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# **Campbell & Company Investment Adviser LLC**

## **Campbell & Company, LP**

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### **Part 2A of Form ADV**

### **Firm Brochure**



March 31, 2017

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION (THE "COMMISSION") IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THE BROCHURE OR ACCOUNT DOCUMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR THIS BROCHURE OR ACCOUNT DOCUMENT. THE INFORMATION IN THIS BROCHURE ALSO HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR BY ANY STATE SECURITIES AUTHORITY.

***This brochure provides information about the qualifications and business practices of Campbell & Company Investment Adviser LLC and Campbell & Company, LP, a relying adviser (collectively, “Campbell”). If you have any questions about the contents of this brochure, please contact us at (410) 413-2600 or (800) 698-7235.***

***Additional information about the Campbell is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).***

## **Material Changes**

This section of the Brochure addresses only those material changes that are incorporated since we last delivered or posted this document on March 31, 2015 on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The *Methods of Analysis, Investment Strategies and Risk of Loss* section of the Brochure was updated to add the Quantitative Equities Portfolio. Additionally, as part of Campbell’s ongoing efforts to align naming conventions across our suite of products, we made the following portfolio name changes: the name of the Multi-Strategy Portfolio was changed to the Absolute Return Portfolio; the name of the Core Trend Portfolio was changed to the Dynamic Trend Portfolio; and the name of the Core Carry Portfolio was changed to the Multi-Asset Carry Portfolio.

We may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Heidi L. Kaiser at (410) 413-2600 or [information@campbell.com](mailto:information@campbell.com).

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## **Item 4: Advisory Business**

### **GENERAL INFORMATION**

Campbell & Company Investment Adviser LLC and Campbell & Company, LP are together filing a single Form ADV. Campbell & Company, LP is not separately-registered as an investment adviser with the SEC, but relies on the registration of Campbell & Company Investment Adviser LLC and is deemed to be a registered investment adviser subject to all the provisions of the Investment Advisers Act of 1940, as amended, and the rules and regulations thereunder.

Campbell & Company Investment Adviser LLC is a Delaware limited liability company that was formed in 2005 and registered with the SEC as an investment adviser in May 2005. In December 2005, Campbell & Company Investment Adviser LLC registered with the Commodity Futures Trading Commission ("CFTC") as a commodity trading advisor and it is a member of the National Futures Association ("NFA") in such capacity.

Campbell & Company Investment Adviser LLC is wholly-owned by Campbell & Company, LP (successor in interest to Campbell & Company, Inc.), which serves as Campbell & Company Investment Adviser's sole member. Campbell & Company, LP's registration with the CFTC as a commodity trading advisor and commodity pool operator became effective May 1978 and September 1982, respectively. Campbell & Company, LP is a member of the NFA in both capacities.

Campbell's registrations should not be taken as an indication that its advisory services are recommended or approved by the SEC, CFTC or NFA.

### **SERVICES PROVIDED**

Campbell provides systematic, quantitative, model-driven investment management. Our trading decisions are based upon proprietary models designed to detect and exploit price changes. We invest in a multitude of markets and instruments including global interest rates, equities, stock indices, currencies, energy and assorted commodities. We use futures and forward contracts as well as long and short equity positions to capture trends or exploit inefficiencies in the markets. All of the markets in which we trade have a sufficient degree of liquidity and transparency.

Our portfolios incorporate multiple strategies. When combined, these strategies are designed to deliver broad diversification with the goal of mitigating market risk. Risk management tools are integral to our models, providing our first defense against losses. Additional risk monitoring, measurement and management tools are employed regularly to reduce market risk and attempt to preserve capital in each portfolio.

Campbell's investment advisory Clients include registered investment companies ("RICs"), U.S. and non-U.S. collective investment vehicles sponsored by Campbell to invest in securities ("Sponsored Funds"), and U.S. and non-U.S. institutions or high net worth individuals who meet eligibility requirements ("Managed Accounts") (collectively, "RICs", "Sponsored Funds" and "Managed Accounts" referred to as "Clients").

Campbell may provide customized investment or risk management advice to Clients, based on their specific investment objectives, financial situation and risk profile.

Campbell may also provide administrative, transfer agency and/or investor services to certain Sponsored Funds.

## **CLIENT ASSETS UNDER MANAGEMENT**

As of December 31, 2016, Campbell provided investment advisory services on a discretionary basis to Clients and managed net assets of approximately \$227 million.

## **Item5: Fees and Compensation**

### **FEE SCHEDULE**

Each Client executes an advisory agreement with Campbell in which Campbell's fees and the calculation of the compensation is specified. RIC and Sponsored Fund offering documents and constitutive documents contain detailed descriptions of the fees charged by Campbell, as well as other expenses Clients may incur, such as administration, audit, and legal fees, as well as expenses related to trading or the purchase, sale, transfer, or custody of investments. See also *Additional Fees and Expenses*.

Generally, Campbell is paid in various combinations of a fixed management fee and performance based-fees. In certain circumstances, fees are negotiable. Campbell typically charges its Clients an annual fixed management fee for its advisory services ranging from 1% to 2% of net assets under management, whether or not the Client's account is profitable, which is paid at least monthly in arrears. Clients may also pay a performance fee, ranging from 0% to 20%, payable solely out of the appreciation in Sponsored Fund unitized net asset value and Managed Account nominal account value. Performance fees may be paid quarterly or annually in arrears. When Campbell receives a quarterly performance fee, a particular Client may pay performance-based compensation even while incurring an overall loss for a calendar year. Management or performance fees may be paid at the time of the termination of a Client's advisory agreement or at the time of a Sponsored Fund investor's withdrawal or redemption, in accordance with the terms of the advisory agreement or the Sponsored Fund offering and constitutive documents. Net assets typically include all cash and cash equivalents, accrued interest, and the market value of all open positions maintained in the account, less all liabilities of the account including brokerage commissions on open trades. Net assets are determined in accordance with generally accepted accounting principles under the accrual basis of accounting. For the purposes of calculating Managed Account fees, nominal account value means net assets under management plus any notional equity. In other words, if a Managed Account does not have any notional equity, then the nominal account value is equal to the net assets under management.

Campbell reserves the right, in its sole and absolute discretion, to enter into agreements with Clients or Sponsored Fund investors to charge fees in excess of or less than those set forth above and the calculation and/or accrual of management fees or performance fees may differ from those stated. Campbell may waive or rebate all or any portion of management or performance fees. Certain Clients or investors in Sponsored Funds are not charged any management or performance fees or may have different fee structures because of their affiliation or relationship with Campbell or because of their specific investment strategy and risk profile. While we believe that these fees are competitive with those charged by other investment advisers for comparable services, these services may be available from other sources for lower fees.

### **ADDITIONAL FEES AND EXPENSES**

Investment advisory fees payable to Campbell do not include all the fees Clients pay when we trade for their account. Clients may also pay fees to third parties, including, but not limited to, brokerage commissions and fees, transaction fees, wire transfer and electronic processing fees. See also *Brokerage*

*Practices.* Depending on the account set up, Clients may also pay custodial or cash management fees. Campbell does not receive, directly or indirectly, any of these fees.

The offering document for each Sponsored Fund or RIC contains detailed information about the specific fees paid to third parties.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

Campbell receives performance-based compensation from certain Clients as disclosed above in *Fees and Compensation*. The receipt of performance-based compensation by Campbell may create various conflicts because an adviser can potentially receive greater fees from accounts that pay performance-based compensation. Accordingly, Campbell may have an incentive to take positions that involve more risk than we might otherwise have accepted. Campbell may also have an incentive to direct the best investment opportunities to, allocate trades in favor of, or devote more research and development or other activities to accounts that pay a performance fee over those that only pay a fixed management fee. As a fiduciary, Campbell endeavors to allocate investment opportunities among clients in a fair and equitable manner and to mitigate, avoid and/or disclose potential conflicts of interest. See also *Conflicts of Interest*.

## **Item 7: Types of Clients**

As described in the *Advisory Business* section, Campbell currently provides its services to Sponsored Funds and Managed Accounts.

The minimum investment Campbell requires varies across Sponsored Fund and Managed Account Clients. Generally, Campbell requires a minimum investment of \$20 million for Managed Account Clients; however, we reserve the right in our sole and absolute discretion to adjust the minimum required to open an account. Each Client is required to sign an investment advisory agreement and to provide sufficient legal representations concerning their eligibility and ability to evaluate the risks of the investments. Typically, the investment advisory agreement may be terminated by either party upon 24 hours' notice, although termination must provide for a reasonable period of time for the liquidation of open positions. Upon receipt by Campbell of a notice of termination, all positions then held in a Client's account are closed or offset promptly at the then market prices, and all accrued but unpaid fees become immediately due and payable.

Each Sponsored Fund Client maintains its own minimum investment and investor eligibility requirements, as well as investor subscription and redemption forms (that include applicable legal representations) required for the purchase or sale of Sponsored Fund interests. These requirements are set forth in the applicable offering documents and subscription materials.

In certain circumstances, Campbell may enter into separate agreements or "side letters" with Sponsored Fund investors, to waive certain terms or modify the application of any provision of a Sponsored Fund agreement (including, but not limited to, those relating to liquidity, investment capacity, fees, and transparency). Campbell may provide Sponsored Fund investors different levels of disclosure with respect to specific security positions, risk information and/or portfolio characteristics of Sponsored Funds. Accordingly, not all Sponsored Fund investors will have the same degree of access to the type and/or frequency of individual position listings in connection with Sponsored Funds in which they invest and

transparency of portfolio characteristics may differ based on “side letters” with certain Sponsored Fund investors.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### **ANALYSIS AND INVESTMENT STRATEGY**

Campbell maintains a discipline in quantitative modeling which includes developing systematic investment strategies driven by scientific analysis of technical, macro and econometric data across global financial and commodity markets. We seek to generate attractive absolute and risk-adjusted returns across a broad range of market conditions through systematic investment in a diversified portfolio of equity securities and derivative investments, including futures and forward contracts.

The investment research team conducts scientific analysis of market data to identify market trends and to extract empirical relationships occurring within and across markets and asset classes globally. Investment theses are converted into mathematical models that can be historically tested. Once an investment thesis is developed and thoroughly tested, it undergoes a rigorous peer review process to evaluate strength of theory and robustness. Model assumptions, indicator selection, and other criteria are also analyzed, including tail risk and drawdown potential as well as transaction and slippage costs. New ideas must demonstrate efficacy on a stand-alone basis while complementing the existing portfolio.

Our investment philosophy is driven by a belief that markets are broadly efficient but trends emerge and remain due to shifts in supply, demand and other economic factors. Asset mispricing can occur as a result of instability and uncertainty in markets, strongly-held opinions by market participants, or an unreliable flow of market information. We seek to systematically identify price trends and to develop macro and fundamental themes that exploit asset mispricing.

Holding periods for Campbell positions can vary from 1 day to 12 months or longer, with typical concentration in the 1 month to 6 month time frame. Model signals are aggregated at the portfolio level to produce a net portfolio position, reducing transaction costs and market impact.

Under normal conditions, the models target a steady risk posture within defined risk bands. The models are monitored to account for tail events and unquantifiable risks. A series of risk metrics, including broad level risk factor exposures, market diversification, correlation, and volatility are either systematically constrained or closely monitored. Each model is allocated a maximum risk capital in accordance with liquidity and other constraints. Models scale positions based on available opportunities and risk estimates. Performance is monitored to confirm that behavior is within statistical bounds and expectations.

We make trading decisions using proprietary order generating models which analyze market information. Our models are designed to take advantage of a range of independent alpha sources. Some models are broad-based (*i.e.*, they trade across a large spectrum of markets), while others are sector specific. We believe that each model must stand on its own (*i.e.*, not highly correlated to other models) while being synergistic to the larger program. We expect to develop additional models and to modify models currently in use, and may or may not employ all such models for your account. The models we currently use may be eliminated from use if we ever believe such action is warranted.



We believe that utilizing multiple models provides an important level of diversification. Every model may not trade every market. It is possible that one model may signal a long position while another model signals a short position in the same market. It is our intention to offset those signals to reduce unnecessary trading, but if the signals are not simultaneous, both trades will be taken and, since it is unlikely that both positions would prove profitable, in retrospect, one or both trades will appear to have been unnecessary.

From time to time, we may increase or decrease the total position size held based on increases or decreases in Client assets, changes in market conditions, perceived changes in portfolio-wide risk factors, or other factors which may be deemed relevant. It is possible, however, that this reduction or increase in position size may not enhance the results achieved over time.

The position size we believe can be bought or sold in a particular market without unduly influencing price adversely may at times be limited. In such cases, a Client's portfolio would be influenced by liquidity factors because the positions taken in such markets might be substantially smaller than the positions that would otherwise be taken.

We continue to introduce new strategies designed to deliver attractive returns which have a low correlation to returns from existing strategies. We acknowledge that there may come a time when the combination of available markets and new strategies may not be sufficient for us to add new assets without detriment to diversification. If this were to occur, we would expect risk-adjusted returns to begin to degrade. Should we ever conclude that our ability to deliver attractive risk-adjusted returns has been unduly compromised by our growth in assets, we will not hesitate to restrict or halt the flow of new assets, and, if necessary, begin to repatriate market gains.

## **TRADING PORTFOLIOS**

Campbell trades the following portfolios for its investment advisory Clients:

1. The Absolute Return Portfolio;
2. The Multi-Asset Carry Portfolio;
3. The Dynamic Trend Portfolio; and
4. The Quantitative Equities Portfolio.

The Absolute Return Portfolio seeks to generate attractive risk-adjusted returns across a broad range of market conditions through systematic investments in a diversified portfolio of equity securities and futures and forward contracts in a diverse array of global assets, including global interest rates, stock indices, currencies and commodities. The Absolute Return Portfolio consists of underlying investment strategies that aim for low long-term correlation to traditional assets and are diversified by investment style, investment holding period and instrument.

The Multi-Asset Carry Portfolio seeks to generate attractive risk-adjusted returns by evaluating "carry premium" in different asset classes. Carry premium is the economic benefit that one can achieve by holding or "carrying" a particular investment, less the costs associated with holding that asset. The Multi-Asset Carry Portfolio is diversified across global, liquid futures and forwards markets covering fixed income, equity indices (including equity volatility index), foreign exchange and commodities.

The Dynamic Trend Portfolio seeks to generate attractive risk adjusted returns by exploiting the tendency of asset markets to exhibit persistent trends. The Dynamic Trend Portfolio is diversified across global

futures and forward markets and can be either long or short, resulting in a low long-term correlation to traditional investments. The Dynamic Trend Portfolio inherits its forecasting methods and execution capabilities from Campbell's flagship managed futures portfolio.

The Quantitative Equities Portfolio seeks to generate attractive risk-adjusted returns which are independent of the overall equity market direction (i.e. "market neutral"). The Quantitative Equities Portfolio is diversified across issuers globally, trading over 4,000 individual securities across 14 countries – including the U.S., Japan, and Developed Europe & Africa. The Quantitative Equities Portfolio employs strategies across Mean Reversion, Momentum, Value, Quality, and Growth styles.

Campbell also offers risk management solutions for Managed Accounts that are designed, with specified guidelines, to complement an investor's existing portfolio. The solution may be based on an underlying existing Campbell portfolio, with customized risk management tailored to meet a specified objective.

Campbell may advise different Clients according to the same portfolio, however, each Client's portfolio will not necessarily be managed in the same manner at all times. Different account guidelines, risk management techniques, and capital activities may lead to different investment practices for Client accounts within the same or similar trading program.

## **RISK OF LOSS**

Campbell directs trading in equities, debt instruments, futures-related interests, forwards and/or derivative instruments. Markets in which we trade can and do fluctuate substantially. These investments include a risk of loss of your principal invested amount and any unrealized profits. Each prospective Client must carefully assess the risks of trading before determining whether to invest with us. We cannot guarantee any level of performance or that you will not experience a loss of your assets.

## **RISK FACTORS**

*The discussion set forth below of the various risks associated with Campbell & Company Investment Adviser LLC's investment advisory services is not intended to be a complete explanation of the risks involved. The discussion does, however, summarize the principal risks that should be considered. In addition, as Campbell & Company Investment Adviser LLC's trading program may change over time, our investment advisory services may be subject to risk factors not described in this Brochure and, perhaps, not yet known as of the date of this Brochure.*

### ***Futures, Forwards, and Swaps Trading is Speculative and May be Highly Volatile.***

Futures and forwards trading is speculative, and is not intended to be a complete investment program. Futures and forwards have a high degree of price variability and are subject to occasional rapid and substantial changes. Thus, significant amounts can be lost in a brief period of time. Futures and forwards trading is designed only for sophisticated investors who are able to bear the risk of capital loss. There can be no assurance that your account will achieve its investment objectives. Prospective investors are cautioned that they could lose all or substantially all of their investment. Prospective investors should understand that their account's performance can be volatile.

Futures, forwards and other derivative prices may also be highly volatile and increase the amount of volatility in contrast to a direct investment in the underlying physical commodities or financial products. Price movements of futures, forwards and other derivative contracts are influenced by such factors as: changes in overall market movements due to fluctuating supply and demand relationships; weather; government agricultural, trade, fiscal, monetary and exchange control programs and policies; and national

and international political and economic events. In addition, governments from time to time intervene in certain markets, particularly the currency and interest-rate markets.

***Futures and Forwards Trading Involves Substantial Leverage.***

The low margin deposits normally required in futures and forward contracts trading permit an extremely high degree of leverage; margin requirements for futures and forward contracts trading being in some cases as little as 2% of the face value of the contracts traded. Accordingly, your account may be able to hold positions with face values equal to several times its net assets; therefore, a relatively small price movement in a futures or forward contract may result in immediate and substantial losses to your account. For example, if at the time of purchase, 10% of the price of the futures or forward contract is deposited as margin, a 10% decrease in the price of the futures or forward contract would, if the contract were then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. As a result of this leveraging, even a small movement in the price of a contract can cause major losses.

***Futures and Forwards Trading May Be Illiquid.***

Most United States commodity exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as “daily limits.” During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can be neither taken nor liquidated. Futures interest prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent your account from promptly liquidating unfavorable positions and subject your account to substantial losses. Also, the United States Commodity Futures Trading Commission (“CFTC”) or exchanges may suspend or limit trading. While daily limits reduce liquidity, they do not reduce ultimate losses, and may in fact substantially increase losses because they may prevent the liquidation of unfavorable positions. There is no limitation on daily price moves in trading currency forward contracts.

In addition, Campbell may not be able to execute trades at favorable prices if little trading in the futures, forwards, swaps or other derivatives involved is taking place. It also is possible that an exchange or the CFTC might suspend trading in a particular contract, order immediate liquidation and settlement of a particular futures interest, or order that trading in a particular futures interest be conducted for liquidation only.

***Counterparty, Regulatory, and Related Risks Associated with Forwards Trading.***

Forward contracts are not traded on exchanges; rather, banks (e.g., major money center investment banks) and dealers act as principals in these over-the-counter markets. Foreign exchange swaps and foreign exchange forwards, as well as bona fide spot foreign exchange transactions, are not subject to full regulation by the CFTC (including the clearing and platform execution mandates). Therefore, your account will not receive any benefit of CFTC regulation of its trading activities in excluded foreign exchange swaps and forward transactions. Your account faces the risk of non-performance by its counterparties to forward contracts and such non-performance may cause some or all of your account's gains to remain unrealized.

Certain markets in which your account effects transactions may be in over-the-counter (“OTC”) or “interdealer” markets, and also include unregulated private markets. Unlike futures contracts, the counterparty to forward contracts is generally a single bank or other financial institution, rather than a clearing organization backed by a group of financial institutions. Furthermore, the participants in such markets are typically not subject to the same level of credit evaluation and regulatory oversight as are members of the “exchange based” markets. This exposes investors to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing your account to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events

may intervene to prevent settlement, or where Campbell has concentrated your account's transactions with a single or small group of counterparties. Campbell is not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. However, Campbell seeks to minimize credit risk primarily by dealing with counterparties that it believes are creditworthy. The ability of Campbell and your account to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by your account.

Campbell may trade deliverable forward contracts in the inter-bank currency market. Such deliverable forward contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result of Dodd-Frank, the CFTC now regulates non-deliverable forwards (including deliverable forwards where the parties do not take delivery). Changes in the forward markets may entail increased costs and result in burdensome reporting requirements. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to Dodd-Frank might limit such forward trading to less than that which Campbell would otherwise recommend, to the possible detriment of your account.

In addition, there is currently no limitation on the daily price movements of forward contracts. There have been periods during which certain banks or dealers 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. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which Campbell would otherwise recommend, to the possible detriment of your account.

***Your Account is a Party to Financial Instruments with Elements of Off-Balance Sheet Risk, Which May Cause Your Account to Lose All of Its Assets.***

The term "off-balance sheet risk" refers to an unrecorded potential liability that, even though it does not appear on the balance sheet, may result in future obligation or loss. Campbell trades in futures, forward, swaps and other derivatives, and your account is therefore a party to financial instruments with elements of off-balance sheet market and credit risk. In entering into these contracts there exists a risk to your account, market risk, that such contracts may be significantly influenced by market conditions, such as interest rate volatility, resulting in such contracts being less valuable. If the markets should move against all of the futures interests positions of your account at the same time, and if Campbell is unable to offset futures interests positions, your account could lose all of its assets and realize a 100% loss. Campbell minimizes market risk through real-time monitoring of open positions, diversification of the portfolio, and maintenance of a margin-to-equity ratio that rarely exceeds 30%; however, these precautions may not be effective in limiting or eliminating the risk of loss.

***Campbell May Trade Currencies Through Forex/Cross Rates Trading.***

Campbell may trade currencies through Forex trading, which is the off-exchange trading of the exchange rate between two retail currency pairs. This may include cross rates trading, which is off-exchange trading of the exchange rate between two currency pairs other than the U.S. Dollar. The risk of loss in Forex trading can be substantial. You should be aware that Forex transactions are not traded on an exchange, and those funds deposited with the counterparty for Forex transactions may not receive the same protections as funds used to margin or guarantee exchange-traded futures contracts.

***If Your Account Trades Equities, Then Certain Events That Adversely Affect the Equities Markets Could Adversely Affect Your Account's Performance.***

If your account trades equities, your account's equity investments are subject to the risks associated with stocks, including, but not limited to, the risk that the general level of stock prices may decline, thereby

adversely affecting the value of a long position in equities (and positively affecting the value of a short position in equities). Historically, the equities markets have moved in cycles, and the value of your account's equity investments may fluctuate significantly on a daily basis, which would affect your account's performance.

Your account's performance may change in accordance with changes in the financial condition of the issuers of the equities, the value of common stocks generally and other factors. The identity and amounts of your account's equities may change from time to time.

The financial condition of the issuers may become impaired or the general condition of the stock market may deteriorate which may then cause a decrease in the value of a long position in your account's equities. The financial condition of the issuers may improve or the general condition of the stock market may also improve which may then cause a decrease in the value of a short position in your account's equities. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises.

Holders of common stocks of any given issuer incur more risk than holders of preferred stocks and debt obligations of the issuer because the rights of common stockholders, as owners of the issuer, generally are inferior to the rights of creditors of, or holders of debt obligations or preferred stocks issued by, such issuer. Further, unlike debt securities that typically have a stated principal amount payable at maturity, or preferred stocks that typically have a liquidation preference and may have stated optional or mandatory redemption provisions, common stocks have neither a fixed principal amount nor a maturity. Common stock values are subject to market fluctuations as long as the common stock remains outstanding.

There can be no assurance that the issuers of your account's equities will pay dividends. Distributions generally depend upon the declaration of dividends by the issuers of your account's equities and the declaration of such dividends generally depends upon various factors, including the financial condition of the issuers and general economic conditions.

If an issuer discontinues the payment of dividends, the issuer's shares may decrease in value, which may then adversely affect the value of a long position in your account's equities.

***Your Account May be Subject to Certain Non-Diversification Risks Associated With its Equity Investments, Which May Adversely Affect Your Account's Value.***

If your account invests in the securities of a limited number of issuers, then your account's equity investments may be considered to be relatively concentrated and non-diversified. Your account would be subject to the risks of investing in those few issuers, and therefore, may be more susceptible to a single economic or regulatory occurrence. As a result, changes in the market value of a small number of underlying securities may ultimately cause greater fluctuations in the value of your account's equity investments than may otherwise occur in a diversified portfolio of equities.

***Your Account May Be Subject To Issuer Risk, Which Means That Certain Actions Or Inactions By The Issuers Of Your Account's Equities May Be Adverse To The Value Of The Issuer's Shares and Ultimately Your Account's Equities.***

The performance of your account's equities depends upon the performance of the individual companies. Any issuer may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, change in technology, disruptions in supply, labor problems or shortages, corporate restructurings, fraudulent disclosures, market disfavor, or a number of other factors. Issuers may, in times of distress or on their own discretion, decide to reduce or eliminate dividends, which may also cause their stock prices to decline, which may negatively impact the value of a long position in the value of your account's equity investments.



The value of a short position in your account's equities will decrease if the performance of individual companies is positive and the value of the corresponding equity increases. In turn, the value of your account's equities investments will decrease.

***A Liquid Trading Market For Shares Of The Issuers Underlying Your Account's Equities Investments May Not Develop Or Exist, Which In Turn, May Adversely Affect The Value Of Your Account's Equities Investments.***

Although most of the shares that your account may invest in are listed on national securities exchanges, the existence of a liquid trading market for certain of these portfolio securities (especially for small cap stocks) may depend upon whether dealers will make a market in such portfolio securities.

There can be no assurance that a market will be made for any portfolio securities, that any market will be maintained or that any such market will be or remain liquid with respect to the portfolio securities. The price at which portfolio securities may be sold will be adversely affected if trading markets for the portfolio securities are limited or absent, which would then adversely affect the value of a long position in your account's equity investments.

***The Value Of Fixed-Income Securities In Which Your Account May Invest Will Change In Response To Fluctuations In Interest Rates.***

Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income securities generally can be expected to decline. In addition, the fixed-income securities in which your account may invest may be subject to income risk, call risk, prepayment risk, extension risk, and/or credit risk, each of which could affect the fixed-income securities' value. Investments in lower rated or unrated fixed-income securities, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of such securities).

***Your Account's Success Depends on Campbell's Trading Models.***

Your account's success depends on the ability of Campbell to develop and employ proprietary models across various assets classes and markets. Campbell can provide no assurance that its efforts or the proprietary trading models that it employs will be successful, that it will always recognize each situation in which the models' signals should or should not be used, or that such use or non-use of such signals will increase your account's profits or minimize its losses. Campbell's discretionary authority over your account may have a significant actual effect on the account's performance (positive or negative).

Campbell's trading models are unlikely to be successful unless the algorithms underlying the models are correct and remain correct in the future. Because the algorithms are based on perceived relationships between changes in technical and quantitative variables and prices or other fundamental factors, they will likely be unsuccessful in generating profitable trading signals to the extent that such perceptions are inaccurate.

To the extent that the algorithms underlying the trading models do not reflect certain factors that may influence prices of the underlying instruments, major losses may result. For example (one of many possible examples, not all of which are known), a pending political event not accounted for in the algorithms of the models may be very likely to cause a major price movement, but your account might well continue to maintain positions that would incur major losses as a result of such movement if the models indicated that it should do so.

The trading models may be more effective with certain underlying instruments than with others, or may not work at all with respect to certain instruments. To the extent that the models generate signals for

instruments for which it does not provide optimal analysis, diminished returns or increased losses may result.

The data used in developing the trading models may not reflect the changing dynamics of the markets. An influx of new market participants, changes in market regulation, international political developments, demographic changes and numerous other factors can contribute to once successful strategies becoming outdated. Not all of these factors can be identified, much less quantified.

In the past, there have been periods without discernible trends in the markets in which Campbell trades and, presumably, such periods will continue to occur in the future. Any factor which would lessen the prospect of major trends occurring in the future (such as increased governmental control of, or participation in, the markets) may reduce the prospect that certain trading models utilized by Campbell will be profitable in the future.

Moreover, any factor which would make it more difficult to execute trades at desired prices in accordance with the signals of the models (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability. Further, many advisers' trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated. No assurance can be given that the strategies utilized by Campbell will be successful under all or any market conditions.

Campbell continues to test and evaluate the models, as a result of which the models may be modified from time to time. As a result of such periodic modifications, it is possible that the trading strategies used by Campbell in the future may be different from the strategies presently in use, or that which were used in the past. Any modification of the models will not be subject to any requirement that you receive notice of the change or consent to it. There can be no assurance as to the effects (positive or negative) of any modification on your account's performance. No assurance can be given that the trading strategy used or to be used by Campbell will be successful under all or any market conditions.

***Inadequate Models Could Negatively Affect Your Account's Trading Program.***

Campbell's trading is highly model driven, and is materially subject to possible flaws in the models. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model may become outdated or inaccurate, possibly without Campbell recognizing that fact before losses are incurred. In particular, your account may incur losses in the event of disrupted markets and other extraordinary events that cause Campbell's pricing models to generate prices which deviate from the market. The risk of loss to your account in the case of disrupted markets is compounded by the number of different investment models of pricing, each of which may independently become wholly unpredictable during market disruptions. In addition, in disrupted derivatives markets, many positions may become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

Even if the basic concepts of Campbell's models are sound, Campbell may make errors in developing algorithms for integrating the numerous factors and variables into the models or in programming the algorithms. Those errors may cause the model to generate results different from those intended. They may be difficult to detect in many market conditions, possibly influencing outcomes only in periods of stress or change in market conditions.

Campbell anticipates the continued modification, enhancement and development of models. Each new generation of models (including incremental improvements to current models) exposes your account to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures. There can be no assurance that the models used by Campbell will be effective or that they will be effectively utilized by Campbell. Moreover, there can be no assurance that Campbell will be able to continue to develop, maintain and update the models so as to effectively implement its trading strategy.

***There are Disadvantages to Making Trading Decisions Based Primarily on Technical Market Data.***

The trading systems used by Campbell for your account are primarily technical. The profitability of trading under these systems depends on, among other things, the occurrence of significant price movements, up or down, in asset prices. Such price movements may not develop; there have been periods in the past without such price movements.

The likelihood of your account being profitable could be materially diminished during periods when events external to the markets themselves have an important impact on prices. During such periods, Campbell's historic price analysis could establish positions on the wrong side of the price movements caused by such events.

***Market Factors May Adversely Influence the Models.***

Often, the most unprofitable market conditions for your account are those in which prices "whipsaw," moving quickly upward, then reversing, then moving upward again, then reversing again. In such conditions, Campbell may, on the basis of its models, establish positions based on incorrectly identifying both the brief upward or downward price movements as trends, whereas in fact no trends sufficient to generate profits develop. Overall market, industry or economic conditions, which Campbell cannot predict or control, will have a material effect on performance.

***High Portfolio Turnover May Bear Certain Tax Consequences and Results in Greater Transaction Costs.***

Your account may dispose of its investment instruments without regard to the length of time they have been held when such actions appear advisable based on the models included in your account's trading program. Since Campbell trades your account based on the models included in the trading program, it is impossible to predict, with any degree of certainty, the portfolio turnover rate for your account. A high portfolio turnover rate bears certain tax consequences and results in greater transaction costs, which are borne directly by your account.

***The Current Markets are Subject to Governmental Intervention That May Be a Detriment to Your Account.***

In response to the recent financial crises of 2008-2009, Dodd-Frank was enacted in July 2010. Dodd-Frank seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Because many provisions of Dodd-Frank require rulemaking by applicable regulators before becoming fully effective, not all of which have been finalized, and Dodd-Frank mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the ultimate impact of Dodd-Frank on your account, Campbell, and the markets in which they trade and invest. Dodd-Frank could result in certain investment strategies in which your account engages or may have otherwise engaged becoming non-viable or non-economic to implement. Dodd-Frank and regulations adopted pursuant to Dodd-Frank could have a material adverse impact on the profit potential of your account.

The "Volcker Rule" component of Dodd-Frank materially restricts proprietary speculative trading by banks, "bank holding companies" and other regulated entities. As a result, there has been a significant influx of new portfolio managers into asset management firms who had previously traded institutional proprietary accounts. Such influx can only increase the competition for your account from other talented portfolio managers trading in your account's investment sector.



***The CFTC And Certain Exchanges Have Established Position Limits On The Maximum Net Long Or Net Short Speculative Positions That Any Person Or Group Of Persons Acting In Concert May Hold Or Control In Any Particular Futures Contracts.***

Dodd-Frank significantly expands the CFTC's authority to impose position limits with respect to futures contracts and options on futures contracts, swaps that are economically equivalent to futures or options on futures, and certain swaps that perform a significant price discovery function. In response to this expansion of its authority, in 2013, the CFTC proposed (a) a series of new federal speculative position limits with respect to futures, options on futures, and swaps on 28 so-called "exempt commodities" (which includes most energy and metals contracts) and (b) aggregation requirements with respect to positions across accounts with common ownership or control. The CFTC's proposals are not yet finalized (or effective). If the CFTC is successful in these proposals, the counterparties with which your account deals may further limit the size or duration of positions available to your account. All accounts owned or managed by Campbell are likely to be combined for speculative position limit purposes. Your account could be required to liquidate positions it holds in order to comply with such limits, or may not be able to fully implement trading instructions generated by its trading models, in order to comply with such limits. Any such liquidation or limited implementation could result in substantial costs to your account.

***Dodd-Frank Includes Provisions That Comprehensively Regulate The OTC Derivatives Markets For The First Time.***

Dodd-Frank mandates that a substantial portion of OTC derivatives must be executed in regulated markets and be submitted for clearing to regulated clearinghouses. The CFTC has now implemented mandatory clearing rules for 4 classes of interest rate swaps and 2 classes of index credit default swaps. The CFTC will also consider whether to propose mandatory clearing requirements for agricultural swaps, energy swaps, broad-based equity swaps, and foreign exchange non-deliverable forwards. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible United States Securities and Exchange Commission ("SEC") or CFTC-mandated margin requirements. OTC derivatives dealers typically demand the unilateral ability to increase your account's collateral requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. The bank regulators and the CFTC imposed margin requirements on non-cleared OTC derivatives and new requirements that apply to the holding of customer collateral by OTC derivatives dealers. These requirements may increase the amount of collateral your account is required to provide and the costs associated with providing it. OTC derivative dealers also are required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as was widely permitted before Dodd-Frank. This has and will continue to increase the OTC derivative dealers' costs, and these increased costs are generally passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the imposition of new or increased fees, including clearing account maintenance fees.

With respect to cleared OTC derivatives, your account will not face a clearinghouse directly but rather through an OTC derivatives dealer that is registered with the CFTC or SEC to act as a clearing member. Your account may face the indirect risk of the failure of another clearing member customer to meet its obligations to its clearing member. Such scenario could arise due to a default by the clearing member on its obligations to the clearinghouse, triggered by a customer's failure to meet its obligations to the clearing member.

The SEC and CFTC will also require a substantial portion of derivative transactions that are currently executed on a bi-lateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Certain CFTC-regulated derivatives trades are expected to be subject to these rules starting in early to mid-2014. It is not yet clear when the parallel SEC requirements will go into effect. Such requirements may make it more difficult and costly for investors, including your account, to enter into highly tailored or customized transactions. They may also render certain strategies in which your account might otherwise engage impossible or so costly that they will no longer be economical to implement. If your account and/or Campbell decides to become a direct member of one or

more of these exchanges or execution facilities, your account would be subject to all of the rules of the exchange or execution facility, which would bring additional risks and liabilities, and potential additional regulatory requirements.

In an effort to facilitate the investment strategies employed by Campbell on behalf of your account, your account and/or Campbell may become members of exchanges and/or swap execution facilities ("SEFs"). Such membership may subject your account and/or Campbell to a wide range of regulation and other obligations, together with associated costs. Like any other self-regulatory organization, SEFs are expected to regularly revise and interpret their rules, and such revisions and interpretations could adversely impact your account. Even if your account opts not to trade on a SEF directly but instead through a broker, such trading may nevertheless require your account to consent to the SEF's jurisdiction as a self-regulatory organization and to be subject to the SEF's rulebook, which could adversely impact your account.

OTC derivatives dealers are now required to register with the CFTC and will ultimately be required to register with the SEC. Dealers are subject to new minimum capital and margin requirements, business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements further increase the overall costs for OTC derivative dealers, which costs may be passed along to market participants as market changes continue to be implemented. The overall impact of Dodd-Frank on your account remains highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime, along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators.

Major OTC derivatives market participants are now also required to register with the CFTC and will ultimately be required to register with the SEC. Campbell is registered as a Forex Firm and Swap Firm with the National Futures Association and could be required to register as a major swap participant for trading in the OTC derivatives markets. Major Swap participants are also subject to new minimum capital and margin requirement, business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements may further increase the overall costs for major swap participants. The overall impact of Dodd-Frank on Campbell remains highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators.

Although Dodd-Frank requires many OTC derivative transactions previously entered into on a principal-to-principal basis to be submitted for clearing by a regulated clearinghouse, certain derivatives that may be traded by your account may remain principal-to-principal or OTC contracts between your account and third parties entered into privately. The risk of counterparty nonperformance can be significant in the case of these OTC instruments, and "bid-ask" spreads may be unusually wide in these heretofore substantially unregulated markets. While Dodd-Frank is intended in part to reduce these risks, its success in this respect may not be evident for some time after Dodd-Frank is fully implemented, a process that may take several more years. To the extent not mitigated by implementation of Dodd-Frank, if at all, the risks posed by such instruments and techniques, which can be extremely complex, include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (4) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to

a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of your account's portfolio assets and may hold such assets in "street name." Your account is subject to the risk that these firms and other brokers, counterparties, clearinghouses or exchanges with which your account deals may default on their obligations to your account. Any default by any of such parties could result in material losses to your account. Bankruptcy or fraud at one of these institutions could also impair the operational capabilities or the capital position of your account. In addition, securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of your account, causing your account to be exposed to a credit risk with regard to such parties. Your account generally will only be an unsecured creditor of its trading counterparties in the event of bankruptcy or administration of such counterparties. In some jurisdictions, your account may also only be an unsecured creditor of its brokers in the event of bankruptcy or administration of such brokers. Your account attempts to limit its brokerage and custody transactions to well capitalized and established banks and brokerage firms in an effort to mitigate such risks, but the collapse in 2008 of the seemingly well capitalized and established Bear Stearns and Lehman Brothers demonstrates the limits on the effectiveness of this approach in avoiding counterparty losses.

Your account may effect transactions in OTC or "interdealer" markets. The participants in such markets are typically not subject to the same level of credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes your account to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing your account to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where your account has concentrated its transactions with a single or small group of counterparties. Your account is not restricted from dealing with any particular counterparty or in the size of the exposure which your account may provide to a given counterparty. The inability to make complete and "foolproof" evaluations of the financial capabilities of your account's counterparties and the absence of a regulated market to facilitate settlement increases the risk to your account.

While Dodd-Frank is intended to bring more stability and lower counterparty risk to derivatives market by requiring exchange clearing of derivatives trades, not all of your account's trades will be subject to the clearing requirements once they generally become effective, either because the trades are grandfathered or because they are bespoke. Furthermore, it is yet to be seen whether Dodd-Frank will be effective in reducing counterparty risk or if such risk may actually increase as a result of market uncertainty, mutuality of loss to clearinghouse members, or other reasons.

#### ***Your Account May Enter Into Swap Agreements.***

Your account may enter into swap agreements. Swap agreements are privately negotiated OTC derivative products in which two parties agree to exchange actual or contingent payment streams that may be calculated in relation to a rate, index, instrument, or certain securities, and a particular "notional amount." Swaps may be subject to various types of risk, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease your account's exposure to commodity prices, equity or debt securities, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, mortgage-backed securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of your account's portfolio. Swap agreements can take many different forms and are known by a variety of names. Your account is not limited to any particular form of swap agreement if it determines that other forms are consistent with your account's investment objective and policies. A significant factor in the

performance of swaps is the change in individual commodity values, specific interest rates, currency values, or other factors that determine the amounts of payments due to and from the counterparties. If a swap calls for payments by your account, then your account must have sufficient cash availability to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of the swap agreement would be likely to decline, potentially resulting in losses to your account. Dodd-Frank will mandate that a substantial portion of swap transactions must be executed in regulated markets and submitted for clearing to regulated clearinghouses. While these provisions are intended in part to reduce counterparty credit risk related to swap transactions, Dodd-Frank's success in this regard will depend on the implementation of many rules and regulations, a process that may take several years.

These hedging techniques using swaps involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of your account securities or other objective of Campbell; (ii) possible lack of a secondary market for closing out a position in such instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by Campbell; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen your account's position; and (v) default or refusal to perform on the part of the counterparty with which your account trades. Furthermore, to the extent that any hedging strategy involves the use of OTC swap transactions, such a strategy would be affected by implementation of the various regulations adopted pursuant to Dodd-Frank.

***Regulatory Changes Or Additional Government Or Market Regulation Or Actions May Alter The Operations And Profitability Of Your Account.***

The global financial markets have in the past few years undergone pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action, these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

Considerable regulatory attention has been focused on non-traditional investment pools. Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased governmental as well as self-regulatory scrutiny of the "hedge fund" industry in general. Certain legislation proposing greater regulation of the industry periodically is considered by Congress, the SEC, the CFTC and the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to your account, Campbell, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of your account or the ability of your account to continue to implement its investment strategies, as well as require increased transparency as to the identity of your account's beneficial owners.

Your account, in particular, is dependent upon the use of leverage in implementing its investment strategy across the markets and instruments described herein. Any regulatory limitations may have a materially adverse impact on your account. The futures markets are subject to comprehensive statutes, regulations and margin requirements. In addition, the CFTC and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of swaps and futures transactions in the United States is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on your account is impossible to predict, but could be substantial and adverse.



***Daily Price Fluctuation Limits Imposed By Futures Exchanges May Alter Trading Decisions For Your Account.***

Most U.S. futures exchanges have established “daily price fluctuation limits” which preclude the execution of trades at prices outside of the limit. Contract prices have occasionally moved the daily limit for several consecutive days with little or no trading. If prices were to approach the level of the daily limits, these limits could cause a modification of Campbell's trading decisions for your account or force the liquidation of certain futures positions. Either of these actions may not be in the best interest of your account. From time to time, the CFTC or the exchanges may suspend trading in market disruption circumstances. In these cases, it is possible that Campbell could be required to maintain a losing position that it otherwise would exit and incur significant losses or be unable to establish a position and miss a profit opportunity.

***Short Sales May Lead to Potentially Unlimited Losses.***

Your account may establish short positions in a number of investment instruments. Short selling of equity instruments involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the short seller to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

A futures trader that is obligated to make delivery is “short” the contract or has “sold” the contract. A futures trader who establishes a short position in a futures contract would initially sell an interest at the current price and then would buy an interest at market price in order to offset such obligation. The short futures trader hopes to sell high and buy low. Short selling allows the short seller to profit from declines in market prices to the extent such declines exceed the transaction and any other related costs. A short sale creates the risk of an unlimited loss, in that the price of the underlying commodity could theoretically increase without limit, thus increasing the cost of buying those futures to offset the short position. There can be no assurance that the futures necessary to cover a short position will be available for “purchase”. Establishing a long position in futures contracts to close out the short position can itself cause the price of the futures to rise further, thereby exacerbating the loss. The use of leverage combined with short selling may increase the amount of losses that your account experiences.

***Your Account is Subject to Foreign Market Credit and Regulatory Risk.***

A substantial portion of Campbell's trades takes place on markets or exchanges outside the United States. From time to time, over 50% of your account's overall market exposure could involve positions taken on foreign markets. The risk of loss in trading foreign futures contracts can be substantial. Participation in foreign futures contracts transactions involves the execution and clearing of trades on, or subject to the rules of, a foreign board of trade. Non-U.S. markets may not be subject to the same degree of regulation as their U.S. counterparts. None of the CFTC, NFA or any domestic exchange regulates activities of any foreign boards of trade, including the execution, delivery and clearing of transactions, nor do they have the power to compel enforcement of the rules of a foreign board of trade or any applicable foreign laws. Trading on foreign exchanges also presents the risks of exchange controls, expropriation, taxation and government disruptions.

***Your Account Is Not A Regulated Investment Company And Is Therefore Subject To Different Protections Than A Regulated Investment Company.***

Although your account and/or Campbell are subject to regulation by the CFTC, your account is not an investment company subject to the Investment Company Act of 1940. Accordingly, you do not have the

protections afforded by that statute which, for example, requires investment companies to have a majority of disinterested directors and regulates the relationship between Campbell and the investment company.

***Investing Globally Subjects Your Account To International Risks.***

Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of issuers may vary in the markets of different countries. Hours of business, customs and access to these markets by outside investors may also vary. In addition, the level of government supervision and regulation of the financial markets, securities and futures exchanges, securities dealers, futures commission merchants and listed and unlisted companies is different throughout the world. There may also be a lack of adequate legal recourse for the redress of disputes and, in some countries, the pursuit of such disputes may be subject to a highly prejudiced legal system.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of your account are uninvested and no return is earned thereon. The inability of your account to make intended investments due to settlement problems could cause your account to miss attractive investment opportunities. The inability to dispose of portfolio instruments due to settlement problems could result either in losses due to subsequent declines in value of the portfolio instruments or, if your account has entered into a contract to sell the instrument, could result in possible liability to the purchaser.

The price of any foreign investment instrument and, therefore, the potential profit and loss thereon, may be affected by any variance in the foreign exchange rate between the time a position is established and the time it is liquidated, offset or exercised.

Certain foreign exchanges may also be in a more or less developmental stage so that prior price histories may not be indicative of current price dynamics. In addition, your account may not have the same access to certain financial investment instruments on foreign exchanges as do local traders, and the historical market data on which Campbell bases its strategies may not be as reliable or accessible as it is in the United States. The rights of clients (such as your account) in the event of the insolvency or bankruptcy of a non-U.S. market or broker are also likely to be more limited than in the case of U.S. markets or brokers.

With respect to different countries, there is a possibility of expropriation or confiscatory taxation, imposition of withholding taxes on dividend or interest payments, limitations on the removal of funds or other assets, managed or manipulated exchange rates and other issues affecting currency conversion, political or social instability or diplomatic developments that could adversely affect investments in those countries. Your account may invest in instruments that may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of such investments in the financial markets of different countries, and their associated risks, are expected to change independently of each other. These risks may be greater in emerging markets.

***Exchange-Rate Risk.***

Your account may invest in international financial instruments such as securities of non-U.S. issuers or non-U.S. futures contracts, which are denominated in currencies other than the U.S. dollar. Consequently, your account is subject to the exchange-rate risk of the dollar increasing or decreasing in value against the functional currency of such investments.

***Changes in Financing Policies or the Imposition of Other Credit Limitations or Restrictions Could Compel Your Account to Liquidate Positions at Disadvantageous Prices.***

Your account may utilize leverage and may depend on the availability of credit in order to finance its portfolio. There can be no assurance that your account will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the dealers that provide financing to

your account can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel your account to liquidate all or part of its portfolio at disadvantageous prices. Recently, banks and dealers substantially curtailed financing activities and increased collateral requirements, forcing many hedge funds to liquidate.

***Your Account's Investments Could Be Illiquid; Suspension of Trading.***

Positions in equities, debt instruments, futures-related interests and/or derivative instruments cannot always be liquidated at the desired price. This can occur when the market is thinly traded (i.e., a relatively small volume of buy and sell orders) or in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. Your account may incur material losses and the risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid making it difficult or impossible to close out positions against which the markets are moving. The financing available to your account from banks, dealers and other counterparties is likely to be restricted in disrupted markets. For example, in 1994, 1998 and again in 2007-2009 there was a sudden restriction of credit by the dealer community that resulted in forced liquidations and major losses for a number of private investment funds. It is possible that in the future, in such situations, Campbell may be unable for some time to liquidate certain unprofitable positions thereby increasing the loss from the trade. Additionally, foreign governments may take or be subject to political actions which disrupt the markets in their currency or major exports, such as energy products or metals. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for your account, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. Any of these actions could also result in losses to your account. Opening an account with Campbell should be considered only by persons financially able to maintain their investment and who can afford the loss of all or substantially all of such investment.

***Reduced Market Exposure in Times of High Volatility May Limit Profit Potential.***

During periods of high volatility in the markets, your account may reduce its market exposure. While the purpose of such reductions is to attempt to limit potential losses to your account, such reductions may also have the effect of limiting potential profits for such time as your account's market exposure remains in a reduced state.

***An Investment in Managed Futures May Not Diversify an Overall Portfolio.***

Historically, alternative investments such as managed futures have been generally lowly-correlated to the performance of other asset classes such as stocks and bonds. Low-correlation means that there is no statistically valid relationship between the past performance of futures and forward contracts, on the one hand, and stocks or bonds, on the other hand. Low-correlation should not be confused with negative correlation, where the performance of two asset classes would be exactly opposite.

Because of low-correlation, your account cannot be expected to be automatically profitable during unfavorable periods for the stock market or vice versa. The futures and forward markets are fundamentally different from the securities markets in that for every gain made in futures and forward trading, there is an equal and offsetting loss.

Low-correlation also does not mean that your account will never move in the same direction as stocks and bonds. There may be times when your account gains during the same periods when stock and

bonds gain and there also may be times when your account loses during periods when stock and bonds lose. If your account performs in a manner that is correlated with the general financial markets or does not perform successfully, you will obtain no diversification benefits by investing managed futures and your account may have no gains to offset your losses from other investments.

***The Current Markets are Subject to Market Disruptions That May Be a Detriment to Your Investment.***

Your account may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to your account from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to your account. Market disruptions may from time to time cause dramatic losses for your account, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

***Increased Competition in Alternative Asset Investments.***

There has been a marked increase in the number of, and flow of capital into, investment vehicles established in order to implement alternative asset investment strategies, including the strategies to be implemented by your account. While the precise effect cannot be determined, such increase may result in greater competition for investment opportunities, or may result under certain circumstances in increased price volatility or decreased liquidity with respect to certain positions. You should understand that your account may compete with other investment vehicles, as well as investment and commercial banking firms, which may have substantially greater resources, in terms of financial resources and research staffs, than may be available to your account. Increased trading competition from other trend-following traders could operate to the detriment of your account. It may become more difficult for Campbell to implement its trading strategy if other trading advisors using technical systems are, at the same time, also attempting to initiate or liquidate futures or forward positions, or otherwise alter trading patterns.

***Increase in Assets Under Management May Make Profitable Trading More Difficult.***

Campbell believes that it is virtually impossible to define or quantify the capacity of a portfolio with any degree of certainty. Campbell has continued to introduce new strategies designed to deliver returns which have low correlation to returns from existing strategies. Campbell has not agreed to limit the amount of additional assets it may manage, and it is actively engaged in raising assets for existing and new accounts, including your account. However, Campbell acknowledges that there may come a time when the combination of available markets and new strategies may not be sufficient for it to add new assets without detriment to diversification. If this were to occur, Campbell would expect its risk-adjusted returns to begin to degrade. Should Campbell ever conclude that its ability to deliver attractive risk-adjusted returns has been unduly compromised by its growth in assets, it would not hesitate to restrict or halt the flow of new assets, and, if necessary, begin to repatriate market gains.

Should the amount of assets that Campbell manages increase, it may be more difficult for it to trade profitably because of the difficulty of trading larger positions without adversely affecting prices and performance. Accordingly, such increases in assets under management may require Campbell to modify its trading decisions for your account, which could have a detrimental effect on your investment. Such considerations may also cause Campbell to eliminate smaller markets from consideration for inclusion in certain trading portfolios, reducing the range of markets in which trading opportunities may be pursued. In addition, Campbell may have an incentive to favor other accounts because the compensation received from some other accounts exceeds the compensation it receives from managing your account. Because records with respect to other accounts are not accessible to you, you will not be able to determine if Campbell is favoring other accounts.



***You Must Not Rely on the Past Performance of Campbell Deciding Whether to Appoint Campbell as a Trading Advisor.***

The future performance of your account is not predictable, and no assurance can be given that your account and Campbell will perform successfully in the future in as much as past performance is not necessarily indicative of future results. Campbell's trading systems are continually evolving and the fact that your account and Campbell may have traded successfully in the past does not mean that they will do so in the future. Additionally, the markets in which your account operates may have been recently severely disrupted (for periods of one year or more), so results observed in periods prior to these disruptions may have little relevance to the results observable during and after these disruptions.

***Availability of Investment Opportunities.***

The business of identifying and structuring investments of the types contemplated by your account is specialized, and involves a high degree of uncertainty. The availability of investment opportunities generally is subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. No assurance can be given that your account will be able to identify and complete attractive investments in the future or that it will be able to invest fully its subscriptions. Similarly, identification of attractive investment opportunities by Campbell is difficult and involves a high degree of uncertainty. Even if attractive investment opportunities are identified by Campbell, it may not be permitted to take advantage of the opportunity to the fullest extent desired. Investment funds sponsored, managed or advised by Campbell may seek investment opportunities similar to those your account may be seeking, and none of these parties has an obligation to offer any opportunities it may identify to your account.

***Reliance on Corporate Management and Financial Reporting.***

Certain of the strategies which may be implemented on behalf of your account rely on the financial information made available by the issuers in which your account may invest. Campbell has no ability to independently verify the financial information disseminated by the thousands of issuers in which your account may invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses which investors such as your account can incur as a result of corporate mismanagement, fraud and accounting irregularities.

***Fees and Commissions are Charged Regardless of Profitability and Are Subject to Change.***

Your account is subject to substantial charges payable irrespective of profitability, in addition to performance fees which are payable based on your account's profitability. Included in these charges are brokerage fees. On your account's forward trading, "bid-ask" are incorporated into the pricing of your account's forward contracts by the counterparty in addition to the brokerage fees paid by your account. It is not possible to quantify the "bid-ask" spreads paid by your account because your account cannot determine the profit its counterparty is making on the forward transactions. Such spreads can at times be significant.

***Your Account Is Required To Make Substantial Profits In Order To Avoid Depletion Or Exhaustion Of Its Assets From Fees And Expenses.***

In addition, the Performance Fee paid to Campbell by your account is based on both realized and unrealized gains and losses as of the end of the applicable period. Consequently, Performance Fees could be paid on unrealized gains that may never be realized by your account.

***Your Investment Management Agreement With Campbell Could Terminate Before You Achieve Your Investment Objective Causing Potential Loss of Your Investment or Disruption of Your Investment Portfolio.***

If Campbell's registrations with the CFTC or memberships in the National Futures Association were revoked or suspended, Campbell would no longer be able to provide services to your account. Events, such as a long-term substantial loss suffered by your account, could also cause your account to terminate before the expiration of its stated term. This may require you to liquidate your account's investments and upset the overall maturity and timing of your investment portfolio.

***A Single-Advisor Account May be More Volatile Than a Multi-Advisor Account.***

Your account is a single-advisor managed futures account. You should understand that other managed futures accounts may be structured as multi-advisor accounts in order to attempt to control risk and reduce volatility through combining advisors whose historical performance records have exhibited a significant degree of non-correlation with each other. As a single-advisor managed account, your account may have increased performance volatility and a higher risk of loss than investment vehicles employing multiple advisors.

***The Performance Fee Could be an Incentive to Make Riskier Investments.***

Campbell employs a speculative strategy for your account, and receives performance fees based on the trading profits earned by it for your account. Campbell would not agree to manage your account in the absence of such a performance fee arrangement. Accordingly, Campbell may make investments that are riskier than might be made if your account's assets were managed by a trading manager that did not require performance-based compensation.

***Risks Due To Credit Restriction.***

Your account is subject to the risk that its counterparties or brokers will be required to restrict the amount of credit previously granted to your account due to their own financial difficulties, resulting in forced liquidation of substantial portions of your account's portfolio.

***Tax Risks.***

You should consult legal and financial advisers in the jurisdictions of your citizenship, residence, and domicile to determine any tax or other consequences of your account's trading activities. You may be required to pay tax on your account's ordinary income, which, may be your account's interest income, gain on some foreign futures contracts, and certain other investment assets, even though your account incurs overall losses.

The Internal Revenue Code of 1986, as amended, provides that investment advisory fees are to be aggregated with unreimbursed employee business expenses and other expenses of producing income, collectively "aggregate investment expenses," and the aggregate amount of such expenses will be deductible only to the extent that such amount exceeds 2% of a taxpayer's adjusted gross income. In addition, aggregate investment expenses in excess of the 2% threshold, when combined with certain other deductions, are subject to a reduction generally equal to 3% of the taxpayer's adjusted gross income in excess of a threshold amount. Such limitation could substantially reduce the deductibility for federal income tax purposes on any amount deemed to constitute "investment advisory fees." The management and performance fees payable to Campbell may be characterized as investment advisory fees subject to the above limitation.

You, therefore, may pay tax on more than the net profits generated in their account. You should consult and depend on your own tax adviser regarding the federal, state, local and foreign tax consequences of participating in the Campbell trading programs.

***Your Account's Service Providers Could Fail.***

The institutions with which your account trades or invests may encounter financial difficulties that impair the operational capabilities or the capital position of your account. Futures brokers are generally required by U.S. law to segregate all funds received from such broker's customers from such broker's proprietary assets. If the futures brokers did not do so to the full extent required by law, your account's assets might not be fully protected in the event of the bankruptcy of the futures brokers. Furthermore, in the event of the futures brokers' bankruptcy, your account could be limited to recovering only a pro rata share of all available funds segregated on behalf of the futures brokers' combined customer accounts, even though certain property specifically traceable to your account (for example, Treasury bills deposited by your account with the futures brokers as margin) was held by the futures brokers. Furthermore, dealers in forward contracts are not regulated by the U.S. Commodity Exchange Act and are not obligated to segregate customer assets.

Although Campbell regularly monitors the financial condition of the counterparties it uses, if your account's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act of the United States Bankruptcy Code), there exists the risk that the recovery of your account's assets from such counterparty will be delayed or be a value less than the value of the assets originally entrusted to such counterparty.

***Your Account Places Significant Reliance on Campbell and the Incapacity of its Principals Could Adversely Affect It.***

Your account is depends upon the services of Campbell. There can be no assurance that such services will be available for any length of time following the term of the Investment Management Agreement. Furthermore, the incapacity of Campbell's principals could have a material and adverse effect on Campbell's ability to discharge its obligations under the Investment Management Agreement. However, there are no individual principals at Campbell whose absence would result in a material and adverse effect on Campbell's ability to adequately carry out its advisory responsibilities.

***Potential Inability to Trade or Report Due to Systems Failure Could Adversely Affect Your Account.***

Campbell's strategies are dependent to a significant degree on the proper functioning of its internal computer systems. Accordingly, systems failures, whether due to failures of third parties upon which such systems are dependent or the failure of Campbell's hardware or software, could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short time), could, in certain market conditions, cause your account to experience significant trading losses or to miss opportunities for profitable trading. Additionally, any such failures could cause a temporary delay in reporting.

***Failure to Receive Timely and Accurate Market Data from Third Party Vendors Could Cause Disruptions or the Inability to Trade.***

Campbell's strategies are dependent to a significant degree on the receipt of timely and accurate market data from third party vendors. Accordingly, the failure to receive such data in a timely manner or the receipt of inaccurate data, whether due to acts or omissions of such third party vendors or otherwise, could disrupt trading to the detriment of your account or make trading impossible until such failure or inaccuracy is remedied. Any such failure or inaccuracy could, in certain market conditions, cause your account to experience significant trading losses, effect trades in a manner which it otherwise would not have done, or miss opportunities for profitable trading. For example, the receipt of inaccurate market data may cause Campbell to establish (or exit) a position which it otherwise would not have established (or exited), or fail to establish (or exit) a position which it otherwise would have established (or exited), and any subsequent correction of such inaccurate data may cause Campbell to reverse such action or inaction, all of which may ultimately be to the detriment of your account.

***Your Account Is Subject To Actual And Potential Conflicts Of Interest.***

You are dependent on the good faith of Campbell and the parties subject to such conflicts to resolve them equitably. Although Campbell attempts to monitor these conflicts, it is extremely difficult, if not impossible, for Campbell to ensure that these conflicts do not, in fact, result in adverse consequences to your account. See also *Conflicts of Interest*.

***Campbell Is Susceptible To Operational, Information Security And Related Risks.***

With the increased use of technologies such as the Internet to conduct business, Campbell is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber security failures or breaches by Campbell, and other service providers (including, but not limited to custodians), and the issuers of securities in which Campbell invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with Campbell ability to calculate its net asset value, impediments to trading, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While Campbell has established business continuity plans in the event of, and risk management systems to prevent, such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, Campbell cannot control the cyber security plans and systems put in place by service providers to Campbell and issuers in which Campbell invests. Campbell and its clients could be negatively impacted as a result.

***The Personal Non-Public Information You Share With Campbell May Be Subject To Privacy Standards Different From The Standards Applicable In The Jurisdiction Where You Are Domiciled.***

The personal non-public information you share with Campbell may be subject to privacy standards different from the standards applicable in the jurisdiction where you are domiciled. Campbell or its agents may collect, process and store materials, data, information and content relating to your account (“Data”), and such Data may be transferred, disclosed, stored, processed and maintained by Campbell or its respective agents electronically on servers, or in hard copy or original format, in a number of different jurisdictions, including within the U.S. and/or any of the other jurisdictions where Campbell or its agents have a presence. Campbell or its agents may be obliged to retain such Data for a period of time after you are no longer a client, and may be requested, required, or compelled to disclose such Data to third parties.

**CONFLICTS OF INTEREST**

*Campbell’s investment activities for its own accounts and other accounts it manages may give rise to conflicts of interest that could disadvantage its investment advisory Clients. The conflicts and the potential detriments to Clients are described in further detail below. Clients may be subject to additional conflicts not described below, however, Campbell has procedures in place to address potential conflicts as they arise.*

Campbell provides investment advisory services to other Clients, and serves as the commodity pool operator or commodity trading advisor to commodity pools and other accounts, including proprietary accounts, which may have materially different terms and may operate at a lower overall cost structure than its investment advisory Clients. For certain Clients, Campbell’s selection of itself as an investment adviser was not objective, since it may also operate in the capacity of a managing member, or a similar

capacity, for those Clients. Campbell may have financial incentives to favor certain accounts over Client accounts. Any accounts managed by Campbell may use the same or different information and trading strategies as those which are utilized on behalf of Client accounts, may compete with Client accounts for specific trades, or may hold positions opposite to positions maintained on behalf of Client accounts. The activities or strategies used for other accounts managed by Campbell could conflict with the transactions and strategies employed on behalf of Clients, and may affect the prices and availability of the instruments in which Clients invest. The performance of Client accounts may be adversely affected by the manner in which particular orders are entered or allocated for all accounts managed by Campbell.

Neither Campbell nor its principals devote their time exclusively to any Client. Campbell acts as a managing member, or a similar capacity, to other commodity pools and as a trading advisor to other accounts, which may compete with Clients for Campbell's services. Thus, Campbell could have a conflict between its own interests and its responsibilities to Clients and to those other pools and managed accounts. Campbell believes that it has sufficient resources to discharge its responsibilities in this regard in a fair manner.

Campbell may receive higher advisory fees from certain managed accounts or other commodity pool offerings than it receives from Clients. Campbell, however, trades managed accounts, other commodity pool offerings, and Client accounts in a substantially similar manner, given differences in trading portfolios or the size and timing of the capital additions and withdrawals. In addition, Campbell may find that futures positions established for the benefit of Clients, when aggregated with positions in other accounts managed by Campbell, approach the speculative position limits in a particular commodity. Campbell may decide to address this situation either by liquidating Client positions in that futures contract and reapportioning the portfolio in other contracts or by trading contracts in other markets which do not have restrictive limits. In the event that Campbell were required to liquidate positions as the result of speculative position limits, such liquidation would be done on a pro rata basis across all accounts under management.

Principals and employees of Campbell may trade securities, futures and forward contracts, and other derivative contracts for their own accounts. Campbell's Code of Ethics governs personal trading by principals and employees of Campbell, and it is available to prospective and current clients upon request. Campbell has implemented employee trading policies that prohibit employee trading in futures interests unless consent is given to the employee in writing. Such consent will only be given on a case by case basis. All employees must preclear all trades in equities, equity options, equity indices or equity index options through a computer-based system utilized by Campbell. The proposed trades are compared to a restricted list that includes positions traded in material amounts. Campbell receives a daily feed from its approved brokerage firms, which are compared against the preclearance lists to assure compliance. Trading records for all proprietary trading are available for review by clients and investors upon reasonable notice. A conflict of interest exists if proprietary trades are executed and cleared at more favorable rates than trades executed and cleared on behalf of Clients. See also *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*.

Campbell manages proprietary accounts for itself and for certain principals and employees, and these accounts may have materially different terms, may operate at a lower overall cost structure, and may receive preferential treatment. Prospective and current clients may not obtain the trading records of such proprietary trading accounts. When Campbell executes an order in the market, the order is typically placed on an aggregate basis for all accounts for which Campbell trades, and then is subsequently broken up and allocated among the various accounts. To the extent executions are grouped together and then allocated among accounts held at futures brokers and over-the-counter counterparties, Clients may receive less favorable executions than other accounts managed by Campbell. It is Campbell's policy to



objectively allocate trade executions that afford each account the same likelihood of receiving favorable or unfavorable executions over time. A potential conflict also may occur when Campbell or its principals trade their proprietary accounts more aggressively or take positions in proprietary accounts which are opposite, or ahead of, the positions taken by Clients. See also *Brokerage Practices*.

Campbell is not under any obligation to share any or all investment opportunities, ideas, or strategies with Clients. Campbell may determine that an investment opportunity is appropriate for other accounts it manages, including proprietary accounts, but not for a Client account. Situations may arise in which other accounts managed by Campbell made investments that would have been suitable for investment by a Client account but, for various reasons, were not pursued by, or available to, the Client account. To the extent that other accounts managed by Campbell, including proprietary accounts, trade portfolios which are different than the portfolio traded by a Client account, the Client account may not participate in certain investment opportunities pursued by such other accounts.

Client futures brokers and over-the-counter counterparties, and their affiliates and personnel, may trade securities, futures, forwards, swaps, and derivative instruments for their own accounts or for other customer accounts. A conflict of interest may exist if these futures broker or over-the-counter counterparty trades are in the same markets, at the same time, or ahead of trades entered into by Clients, as the futures broker or over-the-counter counterparty may have financial incentives to favor certain other such accounts over Clients, may compete with Clients for specific trades, or may hold positions opposite to positions maintained on behalf of Clients. The records of any of these trades for a particular Client will not be available to other Clients. See also *Brokerage Practices*.

## **Item 9: Disciplinary Information**

Campbell is obligated to disclose any disciplinary event that would be material when evaluating us as a potential adviser or whether to continue a relationship with us. Campbell has not been involved in any legal, financial or other disciplinary item since its inception that would be material to evaluating Campbell or its employees.

## **Item 10: Other Financial Industry Activities and Affiliations**

As discussed in the *Advisory Business* section, Campbell & Company Investment Adviser LLC is a wholly-owned subsidiary of Campbell & Company, LP.

Campbell & Company, LP acts as commodity trading advisor or commodity pool operator, or both, to certain Sponsored Funds Clients, affiliated commodity pools, and unaffiliated managed accounts. Campbell & Company, LP's CFTC and self-regulatory organization registrations are discussed in the *Advisory Business* section. Certain of Campbell's related persons are also registered as commodity pool operators and registered with the NFA in such capacities.

The Campbell Multi-Asset Carry Fund and the Campbell Dynamic Trend Fund<sup>1</sup> are registered investment company Clients of Campbell & Company Investment Adviser LLC. Campbell & Company, LP serves as the commodity pool operator of the Campbell Core Offshore Limited and the Campbell Core Carry Offshore Limited, each a Cayman Exempted Company wholly-owned by the Campbell Dynamic Trend Fund and the Campbell Multi-Asset Carry Fund, respectively.

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<sup>1</sup> The Campbell Multi-Asset Carry Fund and the Campbell Dynamic Trend Fund are each a series of The RBB Fund, Inc., a registered investment company.

The Campbell Absolute Return Onshore Fund and The Campbell Offshore Fund are, respectively, 3(c)(7) and 3(c)(1) private fund Clients of Campbell & Company Investment Adviser LLC. Campbell & Company, LP also serves as the commodity pool operator of these funds. The Campbell Offshore Fund is a Cayman Segregated Portfolio Company.

The Campbell Managed Futures Onshore Fund, LP, the Campbell Fund Trust, the Campbell Strategic Allocation Fund, and Institutional Futures Fund are commodity pools operated and advised by Campbell & Company, LP.

Campbell Financial Services, LLC (CFS), which is wholly-owned by Campbell & Company, LP, is a limited purpose, SEC registered broker-dealer and member of the Financial Industry Regulatory Authority. CFS is a Maryland limited liability company that registered with the SEC in January 1998. As of September 2010, CFS is also registered and licensed as a broker-dealer in all 50 U.S. states and certain U.S. territories. CFS's registered representatives are also Campbell employees.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **CODE OF ETHICS**

Campbell adopted a Code of Ethics which sets forth standards of ethical and business conduct expected of Campbell's personnel and addresses potential conflicts that we may encounter while providing investment advisory services. Our Code of Ethics, among other things, requires that Campbell employees act in the best interests of our Clients, act with integrity and professionalism and comply with federal securities laws.

Our Code of Ethics includes prohibitions on insider trading and the circulation of market rumors. It also includes guidelines on and requires reporting of gifts and business entertainment. As discussed further below, the Code of Ethics also addresses conflicts of interest that may arise from employees' personal trading. A copy of the Code of Ethics is available to prospective or existing Clients upon request.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Campbell & Company Investment Adviser LLC may recommend securities or investment products to Clients in which Campbell or its employees have a financial interest. Campbell engages in investment activities for its own accounts, including managing proprietary trading accounts for certain principals and employees. We maintain written procedures that govern proprietary trading by Campbell. For example, Campbell prohibits cross trading of positions among Clients, including proprietary accounts. In addition, Campbell objectively allocates trade executions that afford each account the same likelihood of receiving favorable or unfavorable executions over time. See the *Brokerage Practices* section below.

Campbell & Company, LP or its employees may invest in certain Sponsored Funds or other commodity pools operated by Campbell & Company, LP. The details of these investments are outlined in the applicable Sponsored Fund offering documents. Because in these circumstances our interests are aligned with those of other investors, we do not believe this presents a material conflict of interest.

## **PERSONAL TRADING**

Campbell & Company Investment Adviser LLC or its employees may trade in the same securities that Campbell & Company Investment Adviser LLC recommends to its Clients. To mitigate material conflicts of interest, Campbell's Code of Ethics contains written procedures that govern employee personal trading. These procedures include disclosure of personal securities accounts, preclearance of investment transactions and monitoring of employee accounts and trading. Employees are prohibited from trading ahead of client orders or trading on the basis of material non-public information.

## **Item 12: Brokerage Practices**

### **SELECTION OF BROKERS AND COUNTERPARTIES**

Managed Account Clients select the firms with which they will maintain their trading accounts, and they negotiate the terms of those relationships. Campbell & Company, LP may act as the commodity pool operator for its Sponsored Fund Clients, and will therefore select where the Sponsored Funds will maintain their accounts, and Campbell & Company, LP will negotiate the terms of those relationships. Campbell's Best Execution Committee regularly reviews market-based financial health indicators, such as credit ratings and equity price and credit default swaps, regarding the brokers and counterparties with which Campbell maintains its accounts.

Campbell will select the firms with which to execute Client transactions. Campbell will maintain relationships with executing brokers that are fair, reasonable and competitive, but may not necessarily reflect the lowest commission available on each transaction.

### **BEST EXECUTION**

Campbell's Best Execution Committee meets periodically to oversee Campbell's achievement of best execution on behalf of its Clients and the policies and procedures regarding best execution. Among other things, the Best Execution Committee reviews the trade execution process regularly to determine whether opportunities exist for improved execution of transactions and evaluates the performance of Campbell's prime and/or executing brokers. Campbell takes into account a number of factors when evaluating counterparties and executing brokers, including: price, execution capabilities, including efficiency of execution and willingness to execute difficult transactions, block trading and block positioning capabilities, infrastructure, quality of operational and execution facilities, experience, expertise, and reputation, and creditworthiness, financial stability, and reliability.

Campbell has access to various liquidity sources, such as Electronic Communication Networks and dark pools. Campbell uses third-party execution management systems, routing technology, and algorithms to execute most of its trades. These electronic trading platforms may increase the execution costs incurred by Clients. These costs are incurred on a per-trade basis and are billed directly or indirectly to Clients on the basis of their actual trading. Campbell's executing brokers may also enter into access arrangements with these electronic platforms separate from Campbell's. The costs associated with these arrangements may appear similar to soft dollar or commission sharing arrangements, as they may increase the commissions associated with Client trading. However, Campbell does not use Client trading commissions to directly access or pay for these electronic trading platforms. Moreover, these costs are incurred as a result of managed futures, not securities, trading.



## **RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

Campbell may enter into formal soft dollar arrangements that provide brokerage or research products and services that fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. It is Campbell's policy that any soft dollar arrangement must receive prior approval from the firm's Chief Compliance Officer and Best Execution Committee. Campbell previously entered into a formal soft dollar arrangement with its equity prime broker to obtain access to a third-party execution algorithm. While the arrangement is still in place, Campbell no longer utilizes the third-party execution algorithm.

However, Campbell's brokers may also provide brokerage or research products and services to all of their customers, including Campbell, without being requested to do so. In these cases, there is no formal soft dollar arrangement and Campbell does not "pay up" for these products or services or use Client commissions to pay for these services. While not a formal soft dollar arrangement, Campbell reasonably believes these products and services would fall within the Section 28(e) safe harbor, as applicable.

Receipt of these benefits may still create a potential conflict, as Campbell may have an incentive to execute Client transactions with brokers who provide these services, rather than those providing the most favorable execution. Further, to the extent Campbell uses such products and services, Campbell receives a benefit for which it does not have to pay for. Campbell believes the brokerage arrangements, under which Campbell may receive the research- and execution-related services described below, are in, or not opposed to, the best interests of the Client.

Research-related products or services Campbell may receive from brokers may include, but are not limited to: research reports; financial newsletters and trade journals; attendance at certain seminars and conferences; economic and market information; industry or company comments; technical data; recommendations; information on political developments, legal developments, and technical market action; and statistical information.

Execution-related products or services Campbell may receive include, but are not limited to: communications services related to the execution, clearing and settlement of transactions and functions incidental thereto, such as connectivity services between Campbell and brokers and other relevant parties such as custodians; trading software used to route orders or provide algorithmic trading strategies; software used to transmit orders; electronic communication of allocation instructions; routing of settlement instructions; post-trade exchange of messages among parties related to a trade; and data services, such as market data.

Any products or services that Campbell receives from Client brokers may be used in connection with its management of all accounts managed or advised by Campbell.

## **DIRECTED BROKERAGE**

Campbell does not engage in directed brokerage. In other words, Campbell does not recommend, request, or require that its Clients direct it to execute transactions through a specified broker-dealer. Not all advisers require their clients to direct brokerage.

## **TRADE ALLOCATION**

When Campbell executes an order in the market, the order is typically placed on an aggregate basis for all Client accounts Campbell trades, and then is subsequently broken up and allocated among the various accounts. See also *Trade Aggregation and Block Trades*. It is Campbell's policy to objectively allocate trade executions that afford each Client account the same likelihood of receiving favorable or unfavorable executions over time. We allocate trades pursuant to a series of computer algorithms. Those algorithms programmatically and randomly allocate the trades on a pro-rata basis, based on capital committed by the respective Client account. The allocation of individual fills to accounts for cash and futures is made on a highest account/highest price, random start basis. Equity trades receive an average price. So, the shares are allocated on a pro-rata basis, in proportion to the capital committed to the program. Any residual shares are allocated the account that is farthest from its desired position. Both the allocations made pursuant to these algorithms and the allocation procedures themselves are periodically reviewed to ensure that all of Campbell's Clients are treated equitably.

## **TRADE AGGREGATION AND BLOCK TRADES**

Campbell may bunch or aggregate Client orders to submit for execution, a practice which may facilitate execution and reduce brokerage or other costs. Campbell, however, may not bunch or aggregate orders when portfolio model signals underlying orders are generated at different times depending on the model's holding periods. When possible, model signals are aggregated at the portfolio level to produce a net portfolio position.

Campbell follows the specific securities or futures exchange or regulatory organization rules that govern block trade participation, including, but not limited to:

- Contract size minimum
- Aggregation rules
- Allowable contract prices
- Allowable times
- Reporting obligations

Assuming the applicable exchange permits block trades in a given market, it is our responsibility to stay up to date and adhere to all market, exchange and regulatory body rules.

## **TRADE ERRORS**

Campbell's Trade Error Policy requires that all trade errors be promptly disclosed to management, documented, and covered or mitigated as reasonably necessary to minimize Client losses.

## **Item 13: Review of Accounts**

Client accounts are continuously managed pursuant to a variety of systematic trading methodologies and are subject to ongoing administrative review and compliance checks. Campbell's Investment Committee reviews trading in each strategy as part of its risk management practices.

A monthly analysis is conducted of the performance in each account and differences over a certain threshold are researched and documented. Certain Managed Account Clients receive daily or monthly,

or both, performance reports specific to their accounts. For certain Clients, an independent administrator verifies the investment positions on a monthly basis. In addition, independent public accountants audit RICs and Sponsored Funds annually and the audited financial statements are distributed to Sponsored Fund investors.

## **Item 14: Client Referrals and Other Compensation**

The Investment Advisers Act of 1940, as amended, Rule 206(4)-3 specifies certain standards that must be met by Campbell prior to the payment of a cash fee, directly or indirectly, for a Client solicitation or referral.

Campbell may enter into capital introduction agreements with certain financial institutions under which the financial institution does not receive compensation for this service. Campbell currently engages certain third party marketing firms to solicit advisory clients or investors in the Sponsored Funds. For its services, the firms are paid a portion of the management or performance fees, or both, received by Campbell from the clients or investors the third party marketer solicits, and may receive draws against those fees. In other words, these clients do not pay higher fees because of the engagement of any third party marketer. In addition, certain Sponsored Funds may engage placement agents for placement of fund interests and payment arrangements are outlined in the applicable fund offering documents.

## **Item 15: Custody**

All Client assets are held in separate accounts in the Client's name by unaffiliated custodians, broker-dealers, futures commission merchants and/or banks, all qualified custodians.

Managed Account Clients select the broker-dealer, futures commission merchant and/or bank with which they prefer to open its accounts. Per the investment advisory agreement, Campbell has the authority to trade the accounts, but does not have the ability to deduct investment advisory fees or withdraw or transfer securities from those accounts.

Although Campbell does not have physical custody over Sponsored Fund Client assets, Campbell may be deemed by the SEC to have custody of certain Sponsored Fund Client assets because it acts as general partner, managing member or other comparable designation to certain Sponsored Funds. To provide appropriate protections and to comply with the SEC custody rules, each Sponsored Fund is subject to an annual audit by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board. Campbell provides each Sponsored Fund investor with a copy of the audited financial statements as required.

## **Item 16: Investment Discretion**

Campbell trades for its Clients on a discretionary basis. The terms of this authority are outlined in the applicable governing documents.

## **Item 17: Voting Client Securities**

As part of its fiduciary duties, Campbell & Company Investment Adviser LLC adopted a proxy voting policy, as required by the Investment Advisers Act of 1940, as amended, that is reasonably designed to

ensure that we vote proxies in our Clients' best interest, describes the proxy voting procedures, and informs Clients how they may obtain information about how their proxies are voted.

Currently, it is Campbell & Company Investment Adviser LLC's policy, based on a cost-benefit analysis that we will not vote proxies on behalf of our Clients. Our primary objective is to make proxy voting decisions solely in the best interest of our Clients. As a systematic trader, our main goal is to enhance returns for our clients, and we will act in a manner intended to enhance the economic value of Client accounts. Campbell invests on the basis of mathematical models that seek to identify persistent trends in the markets. We may take long or short positions, depending on our proprietary model's instructions. Campbell & Company Investment Adviser LLC has conducted a cost/benefit analysis and determined that the cost of voting proxies outweighs the potential benefit to our Clients. Indeed, many proxy measures are designed to help grow a company or increase its share price. As Campbell's strategies seek to profit from market disruptions (positive or negative), the success of Campbell's strategies is not dependent upon the success of the companies in which it invests. Separately, we have determined that it is not in the best interest of our Clients for Campbell & Company Investment Adviser LLC to act as a shareholder "activist" or a manager who spends time and resources actively engaged in supporting or opposing matters before shareholders.

## **Item 18: Financial Information**

Campbell does not require or solicit prepayment of fees, so a balance sheet is not required or included herein. We do not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

## **Privacy Notice**

Campbell believes that Clients and Sponsored Fund investors are entitled to the best service it can offer – and that includes the right to feel comfortable about the personal non-public information they share with us.

In the normal course of business, Clients and Sponsored Fund investors give us non-public personal information. Campbell uses this information to manage their accounts, direct transactions and provide them with valuable information. We may collect this information through forms, interviews, transaction history of a Client or Sponsored Fund investor's account, or third parties. The information includes each Client or Sponsored Fund investor's name, address, telephone number, social security number, transactional and financial information, as well as other personal non-public information Campbell may need to service a Client or Sponsored Fund investor's account. We maintain physical, electronic, and procedural safeguards that comply with federal standards to protect confidentiality.

The personal non-public information Sponsored Fund investors share with Campbell may be subject to privacy standards different from the standards applicable in the jurisdiction where any particular Sponsored Fund investor is domiciled. Each Sponsored Fund investor will be required to agree in the applicable subscription agreement, and will be deemed to have agreed by reason of owning any Units, that they acknowledge and agree that the Sponsored Fund and/or Campbell or their respective agents may collect, process and store materials, data, information and content relating to such Sponsored Fund investor, or its principals, affiliates, shareholders, directors, officers, employees and agents, as applicable ("Data"), and that such Data may be transferred, disclosed, stored, processed and maintained by the Sponsored Fund and/ or Campbell or their respective agents electronically on servers, or in hard copy or original format, in a number of different jurisdictions, including within the U.S.A and/or any of the other

jurisdictions where the Sponsored Fund and/or Campbell or their respective agents has a presence. In this regard, each Sponsored Fund investor shall be required to explicitly consent to the transfer, and processing of all materials, Data, information and content relating to such Sponsored Fund investor including with respect to any principals, affiliates, shareholders, directors, officers, employees and agents of the Sponsored Fund investor in and outside of any such jurisdictions. In addition, each Sponsored Fund investor is required to explicitly consent, pursuant to the terms of the applicable subscription agreement, to the retention and storage of all materials, Data, information and content relating to such Sponsored Fund investor including with respect to any principals, affiliates, shareholders, directors, officers, employees and agents of such Sponsored Fund investor in and outside of any such jurisdictions. Each Sponsored Fund investor will be further required to agree in the applicable subscription agreement that such Sponsored Fund investor acknowledges and agrees that the Sponsored Fund and/or Campbell or their respective agents may be obliged to retain such Data for a period of time after the Sponsored Fund investor ceases to be an investor and may be requested, required or compelled to disclose such Data to third parties.

Campbell does not provide Client or Sponsored Fund investor names and addresses, or other non-public information, to outside firms, organizations or individuals, except as necessary to service client accounts or as permitted by law. For example, in the course of regular business, we may share relevant information with service providers that support us by servicing accounts. These companies may use this information only for the services for which they are hired, and are not permitted to use or share this information for any other purpose.

Campbell requires service providers to maintain policies and procedures designed to assure that access to non-public personal information about Clients or Sponsored Fund investors is restricted to employees who need to know that information in order to provide products or services to those Sponsored Fund investors, and that the use of such information is limited to the purposes for which it was disclosed or as otherwise permitted by law. Campbell also requires that service providers maintain strict physical, electronic and procedural safeguards designed to protect the personal information of Clients or Sponsored Fund investors that comply with federal standards.

Campbell will continue to adhere to its privacy policies and practices with respect to information about former Clients who terminated their relationship with us.