

INVESTMENT ADVISORY AGREEMENT

Ceera Investments, LLC ("Adviser"), a registered investment adviser, agrees to act as an investment adviser and manage investments for _____ ("Client") on the following terms:

Locke Lord LLP

Deleted: under the Investment Adviser's Act of 1940 (the "Adviser's Act")

1. Appointment of Advisor

Client appoints Adviser to manage an investment portfolio (s) for Client effective when Adviser and Client have both signed this agreement. For this purpose, Adviser will, after consulting with Client, recommend that Client establish and maintain with a custodian, discretionary advisory account(s) as titled/ shown on Schedule I, into which Client shall deposit funds and/or securities, which shall be referred to as managed assets.

2. Adviser's Services

Adviser will make all decisions to buy, sell or hold securities, cash or other investments for Client's account (s) at the sole discretion of Adviser and without first consulting Client. Such securities may include, but are not limited to, interests in mutual funds, interests in REITS, common or preferred stock, convertible stocks or bonds, options, warrants, rights, corporate, municipal or government bonds, and notes or bills. Client gives Adviser full power and authority to carry out these decisions by giving instructions, on behalf of Client, to brokers and dealers and the Custodian for Client's account (s). Client also authorizes Adviser to provide a copy of this agreement to any broker or dealer with or through which transactions for Client's account (s) are to be effected as evidence of Adviser's authority under this agreement. Client's investment objectives and any special instructions or limits that Client wishes Adviser to follow in managing Client's account (s) are written on Schedule I. Client will let Adviser know in writing if Client wishes to change instructions to Adviser. Client also will let Adviser know if Client's financial circumstances or investment objectives change in a way that should cause Adviser to change how Adviser is managing Client's account (s). Changes to the investment objectives or to any instructions, detailing the changes that Client and Adviser have agreed to in writing, will be considered amendments or supplements to Schedule I.

3. Transactions in Client's Account(s)

If Adviser decides to purchase or sell the same securities for Client and for other clients at about the same time, Adviser may combine Client's order with orders of other clients to allow Adviser to negotiate better prices or lower commission rates and other transaction charges than Adviser could get for Client's order alone. Adviser will allocate securities so purchased or sold, as well as the expenses incurred in the transaction, in the manner that Adviser considers to be equitable and consistent with Adviser's fiduciary obligations to Client and Adviser's other clients.

4. Custody of Client's Account(s) Assets

Client's account(s) assets will be held by the independent Custodian selected by Client and recommended by us, if so desired. Adviser will not have custody of any of Client's assets in Client's account(s). Client may at any time increase or decrease Client's managed assets. Client's account(s) will, at all times, be held solely in Client's name and will require Client's authorization for withdrawal. Client will pay the fees of the Custodian--expenses related to the account(s) including, but not limited to, any costs of safekeeping, brokerage and other execution costs, custody fees and margin costs, if any. Client gives Adviser authority to instruct the Custodian, on Client's behalf, to purchase, sell, redeem or exchange any security, cash or other investments for Client's account(s). Client will instruct the Custodian to send Client quarterly, or if available, monthly statements showing the assets in and all transactions for Client's account(s) during the period corresponding to the statement, and to provide Adviser with copies of those statements and confirmations of any transactions effected in Client's account(s).

5. Client May Cancel This Agreement At Any Time

Either party has the right to cancel this agreement at any time by notifying the other in writing; such termination will be effective immediately after receipt of such notice. If Client terminates the agreement within five business days of signing this agreement, Client is entitled to a waiver of any pro-rated fees that is due to Adviser. There is no penalty or termination fee for canceling the agreement at any time. Adviser's authority under this agreement will remain in effect until Client changes or cancels it in writing. Cancellation of this agreement will not affect (a) the validity of any action previously taken by Adviser under this agreement, (b) liabilities or obligations of Client or Adviser from transactions initiated before termination of this agreement, or (c) Client's obligation to pay Adviser's advisory fees (pro rated through the date of cancellation). On the cancellation of this agreement, Adviser will have no obligation to recommend or take any action with regard to the securities, cash or other investments in Client's account(s).

6. Reports Adviser Will Provide to Client

Adviser will provide Client with reports that are generated at least annually. Reports may be conveyed in either written or oral form and will discuss the performance of Client's account(s). Client will get statements from Client's broker/dealers, custodians, mutual funds and other money managers, as appropriate.

7. Adviser's Fees

Adviser's fee schedule has been attached on Schedule II.

In choosing a **Management Fee Schedule**, Client agrees to pay Adviser _____ % of managed assets a year for Adviser's services. The value of managed assets to estimate the fee will be based upon the average of the month-end market values of all managed assets in Client's account(s) on the last day of each month in the calendar quarter. To determine the month-end market values, Adviser will use the asset value of the account(s) which is computed by adding the market value of all long positions. Adviser's fees are payable at the end of each quarter for Adviser's services in the prior three months. In any partial quarter, Adviser's fees will be pro rated based on the number of calendar days that Adviser managed Client's account(s).

In choosing a **Performance Fee Schedule**, Client warrants and represents to Advisor that Client is a **Qualified Client** (as defined in Schedule II), and Client agrees to one of the following types of Performance Fees, (as selected):

TYPE I Performance Fee (Hurdle Rate Method-"HRM"):

Client agrees to an annual hurdle rate of _____ %. Under this performance fee schedule, there are fees only if the hurdle rate is exceeded. The performance fee kicks in only if Adviser generates a time-weighted annual return in excess of the hurdle rate. Such a performance fee will equal to:

- 25%** of the returns in excess of the hurdle rate during a year, after adjusting for any contributions or withdrawals in the account during the period (adjustment shown in Schedule II), **OR**
- If the hurdle is a benchmark, an Asset Management Fee of _____ % of assets under management, based on a calculated average (month end values) during the year.

◇ **TYPE II Performance Fee (Watermark Method):**

Under this method, for a given year, the Performance Fee for a portfolio shall be calculated pursuant to the following formula:

Performance Fee = Lesser of Fee A or Fee B, where:

Fee A = **25%** of the profits in excess of the _____ % hurdle rate during the year, calculated under the HRM described in Type I above.

Fee B = **25%** of the profits in excess of a Market Value Hurdle ("MVH") for the portfolio, further defined as follows:

MVH= Net Principal Contributions to the account from inception to the end of the calendar year.

"Net Principal Contributions" = Initial principal contribution, plus additional principal contributions, less principal withdrawals and performance fees paid from the portfolio.

"Profits in excess" = Portfolio market value at December 31st close, less MVH.

Fee C = Asset Management Fee, where:

Fee C = **0.5%** of the Average Month-End Assets Under Management during the calendar year.

Fee C shall only be applicable where the Performance Fee is calculated to be zero or below the amount calculated for Fee C, in which event the client will be charged the Asset Management Fee in lieu of the Performance Fee.

The performance fee is assessed at the end of a calendar year and for accounts created during a calendar year, the first calendar year's performance fees are calculated based on a hurdle rate that has been pro-rata (and /or a pro-rata Asset Management Fee, as applicable) for the remainder period of the calendar year. Any such account that is terminated during a calendar year will have performance fees calculated based on a hurdle rate that has been pro-rata (and /or a pro-rata Asset Management Fee, as applicable) for the period of the calendar year that the account was under management. **Advisory clients choosing the Performance Fee Schedule understand that this fee arrangement may create the incentive for increased risk, and that Ceera may receive more compensation due to the inclusion of unrealized appreciation.**

If Adviser buys shares of mutual funds or other investment companies for Client, these shares will be included in calculating the value of Client's account(s) when Adviser's fees are determined. Client should understand that the same assets will also be subject to additional advisory and other fees and expenses, which are described in the prospectuses of those funds, paid by the funds but ultimately borne by the investor.

Client may prefer to have Adviser's fee withdrawn from the account(s). This will be permitted only when Client authorizes the agreement in writing. The Custodian will deduct from Client's account(s) and pay Adviser its fees each quarter after Adviser submits a bill to the Custodian. Adviser will send Client a quarterly statement showing the amount of Adviser's fees, the account(s) value on which Adviser's fees were based, and how the Adviser's fees were calculated. Client is responsible for verifying fee computations since Custodians are not typically asked to perform this task. The Custodian will send Client a quarterly statement showing all amounts paid from Client's account(s), including Adviser's fees. If the fees are not being directly withdrawn from the account(s), then these fees should be paid to Adviser not later than ten (10) business days after the receipt of the bill by Client.

For advisory situations where the amount of time and resources required for advisory services cannot be clearly determined at the commencement of the services, or if Client desires financial planning services, Client agrees to pay Adviser \$ N.A. per hour, payable after the consultation.

8. Confidentiality

Except as agreed to by Client or as is required to be disclosed by law, Adviser will keep confidential all information concerning Client's identity, financial affairs or investments.

9. Adviser's Other Services

Client acknowledges that Adviser has and will have other Asset Management clients, that Adviser is advising Client on a non-exclusive basis, and that Adviser's fees and method of calculating fees may vary from client to client. Adviser manages investments for other clients and may give them advice or take actions for them, for Adviser's own accounts or for accounts of persons related to Adviser that is different from the advice Adviser provides Client or actions Adviser takes for Client. Adviser is not obligated to buy, sell or recommend for Client any security or other investment that Adviser may buy, sell or recommend for any other clients or for Adviser's own accounts. Conflicts may arise in the allocation of investment opportunities among accounts that Adviser advises. Adviser will seek to allocate investment opportunities believed appropriate for Client's account(s) and other accounts advised by Adviser equitably and consistent with the best interests of all accounts involved. There can, however, be no assurance that a particular investment opportunity that comes to Adviser's attention will be allocated in any particular manner. If Adviser obtains material, non-public information about a security or its issuer that Adviser may not lawfully use or disclose, Adviser will have no obligation to disclose the information to Client or use it for Client's benefit.

10. Risk

Adviser cannot guarantee the future performance of Client's account(s), promise any specific level of performance or promise that Adviser's investment decisions, strategies or overall management of Client's account(s) will be successful. The investment decisions Adviser will make for Client are subject to various market, currency, economic, political and business risks, and will not necessarily be profitable. In managing Client's account(s), Adviser will not consider any other securities, cash or other investments Client owns unless Client has told Adviser to do so in Client's written instructions to Adviser on Schedule I. Except as may otherwise be provided by law, Adviser will not be liable to Client for any loss (i) that Client may suffer as a result of Adviser's good faith decisions or actions where Adviser exercises the degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use in the conduct of an enterprise of a like character and with like aims; (ii) caused by following Client's instructions; or (iii) caused by the Custodian, any broker or dealer to which Adviser directs transactions for Client's account(s) or by any other third person. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and this agreement does not waive or limit Client's rights under those laws.

11. Self-Directed Assets

Client may desire to place or keep certain assets within Client's account(s) that are selected by Client and are not the subject of investment advice by Adviser. These are "self-directed" assets. Adviser will have no responsibility to manage any "self-directed" assets in Client's account(s), and Adviser will have no liability to Client for any loss relating to the "self-directed" assets. Client's "self-directed" assets, if any, are listed below and this list may be amended when agreed to by Client and Adviser in writing.

1. N.A.
2. N.A.
3. N.A.

12. Legal Actions

Adviser will not advise Client or act for Client in any legal proceedings, including bankruptcies or class actions, involving securities held for Client's account(s) or the issuers of those securities.

13. Client's Authority to Hire Adviser

By signing this agreement, Client represents to Adviser that Client has the legal authority and capacity to hire Adviser to manage the assets in Client's account(s). If this agreement is established by the undersigned in a fiduciary capacity, the undersigned hereby certifies that he/she is legally empowered to enter into or perform this agreement in such a capacity. If the account(s) is governed by ERISA, its named fiduciary hereby appoints Adviser as an investment adviser or fiduciary to the Plan. The undersigned represents that Adviser has been furnished true and complete copies of all documents establishing and governing the plan and evidencing undersigned's authority to retain Adviser. The undersigned will furnish promptly to Adviser any amendment to the Plan, and agrees that, if any amendment affects Adviser's rights or obligations, the amendment will be binding on Adviser only when agreed to by Adviser in writing. If Client's account(s) contains only a part of the assets of the Plan, Client understands that Adviser will have no responsibility for the diversification of all of the Plan's investments and that Adviser will have no duty, responsibility or liability for Client's assets that are not in the account(s). If ERISA, or other applicable law, requires bonding with respect to the assets in Client's account(s) and if Adviser so requests in writing, Client will obtain and maintain at Client's expense, bonding that satisfies this requirement and covers Adviser and Adviser's affiliated persons.

The undersigned agrees to deliver to Adviser all account(s) forms and corporate resolutions or similar documentation evidencing the undersigned's authority to execute and deliver this Agreement. The undersigned also agrees to deliver such organizational documents and other documents, including the written statement of the Client's investment objectives, policies and restrictions as Adviser shall reasonably require. The undersigned further agrees to promptly deliver all amendments or supplements to the foregoing documents, and agrees that the Adviser will not be liable for any losses, costs or claims suffered or arising out of the Client's failure to provide the Adviser with any documents required to be furnished hereunder.

14. Death And Disability

Client's death, disability or in-competency will not automatically terminate or change the terms of this agreement. However, Client's personal representative, guardian, attorney-in-fact or other authorized representative may cancel this agreement by giving written notice to Adviser.

15. Non-Assignability

This agreement may not be assigned (within the meaning of the Investment Adviser's Act of 1940 (the "Adviser's Act")) by Adviser without Client's written consent.

16. Governing Law

The internal law of **Texas** will govern this agreement. However, nothing in this agreement will be construed contrary to the Adviser's Act or any rule or order of the Securities and Exchange Commission under the Adviser's Act.

17. Disputes

Any controversy or claim including, but not limited to, errors and omissions arising out of or relating to this Agreement or the breach thereof that cannot be settled by Adviser and Client shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then applying. Each of the parties to this agreement agrees to bear the expenses of the arbitration proceedings equally. Any arbitration the award of the arbitrators or the majority of them shall be final and binding, and not subject to review or appeal. Judgment upon any arbitration award rendered may be entered in any court having appropriate jurisdiction. This clause does not constitute a waiver of any right provided by the Investment Advisers Act of 1940, including the right to choose the forum, whether arbitration or adjudication, in which to seek resolution of disputes.

18. Notices

All notices and reports required or permitted to be sent under this agreement shall be sent, if to Adviser or if to Client, at the address shown at the end of this agreement or such other name or address as may be given in writing to the other party. All notices hereunder shall be sufficient if delivered in person, by U.S. mail, overnight courier or e-mail. Any notice shall be deemed to be given only upon actual receipt.

19. Miscellaneous

If any provision of this agreement is or becomes inconsistent with any applicable law or rule, the provision will be deemed rescinded or modified to comply with such law or rule. In all other respects this agreement will continue in full force and effect. Failure to insist on strict compliance with this agreement or with any of its terms or any continued conduct will not be considered a waiver by either Client or Adviser of Adviser's rights under the agreement. This agreement contains the entire understanding between Client and Adviser.

20. Amendments, Waivers, and Changes

Adviser has the right to amend this agreement by modifying or rescinding any of its provisions or by adding new provisions. Any amendment by Adviser of this agreement will be effective 30 days after Adviser has notified Client in writing of the change, or at a later date established by Adviser. No term of this agreement may be waived or changed unless agreed to in writing by both Client and Adviser, or via a negative consent by Client upon Adviser's notification.

21. Other Warrants and Representations

Client warrants and represents to Advisor that: (a) Client will inform Advisor of any corporate affiliations or other matters that may cause securities purchased or sold in the account to be deemed "restricted" securities under applicable federal or state securities laws (b) Client is not an Insider (as that term is defined under federal securities laws) in any entity and will notify Advisor immediately if Client becomes an Insider, or (c) Client has informed us of all entities in which Client is an Insider.

22. Invalid Provisions

Except as provided in Section 23 below, if any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or its severance from this Agreement.

23. Enforcement

If the scope of any provision contained in this Agreement is too broad to permit enforcement of such provision to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the undersigned hereby consents that such provision may be reformed or modified accordingly, and enforced as reformed or modified, in any proceeding brought to enforce such provision.

24. Counterparts

This Agreement may be executed in two or more counterparts, each one of which shall be deemed to be an original.

22. Disclosure

By signing this agreement, Client acknowledges receipt of Advisor's Privacy Policy, Part 2 of Form ADV; a disclosure statement containing the equivalent information; or a disclosure statement containing at least the information required by Part 2A Appendix 1 of Form ADV, if the client is entering into a wrap fee program sponsored by the investment adviser. If the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or, in the case of an oral contract, otherwise signified their acceptance, any other provisions of this contract notwithstanding. If Client terminates this agreement within five business days of signing this agreement, Client is entitled to a waiver of any pro-rated fees that is due to Advisor. There is no penalty or termination fee for canceling the agreement at any time.

By Adviser's and Client's signatures, Adviser and Client agree to the terms of this agreement.

Client Signature

Client Name: _____

Rajesh Chelapurath

Title/Company: _____

President & Managing Member
Ceera Investments, LLC
4911 Wedgewood Dr.,

Address1: _____

Bellaire, Texas 77401

Address2: _____

Phone: _____

Phone: 713-364 6770

E-Mail: _____

E-Mail: rc@ceera.com

Social Security/Tax-Id: _____

Date: _____

Date: _____

Schedule I: Investment Objectives/ Parameters/ Restrictions

ACCOUNTS UNDER MANAGEMENT

Account Name/ Title	Account Number	Custodian	Notes

INVESTMENT OBJECTIVES	
Capital Appreciation/ Growth	
Equity Income Generation	
Fixed Income Generation	

ASSET ALLOCATION	
Equity	
Fixed Income / Hybrids	
Cash/Cash Equivalents	

INVESTMENT STYLE	
Invest in assets comprising individual securities (stocks, bonds, preferreds, or other types) and /or cash equivalents (including money market funds)	
Invest in assets comprising funds (mutual funds, closed end funds, ETFs, or other types) and /or cash equivalents (including money market funds)	

NOTES/ COMMENTS/ RESTRICTIONS

SUMMARY OF FEES
<input type="checkbox"/> Management Fee Schedule o Fee (per annum) : _____ %
<input type="checkbox"/> Performance Fee Schedule ◇ TYPE I Fees (HRM Method) o Hurdle : _____ % o Asset Management Fee : _____ % <small>(only if Hurdle is a Benchmark)</small>
◇ TYPE II Fees (Watermark Method) o Hurdle : _____ % o Asset Management Fee : _____ 0.50 _____ %
<input type="checkbox"/> Other : _____ N.A. _____

Agreed To By:

 Client Signature
 Client Name:

Date: _____

 Rajesh Chelapurath
 President & Managing Member
 Ceera Investments, LLC

Date: _____

Schedule II: Fee Schedule

Management Fees Schedule:

- The annual negotiable fee is up to 1.75% of the assets under management, depending on the size, complexity of a client's account(s), and other business considerations.
- Fees are computed based upon the average of the month-end market values of all managed assets in an account on the last day of each month in the calendar quarter, as reported by the custodian. To determine the month-end market values, the asset value of an account is computed by adding the market value of all long positions. Fees are payable at the end of each quarter for services in the prior three months. Fees for the initial and final billing period will be prorated for the number of days management services were provided.
- All fees paid to Advisor are separate from the fees and expenses charged by the management of investment vehicles used in Client's account(s) such as a mutual fund, exchange traded fund, or real estate investment trust (REIT).
- Brokerages or trustees may charge transaction fees for the purchase or redemption (or sale) of shares of mutual funds (or individual securities).
- Periodically, for advisory situations where the amount of time and resources cannot be clearly determined upfront, an hourly or a fixed negotiable retainer fee arrangement may be available. The negotiable hourly fee is up to \$300 and is paid after the consultations.

Performance Fees Schedule:

Ceera Investments also offers "qualified clients" (per securities laws and defined in detail below) the following types (TYPE I or TYPE II) of negotiable performance-based fee arrangements.

- **The performance fee is assessed at the end of a calendar year** and for accounts created during a calendar year, the first calendar year's performance fees are calculated based on a hurdle rate that has been pro-rata (and /or a pro-rata Asset Management Fee, as applicable) for the remainder period of the calendar year.
- Any such account that is terminated during a calendar year will have performance fees calculated based on a hurdle rate that has been pro-rata (and /or a pro-rata Asset Management Fee, as applicable) for the period of the calendar year that the account was under management.
- **Advisory clients choosing the Performance Fee Schedule understand that this fee arrangement may create the incentive for increased risk, and that Ceera may receive more compensation due to the inclusion of unrealized appreciation.**

◇ TYPE I Performance Fee (Hurdle Rate Method--"HRM"):

Client agrees to an annual hurdle rate, typically around 6% a year, or a specified Benchmark-- customized or otherwise. **Under this performance fee schedule, there are fees only if the hurdle rate is exceeded.** The performance fee kicks in only if Advisor generates a **time-weighted annual return in excess of the hurdle rate.** Such a performance fee will equal to:

- 25%** of the returns in excess of the hurdle rate during a year. To account for any contributions or withdrawals during a year, this performance fee is based on an Adjusted Year Beginning Market Value (AYBMV) calculated as shown below:

Adjusted Year Beginning Market Value (AYBMV) Calculation

AYBMV is defined as = (Year End Market Value-Year Beginning Market Value-NCW)/Time-Weighted Annual Return, where
 NCW=Net Contribution (Withdrawals) during Year= Additional principal contributions, less principal withdrawals and performance fees paid from the portfolio during the Year

OR

- If the hurdle is a benchmark, an agreed upon Asset Management Fee, as a percent of assets under management, based on a calculated average (month end values) during the year.

TYPE I Performance Fee Examples & Scenarios: Please note that these are some scenarios for illustrative purposes only. Actual results/ fees can vary widely depending on the situation and so please consider all likely scenarios and resulting fees before considering this Fee Schedule .

-A Scenario with portfolio return lower than the hurdle:

There will be no Performance Fees applicable that Year.

-A Scenario with portfolio return higher than the hurdle and with no contributions / withdrawals during the Year:

Current Year Beginning Market Value= \$500,000; Year End (Dec 31st) Market Value= \$550,000; Hurdle Rate= 6%; Portfolio Return (Time-Weighted) during the Year=10%

NCW=Net Contributions (Withdrawals) = \$0
 Adjusted Year-Beginning Market Value (AYBMV) = (\$550,000 - \$500,000-(\$0))/0.1= \$500,000

Performance Fees for the Year = 25% * (10%-6%) * AYBMV = 0.25*0.04* \$500,000 = \$5,000

-A Scenario with portfolio return higher than the hurdle and with net contributions / withdrawals during the Year:

Current Year Beginning Market Value= \$500,000; Year End (Dec 31st) Market Value= \$495,000; Hurdle Rate= 6%; Portfolio Return (Time-Weighted) during the Year=10%; Principal Contributions during the Year = \$10,000; Principal Withdrawals during the Year = \$55,000; Performance Fees paid from the portfolio during the Year (for the Prior Year) = \$5,000;

NCW=Net Contributions (Withdrawals) = +\$10,000-\$55,000-\$5,000= (\$50,000)
 Adjusted Year-Beginning Market Value (AYBMV) = (\$495,000 - \$500,000-(\$50,000))/0.1= \$450,000

Performance Fees for the Year = 25% * (10%-6%)* AYBMV = 0.25*0.04* \$450,000 = \$4,500

-A Scenario with a Negative return(s) in prior Year(s) and a Positive return, significantly higher than hurdle, during the recently concluded Year:
 Inception Principal= \$500,000; Current Year Beginning Market Value= \$400,000; Year End (Dec 31st) Market Value= \$480,000; Hurdle Rate= 6%; Portfolio Return (Time-Weighted) during the Year=20%

NCW=Net Contributions (Withdrawals) = \$0
 Adjusted Year-Beginning Market Value (AYBMV) = (\$480,000 - \$400,000-(\$0))/0.2= \$400,000

Performance Fees for the Year = 25% * (20%-6%)* AYBMV = 0.25*0.14* \$400,000 = \$14,000.

This scenario illustrates a situation wherein Performance Fees become applicable even though Year End Market Value DOES NOT exceed Inception Principal.

-A Scenario with portfolio return significantly higher than the hurdle rate:
 Inception Principal= \$500,000; Current Year Beginning Market Value= \$700,000; Year End (Dec 31st) Market Value= \$840,000; Hurdle Rate= 6%; Portfolio Return (Time-Weighted) during the Year=20%

NCW=Net Contributions (Withdrawals) = \$0
 Adjusted Year-Beginning Market Value (AYBMV) = (\$840,000 - \$700,000-(\$0))/0.2= \$700,000

Performance Fees for the Year = 25% * (20%-6%)* AYBMV = 0.25*0.14* \$700,000 = \$24,500

◇ **TYPE II Performance Fee (Watermark Method):**

Type II Fee Schedule provides a form of downside performance watermark for the Client since inception, i.e. there are no performance fees during a year unless Advisor generates "Profits in Excess" of "Net Principal Contributions" from inception to date, and exceeds a hurdle rate of return. On the other hand, this schedule makes room for an Asset Management Fee to the Advisor, at a minimum and irrespective of the performance of the portfolio, for its management services during the year. Under this method, for a given year, the Performance Fee and Asset management Fee for a portfolio shall be calculated pursuant to the following formula:

Performance Fee = Lesser of Fee A or Fee B, where:

Fee A = **25%** of the profits in excess of an annual hurdle rate (typically around 6%) during the year, calculated under the HRM described in Type I above.

Fee B = **25%** of the profits in excess of a Market Value Hurdle ("MVH") for the portfolio, further defined as follows:

MVH= Net Principal Contributions to the account from inception to the end of the calendar year.

"Net Principal Contributions" = Initial principal contribution, plus additional principal contributions, less principal withdrawals and performance fees paid from the portfolio.

"Profits in excess" = Portfolio market value at December 31st close, less MVH.

Fee C = Asset Management Fee, where:

Fee C = **0.5%** of the Average Month-End Assets Under Management during the calendar year.

Fee C shall only be applicable where the Performance Fee is calculated to be zero or below the amount calculated for Fee C, in which event the client will be charged the Asset Management Fee in lieu of the Performance Fee.

TYPE II Performance Fee Examples & Scenarios: Please note that these are some scenarios for illustrative purposes only. Actual results/ fees can vary widely depending on the situation and so please consider all likely scenarios and resulting fees before considering this Fee Schedule.

-A Scenario with portfolio return lower than the hurdle:

Market Value Hurdle (MVH) = \$600,000; Current Year Beginning Market Value= \$600,000; Year End (Dec 31st) Market Value= \$612,000; Hurdle Rate= 6%; Portfolio Return during the Year=2%; Average Month-End Assets Under Management (AUM) during Year= \$604,000; Net Contributions (Withdrawals) (NCW) during the Year= \$0.

Fee A= \$0 (i.e. because portfolio return was not in excess of hurdle rate, there is no "profits in excess")

Fee B= \$3,000 (i.e. 0.25* (612,000-600,000))

Fee C= \$3,020 (i.e. 0.005*604,000)

Performance Fee is \$0 but Fee C will become applicable in this case and therefore the Fee for the Year would be Fee C=\$3,020.

-A Scenario with portfolio return higher than the hurdle:

Market Value Hurdle (MVH) = \$600,000; Current Year Beginning Market Value= \$600,000; Year End (Dec 31st) Market Value= \$660,000; Hurdle Rate= 6%; Portfolio Return during the Year=10%; Average Month-End Assets Under Management (AUM) during Year= \$615,000; Net Contributions (Withdrawals) (NCW) during the Year= \$0.

Fee A= \$6,000 (i.e. 0.25*0.04*\$600,000)

Fee B= \$15,000 (i.e. 0.25* (660,000-600,000))

Fee C= \$3,075 (i.e. $0.005 \times 615,000$)

Performance Fee A will become applicable in this case and therefore the Fee for the Year would be Fee A=~~\$6,000~~.

-A Scenario with Negative portfolio return:

Market Value Hurdle (MVH) = \$600,000; Current Year Beginning Market Value= \$600,000; Year End (Dec 31st) Market Value= \$550,000; Hurdle Rate= 6%; Portfolio Return during the Year= (8.33%); Average Month-End Assets Under Management (AUM) during Year= \$582,000; Net Contributions (Withdrawals) (NCW) during the Year= \$0.

Fee A= \$0 (i.e. because portfolio return was not in excess of hurdle rate, there is no "profits in excess")
 Fee B= \$0 (i.e. because Year End Market Value is below MVH, there is no "profits in excess")
 Fee C= \$2,910 (i.e. $0.005 \times 582,000$)

Performance Fee is \$0 but Fee C will become applicable in this case and therefore the Fee for the Year would be Fee C=~~\$2910~~.

-A Scenario with a Negative return(s) in prior Year(s) and a Positive return, significantly higher than hurdle, during the recently concluded Year:

Market Value Hurdle (MVH) = \$600,000; Current Year Beginning Market Value= \$466,207; Year End (Dec 31st) Market Value= \$606,590; Hurdle Rate= 6%; Portfolio Return during the Year=30.11%; Average Month-End Assets Under Management (AUM) during Year= \$527,244; Net Contributions (Withdrawals) (NCW) during the Year= \$0.

Fee A= \$28,102 (i.e. $0.25 \times (0.3011 - 0.06) \times (\$606,590 - 466,207) / 0.3011$)
 Fee B= \$1,647.5 (i.e. $0.25 \times (606,590 - 600,000)$)
 Fee C= \$2,636.2 (i.e. $0.005 \times 527,244$)

Performance Fee is \$1,647.5 but Fee C will become applicable in this case and therefore the Fee for the Year would be Fee C=~~\$2,636.2~~.

-A Scenario with portfolio return significantly higher than the hurdle rate:

Market Value Hurdle (MVH) = \$600,000; Current Year Beginning Market Value= \$700,000; Year End (Dec 31st) Market Value= \$840,000; Hurdle Rate= 6%; Portfolio Return during the Year=20%; Average Month-End Assets Under Management (AUM) during Year= \$785,000; Net Contributions (Withdrawals) (NCW) during the Year= \$0.

Fee A= \$24,500 (i.e. $0.25 \times (0.20 - 0.06) \times (\$840,000 - 700,000) / 0.2$)
 Fee B= \$60,000 (i.e. $0.25 \times (\$840,000 - 600,000)$)
 Fee C= \$3,925 (i.e. $0.005 \times 785,000$)

Performance Fee A will become applicable in this case and therefore the Fee for the Year would be Fee A=~~\$24,500~~.

"Qualified Clients" include the following:

- ▶ (1) A natural person or company who at the time of entering into such agreement has at least **\$1,000,000** in assets under management with Ceera; **OR**
- ▶ (2) A natural person or company who Ceera reasonably believes at the time of entering into the contract:
 - (A) has a net worth (excluding primary residence) of jointly with his or her spouse of more than **\$2,100,000**; **OR**
 - (B) is a qualified purchaser as defined in the Investment Company Act of 1940, §2(a)(51)(A) (15 U.S.C. 80a-2(51)(A)); **OR**
- ▶ (3) A natural person who at the time of entering into the contract is:
 - (A) An executive officer, director, trustee, general partner, or person serving in similar capacity of Ceera; **OR**
 - (B) An employee of Ceera (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser), who, in connection with his or her regular functions or duties, participates in the investment activities of Ceera, provided that such employee has been performing such functions and duties for or on behalf of Ceera, or substantially similar function or duties for or on behalf of another company for at least 12 months.

Locke Lord LLP
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