



This is an agreement between Cara Trading Advisors (Bahamas) Ltd. (the “Adviser”), a corporation organized under the laws of The Bahamas, and

\_\_\_\_\_ (the primary “Client”)

entered into on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ to provide investment advisory services to the Client on the following terms:

### Adviser’s Services

Adviser has sole discretion to buy and sell all securities (stocks, bonds cash, cash equivalents and other appropriate securities) in the [check]:

- Bill Cara Precious Metals Portfolio account (BCPM)
- Cara All-Weather Dynamic Strategy Portfolio account (AWD)
- Cara All-Weather Core Strategy Portfolio account (AWC)
- Cara All-Weather Foundation Strategy Portfolio account (AWF)

managed by Adviser according to the client objectives provided by the Client in the CTA Client Profile Questionnaire. Client can change these objectives at any time by submission of a new Profile. We provide recommendations and make trades to the best of our abilities based on the information that our clients provide and it is up to you to provide us with information to the best of your abilities. The Client should note the relationship between the Client’s answers to the Risk Tolerance questions in the Client Profile and the investment portfolios offered by CTA.

The Client understands that the Adviser may hold securities similar to the Client’s holdings at any time.

### Advisory Fees

Client will pay Adviser a fee to manage the Client’s portfolio(s) according to the Fee Schedules found in Exhibit A on page 3. Upon termination of this agreement, fees will be based on the end of business day market value of Client’s account and adjusted accordingly.

Client authorizes the Advisor to deduct Asset-Based Fees (See page 3) directly from the Client account via an electronic invoice. For Performance-Based Fees (See page 3), the Advisor calculates the fee monthly and submits an electronic invoice to Interactive Brokers up to a limit specified by the client on the Interactive Brokers Account Opening Document. The fee will be posted on or around the 10th business day after the close of the month. The Custodian, Interactive Brokers, has safeguards in place to assure that the Advisor fees do not exceed the fees agreed to by the Client in this Agreement.

Please note: the Adviser does not have direct access to Client funds at Interactive Brokers. The electronic invoice assures the safety of Client assets. For more information about the security of your account, please visit Interactive Brokers at:

[http://institutions.interactivebrokers.com/en/p.php?f=security&ib\\_entity=inst](http://institutions.interactivebrokers.com/en/p.php?f=security&ib_entity=inst)

Cara Trading Advisors (Bahamas) Ltd  
Suite 205 A – Saffrey Square  
Bay Street at Bank Lane  
(adjacent Rawson Square)  
P. O. Box N-9934  
Nassau, Bahamas

Bill Cara’s direct cell: 1 242 376-3333  
Fax: (815) 346-2650  
E-mail: BillCara@CaraTrading.com  
www.CaraTrading.com  
www.BillCara.com (web portal)  
www.CaraCommunity.com (blog)

CTA is a Registered Investment Advisor (SCB, SEC)

**Please print and sign this form.**  
**Return by fax to: +1 815 346-2650**

**Custodial Arrangements**

Client has selected Interactive Brokers as Custodian and Brokerage Firm, where Adviser will trade securities on a discretionary basis. The Adviser will act on the best behalf of the Client, selecting Interactive Brokers based on variables such as low commissions and execution capability. Clients should note that their assets are held in their own name and that CTA only has the right to trade the account. Client can terminate the agreement with 48 hours notice. CTA can terminate the agreement with 30 days notice.

**Client’s Representations**

Client acknowledges that they are legally authorized to enter into this agreement. Client will inform Adviser of any “insider” information restrictions or securities that are “restricted” for purchase by the Client.

**Confidentiality**

Unless ordered by law, Adviser will not disclose any information concerning the Client.

**Risk Acknowledgement**

Client understands the inherent risks of trading securities that may lead to portfolio losses. Adviser does not guarantee performance.

**Miscellaneous Provisions**

This Agreement shall be binding and is governed by the laws of The Bahamas.

All disputes between the parties relating to matters in this Agreement, if not resolved within ten (10) business days, will be submitted to arbitration. Each party will bear own costs related to the arbitration. The decision of the arbitrator(s) will be final.

Client and Adviser have entered into this Discretionary Investment Advisory Agreement on

the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**Client:**

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security Number (If applicable)

\_\_\_\_\_  
Social Security Number (If applicable)

**Cara Trading Advisors (Bahamas) Ltd.:**

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

Client agrees to pay the Adviser a fee according to one of the following:

### **Performance Based Fee**

Clients are charged a Performance Based Fee.

The Performance Based Fee is calculated on a monthly basis in arrears based on the Total Portfolio Value of the previous month-end. The Performance Based Fee is calculated based on a percentage of the net profits of the Total Portfolio Value of the account at the end of each month (adjusted for cash flows in and out of account). CTA's Performance Based Fee is 25% of the allocable share of net profits above the previous "high-water mark" (see discussion below) set for the account.

Example:

Assume the performance fee of 25%.

Assume a total starting Account value of \$1,000,000.

Assume that at the end of the first month the Account has grown to \$1,100,000. This equates to a net profit of \$100,000. The fee is calculated at 25% of that net profit, leaving \$1,075,000. Client's return is 7.5% for that month. The Account now has a high-water mark of \$1,075,000.

Assume that at the end of the second month the Account value has remained at \$1,075,000. Because the Account has not exceeded the "high water mark" of \$1,075,000, no fee is assessed. The basis, or high-water mark, remains at \$1,075,000. No fees will ever be assessed until the account exceeds the high-water mark of \$1,075,000. The high-water mark will be adjusted for additions, withdrawals and fees. Once a new high-water mark is established, another lesser high-water mark cannot be established. CTA is not paid unless the account is growing.

In the event of termination, CTA is only paid for the days that we are managing the account.

*Special advisory for US Citizens:*

To qualify for performance based fees, a US resident must have a minimum total net worth of US\$1.5 million (including spouse) or minimum assets under management with CTA of US\$750,000, in order to comply with SEC rules.

### **Asset Based Fee**

The Asset Based Fee is calculated as an Annualized Percentage of Net Liquidation Value (account value) applied on a daily basis. Our fee is 3% annually charged on a daily basis (calculated on a 252 business day year).

In the event of termination, CTA is only paid for the days that we are managing the account.

Total Assets Under Management (AUM) in CTA accounts: US\$ \_\_\_\_\_

<u>Portfolio</u>	<u>Client A / B</u>	<u>AUM %</u>
Bill Cara Precious Metals (CPM) _____	_____	_____
Cara All-Weather Dynamic Strategy (AWD) _____	_____	_____
Cara All-Weather Core Strategy (AWC) _____	_____	_____
Cara All-Weather Foundation Strategy (AWD) _____	_____	_____
		<u>100%</u>

Client and Adviser have entered into this Fee Agreement on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**Client:**

A. \_\_\_\_\_  
Print Name

B. \_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security Number (If applicable)

\_\_\_\_\_  
Social Security Number (If applicable)

**Cara Trading Advisors (Bahamas) Ltd.:**

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

**Important note for all Cara Portfolio clients:** Please activate a separate Interactive Brokers account for each Cara Portfolio you choose.

**Important note for Cara Precious Metal Portfolio clients:** When you respond to the Interactive Brokers invitation to open an account, be sure to indicate your intention to trade Canadian and Australian stocks, as well as US stocks, by choosing those countries in your brokerage application.