

To setup your managed futures account:

Review the program documentation.

This will often include both a Disclosure Document and an Advisory Agreement. Many of these documents can be downloaded at [altavra.co/forms](http://altavra.co/forms) or requested via email at [clientservices@altavra.com](mailto:clientservices@altavra.com).

Setup an account.

An account can be setup online at [altavra.co/open](http://altavra.co/open). Account forms can be downloaded at [altavra.co/forms](http://altavra.co/forms) or requested via email at [clientservices@altavra.com](mailto:clientservices@altavra.com).

Assign trading authorization.

Most managed accounts require both an Advisory Agreement and a Trading Authorization Form. If you are not sure which forms are required for your particular account, please email [clientservices@altavra.com](mailto:clientservices@altavra.com), or call 1-800-998-7870 (international +1-561-829-8291).

Submit completed forms.

Please email the completed forms to [clientservices@altavra.com](mailto:clientservices@altavra.com) or fax to +1-561-829-8190.

Disclosure Document Note.

In an effort to achieve higher levels of disclosure and transparency, ALTAVRA provides free online access to the disclosure documents of many CTA's. While documents older than a year may still provide useful risk information and disclosure, they are no longer valid and cannot be used to setup an account with a CTA. To verify that you have the most recent disclosure document, please email [clientservices@altavra.com](mailto:clientservices@altavra.com).

Questions.

If you have any questions, please visit [altavra.com](http://altavra.com), email [clientservices@altavra.com](mailto:clientservices@altavra.com), or call 1-800-998-7870.

## Managed Futures CTA Database

To setup free access to the database, please visit [altavra.com](http://altavra.com).

THE RISK OF LOSS IN TRADING FUTURES AND OPTIONS CAN BE SUBSTANTIAL. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ADDITIONAL RISK INFORMATION AT [ALTAVRA.CO/RISK](http://ALTAVRA.CO/RISK).

# DISCLOSURE DOCUMENT



Claughton Capital, LLC

Main Office:  
14 NE First Avenue, Suite 907  
Miami, FL 33132

(212) 542-8822

**THE COMMODITY FUTURES TRADING COMMISSION HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS TRADING PROGRAM NOR HAS THE COMMISSION PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.**

**PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS ACCOUNT DOCUMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR THIS BROCHURE OR ACCOUNT DOCUMENT.**

---

No person is authorized by Claughton Capital, LLC to give any information or to make any representations not contained herein. The delivery of this Disclosure Document does not imply that the information contained herein is correct as of any time subsequent to the date set forth below

The date of this Disclosure Document is December 17, 2018

---

## 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 PAGE 11, 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 PAGE 8.**

**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.**

---

**TABLE OF CONTENTS**

---

<u>Section</u>	<u>Page</u>
Risk Disclosure Statement	Page 2
The Trading Advisor	Page 5
Trading Principals of the Advisor	Page 5
Trading Programs	Page 6
Trading Approach	Page 6
Principal Risk Factors	Page 8
Conflicts of Interest	Page 10
Advisory Fees	Page 11
Considerations for Notionally Funded Accounts	Page 11
Risk Disclosure for Notionally Funded Accounts	Page 12
Brokerage Arrangements	Page 13
Past Performance	Page 15
Rates of Return for Notionally Funded Accounts	Page 18
Opening an Account	Page 18
Additional Information	Page 18
Supplemental Information: Institutional Program Historical Returns	Page 19
Supplemental Information: Founders Program Historical Returns	Page 20
Supplemental Information: Crude Only Intraday Program Historical Returns	Page 21

---

## THE TRADING ADVISOR

---

Claughton Capital, LLC (the "Trading Advisor") is a Florida Limited Liability Company organized in 2003. The Trading Advisor's principal office is located at 14 NE First Avenue, Suite 907, Miami, FL 33132. All books and records are maintained at this address. The Trading Advisor's telephone number is (212)-542-8822. Its email address is info@claughton.com. Its website is www.claughton.com. The Trading Advisor has been registered with the Commodity Futures Trading Commission ("CFTC") as a Commodity Trading Advisor ("CTA") since August 11, 2003, registered as a Commodity Pool Operator ("CPO") on November 30, 2009 and withdrew its CPO registration on October 23, 2015. Claughton Capital is a member of the National Futures Association ("NFA") since September 15, 2003. During the past five years, there have been no material civil, criminal, or administrative actions against the firm or any of its principals.

The performance record of the Trading Advisor is provided under the Section entitled "Past Performance" which is found on pages 15, 16 and 17.

---

## TRADING PRINCIPAL OF THE ADVISOR

---

### **Eric Schreiber, President**

Mr. Schreiber was first listed with the CFTC as a Principal with Claughton Capital, LLC on July 28, 2003. Mr. Schreiber became registered as an Associated Person with Claughton Capital, LLC on August 11, 2003 and as an Associate Member on September 15, 2003. During the past five years, Mr. Schreiber has been a Trading Principal and the President of Claughton Capital, LLC. Mr. Schreiber received the Arthur D. Little Scholarship to attend the University of Chicago where he received an M.B.A. degree and received the Halsey S. Garlund Scholarship to attend Emory University where he received a B.S. degree in Mathematics and Computer Science.

### **The Estate of Keith M. Ganzer**

An ownership interest in the firm is held by The Estate of Keith M. Ganzer. The estate has no management responsibility or any day to day operational duties.

[balance of page intentionally left blank]

---

## TRADING PROGRAMS

---

The goal of the trading program offered by the Trading Advisor is to deliver enhanced performance and non-correlated returns relative to other managed futures strategies and traditional investments. The Trading Advisor believes that its trading approach can provide a prudent diversifying component to a portfolio of alternative and traditional asset classes and investment styles. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

The Institutional Program is a systematic investment program and is currently open to new client accounts. The minimum account size in the Institutional Program is \$1,000,000. The Founders Program and the Crude Only – Intraday Program are closed to new client accounts.

The current trading strategy, known as the Auto Reactive Positioning (ARP) strategy, was traded from August 1993 through July 2000, by the Multi-Sector Program at Brookville Analytic Investment Corporation, also known as Brookville Investments. While the ARP strategy (as described in the Trading Approach section) was traded at Brookville and is currently being traded at Claughton, the main difference is that the ARP strategy was traded with a 66.67% weighting at Brookville and is traded with a 100% weighting at Claughton. Other differences between the Brookville and Claughton trading include, but are not limited to (i) the markets that were traded, (ii) what dates and times these markets were traded, (iii) the substantial differences between the pit traded markets that had been predominantly traded at Brookville versus the electronically traded markets that have been predominantly traded at Claughton, and (iv) the methodology employed when trading immediately before and after the release of economic figures. The Multi-Sector Program is closed to new client accounts. The Institutional Program and the Crude Only - Intraday program both employ the ARP strategy. The programs differ in how frequently the model is recalculated. The model is run once per trading day for the Institutional Program. The model was run multiple times during the trading day for the Crude Only - Intraday Program.

The Trading Advisor strongly encourages prospective clients to view their accounts as long-term investments with the objective of seeking capital appreciation. Although accounts may be closed at any time, the Trading Advisor recommends potential clients to invest in a managed futures trading account only if they have at least a two year investment horizon. Prospective investors are encouraged to consult with independent qualified sources of investment and tax professionals to assess suitability of investing in an account managed by the Trading Advisor.

---

## TRADING APPROACH

---

Claughton Capital, LLC uses what it regards as an innovative systematic approach to trade various markets called the Auto-Reactive Positioning (ARP) strategy. The ARP strategy is designed to dynamically allocate capital between a predominantly employed probability based pattern recognition sub-strategy and an occasionally employed sub-strategy of following the trend. The trading approach utilizes market behavior to determine what sub-strategy is most appropriate to trade at any given time with market conditions dictating when a transition occurs on an intraday basis.

The ARP strategy was developed in 1992 as the result of an extensive research program. The research began with an examination of traditional trading approaches to determine their benefits and drawbacks. The research concluded that a major drawback to traditional trading techniques is that a significant portion of major price movements (at the beginning and end of the movement) is lost in the recognition of the move. The distance between the buy signal and the sell signal is often substantial, resulting in a large cost to reverse the position.

The ARP strategy trades actively in an attempt to mitigate the cost of reversing positions established during trending market conditions. ARP uses a strategy of trading within a consolidation range that is determined each trading day. The consolidation range dynamically shifts, expands and contracts depending upon market conditions. When a market is trading within the consolidation range, the ARP strategy trades that market using a pattern recognition methodology. When a market is trending, the ARP strategy will follow the trend in an attempt to capture profit from sustained price movements. The ARP strategy trades actively resulting in a higher brokerage commission cost than many other managed futures programs. The ARP strategy has historically traded an average annual number of contracts per given account size of between 50% and 100% more than the average of other managed futures programs. The Trading Advisor does not receive any portion of such commissions.

The ARP strategy has historically resulted in daily non-correlation with managed futures industry indices. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

The Trading Advisor employs risk management controls in establishing trading positions. Every position is established with an initial stop-loss exit. Initial position sizing is calculated by taking into account an initial dollar risk (based on a fraction of the nominal account size), the current short-term volatility of the contract, and the market distance to the initial stop. The Trading Advisor views an account as a portfolio of positions. Notwithstanding the systematic aspects of the trading, the Trading Advisor may reduce or eliminate exposure to any particular market or all such markets at its sole discretion. No assurance can be given that such risk management techniques will be successful.

Claughton Capital's trading is conducted on a variety of market sectors. Individual markets within each sector are selected based upon liquidity considerations through which less liquid markets are "filtered out". The Trading Advisor will generally apply its trading approach to both U.S. and non U.S futures markets. These markets will include (but are not limited to) capital-oriented markets such as long term interest rate futures (e.g., U.S. Treasury Bond futures), precious metals, foreign exchange and stock index futures, such as the Standard and Poor's 500 stock index futures, certain industrial commodities (e.g., crude oil), and agricultural markets (e.g. soybeans). In addition, the Trading Advisor may trade in foreign futures contracts. In the event that the futures markets become illiquid, to protect investor positions the Trading Advisor may trade cash commodities including precious metals.

Options contracts may be used to enter or exit positions when the corresponding futures market is closed, typically due to the futures markets being locked limit up or limit down. The Trading Advisor may use "synthetic futures" to implement its strategies, whereby a call option is bought or sold and a put option is simultaneously sold or bought. The Trading Advisor will later either liquidate the synthetic futures position upon exiting a trade, or swap this position with the corresponding futures position.

The Trading Advisor may purchase U.S. government securities with a maturity not to exceed one year for the purpose of earning interest on account balances. If the asset level were to decline through trading losses or otherwise, it may be necessary to sell such securities and this may result in a loss.

The Trading Advisor expects that maintenance margin requirements will represent between 12% and 21% of the nominal account size. As such, the assets in client accounts will be utilized to meet maintenance margin requirements. Higher margin requirements may apply for accounts at different brokers. These amounts may substantially increase as a result of future changes in the addition of new markets traded and potentially the allocation of more active trading programs.

If an account at any time experiences a decline of 45% (or some other percentage as agreed to by the client in writing) from the highest prior month-end nominal account balance (exclusive of additions or withdrawals), the Trading Advisor will attempt to close or offset all open positions and otherwise cease trading pending instructions from the client.

The Trading Advisor's business plan provides for on-going refinement of current strategies (both trading signals and execution strategies) and the research, testing and implementation of new strategies. The Trading Advisor retains the right to revise any strategy. Since the trading methods to be utilized by the Trading Advisor are proprietary and confidential, the above discussion is of a general nature and is not intended to be exhaustive.

---

## PRINCIPAL RISK FACTORS

---

There is a significant amount of risk involved in managed futures trading. No assurance can be given that profits will be achieved or that substantial losses will not be incurred. Below are several of the factors that clients should consider when evaluating an investment with the Trading Advisor.

**Highly Volatile Markets:** The Trading Advisor's trading approach is speculative and involves potentially volatile markets. Futures prices can be highly volatile, and are influenced by, among other things: changing supply and demand relationships, weather, agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments, political and economic events, changes in interest rates and rates of inflation, currency devaluations, and the emotions of the marketplace. No assurance can be given that the Trading Advisor's speculative trading will result in profitable trades or that such trading will not incur substantial losses.

**Stop-Loss Orders:** The Trading Advisor routinely enters Stop-Loss Orders. These orders may not be filled at the entered stop price, and significant additional loss may occur depending upon market liquidity at the time the order is filled. There can be no assurance that employing stop-loss orders will not result in substantial losses to the investor.

**Substantial Leverage:** The low margin deposits normally required in futures trading permit a high degree of leverage. The Trading Advisor employs a strategy that has a high degree of leverage across several futures markets. Accordingly, a relatively small price movement in any one of these markets may result in immediate and substantial losses to the investor. No assurance can be made that losses won't be large, swift, or both. Any trade may result in losses in excess of the amount invested.

**Illiquid Markets:** The markets traded may be illiquid. Several U.S. futures exchanges limit fluctuations in prices during a single day to what are known as "daily limits." The existence of "daily limits" may reduce liquidity or effectively curtail trading in particular markets. Once such limit is reached, positions in the contract can effectively neither be taken nor liquidated. Further, such limits have occasionally occurred for several consecutive days with little or no trading. Similar occurrences could prevent the prompt liquidation of unfavorable positions and subject the investor to substantial losses. As part of its emergency powers, an exchange or the CFTC can suspend or limit trading in a particular contract or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies.

**Contracts on Foreign Exchanges & Counterparty Risk:** The Trading Advisor generally trades in some futures markets on exchanges located outside the U.S., where the protections provided by CFTC regulations do not apply. Some non-U.S. exchanges, in contrast with U.S. exchanges, are "principals' markets," in which performance with respect to a traded contract is the responsibility only of the individual member with whom the trader has entered into such contract

and not of the exchange or its clearinghouse, if any. On such exchanges, the investor will be subject to the risk of the inability of or refusal by its counterparties to perform with respect to their contracts. The Trading Advisor also may not have the same access to certain trades as do various other participants in foreign markets.

**Options on Futures:** The Trading Advisor may enter into option contracts. Each option on a commodity futures contract or physical commodity is a right, purchased for a certain price, to either buy or sell a commodity futures contract or physical commodity during a certain period of time for a fixed price. Although successful commodity options trading requires many of the same skills as does successful commodity futures trading, the risks involved are somewhat different. For example, if the Advisor buys an option (either to sell or purchase a futures contract or commodity), it will pay a “premium” representing the market value of the option. Unless the price of the futures contract or commodity underlying the options changes and it becomes profitable to exercise or offset the option before it expires, the client’s account may lose the entire amount of such premium (together with the costs of commissions and fees incurred to purchase such options). Conversely, if a client sells an option (either to sell or purchase a futures contract or commodity) it will be credited with the premium but will have to deposit margin due to its contingent liability to take or deliver the futures contract or commodity underlying the option in the event the option is exercised. Sellers of options are subject to the entire loss which occurs in the underlying futures position or underlying commodity (less any premium received). Sellers of options are exposed to potentially unlimited risk of loss. The ability to trade in or exercise options may be restricted in the event that such trading on U.S. commodity exchanges is restricted by both the CFTC and such exchanges, and it has been at certain times in the past.

**Cash Commodities:** The Trading Advisor may trade cash commodities to protect investor positions in the event that the futures markets become illiquid. Risks involved in trading cash commodities include counterparty risk, limited liquidity, potentially increased cash requirements and price volatility. Positions in cash commodities are exposed to potentially unlimited risk of loss. The possibility also exists that governments may intervene to stabilize or fix commodity prices or restrict or substantially eliminating trading in the affected commodities

**Reliance on Key Personnel:** In the event that the principal becomes unavailable to perform his duties due to death or disability, the Trading Advisor may not be able to perform its duties as well as before. Further, the loss of the principal may result in the Trading Advisor being sufficiently impaired to adequately perform its duties, it may be necessary to liquidate client positions and cease managing client accounts, and such liquidation may occur at a disadvantageous time.

**Failure of the Futures Commission Merchant:** Under CFTC regulations, clearing brokers are required to maintain customers’ assets in segregated accounts. If a clearing broker for an account failed to do so, the investor may be subject to a risk of loss of the funds on deposit with such clearing broker in the event of the clearing broker’s bankruptcy. Further, even if a client’s funds are properly segregated by the FCM, a client may be subject to a risk of loss in the event the FCM should become bankrupt. In addition, under certain circumstances, such as the inability of another customer of the clearing broker or the clearing broker itself to satisfy substantial deficiencies in such other customer’s account, the investor may be subject to a risk of loss of the funds on deposit with the clearing broker. In the case of any such bankruptcy or customer loss, the account might recover, even in respect of property specifically traceable to it, only a pro rata share of all property available for distribution to all of the clearing broker’s customers. Accordingly, an investor may receive only a pro-rata portion of their investment or nothing at all.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED. PROSPECTIVE INVESTORS SHOULD READ THIS DISCLOSURE DOCUMENT IN ITS ENTIRETY AND CONSULT WITH THEIR OWN ADVISORS BEFORE DETERMINING WHETHER TO OPEN AN ACCOUNT.**

[balance of page intentionally left blank]

---

## CONFLICTS OF INTEREST

---

The Commodity Futures Trading Commission requires a commodity trading advisor to contain a discussion of actual or potential conflicts of interest regarding any aspect of the trading program on the part of the commodity trading advisor, futures commission merchant, or any principal thereof. Among such conflicts are the following:

**Proprietary Trading of the Advisor:** The Trading Advisor and its principal and their affiliates, may and do trade their respective accounts ("Proprietary Accounts") either using the ARP strategy or otherwise. Employees are not permitted to trade commodities or futures contracts without the prior consent of the principal of Claughton Capital. To this date no such permission has ever been granted. Although Claughton has a no tolerance policy for preferential treatment of any proprietary trading accounts, the possibility of preferential treatment for proprietary accounts, including trading ahead of or against customer accounts does exist. Trading records for the proprietary accounts will not be made available to the public, but will be available for inspection by any client or a client's advisor upon reasonable request solely for the purpose of evaluating conflicts of interest.

**Soft Dollar Payments:** While the Trading Advisor will not receive any portion of the brokerage commissions for maintaining an account with a particular broker, such broker may provide the Trading Advisor with other brokerage services, quotation services, marketing services, other administrative services, office space, equipment, conference fees, meals and entertainment, reimbursement or payment of expenses (e.g., telephone charges), and market research and analysis, the extent of which services may be based in part on the number of transactions that the Trading Advisor's clients execute through the broker. This may create a conflict of interest between the Trading Advisor's interest in continuing to receive these services and its duty to manage customer trading without concern for trading frequency. There is no formal arrangement between any broker and the Trading Advisor or its principals, however the Trading Advisor has received marketing services market research and conference fees, and the principals of the Trading Advisor have received meals and entertainment.

**Changes to Programs and Markets Traded:** Since the number of trades is dependent on the trading strategies, the amount of capital allocated to them and the specific markets and number of markets employed, there are three ways this conflict of interest can occur: (1) in the decision to allocate the use of a more commission generating trading strategy, (2) in the decision to add new markets or to select substitute markets to trade, and (3) in the decision to use alternative transactions such as exchange-for-physical and synthetic futures transactions. The Trading Advisor will select those trading strategies, choose those additional markets, and engage in such alternative transactions which (taking into account the potentially higher commissions) it believes will increase the investment returns and/or lower the overall risk. The Trading Advisor will be required to notify all clients of any material change to the trading strategy. Modification of strategy parameters, changes to the markets traded, changes in risk levels due to changes to the number of markets traded, changes in trading hours, and changes in execution procedures shall not be deemed material.

**Incentive Fees:** In an account with an incentive fee, an incentive fee gives the Advisor the incentive to trade a client's account on a more frequent basis and to enter into more risky trades in order to generate profits.

---

## ADVISORY FEES

---

The Trading Advisor will charge its clients a fixed percentage monthly management fee, payable monthly in arrears (except for funds that disclose that such management fees are payable in advance), plus, a fixed percentage incentive fee, typically payable quarterly. The management fee shall be in a range of an annualized rate of 0% to 4% of Net Assets Value (defined below) of an account. The incentive fee shall be in a range of 10% to 40% percent of New Trading Profits (defined below).

**Management Fee:** The Trading Advisor may receive a monthly management fee. The management fee is based on the Net Asset Value of an account as of the close of business on the first trading day of each month (and is typically payable at the end of each month). Net Asset Value shall mean an account's total assets less total liabilities (excluding accrued commissions). Net Asset Value will include the sum of all cash, open positions and any unrealized profit or loss on securities and futures positions. For notionally-funded accounts, the management fee is instead based on the nominal account size. The nominal account size is the sum of the Net Assets plus the notional funds. The management fee for any partial month is pro-rated based upon the fraction of calendar days under management. In the event of an addition to or subtraction of funds in an account other than at the end of a given month, the management fee for that month shall be based upon the time weighted equity without the effect of trading performance during the month, with such weighting being made on a calendar day basis. Any management fee charged to an account will be due to the Trading Advisor irrespective of whether the trading has been profitable.

**Incentive Fee:** The Trading Advisor will receive an incentive fee based on the account's New Trading Profits before deduction for management fees. For accounts with a quarterly incentive fee, New Trading Profits is defined as (i) the cumulative trading profits as of the end of the quarter over the cumulative trading profits as of the last quarter-end at which an incentive fee was earned, or (ii) if no incentive fee was earned previously, the cumulative trading profits of the Trading Advisor. Trading profits shall include both realized and unrealized profits. Trading profits shall include interest received on the assets managed by the Trading Advisor. If trading profits for a quarter are negative, it shall constitute a "Carryforward Loss" for the beginning of the next quarter. No incentive fees shall be payable to the Trading Advisor until future trading profits for the ensuing quarter exceed the Carryforward Loss. In the event a client makes a partial withdrawal during a month in which a Carryforward Loss exists at the beginning of such month, such Carryforward Loss will be reduced proportionally to the withdrawal. Upon termination of the account, the incentive fee for the final quarter shall be based upon New Trading Profits as of the close of the termination date, except that any gain or loss resulting from trades (other than trades made to liquidate previous trades made by the advisor) made by the client shall not be included in the calculation of New Trading Profits. The Trading Advisor's incentive fee is calculated prior to deduction of management fees. As a result, the potential exists that an incentive fee could be charged in an unprofitable quarter once management fees are assessed.

---

## CONSIDERATIONS FOR NOTIONALLY FUNDED ACCOUNTS

---

The Trading Advisor will accept notionally-funded accounts. A fully-funded account is an account in which the nominal account size (defined below) is equal to the amount of Net Assets (defined in the "Advisory Fee" section). A notionally-funded account is an account in which the nominal account size exceeds the amount of Net Assets.

The nominal account size is the dollar amount that a trading advisor will determine the level of trading in an account regardless of the amount of Net Assets. Notional funds are the amount by which the nominal account size exceeds Net Assets. Notional funds are not real funds, but rather represent the unfunded portion of an account at a given nominal account size.

In addition to setting forth the initial amount of the assets to be deposited into the account prior to commencement of trading, a prospective client interested in a notionally-funded account will set forth the amount of notional funds in the Trading Advisor's Futures Advisory Agreement. Until such time as the Trading Advisor receives written notice from a client to modify or eliminate the amount of notional funds or to substitute notional funds for an equal amount assets to be simultaneously added to or subtracted from the account, the Trading Advisor will calculate the account's nominal account size based upon a constant amount of notional funds.

Nominal account size is adjusted monthly based on prior net month performance of the account. If prior month performance is positive, the nominal account size will be increased by the amount of the prior month's net profits. If the prior month performance is negative, the nominal account size will be decreased by the amount of prior month's net losses.

Subsequent additions to or withdrawals from the account will not change the amount of notional funds. Any additions will serve to increase the nominal account size. Any withdrawals will serve to decrease the nominal account size. If a client wants to substitute Net Assets for notional funds, or visa versa, (subject to broker margin considerations) or otherwise change the amount of notional funds, they may complete and sign an amendment agreement to their Futures Advisory Agreement. A template of such an agreement is available upon request.

A notionally-funded account entails risk based upon the sum of the account's Net Assets and the notional funds, and not based upon the Net Assets only. Also, notionally-funded accounts may require the investor to invest additional assets or establish additional credit lines with the broker at a later time to satisfy margin requirements.

---

#### **ADDITIONAL RISK DISCLOSURE FOR NOTIONALLY-FUNDED ACCOUNTS**

---

**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 NOMINAL ACCOUNT SIZE, EQUAL TO THE ACCOUNT ASSETS PLUS THE "NOTIONAL FUNDS" AMOUNT YOU HAVE AGREED TO IN WRITING, 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) THE TABLE WHICH FOLLOWS THE PERFORMANCE TABLE MAY BE USED TO CONVERT THE RATES-OF-RETURN ("RORs") IN THE PERFORMANCE TABLE TO THE CORRESPONDING RORs FOR PARTICULAR PARTIAL FUNDING LEVELS. THIS TABLE IS FOUND ON PAGE 18.**

**4) THE MANAGEMENT FEE PAID TO THE ADVISOR WILL BE CALCULATED BASED ON NOMINAL ASSETS FOR THE ACCOUNT, WHICH INCLUDES BOTH NOTIONAL AND EQUITY ASSETS. PARTIAL FUNDING OF ACCOUNTS WILL INCREASE FEES AS A PERCENTAGE OF ACTUAL FUNDS BUT DOES NOT INCREASE THE DOLLAR AMOUNT OF THOSE FEES. FOR EXAMPLE, A 2% MANAGEMENT FEE IS EQUIVALENT TO 4% OF ACTUAL FUNDS FOR AN ACCOUNT THAT IS 50% FUNDED.**

**PLEASE SEE THE SECTION ENTITLED "CONSIDERATIONS FOR NOTIONALLY FUNDED ACCOUNTS" (PAGE 11).**

---

## **BROKERAGE ARRANGEMENTS**

---

The client may select any broker (any FCM or IB) with which they will maintain their managed futures investment account provided the broker is fully capable of administering the trading account. The Trading Advisor will have no authority with respect to the selection of a broker or with respect to the brokerage arrangements between the client and the broker, except that both must be acceptable to the Trading Advisor. The criteria for acceptability is that the broker must be capable of clearing all markets traded by the Trading Advisor and that the broker must not charge a commission rate so large that it materially harms the account's net performance. Brokerage fees and other charges can vary significantly. The commission rate is negotiated between the client and the broker.

The Trading Advisor has no responsibility for supervising or monitoring any broker in connection with the execution, clearance or confirmation of transactions for the client's account. The Trading Advisor will not be financially liable for any losses caused by or arising from errors committed or caused by any broker, its principals or employees. Attempts by the Trading Advisor to identify and correct any broker errors are in no way a representation that such efforts will be successful or that the Trading Advisor accepts any financial liability if such efforts are unsuccessful.

The client acknowledges that in order to provide for a more efficient execution of orders for client accounts, the Trading Advisor may place orders for execution through one broker (known as a "Prime Broker") which will later be "given up" to the client's broker. "Give-up" arrangements may result in the client paying a higher commission rate per round-turn. The client agrees to pay all "give up" fees. The Trading Advisor is authorized to enter into such "give up" arrangements on behalf of the client. Currently, the Trading Advisor executes trades via one Prime Broker: RJ O'Brien & Associates.

Founded in 1914, R.J. O'Brien & Associates, LLC ("RJO") is a privately owned Futures Commission Merchant. RJO is one of the oldest and best known independent futures brokerage firms in the industry. RJO is a founding member of the Chicago Mercantile Exchange, a full clearing member of the Chicago Board of Trade, New York Mercantile Exchange, the New York Board of Trade, the Intercontinental Exchange and the Dubai Mercantile Exchange and a member of Eurex AG and Euronext.Liffe.

Except as disclosed below, there have been no material civil, administrative, or criminal proceedings pending, on appeal, or concluded against RJO or its principals in the past five years.

On July 30, 2018, without admitting or denying the findings, RJO settled a CFTC action asserting that RJO violated CFTC Regulation 166.3 and Section 6(c)(4) of the Commodity Exchange Act. The CFTC order found that between January 2013 and February 2014, RJO did not diligently supervise its employees to ensure that they properly processed bunched orders allocated post-execution and that they appropriately monitored post-execution trade allocations for unusual activity. These failures delayed the detection of a post-execution trade allocation scheme carried out by a CTA/CPO client, which the order finds allocated trades to its benefit and to the detriment

of certain of the client's customers. The order further finds that RJO did not make a reasonably sufficient inquiry into the client's allocation practices, did not adhere to its internal protocols governing the processing of bunched orders, and did not employ adequate compliance procedures to monitor, detect, and deter unusual activity concerning bunched orders allocated post-execution. The order also finds that RJO did not prevent the client, who was prohibited from doing so by regulatory actions, from opening and handling client managed accounts and withdrawing funds. The order finds that these supervisory failures violated a 2013 Commission Order, in which RJO was charged with failure to supervise its employees in their processing of certain bunched orders. The NFA took action the same day on the basis of the same events, finding that RJO violated NFA Compliance Rule 2-9(a). In connection with the settlement, RJO paid the CFTC a civil monetary penalty of \$600,000 and agreed to cease and desist from further violations of Regulation 166.3, and paid the NFA a \$150,000 fine and agreed, to the extent it had not already done so, to enhance its existing procedures where appropriate to ensure the efficient and adequate supervision of the firm's process for handling allocations of bunched orders and to ensure compliance with its Member Responsibility Actions. The NFA's Business Conduct Committee (BCC) acknowledged the substantial work that RJO has undertaken since 2014 to review and enhance its supervisory policies and procedures. The CFTC also acknowledged the remedial steps RJO has taken since 2014, including improving and enhancing its policies, procedures and practices.

The rates for executing orders on a "give up" basis per contract per side are as follows:  
Direct market access – U.S. Exchanges \$0.50  
Direct market access – European Exchanges Euro 0.55 (approx. \$0.58 USD)  
Direct market access – Hong Kong Exchange – HKD\$6 (approx. \$0.77 USD)

The Trading Advisor has historically placed the vast majority of orders through direct market access but reserves the right to utilize phone orders as needed.

The broker, and not the Trading Advisor, will have custody of the client's funds and will furnish the client with confirmations of all transactions effected in the client's account, monthly statements showing information concerning trading activities in the client's account and other account statements customarily furnished by the broker to its customers. The furnishing of such reports shall be the sole responsibility of the broker, and the client recognizes that the Trading Advisor is not required to furnish such reports to the client. The client authorizes the broker to forward to the Trading Advisor duplicate copies of any confirmations, statements or reports sent by the broker to the client.

To assure that orders at a particular broker are filled at prices that do not favor one account over any other, the Trading Advisor has developed and will use an allocation system wherein the lowest fill is allocated to the lowest account number, and the remaining fills are ordered numerically among the accounts. This allocation system applies to both buy and sell orders. With respect to orders that are only partially filled, the Trading Manager will allocate on a percentage basis among all of the accounts.

---

## PAST PERFORMANCE

---

The following section presents the past performance of the Trading Advisor. The tables that follow present performance information for the Trading Advisor for the period from January 1, 2013 through October 31, 2018. **PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

Claughton Capital, LLC  
Institutional Program  
Client Accounts

Name of the Trading Advisor	Claughton Capital, LLC
Name of the Trading Program	Institutional Program
Date the Advisor Began Trading Client Accounts	June 2004
Date the Trading Advisor Began Trading the Program	September 2005
Total Assets Under Management (Including Notional Funds)	\$17,986,846
Total Assets Under Management (Excluding Notional Funds)	\$1,224,983
Total Assets Traded Pursuant to Trading Program (Including Notional Funds)	\$17,986,846
Total Assets Traded Pursuant to Trading Program (Excluding Notional Funds)	\$1,224,983
Worst Monthly Percentage Drawdown	-13.16%      September 2016
Worst Peak to Valley Drawdown	-25.55%      January 31, 2015 to September 31, 2016
Number of Client Accounts Open	3
Number of Client Accounts Closed with Profits	16
Range of Lifetime Returns for Accounts Closed with Profits	0.02% to 94.72%*
Number of Client Accounts Closed with Losses	13
Range of Lifetime Returns for Accounts Closed with Losses	-0.62% to -31.04%

### Rate of Return

**Computed on a Compounded Monthly Basis**

Month	2018	2017	2016	2015	2014	2013
January	15.17%	-5.41%	8.44%	2.43%	5.13%	1.76%
February	-0.81%	0.26%	2.54%	-4.53%	4.15%	-1.15%
March	-4.68%	5.55%	-0.08%	-3.02%	-1.60%	-2.99%
April	-5.17%	-0.87%	1.19%	-2.04%	-4.33%	1.64%
May	3.47%	5.59%	-1.02%	-3.69%	-2.13%	2.25%
June	2.72%	2.25%	-1.40%	-8.76%	2.10%	3.99%
July	2.10%	1.18%	1.78%	0.00%	1.60%	-3.98%
August	0.06%	-8.58%	-3.31%	10.94%	1.53%	-0.96%
September	0.84%	-2.63%	-13.16%	-6.34%	8.96%	-0.49%
October	7.61%	-0.94%	0.92%	3.80%	5.04%	-0.92%
November		-0.93%	5.36%	4.91%	1.80%	-2.01%
December		-2.71%	3.89%	-11.95%	-1.46%	6.73%
<b>Year</b>	<b>21.67%</b>	<b>-7.88%</b>	<b>3.58%</b>	<b>-18.68%</b>	<b>21.97%</b>	<b>3.42%</b>

---

Worst Monthly Percentage Drawdown is the largest monthly loss experienced by the program in any calendar month expressed as a percentage of the total equity in the account and includes the month and year of such drawdown. Worst Peak to Valley Drawdown is the greatest cumulative percentage decline in month end net asset value of the program due to losses sustained by an account during any period in which the initial month-end net asset value of an account is not equaled or exceeded by a subsequent month-end net asset value of the account and includes the time period in which it occurred. Monthly Rate of Return is calculated by dividing net income by beginning nominal account size in accordance with CFTC Regulation §4.35(a)(6). The monthly rates are then compounded to arrive at the annual rate of return.  
\*Accounts were both opened and closed

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**

Claughton Capital, LLC  
Crude Only – Intraday Program  
Client Accounts/Closed to New Investments

Name of the Trading Advisor		Claughton Capital, LLC
Name of the Trading Program		Crude Only – Intraday Program
Date the Advisor Began Trading Client Accounts		June 2004
Date the Trading Advisor Began Trading the Program		April 18, 2012
Total Assets Under Management (Including Notional Funds)		\$17,986,846
Total Assets Under Management (Excluding Notional Funds)		\$1,224,983
Total Assets Traded Pursuant to Trading Program (Including Notional Funds)		\$ 0
Total Assets Traded Pursuant to Trading Program (Excluding Notional Funds)		\$ 0
Worst Monthly Percentage Drawdown	-4.04%	Jun 2013
Worst Peak to Valley Drawdown	-13.05%	Apr 30, 2013 to Sep 30, 2013
Number of Client Accounts Open		0
Number of Client Accounts Closed with Profits		1
Range of Lifetime Returns for Accounts Closed with Profits		+6.99%
Number of Client Accounts Closed with Losses		1
Range of Lifetime Returns for Accounts Closed with Losses		-10.61%

**Rate of Return**  
**Computed on a Compounded Monthly Basis**

Month	2014	2013
January	8.67%	-2.48%
February	4.08%	1.47%
March	1.81%	0.95%
April	-0.04%	0.22%
May	0.86%	-2.07%
June		-4.04%
July		-0.70%
August		-3.35%
September		-3.59%
October		1.75%
November		-0.34%
December		6.61%
<b>Year</b>	<b>16.09%</b>	<b>-5.88%</b>

---

Worst Monthly Percentage Drawdown is the largest monthly loss experienced by the program in any calendar month expressed as a percentage of the total equity in the account and includes the month and year of such drawdown. Worst Peak to Valley Drawdown is the greatest cumulative percentage decline in month end net asset value of the program due to losses sustained by an account during any period in which the initial month-end net asset value of an account is not equaled or exceeded by a subsequent month-end net asset value of the account and includes the time period in which it occurred. Monthly Rate of Return is calculated by dividing net income by beginning nominal account size in accordance with CFTC Regulation §4.35(a)(6). The monthly rates are then compounded to arrive at the annual rate of return.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**

Claughton Capital, LLC  
 Founders Program  
 Client Accounts/Closed to New Investments

Name of the Trading Advisor	Claughton Capital, LLC
Name of the Trading Program	Founders Program
Date the Advisor Began Trading Client Accounts	June 2004
Date the Trading Advisor Began Trading the Program	June 2004
Total Assets Under Management (Including Notional Funds)	\$17,986,846
Total Assets Under Management (Excluding Notional Funds)	\$1,224,983
Total Assets Traded Pursuant to Trading Program (Including Notional Funds)	0
Total Assets Traded Pursuant to Trading Program (Excluding Notional Funds)	0
Worst Monthly Percentage Drawdown	-2.62% February 2013
Worst Peak to Valley Drawdown	-4.34% December 31, 2012 to March 31, 2013
Number of Client Accounts Open	0
Number of Client Accounts Closed with Profits	6
Range of Lifetime Returns for Accounts Closed with Profits	0.57% to 25.36%*
Number of Client Accounts Closed with Losses	0
Range of Lifetime Returns for Accounts Closed with Losses	N/A

**Rate of Return**  
**Computed on a Compounded Monthly Basis**

Month	2013
January	-0.42%
February	-2.62%
March	-1.35%
April	
May	
June	
July	
August	
September	
October	
November	
December	
<b>Year</b>	<b>-4.34%</b>

Worst Monthly Percentage Drawdown is the largest monthly loss experienced by the program in any calendar month expressed as a percentage of the total equity in the account and includes the month and year of such drawdown.

Worst Peak to Valley Drawdown is the greatest cumulative percentage decline in month end net asset value of the program due to losses sustained by an account during any period in which the initial month-end net asset value of an account is not equaled or exceeded by a subsequent month-end net asset value of the account and includes the time period in which it occurred. Monthly Rate of Return is calculated by dividing net income by beginning nominal account size in accordance with CFTC Regulation §4.35(a)(6). The monthly rates are then compounded to arrive at the annual rate of return.

Notes to Past Performance for the Trading Advisor's Founders Program:

- 1) \* Accounts were both opened and closed.
- 2) The Founders program traded pari passu with the Institutional Program. The differences between the programs is the minimum account size and Founders Program does not trading all markets traded by the Institutional Program.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**

---

## RATES OF RETURN FOR NOTIONALLY FUNDED ACCOUNTS

---

Notionally funded accounts will experience a far higher leverage relative to Net Assets than a fully funded account. The result is that the gain or loss percentage relative to the account's Net Assets will have a far higher magnitude than if the account were fully funded.

The following matrix allows the conversion of the rates of return included in the above tables to the effective rates of return that would have been experienced by a notionally funded account.

Fully Funded Rates of Return	Funding Levels		
	50%	75%	100%
20%	40%	27%	20%
10%	20%	13%	10%
5%	10%	7%	5%
0%	0%	0%	0%
-5%	-10%	-7%	-5%
-10%	-20%	-13%	-10%
-20%	-40%	-27%	-20%

This matrix allows one to convert the range of monthly rates of return on fully funded accounts (vertical axis) to corresponding rates of return for different funding levels (horizontal axis). For example, a rate of return of -20% for a fully funded account would signify a rate of return of -40% for an account that is funded 50% with cash and 50% with notional funds.

---

## OPENING AN ACCOUNT

---

An individual or entity opening an account must sign and return the Futures Advisory Agreement, Fee Payment Authorization, and Client Information form to the Trading Advisor. The individual or entity must also sign documents to open a futures account with a brokerage firm. The client will receive account statements directly from the brokerage firm.

The Trading Advisor adheres to a strict privacy policy. The Trading Advisor's principals and employees will only have access to such information if they need to know in order to service the Advisor and its clients. Also, the Advisor does not disclose any nonpublic information about its clients or former clients to third parties except with the client's permission or as permitted by law,

---

## ADDITIONAL INFORMATION

---

Any current or prospective client may obtain further information by contacting the Trading Advisor as follows:

Claughton Capital, LLC  
Main Office:  
14 NE First Avenue, Suite 907  
Miami, FL 33132

(212) 542-8822  
[info@claughton.com](mailto:info@claughton.com)

Claughton Capital, LLC  
 Institutional Program  
 SUPPLEMENTAL INFORMATION  
 NET PERFORMANCE DATA OCTOBER 2005 – DECEMBER 2012  
 Client Accounts

**Rate of Return**  
**Computed on a Compounded Monthly Basis**

Month	2012	2011	2010	2009	2008	2007	2006	2005
January	2.27%	-4.58%	1.91%	-3.77%	19.01%	1.64%	4.04%	
February	0.28%	1.42%	-5.32%	2.44%	-7.19%	4.13%	0.28%	
March	2.82%	3.02%	-0.37%	-3.43%	-3.55%	-1.08%	1.60%	
April	0.41%	6.49%	-2.30%	2.59%	1.95%	4.72%	8.33%	
May	14.00%	-14.00%	4.00%	8.48%	-4.99%	6.46%	2.14%	
June	-5.01%	1.95%	-3.64%	-1.58%	7.43%	0.46%	-1.25%	
July	0.56%	0.75%	-1.92%	0.49%	0.19%	-0.21%	-3.87%	
August	-0.50%	5.56%	8.28%	-1.92%	0.32%	-5.19%	4.66%	
September	0.44%	2.74%	-0.86%	-1.19%	-2.01%	4.38%	-1.16%	
October	-1.84%	-1.16%**	3.05%	-5.77%	9.17%	-4.40%	3.34%	-2.06%
November	-0.14%	***	-5.72%	-2.72%	-2.37%	12.12%	-0.48%	4.33%
December	0.92%	-2.12%	1.08%	-0.01%	-2.87%	-7.87%	1.50%	0.18%
<b>Year</b>	<b>13.97%</b>	<b>-1.62%</b>	<b>-2.67%</b>	<b>-6.93%</b>	<b>13.03%</b>	<b>14.35%</b>	<b>20.22%</b>	<b>2.37%</b>

. \*\*On October 31, 2011 the Trading Advisor's Executing Broker, MF Global, Inc filed for bankruptcy protection. The account listed in this performance capsule was maintained at MF Global and represented 100% of the assets traded in this program. As of October 31, 2011 there was no material impact on the performance of this account and this program.  
 \*\*\*As a result of the MFGlobal bankruptcy proceeding, the client managed account representing 100% of the assets in this program was not fully under the control of the CTA, and therefore was excluded resulting in no reportable monthly performance calculation in November 2011.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**

Cloughton Capital, LLC  
 Founders Program  
 Client Accounts/Closed to New Investments  
 SUPPLEMENTAL INFORMATION  
 NET PERFORMANCE DATA JUNE 2004 – DECEMBER 2012  
 Client Accounts

**Rate of Return**  
**Computed on a Compounded Monthly Basis**

Month	2012	2011	2010	2009	2008	2007	2006	2005	2004
January	4.54%	-4.97%	2.32%	-4.21%	20.49%	2.22%	7.06%	-0.73%	
February	-0.99%	-0.69%	-6.13%	2.04%	-9.41%	3.20%	1.90%	-3.46%	
March	2.88%	3.88%	-3.32%	-4.62%	-4.29%	-0.99%	**	-2.49%	
April	-1.97%	2.30%	-3.21%	3.58%	3.18%	3.93%	**	9.46%	
May	13.03%	-19.42%	2.66%	8.58%	-5.42%	7.70%	1.49%	5.69%	
June	-5.24%	1.43%	-5.47%	-1.10%	6.43%	0.02%	-1.45%	4.08%	**
July	-1.37%	1.20%	-0.82%	2.59%	-0.93%	-0.27%	-5.10%	-4.95%	7.22%
August	-0.53%	16.29%	6.51%	-2.40%	-3.25%	-6.61%	5.41%	-1.60%	1.55%
September	-0.29%	-4.13%	-4.77%	-3.37%	-3.31%	3.01%	-1.07%	-1.67%	-12.98%
October	-0.48%	2.11%	1.27%	-5.04%	28.78%	-4.46%	3.36%	-3.69%	4.87%
November	1.06%	-3.62%	-5.72%	-3.71%	-4.63%	11.11%	-0.05%	5.19%	4.36%
December	1.89%	-3.32%	1.10%	1.98%	1.71%	-7.27%	1.70%	0.81%	-5.13%
<b>Year</b>	<b>12.08%</b>	<b>-12.01%</b>	<b>-15.30%</b>	<b>-6.46%</b>	<b>25.59%</b>	<b>10.44%</b>	<b>13.45%</b>	<b>5.71%</b>	<b>-1.62%</b>

\*\* Denotes months where there were no accounts traded the entire month.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**

Claughton Capital, LLC  
Crude Only – Intraday Program  
Client Accounts/Closed to New Investments  
SUPPLEMENTAL INFORMATION  
NET PERFORMANCE DATA APRIL 2012 – DECEMBER 2012  
Client Accounts

**Rate of Return**  
**Computed on a Compounded Monthly Basis**

<b>Month</b>	<b>2012</b>
January	
February	
March	
April	-0.32%
May	1.96%
June	1.78%
July	-0.40%
August	-4.38%
September	-1.32%
October	-0.25%
November	-0.11%
December	0.75%
<b>Year</b>	<b>-2.42%</b>

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**



## MANAGED ACCOUNT AGREEMENT – POWER OF ATTORNEY

---

The undersigned hereby authorizes \_\_\_\_\_ as his account controller and attorney in fact (the "Account Controller") to buy, sell (including short sales) and trade in commodity futures Contracts, options on commodity futures Contracts, physical commodities, foreign commodity futures Contracts, and options on foreign commodity futures Contracts, foreign commodities, forward Contracts and Contracts in the foreign exchange market on margin or otherwise in accordance with R.J. O'Brien's terms and conditions for the undersigned's account and risk in the undersigned's name or number on R.J. O'Brien's books. The authorization provided hereunder is subject to R.J. O'Brien's acceptance of the Account Controller. For avoidance of doubt, R.J. O'Brien's acceptance of any Account Controller shall in no way be deemed R.J. O'Brien's endorsement of such Account Controller and R.J. O'Brien shall have no liability for the acts or omissions of any Account Controller. Further, R.J. O'Brien shall have the right, at any time and in its sole discretion, to revoke any acceptance of any Account Controller and/or may refuse to accept future orders from any Account Controller previously accepted. The undersigned hereby agrees to indemnify and hold harmless from and pay R.J. O'Brien promptly on demand for any and all Losses arising therefrom or debit balance due thereon in the undersigned(s) account.

In all such purchases, sales or trades, R.J. O'Brien is authorized to follow the instruction of the Account Controller in every respect concerning the undersigned's account through R.J. O'Brien; the Account Controller is authorized to act for the undersigned and in the undersigned's behalf in the same manner and with the same force and effect as the undersigned might or could do with respect to such purchases, sales, or trades as well as with respect to all other things necessary or that would be incidental to the furtherance of conduct of such purchases, sales or trades.

The undersigned hereby ratifies and confirms any and all transactions with R.J. O'Brien heretofore made by the aforesaid Account Controller or for the undersigned account.

Duplicate statements will be made available to the Account Controller via R.J. O'Brien's client portal.

If the undersigned is a member of any exchange, the undersigned shall verify and confirm the clearing and exchange rates that the undersigned is charged for the transactions in the undersigned's account are correct and in compliance with exchange rules or policies. While R.J. O'Brien shall make reasonable efforts to confirm that the clearing and exchange rates are being charged correctly, R.J. O'Brien shall not be liable or responsible for any discrepancies. The undersigned shall remain at all times responsible or liable for any and all fees related to the undersigned's account as set forth in R.J. O'Brien's terms and conditions for the undersigned's account.

The authorizations and indemnities in this Managed Account Agreement – Power of Attorney are in addition to (and in no way limit or restrict) any rights which R.J. O'Brien may have under any other agreements or agreements between the undersigned and R.J. O'Brien. R.J. O'Brien shall not have any liability for following the instructions of the Account Controller, and the undersigned shall never attempt to hold R.J. O'Brien liable for the Account Controller's actions or inactions.

The undersigned represents that the Account Controller has provided a disclosure document to the undersigned concerning the Account Controller's trading advice, including any options trading advice and the strategies to be used by the Account Controller, which the undersigned has read and understood, or, in the alternative, the Account Controller has furnished the undersigned with a signed written statement explaining the Account Controller's exemption from applicable registration and disclosure document requirements of the Commodity Futures Trading Commission and National Futures Association.

The undersigned understands that there are many strategies that can be used in trading options, some of which have unlimited risk of loss and could result in the undersigned sustaining a total loss of all funds in the account and the undersigned being liable for any deficit in such account resulting therefrom. The undersigned acknowledges that he has discussed with the Account Controller the nature and risks of the strategy to be used in connection with options to be traded for the account.

This Managed Account Agreement – Power of Attorney is also one and shall remain in force and effect until the earlier of (i) revocation by the undersigned by a written notice addressed to R.J. O'Brien and delivered to R.J. O'Brien's office at 222 South Riverside Plaza, Suite 1200, Chicago, Illinois 60606; or (ii) the trading account has been closed in accordance with the terms of the account agreement or the terms in this Managed Account Agreement, but such revocation shall not affect any liability in any way resulting from transactions initiated prior to such revocation. This

## MANAGED ACCOUNT AGREEMENT – POWER OF ATTORNEY

---

authorization and indemnity shall inure to the benefit of R.J. O'Brien and any successor firm or firms irrespective of any change or changes at any time in the personnel thereof for any cause whatsoever, and of the assigns of R.J. O'Brien or any successor firm.

This Managed Account Agreement - Power of Attorney does not revoke any powers of attorney previously executed by the undersigned unless the undersigned gives written notice of revocation to the Account Controller of any previously executed Power of Attorney.

R.J. O'Brien requires all Managed Accounts to maintain a cash account with R.J. O'Brien to be used for purposes of transferring excess cash or journaling debit amounts from or in the Managed Account(s) upon any termination of a Managed Account by either the undersigned or R.J. O'Brien (including, but not limited to, termination due to three years of inactivity in the Managed Account). By signing this Managed Account Agreement, you are simultaneously agreeing to, and opening, a cash account to be held with R.J. O'Brien. R.J. O'Brien reserves the right to terminate any Managed Account that has been inactive for a period of three years or greater.

The undersigned has read and understood the above and agrees to all terms and conditions therein.

**This document creates a Limited Power of Attorney between the undersigned as “Principal” and the Account Controller. If actually executed by the Principal within the State of New York, to be valid, Section 5-1501B of the General Obligations Law of the State of New York requires that the document be signed by both the Principal and Account Controller and that the document contain the following notices to the Principal and the Account Controller. (The text of the following notices to the Principal and Account Controller is prescribed by law and must be recited verbatim to the statute even though some portions are not applicable to Powers of Attorney given by individuals to their brokers or investment managers.)**

### **CAUTION TO THE CLIENT/PRINCIPAL(S)**

Your Power of Attorney is an important document. As the “Principal,” you give the person whom you choose (your “Account Controller”) authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your account controller similar authority.

When your Account Controller exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. “Important Information for the Account Controller” at the end of this document describes your Account Controller’s responsibilities.

You can request information from your Account Controller at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior Account Controller(s) and to the financial institutions where your accounts are located. You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an Account Controller for acting improperly. Your Account Controller cannot make health care decisions for you. You may execute a “Health Care Proxy” to do this. The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, [www.senate.state.ny.us](http://www.senate.state.ny.us) or [www.assembly.state.ny.us](http://www.assembly.state.ny.us).

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

### **IMPORTANT INFORMATION FOR THE ACCOUNT CONTROLLER**

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the Principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

- (1) Act according to any instructions from the Principal, or, where there are no instructions, in the Principal's best interest;
- (2) Avoid conflicts that would impair your ability to act in the Principal's best interest;

## MANAGED ACCOUNT AGREEMENT – POWER OF ATTORNEY

- (3) Keep the Principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;
- (4) Keep a record of all receipts, payments, and transactions conducted for the Principal; and
- (5) Disclose your identity as an Account Controller whenever you act for the Principal by writing or printing the Principal's name and signing your own name as "Account Controller" in either of the following manner: (Principal's Name) by (Your Signature) as Account Controller, or (Your Signature) as Account Controller for (Principal's Name).

You may not use the Principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the Principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the Principal or, where there are no such instructions, in the Principal's best interest. You acknowledge and agree that R.J. O'Brien has the right to refuse to accept orders from you at any time and you agree you will not enter any trade after you receive such notice, unless R.J. O'Brien expressly agrees otherwise in writing.

### CLIENTS/PRINCIPALS

I have signed my name to this Managed Account Agreement – Power of Attorney.

\_\_\_\_\_  
Signature of Client/Principal/Partner

\_\_\_\_\_  
Signature of Joint Client/Principal/Partner

\_\_\_\_\_  
Print Client/Principal/Partner Name

\_\_\_\_\_  
Print Joint Client/Principal/Partner Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## MANAGED ACCOUNT AGREEMENT – POWER OF ATTORNEY

### ACCOUNT CONTROLLER

I have read the foregoing Managed Account Agreement–Power of Attorney. I am the person(s) identified therein as Account Controller for the Principal named therein. I acknowledge my legal responsibilities. I have signed my name to this Managed Account Agreement–Power of Attorney.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Employer Name

\_\_\_\_\_  
Legal Entity Identifier (LEI) or alternate info for traders<sup>1</sup>

\_\_\_\_\_  
Occupation/Principal Business

\_\_\_\_\_  
Email for Statement Availability Notifications<sup>2</sup>

Yes  No Will this account trade European exchanges?<sup>1</sup>

- Notes: 1) Per MiFID II requirements for European exchanges, your firm must provide an LEI or the Country of Nationality plus the Passport Number or Date of Birth of the individual(s) who will execute trades for this account.  
2) R.J.O'Brien does not send pdf statements via email.

### Related Account Authorization

The undersigned (Customer) hereby authorized and directs R. J. O'Brien & Associates, LLC ("RJO") to open a new account using all existing account documentation including but not limited to agreement and risk disclosure acknowledgments, maintained and existing on file with RJO. Customer hereby acknowledges the receipt and sufficiency of consideration in exchange for RJO's agreement to open this new account. Customer accepts and agrees to be obligated to all of the representations and terms and conditions contained within the existing account documentation, customer agreement, and other agreement, or acknowledgment of receipt of risk disclosures previously agreed to with RJO or which are herein incorporated by reference.

Customer further represents that any additional account opened pursuant to this authorization is identical in all respects to customer's existing account, except as otherwise disclosed to RJO in writing, and further represents that there have been no material changes in customer's personal information or financial condition as previously disclosed in prior account documentation.

Concurrent long and short positions may be held In a hedge account in which both the long and short positions are bona fide hedge positions, in an account or identically owned accounts in which one side is a bona fide hedge position and the other side is a speculative position or in separate accounts for identically owned speculative concurrent long and short positions which are separately and independently controlled. RJO may process special offset instructions as permitted by regulation. Customer understands that positions in separate accounts cannot be transferred from one account to another from the day prior to first notice day in that specific contract.

Reason for Additional Account \_\_\_\_\_

Account Title \_\_\_\_\_

Existing RJO Account Number \_\_\_\_\_

New RJO Account Number \_\_\_\_\_

**If Individual or Joint Account:**

**If Corporation, Partnership or other entity:**

Customer Signature \_\_\_\_\_

Print Entity Name \_\_\_\_\_

Print Customer Name \_\_\_\_\_

Authorized Individual's Signature \_\_\_\_\_

Date \_\_\_\_\_

Print Authorized Individual's Name \_\_\_\_\_

Joint Party Signature \_\_\_\_\_

Title \_\_\_\_\_

Print Joint Party Name \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

**For Office Use Only**

If account has POA, will POA be the same on related account? \_\_\_\_\_

If account has POA, name of Account Manager \_\_\_\_\_

If account has an SBA, will the SBA be effective on related account? \_\_\_\_\_

Which exchange memberships, if any, apply to this account \_\_\_\_\_