in its money management techniques in efforts to transform high near-term volatility into increased potential long-term gain.

Some examples of the money management strategies used by the System are: Overall portfolio risk exposure is constantly reassessed; stop-loss orders are placed whenever a trade is entered and once placed, never retreat from the market; a sophisticated variation of constant percentage risking is used which results in an initial average risk of less than 1.0% of account equity per trade. *Additionally, internal statistical boundary limits are established as stop-loss protection for the overall trading program.*

Aggressive Posture

The System adopts an aggressive investment posture. In efforts to make above average returns over any 5 to 15-year holding period, the System accepts relatively high near-term volatility and uncertainty as the tradeoff. The System is fully expected to be volatile in the near-term because (1) it employs only robust trading strategies which are non-optimized and never exactly fit to any market situation; (2) it occasionally uses sizable leverage in its advanced money management strategies; (3) it rides out significant intermediate counter-trends when holding trades in extra long-term trends.

As an example of the System's near-term volatility, Tactical expects an investment in the Institutional Futures Program to decline 18% on average from its most recent peak at some time during *each* year. In rare years the Trading Advisor expects this drawdown to be 33% or more, and further expects the investment to show a loss during some fiscal years. It should be emphasized that this near-term volatility is completely within the envelope of expected drawdowns of the System's aggressive money management style and will, in the Trading Advisor's opinion, actually improve the potential for above average long-term gains.

In the Institutional Futures Program, between zero and 50% (average under 20%) of a client's account may be committed to margin and approximately 2% of a client's assets may be spent on brokerage commissions annually at institutional commission rates given the leverage employed and the frequency of trading.

Statistical Confidence

A systematic technical trading system has the tremendous advantage that it can be tested on historical data to gain substantial statistical confidence in its validity and stability. Tactical has written or co-written state-of-the-art computer software for evaluating trading systems, and maintains a huge database for historical testing. Based on its real time trading and extensive historical testing, the Advisor has developed tremendous confidence in its Tactical Trading System.

Continued Research

The System is the result of over 20 years of ongoing research, evolving very slowly over the years as new discoveries have been implemented. Since inception in 1981 the System's design objective has always been to achieve above-average long-term growth in a diversified portfolio of commodities and currencies. To accomplish this, it has consistently targeted capturing hedgers' risk premium by using quantitative methods based on robust characteristics of free-market price behavior, implemented only after rigorous computerized historical testing.

Tactical plans to continue its research and, therefore, retains the discretion to revise any method or strategy, including the technical trading factors used, the markets traded, and/or the money management principles applied. Such revisions, unless deemed material, will not usually be made known to its investors.

THE COMMODITY AND FOREIGN EXCHANGE BROKER

The Trading Advisor has not chosen any one particular entity as its Futures Commission Merchant or Foreign Exchange Broker ("Broker" or "Brokers"). The Client is free to open an account with any Futures Commission Merchant and Foreign Exchange Broker. Clients will not be allowed to use an Introducing Broker for managed accounts.

ACCOUNT AND FEE INFORMATION

Minimum Account Size

The minimum investment for a managed account trading the Institutional Futures Program is \$2,000,000. This investment is most suitable for institutional investors, futures funds, and very high net worth individuals. The Advisor does not manage partially funded or notional accounts. *Interested smaller investors may contact Tactical to explore other investment opportunities.*

Minimum Term of Investment

The Advisor will manage a client's account with the objective of long-term capital appreciation. The Institutional Futures Program is not suitable for an investor seeking short-term results. Tactical is firmly of the opinion that the potential for a successful investment in a diversified futures portfolio is directly proportional to the amount of time the investment is allowed to work. It therefore makes the following recommendation.

Tactical Investment Management Corporation strongly recommends that a client commit to a minimum term of investment of **FIVE**

YEARS to allow the client the best possible opportunity to participate in the full benefits of the Advisor's trading program. The Tactical Trading System is long term and this investment should only be considered by a client who is willing and able to make a five year commitment without withdrawing funds from the account, except to the extent of any tax liability on profits, even though the client may be strongly tempted to do so, particularly during down periods.

The trading program growth graphs attached to this document illustrate that historically the down periods would have been the worst time to withdraw assets because the client would have then lost the opportunity to recoup losses during the subsequent profitable periods. You should note that past performance is not necessarily indicative of future results. Commodity trading can lead to large gains as well as losses. Both gains and losses are reflected on the attached growth graphs.

The client will always retain full control over withdrawal of his funds from his account at the Broker. However, the client must be aware that withdrawal prior to the Advisor's recommended minimum five-year term of investment except to pay taxes on profits is not recommended by Tactical.

Fees

As compensation for advisory services, Tactical Investment Management Corporation charges an annual management fee paid monthly and an incentive fee paid quarterly. Tactical believes that its fees are commensurate with industry norms for this type of investment:

2% management fee (0.1667% of Net Asset Value per month)

20% incentive fee

Any other fee arrangements must be negotiated with the Advisor.

The management fee is based on the Net Asset Value as of the last day of each month. Net Asset Value ("NAV") is defined as the difference between the value of total assets and the amount of total liabilities of the client's account determined on the basis of generally accepted accounting principles, consistently applied. The management fee of 0.1667% of month-end NAV is paid regardless of the performance of the account.

The incentive fee is paid at the end of each quarter only if the account has "Trading Profits." The incentive fee is 20% of Trading Profits. If the account experiences a loss after an incentive fee payment, the Advisor will retain such payment but will receive no further incentive fee payments until the account has subsequent Trading Profits.

Trading Profits for purposes of calculating Tactical's incentive fee during the quarter are simply new profits over and above the previous all time high in the account at the end of any quarter. Specifically, Trading Profits shall mean the cumulative profits (over and above the

aggregate of previous period profits) during the quarter (after the deduction for all round-turn brokerage commissions and clearing charges on liquidated positions and management fees).

Trading Profits shall include both realized and unrealized profits. To the extent any withdrawals are made from the account when the account has a loss, such loss attributed to amounts withdrawn shall not be carried forward to reduce future Trading Profits. If Trading Profits for a quarter are negative, it shall constitute a "Carryforward Loss" for the beginning of the next quarter. No incentive fees during the term of the advisory contract shall be payable until future Trading Profits for an ensuing quarter exceeds Carryforward Loss.

Additions and Withdrawals

Tactical Investment Management Corporation strongly recommends that assets only be added or withdrawn at month end with a minimum three-day prior notice given to the Advisor.

Each client retains full control over his account at the Broker and has the ability to add or withdraw his funds at any time and in any amount. However, Tactical Investment Management Corporation strongly recommends that assets not be withdrawn during the suggested minimum five year term of the investment other than at year end and only to the extent needed to pay taxes on the profits, if any, earned through the account.

A client must be aware that making additions or withdrawals not in accordance with the Advisor's recommendations may be grounds for immediate termination of the management of his or her account by the Advisor without prior notice.

Reports to Investors

The Advisor's clients will receive regular reports of the initiation and liquidation of positions and monthly reports directly from the Broker. In addition, special reports may be received periodically from Tactical Investment Management Corporation.

CONFLICTS OF INTEREST

Each client of Tactical Investment Management Corporation can open an account with any Futures Commission Merchant as long as Tactical is consulted and provides prior approval. Tactical Investment Management Corporation and its principals will not participate in any of the commissions paid to the Broker.

Tactical Investment Management Corporation enters all buy/sell orders at the same price for all accounts under its management trading a given market. The Advisor thus does not anticipate a conflict of interest in which some of the accounts under its control will hold positions opposite a client's. There may be unusual brief periods when such "trading ahead" conflicts could exist, however, due to lack

of market liquidity or unforeseen difficulties on the part of brokers executing the Advisor's orders. Any such discrepancies between a client's account and other accounts managed by the Advisor would be an unintentional function of trade execution, out of the Advisor's control, and expected to be only transient in duration.

LITIGATION

There have never been any administrative, civil or criminal proceedings against Tactical Investment Management Corporation or either of its principals.

COMMODITY TRADING BY TACTICAL INVESTMENT MANAGEMENT AND ITS PRINCIPALS

Tactical Investment Management Corporation does not currently trade its own account though it is an investor in Tactical Multistrategy Commodity Fund. Tactical has traded its own account and may again trade its own account sometime in the future. Dr. Druz, from time to time, may trade for his own account. Due to the confidential nature of these records, they will not be available for inspection by clients of Tactical Investment Management Corporation.

Ms. Haviland is also an investor in Tactical Multistrategy Commodity Fund. She does not currently trade any commodity interests for her own account, but if she were to do so in the future, those trading records would be unavailable for inspection due to the confidential nature of such records.

ADDITIONAL RISK FACTORS

In addition to the risks discussed throughout the earlier parts of this document, an investor will be subject to the following risks of losing his or her investment in a Tactical program:

Volatility The markets traded may be highly volatile, resulting in large losses.

Leverage Tactical programs leverage the amount of money under management. This could result in loss of more than the investor's

initial investment for which the investor would be financially responsible. Tactical does not use so much leverage that it believes this is a likely possibility though it is theoretically possible.

Liquidity The markets traded may become illiquid, preventing exiting or entering positions. This could result in large losses.

Counterparty creditworthiness The entities with whom Tactical trades may be unable to financially fulfill their obligations, which could result in large losses. This is an unlikely, though not impossible, scenario since Tactical trades exclusively on reputable futures exchanges - both US and non-US, and in the interbank foreign exchange market with large banks.

Brokerage firm failure The brokerage firm at which the client has his or her account may fail, resulting in large losses.

Trading on non-U.S. commodity exchanges and the interbank market Such trading does not fall within the jurisdiction of the CFTC and, in many cases, will take place without benefit of all the detailed financial, trade practice and client protection regulations that apply to the activities of United States exchanges and their members. Possible absence of a strong clearinghouse to stand behind trades and to make good should a party refuse or be unable to fulfill the terms of a contract may result in significant losses for a client. Also, not all foreign markets segregate customer funds. In some cases, intermediaries may deal on foreign markets taking the opposite side of trades made for a client, although acting as the client's agent, a practice that would be prohibited on United States exchanges. Furthermore, since the Advisor will calculate its fees based on Net Assets in United States dollars, a client would be subject to the risk of fluctuations in the exchange rate between the local currency and dollars, as well as the possibility of exchange controls, in connection with any foreign trading.

Other *Basically this is a very risky investment not suitable for all investors.* Investors could lose a large amount of money in this investment for any number of reasons, not all of which have been discussed in this document.

PAST PERFORMANCE

The tables in this document have not been audited by independent public accountants. However, Tactical believes that the information contained in the tables fairly represents the composite results of its past performance. Composite performance presentations combine individual accounts that are traded according to the same trading program, but may have differences that affect the actual rate of returns. The composite rate of return does not indicate any rate of return actually achieved by a single account, but it provides a valid representation of the accounts included in the composite. No representation is being made that accounts managed by the Advisor as managed accounts will achieve profits in the future similar to those shown in the tables.

Current Investment Program

The **Institutional Futures Program** was initiated in April 1993 and is currently open. Its performance is provided in the Institutional Futures Program composite table on page 16 and the composite graph on page 17. The chart and graph reflect the performance of four currently trading managed accounts, and six profitably closed managed accounts.

The Advisor believes that the individual managed accounts are accurately represented in the composite performance records even though the actual rate of return for any one account may be more or less favorable than the composite indicates.

Supplemental Composite

The **Tactical Futures Composite** table and graph on pages 18 and 19 reflect supplemental performance data for the Tactical Trading System over the period from the Advisor's inception of trading client accounts in 1981 through the present. As previously described, this System has been used to manage all of Tactical's futures funds and accounts since inception, including the currently offered Institutional Futures Program.

The Advisor feels it is beneficial to provide this supplemental performance information for prospective investors wishing to analyze a continuous history of the Trading System in which they are considering investing, to examine its response to the various economic and political events of the past more than two decades. It is cautioned, however, that past performance is not necessarily indicative of future results.

The Tactical Futures Composite reflects the dollar-weighted average returns of all futures accounts ever traded by Tactical as CTA for

clients, net of fees and commissions. A total of 18 futures accounts, including funds, have been managed since 1981 inception. All were traded via the Tactical Trading System. Of these, 14 have been closed with a profit, none with a loss, and currently four are active.

The Composite does not reflect the performance of any one account, but rather a combination of all accounts traded by the Tactical Trading System. *All accounts in the Composite trade an identical portfolio with the same trading system*, though commissions, fees and leverage may vary, producing differing returns for individual accounts.

Being a composite, no single account would have achieved these exact results. An individual account may have realized more or less favorable results than the Composite indicates. Nonetheless, the Advisor believes that the Tactical Futures Composite is a valid representation of the Tactical Trading System and of Tactical as a CTA.

Notes to Performance

The CFTC requires performance data to be presented for the most recent five years and year-to-date for each investment program traded within that period. Any additional results an advisor chooses to show are considered supplemental. Tactical feels that it is most helpful for potential investors to see continuous results of a trading program from inception to date presented in the same performance capsule. The performance tables that follow show required five-year returns followed by supplemental back-to-inception returns. *Required and supplemental returns are clearly segregated by a solid black line with supplemental returns following required returns.*

The **rates of return** for these tables reflect the dollar weighted average of the returns for all active accounts in the program. Annual returns are calculated on a compounded monthly basis except for months in which there are additions or withdrawals. In months having additions or withdrawals, returns are compounded daily in order to accurately show the true returns for such months. Calculating annual returns using uncorrected monthly compounding for months having additions or withdrawals may be very inaccurate and misleading. For periods with no addition or withdrawals, monthly compounding and daily compounding give the same return. Notionally funded or partially funded accounts are not accepted by the Advisor so they do not become an issue in calculating rates of return.

The **largest monthly draw-down** shown for performance results is defined as the largest percentage loss experienced by the pool, account or composite for any one month at month-end for the period covered in the performance capsule. It is shown for the required past five years and year-to-date as well as from inception of the data.

The **worst peak-to-valley draw-down** is defined as the greatest cumulative percentage decline in month-end asset value due to losses sustained by the pool, account or composite during a period in which the initial month-end net asset value is not equaled or exceeded by a subsequent month-end net asset value. It is shown for the required past five years and year-to-date as well as from inception of the data.

Accounts both opened and closed during the past five years and year-to-date are defined as accounts that were both opened and also subsequently closed within the past five years and year-to-date.

Range of positive cumulative returns and **range of negative cumulative returns** shows the highest to lowest positive cumulative returns and negative cumulative returns for these accounts. In periods where there were no accounts both opened and closed during the past five years and year-to-date so that there is no range of cumulative returns to report, these results are shown as “N/A.”

When reviewing past performance records, it is important to note that in a presentation of past performance data, different accounts, even though they are traded according to the same investment program, can have varying investment results. The reasons for this include: (1) the period during which an account is active, (2) the portfolio composition, that is modifications to a portfolio mix can occur based on an investor’s position limits or for other reasons, (3) the account size, since an account with a limited amount of funds may have different results than an account with a greater amount of funds available, (4) the advisory fees charged, particularly if non-standard, (5) the rate of brokerage commissions charged to an account, since the brokerage commission will affect the account’s performance, and (6) the interest earned by an account.

Specifically regarding these last three points, commissions, fees and interest: the commissions and fees of the accounts in the composite differ slightly, which produce slightly varying rates of returns for the individual accounts. Additionally, the Institutional Futures Composite does not include interest income for one account in the composite because those earnings were not reported to the Advisor. As of June 6, 2003, the Advisor’s performance results were revised to include interest income for all other accounts back to inception. Notwithstanding these differences, the Institutional Futures Program composite remains a valid representation of the accounts included therein.

INSTITUTIONAL FUTURES PROGRAM Current Program

The Institutional Futures Program trades a globally diversified portfolio of commodities and currencies seeking above average long-term growth unrelated to stocks and bonds. It is traded via the Tactical Trading System.

Name of CTA:	Tactical Investment Management
Name of Trading Program:	Institutional Futures Program
CTA began trading client accounts on:	July 1, 1981
First client funds began trading in the Program on:	April 1, 1993
Total assets traded by CTA as of December 31, 2005:	\$29,121,044
Total assets traded in the Program as of December 31, 2005:	\$29,121,044
Number of accounts currently traded in the Program:	4 profitable / 0 unprofitable
Largest monthly drawdown:	18.94% (Apr 2004)
past five years and year-to-date:	18.94% (Apr 2004)
since inception of Program:	30.74% (Apr 2004 – Jun 2004)
Worst peak-to-valley drawdown:	30.74% (Apr 2004 – Jun 2004)
past five years and year-to-date:	30.74% (Apr 2004 – Jun 2004)
since inception of Program:	30.74% (Apr 2004 – Jun 2004)
Number of closed accounts:	1 profitable / 0 unprofitable
past five years and year-to-date:	6 profitable / 0 unprofitable
since inception of Program:	0 profitable / 0 unprofitable
Accounts both opened and closed during the past five years and year-to-date:	N/A
range of positive cumulative returns:	N/A
range of negative cumulative returns:	N/A

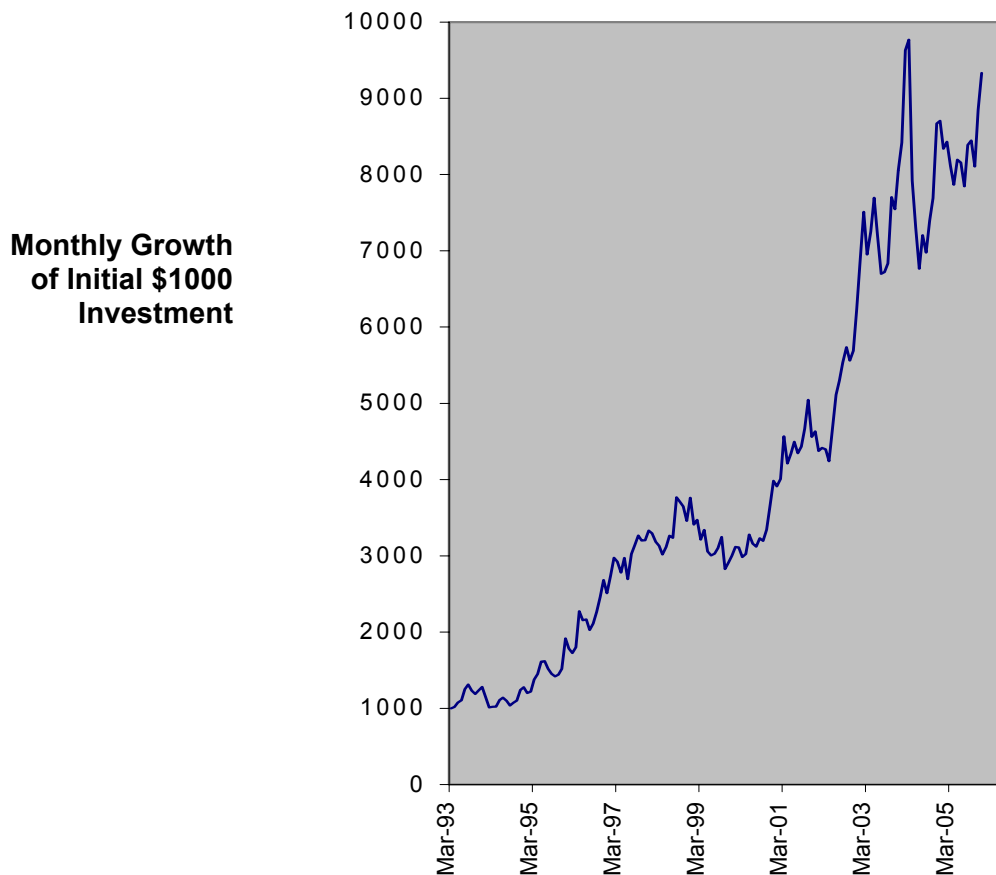
Composite Monthly and Annual Rates of Return (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2005	-4.20	1.12	-3.78	-3.03	4.16	-0.47	-3.80	6.90	0.71	-4.01	9.14	5.44	7.20
2004	4.51	14.38	1.44	-18.94	-7.83	-7.31	6.49	-3.17	5.98	4.00	12.75	0.39	8.04
2003	10.47	9.08	-7.41	4.31	6.11	-6.42	-7.00	0.34	1.71	12.69	-2.04	6.75	29.26
2002	-5.52	0.90	-0.43	-3.55	9.82	9.78	3.65	4.48	3.59	-3.01	2.27	9.58	34.58
2001	-1.79	2.46	13.89	-7.74	3.04	3.61	-3.37	1.99	5.29	8.13	-9.62	1.55	16.26
2000	3.82	-0.18	-4.05	1.34	8.37	-3.59	-1.20	3.46	-1.01	4.57	9.67	8.64	32.74
1999	-9.34	1.84	-7.46	3.90	-8.46	-1.69	0.75	2.46	4.66	-12.91	2.85	3.21	-20.21
1998	-1.04	-3.36	-1.72	-3.55	3.27	4.67	-0.84	16.37	-1.51	-1.66	-5.15	8.74	12.97
1997	9.12	8.51	-1.67	-4.86	6.84	-9.36	12.24	3.86	4.03	-2.05	0.13	3.93	32.59
1996	-6.84	-3.29	4.35	26.14	-5.15	0.52	-6.38	4.17	7.35	8.53	8.96	-6.33	31.11
1995	-5.92	1.62	12.88	5.32	11.17	0.33	-5.94	-4.53	-2.33	1.62	5.25	26.28	50.17
1994	-10.55	-11.64	0.83	0.23	8.46	2.69	-3.59	-5.64	3.48	2.70	12.71	2.78	-0.36
1993				1.75	5.47	3.10	13.16	4.84	-6.22	-3.53	4.13	3.49	28.00

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Current Program**TACTICAL
Institutional Futures Program**

Apr 1993 – Dec 2005



This is a monthly graph of the results of an initial \$1,000 dollar investment that has been continuously traded under Tactical's Institutional Futures Program. This graph does not reflect the performance of any one individual account and assumes a continuous hypothetical investment with no additions or withdrawals.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

TACTICAL FUTURES COMPOSITE Supplemental

The Tactical Futures Composite reflects the dollar-weighted average returns of all futures accounts ever traded by Tactical as CTA for clients, net of fees and commissions. *All accounts in the Composite trade an identical portfolio with the same trading system, though fees, commissions, and leverage may vary.* The Composite represents the lifetime performance of the Tactical Trading System.

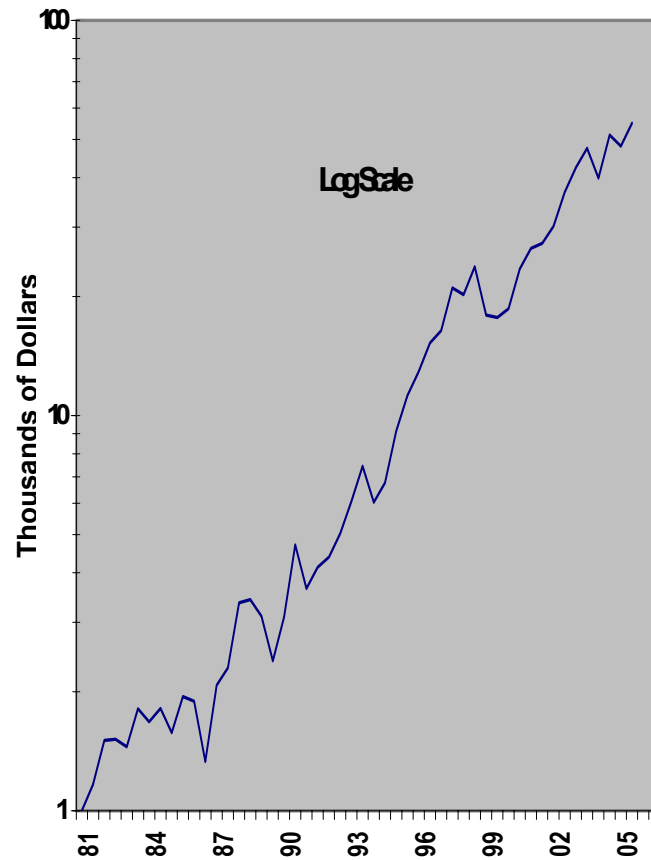
Composite Monthly and Annual Rates of Return (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2005	-4.20	1.12	-3.78	-3.03	4.16	-0.47	-3.80	6.90	0.71	-4.01	9.14	5.44	7.20
2004	4.51	14.38	1.44	-18.94	-7.83	-7.31	6.49	-3.17	5.98	4.00	12.75	0.39	8.04
2003	10.47	9.08	-7.41	4.31	6.11	-6.42	-7.00	0.34	1.71	12.69	-2.04	6.75	29.26
2002	-5.52	0.90	-0.43	-3.55	9.82	9.78	3.65	4.48	3.59	-3.01	2.27	9.58	34.58
2001	-1.79	2.46	13.89	-7.74	3.04	3.61	-3.37	1.99	5.29	8.13	-9.62	1.55	16.26
2000	3.82	-0.18	-4.05	1.34	8.37	-3.59	-1.20	3.46	-1.01	4.57	9.67	8.64	32.74
1999	-12.38	1.98	-8.81	4.56	-9.82	-1.91	0.93	2.77	5.24	-14.95	2.85	3.21	-25.74
1998	-1.63	-4.06	-2.24	-4.47	3.80	5.11	-0.97	18.34	-1.82	-1.94	-6.00	11.03	13.23
1997	10.50	9.17	-1.09	-5.72	8.00	-11.57	14.29	4.03	4.68	-2.06	0.08	5.10	37.75
1996	-8.81	-4.21	4.85	32.24	-7.49	2.68	-8.39	4.68	9.63	10.13	9.17	-6.43	36.07
1995	-7.78	2.33	16.84	6.61	12.27	2.46	-8.18	-5.91	-3.06	2.17	6.47	34.82	66.06
1994	-14.33	-14.53	-0.68	0.16	10.39	0.82	-5.71	-8.34	4.15	3.82	16.43	2.94	-9.20
1993	0.87	15.21	-7.68	-0.10	6.00	6.20	17.40	5.75	-6.69	-4.53	5.75	4.93	48.08
1992	-6.55	-10.29	-1.80	12.15	-2.29	17.82	17.05	7.17	-0.22	-5.10	2.98	-6.34	21.78
1991	-19.09	-4.71	4.69	-6.51	-5.08	8.29	-5.96	-10.11	4.25	2.62	-1.95	27.58	-12.26
1990	6.01	7.62	7.67	9.56	-9.23	5.49	16.26	10.78	18.20	3.52	1.29	-4.49	96.46
1989	1.30	-9.37	3.74	-10.69	20.27	-11.22	3.85	-11.94	-1.46	-26.02	3.81	11.39	-29.98
1988	-4.58	4.97	-11.75	-21.37	22.55	71.56	-10.03	3.71	1.50	-3.14	5.68	5.06	48.83
1987	-0.65	-5.08	-0.72	63.28	9.50	-6.93	10.98	-10.46	0.75	-13.38	13.89	12.05	72.39
1986	1.93	33.74	0.23	-11.98	-4.52	-15.24	4.03	2.49	-19.08	-19.45	-6.30	8.19	-31.43
1985	-1.39	-2.95	1.10	-1.44	-1.81	-7.37	28.33	2.76	-11.68	14.37	-0.81	-6.61	7.03
1984	-3.47	-8.69	-0.79	-4.05	12.41	-1.71	16.59	-4.68	2.62	-4.94	-3.87	3.81	0.30
1983	5.13	2.06	-6.92	-0.84	18.65	-18.61	6.02	30.98	-7.11	5.73	-11.36	3.23	19.34
1982	7.51	4.74	7.36	-0.34	1.47	5.74	-3.73	17.39	14.70	-8.39	-4.44	-11.16	30.32
1981							-2.63	8.22	-2.06	-4.20	15.00	2.42	16.46

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Supplemental**TACTICAL
Futures Composite**

Jul 1981 – Dec 2005

**Semiannual Growth
of Initial \$1000
Investment**

This is a semiannual graph of the results of an initial \$1,000 dollar investment continuously traded under the Tactical Futures Composite which reflects the lifetime performance of the Tactical Trading System. This graph does not reflect the performance of any one individual account and assumes a continuous hypothetical investment with no additions or withdrawals.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS