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**March 26, 2021**

This brochure provides information about the qualifications and business practices of Chesapeake Asset Management, LLC (“Chesapeake”), an investment adviser registered with the Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (212) 218 4040 or e-mail Cathaleen Lindsay, Chief Compliance Officer: [clindsay@chesman.com](mailto:clindsay@chesman.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Chesapeake Asset Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 - MATERIAL CHANGES**

Since Chesapeake's last annual update, Chesapeake acquired a passive, minority equity interest in, and became a member of, Cherry Lane Capital LLC, a Florida limited liability company that provides investment advisory services to its clients, as further described in Item 10 of the Brochure.

If you would like to receive a copy of the Brochure, without charge, please contact Cathaleen Lindsay, Chief Compliance Officer, 212 218 4040 or [clindsay@chesman.com](mailto:clindsay@chesman.com). Chesapeake's Brochure is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **ITEM 4 - ADVISORY BUSINESS**

Chesapeake Asset Management, LLC (“Chesapeake”) is an investment advisory firm based in New York City. The firm was co-founded on March 1, 1998 by Jonathan L. Smith and Sherrill L. Blalock, and has been registered as an investment adviser with the SEC since 1998.

Effective May 25, 2017, Chesapeake is controlled by its managing members, Gerasimos J. Efthimiatos and T2 Investors Inc., an entity wholly-owned and controlled by Victor Pisante.

### **INVESTMENT SERVICES**

The firm offers two main services: Discretionary Services-Public Markets and Customized Global Multi-Asset Portfolios.

#### **Discretionary Services - Public Markets**

From inception, the firm has offered an individualized discretionary investment advisory business that manages the assets of primarily high net worth individuals, related retirement accounts, families and family partnerships, corporations, and foundations. These investments are focused on traditional public markets. Clients’ accounts are separately managed in accordance with individual objectives. Clients may impose restrictions on investing in certain securities or types of securities, if so desired.

Chesapeake is also the investment manager of the following pooled vehicles:

- **Concinnity Partners L.P.**

Chesapeake acts as the general partner of Concinnity Partners, L.P., (“Concinnity Partners”) a private limited partnership investing in publicly owned securities. Full details of the fund can be found in Concinnity Partners’ offering documents.

- **CAM Global Partners, LP**

Chesapeake acts as the investment manager of CAM Global Partners, LP (“CAM Global”) a private limited partnership investing in long and short securities in global markets. Full details of the fund can be found in CAM Global Partners’ offering documents.

### **Customized Global Multi-Asset Class Portfolios**

Chesapeake offers customized global multi-asset class portfolios, for which the firm builds diversified portfolios covering multiple geographies and asset classes, customized for our clients' needs. Each portfolio is customized according to client-specific guidelines and managed by the firm's Investment Committee. Chesapeake specializes in selecting underlying managers, allocating capital globally across investment strategies and asset classes, and offering performance reporting capabilities. Chesapeake offers advice and makes recommendations regarding pooled investment vehicles, including private equity limited partnerships, hedged investments and other investment vehicles investing in private placements, venture capital funds, emerging markets' equity and debt instruments, distressed securities and financial instruments, real estate, and minerals. The firm's portfolio management team is experienced with the distinct needs of families and various types of institutions and employs professionals who have expertise in both areas.

Chesapeake seeks to have a close working relationship and fosters long-term partnerships with all clients in order to establish and meet each client's particular objectives and guidelines. Chesapeake manages these portfolios on either a discretionary or non-discretionary basis. Clients' accounts are separately managed, and clients may impose restrictions on investing in certain securities or types of securities, if so desired.

### **ASSETS UNDER MANAGEMENT**

As of December 31, 2020, Chesapeake's regulatory assets under management were:

	<b><u>Value</u></b>
Discretionary - Public Markets	\$ 129,049,415
Non-discretionary	\$ 787,516,420
<b>TOTAL</b>	<b>\$ 916,565,835</b>

**ITEM 5 - FEES AND COMPENSATION*****Discretionary Services - Public Markets*****DISCRETIONARY SEPARATELY MANAGED ACCOUNTS:**

Performance Fee	15% over 5% hurdle
Base Fee	0.25% per quarter (i.e., 1.0% per annum)

An investment management contract for discretionary services may be terminated by either party at any time without penalty upon written notice. Upon termination of a discretionary account any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Chesapeake in its sole discretion may waive or reduce the management fee for clients that are members, principals, employees or affiliates of Chesapeake Asset Management, relatives of such persons, and for certain large or strategic investors.

**CAM GLOBAL PARTNERS:**

	<b>Founders Interests</b>	<b>Standard Interests</b>
Performance Fee	15% of return over a 5% hurdle	15%
Base Fee	0.25% per quarter (i.e., 1.0% per annum)	0.3125% per quarter (i.e., 1.25% per annum)

Each series participates in all investments of the partnership in the same manner. To the extent that a Chesapeake client is invested in CAM Global it will not be charged Chesapeake's quarterly management fee on the amount invested in CAM Global as these amounts will be included in CAM Global's assets for the purpose of the quarterly management fee paid to Chesapeake. Chesapeake in its sole discretion may waive or reduce the management fee for limited partners that are members, principals, employees or affiliates of the General Partner or the Investment Manager, relatives of such persons, and for certain large or strategic investors.

**CONCINNITY PARTNERS:**

Base Fee	0.25% per quarter (i.e., 1.0% per annum)
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To the extent that a Chesapeake client is invested in Concinnity it will not be charged Chesapeake's quarterly management fee on the amount invested in Concinnity Partners as these amounts will be included in Concinnity's assets for the purpose of the quarterly management fee paid to Chesapeake.

**Customized Global Multi-Asset Class Portfolios:**

Chesapeake negotiates an annual fee based on assets under management with each client account. This typically includes a base fee on assets under management and, depending on the level of discretion, a performance fee. Fees are generally in line with the following schedule:

Base Fee	0.50% per annum
Performance Fee	15% *

- *Performance Fee may be lower, or waived, if an account is non-discretionary.*

Non-discretionary investment management agreements for supervised assets that are not part of actively managed accounts may be terminated by either party at the end of any month without penalty upon receipt of not less than thirty (30) days' prior written notice, any prepaid unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

The fee is generally payable quarterly, in advance, based upon the asset value at the end of the most recent prior quarter for which a valuation has been provided. All clients receive an invoice; clients may choose to have fees deducted from their custodial account or may pay fees directly.

The specific manner in which fees are charged by Chesapeake is established in a client's written agreement with Chesapeake.

### ***Investments in Investment Companies and ETFs***

From time to time, Chesapeake may recommend and/or invest discretionary client assets in registered open-end or closed-end investment companies, including exchange traded funds (ETFs), money market funds or private investment funds (collectively, "funds"). All fees paid to Chesapeake for investment advisory or consulting services are separate and distinct from any fund fees which may include performance fees for some private investment funds, and expenses charged by mutual funds to their shareholders or investors. These fund fees and expenses are described in each fund's prospectus or offering documents.

### ***Additional Fees and Charges***

In addition to paying investment management fees, client accounts may also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees (including investment advisory and other fees charged by investment advisers or funds in which the client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts.

Client assets may be invested in pooled investment vehicles that are not managed by Chesapeake. In these cases, clients will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: sales expenses, legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses.



## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Chesapeake and its investment personnel provide investment management services to multiple portfolios for multiple clients. Chesapeake may be paid performance-based compensation by certain client accounts.

Chesapeake and its investment personnel, manage both client accounts that are charged performance-based compensation and accounts that are charged an asset based fee which is a non-performance-based fee.

In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When Chesapeake and its investment personnel manage more than one client account, it may create an incentive for one client account to be favored over another client account. Performance-based fees may also create an incentive to favor those accounts over other accounts in the allocation of investment opportunities.

Chesapeake has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements and/or performance-based fees, and the allocation of investment opportunities. Chesapeake reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, Chesapeake's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on numerous factors (see note below) and require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, Chesapeake's procedures also require the objective allocation for limited opportunities (such as private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by Chesapeake's Managing Members and/or Chief Compliance Officer.

***NOTE: See item No. 12 for details on order allocation and aggregation.***

### **Side Letters**

CAM Global may enter into agreements ("side letters") with certain prospective or existing limited partners whereby such limited partners may be subject to terms and conditions that are more advantageous than those set forth in the Private Placement Memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Partnership, other investment vehicles or managed accounts; special withdrawal rights, relating to frequency or notice; a reduction or rebate in fees or withdrawal charges to be paid by the limited partner and/or other terms; rights to receive reports from the Partnership on a more frequent basis or that include information not provided to other limited partners (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Partnership and such limited partners. The modifications are solely at the discretion of

the Partnership and may, among other things, be based on the size of the limited partner's investment in the Partnership or affiliated investment entity, an agreement by a limited partner to maintain such investment in the Partnership for a significant period of time, or other similar commitment by a limited partner to the Partnership.

## **ITEM 7 - TYPES OF CLIENTS**

Chesapeake's clients consist of individuals, families and family partnerships, trusts, estates, pension and profit sharing plans, retirement accounts, charitable organizations, corporations and other business entities, and pooled investment vehicles.

Chesapeake does not have any minimum dollar requirements for opening or maintaining an account. Although we generally decline to manage accounts under two million dollars (\$2,000,000.00), there are exceptions. With respect to Concinnity Partners and CAM Global Partners, any initial and additional subscription minimums are disclosed in each offering memorandum.

## **ITEM 8 - METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### ***Method of Analysis, Investment Strategies***

#### ***Discretionary Services***

Chesapeake's focus in our discretionary segment is primarily publicly-traded securities; cash, bonds and common and preferred stocks. We use both fundamental and technical (charting) analysis. Our sources of information when performing fundamental analysis include research materials prepared by others with regard to company and sector research, investment strategy, economic analysis and relative and absolute valuation analysis. We also utilize as sources for our thinking financial newspapers and magazines, company press releases, annual reports, prospectuses, and company filings with the Securities and Exchange Commission, and corporate rating services.

The investment objectives of our discretionary clients range from aggressive growth to capital preservation. The nature of investment management for individual clients entails recognition of the diversity of each client's needs, investment objectives and constraints, and tolerance for risk. Every client has a distinct series of desired outcomes from an investment relationship and we work with clients to achieve their objectives. Each client articulates a sense of risk/reward and near/long term requirements. That expression can be distilled into an asset allocation for a "normal market". It is that asset allocation from which we seek to measure success, with the understanding that it will vary as the market moves toward extreme valuations in one direction or the other. For taxable accounts we incorporate tax considerations into long-term objectives since they constitute an important part of ultimate returns. We tailor portfolios exclusively for each client. Fixed income investments include municipal bonds, treasuries, or in some cases corporate debt, depending on income and tax requirements.

The core of Chesapeake's investment philosophy is the identification of what we believe to be undervalued securities through fundamental analysis. The firm looks for companies

whose businesses are understandable, with competent managements, who are focused, and are shareholder oriented. Strong balance sheets are preferred, as are companies with high returns on capital. Investments are made in both large cap and small cap companies, both domestic and foreign. We pay considerable attention to cash flow, which we feel is one of the best measures of profitability. The result of the search for undervalued securities is that stocks are generally bought when they are neglected and out of favor. Meaningful positions are taken and held with patience. To avoid significant losses, mistakes are quickly admitted, and if the fundamental reasons for purchase are no longer present, holdings are sold.

We believe that because the markets are dynamic, they require the use of a combination of different investment strategies most of the time in pursuit of the client's objectives. Within the discretionary separate account business segment, our equity strategy focuses on a broad range of equity investment styles, including growth, core and value across the capitalization range from small cap through mid and large cap companies, both foreign and domestic, seeking securities that provide "growth at a reasonable price", (which means growth of earnings and/or cash flow purchased at a reasonable valuation). Most client portfolios hold a combination of long term and short term positions, as well as securities bought to take advantage of a short term opportunity (a trade), and not intended to be held longer than a few weeks.

Additionally, some clients permit us to buy securities on margin for them, as well as to execute short sales in their accounts. In a short sale, we sell a security the client does not own in anticipation that the market price of that security will decline. For those clients who permit it, we may utilize short sales for hedging or investment purposes. Additionally, we may pursue a relative value strategy by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In addition, for those clients who permit it, we make short sales known as "shorts against the box" to offset potential declines in the account's long positions in similar securities, and to maintain flexibility in volatile markets. Chesapeake may utilize a variety of financial instruments such as futures on market indices and foreign currency futures for risk management purposes.

Details of the investment strategy for Concinnity and CAM Global can be found in each fund's Offering Memorandum.

### ***Non-Discretionary Advisory Services***

Chesapeake provides non-discretionary monitoring or consulting advice with respect to assets of the client that are under Chesapeake's supervision but are not part of actively managed accounts. For non-discretionary accounts, Chesapeake also offers advice and makes recommendations regarding pooled investment vehicles including investment limited partnerships and other investment vehicles investing in private placements, venture capital funds, emerging markets equity and debt instruments, distressed securities and financial instruments, commodities and minerals. As in the discretionary part of our business, our recommendations are tailored to the specific client's objectives, preferences and constraints. With respect to investments in these pooled vehicles, our

primary focus is on the underlying investment manager in terms of research rather than individual securities. Chesapeake's analytical process includes both quantitative and qualitative elements. Chesapeake endeavors to analyze the underlying investment manager's strategy, philosophy and decision-making process, proprietary models, research and portfolio management systems, the quality of its investment professionals, and its organizational structure.

All of the methods, strategies and investments used by Chesapeake involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

***Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies***

Hedging. There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while Chesapeake may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for Chesapeake's investment portfolios than if we did not engage in any such hedging transactions.

Interest Rate Risks. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's values. The value of securities of smaller, less well known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

Leverage. Performance may be more volatile if a client's account employs leverage.

Relative Value Risk. In the event that the perceived mispricing underlying Chesapeake's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by Chesapeake, client accounts may incur a loss.

Short Selling Risk. From time to time, when markets are volatile, Chesapeake's investment strategy may include short selling for those clients who permit it. Short selling transactions expose our clients to risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by Chesapeake in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein Chesapeake might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold

short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

**Frequent Trading.** From time to time, Chesapeake's strategy will involve frequent trading which will result in significantly higher commissions and charges to clients due to increased brokerage, which may offset client profits.

***Risks Associated With Types of Securities that are Primarily Recommended (Including Significant or Unusual Risks)***

**Emerging Markets.** The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

**Equity Securities.** The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

**Exchange Traded Funds (ETFs).** Because exchange-traded funds (which are generally registered investment companies) are effectively portfolios of securities, Chesapeake believes that the unsystematic risk associated with investments in ETFs is generally low relative to investments in ordinary securities of individual issuers. However, ETFs have many of the same risks as direct investments in common stocks or bonds although the potential lack of liquidity in an ETF could result in its value being more volatile than that of the underlying portfolio of securities. There may also be certain risks to the extent a particular ETF is concentrated on a particular sector, geographic region or asset class, and is not as diversified as the market as a whole. As an investor in an ETF, clients would bear a share of the ETF's management fees and expenses in addition to fees paid to Chesapeake. This could result in duplicate levels of fees and expenses with respect to investments in ETFs.

**Fixed-Income and Debt Securities.** Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly,

portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates if income is reinvested, or when the securities mature and the money must be reinvested at lower interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the portfolio to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

*Foreign Currencies.* Investments in securities or other instruments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Chesapeake attempts to hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts or similar instruments, or any combination thereof, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

*Hard Assets.* The production and marketing of hard assets may be affected by actions and changes in governments. In addition, hard assets and hard asset securities may be cyclical in nature. During periods of economic or financial instability, hard asset securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. In addition, hard asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of fire, drought, and increased regulatory and environmental costs. Further, hard asset companies may experience greater price fluctuations than those of the relevant hard asset.

*Illiquid Instruments.* Private Equity and Venture Capital. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and Chesapeake's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for Chesapeake to obtain market quotations based on actual trades for the purpose of valuing a client's portfolio. In addition, private equity and venture capital investments will be illiquid and clients will be required to maintain such investments for an indefinite amount of time.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other

operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. markets.

Options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, basket of securities, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses the premium paid. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security (which could result in a potentially unlimited loss) rather than only the loss of the premium payment received. Over-the-counter options also involve counterparty solvency risk.

REITs. REITs in which Chesapeake may invest client accounts are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in client portfolios concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates may decrease market prices for REIT equity securities. REITs are subject to the risks inherent in operating and financing a limited number of projects because they require specialized management skills, and generally have limited diversification. Further their ability to make distributions to investors generally depends on their ability to generate cash flow.

### ***Additional Risks Relating to Chesapeake***

Cybersecurity Risk. The information and technology systems of Chesapeake and of key service providers to Chesapeake and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Chesapeake has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Chesapeake to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Chesapeake or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

Risk Management Failures. Although Chesapeake attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by Chesapeake, are based on historical market

behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, Chesapeake may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

*Systems and Operational Risk.* Chesapeake relies heavily on certain financial, accounting, data processing and other operational systems and services that are employed by Chesapeake and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Chesapeake and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by Chesapeake and third party service providers to safeguard information in these systems, Chesapeake, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

*Effects of Health Crises and Other Catastrophic Events.* Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and Chesapeake's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of Chesapeake and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.



## **ITEM 9 - DISCIPLINARY INFORMATION**

*Not Applicable to Chesapeake Asset Management, LLC*

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Regarding its non-discretionary asset management business, Chesapeake recommends other investment advisers for its clients' portfolios. Chesapeake does not receive compensation directly or indirectly from any of those advisers.

CAM Global GP, LLC is an affiliate of Chesapeake Asset Management, LLC. Gerasimos Efthimiatos and T2 Investors Inc. are the Managing Members of CAM Global GP, LLC.

As of September 14, 2020, Chesapeake acquired a passive, minority equity interest in, and became a member of, Cherry Lane Capital LLC, a Florida limited liability company that provides investment advisory services to its clients ("Cherry Lane"). Additionally, Cherry Lane will sub-lease office space in Chesapeake's principal office and place of business. As a passive owner in Cherry Lane, Chesapeake will have no active role in the investment advisory activities of Cherry Lane. Chesapeake will adopt and implement policies and procedures, including an information barrier policy, to address potential risks and conflicts of interest associated with its relationship with Cherry Lane.

## **ITEM 11 - CODE OF CONDUCT, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### ***Code of Conduct***

Chesapeake has adopted a Code of Conduct (the "Code") that obligates Chesapeake and its supervised persons (employees) to put the interests of Chesapeake's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of Chesapeake's personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Cathaleen Lindsay, (212) 218 4040 or e-mail: [clindsay@chesman.com](mailto:clindsay@chesman.com). See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions.

Chesapeake's Code of Conduct describes its high standard of business conduct, and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, personal securities trading procedures and whistleblower information, among other things. All employees of Chesapeake must acknowledge the terms of the Code annually, or as amended.

Situations mentioned above may represent a conflict of interest. Chesapeake has established various policies and procedures to prevent individuals associated with the Firm from benefiting from inside information and/or transactions placed on behalf of

advisory client accounts. It is also Chesapeake's policy that no person associated with Chesapeake shall prefer his or her own interest to that of any advisory client.

Employees of Chesapeake and members of their immediate families may purchase or sell securities for their own personal accounts which may be identical to or different than those recommended for clients' accounts provided such purchases or sales are in compliance with Chesapeake's Code of Conduct, Policy against Insider Trading, and Statement of Policy and Procedures to Detect and Prevent Insider Trading. Chesapeake employees may also have an interest or position in securities which may be recommended to a client.

Because of the information Chesapeake receives, Chesapeake or its supervised persons are in a position to trade in a manner that could adversely affect clients; e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades. In addition to affecting Chesapeake's or its supervised persons' objectivity, these practices by Chesapeake or its employees may also harm clients by adversely affecting the price at which the clients' trades are executed. Chesapeake has adopted the following procedures in an effort to minimize such conflicts.

Chesapeake requires its supervised persons and immediate family members to preclear all transactions, other than U.S. Government Securities, money market fund investments, certificates of deposit, automatic investment plans, dividend reinvestment plans or open end mutual funds, in their personal accounts with Chesapeake's Chief Compliance Officer. The Chief Compliance Officer or designated Compliance associate may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients. In order to minimize the conflicts stemming from situations where trading may result in an economic benefit for Chesapeake or an employee to the detriment of the client, Chesapeake has adopted the following requirements as part of its Code of Conduct:

Chesapeake may prohibit inside accounts from being maintained at certain brokerage firms. Chesapeake will seek to aggregate personal trades for inside accounts with client trades in the same security on the same day. In no event, however, will an inside account be permitted to get a better price than a client trading in the same security on the same day.

Additionally, all personnel are required to direct their custodians to send duplicate copies of personal brokerage and/or fund statements for themselves and family members to Chesapeake on a monthly basis, or quarterly if statements are not issued monthly. Employees must also submit a list of personal holdings on an annual basis. Trading in employee accounts is reviewed regularly by the Chief Compliance Officer and compared with transactions for clients' accounts. Employee personal brokerage statements are reviewed at least quarterly by Chesapeake's Chief Compliance Officer.

***Client transactions in securities where adviser has a Material Financial Interest***

Certain discretionary client accounts are invested in Concinnity Partners and CAM Global Partners. The amount invested in Concinnity and CAM Global is assessed the management fee by each respective fund but is not subject to the investment management fee at the client account level. In addition, clients invested in Concinnity and CAM Global are subject to their pro rata share of each respective partnership's expenses, certain of which are not borne by Chesapeake's clients that access Chesapeake's core equity strategy directly.

***Investing in Securities Recommended to Clients***

**SEE CODE OF CONDUCT ABOVE**

***Conflicts of Interest Created by Contemporaneous Trading***

**SEE PRECLEARANCE IN CODE OF CONDUCT ABOVE**

**ITEM 12 - BROKERAGE PRACTICES**

***Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions***

Chesapeake considers a number of factors in selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation:

- 1) Chesapeake need not solicit competitive bids; and
- 2) Does not have an obligation to seek the lowest available commission cost.

It is Chesapeake's policy to select brokers on the basis of the best combination of cost and execution capability. Under its "Best Execution" Compliance Procedure Chesapeake periodically, but at least annually, evaluates the execution performance of each broker-dealer executing client transactions. The monitoring of brokerage and execution services may be done on a trade-by-trade basis, as well as periodic reviews. Among other things, Chesapeake also monitors the quality of executions, level of commission rates, responsiveness, research provided and operational support.

***Allocation***

In allocating securities among clients, it is Chesapeake's policy that all clients should be treated fairly. Because of the difference of client investment objectives and strategies, risk tolerances, tax status and other criteria, there may, however, be differences among clients in invested positions and securities held. The following factors, among others, may

be taken into account by Chesapeake in allocating securities among investment advisory clients: client's investment objective and strategies; client's risk profile; client's tax status; any restrictions placed on a client's portfolio by the client or by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974, as amended); size of client account; total portfolio investment position; nature of the security to be allocated; size of available position; supply or demand for a security at a given price level; current market conditions; available cash and any other information determined to be relevant to the fair allocation of securities. In cases where only part of an order is filled, securities are allocated to accounts pro rata, subject to adjustments for rounding, odd lots and adjustments that may be made by Chesapeake for client accounts that may be considered to be underinvested or overinvested.

### ***Aggregation***

When orders to purchase or sell the same securities on identical terms are placed with the same broker by more than one account managed by Chesapeake, the client orders may be aggregated. Each client that participates in an aggregated order will participate at the average share price for all of Chesapeake's transactions effected through that broker or dealer in that security on a given business day and transaction costs will be shared pro rata based on each client's participation in the transaction; provided, however, that minimum ticket or similar charges may be allocated to those clients participating in the aggregated transaction that have not met the transaction minimum required by the particular broker.

### ***IPO's and Limited Private Offerings***

Chesapeake does not invest discretionary client accounts in initial public offerings or in private placements. For non-discretionary accounts, Chesapeake may recommend investments in private placements. As stated in the CAM Global Partners' Private Placement Memorandum, from time to time, CAM Global may, to the extent permitted by the Rules of the Financial Industry Regulatory Authority, Inc. (the "FINRA Rules"), purchase equity securities that are part of an initial public offering.

### ***Class Action Lawsuits***

Chesapeake will seek to participate in class action lawsuits on behalf of Chesapeake's existing clients in such instances as Chesapeake determine it is feasibly possible to do so.

### ***Trade Errors***

Chesapeake has adopted trade error procedures that specify that Chesapeake will use its best efforts to avoid, detect and correct trading errors. In this regard, Chesapeake will use its best efforts to assure that (i) orders are entered correctly and (ii) trade tickets and trade allocations will be documented in writing and maintained in accordance with Chesapeake and the SEC's record retention policies. When an error is made on behalf of a client account, Chesapeake will use its best efforts to correct the error as soon as practicable. Chesapeake's trade error procedure covers all types of errors, including

errors that occur when (i) an order is not allocated or executed to the correct account, (ii) a trade is allocated to the wrong account and (iii) an order is not appropriate for the client or account type. Upon discovery of an error, Chesapeake's Chief Compliance Officer will conduct an investigation of the situation. After a complete investigation and evaluation of the circumstances surrounding an error, the Chief Compliance Officer, the Head Trader and the portfolio manager involved will determine the appropriate resolution which may include (i) breaking the trade with the contra broker; (ii) entering into an offsetting trade in the marketplace; (iii) reallocating the trade to the originally intended account or to another client account at the price of the original trade or transferring the trade to Chesapeake's error account; or (iv) reimbursing the client for the economic loss as a result of Chesapeake's error. To the extent that a trade is allocated to Chesapeake's error account, Chesapeake will bear any loss and have the benefit of any gain relating to the trade.

Under Chesapeake's trade error procedure, as a general matter (i) "misallocation errors" (errors caused by trades allocated to the wrong account) and (ii) "execution errors" (errors occurring when an order is not executed or allocated according to portfolio manager instructions) that are discovered prior to the settlement date of the transaction will be reallocated to the originally intended account or to another client account at the price of the original trade. This will be the case even if the price on the date of reallocation is more or less favorable to the client than the original trade price.

In addition, "trade misallocations" and "execution errors" that are discovered after the settlement date may also be allocated to the originally intended account or to another client account at the price of the original trade. Any reallocation of an erroneous trade to the originally intended account or to another client account must be in accordance with Chesapeake's trading policies and procedures and, in particular with the procedure relating to allocation of trades.

### ***Research and Other Soft Dollar Benefits***

It is not Chesapeake's policy to negotiate "execution only" commission rates; accordingly, clients may be deemed to be paying for other services provided by the broker that are included in the commission rate. Subject to Chesapeake's obligation to seek best execution, Chesapeake endeavors to select those broker-dealers which will provide the best services at the lowest commission costs available. Chesapeake may not solicit competitive bids and will utilize broker-dealers providing research and securities transaction services even though lower commissions may be charged by broker-dealers not offering such services. Chesapeake may place brokerage with brokers who provide research services and brokerage services which may be beneficial to Chesapeake's clients.

### **Research Service Possibilities**

Research services may include, but are not limited to, proprietary and third party research reports (including market research) certain financial newsletters and trade journals; software providing technical analysis of securities portfolios; corporate governance

research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data, technical analysis); and advice from brokers on order execution. Brokerage services may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between Chesapeake and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. In recognition of the value of research services or other services provided by such broker, the commission paid may be higher than the commission that might have been paid to another broker for effecting the same transaction. Chesapeake periodically reviews commissions and brokerage services to ensure that they represent reasonable compensation for the brokerage services provided by such broker.

The use of client commissions to obtain research and brokerage products and services raises conflicts of interest. For example, Chesapeake will not have to pay for the products and services itself. This creates an incentive for Chesapeake to select or recommend a broker-dealer based on its interest in receiving those products and services. This may cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits resulting in higher transaction costs for clients.

Another conflict of interest exists in that Chesapeake may have an incentive to select or recommend a broker-dealer based on Chesapeake's interest in receiving the research or other products or services, rather than on our clients' interest in receiving the most favorable execution.

### ***Mixed Use Services***

In some instances, Chesapeake may receive research or other products or services that may be used for both research and non-research purposes. In such instances, Chesapeake will make a good faith effort to determine the relative proportion of the research used to assist Chesapeake in carrying out its investment decision-making responsibilities and the relative proportion attributable to administrative or other non-research purposes. The proportion attributable to administrative or other non-research purposes will be paid for by Chesapeake from its own resources, and the other proportion will be paid through brokerage commissions generated by client transactions.

### ***Potential Conflicts With Regard to Research Commissions***

The benefits derived from a particular broker in return for commission business may be used in serving some or all of Chesapeake's clients. In addition, some research or other benefits may not necessarily be used by Chesapeake in servicing the clients whose

commission dollars provided for the benefit or research. For example, clients receiving non-discretionary advice may benefit from research provided from commissions generated by Chesapeake's discretionary investment management clients. Pershing, LLC acts as Chesapeake's prime broker and provides recordkeeping, funds transfer, custodial and reporting services to Chesapeake's investment management clients. The commissions charged by Pershing may, accordingly, be higher than those charged by brokers that are not providing these additional services. Pershing imposes a \$5 charge for each transaction in an account custodied at Pershing that is effected with a broker other than Pershing. In addition, Pershing imposes a minimum "ticket charge" of \$12 for transactions. Accordingly, clients with small transactions which would not result in commissions equal to the minimum will be required to bear the minimum ticket charge, subject to considerations of overall client fairness.

In addition, Morgan Stanley acts as prime broker for CAM Global Partners, LP and provides Chesapeake with research and access to global markets not otherwise provided by other brokers. The commissions charged by Morgan Stanley may be higher than those charged by brokers not providing this service.

#### Research Products and Services Acquired With Client Brokerage Commissions Within The Last Fiscal Year

*Note: Some services listed below might not have been utilized throughout the full year.*

Research products and services acquired with client brokerage commissions within the last fiscal year included proprietary and third-party research regarding investment strategy, economics, company, industry and sector analysis discussions with fundamental and technical analysts; financial newsletters and publications; advice on portfolio strategy, technical research analysis of securities; data services including services providing market data, company financial data and economic data. Brokerage services acquired with client commissions during the last fiscal year included but were not limited to those related to the execution, clearing and settlement of securities transactions and functions incidental thereto; trading software to route orders; software that provides trade analytics and trading strategies and used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

The procedures during the last fiscal year used to direct client transactions to a particular broker-dealer in return for soft dollar benefits were consistent with the factors previously enumerated in this Item 12, that the commissions used to obtain research and broker products and services, were reasonable in relation to the value of the brokerage, research and products and services received, under our obligation to select brokers on the basis of the best combination of cost and execution capability. None of Chesapeake's relationships with broker-dealers involve contractual arrangements on the part of Chesapeake for a set amount of commissions.

## **Directed Brokerage**

Chesapeake does not routinely recommend, request or require that a client direct Chesapeake to execute transactions through a specified broker-dealer. Certain client accounts managed by Chesapeake may instruct Chesapeake to direct brokerage commissions to particular brokers selected by the client. In such circumstances, the client is responsible for negotiating commission rates with its respective broker and therefore may pay a higher or lower commission than the lowest commission that is negotiable by Chesapeake. When placing trades, Chesapeake gives priority to aggregated orders for clients not requesting directed brokers over those who have requested directed brokerage. A client who directs Chesapeake to use a particular broker should understand that because Chesapeake will not be able to negotiate commissions, “best execution” may not be achieved on behalf of such client. Because client directed trades cannot be aggregated with non-directed trades, a client making such a designation may lose the possible advantage that non-designating clients derive from the aggregation of orders for several clients for the purchase or sale of a particular security. Chesapeake’s clients who grant Chesapeake complete discretion with respect to the selection of a broker subsidize research and other services that are provided to clients who direct the use of a particular broker or whose accounts generate minimal commissions since the commission dollars generated by such clients are not available to pay for research that may be received from other brokers.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### ***Frequency and Nature of Review***

Chesapeake’s investment personnel monitor and review each client’s account on an ongoing basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include securities held, adherence to investment guidelines, and performance of each client account.

### ***Factors Prompting a Non-Periodic Review of Accounts***

Additional reviews may be triggered by changes in market or economic conditions, a change in a client’s financial circumstances or investment objectives, or upon a client’s request.

### ***Content and Frequency of Regular Account Reports***

Chesapeake provides all discretionary clients with appraisals of their accounts on at least a quarterly basis. Account information includes portfolio holdings and values, among other information. Special reports may be sent by Chesapeake when considered timely or of special interest. Discretionary clients are also provided with monthly custodian statements with portfolio positions, values and activity.

Non-discretionary clients receive either quarterly appraisals, as described above, or quarterly reports which include portfolio holdings and values, depending upon client preference.



Concinnity Partners' investors are provided with quarterly and semi-annual reports and audited financial statements annually pursuant to the terms described in the Concinnity offering document.

CAM Global Partners' investors are provided with reports about the performance of the Partnership at least quarterly and audited year-end financial statements pursuant to the terms described in the CAM Global Partners' offering document.

#### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

Not Applicable to Chesapeake Asset Management, LLC

#### **ITEM 15 - CUSTODY**

Under the Advisers Act Custody Rule, Chesapeake is deemed to have custody of client assets and securities in several ways since: a) it serves as General Partner to Concinnity Partners and its related person serves as general partner to CAM Global Partners; b) it directly debits client advisory fees; and c) Chesapeake or one of its senior Managers serves as an officer or has durable power of attorney authority with respect to client assets. For these reasons, Chesapeake undergoes a Surprise Audit by an independent CPA firm on an annual basis. Both Concinnity and CAM Global are audited on an annual basis by an independent CPA firm with the audited financials distributed to all limited partners within 120 days of the funds' fiscal year-end, and, therefore, not subject to the surprise annual audit.

In the case of its discretionary clients, Chesapeake sends quarterly statements directly to its clients in addition to those sent by the client's qualified custodian. Chesapeake urges clients to compare any statements they receive from the custodian with those received from Chesapeake.

#### **ITEM 16 - INVESTMENT DISCRETION**

Chesapeake provides investment advisory services on a discretionary basis to clients. See ***ITEM 4. - ADVISORY BUSINESS*** for a description of any limitations clients may place on Chesapeake's discretionary authority.

Prior to assuming discretion in managing a client's assets, Chesapeake enters into an investment management agreement that sets forth the scope of Chesapeake's discretion. Unless otherwise instructed or directed by a discretionary client, Chesapeake has the authority to determine: 1) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the investment management agreement and any written investment guidelines); 2) the amount of securities to be purchased or sold for the client account; 3) broker or dealer to be used for a purchase or sale of securities for a client's account; and 4) commission rates to be paid to a broker or dealer for a client's securities transactions.

Chesapeake has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts

with multiple fee arrangements, and the allocation of investment opportunities. Chesapeake reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies.

## **ITEM 17 - VOTING CLIENT SECURITIES**

At the onset of a new client relationship, the client instructs Chesapeake as to whether or not the client desires to vote their own proxies. As a matter of policy, most of Chesapeake's clients vote their own proxies. To the extent Chesapeake has been delegated proxy voting authority on behalf of its clients, Chesapeake complies with its proxy voting policies and procedures that are designed to ensure that in cases where Chesapeake votes proxies with respect to client securities, such proxies are voted in the best interests of its clients.

In voting proxies, Chesapeake votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification in common stock. Chesapeake will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, Chesapeake will determine whether a proposal is in the best interests of its client. Chesapeake considers many things when voting proxies on behalf of its clients. Some things Chesapeake may take into account are whether the proposal was recommended by management and Chesapeake's opinion of management; whether the proposal acts to entrench existing management; and whether the proposal fairly compensates management for past and future performance.

If a material conflict of interest exists, Chesapeake will determine whether voting in accordance with the guidelines set forth in the Proxy Voting Policies and Procedures is in the best interests of the client or take some other appropriate action. Chesapeake does not make any qualitative judgment regarding the client's investments.

When Chesapeake does not have authority to vote client securities, clients will receive their proxies or other solicitations directly from their custodian. With respect to any questions about a particular solicitation, clients can contact Cathaleen Lindsay, (212) 218 4040 or email: [clindsay@chesman.com](mailto:clindsay@chesman.com).

As a matter of policy, Chesapeake does not vote proxies on behalf of its non-discretionary clients. Non-discretionary clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Chesapeake may provide advice to non-discretionary clients regarding clients' voting of proxies, if the client so desires.

Clients may obtain a copy of Chesapeake's Proxy Voting Policies and Procedures and information about how Chesapeake voted a client's proxies by contacting Cathaleen Lindsay, (212) 218-4040, or e-mail: [clindsay@chesman.com](mailto:clindsay@chesman.com).

**ITEM 18 - FINANCIAL INFORMATION**

*Not Applicable to Chesapeake Asset Management LLC*

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