

**DISCLOSURE DOCUMENT**

**OF**

**CHESAPEAKE CAPITAL CORPORATION**

AN ILLINOIS CORPORATION REGISTERED WITH  
THE COMMODITY FUTURES TRADING COMMISSION  
AS A COMMODITY TRADING ADVISOR

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September 1, 2024

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## RISK DISCLOSURE STATEMENT

THE RISK OF LOSS IN TRADING COMMODITY INTERESTS 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 FUTURES CONTRACT OR SELL A COMMODITY OPTION OR ENGAGE IN OFF-EXCHANGE FOREIGN CURRENCY TRADING YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS OR SECURITY DEPOSIT 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 THE 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 INTEREST 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 PAGES 7 THROUGH 9, 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 INTEREST MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND COMMODITY INTEREST TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGES 10 THROUGH 22.

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 ADVISOR'S NAME FROM A CLIENT FOR TRADING COMMODITY INTERESTS. YOU MUST PLACE ALL FUNDS FOR TRADING IN THIS TRADING PROGRAM DIRECTLY WITH A FUTURES COMMISSION MERCHANT OR RETAIL FOREIGN EXCHANGE DEALER, AS APPLICABLE.**

# CHESAPEAKE CAPITAL CORPORATION

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## INTRODUCTION

Chesapeake Capital Corporation (also referred to herein as “Chesapeake” or the “Trading Advisor”) seeks to achieve capital appreciation primarily through trading on a highly leveraged basis commodity futures contracts, options on futures contracts and commodities, spot and forward currency contracts and other derivative contracts traded in U.S. and non-U.S. markets (such contracts being hereinafter referred to collectively as “Futures Interest Contracts”). Futures Interest Contracts traded by Chesapeake may include, but are not limited to, contracts on agricultural products, precious and industrial metals, currencies, financial instruments, and stock, financial and economic indices. Chesapeake may also trade securities for its clients and in certain of its trading programs may also trade in virtual currencies and virtual currency derivatives. See *“The Trading Advisor—General Trading Strategies,”* and *—Chesapeake’s Trading Programs”* and *“Risk Factors—Risks of Virtual Currency Derivatives and Virtual Currency Trading”*.

Chesapeake has developed various trading strategies pursuant to which Chesapeake directs the speculative purchase and sale of Futures Interest Contracts, on a highly leveraged basis, for the accounts of participating clients in accordance with Chesapeake’s trading methods and strategies. Because speculative futures trading on a highly leveraged basis presents the risk of substantial losses, only persons with high incomes and the ability to absorb losses should consider participating in any trading program offered by Chesapeake. See *“The Trading Advisor—General Trading Strategies”* and *“—Chesapeake’s Trading Programs”* and *“Risk Factors.”*

A qualified client who desires to participate in a Chesapeake Trading Program must first open a futures trading account with a registered futures commission merchant (“FCM”) selected by the client. The preferred minimum for an account traded pursuant to the Chesapeake Diversified Program is \$5 million, and for accounts traded pursuant either to the Multi-Asset Trend Program or the Pure Trend Program is \$10 million. A participating client is free to select any FCM and must select an FCM to maintain such client’s account because Chesapeake is not permitted, under applicable Commodity Futures Trading Commission regulations, to hold client funds, securities, commodities or other property. A participating client may also select a registered introducing broker (“IB”) to introduce such client’s account to the FCM. Chesapeake is not responsible for matters relating to the execution and clearance of transactions for a client’s account. See *“Clearing Broker and Commissions.”*

In the advisory agreement (“Advisory Agreement”) signed by each participating client (a copy of which is attached as Exhibit A to this Disclosure Document of Chesapeake (“Disclosure Document”)), the client authorizes Chesapeake to make trading decisions for the client’s account. In addition, in the authorization to pay fees signed by each participating client (a copy of which is attached as Exhibit C to this Disclosure Document) (“Authorization to Pay Fees”), the client instructs such client’s FCM or IB to transfer to Chesapeake from the client’s account the management fees and incentive fees, if any, described under *“Management and Incentive Fees.”* A participating client, and not Chesapeake, is responsible for paying to each FCM or IB, as appropriate, all margins, option premiums, brokerage commissions and other transaction costs incurred in connection with transactions effected for an account. See *“Clearing Broker and Commissions.”* Each client must demonstrate that he or she is a “qualified eligible person” and “qualified client” in order to open an account, as more fully-described under *Client Qualification*.

## THE TRADING ADVISOR

Chesapeake was incorporated under the laws of the Commonwealth of Virginia in February 1988 for the purpose of offering advisory and investment portfolio management services to both retail and institutional investors in trading Futures Interest Contracts. On August 19, 1991, Chesapeake was merged into Chesapeake Capital Corporation, an Illinois corporation formed on August 13, 1991. References to “Chesapeake” refer to the Virginia corporation prior to August 19, 1991, and the Illinois corporation on and after August 19, 1991. Chesapeake has been registered as a commodity trading advisor (“CTA”) and as a commodity pool operator (“CPO”) with the Commodity Futures Trading Commission (“CFTC”) since June 20, 1988, and May 8, 1991, respectively, and has also been a member of the National Futures Association (“NFA”) since June 20, 1988. Chesapeake does not currently operate any commodity pools but may operate pools in the future. *Neither Chesapeake’s registration with the CFTC nor its membership in the NFA should be taken as an indication that any such agency or regulatory body has recommended or approved Chesapeake.* Chesapeake’s principal place of business is located at 100 South Ashley Drive, Suite 1140, Tampa, Florida 33602; telephone (804) 836-1617. All business records will be kept at Chesapeake’s principal place of business. Chesapeake currently operates under an exemption available to it under CFTC Regulation §4.7 because Chesapeake’s clients are exclusively “qualified eligible persons” as that term is defined in that Regulation. Chesapeake became registered as an investment adviser with the Securities and Exchange Commission (“SEC”) on January 4, 2016. Chesapeake also requires that its clients be “qualified clients” as that term is defined in Rule 205-3(d) under the Investment Advisers Act of 1940, as amended. *Chesapeake’s registration with the SEC should not be used to infer that the SEC or any regulatory body has recommended or approved Chesapeake.*

Chesapeake’s Principals are Chesapeake Holding Company, Ralph J. Parker, Jr., Michael L. Ivie, and Anilchandra G. Ladde.

**Chesapeake Holding Company** is a Virginia corporation that owns all of the issued and outstanding shares of stock of Chesapeake Capital Corporation.

**Ralph J. Parker, Jr.** is the Chairman of the Board of Directors and the Chief Executive Officer of Chesapeake and Chesapeake Holding Company. Mr. Parker has overseen Chesapeake’s operations and has been heavily involved in its research efforts since its inception in February 1988. Mr. Parker has been registered as an associated person and listed as a Principal of Chesapeake since June 1988 and registered as a swap associated person since November 2014. Mr. Parker commenced his trading career in November 1983 as a member of the Richard Dennis “Turtle” trading program. Prior to starting Chesapeake, Mr. Parker, a CPA, was employed in the public accounting field. Mr. Parker received a Bachelor of Science degree in Commerce, with an emphasis in Accounting, from the University of Virginia in January 1980.

**Michael L. Ivie** is the Director of Research of Chesapeake. Mr. Ivie joined Chesapeake in June 1991. Mr. Ivie has been registered as an associated person of Chesapeake since May 21, 1999 and listed as a principal of Chesapeake since May 12, 2008. Mr. Ivie received a Bachelor of Science degree in Mathematics from Louisiana State University in 1989.

**Anilchandra G. Ladde** is the President and Chief Compliance Officer of Chesapeake. Mr. Ladde joined Chesapeake in April 1993. Mr. Ladde has been registered as an associated person of Chesapeake since November 3, 1994 and listed as a principal of Chesapeake since May 13, 2008. Mr. Ladde received his Bachelor of Science degree in Mathematics from the University of Texas at Arlington in 1990 and an M. B. A. in Finance from The George Washington University in 1992.

There have never been any material administrative, civil or criminal actions (whether pending, on appeal or concluded) against Chesapeake or its Principals.

## General Trading Strategies

Chesapeake utilizes a variety of trading strategies for its clients' accounts, including for Chesapeake-advised investment funds. The trading programs currently being offered by Chesapeake to new clients to trade Futures Interest Contracts for their accounts are the "Diversified Program", the "Multi-Asset Trend Program" (formerly, the Diversified Plus Program), and the "Pure Trend Program" (formerly, the Diversified Trend Program). Each of these programs is sometimes individually called a "Program" or "Trading Program", and together, they are sometimes called the "Trading Programs". They are described in this and the following sub-sections.

A general description of Chesapeake's trading approach immediately follows, with a more specific explanation of the Trading Programs and the markets traded in them following the general description. As of January 1, 2021, the Multi-Asset Trend Program trades in cash equities markets and the Diversified Program does not do so but could do so at a later date. Prior to January 1, 2021, the Diversified Program may have traded in cash equities and security futures markets, but as of January 1, 2021, the Diversified Program does not do so. The Pure Trend Program began to be offered to clients in May 2024. Since Chesapeake's trading strategies and programs are proprietary and confidential, the discussion below is general and not intended to be exhaustive. Prospective clients are invited to contact Chesapeake at its address on the first page of this Disclosure Document with any questions they may have about Chesapeake's trading strategies and the differences in those strategies among the three offered Trading Programs to facilitate the client's choice of a Program in light of the client's investment goals and preferences.

In general, for each of the Trading Programs, Chesapeake analyzes markets, including price action, market volatility, open interest and volume ("technical analysis") as a means of predicting market opportunity and discovering any repeating patterns in past historical prices. Chesapeake generally employs a computerized analysis of a large number of interrelated statistical and mathematical formulas and techniques – based on an extensive proprietary and confidential database of prices, volatility, volume, open interest and various other market statistics – to search for patterns in data and to develop, use and monitor trading strategies. Chesapeake places primary emphasis on technical analysis in assessing market opportunities.

For each of the Trading Programs, Chesapeake's trading decisions are based on a combination of its systems, its market timing techniques, its trading discretion, judgment and experience and on market opportunities. Chesapeake's trading methodology is both systematic and strategic. Trading decisions require the exercise of strategic judgment by Chesapeake in evaluating its technical trading methods, in their possible modification from time to time, and in their implementation.

Chesapeake is free to use its discretion whether to follow any trading signals or parameters generated by its technical trading strategies and the Trading Program being traded for the respective account. The decision not to trade certain markets (such as cash equities markets for the Diversified Program) or not to make certain trades indicated by Chesapeake's systems can materially affect performance. Under no circumstances is Chesapeake compelled to follow any of the trading indications generated by any of the Trading Programs for any account traded according to that Trading Program.

Chesapeake has the right to employ any form or method of technical analysis that it deems appropriate in trading the Trading Programs. By way of example, the technical trading strategies and programs utilized by Chesapeake may be revised from time to time by Chesapeake as a result of ongoing research and development, which seeks to devise new trading strategies and programs as well as to test its current technical strategies and programs; provided that Chesapeake will notify clients of any material revisions or changes in its trading strategies and systems.

Exchanges on which transactions will take place in trading the Trading Programs may include, but are not limited to, all exchanges in the United States, as well as non-U.S. exchanges throughout the world. In addition, Chesapeake continually monitors numerous markets, both U.S. and non-U.S., and initiates trades at any point it determines that a market is sufficiently liquid and tradable using the methods employed by Chesapeake.

Chesapeake renders advice regarding transactions in physical commodities, including exchange of futures for physicals transactions (“EFPs”), which are a sub-category of exchange for related positions (“EFRPs”) excepted under CFTC Regulation 1.38 and traded in accordance with ICE Futures U. S., Inc.’s Rule 4.06. An EFP is a transaction permitted under the rules of many futures exchanges in which two parties exchange a cash market position for a futures market position (or vice versa) without making an open, competitive trade on the exchange. The prices at which such transactions are executed are negotiated between the parties.

Chesapeake may utilize security futures and security futures products in its trading for the Trading Programs, but Chesapeake expects that such trading will be a relatively small part of those Programs and the predominant risk/return in the programs will come from futures (other than security futures and security futures products) and currency trading. A “security future” means a contract of sale for future delivery of a single security or of a narrow-based security index, including any interest therein or based on the value thereof. A security future may only be traded on common stock, a narrow-based index, or such other equity securities as the Securities and Exchange Commission (“SEC”) and the CFTC jointly determine to be appropriate. The term “security futures product” means a security future or any put, call, straddle, option, or privilege on any security future.

Chesapeake generally uses between 20% and 30% of the equity in a fully funded account as original margin for trading in the Trading Programs, but at times the margin-to-equity ratio can be higher. The low margin normally required in futures trading permits an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as 2% of the face value (or “exposure”) of the contracts traded. Therefore, the gross value of positions held in an account may be several times the value of such account. Consequently, even a slight movement in the prices of open positions in an account could result in immediate and substantial losses to the investor.

The risk assumed and, consequently, the potential for profit experienced by a particular account at different times, and by different accounts at the same time, vary significantly according to the Program(s) traded, the market conditions, the percentage gained or lost in such account, the size of such account, the brokerage commissions, the management fees and the incentive fees charged to such account, the contracts, if any, excluded from such account by the client, and when such account commenced trading. Accordingly, no investor should expect to achieve the same performance as that of any other account traded previously, simultaneously, or subsequently by Chesapeake.

Programs that exclude or emphasize certain markets often perform differently than Programs utilizing different markets. Similarly, Programs that differ in terms of leverage or exposure perform differently. Many factors can, sometimes significantly, impact account performance and performance relationships, including but not limited to differences in the timing of additions and withdrawals and the resulting adjustment trades, varying fills, changes in position size to reduce risk during losing periods by Chesapeake that impact an account in one Program but not other account(s) in other programs that use proportionately higher or lower exposure, differences in brokerage commissions, and other factors. Accordingly, every Program can be expected to underperform or overperform the anticipated multiple or fraction of a differently leveraged Program.

Due to the importance of diversification across different markets according to Chesapeake’s trading strategies and Trading Programs, Chesapeake suggests a minimum account size of \$5 million for trading in the Diversified Program and of \$10 million for trading in either the Multi-Asset Trend Program or the Pure Trend Program. Chesapeake may consider accounts less than \$10 million, but the desired diversification may be lacking and thus may not reflect that closely that Program’s performance. Chesapeake’s emphasis on diversification demands participation by each client account in the many different markets that Chesapeake may trade at any given point in time. Chesapeake believes that an account trading a Trading Program at a level not less than \$10 million is sufficient to permit proper diversification.



## **Chesapeake's Trading Programs**

The Diversified Program commenced trading in February 1988. The Diversified Program emphasizes a wide range of diversification by utilizing a global portfolio of Futures Interest Contracts including, but not limited to, agricultural products, precious and industrial metals, currencies, financial instruments, and stock, financial and economic indices, as well as cash securities at times. These Futures Interest Contracts and other instruments are traded on a highly leveraged basis.

The Multi-Asset Trend Program which has had several different program names commenced trading in April 1994 and the Pure Trend Program, which began to be offered to clients in May 2024, are similar in many respects to the Diversified Program, but the three Programs may vary based on the markets traded and the level of exposure to particular markets, and the Programs may enter and exit positions at different times, which can result in their performance varying from one another. As noted above, as of January 1, 2021, the Multi-Asset Trend Program trades in cash equities markets, security futures markets, and virtual currencies and virtual currency derivatives, and the Diversified Program does not; prior to January 1, 2021, the Diversified Program may have participated in cash equities markets and security futures markets. The Pure Trend Program trades in cash equity markets, security futures markets, and virtual currencies and virtual currency derivatives.

From time to time, Chesapeake may adjust the leverage and the markets traded for any accounts traded pursuant to the Trading Programs on an account-by-account basis, which may cause a differential in performance reported for the adjusted account in comparison with the performance for other clients trading pursuant to the particular Program through other separately-managed accounts. When any of the Trading Programs is traded for different separately-managed accounts, variations in performance attributable to different fee structures, markets traded, and different levels of leverage, may cause variations in resulting performance for different accounts trading the same Trading Program.

*The decision periodically to add or subtract markets (such as, for example, the cash equities market, the security futures market, the virtual currencies market, or the virtual currencies derivatives market) from the Trading Programs from time to time is at the sole discretion of Chesapeake. Clients will not be informed of these changes as they occur.*

## **MANAGEMENT AND INCENTIVE FEES**

Chesapeake will charge clients two types of fees in connection with the Programs: (1) a management fee, calculated and paid monthly, equal to one-twelfth of one percent (0.0833%, equal to 1% annually) of a client account's Net Account Value at month-end; and (2) an incentive fee equal to 10% of a client account's New Trading Profits for such period, calculated and paid quarterly. Chesapeake reserves the right to negotiate different fees for certain client accounts. Since 1988, when Chesapeake began to trade its Diversified Program, management fees charged to clients have ranged from 0% to 8% of Net Account Value and incentive fees have ranged from 0% to 30% of New Trading Profits. The terms "Net Account Value" and "New Trading Profits" are defined below.

Chesapeake's Advisory Agreement, which will be separately entered into by Chesapeake and each client, will state the exact terms of compensation for the account and may not be changed except in writing and with the concurrence of all parties.

The monthly management fee will be paid whether or not a client's account is profitable. However, the quarterly incentive fee is payable only on New Trading Profits determined on a cumulative basis. For example, if a client's account incurs losses after an incentive fee payment is made, Chesapeake will retain the payment but will receive no further incentive fee payments in subsequent quarters until New Trading Profits have exceeded such losses, at the end of a calculation period.

The relevant fees will be calculated as follows:

### **Management Fees**

Chesapeake will charge a management fee to a client's account traded pursuant to a Program of one-twelfth of one percent (0.0833%, equal to 1% annually) of month-end Net Account Value. The management fee will be prorated for partial months and for additions and for withdrawals (based on the actual number of business days in the month for which Chesapeake managed the client's trading, the addition or withdrawal, respectively), and payable on withdrawal. Assessed management fees will be paid regardless of the profitability of the account. "Net Account Value" means total funds available to Chesapeake for trading purposes. It is the sum of:

(a) the initial trading level as declared by the client in the Advisory Agreement, including all cash and Treasury bills deposited in the account as well as any notional equity declared and adjusted for any additions or withdrawals of cash and Treasury bills or notional equity; plus

(b) cumulative gross profit or loss in the account from trading, with all open futures interest contract positions calculated at their then market value, which means, with respect to open futures interest contract positions, the settlement price as determined by the exchange on which the transaction is effected or the most recent appropriate quotation as supplied by the clearing brokers or banks through which the transaction is effected (if there are no trades on the day of the calculation due to the operation of the daily price fluctuation limits or due to a closing of the exchange on which the transaction is executed, such contract will be valued at the fair market value as determined by Chesapeake); plus

(c) interest income credited to the account; less

(d) brokerage commissions charged to the account (including accrued commissions on open positions); less

(e) management and incentive fees charged to the account for prior periods, but not for the current period.

Because Chesapeake may accept "notional" equity from clients (*i.e.*, may trade such clients' accounts as if more equity were committed to such accounts than is, in fact, the case) and because Chesapeake's management fee is based upon Net Account Value (including both "actual" funds and "nominal" or "notional" equity), the management fee may be a greater percentage of the "actual" funds than of Net Account Value. The approximate "actual" funds management fee for an account with a 1% fee on Net Account Value (using any of the Trading Programs) can be determined by multiplying the management fee (1%) by the ratio of Net Account Value to "actual" funds. For example, if the Net account Value (including "notional" equity) is twice the size of the "actual" funds (a 50% funded account), the 1% annual management fee charged to the client's account based on Net Account Value would be approximately a 2% annual management fee to the client's account based on "actual" funds. Likewise, a 25% funded account (4 to 1 ratio) would have approximately a 4% management fee based on "actual" funds. A fully funded account (*i.e.*, no notional equity) would be subject to a 1% fee on "actual" funds.

### **Incentive Fees**

The incentive fee payable, if at all, at the end of each calendar quarter (or within a reasonable period of time in the case of a withdrawal), will be 10% of any New Trading Profits in the client's account in the relevant Program as of the end of each calendar quarter and upon any redemption. New Trading Profits is calculated on a "high water mark" basis and excludes interest income earned or credited on a client's assets. Any incentive fees paid by a client for past performance are not subject to being returned due to subsequent losses. Clients with accounts closing in subsequent quarters due to losses during that quarter or for any other reason have no right to a refund for past incentive fees paid. In addition, clients should be aware that for accounts opened at any time other than the beginning of a calendar quarter, an incentive fee will be charged at the end of said initial quarter despite

the fact that such account has not been open and trading for a full calendar quarter. If New Trading Profits for a calendar quarter are negative, it will constitute a “carryforward loss” for the beginning of the next calendar quarter. To the extent any funds are withdrawn from a client’s account, any loss attributed to those funds will be deducted from the carryforward loss. The calculation of “New Trading Profits” and the incentive fee is based on the formula described below:

GR = Gross Realized Gains/Losses for period between time X and time Y  
UR = Unrealized Gains/Losses for period between time X and time Y  
BC = Brokerage Commissions paid during period between time X and time Y  
ABCY = Accrued Brokerage Commissions at time Y  
ABCX = Accrued Brokerage Commissions at time X  
X = Date of previous calculation as to which an incentive fee was earned  
Y = Date of current calculation

Formula:

New Trading Profits = GR + UR – BC – ABCY + ABCX  
Incentive Fee = New Trading Profits x .10

Since management and incentive fees will be based on measures that include unrealized profit on open positions, such fees may be paid with respect to profits that are never realized.

The monthly management fee is due and payable on the last business day of each month and the quarterly incentive fee is due and payable on the last business day of each calendar quarter. Each client is required to sign an Authorization to Pay Fees that will authorize the FCM or IB, as the case may be, to deduct from the client’s account and remit directly to Chesapeake payment of the management and incentive fees.

### **Expenses and Reports**

A client’s account will not be charged any fees by Chesapeake other than those described above or otherwise agreed to in writing by both parties. It will be the responsibility of the FCM or IB, as the case may be, at its own expense, to provide the client with a monthly statement of equity and a record of the management and incentive fees paid to Chesapeake and the brokerage commissions paid to the FCM or IB. In addition, it will be the responsibility of the FCM to supply the client with a confirmation of every trade executed for such client’s account and purchase and sale statements setting forth the realized gain or loss on each such liquidated position and the brokerage commissions charged.

### **Additions and Withdrawals to Existing Accounts**

A client may add additional funds to, or withdraw funds from, its existing account at any time. However, Chesapeake may not consider the client’s account size to be affected by any such addition or withdrawal, and may not adjust the positions held in the client’s account in response thereto, until it has received a written notice from the client with respect to such addition or withdrawal. Changes to the positions held by the client’s account will be made as promptly as reasonably possible after Chesapeake’s receipt of such notice from the client.

The potential profitability of a client’s account depends upon long-term, uninterrupted investment of capital. Any reduction in account size could materially and adversely affect the account’s diversification among Futures Interest Contracts and the account’s potential profitability. In the event that a client withdraws funds from the client’s account without providing prior written notice to Chesapeake, or makes a partial withdrawal that reduces the account size below the minimum account size requirement set forth in the Advisory Agreement, Chesapeake may terminate the Advisory Agreement and cease to trade the client’s account.

## **CLEARING BROKER AND COMMISSIONS**

It will be necessary for a client to select a futures broker to hold the assets of such client's account and through which trades will be executed. Chesapeake and its principals have no affiliation or business arrangement, directly or indirectly, with any FCM, IB or principal thereof, whereby Chesapeake or its principals may benefit, directly or indirectly, from the maintenance of a client's account with any FCM or IB. The only compensation earned or to be earned, directly or indirectly, by Chesapeake from any of the accounts it manages will be from fees described under "*Management and Incentive Fees*" or otherwise specifically negotiated with the client.

Chesapeake has the right to direct all or some trades to any FCM or floor broker it chooses for execution with instructions to "give-up" to the client's clearing broker. Such floor brokers may be independent or affiliated with FCMs. Chesapeake currently utilizes over 20 different FCMs and independent floor brokers to execute trades. The clearing broker will then pay the floor brokerage and additional "give-up" fees of \$1.00/half turn or less (unless higher fees are approved by the client), to the executing FCM or floor broker from the client's account. In addition, clients will be required to sign documentation that specifically authorizes Chesapeake to execute orders utilizing a give-up procedure and to enter into give-up agreements with the executing and clearing brokers involved, and authorizing Chesapeake to act on behalf of the client in negotiating those agreements.

Each client account will pay the FCM or IB brokerage commissions on its Futures Interest Contract transactions. It is possible that substantial brokerage commissions may be generated by trading with the Programs, which could negatively impact the profitability of a client's account.

A qualified investor wishing to open an account with Chesapeake must authorize Chesapeake to manage assets pursuant to a limited power of attorney contained in the Advisory Agreement, a copy of which is included with this Disclosure Document.

In addition to the execution of the Advisory Agreement, each client will also be required to execute the various new account forms, powers-of-attorney, risk disclosure documents, authorizations to do give-ups, notional equity agreements (where applicable) and client agreements of the FCM or IB for the client's account.

A portion of the assets of each client's account may, at the discretion of Chesapeake, be invested in interest-bearing obligations, such as United States Treasury bills. Any such obligations will be posted as margin to the extent allowed by various exchanges rather than maintained in cash, thus enabling the client to earn interest on funds being used for trading futures and options as well as funds being held in reserve.

## **RISK FACTORS**

Trading Futures Interest Contracts involves a HIGH DEGREE OF RISK. In such trading, the liability of the client is not limited to the initial investment or the equity in the client's account but extends to any and all losses. Although it is the intention of Chesapeake under the Trading Programs to attempt to liquidate all positions in a client's account if Net Account Value falls to 50% or less of the account's initial Net Account Value (adjusted for additions and withdrawals), there can be no guarantee that such action will be successful in time to prevent further substantial losses due to existing market conditions. Once positions have been liquidated, Chesapeake will contact the client who may then decide whether or not trading should continue. Listed below are some of the risks associated with trading Futures Interest Contracts that a client should carefully consider before participating in any of the Trading Programs.

**Startup Period for New Accounts.** Each new account will encounter a startup period during which it may incur certain risks related to the initial investment of assets. In an effort to manage such risk, Chesapeake has developed procedures governing the appropriate timing for the commencement of trading and the appropriate means of moving toward full portfolio commitment for new accounts. Chesapeake, in its discretion, may delay the actual start of trading for an account for an extended period of time or adjust position size in relation to account

equity in certain markets or in an entire investment program. Chesapeake may also invest a new account more slowly than it would a more mature account. These procedures may be modified from time to time, and no assurance is given that Chesapeake will be successful in moving an account toward full portfolio commitment without substantial losses that might have been avoided, or foregoing substantial profits that might have been achieved, by other means of initiating investment in the markets.

**Importance of Overall Market Conditions.** The performance of a client's account may be materially impacted by overall market conditions over which Chesapeake has no control. Market disruptions on the global economy occur unpredictably from time to time for a wide variety of reasons and with a wide variety of consequences that may be severe. The prospects for profitability of a client's account would be materially adversely affected by prolonged recession or economic stagnation.

**Market Disruptions.** The global financial markets have experienced unprecedented disruption and stress within recent decades. Markets previously thought to be uncorrelated have been shown to be correlated, credit markets have in some cases ceased functioning, many markets have experienced record levels of volatility and governments have intervened in extraordinary and often unpredictable ways, often on an emergency basis. It is impossible to predict what impact these events will have on a client's account on an ongoing basis.

**Futures Trading Is Speculative and Volatile.** Futures prices are highly volatile. Price movements of futures contracts are influenced by, among other things: changing supply and demand relationships; climate; government agricultural, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; crop diseases; the purchasing and marketing programs of different nations; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and gold. Such intervention is often intended to influence prices directly. Chesapeake can control none of these factors and no assurances can be given that its advice will result in profitable trades for a client or that a client will not incur substantial losses.

**An Investment in Managed Futures May Not Diversify an Overall Portfolio.** Historically, alternative investments such as managed futures have been generally lowly-correlated to the performance of other asset classes such as stocks and bonds. Low-correlation means that there is no statistically valid relationship between the past performance of futures and forward contracts, on the one hand, and stocks or bonds, on the other hand. Low-correlation should not be confused with negative correlation, where the performance of two asset classes would be exactly opposite.

Because of low-correlation, a client's account cannot be expected to be automatically profitable during unfavorable periods for the stock market or vice versa. The futures and forward markets are fundamentally different from the securities markets in that for every gain made in futures and forward trading, there is an equal and offsetting loss.

Low-correlation also does not mean that a client's account will never move in the same direction as stocks and bonds. There may be times when a client's account gains during the same periods when stocks and bonds gain and there also may be times when the account loses during periods when stocks and bonds lose. If the account performs in a manner that is correlated with the general financial markets or does not perform successfully, the client will obtain no diversification benefits by investing managed futures and the client's account at Chesapeake may have no gains to offset the client's losses from other investments.

**Futures Markets May Be Illiquid.** United States futures exchanges and some foreign exchanges impose "daily limits" on the amount by which the price of most futures contracts traded on such exchanges may vary during a single day. Daily limits prevent trades from being executed during a given trading day at a price above or below the daily limit. Once the price of a futures contract has moved to the limit price, it may be difficult, costly or impossible to liquidate a position. Contract prices have occasionally moved the daily limit for several consecutive days with little or no trading. Such limits could prevent Chesapeake from promptly liquidating unfavorable positions and restrict its ability to exercise or offset futures or options held in the client's account. In addition, even if futures

prices have not moved the daily limit, Chesapeake may be unable to execute trades at favorable prices if the liquidity of the market is not adequate. It is also possible for a futures exchange or the CFTC to suspend trading in a particular contract, order immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. Chesapeake trades on certain non-U.S. markets, which may be substantially more prone to periods of illiquidity than the United States markets due to a variety of factors. Forward contracts are not currently subject to daily limits, but it still may be difficult to liquidate a forward contract position in an extremely volatile market due to counterparty unwillingness to trade.

**Futures Trading Is Highly Leveraged.** The low margin deposits normally required in futures interest contract trading (typically between 2% and 15% of the value of the contract purchased or sold) permit an extremely high degree of leverage. The gross value of positions held in an account may be several times the value of such account. Consequently, even a slight movement in the prices of open positions in an account could result in immediate and substantial losses to the investor.

Like other leveraged investments, any trade may result in losses in excess of the amount invested. When the market value of a particular open position changes to a point where the margin on deposit in a client's account does not satisfy the applicable maintenance margin requirement imposed by the client's FCM or IB, the client, and not Chesapeake, will receive a margin call from the FCM or IB. If the client does not satisfy the margin call within a reasonable time (which may be as brief as a few hours), the FCM or IB will close out the client's position.

**Possible Effects of Speculative Position Limits.** The CFTC and the United States futures exchanges have established limits referred to as "speculative position limits" on the maximum net long or net short speculative positions that any person may hold or control in any particular futures or options contracts traded on United States futures exchanges. In March 2021, the CFTC adopted a new position limits rule with respect to derivatives contracts for twenty-five physical commodities. Given the volume of Chesapeake's trading for its clients, Chesapeake does not currently anticipate that its trading will be materially affected by the new rules, but it is possible that the limits could affect Chesapeake's trading for its clients in the future.

**Security Futures.** Security futures are futures contracts. Therefore, the risks involved with security futures products are similar to those outlined in this Disclosure Document with respect to commodity and financial futures and options. Given the leverage inherent in security futures, a relatively small movement in the price of the underlying stock or narrow-based index will have a proportionately larger impact on the client's account value. Purchasers of security futures are not in the same position as owners of shares of the underlying stock. Buyers of security futures contracts have no ownership interests or voting rights with respect to the underlying stock. Buyers of security futures contracts also receive no dividends paid by the issuer of the underlying stock that are paid on a quarterly or other regular basis; however, security futures holders should receive the economic value of special (*i.e.*, non-recurring) dividends and rights distributions scheduled to be distributed before the expiration of the futures contract. An additional important difference between security futures and the underlying stock is that gains and losses on stock futures are realized daily, while gains and losses on equity securities are normally only realized upon the disposition of the security. Thus, unlike an owner of a share of stock, a holder of a stock future will be required daily to make payments representing any losses, or receive payments representing any gains, from its position in the stock future. Moreover, futures contracts expire on a stated date during the contract month, and any gains or losses not already realized will be realized at that time. Therefore, unlike shares of stock, an unprofitable security futures position cannot be held indefinitely in the hope of an eventual price recovery.

#### **Risks of Virtual Currency Derivatives and Virtual Currency Trading**

Since 2020, Chesapeake has engaged in a limited amount of virtual currency derivatives trading for its clients trading the Multi-Asset Trend Program, solely through trading in Bitcoin and Ethereum futures offered on the CME and subject to the rules imposed by the CME on such transactions, and may similarly engage in such virtual currency derivatives trading for clients trading the Diversified Program and the Pure Trend Program. In the future, Chesapeake may also engage in trading virtual currency futures offered for other virtual currencies as they may be developed and offered for trading by various markets from time to time. Virtual currency derivatives may

experience significant price volatility and the initial margin for virtual currency derivatives may be set as a percentage of the value of a particular contract, which means that margin requirements for long positions can increase if the price of the contract rises. In addition, some futures commission merchants may impose restrictions on customer trading activity in virtual currency derivatives, such as requiring additional margin, imposing position limits, prohibiting naked shorting or prohibiting give-in transactions. The rules of certain designated contract markets impose trading halts that may restrict Chesapeake's ability to exit a position for a client during a period of high volatility. The additional risks associated with virtual currency derivatives (beyond those associated with derivatives generally) include price volatility and the lack of a centralized pricing source for the underlying virtual currency itself; and its exposure to potential cybersecurity risks related to the digital "wallets" in which such virtual currencies are maintained, and the associated risks related to their publicly distributed ledgers. Virtual currency derivatives such as those in which Chesapeake trades for its clients are subject to CFTC regulation and oversight and such regulation is new and rapidly evolving.

As the direct trading in virtual currencies (also commonly known as cryptocurrencies) themselves (as opposed to virtual currencies derivatives) has grown more widespread in recent years, Chesapeake may in the future also engage in a limited amount of trading in virtual currency instruments in the Multi-Asset Trend Program and Pure Trend Program, in addition to virtual currency derivatives. Trading in virtual currencies is subject to particular risks in addition to those affecting financial instruments, as well as to the specific additional risks attributable to virtual currency derivatives generally.

The National Futures Association requires its commodity trading advisor members (such as Chesapeake) to make the following disclosure with reference to virtual currencies trading undertaken by the member for its clients:

CHESAPEAKE IS A MEMBER OF NFA AND IS SUBJECT TO NFA'S REGULATORY OVERSIGHT AND EXAMINATIONS. CHESAPEAKE HAS ENGAGED OR MAY ENGAGE IN UNDERLYING OR SPOT VIRTUAL CURRENCY TRANSACTIONS FOR ITS CLIENTS. ALTHOUGH NFA HAS JURISDICTION OVER CHESAPEAKE, YOU SHOULD BE AWARE THAT NFA DOES NOT HAVE REGULATORY OVERSIGHT AUTHORITY FOR UNDERLYING OR SPOT MARKET VIRTUAL CURRENCY PRODUCTS OR TRANSACTIONS OR VIRTUAL CURRENCY EXCHANGES, CUSTODIANS OR MARKETS. YOU SHOULD ALSO BE AWARE THAT GIVEN CERTAIN MATERIAL CHARACTERISTICS OF THESE PRODUCTS, INCLUDING LACK OF A CENTRALIZED PRICING SOURCE AND THE OPAQUE NATURE OF THE VIRTUAL CURRENCY MARKET, THERE CURRENTLY IS NO SOUND OR ACCEPTABLE PRACTICE FOR NFA TO ADEQUATELY VERIFY THE OWNERSHIP AND CONTROL OF A VIRTUAL CURRENCY OR THE VALUATION ATTRIBUTED TO A VIRTUAL CURRENCY BY CHESAPEAKE.

*Virtual Currency Trading Risks.* Virtual currency trading is itself subject to certain risks, including but not limited to the following, in addition to those risks affecting financial instruments (including virtual currency derivatives) generally:

Unique Features of Virtual Currencies. Virtual currencies are not legal tender in the United States and many market participants, among other persons, question whether they have intrinsic value. The price of many virtual currencies is based on the agreement of the parties to a transaction. As a result, if Chesapeake trades in a virtual currency for a client's account, the trade would be subject to the risk of enforceability of that agreement and the risk that such an instrument has no intrinsic value; if the agreement is unenforceable or if the instrument is determined to have no intrinsic value, the client could be subject to substantial losses on its position in that virtual currency.

Price Volatility. The price of a virtual currency is based on the perceived value of the virtual currency and is subject to changes in sentiment, which make these products highly volatile. Certain virtual currencies have experienced daily price volatility of more than 20%. The risks associated with the extreme price volatility of virtual currencies and the possibility of rapid and substantial price movements could result in significant losses to the client.

Valuation and Liquidity. Virtual currencies can be traded through privately negotiated transactions

and through numerous virtual currency exchanges and intermediaries around the world. The lack of a centralized pricing source poses a variety of valuation challenges. In addition, the dispersed liquidity may pose challenges for market participants trying to exit a position, particularly during periods of stress. The valuation and liquidity risks may make it difficult or impossible for Chesapeake to assign an accurate value to its virtual currencies trades and the lack of a central clearinghouse mechanism may make it difficult or impossible for a client to exit the market in timely fashion, especially during periods of price volatility.

Cybersecurity. The cybersecurity risks of virtual currencies and related “wallets” or spot exchanges include hacking vulnerabilities and a risk that publicly distributed ledgers may not be immutable. A cybersecurity event could result in a substantial, immediate, and irreversible loss for market participants, with no opportunity for redress through action of a regulator (as would be the case with a virtual currency derivative regulated by the CFTC). Even a minor cybersecurity event in a virtual currency is likely to result in downward price pressure on that product and potentially other virtual currencies and related derivative products.

Opaque Spot Market. Virtual currency balances are generally maintained as an address on the blockchain and are accessed through private keys, which may be held by a market participant or a custodian. Although virtual currency transactions are typically publicly available on a blockchain or distributed ledger, the public address does not identify the controller, owner, or holder of the private key. Unlike bank and brokerage accounts, virtual currency exchanges and custodians that hold virtual currencies do not always identify the owner. The opaque underlying or spot market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud, including the potential for Ponzi schemes, bucket shops and pump and dump schemes, and may be beyond the capacity of US or foreign regulators to address. In the face of such opacity with its attendant verification challenges, the inability of Chesapeake or financial regulators to obtain redress for losses may be significantly impaired, with a potential for a client to experience a substantial loss in its related positions.

Virtual Currency Exchanges, Intermediaries and Custodians. Virtual currency exchanges, as well as other intermediaries, custodians and vendors used to facilitate virtual currency transactions, are relatively new and largely unregulated in both the United States and many foreign jurisdictions. Virtual currency exchanges generally purchase virtual currencies for their own account on the public ledger and allocate positions to customers through internal bookkeeping entries while maintaining exclusive control of the private keys. Under this structure, virtual currency exchanges collect large amounts of customer funds for the purpose of buying and holding virtual currencies on behalf of their customers. The opaque underlying spot market and lack of regulatory oversight creates a risk that a virtual currency exchange may not hold sufficient virtual currencies and funds to satisfy its obligations and that such deficiency may not be easily identified or discovered. In addition, many virtual currency exchanges have experienced significant outages, downtime and transaction processing delays and may have a higher level of operational risk than regulated futures or securities exchanges. These features may have a negative impact on a client insofar as an exchange on which the client trades may not be able to satisfy its obligations to the client and operational difficulties experienced by the exchanges, intermediaries or custodians may impair the client’s ability to liquidate its positions or enter or exit the market in timely fashion. Any of such developments could result in substantial losses to the client.

Regulatory Landscape. Virtual currencies currently face an uncertain regulatory landscape in the United States and many foreign jurisdictions (including some jurisdictions in North America, the Middle East and Asia where virtual currencies are illegal or are limited or prohibited in the banking sector). In the United States, virtual currencies are not generally subject to federal regulatory oversight but may be regulated by one or more state regulatory bodies, under the state’s money transmission laws or otherwise. In addition, many virtual currency derivatives are regulated by the CFTC, and the SEC has cautioned that many initial coin offerings are likely to fall within the definition of a security and thus be subject to U.S. securities laws. One or more jurisdictions may, in the future, adopt laws, regulations or directives that affect virtual currency networks and their users. Such laws, regulations or directives may impact the price of virtual currencies and their acceptance by users, merchants, and service providers. Although future regulatory developments are impossible to predict, it is possible that because of those developments, a client’s trading in virtual currencies could negatively affect the client’s existing positions.



**Technology.** The relatively new and rapidly evolving technology underlying virtual currencies introduces unique risks to the client. For example, a unique private key is required to access, use, or transfer a virtual currency on a blockchain or distributed ledger. The loss, theft or destruction of a private key may result in an irreversible loss. The ability to participate in forks could also have implications for investors. For example, a market participant holding a virtual currency position through a virtual currency exchange may be adversely impacted if the exchange does not allow its customers to participate in a fork that creates a new product. As a result, the client may be unable to access its virtual currency holdings and may have no recourse to recovering them or the client's position may be impaired if it is unable to participate in such a new product fork. Such an event could have a substantial negative effect on the client's related virtual currency position.

**Transaction Fees.** Many virtual currencies allow market participants to offer to miners (that is, to parties that process transactions and record them on a blockchain or distributed ledger) a fee. While not mandatory, a fee is generally necessary to ensure that a transaction is promptly recorded on a blockchain or distributed ledger. The amounts of these fees are subject to market forces, and it is possible that the fees could increase substantially during a period of stress. In addition, virtual currency exchanges, wallet providers and other custodians may charge high fees relative to custodians in many other financial markets. If the client were subject to such fees in connection with its virtual currency trading, the performance of the client's account could be impaired.

Chesapeake's trading in virtual currency derivatives as well as the underlying virtual currencies themselves for its clients is one of many markets in which Chesapeake trades a client's portfolio and is subject to the same principles and risk management techniques that Chesapeake employs in its overall trading for each of its clients.

**Non-U.S. Futures Markets.** Chesapeake engages in trading on futures markets outside the United States on behalf of its accounts. Trading on such markets is not regulated by any United States government agency and may involve additional risks not applicable to trading on United States exchanges. For example, certain non-U.S. markets may be substantially more prone to periods of illiquidity than the United States markets due to a variety of factors. In addition, some non-U.S. markets, in contrast to United States exchanges, are "principals' markets" similar to the forward markets in which performance is the responsibility only of the individual member with whom the trader has entered into a futures contract and not of any exchange or clearing corporation. In a number of non-U.S. markets, a substantial volume of trades, which in the United States could only be executed on a regulated exchange, are executed off an exchange in privately negotiated transactions. Chesapeake may not have the same access to certain trades as do various other participants in markets outside the United States. Furthermore, with respect to trading in non-U.S. markets, clients are subject to the risk of fluctuations in the exchange rate between the local currency and dollars as well as the possibility of exchange controls. Most futures contracts traded on non-U.S. exchanges are treated differently for U.S. federal income tax purposes than are futures contracts traded on U.S. exchanges.

**Options on Futures.** Options on futures contracts and options on physical commodities may be traded by Chesapeake. Each such option is a right, purchased for a certain price, to either buy or sell the underlying futures contract or physical commodity during a certain period of time for a fixed price. Such trading involves risks substantially similar to those involved in trading futures contracts in that options are speculative and highly leveraged. Specific market movements of the commodities or futures contracts underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option plus fees. The writer of an option is subject to the risk of loss, which theoretically could be unlimited, resulting from the difference between the premium received for the option and the price of the commodity or futures contract underlying the option which the writer must purchase or deliver upon exercise of the option. The value of an option at any given point in time is a function of market volatility, the price level of the underlying futures contract, the expiration date of the option, and prevailing interest rates.

**Forward Trading.** Chesapeake may engage in trading forward contracts in currencies on behalf of its clients. Such forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Neither the CFTC nor any banking authority currently regulates trading in such forward contracts. In

addition, there is no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. There have been periods during which certain banks or dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell. Furthermore, certain aspects of the interbank currency markets have become subject to regulation under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Reform Act"), a development that may entail increased costs and result in burdensome reporting requirements. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to the Reform Act might limit such forward trading to less than that which Chesapeake would otherwise recommend, to the possible detriment of clients.

Clients will be subject to the risk of the failure of, or the inability to perform with respect to its forward contracts by, the principals with which Chesapeake trades. Client funds on deposit with such principals will also generally not be protected by the same segregation requirements imposed on CFTC-regulated futures brokers in respect of client funds on deposit with them. In addition, Chesapeake may order trades in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject clients to the risk of loss.

**Enhanced Regulation of the Over-the Counter Derivatives Markets.** The Reform Act included provisions that comprehensively regulate the over-the-counter ("OTC") derivatives markets. The Reform Act requires that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing are now subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or CFTC-mandated margin requirements. As of the date of this Disclosure Document, the CFTC, the SEC, the U. S. Federal Reserve Bank, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Farm Credit Administration and the Federal Housing Finance Authority have not yet adopted final rules regarding those margin requirements (although Interim Final Rules have been adopted). The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Reform Act includes limited exemptions from the clearing and margin requirements for so-called "end-users", Chesapeake's clients may or may not be able to rely on such exemptions. In addition, the OTC derivative dealers with which Chesapeake may execute the majority of its OTC derivatives will not be able to rely on the end-user exemptions under the Reform Act and therefore such dealers will be subject to clearing and margin requirements notwithstanding whether Chesapeake's client are subject to such requirements. OTC derivative dealers also will be required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as they currently are allowed to do. This will further increase the dealers' costs, which costs are expected to be passed through to other market participants in the form of higher fees and less favorable dealer marks. As with the discussion of "Forward Trading" above, it is not possible to predict what the outcome of initiatives undertaken by the U. S. Congress or Administration will be in their impact on regulation of the OTC derivatives markets, but it is possible that any changes may have a material impact on the Chesapeake's participation in such markets for its clients. Congress has considered measures to amend the Reform Act, but it is not clear what the scope of such amendments, if adopted, will be.

A substantial portion of derivative transactions that had previously been executed on a bilateral basis in the OTC markets must now be executed through a regulated securities, futures, or swap exchange or execution facility. Such requirements may make it more difficult and costly Chesapeake to enter into highly tailored or customized transactions. They may also render certain strategies in which Chesapeake might otherwise engage impossible or so costly that they will no longer be economical to implement.

OTC derivative dealers and major OTC derivatives market participants are required to register with either or both the SEC and CFTC. It is possible that client accounts may be required to register as major participants in the OTC derivatives markets. Dealers and major participants are subject to minimum capital and margin requirements. These requirements may apply regardless of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers are also subject to business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements may increase the overall costs for OTC derivative dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or

less advantageous dealer marks. The overall and continuing impact of the Reform Act on Chesapeake remains highly uncertain; a number of the rules which the Reform Act mandates have yet to be issued in final form; and it is still unclear how the OTC derivatives markets will adapt to this new regulatory regime or whether such regulations may not take effect at all, in light of the expressed intentions of certain members of Congress and of the Administration to amend or rescind them.

Although the Reform Act requires many OTC derivative transactions previously entered into on a principal-to-principal basis to be submitted for clearing by a regulated clearinghouse, certain of the derivatives that may be traded by Chesapeake may remain principal-to-principal or OTC contracts between Chesapeake's clients and third parties entered into privately. The risk of counterparty nonperformance can be significant in the case of these over-the-counter instruments, and "bid-ask" spreads may be unusually wide in these previously substantially unregulated markets. While the Reform Act was intended in part to reduce these risks, its success in this respect may not be evident for some time after the Reform Act is fully implemented, a process that may take several years if it occurs at all. To the extent not mitigated by implementation of the Reform Act, if at all, the risks posed by such instruments and techniques, which can be extremely complex, include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (4) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability prematurely to terminate the derivative); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

**Chesapeake May Utilize Swaps in its Trading.** Chesapeake may direct a client's account to enter into swap agreements. Swap agreements are privately negotiated OTC derivative products in which two parties agree to exchange actual or contingent payment streams that may be calculated in relation to a rate, index, instrument, or certain securities, and a particular "notional amount." Swaps may be subject to various types of risk, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease an account's exposure to commodity prices, equity or debt securities, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, mortgage-backed securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of an account's portfolio. Swap agreements can take many different forms and are known by a variety of names. A client's account is not limited to any particular form of swap agreement if Chesapeake determines that other forms are consistent with the account's investment objective and policies. A significant factor in the performance of swaps is the change in individual commodity values, specific interest rates, currency values, or other factors that determine the amounts of payments due to and from the counterparties. If a swap calls for payments by a client's account, then the account must have sufficient cash availability to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of the swap agreement would be likely to decline, potentially resulting in losses to the client's account. The Reform Act mandates that a substantial portion of swap transactions must be executed in regulated markets and submitted for clearing to regulated clearinghouses. While these provisions are intended in part to reduce counterparty credit risk related to swap transactions, the Reform Act's success in this regard will depend on the implementation of many rules and regulations, a process that may take several years, if it occurs at all.

These hedging techniques using swaps involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of the account securities or other objective of Chesapeake; (ii) possible lack of a secondary market for closing out a position in such instrument; (iii)

losses resulting from interest rate, spread or other market movements not anticipated by Chesapeake; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen an account's position; and (v) default or refusal to perform on the part of the counterparty with which the account trades. Furthermore, to the extent that any hedging strategy involves the use of OTC swap transactions, such a strategy would be affected by implementation of the various regulations adopted pursuant to the Reform Act.

**Market Participant Risk; Failure of a Client's FCM.** Under CFTC regulations, FCMs are required to maintain a client's assets in a segregated account. If a client's FCM fails to do so, the client may be subject to a risk of loss of his funds on deposit with his FCM in the event of its bankruptcy. In addition, under certain circumstances, such as the inability of another client of the FCM or the FCM itself to satisfy substantial deficiencies in such other client's account, a client may be subject to a risk of loss of his funds on deposit with his FCM, even if such funds are properly segregated. In the case of any such bankruptcy or client loss, a client might recover, even in respect of property specifically traceable to the client, only a pro rata share, which may be zero, of all property available for distribution to all of the FCM's clients.

The financial failure of the parties with which Chesapeake trades in the currency, forward and other derivative markets could also result in substantial losses for clients, as Chesapeake trades with such persons as principals, and, furthermore, there is no requirement that such parties segregate client funds held by them in respect of such trading.

**Trading Decisions Based Primarily on Technical Analysis.** Chesapeake's Trading Programs primarily utilize technical, rather than fundamental, analysis, including "charting" techniques. The profitability of technical analysis depends upon the accurate forecasting of major price moves or trends in some commodities. No assurance can be given of the accuracy of the forecasts or the existence of major price moves. The best trading method, whether based on technical or fundamental analysis or both, will not be profitable if there are no price moves or trends of the kind the trading method seeks to follow. There have been periods without discernible trends and, presumably, such periods will continue to occur in the future. Any factor that would lessen the prospect of major trends in the future (such as increased governmental control of or participation in the commodities markets) may reduce the prospect that a particular trading method, whether technical or fundamental, will be profitable in the future. Moreover, any factor which would make it more difficult to execute trades at desired prices in accordance with a trading method's signals (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability. Further, many other trading methods utilize similar analyses in making market decisions. Therefore, bunching of buy or sell orders can occur which makes it more difficult for a position to be taken or liquidated. No assurance can be given that Chesapeake's trading methods and strategies and trading decisions for a client will be successful under all or any market conditions.

A limiting factor in the use of technical analysis is that such an approach requires price movement data that can be translated into price trends sufficient to dictate a market entry or exit decision. Any trading method based upon such technical concepts will not perform well when the futures markets are trendless or erratic, because a technical method may fail to identify a trend on which action should be taken or the method may react to minor price trends, which may result in losses. In addition, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given commodity market. For example, since technical analysis generally does not take into account fundamental factors such as supply, demand and political and economic events, except insofar as certain factors may have influenced the technical data constituting input information for such strategies, a technical trading method may be unable to respond to fundamental causation events until after their impact has ceased to influence the market; positions dictated by such resultant price movements may be incorrect in light of the fundamental factors then affecting the market.

**Increased Use of Trend-Following and Counter-Trend Systems.** Trading systems employing trend-following timing signals and systems employing counter-trend techniques have increased in use in recent years. With respect to trend-following systems, while the precise effect of such increase cannot be determined, such increase could alter trading patterns or affect trade execution to the detriment of Chesapeake's clients. As to counter-trend systems (or other systems that attempt to profit from the wide use of trend-following systems by

running stop points or otherwise), their effect is even harder to determine but such increase could also alter trading patterns to the detriment of Chesapeake's clients. Chesapeake may engage in proprietary trading that involves taking positions in any market (including single stock futures or cash equities) that are opposite those taken for clients trading the Diversified Program or the Diversified Plus Program; Chesapeake instructs the executing broker that such proprietary trades are executed only *after* the positions are established for client accounts and so Chesapeake believes that such proprietary trades do not have a material effect on trades initiated in the Diversified Program or Diversified Plus Program, as the case may be, for Chesapeake's clients. (See "*Conflicts of Interest—Trading Own Accounts*" below.)

**Use of Automated Order Routing Systems ("AORS").** Chesapeake may use AORS in its trading. Automated systems, such as AORS, are typically facilitated or provided by brokerage firms on an "as is" basis. Such systems may experience technical difficulties that may result in their temporarily being unavailable for execution of orders. In addition, such automated systems may fail to perform properly. The result of such failures may be losses to Chesapeake's client with all liability for such losses disclaimed by the providers of such service. Chesapeake closely monitors trades executed through AORS and the systems themselves in an effort to mitigate risks. Chesapeake's client, by signing the Advisory Agreement, authorizes Chesapeake to enter into in Chesapeake's name but for the account, benefit and risk of Chesapeake's client, any AORS agreement, if and when required by a broker, for executing orders through an AORS, to make the necessary representations and warranties set forth in such AORS agreement and to negotiate the applicable AORS commissions, if any. All fees, costs and expenses related to such AORS trading are to be paid by Chesapeake's client. Furthermore, Chesapeake's client assumes all liabilities associated with AORS trading on its behalf and Chesapeake's client must indemnify Chesapeake for any loss that Chesapeake might incur based upon, arising out of or otherwise related to AORS trading for and on behalf of Chesapeake's client, subject to the standard of liability set forth in the Advisory Agreement.

**Reliance on Timely and Accurate Market Data.** Chesapeake's ability to detect market trends and trade them profitably depends on its access to timely and accurate market price data throughout the trend identification and trading processes. If price data is not available or is delayed, Chesapeake would be unable to trade for client accounts until reliable data sources have been restored. Data reconciliation procedures are applied each day to confirm accurate price quotations, and on the subsequent day prices that were employed in the Chesapeake systems are re-reconciled in an attempt to identify changes from previously posted prices. Chesapeake's traders are required to confirm a price from multiple sources before executing a trade, and, during volatile market conditions, traders request confirmation of high and low prices from the floor before placing a trade. Inaccurate information may be generated by a data vendor, or an exchange may transmit inaccurate prices that a vendor then distributes to Chesapeake, but which are later cancelled or amended by the exchange. In addition, Chesapeake may obtain from third parties, such as clearing firms, information about prices or about contract specifications and changes to them. Inaccurate price information may cause Chesapeake to enter or close trades that it would not otherwise have entered or closed, to trade or fail to trade at times that would have been indicated by accurate data, or to be completely unable to place a trade. Communications or technical failure may also cause an electronic trading tool to fail, which could cause Chesapeake to fail to act when a trading stop is reached. As a result of such potential data problems, client accounts may be unable to exit positions or miss the opportunity to establish new positions. Chesapeake receives price data electronically. Data providers typically make no representations or warranties about the accuracy or timeliness of the data they provide, and assume no financial liability for lost profits, trading losses or other consequential damages. Data providers also disclaim any responsibility for events of force majeure, as well as for actions (or inaction) of third party information, hardware and software providers, and for interruption of means of communication. Because all of the data required for Chesapeake's trading is provided from third parties, Chesapeake, cannot, despite its employment of the precautions described above, make any assurances that its efforts will detect erroneous or incomplete data, or prevent client accounts from incurring losses or missing profit opportunities. New blockchain technologies implemented for the clearing of transactions may alter the risks to which market participants are exposed, and may create new risks of their own which cannot be ascertained at this time.

**Variability of Privacy Standards.** The personal non-public information shared by a client with Chesapeake may be subject to privacy standards different from the standards applicable in the jurisdiction where a

client is domiciled. Chesapeake or its agents may collect, process and store materials, data, information and content relating to a client's account ("Personal Information") and such Personal Information may be transferred, disclosed, stored, processed and maintained by Chesapeake or its agents electronically on servers, or in hard copy or original format, in a number of different jurisdictions, including within the United States and any of the other jurisdictions where Chesapeake or its agents have a presence. Chesapeake and its agents may be obliged to retain such Personal Information for a period of time after the related client is no longer a client of Chesapeake's, and may be requested, required, or compelled to disclose that Personal Information to third parties, including to government agencies.

**Substantial Fees and Expenses.** A client is subject to substantial brokerage commissions and management fees and, possibly, incentive fees. Accordingly, a client's account will have to earn substantial trading profits to avoid depletion of assets due to such commissions and fees.

A client, and not Chesapeake, is directly responsible for paying to the client's FCM or IB, as appropriate, all margins, option premiums, brokerage commissions, give-up charges and fees and expenses incurred in connection with transactions effected for the client's account by Chesapeake. Brokerage commissions may be substantial. Chesapeake can give no assurance as to any minimum or maximum number of transactions that will be entered into for a client's account during any period for which Chesapeake manages the account.

The fees charged by Chesapeake for providing management services to a client include both a management fee and an incentive fee, and such fees may be higher or lower than the fees paid by other clients of Chesapeake. Monthly management fees payable to Chesapeake are based on the Net Account Value of a client's account as of the end of each calendar month, without regard to the profitability of the account. Net Account Value includes any notional equity. Quarterly incentive fees payable to Chesapeake are based on the New Trading Profits in a client's account as of the end of each calendar quarter. Both calculations include unrealized profits (net of unrealized losses) in open positions and management fees include interest income earned in the account. Any such increase in a client's account may never be realized. See explanation of defined terms above under "*Management and Incentive Fees.*"

A client is responsible for bearing any and all expenses, losses and fees incurred as a result of maintaining and having Chesapeake trade the client's account. See "*Management and Incentive Fees*" and "*Clearing Broker and Commissions.*"

**Additional Assets Under Management.** Chesapeake may accept substantial additional capital for it to manage in the future. Many analysts believe that traders' rates of return tend to decrease as assets under management increase. There can be no assurance that Chesapeake will be able to manage its current or future equity level in the same manner as in the past or that speculative position limits, liquidity constraints or other factors related to equity levels will not adversely affect its trading.

**Repeal of Deduction by Individuals for Management and Incentive Fees.** Since the 2018 tax year, investment advisory fees are no longer deductible by non-corporate taxpayers who itemize deductions when computing taxable income. . EACH CLIENT, THEREFORE, MAY PAY TAX ON MORE THAN THE NET PROFITS GENERATED BY CHESAPEAKE'S DIVERSIFIED PROGRAM. EACH PROSPECTIVE CLIENT MUST CONSULT AND MUST DEPEND ON THE CLIENT'S OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PARTICIPATING IN THE TRADING PROGRAMS.

**U.S. Source Payments May Be Subject to Withholding Under the HIRE Act.** The Hiring Incentives to Restore Employment Act (the "HIRE Act") provides that a 30% withholding tax will be imposed on certain payments to non-U.S. clients of U.S. source income and proceeds from the sale of property that could give rise to U.S. source interest or dividends, unless the non-U.S. client enters into an agreement with the Secretary of the Treasury to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, an interest in the client, as well as certain other information relating to such interest. Prospective non-U.S. clients are encouraged to consult with their own tax advisors regarding the possible implications of the HIRE Act on their investments in Chesapeake's Diversified Program which will vary by jurisdiction of domicile of the investor.

**Regulatory Change.** In recent years, market disruptions have led to increased government as well as self-regulatory scrutiny of the financial industry in general. It is impossible to predict what, if any, ongoing changes in regulation will result from these developments, but any regulations which restrict the ability of Chesapeake to employ, or brokers and other counterparties to extend, credit in Chesapeake's trading (as well as other regulatory changes which might result) could have a material adverse impact on the profit potential of the client's account.

Chesapeake may on behalf of a client's account make investments in non-United States markets. The values of such investments may be subject to abrupt and unexpected change as a result of political and economic programs and policies. Government authorities may directly intervene in their markets, including in respect of the terms of specific securities or obligations, in a manner materially detrimental to a client's account.

**Conflicts of Interest.** Chesapeake is subject to certain conflicts of interest. See "*Conflicts of Interest.*"

**Past Performance is Not Necessarily Indicative of Future Results.** PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. FUTURES TRADING IS SPECULATIVE AND INVOLVES SUBSTANTIAL RISK OF LOSS.

**Notionally-Funded Accounts.** The CFTC requires the following statement in Disclosure Documents of CTAs which accept notional equity: You should request your commodity trading advisor to advise you of the amount of cash or other assets ("Actual Funds") which should be deposited to the advisor's trading program for your account to be considered "Fully-Funded." This is the amount upon which the commodity trading advisor will determine the number of contracts traded in your account and should be an amount sufficient to make it unlikely that any further cash deposits would be required from you over the course of your participation in the commodity trading advisor's program. You are reminded that the account size you have agreed to in writing (the "nominal" or "notional" account size) is not the maximum possible loss that your account may experience. You should consult the account statements received from your futures commission merchant in order to determine the actual activity in your account, including profits, losses and current cash equity balance. To the extent that the equity in your account is at any time less than the nominal account size you should be aware of the following: (1) although your gains and losses, fees and commissions measured in dollars will be the same, they will be greater when expressed as a percentage of account equity; (2) you may receive more frequent and larger margin calls; (3) notional equity creates additional leverage in an account (relative to the Actual Funds), which results in a proportionately greater risk of loss; (4) capital additions and increases in net performance decrease the percentage of notional equity in an account, and capital withdrawals and decreases in net performance increase the percentage of notional equity in an account; and (5) the disclosures which accompany the performance capsules may be used to convert the rates of return ("RORs") in the performance capsules to the corresponding RORs for particular funding levels.

**Chesapeake and Other Market Participants Are Susceptible To Operational, Information Security And Related Cyber-Risks; AI Risks.** With the increased use of technologies such as the internet to conduct business, Chesapeake, like other users of the internet, is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber security failures or breaches by Chesapeake, and other service providers (including, but not limited to custodians), and the issuers of instruments in which Chesapeake trades for its clients, can cause disruptions and impact business operations, potentially resulting in financial losses, interference with Chesapeake's ability to calculate net asset values, impediments to trading, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While Chesapeake has established business continuity plans in the event of, and risk management systems to prevent, such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been

identified. Furthermore, Chesapeake cannot control the cyber security plans and systems put in place by service providers to Chesapeake and issuers of the instruments in which Chesapeake trades. Chesapeake and its clients could be negatively impacted as a result. Recent advances in artificial intelligence technology (“AI”) are expected to affect the markets in which Chesapeake trades for its clients, whether in commodity futures, securities or cryptocurrency derivatives and cryptocurrencies and the CFTC issued a Request for Comment in late January 2024 seeking public input on the use of AI in CFTC-regulated markets. This is a very rapidly-developing technology and the implications of it for the markets in which Chesapeake trades are not yet clear, but could include market malfunction or disruption and new regulation. It is not possible to predict what those malfunctions, dislocations or the regulatory responses to them might be.

The preceding list of risk factors does not purport to be a complete explanation of the risks involved in investing in Chesapeake’s Trading Programs. Each prospective client who intends to trade Futures Interest Contracts should carefully read this Disclosure Document, the Risk Disclosure Statement on the second page of this Disclosure Document and the risk disclosure statements of the relevant FCM or IB with particular care and give due consideration to the risks described therein. In addition, each prospective client is urged to consult with such client’s financial advisor.

\* \* \* \*

Any discussion of U.S. federal tax issues set forth in this Disclosure Document was written in connection with the promotion and marketing by Chesapeake of its Trading Programs. Such discussion is not intended or written to be legal or tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

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**CONFLICTS OF INTEREST**

**Trading Own Account.** Chesapeake and its principals may trade Futures Interest Contracts for their own proprietary accounts. As a result, Chesapeake and its principals may, from time to time, (1) as a result of a neutral allocation system, (2) testing a new trading system, (3) trading their proprietary accounts more aggressively, or (4) any other actions that would not constitute a violation of fiduciary duties, if any, compete with a client's account for similar futures interest contract positions or may take positions in their proprietary accounts which are opposite, or ahead of, the positions taken in a client's account. To attempt to minimize this potential conflict of interest, Chesapeake will not knowingly or deliberately trade ahead of or against client accounts, nor will Chesapeake knowingly or deliberately seek preferential treatment for its proprietary accounts, and will exercise good faith and fairness in all matters affecting client accounts. The records of such trading will not be made available to clients. Chesapeake's other employees are not permitted to trade Futures Interest Contracts for their own account. Chesapeake may engage in proprietary trading that involves taking positions in any market (including single stock futures or cash equities) that are opposite those taken for clients trading the Trading Programs; in such situations, Chesapeake instructs the executing broker that such proprietary trades are executed only *after* the positions are established for client accounts and so Chesapeake believes that such proprietary trades do not have a material effect on trades initiated in the Trading Programs for Chesapeake’s clients.

**Trading Multiple Accounts.** Chesapeake trades numerous accounts, including investment funds for which Chesapeake serves as a CTA and registered investment companies (mutual funds and exchange-traded funds) for which Chesapeake serves as sub-investment adviser and CTA, and intends to manage additional accounts in the future. Chesapeake may have a conflict of interest in rendering advice to an individual client because Chesapeake’s benefit from managing some other commodity accounts may exceed Chesapeake’s benefit from managing the individual client's account. As a result, Chesapeake would have an incentive to favor such other accounts. In addition, Chesapeake's acceptance of additional capital may adversely impact the performance of its existing clients' accounts because of speculative position limits, liquidity constraints or other factors since Chesapeake will be attempting to deploy more capital in the face of these factors. In an effort to address this



potential conflict of interest, Chesapeake will not knowingly or intentionally employ a trading method or recommendation on behalf of any account that it manages or trades which Chesapeake knows to be inferior to any trading method or recommendation that Chesapeake is using for other accounts that Chesapeake manages. Nor will Chesapeake knowingly or intentionally favor on an overall basis one account that it manages over any other account that it manages. Furthermore, as an additional protection to Chesapeake's clients against these potential conflicts of interest, any FCMs or IBs through which Chesapeake may manage or trade client accounts will have and maintain an operating policy of transmitting orders to the trading pits in the sequence received regardless of the account for which the order is placed. This operating policy should also help to protect against one of Chesapeake's client accounts being routinely favored to the detriment of Chesapeake's other client accounts.

Because of (1) price volatility in futures interests, (2) occasional variations in liquidity and (3) differences in order execution, it is impossible for Chesapeake to obtain identical trade execution of all its clients. Such variations and differences in these three factors may produce differences in performance among different client accounts over time. In an effort to treat Chesapeake's clients fairly when bunched orders for different client accounts are filled at different prices, Chesapeake allocates trades across accounts on a systematic basis. In addition, Chesapeake will make the following information available to clients upon request: (1) the general nature of Chesapeake's allocation methodology; (2) whether Chesapeake's proprietary accounts may be included with client accounts in bunched orders; and (3) summary data sufficient for that client to compare its allocation results with the allocation results of other comparable clients and, if applicable, any account in which Chesapeake has an interest. As a result, Chesapeake's client should be able to evaluate how Chesapeake has treated that client relative to Chesapeake's other similar clients and to Chesapeake's proprietary accounts.

**Aggregation of Orders.** Chesapeake seeks the best execution of trades for its clients, as required under SEC and CFTC regulations. In seeking best execution, Chesapeake will sometimes engage in order aggregation or "bunching" where identical orders for more than one Chesapeake client will be aggregated and submitted as a single order to the broker executing or clearing the transaction. Potential advantages of bunching to Chesapeake's clients include lower commission costs and more efficient fills (better prices) in the market.

Chesapeake offers several Trading Programs to its clients. See "*The Trading Advisor—Chesapeake's Trading Programs*". Trade aggregation, when it occurs, will typically be applied to accounts of clients trading the same Trading Program. For clients trading Chesapeake's Diversified Program, all orders for all accounts trading that Program are always aggregated. Other Chesapeake clients trade pursuant to trading programs other than the Diversified Program. From time to time, a Program will generate a trading signal identical to that of another Program. When that happens, and the opportunity for bunching arises, Chesapeake will aggregate trades for clients trading pursuant to Chesapeake's other Trading Programs on a trade-by-trade basis depending on the instrument and market for which the trade is signaled, as well as the technical capacity of the executing or clearing broker involved to allocate the order correctly among Chesapeake's clients participating in that particular aggregated trade. For example, in a deep and liquid market, aggregation can be accomplished with little impact on price; while in an illiquid market, aggregation of orders into larger orders can be less certain of fulfillment. Aggregation is used opportunistically and on a trade-by-trade basis for clients trading Programs other than the Diversified Program.

Where a client's orders are aggregated with orders of another Chesapeake client (which most commonly occurs among those Chesapeake clients trading the Diversified Program, where it happens on substantially every trade), Chesapeake then allocates the trade fills or partial fills to the clients whose trades have been aggregated and, as required under SEC and CFTC regulations, takes steps to ensure that no single client or group of clients is advantaged or disadvantaged with respect to the price received relative to any other client participating in the same aggregate order, as noted above under "*—Trading Multiple Accounts*". Considerations in allocating bunched orders include whether the allocations are non-preferential and are fair and equitable over time; that the allocation has been sufficiently objective and specific to permit independent verification of the fairness of the approach over time and to confirm that the allocation methodology was followed for any particular bunched order; and timely, so that the executing or clearing broker can identify in clearing records the ultimate customer for each trade. Chesapeake's approach follows an allocation methodology approved by NFA. Chesapeake also periodically reviews its allocation methodology and has developed protocols to assure that its personnel can provide

allocation information to the executing or clearing brokers in a timely manner.

In some circumstances, Chesapeake may not be able to arrange for identical trades initiated for more than one of its customers to be aggregated among them, such as, for example, when orders are sent to different brokers for execution. Where aggregation is not undertaken, a Chesapeake client could be subject to higher trading costs because each order is executed separately and orders may be routed to different market makers or exchanges, and each market maker or exchange may charge a different commission; less favorable execution because separate orders are competing with other orders for the same shares, and the order may not be able to obtain the best possible price; and increased risk of errors because each order must be processed separately, and with a greater number of orders, there is necessarily a greater chance of errors. In addition, where orders are not aggregated, a client's account may experience increased risk exposure through prolonged market exposure and be vulnerable to price fluctuations and market volatility, with a potential negative impact on an account's investment returns.

**Trading Errors.** Though Chesapeake will attempt to correct trading errors as soon as they are discovered, it will not be liable or responsible for poor executions or trading errors committed by brokers or itself.

**Performance-Based Fees.** The quarterly incentive fee payable to Chesapeake is based on a percentage of New Trading Profits. This arrangement may create an incentive for Chesapeake to make trades that are riskier or more speculative than would be the case if Chesapeake were compensated solely by an asset-based management fee, because Chesapeake would receive a share of any resultant profits. From one perspective, this incentive fee can be viewed as aligning the interests of Chesapeake with the interests of its clients as the fee ensures that Chesapeake is compensated in proportion to its clients' gains, which plainly incentivizes Chesapeake to pursue investment strategies that will seek to maximize returns for its clients. From another perspective, this incentive fee can also be viewed as placing the interests of Chesapeake in conflict with the interests of its clients because the incentive fee could encourage Chesapeake to take excessive risks in an attempt to earn an outsized incentive fee. Because the typical fee is generally paid quarterly and is not subject to clawbacks for poor long-term performance, the typical incentive fee can be viewed as an incentive for Chesapeake to take greater short-term risks, which may conflict with its clients' long-term interests.

## **CLIENT QUALIFICATION**

Chesapeake operates as a commodity trading advisor under the provisions of CFTC Regulation §4.7 which exempts it from certain regulatory requirements otherwise applicable to it concerning disclosure, reporting and record-keeping because its clients are exclusively "qualified eligible persons" as that term is defined in Regulation §4.7(a) and consists of standards relating to registration status, securities portfolio size and other factors as set forth in the Regulation. In addition, Chesapeake is a registered investment adviser and, in order that it be permitted to charge its clients a performance-based fee for its securities trading for investment advisory clients under Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act"), Chesapeake requires that its clients be "qualified clients" as that term is defined in Advisers Act Rule 205-3(d)(1).

In order for Chesapeake to agree to manage a client's account, the client will be obliged to represent that the client is (i) a "qualified eligible person" as defined in CFTC Regulation §4.7(a) and (ii) a "qualified client" as defined in Advisers Act Rule 205-3(d)(1).

## **MISCELLANEOUS**

This Disclosure Document does not purport to discuss all of the risks concerning trading in futures interest contracts or Chesapeake's Trading Programs.

BECAUSE OF THE COMPLEXITY OF THE TAX LAWS AND THE DIFFERENT CONSIDERATIONS APPLICABLE TO EACH CLIENT ACCOUNT AND EACH CLIENT, THIS DISCLOSURE DOCUMENT DOES NOT PROVIDE TAX ADVICE. EACH CLIENT SHOULD CONSULT HIS OWN TAX ADVISORS TO DETERMINE THE TAX CONSEQUENCES TO HIM OF AN INVESTMENT IN A MANAGED ACCOUNT.

In addition to this Disclosure Document, you should review the additional risk disclosure document and various related documents provided to you by each relevant FCM or IB. Additional information regarding Chesapeake is available upon request at the address and telephone number listed on the cover of this Disclosure Document.

Chesapeake shall not be liable for damages or otherwise to the client, its successors or assigns, except to the extent liability is attributable to conduct of Chesapeake which constitutes gross negligence, willful misconduct, a felony crime, a material breach of the advisory agreement or of any representation or warranty contained in the advisory agreement, or a material misleading or untrue statement of a material fact or a material omission in this Disclosure Document. Furthermore, Chesapeake shall not be liable for damages or otherwise to the client, its successors or assigns, resulting from human or machine trading errors in connection with the placement or transmission of orders, or orders to trade or not to trade futures interest contracts, including the errors of any brokerage firm.

In no event shall any affiliate, controlling person, principal, shareholder, director, officer, or employee of Chesapeake or of an affiliate of Chesapeake be liable for any act or omission related in any way to the advisory agreement with a client, the conduct or omission of Chesapeake, its affiliates, their respective principals, directors, officers, shareholders, managers, members, employees, agents or controlling persons, Chesapeake's trading advisory services with respect to the client, Chesapeake's Disclosure Document or any information, certificate or other document delivered to the client pursuant to or in connection with the advisory agreement, except to the extent liability is attributable to conduct of such person which constituted actual fraud or a felony crime.

Any and all portfolio position reports, performance information and other confidential or proprietary information distributed to clients (whether delivered in writing or through electronic means) by Chesapeake must be held in confidence by the recipient client and may not be disclosed to any third party (other than the client's authorized representatives, professional advisors and other persons who need access to such information to monitor the client's account managed by Chesapeake) or used by the client or any third party to whom the client discloses such information for any purpose other than to monitor the client's account managed by Chesapeake.

Notwithstanding anything to the contrary in this Disclosure Document, the investor and each employee, representative or other agent of such investor may disclose to any and all persons, without limitation of any kind, the U. S. federal and state income tax treatment and the U. S. federal and state income tax structure of the transactions described in this Disclosure Document and all materials of any kind (including opinions or other tax analyses) that are provided to the investor relating to such tax treatment and tax structure. This authorization of tax disclosure is retroactively effective to the commencement of discussions between Chesapeake Capital Corporation or its representatives and the investor regarding the transactions contemplated herein.

#### **PRIVACY STATEMENT**

This Privacy Statement describes Chesapeake's policies and practices ("Privacy Policies") for collecting, handling, sharing and securing nonpublic personal information it obtains about its clients and prospective clients whether domiciled in the United States, the European Union, or elsewhere. Chesapeake adheres to the privacy laws of the United States and the European Union (where applicable to Chesapeake)(the "Privacy Laws"). As used herein, "nonpublic personal information" means nonpublic personally identifiable financial information that Chesapeake obtains about its individual clients (not entities) in connection with its providing services to those clients.

This Privacy Statement includes examples of the types of information Chesapeake may collect and the kinds of persons with whom it may share information. These examples are illustrative and should not be considered a complete inventory of Chesapeake's information collecting or sharing practices.

Chesapeake collects and maintains nonpublic personal information about individual clients as follows:

- Information Chesapeake receives on Chesapeake client documents, investor questionnaires and related forms, and on other forms which clients complete and submit to the Chesapeake and other information provided in writing, in person, by telephone, by electronic communication, or by any other means containing, for example, name, date of birth, place of birth, tax identification number, correspondence records, passport number, bank account details, address, contact details, corporate contact information, signature, telephone numbers, social security number, nationality, e-mail address, broker's name, employment, approximate net worth and approximate annual income and investment information and experience;
- Information about investment and other transactions (for example, trading activity and balances) with Chesapeake;
- Information Chesapeake receives from consumer reporting agencies, such as a client's credit history;
- Information Chesapeake receives from purchaser representatives, financial advisers, investment consultants or other financial institutions; and
- Information Chesapeake creates, receives or maintains relating to a client's account, such as profit and loss information and account withdrawals and additions.
- Special categories of personal data (as defined in the Privacy Laws to which Chesapeake is subject) where provided by a client with the client's consent, such as disability information or religious data for purposes required by the client for purposes such as scheduling of meetings or access to Chesapeake's premises.

Chesapeake collects personal information from potential clients to fulfill its contractual obligations, statutory and regulatory obligations and the legitimate interests of Chesapeake and for other purposes for which Chesapeake has a lawful basis under the Privacy Laws, including to discharge its anti-money laundering obligations, to verify the identity of customers (and, where applicable, their beneficial owners), to prevent fraud, for regulatory or tax reporting purposes or in response to legal requests or requests from regulatory authorities (so that, for example, Chesapeake can comply with a legal obligation to which it is subject); to communicate with clients; in its investment activities for the client, including investment due diligence, investment monitoring, or as part of "Know Your Customer" requirements of brokers, counterparties, exchanges, or regulatory bodies to the rules of which Chesapeake is subject; in connection with litigation, investigations, regulatory or government enquiries or other legal or regulatory purposes involving Chesapeake or its clients; or for other legitimate business interests including but not limited to marketing, quality control, business and statistical analysis, tracking fees and costs, customer service, training and related purposes (provided that these purposes are related to Chesapeake's or a third party's legitimate interests and those legitimate interests are not overridden by the interests, fundamental rights or freedoms of the owner of the personal data, and further provided that Chesapeake acts in a fair, transparent and accountable manner and has taken appropriate steps to prevent the activity's having any unwarranted impact of the owner and noting the owner's right to object to such use. If the owner of personal data has provided special categories of personal data to Chesapeake to enable it to respond to requests of the owner of personal data, such as access requests or for the scheduling of meetings or similar requirements, Chesapeake has done so with the owner of such personal data's consent. If Chesapeake wishes to use a person's personal data for any purpose

requiring that person's consent, Chesapeake will contact that person.

Chesapeake may share any of the nonpublic personal information that it collects about its clients with Chesapeake's affiliates, service providers and their employees to enable Chesapeake to provide statements, information and services to its Members for marketing, trading, administration, service and other purposes or otherwise as permitted or required by law. Chesapeake will take steps to ensure that personal data is accessed only by employees of such affiliates or service providers having a need to know for the purposes described in this section.

Chesapeake will not disclose nonpublic personal information about its clients to non-affiliated third parties (i.e., third parties who are not Chesapeake affiliates), except as follows: (a) Chesapeake will share such information with non-affiliated third parties with a need to know such information to enable Chesapeake to provide statements, information and services to its clients for marketing, trading, administration, service and related purposes (e.g., Chesapeake's professional representatives, such as Chesapeake's counsel, accountants and auditors, and other service providers, such as providers who develop or help maintain the Chesapeake's web site or who develop software for Chesapeake, and their employees and agents); (b) Chesapeake may share such information with non-affiliated third parties acting in a fiduciary or representative capacity on the client's behalf, such as an IRA custodian or Trustee of a grantor trust or to government agencies and self-regulatory agencies in order to respond to or comply with a subpoena or court order, judicial process or a request or requirement of regulatory authorities; (c) Chesapeake will share such information with others of its counterparties, including any portfolio fund, any vendor, any lender or any of their respective managers or other agents or representatives of any affiliate of any of the foregoing (for example, with a prospective portfolio fund in order to respond to AML inquiries by such portfolio fund); (d) if Chesapeake is acquired by a third party, in which case personal data held by Chesapeake will be disclosed to the third party buyer, or if Chesapeake sells any of its business or assets, in which case it may disclose personal data to the prospective buyer for due diligence purposes, subject to appropriate safeguards; and (e) Chesapeake may share information with non-affiliated third parties as otherwise permitted or required by law, or if Chesapeake is required to do so by law (for example, if it is under a duty to disclose such personal data in order to comply with any legal obligation or to establish, exercise or defend its legal rights).

Chesapeake takes its responsibility to protect the privacy and confidentiality of a client's and a former client's non-public personal information seriously. Chesapeake maintains physical, electronic, and procedural protections in accordance with federal standards to safeguard each of its client's nonpublic personal information and to prevent unauthorized access to such information. Chesapeake requires Chesapeake affiliates and non-affiliated third parties who perform services on the Chesapeake's behalf, and to whom Chesapeake discloses non-public personal information about Chesapeake's clients, to agree to adhere to confidentiality, security and use standards consistent with Chesapeake's Privacy Policies standards.

Chesapeake will send to its clients notice of its Privacy Policies annually and whenever such Policies change, as required by law. If a client ceases to be a Chesapeake client, Chesapeake will continue to follow its Privacy Policies and practices with respect to such former client's non-public personal information, but a former client will not receive future notices from Chesapeake. Chesapeake reserves the right to modify or supplement its Privacy Policies at any time, and to apply changes to information previously collected, as permitted by law.

For additional information about the Company's and Chesapeake's privacy policies (including with respect to the international transfers of personal data, rights of EEA Data Subjects, the recording and monitoring of telephone calls and other communications, please review the Privacy Policy available at this link: [Chesapeake Privacy Policy](#) .

#### **ANTI-MONEY LAUNDERING REGULATIONS**

In order to comply with regulations aimed at the prevention of money laundering, Chesapeake will require verification of identity and source of funds from all prospective clients (unless in any case Chesapeake is

satisfied that an exemption is available under the U.S. money laundering laws and regulations). Chesapeake reserves the right to request such information as is necessary to verify the identity and source of funds of a prospective client. In the event of delay or failure by the prospective client to produce any information required for verification purposes, Chesapeake may refuse to accept the application and, if so, any funds received will be returned without interest to the account from which the monies were originally debited. Any such information obtained with respect to individual clients will be used in accordance with the Privacy Statement above. Prospective clients should note that if Chesapeake has a suspicion that a payment to it (by way of account deposit or otherwise) contains the proceeds of criminal conduct, it may be required under applicable anti-money laundering laws and regulations to report its suspicions to one or more enforcement or regulatory agencies, including various U. S. government agencies.

**ADVISORY AGREEMENT**

THIS ADVISORY AGREEMENT (the "Agreement") made effective as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between \_\_\_\_\_ a \_\_\_\_\_ (the "Client"), and CHESAPEAKE CAPITAL CORPORATION, an Illinois corporation (the "Trading Advisor").

**WITNESSETH:**

WHEREAS, the Client is investing speculative capital for the principal purpose of investing in a diverse group of Futures Interest Contracts, commodity futures contracts, options on futures contracts and commodities, spot and forward currency contracts and other derivative contracts traded in U.S. and non-U.S. markets (such contracts being hereinafter referred to collectively as "Futures Interest Contracts") and any rights pertaining thereto and to engage in all activities incident thereto as well as in securities and, to a lesser extent, in cryptocurrency derivatives (together with Futures Interest Contracts, "Financial Instruments"), and the Client has been informed and is fully cognizant of the high risks associated with such investments in Financial Instruments;

WHEREAS, the Trading Advisor is engaged in the business of, among other things, making trading and investment decisions on behalf of investors in the purchase and sale of certain Financial Instruments on a highly leveraged basis;

WHEREAS, the Client desires the Trading Advisor, upon the terms and conditions set forth herein, to act as trading advisor for the Client and to make Financial Instruments investment decisions for the Client, and the Trading Advisor desires to so act; and

NOW, THEREFORE, the parties hereto do hereby agree as follows:

**1. Account**

The Client shall deposit with \_\_\_\_\_ (hereinafter called "Broker"), who has been selected by Client, funds and/or securities in the amount of \$\_\_\_\_\_ or more, for an account ("Account"). As of the date of this Agreement, the initial Account Size shall be \$\_\_\_\_\_ (minimum \$5,000,000 for the Diversified Program and \$10,000,000 for the Multi-Asset Trend Program or the Pure Trend Program). The sum of cash and collateral (hereinafter called "Actual Funds") in the Account shall be \_\_\_\_\_ percent of the Account Size ((Cash + Collateral)/Account Size). The Account will be traded according to Chesapeake's Trading Program as indicated below or as otherwise may be directed by Client in writing (and as accepted by Chesapeake) from time to time.

- Diversified Program**
- Multi-Asset Trend Program**
- Pure Trend Program**

The Client represents that (i) it is a "qualified eligible person" as that term is defined in Commodity Futures Trading Commission Regulation 4.7(a) and consents to the management of Client's account by the Trading

Advisor in accordance with the requirements of that Regulation and (ii) it is a “qualified client” as that term is defined in Investment Advisers Act of 1940 Rule 205-3(d)(1).

2. **Notional Funds**

The difference between the Account Size above less Actual Funds deposited in the Account or other accounts at the Broker or designated location shall be deemed "Notional Funds". Any funds that are on deposit with the Broker, or on deposit at another location, and are to be included in the Actual Funds but are not under the direct control of the Trading Advisor, should be disclosed below. An Account statement of each Account comprising the Actual Funds shall be sent to the Trading Advisor monthly. Unless otherwise agreed to in writing, the Client acknowledges that so long as this Agreement is in effect the Client shall have the obligation to deposit funds to the Client's Account in an amount equaling the designated Account Size. Unless specified in writing, accrued profits and cash additions to the Account(s) comprising Actual Funds shall be treated as an increase in the Account Size and losses and cash withdrawals to the Account(s) comprising Actual Funds shall be treated as a decrease in the Account Size. Location and account numbers of any accounts in addition to the Account at the Client's Broker where Actual Funds will be located:

<u>Account Type</u> <u>(Money Market, T-Bill, Other)</u>	<u>Account #</u>	<u>Broker/Bank Name</u>	<u>Current Balance</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

3. **Allocation to Trading Program**

(a) The Client may add funds to, or withdraw funds from its Account at any time as long as the applicable \$5,000,000 or \$10,000,000 minimum specified for each Program in Section 1 remains in place for each account. The Client acknowledges that the Trading Advisor may not consider the Account Size to be affected by any such addition or withdrawal, and may not adjust the positions held in the Account in response thereto, until the Trading Advisor has received a written notice from the Client with respect to such addition or withdrawal. Changes to the positions held by the Account will be made promptly subsequent to the Trading Advisor's receipt of such notice from the Client. The Client further acknowledges that the Trading Advisor may, in accordance with Section 15(c) hereof, terminate this Agreement and cease to manage the Account for the Client if (i) the Client withdraws funds from the Account without providing prior written notice to the Trading Advisor, or (ii) the Client makes a partial withdrawal that reduces the Account Size below the initial Account Size set forth in Section 1 hereof.

(b) The Client recognizes that the potential profitability of the Account depends upon long-term, uninterrupted investment of capital and that reduction of the Account's Account Size could materially and adversely affect the diversification among Financial Instruments of the Account and the potential profitability of the Account. The Client acknowledges that by the Trading Advisor agreeing to manage the Account for the Client the Trading Advisor is in no respects making any guarantee of profits or of protections against loss.

4. **Duties of the Trading Advisor**

(a) Upon the commencement of trading and investment operations for the Account of the Client, the Trading Advisor shall act as a commodity trading advisor and investment adviser for the Client (“Advisory Services”). The Trading Advisor and the Client agree that in managing the Account for the Client, the Trading Advisor shall apply its general trading strategies and those of its Diversified Program, as described in the Trading Advisor's Disclosure Document, dated September 1, 2024 (“Disclosure Document”), and as the same may be developed and modified over time. The Trading Advisor may use a different trading program (other than specified in Section 3 of this Agreement) in managing the Client's Account only with the consent of the Client. Except as provided otherwise in this Section 4, the Trading Advisor shall have sole and exclusive authority and responsibility for directing the



investment and reinvestment of the Account in Financial Instruments pursuant to and in accordance with the Diversified Program, and the Trading Advisor's strategic judgment and its trading strategies, systems, market timing techniques, interrelated statistical and mathematical formulas, experience and market opportunities as described in the Disclosure Document, and as refined and modified from time to time in the future in accordance herewith, for the period and on the terms and conditions set forth herein. Notwithstanding the foregoing, the Client may override the trading instructions of the Trading Advisor to the extent necessary: (i) to pay the Client's expenses; (ii) to comply with speculative position limits; and/or (iii) for the protection of the Client, as determined in good faith by the Client; provided that the Client shall permit the Trading Advisor reasonable time in which to liquidate positions for the purposes set forth in clauses (i)-(iii) above prior to exercising its authority to override.

(b) Notwithstanding any provision of this Agreement to the contrary, the Client shall have the sole and exclusive authority and responsibility with regard to the investment, maintenance and management of the Client's assets other than in respect of the Trading Advisor's trading and investing of the assets in the Account in Financial Instruments.

(c) Prior to the Client's acceptance of trading and investment advice from the Trading Advisor in accordance with this Agreement, the Client shall deliver to the Trading Advisor a trading and investment authorization in the form of Appendix A hereto appointing the Trading Advisor as an agent of the Client and attorney-in-fact for such purpose.

(d) The Trading Advisor shall, upon the request of the Client, during the term of this Agreement, deliver to the Client copies of all disclosure documents filed with the CFTC or NFA by the Trading Advisor and, upon the request of the Trading Advisor, the Client shall sign the Acknowledgment of Receipt of Disclosure Document in the form of Appendix B hereto for each disclosure document so delivered.

#### 5. **Trading Advisor Independent**

For all purposes of this Agreement, the Trading Advisor shall be deemed to be an independent contractor and shall, unless otherwise expressly provided or authorized, have no authority to act for or represent the Client in any way and shall not otherwise be deemed to be an agent of the Client. Nothing contained herein shall create or constitute the Trading Advisor or the Client as a member of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, nor shall be deemed to confer on any of them any express, implied, or apparent authority to incur any obligation or liability on behalf of any other.

#### 6. **Brokers**

The Trading Advisor shall clear orders for all Financial Instruments for the Client through such futures commission merchant, broker or brokers as the Client shall direct in writing from time to time in its discretion (the Client initially so designating \_\_\_\_\_)(the "Broker"). The Client recognizes that the Trading Advisor will transmit orders on the Client's behalf to the Broker but will not directly execute such orders. The Trading Advisor shall not be responsible for any acts, omissions, or errors of the Broker or any other executing broker in executing such orders. The Client authorizes the Trading Advisor to enter into all arrangements on the Client's behalf that are necessary or appropriate in the judgment of the Trading Advisor to carry out the obligations of the Trading Advisor under this Agreement, including without limitation selecting executing brokers and FX dealers and executing give-up agreements on behalf of the Client. The Client recognizes that the Broker has sole responsibility for providing confirmations and reports to the Client concerning the trading activity in the Account and has sole responsibility to execute orders entered on behalf of the Client by the Trading Advisor. The Client understands that the Broker, rather than the Trading Advisor, will have full custody of the Client's funds and Financial Instrument positions and that the Client will be required to pay brokerage commissions to the Broker with respect to all transactions effected in the Account.

#### 7. **Advisory Fees**

The Trading Advisor will charge Client two types of fees: (1) a monthly management fee equal to one-twelfth of one percent (0.0833%, equal to 1% annually) of the Account's Net Account Value at month-end and (2) a quarterly incentive fee equal to 10% of an Account's New Trading Profits generated pursuant to the Diversified Program for the quarter. The Trading Advisor reserves the right to negotiate different fees for different client accounts. The terms "Net Account Value" and "New Trading Profits" are defined below. The monthly management fee will be paid whether or not the Account has a profit. However, the quarterly incentive fee is payable only on cumulative profits. For example, if the Account incurs losses after an incentive fee payment is paid, the Trading Advisor will retain the payment but will receive no further incentive fee in subsequent quarters until New Trading Profits have been earned.

Net Account Value means total funds available to the Trading Advisor for trading purposes. It is the sum of:

(a) The initial Account Size as declared by the Client in this Agreement, including all cash and/or Treasury bills deposited in the Account as well as all notional equity declared and adjusted for any additions or withdrawals of cash and/or Treasury bills or notional equity; plus

(b) Cumulative gross profit or loss in the Account from trading, with all open Financial Instrument positions calculated at their then market value, which means, with respect to open Financial Instrument positions, the settlement price as determined by the exchange on which the transaction is effected or the most recent appropriate quotation as supplied by the clearing brokers or banks through which the transaction is effected (if there are no trades on the day of the calculation due to the operation of the daily price fluctuation limits or due to a closing of the exchange on which the transaction is executed, such contract will be valued at the fair market value as determined by the Trading Advisor); plus

(c) Interest income credited to the Account; less

(d) Brokerage commissions charged to the Account (including accrued commissions on open positions); less

(e) Management and incentive fees charged to the Account for prior periods, but not for the current period.

The calculation of New Trading Profits and the incentive fee shall be based on the formula described below:

GR = Gross Realized Gains/Losses for period between time X and time Y  
UR = Unrealized Gains/Losses for period between time X and time Y  
BC = Brokerage Commissions paid during period between time X and time Y  
ABCY = Accrued Brokerage Commissions at time Y  
ABCX = Accrued Brokerage Commissions at time X  
X = Date of previous calculation as to which an incentive fee was earned  
Y = Date of current calculation

Formula:

New Trading Profits = GR + UR - BC - ABCY + ABCX  
Incentive Fee = New Trading Profits x .10

No other fees or expenses reduce New Trading Profit. The monthly management fee is due and payable on the last business day of each month and the quarterly incentive fee is due and payable on the last

business day of each calendar quarter. The management fee will be prorated for partial months and for additions and for withdrawals (based on the actual number of business days in the month for which the Trading Advisor managed the client's trading, the addition or withdrawal, respectively), and payable on withdrawal. The incentive fee will also be payable in the case of a withdrawal prior to the end of a calendar quarter within a reasonable time after such withdrawal. If New Trading Profits for a calendar quarter are negative, it shall constitute a "carryforward loss" for the beginning of the next calendar quarter. To the extent any funds (including notional equity) are withdrawn from Client's Account, any loss attributed to those funds shall be deducted from the carryforward loss. Shortly after the end of each month, the Trading Advisor shall prepare a statement setting forth the amount of monthly management fees and/or quarterly incentive fees payable to the Trading Advisor and shall furnish such statement to the Broker. Upon submission of the statement to the Broker, the Broker and Trading Advisor are authorized by the Client to deduct these fees directly from the Client's Account. The Trading Advisor shall furnish the Client with a copy of the statement presented to the Broker. The Client agrees to assure payment to the Trading Advisor of applicable management and incentive fees within five business days of the date such fees become due and payable.

8. **Right to Advise Others; Uniformity of Acts and Practices**

During the term of this Agreement, the Trading Advisor and its affiliates shall be free to advise other clients as to the purchase and sale of Financial Instruments, to manage and trade other clients' Financial Instrument accounts and to trade for and on behalf of their own proprietary accounts (including taking positions that are the same as or opposite those of the Client's account). The Trading Advisor and its affiliates shall not knowingly or intentionally favor on an overall basis any account directed by any of them (regardless of the date on which they began or shall begin to direct such account) over the Client's Account. For purposes of this Agreement, the Trading Advisor and its affiliates shall not be deemed to be favoring another Financial Instrument account over the Client's Account if the Trading Advisor or its affiliates, in accordance with specific instructions of the owner of such account, trade such account at a degree of leverage in accordance with trading and investment policies which shall be different from that which shall normally be applied to substantially all of the Trading Advisor's other accounts or if the Trading Advisor or its affiliates, in accordance with the Trading Advisor's money management principles, shall not trade certain Financial Instruments for an account based on the amount of equity in such account.

Trading different portfolios for other accounts, trading other accounts at different levels of leverage, or charging different fees to different accounts shall similarly not be considered to constitute favoring on an overall basis such accounts over the Client. The parties hereto acknowledge that the Client may significantly under-perform the other accounts or programs managed by the Trading Advisor. The reasons for this include numerous material differences among accounts, including but not limited to: (1) the period during which accounts are active; (2) the trading approach used—although all accounts may be traded in accordance with the same trading approach, such approach can and does change periodically as a result of an ongoing program of research and development by the Trading Advisor; (3) the size of accounts—which influences the number of Financial Instrument markets and the number of Financial Instruments in each Financial Instrument market traded by the account; (4) a particular client's goals and policies by which accounts are traded—some accounts are more highly exposed at the client's request producing commensurately larger gains or losses than other accounts; (5) the rates of brokerage commissions paid by accounts and when such commissions are charged to accounts; (6) the amount of interest income, if earned by accounts, which will depend on the portion of the account's assets invested in interest-bearing obligations such as United States Treasury Bills; (7) the rate of management and/or incentive fees and amount of administrative cost paid by accounts—some pay management and incentive fees, some pay incentive fees only, and some pay reduced fees or no fees at all; (8) the timing of orders to open or close positions; and (9) the market conditions in which accounts are traded, which in part determines the quality of trade executions; and (10) different inflows or outflows of equity.

9. **Exculpation; Standard of Liability; Indemnification.**

(a) The Trading Advisor shall not be liable to the Client and its affiliates, or their respective principals, directors, officers, shareholders, managers, members, employees, agents or controlling persons, or to any of their successors or assigns pursuant to any indemnity or any other provision of this Agreement or otherwise under or for any act or omission related in any way to this Agreement, the conduct or omission of Client, its affiliates, their respective principals, directors, officers, shareholders, managers, members, employees, agents or controlling persons, the Advisory Services of the Trading Advisor with respect to the Client, or the Trading Advisor's Disclosure Document or any information, certificate or other document delivered to the Client pursuant to or in connection with this Agreement, except to the extent liability is attributable to conduct of the Trading Advisor or its affiliates, or their respective principals, directors, officers, shareholders, managers, members, employees, agents or controlling persons, which constituted gross negligence, willful misconduct, a felony crime, a material breach of this Agreement or of any representation or warranty contained in this Agreement, or a material misleading or untrue statement of a material fact or a material omission in the Disclosure Document. Notwithstanding the above, the Trading Advisor shall not be liable to the Client and its affiliates, or their respective principals, directors, officers, shareholders, managers, members, employees, agents or controlling persons, or to any of their successors or assigns for any human or machine trading error in connection with the placement or transmission of orders, or orders to trade or not to trade Financial Instruments, including the errors of any brokerage firm ("trading error").

(b) Notwithstanding any provision of this Agreement, in no event shall any of the Trading Advisor's and the Trading Advisor's affiliates' respective principals, directors, officers, shareholders, managers, members, employees, or controlling persons be liable to the Client and its affiliates, or their respective principals, directors, officers, shareholders, managers, members, employees, or controlling persons, or to any of their successors or assigns pursuant to any indemnity or any other provision of this Agreement or otherwise under or for any act or omission related in any way to this Agreement, the conduct or omission of Client, its affiliates, their respective principals, directors, officers, shareholders, managers, members, employees, agents or controlling persons, the Advisory Services of the Trading Advisor with respect to the Client, or the Trading Advisor's Disclosure Document or any information, certificate or other document delivered to the Client pursuant to or in connection with this Agreement, except to the extent liability is attributable to conduct of such person which constituted actual fraud or a felony crime.

(c) The Client shall indemnify, defend, and hold harmless the Trading Advisor and its affiliates, and their respective principals, directors, officers, shareholders, managers, members, employees, or controlling persons, from and against any and all losses, claims, damages, liabilities (joint and several), costs, and expenses (including any reasonable investigatory, legal, and other expenses incurred in connection with, and any amounts paid in, any settlement, provided that the Client shall have approved such settlement, and in connection with any administrative proceedings) resulting from a demand, claim, lawsuit, action, or proceeding (referred to cumulatively herein as "Proceeding") relating to this Agreement, the advisory services rendered by the Trading Advisor with respect to the Client, or the conduct or omissions of the Client, its affiliates, their respective principals, directors, officers, shareholders, managers, members, employees, agents or controlling persons, except to the extent that a court of competent jurisdiction upon entry of a final judgment finds (or, if no final judgment is entered, by an opinion rendered by counsel who is approved by the Client and the Trading Advisor, such approval not to be unreasonably withheld), with respect to the Trading Advisor, to the effect that the action or inaction of the Trading Advisor constituted gross negligence, willful misconduct, a felony, or a material breach of this Agreement or of any representation or warranty contained in this Agreement, or a material misleading or untrue statement of a material fact or a material omission in the Disclosure Document, or, with respect to the Trading Advisor's and its affiliates' respective principals, directors, officers, shareholders, managers, members, employees, or controlling persons, to the effect that the action or inaction of such person constituted actual fraud or a felony crime.

(d) Promptly after receipt by any of the indemnified parties under this Agreement of notice of any Proceeding, the party seeking indemnification (the "Indemnitee") shall notify the party from which indemnification is sought (the "Indemnitor") in writing of the commencement thereof if a claim with respect thereof is to be made under this Agreement. To the extent that the Indemnitor has actual knowledge of the commencement of such Proceeding, the failure to notify the Indemnitor shall not relieve such Indemnitor from any indemnification

liability which it may have to such Indemnitee pursuant to this Section 9, and in no event shall the omission to notify the Indemnitor relieve the Indemnitor from any obligation or liability which it may have to any such Indemnitee otherwise than under this Section 9. Subject to paragraph (g) below, the Indemnitor will be entitled to participate in the defense of any such Proceeding and to assume the defense thereof with the assistance of counsel reasonably satisfactory to the Indemnitee. In any such Proceeding, the Indemnitee shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the Indemnitee's own expense unless (i) otherwise agreed by the Indemnitor and Indemnitee or (ii) the named parties to any such Proceeding (including any impleaded parties) include both the Indemnitor and the Indemnitee, and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or the existence of different or additional defenses (it being understood, however, that the Indemnitor shall not be liable for legal fees or other expenses of more than one separate firm of attorneys for all such Indemnitees, which firm shall be designated in writing by such Indemnitees and be reasonably acceptable to the Indemnitor). The Indemnitee will cooperate with the Indemnitor in connection with any such Proceeding and shall make all personnel, books and records relevant to the Proceeding available to the Indemnitor and grant such authorizations or powers of attorney to the agents, representatives and counsel of the Indemnitor as the Indemnitor may reasonably consider desirable in connection with the defense of any such Proceeding.

(e) An Indemnitor shall not be liable under this Section 9 for any settlement of any Proceeding effected without its consent with respect to which indemnity may be sought hereunder.

(f) The foregoing agreements of indemnity shall survive the termination or expiration of this Agreement and shall be in addition to and shall in no respect limit or restrict any other remedies which may be available to an Indemnitee.

(g) The Client may assume the defense of any demand, claim, lawsuit, action or proceeding subject to indemnification by the Client, provided that by doing so the Client shall conclusively agree that indemnification is due from it in respect of such demand, claim, lawsuit, action or proceeding.

(h) The Client under this Section 9 shall advance payments to the Indemnitee in respect of an indemnity potentially due hereunder provided that the Indemnitee executes and delivers to the Client a written agreement to return all such amounts (without interest) in the event that it is determined that indemnification is not, in fact, due.

#### 10. **Risks**

The Client is aware of the risks involved in opening an Account including, without limitation, the speculative character of trading in Financial Instruments; the possibility that an entire investment may be lost and that liability could exceed the assets in the Client's Account; the fact that the Account will be subject to brokerage commissions and management fees regardless of whether profits are earned; and that even if best efforts are used to close out all positions in the Account at a particular time, there is no assurance that any such open positions will be closed out without incurring substantial additional losses. The Client has read, carefully considered and understands the Disclosure Document describing the Diversified Program, and the Client accepts the risks referred to therein. The Client further represents that he has the financial capacity to undertake such risks.

#### 11. **Assignment**

This agreement shall not be assigned by any of the parties hereto without the prior express written consent of the other party hereto.

12. **Amendment; Waiver**

This Agreement shall not be amended except by a writing signed by the parties hereto. No waiver of any provision of this Agreement shall be implied from any course of dealing between the parties hereto or from any failure by either party hereto to assert its rights hereunder on any occasion or series of occasions.

13. **Severability**

If any provision of this Agreement, or the application of any provision to any person or circumstance, shall be held to be inconsistent with any present or future law, ruling, rule or regulation of any court or governmental or regulatory authority having jurisdiction over the subject matter hereof, such provision shall be deemed to be rescinded or modified in accordance with such law, ruling, rule or regulation, and the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it shall be held inconsistent, shall not be affected thereby.

14. **Term**

Unless sooner terminated pursuant to Section 15 hereof, this Agreement shall continue in effect until the end of the 12th full month after the Trading Advisor commences trading or investing the Client's Account (subject to automatic renewal for additional twelve-month terms, on the same terms).

15. **Termination.**

Notwithstanding Section 14 hereof, this Agreement shall terminate:

- (a) automatically upon the death, dissolution, legal disability or bankruptcy of either party;
- (b) at the discretion of the Client upon written notice as of any month-end; or
- (c) at the discretion of the Trading Advisor upon 24 hours' written notice.

Upon termination of this Agreement by either party, Client shall pay Trading Advisor the management fee (on a pro rata basis in accordance with the number of days the Account is managed) and the incentive fee, if any, applicable through the last day of trading in the Account. The Client acknowledges that liquidations may be required upon any such termination which could result in losses.

16. **Notices**

Any notice required or desired to be delivered under this Agreement shall be in writing and shall be delivered by email (with digital confirmation of successful delivery), courier service, postage prepaid mail, telex, telegram or other similar means and shall be effective upon actual receipt by the party to which such notice shall be directed, addressed as follows (or to such other address as the party entitled to notice shall hereafter designate in accordance with the terms hereof):

if to the Client:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

if to the Trading Advisor:

CHESAPEAKE CAPITAL CORPORATION  
100 South Ashley Drive, Suite 1140  
Tampa, Florida 33602

Attn: Anilchandra Ladde, Chief Compliance Officer

17. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law.

18. **Consent to Venue and Jurisdiction**

The parties hereto agree that any action or proceeding arising directly, indirectly or otherwise in connection with, out of, related to or from this Agreement, any breach hereof or any transaction covered hereby, shall be resolved, within the County, City and State of New York. Accordingly, the parties consent and submit to the jurisdiction of the federal and state courts located within the County, City and State of New York. The parties further agree that any such action or proceeding brought by either party to enforce any right, assert any claim, or obtain any relief whatsoever in connection with this Agreement, if brought in federal or state court, shall be brought by such party exclusively in federal or state courts located within the County, City and State of New York. The parties may also agree that any dispute between them will be settled by arbitration and any such arbitral dispute will be resolved in accordance with CFTC Regulation §166.5(c)(5).

19. **Other Rules and Regulations**

All transactions on the Client's behalf shall be subject to the applicable constitution, rules, regulations, customs, usages, rulings and interpretations of any exchange or market and its clearing house, if any, on which transactions are executed for Client's Account, and to all applicable governmental acts and statutes (such as the Commodity Exchange Act, as amended) and to rules and regulations thereunder. Chesapeake and Chesapeake's successors and assigns shall not be liable to the Client as a result of any action taken to comply with any such constitution, rule, regulation, custom, usage, ruling, interpretation, act or statute. However, this paragraph is included solely for the benefit of the Trading Advisor and its successors and assigns and not for the benefit of the Client, and this paragraph shall not give the Client any additional rights or waive any obligation of the Client.

20. **Remedies**

In any action or proceeding arising out of any of the provisions of this Agreement, except as otherwise provided for herein or under Section 21 below, the Trading Advisor and the Client agree that they shall not seek any prejudgment equitable or ancillary relief. Such parties also agree that their sole remedy in any such action or proceeding shall be to seek actual monetary damages for any breach of this Agreement; provided, however, that the parties agree that the Trading Advisor may seek a declaratory judgment with respect to the indemnification provisions of this Agreement.

21. **Confidentiality**

(a) For purposes of this Agreement, and notwithstanding any of the provisions hereof, the following is, and shall be treated as, confidential and proprietary information and/or trade secrets and the exclusive property of the Trading Advisor ("Proprietary Information"): all information relating to the Trading Advisor including, but not limited to, records whether original, duplicated, computerized, handwritten, or in any other form, and information contained therein, business, marketing and sales plans and proposals, names of past and current clients,

names of past, current and prospective contacts, trading methodologies, systems, strategies and programs, trading advice, trading instructions, results of proprietary accounts, training materials, research data bases, portfolios, and computer software, and all written and oral information, furnished by the Trading Advisor to the Client or its officers, directors, employees, or agents (including, but not limited to, attorneys, consultants, service consultants and financial advisors) (each a "Recipient"), whether furnished before or after the date hereof, and regardless of the manner in which it is furnished, together with any analysis, compilations, studies or other documents or records which are prepared by a Recipient of such information and which contain or are generated from such information, regardless of whether explicitly identified as proprietary or confidential, with the exception of information which (i) is or becomes generally available to the public other than as a result of acts by the Recipient in violation of this Agreement, (ii) is in the possession of the Recipient prior to its disclosure pursuant to the terms hereof, or (iii) is or becomes available to the Recipient from a source that is not bound by a confidentiality agreement with regard to such information or by any other legal obligation of confidentiality prohibiting such disclosure.

(b) The Client warrants and agrees that Client will protect, preserve and keep confidential the Proprietary Information and will disclose Proprietary Information or otherwise make Proprietary Information available only to those Recipients who need to know the Proprietary Information (or any part of it) for the purpose of satisfying its fiduciary, reporting, filing or other obligations hereunder or to monitor performance in the Account during the term of this Agreement or thereafter, unless the Client or a Recipient, as the case may be, is required to disclose it by judicial process or regulatory action. Additionally, the Client warrants and agrees that it and any Recipient will use the Proprietary Information solely for the purpose of satisfying the Client's obligations under this Agreement and not in a manner that violates the terms of this Agreement. If the Client or a Recipient, as the case may be, is required to disclose any Proprietary Information as part of a legal or regulatory proceeding or if a third party requests the client or a Recipient to submit any Proprietary Information to them pursuant to subpoena, summons, search warrant, court or governmental order, applicable regulation, or otherwise (collectively, a "Lawful Order"), to the extent that it is permitted by law to do so, the Client or the Recipient, as the case may be, shall provide the Trading Advisor with: (i) prompt written notice of such request or requirement, as it pertains to the Trading Advisor, and (ii) seven business days to permit the Trading Advisor to seek a protective order or other appropriate remedy before the Client or the Recipient, as the case may be, discloses the Proprietary Information; provided that if the Client or the Recipient, as the case may be, determines upon advice of legal counsel that it is required to disclose the Proprietary Information prior to the expiration of seven business days due to applicable law or regulation, it may do so with written notice of such disclosure to the Trading Advisor without breaching this Agreement. In no event shall the Client or a Recipient be required to seek a protective order or other remedy pursuant to this Section 21(b).

(c) Client acknowledges that the unauthorized use or disclosure of any Proprietary Information would be detrimental to the Trading Advisor. Due to the unique nature of the Proprietary Information, the Trading Advisor would suffer irreparable harm in the event Client fails to comply with any of the terms of this Agreement and money damages and other remedies at law available in the event of a breach or a threatened breach of this Agreement are not, and will not be, adequate to compensate for the harm caused by the breach or the threatened breach. Accordingly, Client agrees that the Trading Advisor shall be entitled to injunctive relief in the event of a breach or a threatened breach of Section 21 of this Agreement.

(d) Notwithstanding the foregoing, the Client (and each employee, representative, or other agent of the Client) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to the Client relating to such tax treatment and tax structure. This authorization of tax disclosure is retroactively effective to the commencement of the first discussions between the Trading Advisor and the Client regarding the transactions contemplated herein.

22. **Survival**



The provisions of this Agreement shall survive the termination hereof with respect to any matter arising while this Agreement shall be in effect or thereafter with respect to Section 21, above.

23. **Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

24. **Headings**

Headings to sections and subsections in this Agreement are for the convenience of the parties only and are not intended to be a part of or to affect the meaning or interpretation hereof.

25. **Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto with respect to the matters referred to herein, and no other agreement, verbal or otherwise, shall be binding as between the parties unless it shall be in writing and signed by the party against whom enforcement is sought.

IN WITNESS WHEREOF, this Agreement has been executed for and on behalf of the undersigned and it is effective on the day and year first written above.

(CLIENT'S NAME)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CHESAPEAKE CAPITAL CORPORATION

By: \_\_\_\_\_  
Anilchandra Ladde  
Chief Compliance Officer

TRADING AUTHORIZATION

CHESAPEAKE CAPITAL CORPORATION  
100 South Ashley Drive, Suite 1140  
Tampa, Florida 33602  
Attn: Anilchandra Ladde

Ladies and Gentlemen:

\_\_\_\_\_, a \_\_\_\_\_ (the "Client"), does hereby make, constitute and appoint you as an attorney-in-fact of the Client to buy and sell commodity futures contracts, options on futures contracts and commodities, spot and forward currency contracts and other derivative contracts; securities, cryptocurrencies and cryptocurrency derivatives traded in U.S. and non-U.S. markets (referred to collectively as "Financial Instruments"), through \_\_\_\_\_, as futures commission merchant or broker or such other brokers as selected by the Trading Advisor, in accordance with the Advisory Agreement between the Client and the Trading Advisor, Chesapeake Capital Corporation, dated effective as of the \_\_\_ day of \_\_\_\_\_, 20\_\_.

This authorization shall terminate and be null, void and of no further effect simultaneously with the termination of the said Advisory Agreement.

Very truly yours,

(CLIENT'S NAME)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED TO:

CHESAPEAKE CAPITAL CORPORATION

By: \_\_\_\_\_  
Anilchandra Ladde  
Chief Compliance Officer

Dated as of: \_\_\_\_\_, 20\_\_

**ACKNOWLEDGEMENT OF RECEIPT  
OF DISCLOSURE DOCUMENT**

The undersigned hereby acknowledges receipt on the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, of  
Chesapeake Capital Corporation's Disclosure Document effective as of September 1, 2024.

(CLIENT'S NAME)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CLIENT INFORMATION QUESTIONNAIRE**

Under Rule 2-30 of the National Futures Association, our firm is required to obtain specified information about our individual futures clients. Please assist us by completing the information requested below:

Client Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Marital Status: \_\_\_\_\_

Number of Dependents: \_\_\_\_\_

Home Address (street, city, state and zip):

\_\_\_\_\_  
\_\_\_\_\_

E-mail Address: \_\_\_\_\_

Principal Occupation or Business:

\_\_\_\_\_

Name of Employer: \_\_\_\_\_

Business Address and Telephone:

\_\_\_\_\_  
\_\_\_\_\_

Annual Income for Previous Two Years: \_\_\_\_\_

Estimated Annual Income for Current Year: \_\_\_\_\_

Estimated Net Worth: \_\_\_\_\_

Investment with Chesapeake is for (*please check as applicable*):

- Speculative purposes
- Hedging purposes

Previous Investment and Futures Trading Experience (please describe in some detail, if applicable):

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I represent that I am (A) a “qualified eligible person” as that term is defined in Commodity Futures Trading Commission Regulation 4.7(a) and (B) a “qualified client” as that term is defined in Investment Advisers Act of 1940 Rule 205-3(d)(1).

Date: \_\_\_\_\_ Signed: \_\_\_\_\_

**AUTHORIZATION TO PAY FEES**

(Broker) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

You are hereby authorized to deduct and remit directly to Chesapeake Capital Corporation (the "Trading Advisor") such management and incentive fees ("Fees") as the Trading Advisor requests on a monthly or quarterly basis, respectively.

The Trading Advisor will inform you of the exact amounts due on the agreed upon payment dates. The undersigned acknowledges and agrees that the Trading Advisor is solely responsible for the computation of Fees and authorizes you to rely on remittance instructions submitted by the Trading Advisor, completely without regard to amount and without further direction or confirmation from the undersigned.

The authorization will continue in effect until you have received written notice terminating it from the undersigned. Such notice will be mailed or delivered to the Trading Advisor by the undersigned.

Client(s) Signatures(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Client(s) Address(es)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

CHESAPEAKE CAPITAL CORPORATION  
100 South Ashley Drive, Suite 1140  
Tampa, Florida 33602  
(804) 836-1617

**ACKNOWLEDGMENT OF RECEIPT  
OF CHESAPEAKE CAPITAL CORPORATION DISCLOSURE DOCUMENT**

Gentlemen:

I acknowledge that I have received a copy of the Disclosure Document dated September 1, 2024 describing the Diversified Program of Chesapeake Capital Corporation.

I understand the risks of futures trading and represent to Chesapeake Capital Corporation that the Trading Program or Trading Programs indicated by me for trading in Section 1 of my Advisory Agreement and described in such Disclosure Document would be an appropriate investment for me in light of my financial circumstances.

Read and Acknowledged by:

\_\_\_\_\_  
Client's Signature (and Title, if any)

\_\_\_\_\_  
Date

Read and Acknowledged by:

\_\_\_\_\_  
Client's Signature

\_\_\_\_\_  
Date

**CHESAPEAKE CAPITAL CORPORATION**

**CLIENT AUTHORIZATION FOR GIVE UP ORDERS**

The undersigned Client(s) authorizes Chesapeake Capital Corporation, hereinafter referred to as "Chesapeake", to execute orders on behalf of the Client's Account on a "give up" basis. Chesapeake shall have the authority to designate the FCM or Floor Broker who will act as Executing Broker for trades entered into the market on behalf of the Client's Account. The Executing Broker will "give up" the orders to the Client's Clearing Broker, for the Client's Account held at the Clearing Broker. The Clearing Broker will be acting as the carrying broker and will carry these positions.

The Client understands that the Executing Broker will charge fees for give up orders to the Clearing Broker. The Client agrees to reimburse the Clearing Broker from the Client's Account held at the Clearing Broker.

The Client authorizes Chesapeake to enter into all arrangements on the Client's behalf which are necessary or appropriate in the judgment of Chesapeake to carry out the obligations of Chesapeake in setting up and executing the "give up" order process. The Client authorizes Chesapeake to negotiate any such agreements up to, but not in excess of, "give up" charges amounting to \$1.00 per side. The Client must approve any charges in excess of this amount.

Client(s) Signature(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Client(s) Address(es)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CHESAPEAKE CAPITAL CORPORATION

By: \_\_\_\_\_



**CHESAPEAKE CAPITAL CORPORATION**

**CLIENT/FCM CHECKLIST FOR NEW ACCOUNT OPENINGS**

(To Be Completed by the Client and the FCM)

The undersigned Client agrees to provide the necessary information and sign the agreements required to allow the following types of activity in the trading Account held with the Clearing Broker (FCM) listed below, and traded by the Trading Advisor, Chesapeake Capital Corporation for trading on US exchanges and such additional Financial Instruments and exchanges as initialed below. For additional information regarding the terms below refer to Chesapeake Capital Corporation's Disclosure Document dated September 1, 2024.

<u>Client</u> (Authorization-Initial)	<u>Trade Activity</u>	<u>FCM</u> (Set-up Complete-Initial)
_____	Non-US Exchanges	_____
_____	EFRPs	_____
_____	Interbank Currency Trading	_____
_____	Give-Up Trade Execution	_____

Client(s) Signatures(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Clearing Broker Signature

By:

\_\_\_\_\_

**ARBITRATION AGREEMENT**

The undersigned ("Client") hereby agrees that any claim, dispute or controversy ("dispute") between Client and Chesapeake Capital Corporation ("Chesapeake") or any of Chesapeake's employees, principals, affiliates, or agents, or its or their respective successors or assigns ("affiliated persons") arising directly or indirectly from or otherwise in connection with any commodity futures account of Client managed by Chesapeake; the foregoing Advisory Agreement or any other document or agreement now or hereafter existing that relates to any of Client's accounts managed by Chesapeake; or any transaction effected pursuant to such agreement or document shall, except as provided below, be resolved by binding arbitration before a forum chosen in accordance with the following procedure.

At such time as Client notifies Chesapeake that Client intends to submit a dispute to arbitration, or at such time as Chesapeake or any of its affiliated persons notifies Client that Chesapeake or any of its affiliated persons intends to submit a dispute to arbitration, Client will have the opportunity to choose a forum from a list of two or more qualified forums provided by Chesapeake. A "qualified forum" is an organization whose procedures for conducting arbitration comply with the requirements of Commodity Futures Trading Commission ("CFTC") Rule 166.5.

As required by CFTC regulations, Chesapeake or any of Chesapeake's affiliated persons who is a party to any dispute arbitrated pursuant to this Arbitration Agreement shall pay any additional fees which may be assessed by the arbitrators for a mixed arbitration panel, unless the arbitrators determine that Client has acted in bad faith in initiating or conducting the arbitration. A "mixed arbitration panel" is an arbitration panel composed of at least one or more persons, of which at least a majority are not members or associated with a member of a contract market or employee thereof, and which are not otherwise associated with a contract market.

Any award rendered in any arbitration conducted pursuant to this Arbitration Agreement shall be final and binding on and enforceable against Client in accordance with the substantive law of the State of New York, and judgment may be entered on any such award by any court having jurisdiction thereof.

**THREE FORUMS EXIST FOR THE RESOLUTION OF COMMODITY DISPUTES: CIVIL COURT LITIGATION, REPARATIONS AT THE COMMODITY FUTURES TRADING COMMISSION ("CFTC"), AND ARBITRATION CONDUCTED BY A SELF-REGULATORY OR OTHER PRIVATE ORGANIZATION.**

**The CFTC recognizes that the opportunity to settle disputes by arbitration may in some cases provide many benefits to customers, including the ability to obtain an expeditious and final resolution of disputes without incurring substantial costs. The CFTC requires, however, that each customer individually examine the relative merits of arbitration and that your consent to this arbitration agreement be voluntary.**

By signing this agreement, you: (1) may be waiving your right to sue in a court of law; and (2) are agreeing to be bound by arbitration of any claims or counterclaims which you or Chesapeake Capital Corporation or any of its affiliated persons may submit to arbitration under this agreement. You are not, however, waiving your right to elect instead to petition the CFTC to institute reparations proceedings under section 14 of the Commodity Exchange Act with respect to any dispute that may be arbitrated pursuant to this agreement. In the event a dispute arises, you will be notified if Chesapeake Capital Corporation or any of its affiliated persons intends to submit the dispute to arbitration. If you believe a violation of the Commodity Exchange Act is involved and if you prefer to request a section 14 "Reparations" proceeding before the CFTC, you will have 45 days from the date of such notice in which to make that election.

You need not sign this agreement to open or maintain an account with Chesapeake Capital Corporation. See 17 CFR 166.5.

Signature(s) of Client(s)

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Name(s) of Client(s)

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Date: \_\_\_\_\_