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This brochure provides information about the qualifications and business practices of LitKor Consultants Inc. Please contact L. A. Little if you have any questions regarding the contents of this brochure at 303-912-9110 or via email at tat@tatoday.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State securities authority.

Additional information about LitKor is available on the Internet at http://www.adviserinfo.sec.gov. You can search the site for registered investment advisors by a unique identifying number, known as a CRD number. The CRD number for LitKor is 140756.

Note: Anywhere that you see L.A.Little identified as a “registered investment adviser”, recognize that registration in this context does not imply a certain level of skill or training.

2 Material Changes

Since the last issue of this document, the following material changes have occurred:

1. LitKor manages only two portfolio types: long term and volatility portfolios which are distinctly different in their construction where volatility portfolios are almost exclusively limited to trading VIX related volatility instruments and long term portfolios are focused on long only, long term returns with low volatility
2. Appendix A – Money Management Contract was change to reflect changes describe in #1 above and to add additional protections to clients

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3 Advisory Business

A. Advisory Service Description
LitKor Consultants Inc. (hereafter referred to as LitKor) provides equity trading services to individuals, businesses and trusts as described herein. The business is divided into Advisory Services (newsletter and membership tools and services) and Portfolio Management. These services are explained below.

LitKor has been in business since February of 2005 and began offering an investment advisory service starting in July of 2007. The principal owner (100%) is L. A. Little. There are no subsidiaries or intermediate subsidiaries of LitKor.

B. Types of Advisory Services Offered
LitKor offers two classes of service: advisory tools & services and portfolio management.

For the advisory service, LitKor offers advice in the form of newsletters and alerts targeted to clients who seek advice but wish to manage their own portfolios. These services are offered in various forms through www.tatoday.com in conjunction with a rich tool set for traders to utilize in their own trading.

For professional money managers, a sister site (www.neo-ta.com) offers similar services tailored to money managers who seek professional longer term timing advice.

The portfolio management service is offered as actively managed simple managed accounts (SMA) whereby the principal of the firm manages a collection of individual accounts as part of a larger virtual portfolio (this is sometimes referred to as an Omnibus account).

Conceptually, there is a master trading account where the trades are issued. Each trade (purchase or sell) that LitKor makes in the portfolio is made to all managed accounts simultaneously and proportionally based on each account's asset percentage relative to the total assets of all the managed accounts as graphically shown below.

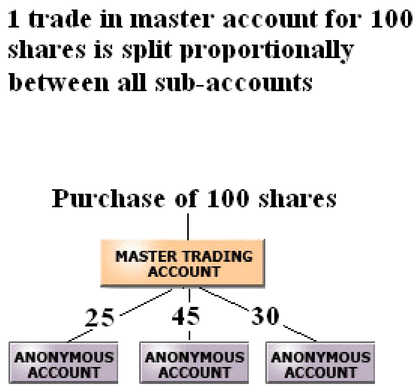

Figure 1 - Percentage based Subaccounts

LitKor assists you to establish a margined or non-margined account with our selected brokerage service, Interactive Brokers (LitKor has no affiliations with Interactive Brokers) (Interactive Brokers can be found at http://www.interactivebrokers.com). The account is opened in your name and as a subaccount to the LitKor master account whereby you grant LitKor the right to trade the account on your behalf as part of the master trading account as shown above. If you have an existing account with IB, it can be linked to the master account.

LitKor engages in the trading of securities through this account for management fees. The investment management service is limited to the trading of securities on your behalf through your account(s) with Interactive Brokers. Management fees are paid on a quarterly basis in arrears and are described in detail later in this brochure. Brokerage fees are applied at the time of the trade to Interactive Brokers.

C. Individual Preferences & Portfolio Strategies

Neither the advisory service nor the portfolio management service specifically tailors its management approach to the individual needs of each client. As part of reading this brochure and signing the contract you acknowledge that our portfolio management approach matches your needs for those monies that you allocate to this service.

For long term portfolios, LitKor has structured its portfolio management services around the notion of *protecting against risk first and foremost* followed by the *pursuit of gains.*

For volatility portfolios, LitKor is focused on *returns first and foremost* followed by *protecting against potential losses* although strategies are in place to provide protections against large drawdowns while seeking much higher returns.

The most distinguishing differences between these two portfolios is the returns sought after and the manner in which those returns are accomplished. These accounts can be thought of as a tortoise and a hare where the long term portfolios methodically seek to return gains more slowly over time with very low risk, low volatility and thus necessarily minimizing larger drawdowns as well as potential gains seen quarter-to-quarter. The volatility portfolio, on the other hand, is not nearly as concerned with quarter-to-quarter drawdowns but instead focused exclusively on outsized gains that may see larger drawdowns from time-to-time.

The long term portfolio holds a diversified set of securities (individual stocks and ETFs) both long and short (through inverse ETFs) and do not require margin accounts.

The volatility portfolio is almost exclusively invested in volatility instruments although very short term opportunities are occasionally pursued. The reason these gains can be consistently garnered over time on volatility instruments is tied to two principals that are interrelated – a slow decay in the underlying assets that are exploited and an algorithmic approach to protecting against larger losses while consistently sweeping in short term gains. The volatility portfolio does short individual instruments and thus requires an investor to open a margin account at the brokerage.

As an investor you can have all or a portion of your monies managed utilizing either of these two portfolio management strategies or a combination thereof.

Since the long term portfolio seeks to protect against portfolio risk it does this by religiously minimizing drawdowns. The downside to such a portfolio strategy is that in a strongly bullish market the portfolio will likely underperform while during a strong bearish market it is likely to greatly outperform. In a choppy sideways market it should, on average, also slightly outperform. Since bear markets occur infrequently, for potentially long periods of time this portfolio will appear to underperform the general market. It is only during sideways or down markets that it outperforms.

The long term portfolio allocation strategy consisting of:

1. Holding and trading around (scaling in and out of positions) a set of core longer term long positions in stocks, sectors or indexes that appear to have excellent longer term potential (varies between 10-60% of the overall

portfolio and is dependent on the general market conditions and the portfolio management type of low, medium or high beta)

2. Constant pursuit of short term trading opportunities (varies between 20-50% of overall portfolio and is dependent on the general market conditions and the portfolio management type of low, medium or high beta)
3. Continual hedging strategies (including cash) to limit potential short and long term losses. This is what allows the portfolio to slowly grind out returns independent of general market conditions (varies between 0-60% of overall portfolio and is dependent on the general market conditions and the portfolio management type of low, medium or high beta)

The volatility portfolio allocation strategy consists of:

1. Concentrated positions in volatility instruments primarily focused on capturing the decay of these instruments over time

General decisions on allocation strategies within all three portfolio strategies are based on proprietary research and tools utilized by LitKor to analyze and assess overall and individual stock market health and risk. Mr. Little has written extensively about these tools and strategies in his books and on the Technical Analysis Today website of which he founded. In addition, he has created tools to assist in this effort for individuals who wish to learn and apply the principals and techniques. These assessments happen on a daily basis.

All account types are supported in the long term portfolio such as Roth IRA, Traditional IRA, Regular Margin Accounts, Trust Accounts, etc. For a complete list of account types, please visit Interactive Brokers Inc. who we use exclusively as our third party broker. The instruments traded are limited to individual stocks, ADRs, ETFs and ETNs traded on the major U.S. Exchanges.

Only margin accounts are supported in the volatility portfolio.

Niche Service

Please note that LitKor is a niche service, focused solely on increasing wealth through equity trading. It is assumed that the client has engaged in portfolio analysis outside of this service offering and has determined that they wish to allocate a certain percentage of their overall financial assets into such an investment strategy.

D. Wrap Fees

By definition, a wrap-fee program bundles or wraps investment advice, custody and execution services under one contract for a single fee. Generally, these programs involve one or more investment advisers and a broker-dealer that provide the client with portfolio management and asset-allocation services, maintain custody of the client's funds and securities and execute client securities transactions. The fee is a flat annual sum based on the amount of assets under management (in contrast to separate fees for each transaction), and the price includes brokerage commissions based on the amount or type of securities transactions executed for a given account.

LitKor is not a broker-dealer and does not engage in wrap fees.

E. Client Assets Managed on a Discretionary Basis
All assets managed by LitKor are managed on a discretionary basis although LitKor only manages accounts where LitKor has trading authority for the client accounts and does not treat client accounts on an individual basis but instead as a part of a larger group of accounts all trading in a similar manner.

4 Fees and Compensation

A. Fees
LitKor offers the portfolio management service to *all* investors regardless of their net worth.

Long term portfolio management accounts are charged a flat management fee (.01% per annum) charged on a quarterly basis (.0025%)

Volatility portfolio management accounts are charged a flat management fee (.02% per annum) charged on a quarterly basis (.005%)

B. Fee Payment Method
The management fee is billed on a quarterly basis in arrears at the completion of the quarter. Billing can be either automatic from the account or directly to the client; whichever the client prefers and are due 15 days after closure of the quarter. For this service, there is no prepayment of fees. Fees are due in full, on the 15th of the month (April, July, October and January) for the prior quarter. LitKor has the right to discontinue management of funds for non-payment of fees and seek legal recourse for collections.

For the advisory services, fees are billed in advance. All services are renewable and the user can cancel their subscription at any time prior to the next billing cycle. No refunds are offered.

C. Other Fees Portfolio Management Service

LitKor actively manages positions (we do not buy and hold) and there are transaction fees deducted by the brokerage firm (Interactive Brokers) for each buy and sell order executed. Interactive Brokers has one of the lowest, if not the lowest, transaction fee structures of all reputable brokerage firms.

Additional miscellaneous charges from Interactive Brokers may occur as well. These additional charges are minimal and happen for various items such as fees applied by the exchange which is passed on to Interactive Brokers customers.

D. Account Size Portfolio Management Service
The minimum account size for margin and non-margin accounts, low or high beta accounts, is $100,000.00. There currently is no maximum.

E. LitKor Compensation
All income LitKor receives for portfolio management services described herein is based on a management fee. LitKor receives no additional fees or commissions for buying or selling securities on the client's behalf.

Note that all brokerage and transaction costs are included and reflected in the Interactive Brokers statements. Tax obligations are not handled as part of this agreement and are the responsibility of the investor. Note that the vast majority, if not all profits generated, will be short term capital gains with respect to IRS classification. Interactive Brokers does provide 1099 reports and yearly account transaction breakdowns for all client accounts for tax reporting purposes.

For advisory services, LitKor is compensated on an agreed to amount which provides web access to the services and tools for which the buyer purchases for an agreed to duration (months or years). Advisory services are available to the non-professional trader/investor and to professional investment advisors and money managers.

5 Management Based Fees

For all LitKor managed portfolio accounts, LitKor's charges a management fee (as described in earlier) based upon the total assets under management which is a modified average daily balance of the account (beginning quarterly balance **plus** deposits **less** withdrawals).

Here is a simple example to illustrate the calculation:

- Assuming 90 days in the quarter, the formula is:
    - Beginning balance on 1/1/11 of $100,000.

        - Average daily balance for the quarter is **$100,000**
            - ($100,000 / 90 days) * (90 days / 90 days) * 90 days
    - Deposit made on 1/20/11 for $50,000.
        - Average daily balance for the quarter on the deposit is **$38,888.89**
            - (($50,000 / 90 days) * (70 days / 90 days) * 90 days
    - Withdrawal made on 2/1/11 for $25,000.
        - Average daily balance for the quarter on the withdrawal is **$16,666.67**
            - ($25,000/90 days) * (60 days / 90 days) * 90 days
- Given the above, the average daily balance is
    - beginning quarterly balance **plus** deposits **less** withdrawals (daily balances)
    - $122,232.22 = ($100,000 + 38,888.89 - 16,666.67)
    - **Averaged Daily Balance = $122,222.70**
- Thus, the management fee for the quarter
    - **$305.58 =** $122,232.22 * .0025 (quarterly management fee for a long term account)
    - **$611.16 =** $122,232.22 * .005 (quarterly management fee for a volatility account)

6 Types of Clients

For the Portfolio Managed Accounts, LitKor accepts clients who are capable of opening, funding, and maintaining a margined or non-margined account with Interactive Brokers.

The following is a risk disclosure concerning margined accounts but it is also applicable to non-margined accounts that hold leveraged products as well. Note that these risks do not apply to the long term portfolio accounts – only the volatility accounts which are margin accounts. We do not actively borrow monies to leverage trades but occasionally will do so and thus the disclosure.

> Note that the use of margined accounts carries certain risks. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from the brokerage firm. If you choose to borrow funds from the brokerage firm, you will open a margin account with the firm. Likewise, typically if you trade futures, stock futures, or take short stock positions through the brokerage firm, you must have a margin account (note there are certain financial instruments available that allow a client to short a group of stocks by buying the instrument thus allowing non-margin accounts to profit in a market that is declining). The securities

and futures contracts purchased are the brokerage firm's collateral for the loan to you. If the securities or futures contracts in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the brokerage firm can take action, such as sell securities or other assets in any of your accounts held with the brokerage firm or issue a margin call, in order to maintain the required equity in the account. In the case of Interactive Brokers, margin calls are not generally issued and instead, securities are liquidated. In such a situation, it is possible that you can lose more funds than you deposit in the margin account.

For advisory services, any and all clients are welcome.

7 Methods of Analysis, Investment Strategies and Risk of Loss

A. Method of Analysis
LitKor's investment analysis for long term accounts is centered on a four-pronged approach; technical analysis primarily, examination of key fundamental ratios, active account management and the implementation of trend following concepts augmented with timely entry and exit strategies as outline by the principal, L.A. Little in his books Trend Qualification and Trading and Trend Trading Set-Ups. Application software written by and for LitKor that qualifies trend for every stock, sector and index is utilized to power the snapshot view provided through the concept known as the Trading Cube. Additionally there are a myriad of additional tools pioneered and perfected by L.A. Little that are utilized to time entry and exit within trends based on supply and demand as seen on the charts; to discover potential profitable short and long term trades/investments; and to recognize when risk is either increasing or decreasing in the market.

For volatility accounts, it is purely technical and based purely on a comprehensive set of signals and rules that L.A. Little has created and perfected over the years.

B. Technical Analysis
Our primary approach is to trade based on unique form of technical analysis that we call neo-technical analysis. Neo-technical analysis is a method of reading the tape – the supply and demand characteristics as seen on the charts. LitKor relies on the assumption that market data (primarily charts of price and volume with respect to time) can help predict the short term future of market trends. Market trends are then exploited for trade setups that offer good reward to risk probabilities. LitKor primarily places trades based upon technical analysis. Although LitKor does consult and consider the fundamentals of a company

(primarily the key ratios ROE, YOY revenue and sales growth, etc.) when trading stocks, our primary evaluation is performed through technical analysis.

C. Key Fundamentals

The primary fundamentals that LitKor has interest in centers upon whether a company is growing their top and bottom lines. Year-over-year and quarter-over-quarter revenue and sales growth are key metrics. Much less attention is paid to all other fundamental measures like management, competition, PE ratios, etc. Although considered, LitKor believes that top and bottom line results will reflect these other consideration and, when combined with superior technical analysis, a trader or investor can focus on few key components that are directly related to a company's success rather than get bogged down in a myriad of data points and potentially flawed analysis.

D. Active Account Management

Active account management is tied closely to the concept of risk mitigation and this is true in both low and high beta accounts. Any position taken in the securities market has risk associated with it. LitKor actively manages accounts to reduce risk. With inexpensive commissions (Interactive Brokers is a low cost broker if not the lowest low cost broker available), it is far more important to avoid extended losses than to pay the commission associated with closing a position during uncertain times and re-opening the position at a later date under more favorable circumstances. Recognize that this is a very different strategy than buy and hold and there are increased brokerage costs given the higher frequency of trades. LitKor also believes it is far more advantageous to scale into and out of positions on a regular basis as the technical characteristics of the stock evolve, to capture profits and reduce risks. This also contributes to more frequent trades and higher brokerage transaction fees.

In long term account types, risk is spread across a number of stocks and across many time frames. This reduces overall risk dramatically and minimizes account draw downs. The size of the trade taken as a percentage of the portfolio is based on the probability of success in addition to the risk versus the reward of the trade in question. This allows for out-performance over time given the committed capital and with lower overall risk and reduced periods of account draw downs.

In volatility accounts, larger drawdowns are acceptable but risks there are mitigated on an intraday basis with leverage instruments with negative correlations to the underlying instruments held (when appropriate).

D. Trend Following and the Trading Cube

Ideally you only want to make a securities trade when the odds associated with the trade favor success in addition to the reward outweighing the risk. Because the buying and selling of securities necessarily involves the concept of future time and since the future in unknown, you can never know with certainty that the potential buying or selling of securities will be successful.

LitKor has developed a concept called trend qualification which seeks to understand the true trend as a notion of strong and weak trends. That concept is visualized through the Trading Cube. Algorithms have been developed to aid in decision making regarding the purchase or sell of a security based on the probability of that purchase or sale succeeding on a given time frame.

Essentially, the Trading Cube attempts to identify the potential success of a trade based on the stock, the stock sector and the general market trends that prevail for varying time frames. When combined with volume analysis and market internals, the Trading Cube offers an edge over other trading systems. LitKor thus uses these technical tools to recognize and enter trades with stop out parameters understood *before* entering the trade; not afterwards. Risk and reward parameters are therefore determined prior to trade entry (although there is always overnight risk).

E. Average Trade Duration

For the majority of trades, LitKor will enter and exit the trade on a short to intermediate term basis. This results in higher transactions costs (each buy and sell of securities results in commission costs) but as explained earlier, the costs of the transaction is viewed as acceptable to the uncertainty of larger losses. LitKor practices the principal of averaging in and out of trades both to capture profits and to reduce losses. Some positions are on the books for long period of times but usually trades are made to both purchase and sell portions of those securities throughout the holding period. The stock market ebbs and flows; it doesn't go straight up or down for extended periods of time. Buying and selling during these periods of expansion and contraction is a key part of increased performance.

The average trade varies but typically runs from two to three weeks to a few months. Our systematic approach is to add and subtract from individual positional holdings as individual stock, sector and general market conditions warrant. Positions that violate our stop loss objectives are removed.

F. Risk

With every trade made, there will be an element of risk. There is the possibility that any and all trades can lose money. Securities risk is real and past performance is no guarantee of future results.

G. Account Draw Downs

For long term portfolio, using a risk adverse portfolio methodology is a key component for consistent out-performance over the long term while simultaneously minimizing account drawdowns. This portfolio was specifically structured to allow investors the ability to sleep comfortably at night. LitKor seeks to contain drawdowns to within 5% of the all-time highs of the portfolio at all times as a worst case. The goal is to remain within 2% of the all-time highs in general. LitKor realizes that seeking to minimize drawdowns is sound money management principal premised on the notion that it is easier to make up missed opportunity than to make up losses.

A capital drawdown is, simply said, where the account value decreases rather than staying the same or increasing over some period of time. The importance of minimizing account drawdowns can be best illustrated with an example.

Assume you have an account value of $200K. Now assume that you allow existing positions in the account to devalue by 20% (in other words, you lose 20% on the trades made for that period of time). In so doing, your total account value would now be $160K.

Now consider what it will take in terms of percentage gains to just get the account value back up to the original amount. It's not 20% but instead **25%**. Why? You have to make a higher percentage of returns to get back to even because your account value base is smaller. 20% gains on $160K is only $32K, not the $40K that was lost.

Again, it's a lot easier to make up missed opportunity than losses.

For those willing to take larger drawdowns for the potential of realizing much greater returns, the volatility portfolio is available. Annualized gains on the volatility portfolio can easily make up for any drawdowns suffered and by capturing the decay of instruments one is mostly creating profits rather that suffering drawdowns but the fact remains that drawdowns, when they do occur in this account type, can be substantial for short periods of time. Investors in the volatility portfolio must be fully aware of this fact and accept this as part of the strategy when investing in this account/portfolio strategy.

H. Hedging

LitKor actively engages in hedged trading; the practice of having both long and short positions simultaneously. There are many ways to hedge a portfolio and many reasons to do so as well. Not all stocks, sectors and markets move in the same direction at the same time. There is more than one trend at work at any given time period and the trends at work differ from stock to stock, sector to sector and in the general markets as well. This offers both opportunity and risk. Hedge trading seeks to maximize the opportunity and reduce the risk.

I. Options Trading
Not Traded.

J. Cash Balances
Although LitKor is interested in keeping cash balances to a minimum for long term portfolios, because we are scaling in and out of positions on a regular basis, even a fully invested portfolio will likely hold cash reserves. This happens for three reasons.

1. As our portfolio risk assessment model fluctuates, our cash levels fluctuate as well. Higher risk results in increased cash levels.
2. LitKor trades index and sector ETFs in larger position sizes and many times will trade out of large positions completely overnight resulting in the appearance of high cash balances overnight. This is a normal practice of LitKor and is part of the overall strategy to minimize risk while maximizing rewards.
3. LitKor trades leveraged ETF products. The result is that the cash balance is not always reflective of the actual percentage of assets held. LitKor maintains and updates the actual asset percentages held daily to constantly asses risk levels.

For volatility portfolios, cash balances will ebb and flow as does the opportunities. The primary principal with this portfolio is to maximize large returns with as much of the portfolio invested as possible but always remaining cognizant of the large drawdown risks and mitigating those with selective portfolio entries and risk mitigation strategies as needed.

Note that cash balances are maintained in the Interactive Brokerage account and that Interactive Brokers pays a rate of return on cash that is typically greater than that of other brokerage firms. Increasing and decreasing cash levels is an effective means of managing overall portfolio risks.

8 Disciplinary Information

There are no legal or disciplinary actions or outstanding judgments against LitKor or L.A. Little, the principal in the company.

9 Other Financial Industry Activities and Affiliations

LitKor has no financial industry activities or affiliations that require disclosure.

A. Registered representative of a Broker Dealer

Neither LitKor nor LitKor principals are registered nor do they have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

B. Futures Commission Merchant, CPO or CTA
Neither LitKor nor LitKor principals are registered nor do they have an application pending as a futures commission merchant, a commodity pool operator, or a commodity trading advisor.

C. Material Relationships
Neither LitKor nor LitKor principals have any material relationships or arrangement with any related person listed below:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker
- An investment holding company, a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," nor an offshore fund
- Investment adviser or financial planner
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Insurance company or agency
- Pension consultant
- Real estate broker or dealer
- Sponsor or syndicate of limited partnerships
- Securities exchange, securities association, or alternative trading system

D. Recommendations and Compensation
LitKor does not make recommend or select other investment advisors for clients and thus does not receive in compensations related to doing so.

10 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics
LitKor does not have a codified code of ethics nor do we follow any particular industry standard. We do however have a privacy policy that applies to you as a client.

B. Potential Trading Conflicts
L.A. Little does maintain multiple accounts with Interactive Brokers that is part of the umbrella account described previously and in so doing, shares the same risks and rewards as client accounts. Additionally, L.A. Little, may buy and sell securities for himself in these or other accounts that may or may not be at odds with the positions of client accounts at any given point in time. Despite the possibility of being at odds with his on personal trading accounts, L.A. Little does act in the best interest of all clients; acting in a fiduciary role for those clients. Unfortunately there is no way to completely abstain from potential conflicts of interest arising from these relationships but L.A. Little does his best to act in the best interest of all clients in all transactions performed on their behalf.

C. Personal Trading
LitKor does engage in active management and trading of personal accounts for L.A. Little. Additionally, L.A. Little may maintain and trade other personal accounts that are distinct from the umbrella Interactive Brokers account described previously.

11 Brokerage Practices

LitKor has selected Interactive Brokers as the brokerage/dealer for their trading platform due to their ease of use, reliability and continued cost cutting practices. It is our opinion that Interactive Brokers provides you extremely low cost commissions as compared to the brokerage industry without a sacrifice in service quality and capability.

LitKor does not engage in any soft dollar benefits. Interactive Brokers does offer soft dollar benefits, but LitKor has abstained from and does not receive any *soft dollars* from our relationship with Interactive Brokers for client account transactions. The Interactive Brokers trading platform is provided as a service to all customers of Interactive Brokers and at no cost when they open an account (retail and professional clients). Similarly, any research and advisories published by Interactive Brokers that may be shared with clients is available to both retail and professional clients alike at no cost.

A. Brokerage for Client Referrals
LitKor does not receive any client referrals as a result of selecting or recommending any broker-dealer.

B. Directed Brokerage

LitKor does require that clients open an account with Interactive Brokers. The policy regarding this is simple and straightforward. Interactive Brokers provides a unified platform for trading multiple accounts as if they were a single account. This greatly reduces the difficulty of managing multiple accounts and provides consistent returns across all the accounts.

Interactive Brokers provides reliable service at some of the lowest rates available. That is why LitKor has chosen and uses Interactive Brokers as its only brokerage service.

Note that LitKor receives absolutely no individual material benefit, direct or indirect, from Interactive Brokers as a result of directing client trading through them. LitKor does utilize the standard trading platform and has access to some research tools provided by Interactive Brokers as a result of having an account with them. The trading platform and any tools utilized are used for the benefit of all clients.

C. Bunching of Orders

With some broker/dealers, if you trade sufficient volumes you can bunch orders in order to receive reduced transaction costs. Since LitKor essentially bunches orders each time a trade is made (each client's order is bunched with all other clients' orders) whatever benefits that is derived from this practice benefits the clients directly.

12 Review of Accounts

LitKor indirectly monitors client accounts daily as part of our general monitoring of our own account. We compute portfolio balances (long, short, cash) on a daily basis as well as periodically performing spot checks on commissions, splits, dividends, etc. to verify that they were applied appropriately. There is no set schedule.

Regular reports are available for client review through Interactive Brokers on a nightly basis. Reports can be viewed in a variety of formats and for different periods from single day, monthly and yearly. Once an account is established, each client has access to these accounting reports via the Internet and can monitor the account assets on a daily basis if desired. Yearly reports for tax accounting are also provided by Interactive Brokers.

13 Client Referrals and other Compensation

LitKor offers an incentive to individuals or organizations (referred to as referring party for the remainder of this section) that make referrals of potential clients. The structure of the payment is as follows:

1. A referral of a potential client along with contact information is provided to LitKor in writing by the referring party.
2. As of the date of the referral, LitKor grants an exclusive 6 month period to the referring party for the referral; a period of time that LitKor follows up with the potential client and attempts to sign them up as a client.
3. If the referred potential client signs within LitKor within the 6 month period described above, then the referring party qualifies for a referral fee.
    a. The referral fee is half of the billing charges collected for the two billing periods.

Other than the above referral system, LitKor makes no payments to any person or organization for client referrals nor does LitKor receive any economic benefit to itself for providing advice or advisory services to clients.

14 Custody and Succession Plan

LitKor **does not** have custody of client accounts. Client accounts are strictly in control of clients. If a client chooses to pay LitKor's fees directly from their account, LitKor does quarterly withdrawal directly from the client's account for the amount of the fee. In all cases, statements and fees to be deducted are sent via postal mail or email to the client prior to the scheduled withdrawal for review prior to the withdrawal occurring.

Clients have access to their funds and can withdraw funds at will – either immediately if LitKor approves the withdrawal immediately which it has always done (although we do ask for two weeks' notice prior to an actual funds withdrawal request) or three days after the withdrawal request is executed with Interactive Brokers even without LitKor's approval. Thus, at worst, a client can essentially move all funds effectively to cash within three days on their own.

L.A. Little is the registered investment advisor representative for LitKor and thus is the principal trader for LitKor. A succession plan is in place with Tahereh Little holding a power of attorney to act on L.A.'s behalf should the need arise and she is charged with liquidating all equity positions at the market if L.A. were to become incapacitated. Furthermore, Arman Little also holds a power of attorney to both L.A. Little and Nadereh Little and is also charged with liquidating all equity positions at the market on the clients behalf should both L.A. Little and Nadereh Little simultaneously become incapacitated.

15 Investment Discretion

LitKor does have investment discretion for your accounts. When the account is opened you will sign a power of attorney providing LitKor with discretionary trading authority over the account.

16 Voting Client Securities

The client is responsible for proxy voting for shares that they hold in their accounts.

17 Financial Information

No disclosure of financial information (a balance sheet) is required because LitKor does not have custody of client funds and does not require prepayment of potential fees. LitKor nor L.A. Little has been the subject of bankruptcy petition at any time during the past 10 years.

18 Requirements for State-Registered Agents

A. Principal Executive Officers

L.A. Little is the President and CEO of LitKor His education is an AAS in Computer Science, a double major BS in Philosophy and Computer Information Systems, and a MS in Telecommunications. Mr. Little was previously engaged is Software Development and Quality Assurance for 25 years and on occasion does consult with others in this field. He has been actively engaged in stock and commodities trading systems since the late 1980's.

The following is an outline of his employment history for the past five plus years.

*Author – **MarketWatch, Minyanville and other publications** (April 2012 - present)*
Contributing writer to several financial news sites and authored a third book during this period of time.

*Author – **RealMoney.com & TheStreet.com** (Nov 2009 – April 2012)*
A contract writer for financial news sites while authoring two books on trading.

*Performance Test Engineer – **Comcast** (July 2006 – Feb 2010))*
Mr. Little held a contract engineering position (direct corp-to-corp position between Insight Global and LitKor). Mr. Little worked on a fee basis as needed and mutually agreeable directly in a consulting capacity for Comcast Cable.

B. Business outside Investment Advice

Historically, LitKor was engaged in software development and quality assurance contracts. From time to time there are requests for LitKor's services in these areas and they are considered on an individual basis.

C. Fee Structure Incentives

LitKor's fees, as discussed elsewhere, are charge on a management fee basis for portfolio management clients and on a subscription service model for all others.

D. Legal History of Advisory Firm and Principals

LitKor nor its principals have ever been involved in lawsuits nor found liable for any damages in an arbitration or civil proceeding of or relating to

- An investment or an investment-related business or activity
- Fraud, false statement(s), or omissions
- Theft, embezzlement, or other wrongful taking of property
- Bribery, forgery, counterfeiting, or extortion
- Dishonest, unfair, or unethical practices

Appendix A - Money Management Contract for Investors

LitKor Consultants Incorporated, hereafter referred to as LitKor, enters into a binding contract with ____________________________, hereafter referred to as Client, for the mutual benefit of both parties. Client requests that LitKor manage a () Long Term or () Volatility on their behalf as described in the disclosure document.

LitKor agrees to manage Client account (buy and sell securities) for a fee. The management fee for this service is a flat 1% per annum for Long Term accounts; 2% per annum for Volatility accounts. All accounts are charged on a quarterly based on the average daily balance of the account. The fee is billed on a quarterly basis in arrears. The average account balance is based upon account statements generated by Interactive Brokers (IB) for the account titled below.

LitKor shall not be held liable for any losses that may occur in said account although it is clearly in the interest of LitKor to generate profits. Payment for services rendered is due 15 days from the billing date. Payments still due after 15 days may result in LitKor discontinuing the management of the account and potentially seeking legal action for collection of fees.

Client agrees to work with LitKor and Interactive Brokers in the establishment of the account and subsequent funding of the account. Client agrees to deposit a minimum of $100,000 when opening the account and to maintain a minimum balance of $80,000 for the duration of this contract.

Client further agrees to grant LitKor power of attorney to manage Clients account on their behalf by signing the necessary papers with Interactive Brokers when opening the account. Note that client shall have full access to account banking/funding and statements but is strongly discouraged from accessing Interactive Brokers trading capabilities while this contract is in force. LitKor reserves the right to discontinue management of funds if the client engages in trading of the Clients account.

LitKor has advised Client that this service is offered on an *at will* basis. Either party to the contract can request termination of the contract by providing a 5 day written notice of that intent. Client also has the right to cancel this contract within 3 business days of signing with no obligations.

All initial capital and profits generated while the account is managed is the property of Client. LitKor and/or Client shall, upon termination

of this agreement, inform Interactive Brokers that LitKor shall no longer manage the account and the attorney's power to trade the account shall be withdrawn.

By signing, Client attests that LitKor has presented Client with the brochure and reiterates that past returns are no guarantee of future results and that monetary risk is present in having LitKor manage Clients account.

CLIENT SIGNATURE: ________________________

DATE: _______________________

CLIENT SIGNATURE: ________________________

DATE: _______________________

LITKOR REP SIGNATURE _____________________

DATE: _______________________