

## The Commodities Focus I Portfolio

The Commodities Focus I portfolio is a broadly diversified portfolio focused on the long-term bull market in real assets.

With a focus on energy, precious metals, industrial metals and natural resources, Commodities Focus I is an ideal portfolio for those seeking long-term appreciation through investment in commodities.

With a combination of long-term buy-and-hold and short-term trading strategies, Commodities Focus I provides you with an actively managed exposure to the most durable bull market of the past decade.

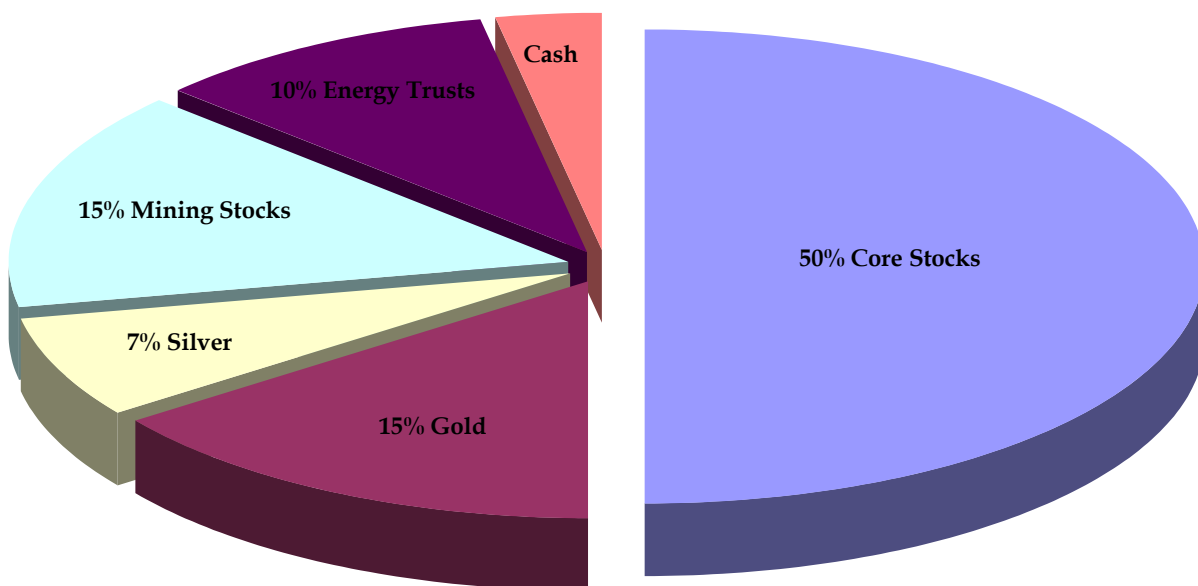
Commodities are one of the most volatile areas of the market, and Commodities Focus I is structured to effectively manage volatility and risk.

In this summary we'll detail how 50% of the portfolio is always invested in a basket of *Core Stocks*, while the second 50% of the portfolio is able to move between investments in timely sectors and cash.

The result is a commodities portfolio that both provides long-term exposure to the commodities bull-market, while at the same time effectively managing risk in one of the volatile sectors of the market.

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### Example of a Fully Invested Portfolio with an Emphasis on Precious Metals



## Core Stocks

The first 50% of the Commodities Focus I portfolio is invested in a diverse basket of 50 Core Stocks.

These stocks are chosen based on a variety of fundamental and technical criteria, which include factors such as financial strength, industry performance, and earnings growth.

This group of is re-evaluated every quarter, to make sure our holdings continue to meet our investment criteria. Stocks that no longer present the best opportunities are replaced by new positions.

The main goal of our Core Stocks is to buy-and-hold companies that are in long-term bull markets.

Our process of periodically re-evaluating trends ensures the basket of Core Stocks makes timely adjustments to changing long-term market trends, while allowing short-term market volatility to run its course.

The 50% of the portfolio that is invested in the Core Stocks remains invested at all times. However, as with all our portfolios we have the ability to reduce our market exposure when short-term market conditions are unfavorable.

## Emphasizing Timely Sectors

The second 50% of the portfolio is allocated to timely opportunities in energy, precious metals, industrials metals and natural resources.

Within every broad-based bull market there are always some sectors that are primed to outperform others, and we emphasize those sectors in the second 50% of our portfolio.

The chart of the page one is an example of a portfolio with an emphasis on precious metals.

While the allocations to Gold and Silver were through exchange-traded funds, the 15% allocation to mining stocks was composed of over 40 individual names – giving our investors a broad exposure to this sector

Our flexibility to emphasize timely sector opportunities gives us a tremendous advantage. It allows us to better manage short-term risk and volatility while at the same time focus your account on the best opportunities.

It also enables us to efficiently manage our general market exposure. When market conditions appear poor, either due to reasons specific to commodities or due to the market in general, we may hold this portion of the portfolio in cash until better opportunities arise.

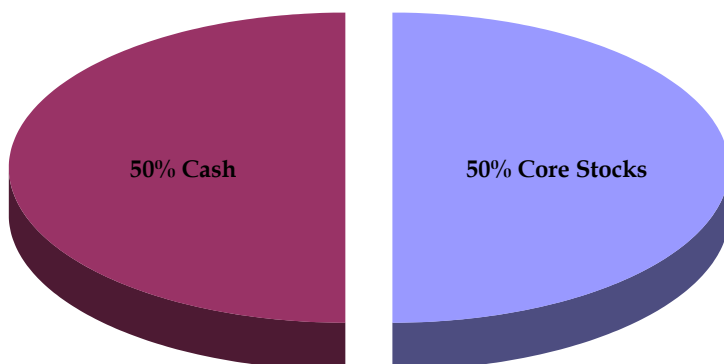
The volatility in commodities can be significantly higher than other sectors of the market, and most investors are unsure how to approach investing in commodities in a way that suits their risk tolerances. The *Commodity Focus I* portfolio was created to give investors an actively managed solution to the ongoing real asset bull market.

The portfolio is ideal for risk-tolerant investors with investment horizons longer than 5 years who are looking for a managed investment approach to energy, precious metals, industrials metals and natural resources.

The Commodities Focus I portfolio is a long-only portfolio, suitable for both IRA and non-IRA funds.

The minimum initial investment is \$50,000.

### A Defensive Portfolio, with 50% Cash

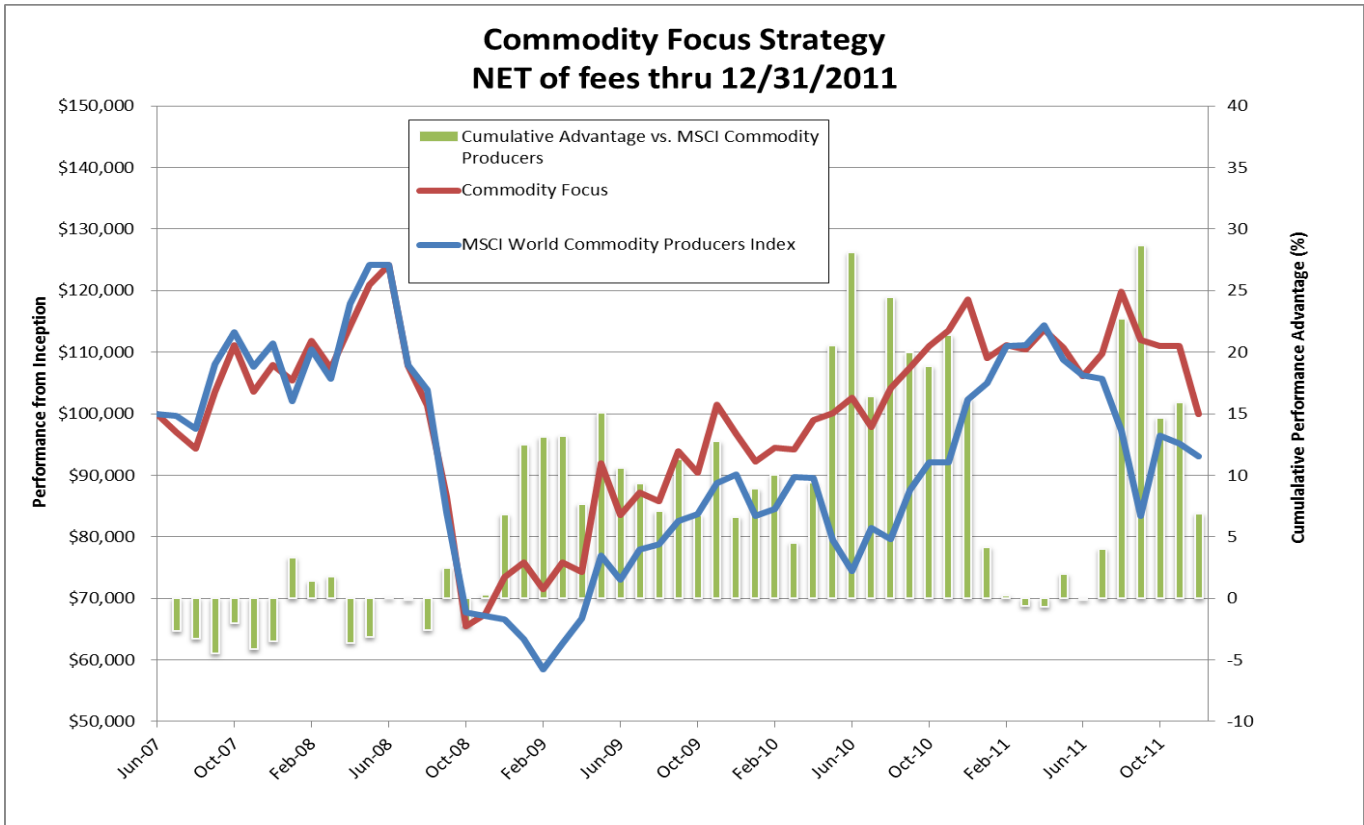


## Performance Summary

(Net of all fees)

### Comparative Returns: Inception (7/1/07) through 12/31/11

	1 year	2 years	3 years	Since Inception
Sitka Commodities Focus	-15.7%	+3.4%	+36.2%	0.0%
MSCI World Commodity Producers	-9.0%	+3.3%	+39.8%	-2.2%



<u>Year</u>	<u>Sitka Commodities Focus I</u>	<u>MSCI World Commodity Producers Index</u>
2011	-15.7%	-9.0%
2010	22.5%	13.5%
2009	31.8%	35.3%
2008	-32.0%	-40.2%
2007*	8.0%	11.5%
<u>Since Inception</u>		
Annualized Return	0.0%	-0.5%
Standard Deviation	26.1%	26.8%
Downside Deviation (below 0%)	18.4%	19.0%
Monthly Correlation to MSCI WCP	0.65	1.0
Monthly Correlation to S&P 500	0.42	0.82

## Getting Started

Sitka Pacific Capital Management is a SEC-registered Investment Advisor (RIA) based in Sonoma, California. Investment management services are available to Accredited and Non-Accredited investors seeking more consistent returns with lower volatility and risk.

Sitka Pacific Capital Management is a fee-based investment advisor, which allows us to offer completely objective advice to our clients.

If you are interested in learning more about investing with Sitka Pacific, please contact us.



**Sitka Pacific**  
Capital Management LLC

538 Broadway  
Sonoma, CA 95476

Phone: (707) 933-0322

Fax: (888) 877-1314

Email: [investing@sitkapacific.com](mailto:investing@sitkapacific.com)

On the web at:

[www.sitkapacific.com](http://www.sitkapacific.com)

### COMMODITIES FOCUS I COMPOSITE ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (millions)	Composite As- sets (USD) (thousands)	Number of Accounts	MSCI World Commodity Producers	Annual Performance Results Composite		Composite Dispersion
					Gross	Net	
2011	75.0	263	3	-9.01%	-14.1%	-15.7%	N.A.
2010	69.3	373	4	13.53%	24.7%	22.5%	N.A.
2009	59.3	276	3	35.33%	34.1%	31.8%	N.A.
2008	18.2	139	2	-40.25%	-30.8%	-32.0%	N.A.
2007*	4.9	158	1	15.49%	8.3%	8.0%	N.A.

Total firm assets are defined to include all supervised assets over which management and/or trading discretion is held. These accounts may or may not be fee-paying.

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. \* Performance reflects the period July 1, 2007 to December 31, 2007. \*\* For periods with less than 36 months of composite performance, no 3-year ex-post standard deviation measurement is available.

Year End	Annualized 3-Year Standard Deviation **	
	MSCI World Com- modity Producers	Composite
2011	22.3%	22.3%
2010	28.4%	28.4%

**Commodities Focus I Composite** contains fully discretionary accounts which invest primarily securities associated with the commodity market. For comparison purposes the composite is measured against the MSCI World Commodity Producers Index. Prior to January 1, 2011 the composite was measured against the AMEX Oil Index and the Philadelphia Gold and Silver Index. The benchmark was changed because the former benchmarks do not include the full range of investments in which the composite is invested, whereas the MSCI index represents a much broader range of commodity producers. The benchmark includes companies engaged in the production of raw materials including oil and gas, industrial and precious metals, and agriculture, timber, and fertilizer. The S&P 500 is shown for additional information.

Sitka Pacific Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sitka has not been independently verified. Portfolio and composite returns have been calculated by a third party.

Sitka Pacific Capital Management, LLC is an independently registered investment adviser. The firm maintains a complete list of composite descriptions, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance may not be indicative of future results. Regular internal audits will, from time-to-time, result in changes in composite construction and thus changes in composite characteristics for various historical periods. Please contact us for the most up to date version of this document.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Beginning in 2011 the composite includes non-fee paying accounts, which made up 12% of the composite assets as of 12/31/2011. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. The Annualized 3-Year Standard Deviation represents the annualized standard deviation of actual composite and benchmark returns, using the rolling 36-months ended each year-end. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The investment management fee schedule for the composite is 1.75% of assets under management. Actual investment advisory fees incurred by clients may vary. The Commodities Composite was created on September 30, 2009.