

# DISCLOSURE DOCUMENT OF QUANIFY GMBH

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## MANAGED TRADING ACCOUNT PROGRAMS - QUANIFY GMBH

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## **NOTICE**

Quanify GmbH (Quanify) is not a Commodity Trading Advisor (“CTA”) under USA law, but is a licensed Asset Management company under Swiss law. This document has been prepared in relation to the private offer to a potentially limited number of investors. The Managed Trading Account (“MTA”) by Quanify shall only be disseminated to select limited private persons or entities and is not offered to the general broad-spectrum public investor profile, nor is the MTA suitable for every type of investor.

The participation in the MTA in certain jurisdictions may be restricted by Quanify, or by any of their FCMs (and their respective jurisdictions) in which Quanify trades through. Potential investors are required to inform themselves about, and to observe any such restrictions. As such, this document does not constitute, and may not be used for the purpose of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

Prospective investors should not construe the contents of this document as legal, tax or financial advice. Each prospective investor should consult his own professional advisors on (a) the legal requirements within the country of their residence for making an investment in the MTA, (b) any foreign exchange restrictions that may be relevant to him and (c) the income and other tax consequences that may be relevant to participation in the MTA. The MTA is intended for, and but not limited to, the professional or sophisticated investor, an experienced investor, or an ECP (eligible contract participant), who can afford the risks inherent in this type of investment. An investment in the MTA should be considered by an investor as speculative and high risk, and an investment made in the MTA should not constitute the sole or principal holding of any investor.

NO GLOBALLY RECOGNIZED REGULATORY BODY OR COMMISSION HAS PASSED UPON THE MERITS OF PARTICIPATING IN THIS TRADING PROGRAM NOR HAS ANY SUCH GLOBALLY RECOGNIZED REGULATORY BODY OR COMMISSION PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT. THE INFORMATION AND OPINION CONTAINED HEREIN AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE SHOWN BELOW IN THE FOOTER. THIS DISCLOSURE IS NOT TO BE DISTRIBUTED UNDER ANY CIRCUMSTANCES OTHER THAN BY THOSE AUTHORIZED TO DO SO BY CHELTON WEALTH.

## **RISK DISCLOSURE STATEMENT**

THE RISK OF LOSS IN TRADING COMMODITY, FOREX AND FUTURES 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 A 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, FOREX OR FUTURES 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 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, A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY CHELTON WEALTH.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY, FOREX AND FUTURES INTEREST MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND COMMODITY, FOREX AND FUTURES INTEREST TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT CONTAINED HEREIN.

QUANIFY DOES NOT ACCEPT FUNDS IN THEIR NAME FROM CLIENTS FOR TRADING FOREX OR 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.

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## **INTRODUCTION**

### **GENERAL**

Quantify is currently managing trading programs for qualified investors (“Client(s)”). Quantify engages in the trading of futures and/or options and/or commodities and/or foreign exchange contracts for themselves and their Clients on various Exchanges offered by their FCM.

Given that speculative trading in these Alternative Investments presents the risk of substantial losses, only persons knowledgeable enough and with high incomes and the ability to absorb such losses should consider participating in these trading programs. This Disclosure Document describes the trading management services offered by Quantify and the risks associated therewith.

### **THE ADVISOR**

Quantify GmbH is authorized to engage in business activity of a financial intermediary referred to in article 2 para. 3 of the anti-money laundering act (AMLA) and use investments as an asset manager or investment advisor according to article 3 para. 2 letter C of the Swiss Federal Act on collective investment schemes (CISA).

Quantify GmbH is a registered member and subject to the supervision of the Association Romande des Intermediaires Financiers (ARIF) no.: 3285, a self-regulated organization recognised by Swiss regulator FINMA.

### **BUSINESS NICHE AND EXPERIENCE**

Quantify specializes in managed trading primarily and originally in the Spot Forex markets, among other markets. Quantify includes a broad network of professionals with extensive practical experience and formal education in the financial and trading industry. The company has ample experience as investors and traders, broker/dealers, as well as money managers, investment consultants, designers of trading systems, analysts, and educators. Quantify works very closely with multiple stakeholders in the industry.

Quantify focuses extensively on research and development and the on-going study of capital markets and hence the constant improvement of the investment process. Therefore, Quantify devotes much of their efforts and experience and resources to;

- a) Seeking out, developing, and securing access to the highest calibre of investment opportunities in the alternative investments trade; and
- b) Bringing these opportunities to their clients.

Quantify's role is that of an Asset Manager, Investment Advisor, Fund Manager, Introducing Broker, and primary developer and stakeholder of trading programs and strategies.

## **MANAGEMENT AND ADMINISTRATION**

The MTA shall be administered by Quanify's Board of Directors. The function of the Director(s) of Quanify is to conduct the company's business operations and review and be responsible for the activities of the company. The Director(s) will, at all times, act and rely upon the advice of its stakeholders, investment advisors, traders and financial consultants as appointed. The Director(s) of Quanify are elected by the voting shareholders of the company to serve for an indefinite term. The Director(s) will serve until their resignation, death, or removal.

## **THE TRADING PROGRAMS**

### **STRATEGIES**

Choose from

- Alternative I
- Alternative II
- Balanced Compounding
- Currency Alpha
- Currency Overlay
- Opportunity

Strategy reports are available upon request: <https://quanify.ch/contact-us/>

## **THE COMMODITY OR FUTURES OR FOREIGN EXCHANGE MERCHANT (BROKER)**

The primary brokerages where the MTA trades are in highly reputable jurisdictions and in highly regulated environments. Although Quanify is not locked into any one particular entity as its Futures Commission Merchant or Foreign Exchange Broker ("Broker" or "Brokers" or "Brokerage firm"), Quanify may recommend certain brokers to their Clients for optimal performance and trade execution.

The Client, therefore, may be free to open an account with another registered Futures Commission Merchant and Foreign Exchange Broker with prior approval from Quanify, however, Quanify reserves the right to reject any FCM or IB requested by a Client for any reason, including the belief that its execution and/or its back-office service is not satisfactory or the commission or fees charged to a client are not satisfactory or in general if the management places constraints on the Quanify team.

Despite the client's potential choice of an FCM, Quanify will typically execute all trades through the FCM of its choosing and then "give-up" those trades to the client's chosen FCM, if different. In other words, if the client's chosen FCM is different than that of Quanify, it will probably result in an additional "give-up" fee being charged to the client's account. This fee is in addition to any other brokerage, exchange or clearing fees charged and/or negotiated by the client and their chosen FCM.

## **LITIGATION**

There have never been any administrative, civil, or criminal proceedings against Quanify, or any of its principals.

## **CONFLICTS OF INTEREST**

Prospective Clients should be aware that these, and other, potential conflicts of interests are frequently inherent in the position occupied by Quanify. Quanify, however, is obligated to treat each Client with fairness, considering the Client's best interests. All efforts will be made to assure fair and equitable treatment of all accounts. Clients should be aware that normal marketplace factors may cause the results of various accounts to differ.

Quanify may trade for its own account. Additionally, some of the Quanify's principals may trade commodities, futures, forex, and commodity interests for their own accounts. The trades in these accounts may compete with a Client's account for the same or similar positions in the same markets. Quanify expects to manage the commodity, forex, and futures accounts of various Clients. As such the trading records of Quanify or any of the principals' proprietary accounts may not be available for review or inspection.

All of these accounts plus the accounts owned or controlled by any affiliates or associates of Quanify may be combined for purposes of speculative position limits (restrictions which can be imposed by U.S. commodity exchanges and the CFTC or other Foreign Exchanges or regulatory bodies on the size of the commodity positions or forex trades that a person may hold or control), so that the number of positions that Quanify establishes for anyone Client may be restricted by the number of positions held for these other accounts.

Also, these other accounts might compete with a Client's account for the same or similar positions in the markets. To the extent that position limits restrict the total number of positions that Quanify may establish for anyone Client and those of other accounts, Quanify may allocate transaction orders equitably between the Client's account and such other accounts on a pro-rata basis, if possible. If pro-rata allocation is not possible, then Quanify may rotate the accounts that receive fills. Quanify and/or principals of Quanify may receive a fill price and the Client may not.

Quanify may have investments in other accounts, which could create an incentive to favour those accounts over anyone Client's account. Although no such favouritism is intended or expected to occur, there can be no assurance that the performance of the proprietary accounts will be similar to those of a Client's account.

## **RESEARCH AND DEVELOPMENT**

Quanify and/or its principals are constantly researching and testing new trading concepts and techniques in their own accounts. As such, trading in these accounts may be more aggressive than Client accounts, and trading in these accounts may involve trade's which are opposite to Clients' trades.

## **ATTENTION**

Quanify intends to continue to actively engage with and manage other Client accounts. In conducting such activities, Quanify may have conflicts of interest in allocating management and advisory time, services, and other functions.

## **INCENTIVE FEE**

The incentive fee arrangement entered into between Quanify and its Clients might create an incentive for Quanify to make investments that are risky or speculative as Quanify would be partaking in the net performance of the Clients' account.

## **INTRODUCING BROKERS**

The Client, in some situations, may be able to select any IB of their choice and Quanify intends for the time being to pay any such IB a percentage of the fees collected. In such a case, the IB might have the incentive to encourage Quanify to trade more actively with the hopes of generating additional profits.

## **TRANSACTIONAL FEES**

Transactional fees may be charged by Quanify to their Clients on the round-turn activity of trades. This might create an incentive for Quanify to over-trade or trade more aggressively as Quanify would be partaking in the direct volume of trades placed.

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## **RESOLVING CONFLICTS**

While these conflicts do exist, Quanify and its managing partners do not intend to trade Client accounts in any manner inconsistent with the trading program set forth in this Disclosure Document.

## **PRINCIPAL RISK FACTORS**

Prospective Clients should consider the following risks, in addition to the general risks, before utilizing the services of Quanify in the MTA program. The risk factors below are not intended to include all possible risks of trading pursuant to the methodologies employed by Quanify in the MTA, nor are the summaries intended to provide complete descriptions of the risks that are included. There is a degree of risk associated with the utilization of Quanify's MTA, and any such utilization should be made only after consultation with independent qualified sources of investment, legal and tax advice. No person should consider investing with Quanify more than they can comfortably afford to lose. Clients participating in Quanify's MTA will be subjected to a number of risks, including, but not limited to the following:

### **INVESTMENT RISKS**

The alternative investment markets are speculative, prices are volatile and market movements are difficult to predict. Supply and demand for various types of contracts change rapidly and are affected by a variety of factors, including interest rates, merger activities and general trends in the overall economy or particular industrial or other economic sectors. Government actions, especially those of the U.S. Federal Reserve Board, have a profound effect on interest rates, which affect the price of various contracts. In addition, a variety of other factors that are inherently difficult to predict such as domestic and international political developments, governmental trade and fiscal policies, patterns of trade and war or other military conflicts can also have significant effects on the markets. The Advisor may have only limited ability to vary its investment portfolio in response to changing economic, financial and investment conditions. Those risks may be enhanced significantly by the concentration of the Advisor's investments, its consequent lack of diversification and the potential that creates for volatility. No assurance can be given as to when or whether adverse events might occur that could cause a significant and immediate loss in value of the Advisor's portfolio. Even in the absence of such events, trading futures and options and currency and commodity contracts can quickly lead to large losses.

### **TRADING IS SPECULATIVE AND VOLATILE**

Prices of alternative investment contracts can be highly volatile. The Advisor trades in these markets on a purely speculative basis. No assurance can be given that the Advisor's speculative trading will result in profitable trades or that Clients will not incur substantial losses.

### **LACK OF LIQUIDITY**

Many alternative investment contracts are subject to daily price limitations, which may mean that the exchanges have prohibited the trading of various contracts if the price fluctuates by a certain amount. If this occurs, it may be impossible to liquidate a position. Alternative investment prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences in markets in which the Advisor may hold positions at that time could prevent the Advisor from promptly liquidating unfavourable

positions and subject it to substantial losses. Daily limits may reduce liquidity, but they do not limit ultimate losses, as such limits apply only on a day-to-day basis. In addition, even if contract prices have not moved the daily limit, the Advisor may not be able to execute trades at favourable prices if there is only light trading in the contracts involved.

## **LEVERAGE**

An alternative investment position can be established with a margin which can be very high vs. of the total value of a contract. Thus, a small movement in the price of the underlying interest can result in a substantial price movement relative to the margin deposit and may result in immediate and substantial losses. Accordingly, a relatively small price movement may result in immediate and substantial losses. Although the use of leverage can substantially improve the return on invested capital, it may also increase any losses, and it is possible that a Client could lose most or all of its capital due to the effects of leverage combined with price volatility. Additionally, trading on margin may result in losses in excess of the amount deposited by the Client. If the managed account(s) suffers losses, the Advisor may de-leverage its account(s), which would materially impair its ability to recover its initial losses.

## **SPECULATIVE POSITION LIMITS**

Many globally recognized bodies such as the CFTC and various commodity and futures exchanges have established limits on the maximum net long or net short futures positions which any person or group of persons acting together may hold or control. Any commodity accounts owned or managed by the Advisor, or its principal, may be combined for position limit purposes. Due to the Advisor's concentration on various contracts, there may be times, particularly in spot months, when current limits could adversely affect the Advisor's ability to place trades on behalf of clients or to implement its trading strategy. From time to time, Advisor's trading decisions may have to be modified and positions may have to be liquidated in order to avoid exceeding such limits.

## **TRADING OF OPTIONS**

Typically, the Advisor does not engage in the trading of options on futures contracts. However, if so, 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), which could be an unlimited risk of loss. Moreover, selling options can result in unlimited 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.

## **TRANSACTIONS ON FOREIGN EXCHANGES**

The Advisor may trade contracts on foreign exchanges. Investors should be aware that foreign exchanges may not be regulated by their home exchanges. In addition, contracts traded on foreign exchanges are often denominated in the local currency. Consequently, any such trades may be subject to the risk of fluctuations in the exchange rate between the relevant currency and the U.S. dollar as an example. Furthermore, some foreign exchanges, in contrast to exchanges in the United State, for example, are “principals’ markets” similar to the forward markets, in which responsibility for performance is only that of the individual member with whom a trader has entered into a transaction, and not of an exchange or exchange clearinghouse.

## **CURRENCY AND EXCHANGE RATE RISKS**

The Advisor may invest in various contracts denominated or quoted in currencies other than the U.S. Dollar. Changes in currency exchange rates, therefore, may affect the value of a Client’s account and the unrealized appreciation or depreciation of investments. Further, the Advisor may incur higher brokerage commissions in connection with conversions between currencies as brokers are subject to risks during the conversion process. The Advisor may seek to protect the value of some portion or all of a Client’s account against currency risks by engaging in hedging transactions, if available, to the extent that such hedging transactions are cost-effective and practicable. The Advisor may enter into forward contracts on currencies as well as purchase put and call options on currencies. There is no certainty that instruments suitable for hedging currency shifts will be available at the time when the Advisor wishes to use them or that, even if available, the Advisor will elect to utilize a hedging strategy.

## **CERTAIN RISKS PECULIAR TO FORWARD TRADING**

The Advisor may enter directly or indirectly into forward contracts for the trading of certain commodities, such as currencies, with banks and currency dealers and counterparties. A forward contract is similar to a futures contract in that they both are contractual obligations to buy or sell a specified quantity of a commodity at or before a specified date in the future at a specified price. However, forward contracts generally are unregulated, and banks and dealers act as principals in such markets. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell. Clients will absorb the “bid-ask” spread incorporated into the price of forward contracts.

## **COUNTERPARTY CREDIT WORTHINESS**

A Client could be unable to recover assets held at his or her FCM, even assets directly traceable to the Client from the FCM in the event of a bankruptcy of the FCM. Although most FCMs are required to segregate customer funds pursuant to such acts as the U.S. Commodity Exchange Act (the "CEA"), for example, in the event of the FCM's bankruptcy, there may be no equivalent of the Securities Investors Protection Corporation insurance as is applicable in the case of securities broker-dealers' bankruptcies in the USA. Under CFTC regulations, for example, FCMs are required to maintain customer assets in a segregated account. If a Client's FCM fails to do so, the Client may be subject to the risk of loss of funds in the event of the FCM's bankruptcy. Even if such funds are properly segregated, the Client may still be subject to a risk of loss of his funds on deposit with the FCM should another customer of the FCM or the FCM itself fail to satisfy deficiencies in such other customer's account. Bankruptcy law applicable to all FCMs requires that, in the event of the bankruptcy of such an FCM, all property held by the FCM, including certain property specifically traceable to the customer, will be returned, transferred, or distributed to the broker's customers, but only to the extent of each customer's pro-rata share.

## **ACTIVE TRADING**

The Advisor's trading activities could involve substantial portfolio turnover and correspondingly high transactional costs.

## **COMPETITION**

The Advisor engages in investment and trading activities that are highly competitive with other investment and trading programs. Clients will compete for trades with mutual funds, investment banks, broker/dealers, commercial banks, insurance companies, pension funds and other financial institutions, all of which may have investment objectives similar to the Client's and substantially greater resources or experience than the Client or the Advisor.

## **THERE MAY BE ADDITIONAL RISKS IN THE TRADING OF DERIVATIVE INSTRUMENTS**

Although not common, the Advisor may trade in complex derivative instruments that seek to modify or replace the investment performance of particular securities, futures contracts, forex transactions, interest rates, indices or markets on a leveraged or unleveraged basis. Derivative instruments are subject to additional risks that include interest rate and credit risk volatility; world and local market price and demand; and general economic factors and activity. Derivative instruments also have counter-party risk and may not perform in the manner expected by the Advisor or the counterparties, thereby resulting in greater loss or gain.

## **LIMITATIONS OF RISK-DEFINED STRATEGIES**

The risk of leveraged trading and the requirement to make additional margin deposits are generally within defined limits. However, these risks can never be eliminated entirely. Moreover, one side of a “balanced” position may decline in value, requiring additional margin deposits in connection with the financing of a position prior to a market move in the offsetting position. Although the Advisor believes that it would be unusual for a situation of this type to persist for any prolonged length of time, the markets in which the Advisor acquires (or disposes of) positions could move in such fashion for extended periods of time or to a significant degree. Should this occur, clients could incur substantial losses.

## **FEES AND EXPENSES**

### **INCENTIVE AND TRANSACTIONAL FEES**

There are typically two different scales of compensation charged by, (or shared with) Quanify to the Client. One based on the High-Water Mark performance of an account (performance fee or incentive fee), and one based on the round turn transactional fees from trading on an account rebated by the FCM. Performance fees (typically) range between 15-25% of monthly high watermark profits and transactions fees range between 0-1 pip (or the equivalent in a \$ per round turn charge). These may be rebated by their FCM or added on top of the broker’s net cost. All fees our outlined in client LPOAs.

### **MANAGEMENT FEES**

Management fee is 2% per year for accounts < \$500,000, accounts > \$500,000 is 1.5%, prorated and charged on a monthly basis. There are no additional charges for the opening or closing of the account. Withdrawals incur the net banking fee, no extra charges. Some brokers do not charge its banking fees to clients.

### **ADMINISTRATIVE FEES**

Quanify will unless otherwise specified, bear its own administrative, legal, audit and any other administrative fees or other expenses. These fees are not passed on to the Client.

### **NET PROFIT PERFORMANCE FEES**

Net Profits shall mean the aggregate net trading profit, both realized and unrealized in a managed account during such calendar month, minus brokerage fees and other managed account transaction costs and expenses, and plus or minus the change from the previous month-end in the balance of brokerage commissions necessary to liquidate positions. The existence of a Carry Forward Loss is determined by adding all the Net Losses that have been sustained since the last month-end at which a Monthly Performance Fee was paid and subtracting those from Net Profits for the same time period. High-Water Marks are re-set to the high after the deduction of Incentive Fee.

The use of a Carry Forward Loss ensures that Monthly Performance Fees are paid only on the cumulative increases in the Net Profit of a managed account. The Monthly Performance Fee will not be charged until there are Net Profits after incentive fee deductions. However, Monthly Performance Fees shall not be rebated by virtue of subsequent losses. If a participating client withdraws from the MTA, the client shall be billed for the Monthly Performance Fee if the managed account has earned a Net Profit in the month of such a withdrawal. If the MTA has incurred a loss in the month of withdrawal the client will not be charged a Monthly Performance Fee.

### **HIGH WATER MARK EXAMPLE**

The formula used for calculation of the High-Water Mark, is the true High Water Mark formula. The formula for this is  $\text{New HWM} = \text{Month End balance (or equity, varies per brokerage)} - \text{Incentive Fee}$ .

An example of this calculation is as follows:

- 1.) When a Client deposits their initial funds that become the first High Water Mark (HWM). In this example, the Client deposits US\$100,000.
- 2.) After 1 month there is 10% profit which brings the Client account up to a gross value of US\$110,000.-
- 3.)  $\text{US\$110,000 (balance or equity) minus the last HWM (US\$100,000) = US\$10,000 in new profit}$ .
- 4.) In this example, the Performance Fee is 20%.  $20\% \text{ of } \$10,000 \text{ USD new profit is US\$2,000 Performance Fee (PF) payable to the Trader}$ .
- 5.) After paying US\$2,000 PF to the Trader, the Client retains US\$8,000 of the profit. The account balance after paying PF is US\$108,000, which is reset as the new High-Water Mark.

### **PERFORMANCE FEE BILLING**

Quanify and/or the FCM will either singly or collectively calculate and bill all Performance Fees to each managed account Client. All fees paid will be retained by Quanify, even if the managed account subsequently experiences losses. Since the Monthly Performance Fee is payable monthly, substantial Monthly Performance Fees may be paid to the Trade Manager during a fiscal year even though the managed account sustains a net trading loss in the fiscal year.

The Monthly Performance Fee will not be paid until the account is above its original value net of performance fees. The breakeven point which dictates every subsequent "high water mark" level equates to the original amount deposited in the account minus the Monthly Performance Fee being paid. The monthly billing cycle typically is conducted from the first to the last calendar day of each month, at the open and close times as per the FCMs server time used by Quanify.

## **SPECIAL DISCLOSURE FOR NOTIONALLY FUNDED ACCOUNTS**

Notional funds in a Client's account are funds not actually held in the account, but which have been committed by a Client to the trading activity of the account. Notional funding allows a Client to trade the account at a higher level than the cash actually held in the account. Incentive fees are calculated on the basis of an account's TOTAL nominal account value, which includes notional funds in ADDITION to actual funds.

## **CLIENT ACCOUNTS**

### **ACCOUNT SIZE AND FUNDING**

The minimum account size for participation in the MTA is in general set at US\$25,000 in actual funds. The minimum investment may be modified or waived by Quanify in their sole discretion from time to time.

### **OPENING AN ACCOUNT**

All accounts must be opened directly with Quanify's or another of their approved FCMs. Quanify will consider an account on "active" status typically within ten business days after receipt of all signed documents and agreements from the Client or the Client's representative and notification from Quanify's Futures Commission Merchant ("FCM") that the account is approved and ready to trade. "Active" status means that the account is being monitored by Quanify for possible trade executions, based on entry and exit signals from the MTA's models.

### **NEW ACCOUNTS**

Each new account will encounter a start-up period during which it may incur certain risks related to the initial investment of assets. As an example, during an account's start-up period, the level of diversification may be lower than a previously existing account with a fully committed and diversified portfolio.

In an effort to manage such risk, the Advisor may develop procedures governing the appropriate timing for the commencement of trading and the appropriate means of moving toward full portfolio commitment for any new accounts.

The Advisor at its discretion may delay the actual start of trading for an account for an extended period of time or invest a new account more slowly than it would a more mature account. These procedures may be modified from time to time, and no assurance is given that they will be successful in moving an account toward full portfolio commitment without substantial losses which might have been avoided, or foregoing substantial profits which might have been achieved, by other means of initiating investment in the markets.

## **CLOSING AN ACCOUNT**

A Client may close their account at any time by notifying their FCM in writing. However, the Advisor recommends as a courtesy in planning that the Client notifies the Advisor at least 5 business days prior to the Client closing his or her account with the FCM.

## **DEPOSITING AND WITHDRAWING**

Funds may be added or withdrawn at any time by depositing or withdrawing money directly with the FCM. The Advisor recommends that the Client notify the Advisor at least 5 business days in advance of any cash funding change.

## **REVOKING THE ADVISOR'S POWER TO TRADE FOR THE CLIENT**

A Client may terminate the Advisor's power to trade over the account or terminate the Advisory Agreement with the Advisor at any time by notifying the Advisor and/or FCM in writing. However, the Advisor recommends that the Client notify the Advisor at least 5 business days prior to the effective date of the termination.

## **REPORTING**

The Advisor and the FCM have continuous monitoring capabilities and may report to each client the Net Asset Value of their account on a daily & monthly basis. On-going statements of performance are also typically available in real-time for export or live viewing via a trade platform login and password directly provided to them by the FCM. In many cases, a website back office login, or a daily statement forwarding by email can be set up, where clients receive these automatically each day.

## **PRIVACY CONSIDERATIONS**

### **PRIVACY DISCLOSURE**

The following privacy disclosure describes the standards that Quanify as the Advisor follows for the collection, use, and protection of any of its Clients non-public personal information. The Advisor considers the protection of sensitive information to be a sound business practice and a foundation of customer trust and protects its Clients' personal information by maintaining physical, electronic, and procedural safeguards that meet or exceed applicable legal requirements. The Advisor only discloses non-public personal information about investors or former investors (including information regarding transactions or experience with investors or former investors) to employees, affiliates and non-affiliated third parties who assist the Advisor in providing services to the Advisor (for example, accountants and attorneys), each as permitted by law or as otherwise required by law.

### **INFORMATION THE ADVISOR MAY COLLECT**

The Advisor may collect non-public information about Clients from the following sources: (i) information on account documents and other forms, which may include a Client's name,

address, tax identification number, age, marital state, number of dependents, assets, debts, income, employment history, beneficiary information, and personal bank account information; (ii) information from a Client's transactions with the Advisor, such as account history or balance; and (iii) correspondence, whether written, telephonic or electronic, between a Client, the Advisor and/or any service providers for a Client's account.

#### **INFORMATION THE ADVISOR DISCLOSES**

The Advisor does not disclose any non-public personal information that it collects to unaffiliated third parties except to the extent necessary for a Financial Service Provider, such as a futures commission merchant, to process the Client's account(s) and as expressly permitted by a Client or by law. The Advisor treats non-public personal information concerning former Clients in the same way it treats such information about current Clients.

#### **INFORMATION THE ADVISOR PROTECTS**

The Advisor treats non-public personal information in a confidential manner and limits access to the non-public personal information it has about Clients to its employees, affiliates, and financial services providers who have an appropriate reason to access it, and to third parties to which a Client has requested such disclosure. In addition, the Advisor endeavours to maintain appropriate safeguards such as physical, electronic, and procedural safeguards to protect such information.

#### **PAST PERFORMANCES**

The MTA performance reports may have not been audited by independent public accountants. However, Quanify believes that the information contained in any of their performance tables fairly represents the composite results of its past performance and the details in which they were derived. Composite performance presentations may combine individual accounts that are traded according to the same trading program but may have differences that affect the actual rate of returns. A composite rate of return may not indicate any rate of return actually achieved by a single account, but it provides a valid representation of the accounts included in the composite. No representation is being made that accounts managed by Quanify as managed accounts will achieve profits in the future similar to those shown in any performance tables, and therefore it must be understood that past performance is never any guarantee of future performance.

#### **PERFORMANCE DISCREPANCIES**

There are various scenarios where returns in a Client's personal trading account may not match returns posted as "official performance". Typically, official performances are calculated from the 1st of each calendar month to the last trading day of the calendar month. This may also be calculated from the first weekend to the last weekend of the following month, depending on the trading platform and FCM being used. If a Client invested in the middle of a month, their performance may not match the Advisors for that particular month, and furthermore, this could make it vary significantly.

Other discrepancies may be caused by the handling of open trades at month-end. Performances may be calculated on the current balance (closed trades) and not on the floating equity (open trades). So open trades which have not realized their P&Ls yet may be carried into the subsequent month after they were opened. This may vary from FCM to FCM or from platform to platform or by different analytical software used to compile this data.

Discrepancies may commonly occur in particular in the spot forward currency markets when trading programs at more than one brokerage firm. In the spot forex markets, discrepancies between different brokers no matter which ones, where they are, or how orders are placed will always occur. This is due to the decentralized nature of the trading platforms. Different brokers have different price feeds, different spreads, different mark-ups, different speeds, different tick data, different software, different servers, different bridges, different clearing models, different GMT times, different bridges, different liquidity providers, and different costs, all of which may impact performance in the alternative investment markets, but in particular, much more so in the spot forex markets.

Brokerage commissions be may marked up externally (as a round turn transactional cost), or they may be marked up in the spread, or both. This may create noticeable discrepancies between different FCM performances. Different latencies between FCMs when trades are duplicated from one primary (master) brokerage to a secondary brokerage (slave) may cause considerable discrepancies. This will typically always create a different net result.

When trading between multiple FCMs, especially when utilizing 3rd party duplication technology, technical problems may occur (either with the duplication technology itself or at one of the FCMs participating in the duplicated trading). This may account for a discrepancy in performance between one brokerage and another. Furthermore, if a technical error occurs at a Master brokerage, it may be corrected and/or refunded there, but not at the Slave brokerages receiving the duplicated signal.

Prospective Clients should be aware that these and other potential factors which may cause discrepancies in performance are frequently inherent in the position occupied by Quanify. Quanify, however, attempts to minimize these discrepancies as much as possible, considering the Client's best interests. All efforts will be made to assure accurate performance of all accounts. Clients should contact Quanify to determine the best course of action to limit discrepancies should they be realized on their account. This typically involves simply trading at Quanify's recommended FCM where Master accounts are traded initially before being duplicated.

## **ANTI-MONEY LAUNDERING DISCLOSURES**

In order to comply with laws and regulations globally aimed at the prevention of money laundering and prohibiting transactions with certain countries, organizations and individuals, the Advisor may request such information as it reasonably believes necessary to verify the identity of a Client and to determine whether a Client is permitted to be a Client of the Advisor under such laws and regulations. In the event of delay or failure by a Client to produce any information required by the Advisor for these purposes the Advisor may close a Client's account or may refuse to accept an account of a prospective Client.

Likewise, after reviewing the information provided, it is possible that the Advisor may determine to close a Client's account or to refuse to accept a new account. In certain circumstances, the Advisor may be required to provide information about a Client to regulatory authorities and to take any further action as may be required. The Advisor will not be liable for any loss or injury to a Client or that may occur as a result of disclosing such information or refusing or closing an account.

#### **FIELD OF ACTIVITY AND SUPERVISORY STATUS**

Asset Management supervised by Association Romande des Intermédiaires Financiers (ARIF) no.: 3285, Rue de Rive 8, Case postale 3178, CH 1211 Geneva 3.

#### **POSSIBILITY OF INVOKING AN OMBUDSMAN:**

Ombudsstelle Finanzdienstleister (OFD) – Ombudsman for financial service providers  
Bleicherweg 10, CH-8002 Zürich. Switzerland  
Email: [ombudsmann@ofdl.ch](mailto:ombudsmann@ofdl.ch)  
Tel. +41 44 562 05 25

#### **FURTHER INFORMATION**

Any Client or prospective Client considering participation with the MTA managed by Quanify, who is desiring further information concerning the programs are strongly urged to request such information by contacting Quanify directly.

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