

COMMODITY TRADING ADVISOR  
DISCLOSURE DOCUMENT FOR

# **CHICAGO SUPERFUND, INC.**

141 W. Jackson Boulevard  
Suite 2210-A  
Chicago, Illinois 60604  
800-482-3082

Dated August 23, 2002

**THE COMMODITY FUTURES TRADING COMMISSION HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS TRADING PROGRAM NOR HAS THE COMMISSION PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.**

## **CFTC REQUIRED RISK DISCLOSURE STATEMENT**

**THE RISK OF LOSS IN TRADING COMMODITIES CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING:**

**IF YOU PURCHASE A COMMODITY OPTION, YOU MAY SUSTAIN A TOTAL LOSS OF THE PREMIUM AND OF ALL TRANSACTION COSTS.**

**IF YOU PURCHASE OR SELL A COMMODITY FUTURE OR SELL A COMMODITY OPTION, YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUIRED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.**

**UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION, THIS CAN OCCUR, FOR EXAMPLE, WHEN THE MARKET MAKES A "LIMIT MOVE".**

**THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR SUCH AS A "STOP-LOSS" OR "STOP-LIMIT" ORDERS WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.**

**A "SPREAD" POSITION MAY NOT BE LESS RISKY THAN A SIMPLE "LONG" OR "SHORT" POSITION.**

**THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.**

**IN SOME CASES, MANAGED COMMODITY ACCOUNTS ARE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY FEES. IT MAY BE NECESSARY FOR THOSE ACCOUNTS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS AT**

**PAGE 2 A COMPLETE DESCRIPTION OF EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR.**

**THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND COMMODITY TRADING BEFORE YOU TRADE INCLUDING THE DESCRIPTION OF PRINCIPAL RISK FACTORS OF THIS INVESTMENT AT PAGE 4.**

**YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY TRADING ADVISOR MAY ENGAGE IN TRADING FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE YOUR TRANSACTIONS MAY BE EFFECTED. BEFORE YOU TRADE YOU SHOULD INQUIRE ABOUT ANY RULES RELEVANT TO YOUR PARTICULAR CONTEMPLATED TRANSACTIONS AND ASK THE FIRM WITH WHICH YOU INTEND TO TRADE FOR DETAILS ABOUT THE TYPES OF REDRESS AVAILABLE IN BOTH YOUR LOCAL AND OTHER RELEVANT JURISDICTIONS.**

**THIS COMMODITY TRADING ADVISOR IS PROHIBITED BY LAW FROM ACCEPTING FUNDS IN THE TRADING ADVISORS NAME FROM CLIENTS FOR TRADING COMMODITY INTERESTS. YOU MUST PLACE ALL FUNDS FOR TRADING IN THIS TRADING PROGRAM DIRECTLY WITH A FUTURES COMMISSION MERCHANT.**

## **GENERAL NOTICES**

**NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATION OR PROVIDE ANY INFORMATION WITH RESPECT TO THE ADVISOR EXCEPT SUCH INFORMATION AS CONTAINED IN THIS DISCLOSURE DOCUMENT. THE DELIVERY OF THIS DISCLOSURE DOCUMENT SHALL NOT UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DISCUSSED HEREIN SINCE THE DATE HEREOF. HOWEVER, IN THE EVENT OF ANY MATERIAL CHANGE, THIS DISCLOSURE DOCUMENT WILL BE AMENDED OR SUPPLEMENTED ACCORDINGLY.**

**THIS DISCLOSURE DOCUMENT HAS BEEN PREPARED BY THE ADVISOR, SOLELY FOR THE BENEFIT OF ITS CLIENTS. ANY REPRODUCTION OF THIS DISCLOSURE DOCUMENTS IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE ADVISOR IS PROHIBITED.**

**THE CONTENTS OF THIS DISCLOSURE DOCUMENT SHOULD NOT BE CONSTRUED AS INVESTMENT, LEGAL OR TAX ADVICE. YOU ARE URGED TO SEEK INDEPENDENT INVESTMENT, LEGAL OR TAX ADVICE CONCERNING THE CONSEQUENCES OF INVESTING IN COMMODITIES. IT IS OF PARTICULAR IMPORTANCE TO SEEK INDEPENDENT TAX ADVICE DUE TO RECENT CHANGES IN THE TAX LAW WHICH MAY MATERIALLY ALTER THE TAX TREATMENT OF AN INVESTMENT FROM THE APPLICABLE UNDER PRIOR LAW.**

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## **§1. THE TRADING ADVISOR**

Chicago SuperFund, Inc. (“the Advisor”) is an Illinois corporation that is engaged in the business of providing futures trading management services. The Advisor is a member of the National Futures Association and became registered with the Commodity Futures Trading Commission (“CFTC”) as a Commodity Trading Advisor (“CTA”) on September 29, 1998. The Advisor’s main business office is located at 141 W. Jackson Boulevard, Suite 2210-A, Chicago, Illinois 60604. The telephone number is (800) 482-3082. This Disclosure Document will first be used on the date shown on the cover page hereof.

## **§2. THE PRINCIPALS**

The principals of the Advisor are Nick J. Leblebajian, Jonathan L. Marcus, and Darian J. Martyniuk (pending NFA approval). In March 1997, Mr. Leblebajian and Mr. Marcus, principals of the Advisor, formed Lakefront Futures and Options, L.L.C., an Introducing Broker of Man Financial. In August 2002, Mr. Martyniuk joined the Advisor in the capacity of VP of Trading and Development.

Nick J. Leblebajian has had an active role in the futures industry for over sixteen years. Mr. Leblebajian went through the ranks as a runner, phone clerk, and order desk manager before he began trading S&P 500 futures and options as a member of the Chicago Mercantile Exchange in 1991. He traded S&P futures as an independent trader until August 1995. From May 1995 until March 1997, Mr. Leblebajian worked as a principal and as an Associated Person with an Introducing Broker of L.F.G., a registered Futures Commission Merchant. As of February 1997, Mr. Leblebajian has worked as a principal of Lakefront Futures and Options, L.L.C.

Jonathan L. Marcus graduated from the University of Wisconsin, Madison, earning a B.A. in December 1995. Mr. Marcus spent several years working as a runner and phone clerk on the floor of the Chicago Stock Exchange, formerly known as the Midwest Stock Exchange, before applying what he learned about the financial markets to the world of futures. Mr. Marcus worked as an Associated Person of an Introducing Broker from March 1996 until February 1997. As of February 1997, he has been involved as a principal of Lakefront Futures and Options, L.L.C.

Darian J. Martyniuk has worked for a variety of futures brokerage firms since August of 1988 in several different capacities and market areas. He began as a runner on the CBOT floor and eventually worked his way up to an independent trader and floor broker on the Mid American Commodity Exchange. From April 1997 to April 2001, Mr. Martyniuk worked as a senior broker for the Lind Plus division of Lind-Waldock, and from April 2001 to April 2002 was a senior broker with Daniels Trading Group division of Refco. He has been a principal (pending) of Chicago Superfund since August of 2002.

The Advisor and the principals of the Advisor do not currently trade for their own accounts. The Advisor and its principals may trade for their own accounts at a future date. The trading records of the Advisor and its principals will not be disclosed to clients.

### **§3. TRADING PROGRAM**

Commodity traders generally rely on either fundamental or technical analysis, or a combination thereof, in making trading decisions and attempting to identify price trends. Fundamental analysis looks at factors external to the trading market that affect the supply and demand of a particular commodity in order to predict future prices. Technical analysis is not based on the anticipated supply and demand of the cash (actual) commodity; instead, it is based on the theory that a study of the markets themselves will provide a means of anticipating future prices. Technical analysis of the markets often includes a study of the actual daily, weekly and monthly price fluctuations, volume variations, and changes in open interest, utilizing charts and/or computers for analysis of these items and other technical market data.

The trading program offered by the Advisor is the Chicago Superfund System. This program is based primarily, but not solely, on the analysis of key technical indicators. One of the goals of the analysis is to find outside days based on breakout patterns and take advantage of these indicated moves. Risk management is a paramount concern, with strict control of risk through the use of options strategies being the primary technique used. Fundamental analysis is also used and may influence a trade or cancel a trade suggested by analysis of technical indicators. The principals of the Advisor utilize their past experience to assist in their decision making process. The Advisor expects the program to trade between 0 to 5 times per day with periods where no trades are made due to market forces. The Advisor anticipates up to 50% of an account's Net Asset Value will be committed to margin at any point in time. The Advisor anticipates a monthly commission to equity ratio of between 10% to 15% but this range may be higher or lower.

The commodities traded by the Advisor include, but are not limited to interest rate futures, foreign currencies, stock indices, precious metals, grains, meats, food and fiber products, and (pending approval) individual stock futures.

Risk Control. Risk is determined prior to entry of any trade. Risk on each trade is calculated based on the Advisor's technical analysis and other market factors. The Advisor will attempt to risk no more than 3% of total equity on any trade. In order to keep the risk as close to that predetermined point as possible, the Advisor will place protective stop orders in this area and use options strategies which may help control risk. The Advisor anticipates approximately 66% of the trades will be long term (3 days or longer) and 34% will be short term (3 days or less). These short-term trades can include day trades.

## **§4. ADVISORY FEES**

As compensation for its management services, the Advisor will charge clients the following Advisory Fees:

### **A. Incentive Fee**

The Advisor will charge client accounts a monthly Incentive Fee of 20% (twenty percent) of the New Net Profits in the Account payable as of a Valuation Date. The terms “Net Asset Value”, “New Net Profits” and Valuation Date” are defined below.

A. “Net Asset Value” is defined as the total assets of the account, including all cash and cash equivalents (i.e., notional funds) and the market value of all open commodity positions, less all liabilities of the account without reduction for any incentive fee payable. Net Asset Value includes interest income earned by the account.

B. “New Net Profits” are calculated as of the last trading day of the month and are defined as the sum of: (i) the net profits and losses resulting from all trades closed out during the month, (ii) the net of any profits or losses on open trades as of the close of the month and (iii) the amount of interest and other investment income earned during the month minus; (i) the net of any profits or losses carried forward on open trades from the preceding month, and (ii) cumulative net realized losses (“Carry Forward Loss”), if any carried forward from the preceding month.

C. “Valuation Dates” for the Incentive Fees are: (i) the date the account was opened; (ii) the last business day of the month in which the account was opened; (iii) the last business day of each month thereafter; (iv) the day the account is closed.

The Incentive Fee is calculated in such a manner that net losses are carried forward indefinitely to be offset against future Net Profits, if any. Once paid or payable, monthly Incentive Fees shall not be repaid because of subsequent losses in the account. The monthly Incentive Fees are payable in full on the first business day following the close of the month to which the fee applies. If an account is opened during a month, the full Incentive Fee, if any, is payable in full at the end of the month without proration. Net Profits and Net Asset Value are adjusted by proration for additions to and withdrawals from an account during a month. Client agrees to sign a Fee Payment Authorization directing the FCM carrying his account to pay directly to the Advisor such Incentive Fees out of the Account as become payable monthly upon the presentation of a bill by Advisor. Advisor reserves the right to charge different fees for different Clients and to negotiate higher or lower fees with individual Clients. Upon request, Advisor will furnish Client with a copy of the bill presented to FCM.

## **B. Management Fee**

The management fee, calculated and billed monthly, without regard to whether the customer's account is profitable, may be negotiated between the Advisor and the customer on an individual basis and may range between 0% and 0.167% of the "net asset value" of the customer's account as of the beginning of each calendar month (approximately 2% annually). The term "net asset value" includes interest income and unrealized profits and losses on open commodity interests positions.

The Advisor will accept nominal/notional account sizes. In such event, the management fee will be based upon the funds actually on deposit for trading by the Advisor. The monthly Management fee will be the greater of .167% of the "net asset Value" of the customers account as of the beginning of each calendar month, or \$45.00 per month.

## **§5. OPENING AN ACCOUNT**

The Advisor is prohibited from accepting funds directly from the client. Checks for the initial deposit of equity in the client's trading account and all subsequent deposits to the client's account must be made payable to the FCM. The Advisor will return any funds received directly to the client if the check is made payable to anyone other than the FCM.

The usual minimum initial account size is \$25,000.00 but the Advisor may accept smaller initial account sizes and/or notionally funded accounts after discussing with clients their particular goals. The client must sign a Commodity Advisory Agreement, and an acknowledgment of Receipt of Disclosure Document must also be signed and returned to the Advisor.

A client may terminate the services of the Advisor at any time by delivering a written notification of such termination to the Advisor. Upon notice of termination, the Advisor will close all open positions of the client by entering market orders at the market opening on the next trading day unless market conditions dictate otherwise.

## **§6. POTENTIAL CONFLICTS OF INTEREST**

There are no actual or potential conflicts of interest on the part of the Advisor, in connection with the maintenance and management of client accounts, except as described below.

Mr. Leblebajian and Mr. Marcus, principals of the Advisor, are also the principals of Lakefront Futures, L.L.C. ("Lakefront"), an Introducing Broker ("IB"). If a client of the Advisor chooses to use Lakefront as his IB, the principals of the Advisor will receive a portion of the per trade commissions charged to the client's account by the Futures Commission Merchant. The Advisor therefore has a conflict between its fiduciary duty to clients and the financial interest of its principals in maximizing their commission revenue by increasing the frequency of trading. Of course, since the Advisor also is paid an incentive

fee based upon the profitability of the client's accounts, the Advisor has a financial incentive to minimize commission charges to a client's account.

The Advisor may manage the commodity accounts of various clients, and these other accounts might compete with a client's account for the same or similar positions in the commodity markets. The Advisor will use a neutral allocation system for allocating fills to its clients' accounts. The Advisor and its principals may trade commodity interests for his own accounts. Clients will not be permitted to inspect the records of any commodity interest trading by the Advisor or its principals.

To the extent position limits restrict the total number of positions that the Advisor may establish for its accounts, the Advisor will allocate commodity transaction orders in proportion to the respective assets of the client's account and such other accounts.

## **§7. CERTAIN RISK FACTORS**

*Set forth below are the risks the Advisor believes are the principal risk factors relating to its trading program.*

Futures Prices Can Be Volatile and Unpredictable. Futures prices can be highly volatile. Price movements of futures contracts can be influenced by global, political, and economic and many other factors.

Futures Trading is Highly Leveraged. The low margin deposits normally required in futures trading permits an extremely high degree of leverage. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss to an investor. Like other leveraged investments, futures transactions may result in losses in excess of the amount of money invested.

Futures Trading May be Illiquid. Most United States commodity exchanges limit fluctuation in futures contract prices during a single day through 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 cannot be taken or liquidated above or below the limit price. Futures prices have occasionally moved the daily limits for several consecutive days with little or no trading. Similar occurrences could prevent the Advisor from promptly liquidating unfavorable positions and subject the client account to substantial losses. In addition, the CFTC or the exchanges may suspend or limit trading. While daily limits reduce liquidity, they do not reduce ultimate losses, as such limits apply only on a day-to-day basis. The Advisor may trade on certain foreign markets which may be more prone to periods of illiquidity than the United States markets, due to a variety of factors.

Risk Control Techniques in the Context of Futures Trading Strategies. An important part of any speculative futures strategy is the control of losses, as well as the ability to

predict or identify price trends. Trend-following methods typically anticipate that over half of all trades will be unprofitable and it is imperative to the success of such a method that it can control the losses incurred on unprofitable trades. Furthermore, since futures prices can be volatile, it is difficult to achieve long-term profitability unless major drawdowns are avoided. A standard example used to emphasize the importance of avoiding major drawdowns is that it requires a 100% rate of return to recoup a 50% loss (due to the reduced equity under management). Trading advisors often adopt fairly rigid “risk management” principles based in large part on estimates of market volatility. Risk management strategies vary widely, even among trading advisors that apply the same basic loss control principles. The basic issue in risk management is as follows: how to control losses in constantly varying volatile markets which employ high degrees of leverage, when the trading method anticipates that over half of the trades will encounter losses. Many trading advisors, even wholly discretionary traders adhere strictly to the risk management principles which they adopt in order to avoid the possible effects of emotionalism magnifying trading losses. No risk control technique is fail-safe and none can, in fact, prevent major drawdowns. The Advisor’s risk management principles should be seen as a discipline it applies to its trading in a highly speculative market rather than as an effective protection against loss.

Reliance on the Advisor. Commodity trading decisions for the client account will be made by the Advisor, upon whose judgment and abilities success will depend. No assurance can be given that the trading approaches utilized by the Advisor will prove successful under any market conditions.

Change in Trading Approaches and Commodities Traded. The Advisor believes that the development of a commodity trading strategy is a continual process, as such, the Advisor may alter its trading approach in its discretion. Due to the proprietary and confidential nature of the commodity trading, the client will not be informed of changes in the Advisor’s trading strategy.

Speculative Position Limits. The commodity accounts managed by the Advisor and its principal will be combined for purposes of speculative position limits (restrictions imposed by U.S. commodity exchanges and the CFTC on the size of the commodity positions that a person may hold or control), so that the number of commodity positions that the Advisor establishes for any one client may be restricted by the number of positions held for other client accounts. From time to time the trading decisions of the Advisor may have to be modified and positions held or controlled by it may have to be liquidated to avoid exceeding applicable limits.

Incentive Fees. Because the Incentive Fees are calculated on a monthly basis, the client could pay Incentive Fees during a fiscal year in which its account was not profitable on an annual basis. (Once earned, the Incentive Fees are not repayable, regardless of later performance.) In addition, because the Incentive Fees are calculated on the basis of unrealized as well as realized trading gains, Incentive Fees could be earned due to the

appreciation in an open position that when eventually liquidated is closed out at a realized loss. The Incentive Fees could give the Advisor an incentive to take greater risks in trading a client's assets than it otherwise might.

Trading on Foreign Commodity Markets. The Advisor may trade on commodity markets outside the United States on behalf of a client account. Trading on such markets is not regulated by any United States government agency and may involve certain risks not applicable to trading on United States exchanges. For example, some foreign markets are, in contrast to United States exchanges, "principal markets" (similar to the forward markets) in which performance is the responsibility only of the individual member with whom the trader has entered into a futures contract and not of any exchange or clearing corporation. In a number of foreign markets a substantial volume of trades, which in the United States could only be executed on a regulated exchange, are executed wholly off exchanges in privately negotiated and substantially unregulated transactions. In some cases, the intermediaries through which the Advisor may deal on foreign markets may, in effect, take the opposite side of trades made for the client account by the Advisor, although acting as the Advisor's agent - a practice which would be prohibited in the United States. The Advisor may not have the same access to certain trades as do various other participants in foreign markets. Furthermore, since the Advisor will determine the client account net assets in United States dollars, the client account will be subject to the risk of fluctuations in the exchange rate between the local currency and U.S. dollars, as well as the possibility of exchange controls, in connection with its foreign trading. Certain futures contracts traded on foreign exchanges are treated differently for federal income tax purposes than are domestic contracts.

Trading of Forward Contracts Presents Unique Risks. The Advisor may engage in trading forward contracts in currencies. Such forward contracts are not traded on exchanges; rather, banks and dealers typically act as principals in these markets, called generally the interbank or forex market. Trading in the interbank market presents certain risks not present in futures trading because no governmental agency regulates trading in forward contracts. Consequently, there is no limitation on the daily price movements of forward contract and no margin need be posted, although the customer's FCM may require a good faith deposit to be made in lieu of margin. Because performance of forward contracts on currencies is not guaranteed by any exchange or clearinghouse, the customer is subject to counterparty risk: the risk that the principals or agents with or through which the FCM trades will be unable or will refuse to perform with respect to such contracts. Furthermore, principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. Also, the imposition of credit controls by governmental authorities might limit such forward trading to less than that which the CTA would otherwise recommend, to the possible detriment of the investor.

Forward contract on currencies, the most liquid of the forward markets are traded primarily in the interbank market, a 24-hour worldwide market. Trading is generally conducted by telephone, with orders confirmed later by written confirmation. Virtually all

major currencies are traded in the interbank market. Some of these currencies are also traded on designed commodity exchanges such as the International Monetary Market of the Chicago Mercantile Exchange. However, the volume and size of trades in the interbank market are much greater than the volume and size of trades executed in organized commodity exchanges. Whereas the futures market may be more liquid for smaller trades, the interbank market may more easily accommodate large traders and offers substantially more flexibility.

Counterparty Risks. The client will be subject to the risks of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the client to substantial losses. In an effort to mitigate such risks, the advisor will attempt to limit its transactions to counterparties which are established, well-capitalized and credit worthy.

Participating customer's FCM may fail. Under CFTC regulations, FCM's are required to maintain customer's assets in a segregated account. If a customer's FCM fails to do so, the customer may be subject to risk of loss of funds in the event of its bankruptcy. Even if such funds are properly segregated, the customer may still be subject to a risk of a loss of his funds on deposit with the FCM should another customer of the FCM or the FCM itself fail to satisfy deficiencies in such other customer's accounts. Bankruptcy law applicable to all U.S. futures brokers requires that, in the event of the bankruptcy of such a broker, all property held by the broker, including certain property specifically traceable to the customer, will be returned, transferred or distributed to the broker's customers only to the extent of each customer's pro-rata share of all property available for distribution to customers. If any futures broker retained by the customer were to become bankrupt, it is possible that the customer would be able to recover none or only a portion of its assets held by such futures broker.

## **§8. FUTURES COMMISSION MERCHANT AND INTRODUCING BROKER**

Clients may have their accounts maintained with or introduced through any futures commission merchant ("FCM") or introducing broker ("IB") of their choice.

If a client selects Lakefront Futures and Options L.L.C. ("Lakefront") as the client's IB, the client is required to use Man Financial as the client's FCM. Lakefront has the same ownership as the Advisor. The commissions will be \$35.00 per round turn contract for day trades (position established and liquidated on same trading day) and \$60.00 per round turn contract for overnight trades (position established and liquidated on different trading days) plus all applicable fees. The principals of the Advisor will share in the commissions of accounts maintained at Man Financial.

Man Financial Inc (the "Clearing Broker") is the clearing broker for Lakefront Futures

and Options L.L.C. The Clearing Broker is registered under the Commodity Exchange Act, as amended, as a futures commission merchant and a commodity pool operator, and is a member of the National Futures Association in such capacities. In addition, the Clearing Broker is registered with the National Association of Securities Dealers, Inc. as a broker-dealer. The Clearing Broker, which is part of the Man Group of companies, is a member of all major U.S. futures and securities exchanges. The Clearing Broker's main office is located at One North End Avenue, New York, New York 10282. The Clearing Broker's telephone number is 212-589-6200.

At any given time, the Clearing Broker is involved in numerous legal actions and administrative proceedings, which in the aggregate, are not, as of the date of this Disclosure Document, expected to have a material effect upon its condition, financial or otherwise or to the services it will render to the Accounts. There have been no material, administrative, civil or criminal proceedings pending on appeal or concluded against the Clearing Broker or its principals within five years preceding the date of this Disclosure Document.

The Clearing Broker acts only as clearing broker for the Accounts and as such is paid commissions for executing and clearing trades on behalf of the Accounts. The Clearing Broker has not passed upon the adequacy or accuracy of this Disclosure Document. The Clearing Broker neither will act in any supervisory capacity with respect to the Trading Advisor nor participate in the management of the Trading Advisor. Therefore, prospective clients should not rely on the Clearing Broker in deciding whether or not to participate in the Trading Program of the Trading Advisor.

## §9. PERFORMANCE

### Customer composite performance results of **CHICAGO SUPERFUND**

**Results as of June 30, 2002**

Name of Trader:	CHICAGO SUPERFUND, INC.	
Name of Program:	CHICAGO SUPERFUND	
Start Date:	November-01	
No. of Accounts:	1	
Aggregate \$\$ (Program):*-Actual:	\$27,253	
Aggregate \$\$ (Program):*-Nominal:	\$27,253	
Aggregate \$\$ (All programs):-Actual	\$27,253	
Aggregate \$\$ (All programs):-Nominal	\$27,253	
Largest Monthly Draw-Down (Composite):**	8.61%	June-02
Worst Peak-to-Valley (Composite):	8.61%	June-02
Closed Accounts:	0 (0 closed with a gain, 0 closed with a loss)	

### MONTHLY/ANNUAL RATES OF RETURN\*\*\*

MONTH	2002	2001
Jan	1.39%	
Feb	4.93%	
Mar	40.84%	
April	0.47%	
May	14.33%	
Jun	-8.61%	
Jul		
Aug		
Sep		
Oct		
Nov		1.60%
Dec		6.34%
Y-T-D	57.28%	8.04%

## **PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS**

\* Aggregate Dollars in this Program is the total dollars under management as of June 30, 2002

\*\* Draw-down means losses experienced by the account over a specified period.

\*\*\* Monthly Rate-of-Return is Net Performance divided by the sum of Beginning Equity and the time-weighted value of Additions and Withdrawals. Time Weighted Additions and Withdrawals are calculated by calculating the number of days the amount of the Additions/Withdrawals are available for trading during the period. The Annual Rate of Return is the ending \$1,000 Index minus the previous year's ending \$1,000 Index divided by the previous year's ending \$1,000 Index. \$1,000 Index shows how a theoretical \$1,000 investment, if left untouched, would have appreciated (depreciated) during each annual period in the performance table.

### **§10. SPECIAL DISCLOSURE AND PERFORMANCE MATRIX FOR NOTIONALLY-FUNDED ACCOUNTS**

**YOU SHOULD REQUEST YOUR ADVISOR TO ADVISE YOU OF THE AMOUNT OF CASH OR OTHER ASSETS (ACTUAL FUNDS) WHICH SHOULD BE DEPOSITED TO THE ADVISOR'S TRADING PROGRAM FOR YOUR ACCOUNT TO BE CONSIDERED "FULLY FUNDED". THIS IS THE AMOUNT UPON WHICH THE ADVISOR WILL DETERMINE THE NUMBER OF CONTRACTS TRADED IN YOUR ACCOUNT AND SHOULD BE AN AMOUNT SUFFICIENT TO MAKE IT UNLIKELY THAT ANY FURTHER CASH DEPOSITS WOULD BE REQUIRED FROM YOU OVER THE COURSE OF YOUR PARTICIPATION IN THE ADVISOR'S PROGRAM.**

**YOU ARE REMINDED THAT THE ACCOUNT SIZE YOU HAVE AGREED TO IN WRITING (THE "NOMINAL" OR "NOTIONAL" ACCOUNT SIZE) IS NOT THE MAXIMUM POSSIBLE LOSS THAT YOUR ACCOUNT MAY EXPERIENCE.**

**YOU SHOULD CONSULT THE ACCOUNT STATEMENTS RECEIVED FROM YOUR FUTURES COMMISSION MERCHANT IN ORDER TO DETERMINE THE ACTUAL ACTIVITY IN YOUR ACCOUNT, INCLUDING PROFITS, LOSSES, AND CURRENT CASH EQUITY BALANCE. TO THE EXTENT THAT THE EQUITY IN YOUR ACCOUNT IS AT ANY TIME LESS THAN THE NOMINAL ACCOUNT SIZE YOU SHOULD BE AWARE OF THE FOLLOWING:**

1. **ALTHOUGH YOUR GAINS AND LOSSES, FEES AND COMMISSIONS MEASURED IN DOLLARS WILL BE THE SAME, THEY WILL BE GREATER WHEN EXPRESSED AS A PERCENTAGE OF ACCOUNT EQUITY.**
2. **YOU MAY RECEIVE MORE FREQUENT AND LARGER MARGIN CALLS.**
3. **THE FUNDING MATRIX WHICH FOLLOWS MAY BE USED TO CONVERT THE RATES-OF-RETURN (ROR'S) IN THE PERFORMANCE TABLES TO THE CORRESPONDING ROR'S FOR PARTICULAR FUNDING LEVELS.**

**PERFORMANCE MATRIX**

20.00	20.00	26.67	40.00	60.00	80.00
10.00	10.00	13.33	20.00	30.00	40.00
5.00	5.00	6.67	10.00	15.00	20.00
0.00	0.00	0.00	0.00	0.00	0.00
(5.00)	(5.00)	(6.67)	(10.00)	(15.00)	(20.00)
(10.00)	(10.00)	(13.33)	(20.00)	(30.00)	(40.00)
(20.00)	(20.00)	(26.67)	(40.00)	(60.00)	(80.00)
ROR	100%	75%	50%	33%	25%

Rate of return based on Percent Funding

The Matrix above enables a prospective investor to compute any indicated fully funded ROR to an equivalent ROR at various funding levels. For example, in the 20% Actual Rate of Return row, an account with 75% of its trading level in actual funds will have a ROR of approximately 27%, while a fully funded account will have a ROR of 20 %.

**ACKNOWLEDGMENT OF RISK DISCLOSURE  
FOR CHICAGO SUPERFUND, INC.**

The undersigned hereby acknowledges receipt of the Disclosure Document for Chicago Superfund, Inc. dated August 21, 2002.

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Client signature

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Date