

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 performance 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

AND/ 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;

$$\text{NCW} = \text{Net Contributions (Withdrawals)} = +\$10,000 - \$55,000 - \$5,000 = (\$50,000)$$

$$\text{Adjusted Year-Beginning Market Value (AYBMV)} = (\$495,000 - \$500,000 - (\$50,000)) / 0.1 = \$450,000$$

$$\text{Performance Fees for the Year} = 25\% * \{10\% - 6\% * \text{AYBMV}\} = 0.25 * 0.04 * \$450,000 = \underline{\$4,500}$$

-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%

$$\text{NCW} = \text{Net Contributions (Withdrawals)} = \$0$$

$$\text{Adjusted Year-Beginning Market Value (AYBMV)} = (\$480,000 - \$400,000 - (\$0)) / 0.2 = \$400,000$$

$$\text{Performance Fees for the Year} = 25\% * \{20\% - 6\% * \text{AYBMV}\} = 0.25 * 0.14 * \$400,000 = \underline{\$14,000}$$

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%

$$\text{NCW} = \text{Net Contributions (Withdrawals)} = \$0$$

$$\text{Adjusted Year-Beginning Market Value (AYBMV)} = (\$840,000 - \$700,000 - (\$0)) / 0.2 = \$700,000$$

$$\text{Performance Fees for the Year} = 25\% * \{20\% - 6\% * \text{AYBMV}\} = 0.25 * 0.14 * \$700,000 = \underline{\$24,500}$$

◇ 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.

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

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

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

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. $0.25 \times 0.04 \times \$600,000$)
 Fee B= \$15,000 (i.e. $0.25 \times (\$600,000 - \$600,000)$)
 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.