

BROCHURE

Chesapeake Investment Management LLC
1629 K St. NW
Suite 800
Washington, DC 20006
202-821-1530 (O)
202-429-0888 (FAX)
WWW.CHESAPEAKEIM.COM

This brochure provides information about the qualifications and business practices of Chesapeake Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 202-821-1530 and /or info@chesapeakeim.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Chesapeake Investment Management, LLC also is available on the SEC's website at www.advisorinfo.sec.gov.

TABLE OF CONTENTS

1. Advisory Business	Page 3
2. Fees and Compensation	Page 3
3. Types of Clients	Page 4
4. Methods of Analysis, Investment Strategies and Risk of Loss	Page 5
5. Disciplinary Action	Page 5
6. Other Financial Industry Activities and Affiliations	Page 5
7. Code of Ethics, Participation or Interest In Client Transactions and Personal Trading	Page 6
8. Brokerage Practices	Page 7
9. Review of Accounts	Page 8
10. Investment Discretion	Page 8

Item 1 – Advisory Business

Chesapeake Investment Management LLC, (CIM) which was formed in 2002, is an independent, privately owned registered investment advisory and consulting firm based in Washington, D.C. Our offices are located at 1629 K. St. NW, Suite 800, Washington, DC 20006. The principal owners are Scott E. Beck, President and E. Antonio Sarrge, Vice President.

Chesapeake Investment Management, LLC provides fee based asset management. Our firm uses individualized investment strategies designed to meet specific objectives and risk tolerances of our individual and institutional clients. Client portfolios are diversified and consist mainly of individual equity and fixed income securities. In some cases mutual funds may be used.

Each account is managed and tailored to individual client needs. A Client Profile and customized Investment Policy Statement are used as a framework to manage client assets. Each client may impose restrictions on certain securities and types of securities if they so desire. These restrictions, if any, are listed on each client's, Client Profile.

Chesapeake interviews each client (usually in person but occasionally by telephone) to determine individual needs based on criteria such as age, investment experience, current financial position, personal goals and objectives, and risk tolerance, and provides clients with specific recommendations to achieve suitable investment allocation, and manages client portfolios, based on the individual needs of the client.

For District of Columbia residents: Sec. 1811.1(j) of DC rules require Chesapeake to disclose that lower fees for comparable services may be available from other sources and (k) requires Chesapeake to indicate that all material conflicts of interest have been disclosed to the client in writing (via the disclosure provided in this Brochure), which relate to the advisor or any of its employees which could cause Chesapeake to not render unbiased and objective advice

Chesapeake Investment Management, LLC manages \$67,000,000 in discretionary assets and \$3,500,000 in non-discretionary assets, as of December 31, 2010 for 115 clients.

Item 2 – Fees and Compensation

Fees for investment advisory services provided by Chesapeake Investment Management, LLC are as follows:

Annual fees for portfolio management services are based on a percentage of a client's assets under management.

MANAGEMENT FEE SCHEDULE:

First \$2,000,000 1.0% - 2.0%

Next \$2,000,000 .80%

Above \$4,000,000 .60%

CIM also acts as consultant to a number of its clients. Consulting includes, but is not limited to, recommendations on constructing asset allocation models, portfolio valuation, reconciliations and client meetings. Fees charged by CIM for consulting services are on a case by case basis.

There is a minimum fee of \$1,000 charged. Fees are usually billed quarterly in arrears, and sometimes in advance, based on the preceding quarter end values in a client's account. Lower fees may be suggested when a client's portfolio is expected to consist primarily of mutual funds or fixed income securities. In certain other circumstances fees or account minimums may be negotiable. Higher fees may be charged if additional services are provided in excess of investment management services.

Fees paid in advance are refundable, on a pro rata basis each quarter, upon receipt from the client of a written notice terminating the services. Fees are not based on a share of capital gains on, or capital appreciation of, the funds, or any portion of the funds, of an advisory client. All fees paid to CIM for investment advisory services are separate from the fees and expenses charged to shareholders of mutual fund companies. A complete explanation of these mutual fund charges are contained in the prospectus.

Fees charged for brokerage services are charged by the custodian of assets on a transactional basis. See Item 8 in regards to "Brokerage" for additional information.

Item 3 – Types of Clients

The types of clients served by Chesapeake Investment Management, LLC are individuals, trusts, foundations, not for profit associations and retirement plans. The minimum account size customarily accepted is \$250,000. In some cases accounts of a smaller amount are accepted.

Item 4 - Methods of Analysis, Investment Strategies and Risk of Loss

Chesapeake Investment Management, LLC manages equity, fixed income, cash and balanced portfolios.

Equity portfolios managed by Chesapeake consist of individual stocks. Diversification is achieved through investments across major economic sectors as recognized by Standard & Poor. The majority of positions consist of large and medium capitalized companies traded on major stock exchanges. Portfolios typically have low turnover. To achieve greater diversification, in some cases mutual funds or exchange traded funds are used. As is the case in all equity related investments, investing in securities involve risk and possible loss of principal.

Fixed income positions managed by Chesapeake are typically used to reduce volatility of investment portfolios and to provide income and preservation of capital. Fixed income securities involve risk. Investing in fixed income securities could result in loss of principal.

Item 5 – Disciplinary Action

There are currently no legal or disciplinary actions or previous disciplinary occurrences that Chesapeake Investment Management, LLC or its representatives have been involved in.

Item 6 – Other Financial Industry Activities and Affiliations

Scott E. Beck, President and E. Antonio Sarrge, Vice President, of Chesapeake Investment Management, LLC, are also registered representatives of MAP Securities, Inc. This relationship pertains to Mr. Beck's and Mr. Sarrge's mutual fund clients which are separate accounts from those managed by Chesapeake. Through their affiliation with MAP Securities, they participate in service and share accumulation fees. These fee arrangements are separate and distinct from CIM.

Mr. Beck and Mr. Sarrge are also Principals of Washington Financial Planners, LLC which provide financial planning services to its clients. Washington Financial Planners LLC is a separate and distinct business from Chesapeake Investment Management LLC and its services are offered by separate agreement. Maureen Bigger, CFP who is an investment advisor representative of Chesapeake Investment Management LLC prepares and executes financial plans for Washington Financial Planners, LLC. Clients of Washington Financial Planners, LLC may or may not also be clients of Chesapeake Investment Management LLC.

Maureen Bigger who is an investment advisor representative of Chesapeake Investment Management LLC is also President of Bigger & Company, an insurance agency. Bigger & Company is a separate, distinct and an unrelated business from Chesapeake Investment Management LLC. Ms. Bigger is also an independent contractor with Novustar, LLC. Through Novustar, LLC she teaches both pre and mid career retirement planning for several US Government Agencies.

Maedi Carney, CFP is an investment advisor representative of Chesapeake Investment Management, LLC. Ms. Carney is President of M&L Special Needs Planning, a financial planning firm. M&L Special Needs Planning is a separate, distinct and an unrelated business from Chesapeake Investment Management LLC and its service are offered by separate agreement.

Item 7 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

CIM's Code of Ethics sets forth the ethical and fiduciary principles and related compliance requirements under which CIM must operate its business and the procedures for implementing those principles. CIM is a fiduciary of its Clients and owes each Client an affirmative duty of good faith and full and fair disclosure of all material facts. The SEC has stated that this duty is particularly pertinent whenever the adviser is in a situation involving a conflict or potential conflict of interest. We must affirmatively exercise authority and responsibility for the benefit of Clients and may not participate in any activities that may conflict with the interests of Clients. In addition, we must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of our Clients. Accordingly, at all times, we must conduct our business as set forth in our Code of Ethics. CIM will provide a copy of our Code of Ethics to any client or perspective client upon request.

It is the expressed policy of CIM, that no employee may purchase or sell any security (other than mutual fund shares) prior to a transaction(s) being implemented for an advisory account thus preventing such person from benefitting from transactions placed on behalf of advisory accounts. CIM employees may buy or sell securities identical to those recommended to clients for their personal accounts. Additionally, employees may have an interest or position in a certain security which may also be recommended to a client. As these situations represent a conflict of interest, CIM has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1.) An employee of CIM shall not buy or sell securities for his or her personal portfolio where his/her decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No employee shall prefer his or her interest to that of an advisory client.

- 2.) CIM maintains a list of all securities holdings for itself, and anyone associated with the advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by CIM.
- 3.) CIM emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where CIM is granted discretionary authority for the client's account.
- 4.) CIM requires that all employees act in accordance with all available federal and state securities regulation and rules governing investment advisors.
- 5.) Any person not in observance of the above is subject to termination.

Item 8 – Brokerage Practices

CIM requires all clients to designate a broker or dealer to be used for all transactions. Many clients, when undertaking an advisory relationship, already have an existing broker relationship. Clients should understand that because CIM request clients to designate a broker/dealer CIM may not have authority to negotiate commissions, and a disparity in commission charges may exist between clients.

CIM clients may be offered commission rates that may be lower than the client could obtain independently. However, no client is required to select brokers suggested by CIM.

CIM does not direct clients or trades to any broker in exchange for research or other services. However, certain brokers with whom CIM maintains or directs client accounts or securities trades may provide research used in evaluation purposes for equity trades. Such research may benefit all clients who maintain accounts with the broker providing the research or other services.

CIM participates in institutional service programs with several brokers. While there is no direct link between the investment advice given and participation in the institutional program, economic benefits are received which would not be received if CIM did not give investment advice to clients. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to trading desk servicing institutional advisers exclusively; ability to have investment advisory fees deducted directly from a client's account (with the authorization of the client); provision of an electronic communications software and network order entry, account information, quotes, general business and securities information; receipt of compliance and investment publications; and access to mutual funds which may waive stated minimum initial investments or which may only be available to customers of institutional clients.

Item 9 – Review of Accounts

Securities in equity, fixed income and balanced accounts are reviewed continuously. Mutual fund portfolios are reviewed at least quarterly or when individual circumstances change. All accounts are reviewed and reconciled at the time that quarterly reports are issued. Additional reviews may be triggered by securities market or economic changes or by changes in a client's individual situation.

The President, Portfolio Manager and Chief Compliance Officer Scott E. Beck, and E. Antonio Sarge, Vice President and Portfolio Manager, reviews all accounts managed by CIM. The reviews are made in conjunction with the policies of CIM and instructions from the client.

Item 10 – Investment Discretion

Chesapeake Investment Management, LLC, supervises and directs investments for Client accounts, subject to such limitations as Client may impose. Without prior consultation with Client, Chesapeake may make investment decisions with respect to stocks, bonds, mutual funds, and other securities including money market instruments, and place transaction orders with brokers, dealers and issuers previously agreed to by the Client.

Authority for discretionary accounts is spelled out in the Chesapeake Client Agreement. Limited Power of Attorney is granted through the custodian holding Client assets.

For discretionary accounts, any limitations on the authority to buy and sell shares of stock shall be included in a written authorization. Clients may change or amend any limit. Such amendments shall be submitted in writing.