

**Pelican Exchange Limited &  
London & Eastern LLP**

**DRAWDOWN LIMITS, SUBSCRIPTIONS &  
PERFORMANCE FEE CALCULATION  
(Including fee schedule)**

# Drawdown Limit, Drawdown Calculation, Subscription & Performance Fee Calculation

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## RISK WARNING

**Risk Warning:** Trading in leveraged Foreign Exchange (FX), CFDs and margin products carries a high level of risk to your capital, and is not suitable for all investors. **Only speculate with money you can afford to lose. Investments may fall as well as rise and you may lose some, part or all of your original capital invested and also be liable for a balance where your account is in deficit.** Please ensure you fully understand the risks, and seek financial advice if necessary.

By accepting this agreement you are acknowledging that you understand that there are many strategies that can be used in trading FX, some of which have unlimited risk of loss and could result in you sustaining a total loss of all funds in the Account and, further, that you are liable for any deficit in the Account resulting therefrom.

It is recommended that independent financial advice is sought prior to any application. You acknowledge that you have had the opportunity to discuss with your own independent financial advisers and understand the nature and risks of the strategy to be used in connection with transactions affected for your account.

## RISK AND DRAWDOWN LIMIT

You accept that the drawdown limits on the account will be subject to a maximum of the percentage which you have entered in the Max Drawdown screen of the app. The drawdown percentage is calculated with reference to the Managed Account Deposit. If the Soft Stop Level is reached no further positions will be entered into on your account. If the Hard Stop Level is reached, no further trading will be undertaken on the account and all open positions will be closed.\*

You acknowledge and understand this risk and agree not to hold London & Eastern LLP (acting as the Attorney/Money Manager), as per the General Terms and Social Trading Authorisation and Subscription Agreement - (the “**Investment Manager**”), liable for any losses on the account. The maximum drawdown figure is not a guarantee, but an indication of your risk appetite.

\* Subject to **normal market conditions** and conditions such as a **Force Majeure Event** as detailed.

## DRAWDOWN CALCULATION

The drawdown limit is calculated based upon the percentage return from each trade, including both open and closed positions. The **Managed Account Deposit** is calculated as the (sum of all deposits plus the return, either profit or loss, from all trading activity) less the (sum of all withdrawals and any return, either profit or loss, from trading activity which you have undertaken outside of this investment management agreement). Trading activity includes all closed positions as well as any currently open positions, as well as any charges associated with that trading activity including any commissions, swaps or charges associated with the investment management activity.

To calculate the drawdown level the Investment Manager will calculate a profit in percentage terms for each trade and then calculate a running virtual or trial balance for the account. This running profit is used to calculate the drawdown watermark, which is recalculated whenever a trade is closed. If the current running total is greater than the previous drawdown watermark this becomes the new drawdown watermark. Drawdown level is calculated as the drawdown watermark less the running total.

## FORCE MAJEURE

### 1. FORCE MAJEURE EVENT

The Investment Manager may in its reasonable opinion determine that an emergency or exceptional market condition exists (“a Force Majeure Event”), including but not limited to:

- a) where the Investment Manager, in its opinion, is unable to maintain an orderly trading strategy in respect of any one or more of the Underlying Instruments as a result of the occurrence of any act, omission or event (including but not limited to any circumstance beyond our control such as strike, riot, civil unrest or failure of power supply, communications or other infrastructure);
- b) the suspension, closure, liquidation or abandonment of any relevant market or Underlying Instruments;
- c) the imposition of limits or special or unusual terms in the relevant markets or Underlying Instruments;
- d) the excessive movement, volatility or loss of liquidity in the relevant markets or Underlying Instruments; or

e) where the Investment Manager reasonably anticipates that any of the circumstances set out in paragraphs 1(a) to (d) are about to occur.

## **2. ACTIONS THE INVESTMENT MANAGER MAY TAKE**

If the Investment Manager determines that a Force Majeure Event exists then the Investment Manager may (without prejudice to any other rights to you and at the Investment Manager's sole discretion) take any one or more of the following steps:

- a) alter normal trading times;
- b) alter the Margin Percentage;
- c) amend or vary the trading strategy and any transaction contemplated by the trading strategy, including any Contract, insofar as it is impractical or impossible for the Investment Manager to comply with the Investment Manager's obligations to you;
- d) close any or all open Margin Contracts, cancel instructions and orders as the Investment Manager deemed to be appropriate in the circumstances; or
- e) take or omit to take all such other actions as the Investment Manager deems to be reasonably appropriate in the circumstances having regard to the your Positions, the Investment Manager and all other clients.

## **3. NOTIFICATION OF FORCE MAJEURE EVENT**

The Investment Manager will not be under any obligation to inform you of any action that the Investment Manager proposes to take under point 2 before the Investment Manager takes such action. If it is not practicable for the Investment Manager to give you prior notice, the Investment Manager will notify you at the appropriate time after taking any such action.

## **4. LIABILITY**

If the Investment Manager determines that a Force Majeure Event, and or a, situation that is outside normal market conditions exists, the Investment Manager will not be liable to you for any failure, hindrance or delay in performing the Investment Manager's obligations or for taking or omitting to take any action in accordance with points 2 or 3. The Investment Manager will also not be liable for general trading / investment activities where you suffer losses that are part of the day to day decisions made by the Investment Manager.

## **5. CLOSE OPEN POSITIONS**

In some circumstances, the Investment Manager may be unable, after using all reasonable efforts, to acquire, substitute, maintain, unwind or dispose of any Underlying Instrument the Investment Manager may consider necessary to hedge or protect your exposure to the market and other risks arising from an open Position. In such circumstances, the Investment Manager may close that open Position at the Contract Price, which may mean a loss to you.

## **SUBSCRIPTION FEE CALCULATION**

A subscription fee is deducted monthly in arrears and is charged directly to your broker trading account. The amount to be charged is indicated on the App before you commence copying a specific signal.

## **PERFORMANCE FEE CALCULATION AND WATERMARK**

The performance fee is deducted monthly in arrears on the basis of the extent to which total aggregate profit that month has been achieved, subject to a high watermark.

The watermark is based on the highest end of month value that a client account has achieved. The watermark is reset at the start of each calendar month. If profit has been achieved in the previous month, then the gain minus the performance fee will become the new watermark. If a loss has been achieved in the previous month, then the watermark will be re-set at the previous watermark level. This will apply until such time as the losses have been recouped.

The watermark is adjusted to ensure that any losses from a previous month(s) are taken into account before any fee is deducted. Below we show two examples: (the figures quoted are purely an example to show the calculation method used and are not indicative of performance achievable).

Calculation Example based on 30% monthly performance fee and is for illustration purposes only. This illustration is indicative only and does not represent live or past strategy performance:

Month	Initial	Profit	New Balance	Fee	Net Gain	A/C Balance	Watermark
1	£250,000	£10,000	£260,000	£3,000	£7,000	£257,000	£257,000
2	£257,000	£34,000	£291,000	£10,200	£23,800	£280,800	£280,800
3	£280,800	£0	£280,800	£0	£0	£280,800	£280,800
4	£280,800	£28,000	£308,800	£8,400	£19,600	£300,400	£300,400
5	£300,400	£34,000	£334,400	£10,200	£23,800	£324,200	£324,200
6	£324,200	-£23,000	£301,200	£0	-£23,000	£301,200	£324,200
7	£301,200	£40,000	£341,200	£5,100	£34,900	£336,100	£336,100
8	£336,100	£39,000	£375,100	£11,700	£27,300	£363,400	£363,400
9	£363,400	-£31,000	£332,400	£0	-£31,000	£332,400	£363,400
10	£332,400	£10,000	£342,400	£0	-£21,000	£342,400	£363,400
11	£342,400	£23,000	£365,400	£600	£1,400	£364,800	£364,800
12	£364,800	£18,000	£382,800	£5,400	£12,600	£377,400	£377,400

In month 10, a profit was made for the month of £10,000, but as there was a loss on the previous month (9) of £31,000 then the £10,000 profit is paid back on the loss leaving a deficit of £21,000. No performance fee is paid as the account is below the watermark. In month 11 a profit of £23,000 was made. As £21,000 was to be recouped first this left £2,000 as a gain and a performance fee is then charged of £600 only. A new watermark is then set.

### OPENING AND CLOSING YOUR ACCOUNT

The Investment Manager will commence trading your account, as soon as conditions are right, after you open and fund your account at the broker; any profit made by the end of the first month will incur a performance fee and any losses will be recorded as per the calculation above.

If you close your account, the Investment Manager will first calculate any performance fees owed up until the point of closure and then the broker will send you the balance. If your account incurred an overall loss up until the point of closure, the broker will send you only the balance on the account.

### CONFIRMATION

- I confirm that I have read the DRAWDOWN LIMIT, SUBSCRIPTION & PERFORMANCE FEE CALCULATION detailed above and accept the risks associated and calculation methods with the managed account.
- I have had an opportunity to discuss this with an independent financial adviser and any other adviser that I feel appropriate.
- I agree to the terms set out in the Social Trading Authorisation and Subscription Terms ("STAST") along with the specific terms and conditions set out by the execution broker.
- I confirm that neither Pelican nor any partner broker will be liable for any Losses, costs, damages, liabilities or expenses suffered relating to these Terms or any trading activities undertaken for using the Service(s), except where caused directly by the willful default or fraud by us or our employees, agents or subcontractors. For the avoidance of doubt, no followed member, signal or mentor is or shall be deemed to be an employee, agent or subcontractor of us.
- I can confirm that any charge (e.g. subscription or performance fee) applied to my account may trigger a margin call and therefore the close out of open trades.
- I have read and agree to the Terms and Conditions in the Pelican General Terms of Business (<https://pelicantrading.io/generalterms>)