



MAGNUM ACCOUNTS OFFERED BY:

WHAT IS MAGNUM ADMINISTRATION AG?

Magnum Administration AG is incorporated under the laws of Switzerland and registered with the Commodity Futures Trading Commission for the purpose of offering a speculative trading program in the currency futures market. At times, certain Magnum Accounts may also participate in the Foreign Exchange forward markets. Magnum Administration AG offers its services as trading manager in conjunction with ContiCommodity Services Inc.

WHAT IS CONTICOMMODITY SERVICES INC?

ContiCommodity Services Inc is one of the largest commodity specialist firms in the world. Headquartered in Chicago, Illinois, Conti has 35 sales offices around the world and research centres in Chicago, Memphis and London, England. Conti is a subsidiary of the Continental Grain Company, one of the world's largest privately owned corporations.

WHAT IS A MAGNUM ACCOUNT?

It is a \$25,000 (U.S.) or multiple thereof account with each \$25,000 representing one "Program Unit". All Program Units are traded identically in five major currencies, the Pound, the Deutsche Mark, the Swiss Franc, the Yen and the Canadian Dollar, against U.S. Dollars on the International Monetary Market of the Chicago Mercantile Exchange. Typically, an account would have one long or one short futures position in each currency representing a total sum of about \$350,000 (U.S.). Trading decisions are based on a technical trading system, the "Magnum Program", managed by Peter Panholzer. Equity funds, including that portion serving as margin for currency futures transactions may be invested in 90 days U.S. Treasury Bills in increments of \$10,000.

WHO IS PETER PANHOLZER?

Peter Panholzer has been involved in the study of currency futures since 1973, shortly after the first currency contracts were offered on the International Monetary Market. He joined Conti in 1979 managing discretionary accounts, known as Magnum Accounts for customers in currency futures. In his first calendar year with the firm, Mr Panholzer was named an Admiral in the Conti Customer Yacht Club. Membership in the Customer Yacht Club is based primarily on the level of trading profits for customers, and the title "Admiral" is awarded to the top 10 Conti Account Executives on a worldwide basis.

WHY DO MAGNUM ACCOUNTS TRADE FIVE CURRENCIES AND REQUIRE \$25,000?

Trading principles, based on extensive research, have been incorporated into the Magnum Program and are strictly adhered to in the management of Magnum Accounts. The portfolio approach balances equity fluctuations, which can prove discouraging in hit-or-miss conventional trading. Based on past performance, \$25,000 is an appropriate level to avoid margin calls.

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WHAT IS THE PERFORMANCE RECORD OF MAGNUM ACCOUNTS?

Magnum Administration AG was incorporated in 1981 and had no performance history when this brochure was printed. However, a detailed monthly performance record of Mr Panholzer's discretionary accounts covering a two-year period through December 1981 appears on the final page of the enclosed Disclosure Document. A performance table of Magnum Accounts, including Magnum Administration AG performance through the preceding month is also enclosed.

IS A MAGNUM ACCOUNT LIQUID?

Magnum Accounts are valued daily. An account can be closed on demand and equity returned immediately following the closing of current positions. Four days are required, however, to liquidate Treasury Bills. Six calendar months after opening the account, a client can withdraw surplus funds in excess of \$25,000 without closing his Magnum Account.

HOW SHOULD MAGNUM ACCOUNT PERFORMANCE BE JUDGED?

Day-to-day fluctuation in the futures markets is such that daily evaluations may be misleading. The trading manager recommends that Magnum Accounts be viewed as long term investments and judged on 12-month performance.

WHAT FEES ARE INVOLVED?

A monthly management fee of 1/3% of equity, payable monthly, plus an incentive fee of 15% of new trading profit, payable monthly. Brokerage commission charged by Conti is dependent on the size of the account and transactions. A detailed explanation of new profits, fees and commission appears in the section entitled "Terms" in the Disclosure Document.

WHAT IS THE REPORTING PROCEDURE?

Clients will receive a confirmation of every trade executed, a monthly statement detailing account activity and a calendar year profit and loss statement mailed in January.

WHAT ARE THE RISKS?

Like all commodity futures trading, currency futures are highly leveraged and highly speculative. Only high risk funds should be committed to a Magnum Account. Should the equity in any Magnum Account fall to 33% or less of its original amount at the close of any business day, liquidation orders will be entered no later than the close of business on the following business day. Limit moves may delay execution of liquidation orders and losses in excess of the original amount deposited in the Magnum Account may be incurred.

HOW IS A MAGNUM ACCOUNT OPENED?

You may obtain further information about Magnum Administration AG or open a Magnum Account by contacting a Conti Account Executive at the nearest Conti office listed on the back cover of this brochure.