

**DARIUS CAPITAL PARTNERS SA**

**Form ADV, Part 2A**

**Firm Brochure**

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**This brochure provides information about the qualifications and business practices of Darius Capital Partners SA. If you have any questions about the contents of this brochure, please contact us at (331) 42 56 80 80 or [cdegeorge@dariuscapital.com](mailto:cdegeorge@dariuscapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Darius Capital Partners SA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Darius Capital Partners SA may refer to itself as a “registered investment adviser”. You should be aware that registration with the SEC or state securities authority does not imply a certain level of skill or training.**

### **Material Changes**

On July 28, 2011, the founding partners and shareholders of Darius Capital Partners sold a controlling interest to Natixis Global Asset Management (“NGAM”). NGAM is owned by Natixis which is principally owned by BPCE, the second largest banking group in France. In addition, this brochure now includes information about the Darius Capital Partners relationship with Deutsche Bank’s dbAlternatives Managed Account Program. These changes represent the only material changes to this brochure since its last annual update, which occurred on March 31, 2012.

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#### **Item 4. Advisory Business**

##### About the Firm

**Darius Capital Partners** (the “Adviser” or “Darius”) is a subsidiary of Natixis Global Asset Management (“NGAM”), an international asset management group based in Paris, France. NGAM is in turn owned by Natixis, a French investment banking and financial services firm. Natixis is principally owned by BPCE, France’s second largest banking group. Kambiz Holding SAS also owns a 31.2% ownership interest in the Adviser. Reza Ghodsi, Chief Executive Officer and founder of the Adviser is the sole owner of Kambiz Holding SAS.

The Adviser - a Paris based “Société Anonyme” - is a research and advisory firm with its principal place of business in Paris, France. The Adviser was founded in May 2004, and has been registered as an investment advisor with the US Securities and Exchange Commission (“SEC”) since November 14, 2007. In addition the Adviser is registered in France as a “Conseiller en Investissements Financiers” (“Adviser in Financial Investments”) with the CNCIF - a self-regulated organization -, registered with the AMF (“Financial Markets Authority”)

The Adviser is the sole shareholder of Darius Capital Partners USA, Ltd., a New York corporation (“Darius USA”). Darius USA provides the Adviser with essential due diligence, research and administrative support. Darius USA does not offer investment advisory services to the public or to third parties.

##### Description of Advisory Services

The Adviser, as an independent hedge fund research and advisory firm, has an eight-year history in providing advisory and research services to institutions globally: portfolio manager research and selection, due diligence, portfolio construction and risk monitoring. Its Clients are solely institutional investors such as insurance companies, banks, public pension plans, corporations, postal services and managers of private investment funds.

The Adviser provides institutional investors with customized non-discretionary advisory services relating to hedge funds, funds of hedge funds, hedge funds managed accounts and UCITS III, as well as other liquid hedge funds solutions. The adviser also provides investment and operations due diligence services on single managers, fund-of-funds and managed accounts through a review of the manager’s investment strategy, research process, portfolio construction and risk management procedures.

Since July 2009, the Adviser has also provided manager due diligence services to Deutsche Bank (DB) “dbAlternatives Managed Account Platform”. DB has also engaged the Adviser to perform certain advisory services including manager selection services.

##### Portfolio Construction

Darius designs customized portfolios based on each Client's specifications. We construct portfolios of hedge funds and fund of funds, as well as hedge fund managed accounts, beta-trackers, alternative ETFs and UCITS, for Clients seeking liquid and transparent solutions.

We are experienced in analyzing a broad spectrum of hedge fund strategies and in building portfolios around various investment structures.

### Research and Due Diligence

Darius Capital provides investment and operational due diligence services on single managers and fund-of-funds, including UCITS, managed accounts and funds of distressed hedge fund shares, through a review of the manager's investment strategy, research process, portfolio construction and risk management procedures. Operational due diligence includes on-site reviews, service provider verifications, NAV determination, regulatory issues, background examinations and counterparty checks.

Darius Capital also provides due diligence services on Private Equity funds.

### Client Assets Under Management

The Adviser does not make investment decisions on behalf of its Clients and therefore doesn't "manage" assets; therefore Client assets for which the Adviser provides investment solutions are not deemed to be "assets under management".

### **Item 5. Fees and Compensation**

Advisory fees are generally structured as either (a) a negotiated fixed retainer fee charged to a Client or (b) a negotiated fixed rate (proportional to the size of the Client mandate) applied to the principal amount invested under the mandate. Typically, fees are billed and payable either monthly or quarterly, in arrears. However, fees may be billed quarterly in advance in certain instances.

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

Not applicable

### **Item 7. Types of Clients**

The Adviser provides advice solely to institutional investors such as insurance companies, banks, public pension plans, corporations and managers of private investment funds. The Adviser does not presently provide investment advice to individuals. The terms and conditions of Client agreements may vary depending on the type of services provided or the type of Client, and these terms and conditions may also vary from Client to Client. (see Methods of Analysis, Investment Strategies and Risk of Loss).

The Adviser views each Client relationship as unique and therefore seeks to customize its services to address the individual investment objectives, guidelines and constraints of each Client. As such, the Adviser provides advice tailored to each Client, pursuant to the Client's investment policy statement, or advisory agreement, as applicable. The Adviser considers that each Client's account-specific constraints with respect to liquidity, diversification, or asset allocation and/or prohibitions with respect to such matters as investing in certain geographical regions or industry sectors, investment vehicles registered in certain jurisdictions, or certain

types of investment vehicles. When providing advice to Clients the Adviser will consider all of such constraints restrictions and prohibitions prior to making recommendations

Since July 2009, the Adviser has also provided due diligence and advisory services to Deutsche Bank (DB) “dbAlternatives Managed Account Platform ”. The Adviser conducts research and produces due diligence reports in respect of the Platform’s hedge funds and their respective trading advisors for DB and for clients of DB who are actual or prospective investors. DB has also engaged the Adviser to perform certain investment advisory services including manager selection services.

## **Item 8. Methods of Analysis and Investment Strategies**

The Adviser provides investment advice, research and customized hedge fund solutions on underlying portfolio managers specializing in alternative investments strategies. The Adviser’s method of analysis focuses on extensive due diligence on such portfolio managers from an investment and operational standpoint, which is presented in consistent, extensive and opinionated reports. The Adviser endeavors to analyze a portfolio manager’s investment strategy, risk management process, quality of investment professionals, operations and infrastructure, service providers, regulatory compliance and ability to produce consistent long-term, risk-adjusted investments results.

### *Material Risks Relating to Investments Strategies*

Reliance upon the Adviser’s investment advice involves a significant degree of risk of loss that you should be prepared to bear. This section contains a discussion of the primary risks associated with such investment advice. However it is not possible to identify all of the risks associated with investing in the underlying funds recommended by the Adviser, and the particular risks applicable to any hedge fund solution will depend on an underlying fund’s investment strategy or strategies and the types of investments held by the fund.

Before adopting investment advice or subscribing to any hedge fund solution recommended by the Adviser, each Client should carefully review all offering and subscription documentation provided by such funds, including, without limitation, the organizational and disclosure materials and private placement or offering memoranda provided by the funds.

While the Adviser seeks to recommend hedge funds solutions that are appropriate to the risk tolerance and returns expectations for a Client and the Adviser’s in-depth due diligence process seeks to address and mitigate risks, it is often not possible or desirable to fully mitigate all risks. The Adviser does not guarantee that its recommendations will be successful, that a particular level of return will be achieved or that losses will be avoided.

Clients should be aware that recommendations by the Adviser may be limited to certain types of investments or strategies (e.g., alternative investment strategies) and may not be diversified. The Adviser’s services are generally not intended to provide a complete investment program. Clients are responsible for their investment decisions and for appropriately diversifying their assets to guard against the risk of loss.

### *General Risks*

*Investment Risks in General.* Certain funds recommended by the Adviser may utilize highly speculative investment techniques, hold highly concentrated portfolios, control positions, hold highly illiquid investments, and participate in workouts. Neither the Adviser nor any of its

officers, directors, agents or affiliates has the ability to direct or influence the management of an underlying fund or the investment of its assets.

*Financial Market Fluctuations.* The value of an investment may decline due to changing economic political, regulatory or market conditions. Economic, political, regulatory or market developments can affect a single company, companies within an industry, economic sector or geographic region, or the market as a whole. Different parts of the market and different types of investment can react differently to these developments. General fluctuations in the market prices of securities may affect the value of investments made by underlying funds. Instability in the securities markets may also increase the risks inherent in such investments. Moreover, the conditions in one country or geographic region could adversely affect investments in a different country or geographic region, including the United States, due to increasingly interconnected global economies and financial markets.

*Portfolio Managers/Underlying Fund Selection Risk.* The ability of a Client to achieve its investment objectives depends on, among other things, (a) the ability of the Adviser to recommend hedge fund solutions that are appropriate to the risk tolerance and return expectations of the Client and (b) the ability of the Adviser to recommend (i) underlying funds that are likely to achieve their investment strategies and (ii) the allocation of assets among such funds that will produce favorable overall results for the Client. No assurance can be given that the strategy or strategies utilized by an underlying fund will be successful under all or any futures market conditions. An underlying fund may underperform other similar funds and the Adviser's recommended allocation of assets among funds may result in an account underperforming and/or incurring losses.

*Due Diligence Risk.* The Adviser will conduct due diligence which the Adviser believes to be adequate to select the underlying funds recommended to Clients. However, due diligence is subjective, and no assurance can be given that the Adviser will uncover problems or other risks associated with a particular underlying fund. The Adviser may rely upon representations made by underlying funds and/or their portfolio managers, accountants, attorneys, administrators, prime brokers and/or investment professionals. If any such representations are misleading incomplete or false, this may result in the recommendation of an underlying fund which might have otherwise been eliminated from consideration, had fully accurate and complete information been made available to the Adviser. Even exhaustive due diligence may not protect against subsequent fraud by underlying funds and/or their portfolio managers.

#### *Certain Risks of Investing in the Underlying Funds*

*Concentration.* Particular funds recommended by the Adviser are likely to concentrate their investments in only a limited number of industry sectors, companies, investments or geographic regions. This concentration could cause a proportionately greater loss than if a larger number of investments were made across industry sectors, companies, investments or geographic regions. The Adviser seeks to reduce this risk by diversifying its recommendations among funds and fund managers with differing concentrations, in accordance with the mandates, investment strategies and objectives of Clients. There can be no assurance that such diversification strategy will be successful.

*Leverage (Including Margin) Loss.* Particular funds recommended by the Adviser are likely to use leverage or margin. The use of leverage or margin can result in losses that are significantly greater than would have been suffered if leverage were not employed. The amount of leverage outstanding at any time may be large in relation to capital. In addition, the

costs of leverage (including interest of borrowing and other expenses that may be associated with borrowings) may be substantial and will impact performance. When borrowing for margin purposes (e.g., to acquire particular securities or financial instruments at a greater price than the amount of capital outlay by the Fund at purchase) additional risks apply. These risks include that a broker-dealer whom the fund has borrowed may increase its maintenance margin requirements (e.g., reduce the percentage of a position that can be purchased with credit); subjecting the fund to margin calls and requiring either additional funds to be deposited or positions liquidated. In the event of a substantial depreciation in the value of funds assets, large losses may be incurred as a result of liquidation of positions, mandatory or otherwise, in a declining market at relatively low prices.

*Derivatives Risk.* Underlying funds recommended by the Adviser may invest in derivative instruments and enter into derivative transactions. Derivatives permit a fund to increase or decrease the level of risk of the funds, or change the character of the risk. Derivatives may entail investment exposures (including leverage and resulting collateral requirements) that are greater than their cost. A small investment in derivatives could have a material impact on the performance of the vehicle. Derivatives are often purchased on margin, subjecting accounts to leverage risk as described above. In addition, if a counterparty to a derivative becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, trade term disputes or other reasons, an underlying fund may experience significant delays in obtaining any recovery under the investment. Moreover, the underlying funds may obtain only a limited recovery or may obtain no recovery in such circumstances.

*Lack of Management Control by Clients in Underlying Funds.* Under the organizational documents of funds recommended by the Adviser, Clients will not likely have the right to participate in the management, control or operation of such funds. Clients also are not likely to have the right to evaluate investment opportunities or relevant business, economic, financial or other information used by fund managers in making investment decisions for the fund. The Adviser, likewise, will have no right to participate in the management, control or operation of any funds it recommends or have any authority to remove the manager thereof.

*Hedging Risk.* An underlying fund recommended by the Adviser may, but is not required to, hedge some or all of its assets by taking long or short positions in related instruments. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in value or losses if the value of such position declines. Rather, hedges seek to limit the effect of a decline in the value of relevant positions on the portfolio as a whole. Consequently, hedging also limits the amount of gain to an account if the value of the hedged position increases. An underlying fund recommended by the Adviser generally decides in its sole discretion whether to hedge or not, and certain risks may exist that cannot be effectively hedged.

*Non-U.S. Investment Risk.* An underlying fund recommended by the Adviser may invest in non-U.S. investments. Investing outside of the United States involves greater risk than investing in the United States. These risks may include: (a) less publicly available information; (b) varying levels of governmental regulation and supervision or changes in the economic or monetary policy; (c) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws; (d) fluctuating currency exchange rates; and (e) less liquid, developed or efficient trading markets. Moreover, non-U.S. investments may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to United States companies.



*Foreign Exchange (FX) Risk.* If an underlying fund invests directly in non U.S. currencies or in securities that are denominated or receive revenues in, non-U.S. currencies, or in derivatives that provide exposure to non-U.S. currencies, such funds will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in non-U.S. countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or non-U.S. governments, central banks or supranational entities (e.g., International Monetary Fund) or by the imposition of currency controls or other political developments in the United States or abroad. Consequently, an underlying fund's investment in non-U.S. currency-denominated securities may reduce the returns of such fund.

*Lack of Transferability of Interests in Underlying Funds and Liquidity Risks.* Interests in funds recommended by the Adviser are not likely to have been registered under U.S. Federal or state securities laws or under the laws of any other jurisdiction and are generally subject to substantial restrictions on transfer contained in such laws and the respective organizational documents of the underlying funds. These interests may not be transferable or divisible or otherwise encumberable except with the prior written consent of the general partner or fund managers, which may likely be withheld in their sole and absolute discretion. In addition, certain underlying funds recommended by the Adviser may limit or restrict redemption rights.

*The Underlying Funds are Generally Not Registered.* The funds recommended by the Adviser are not likely to be registered under any law, including the U.S. Investment Company Act of 1940 (the "1940 Act"). The 1940 Act provides certain protections to investors and imposes certain restrictions on registered investment companies, which may not be applicable to the underlying funds. These protections and restrictions include, among other things, the requirement that a fund's board of directors, including a majority of its disinterested directors, approve certain of the fund's activities and contractual relationships, the prohibition against certain trading and investment activities and the restriction of the funds from engaging in certain transactions with its affiliates.

***For additional information about the risks of investing in underlying funds recommended by the Adviser, please refer to an underlying fund's private placement memorandum or offering memorandum.***

#### **Item 9. Disciplinary Information**

Not applicable

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

The Adviser is compensated by Deutsche Bank (DB) for its due diligence services with respect to the Platform and separately compensated for other services to DB, in each case pursuant to a specific agreement with DB. The Adviser is not compensated by DB or any hedge fund or manager on the DB platform for any recommendation to the Adviser's Clients of hedge funds or managers on the Platform.

The Adviser is a subsidiary of NGAM, which owns, in addition to the Adviser, a number of other asset management and distribution and service entities (each, together with any advisory affiliates of the Adviser, a "related person"). As noted under Item 4A, NGAM is owned by Natixis, which is principally owned by BPCE, France's second largest banking group. BPCE is owned by banks comprising two autonomous and complementary retail banking networks

consisting of the Caisse d'Epargne regional savings banks and the Banque Populaire regional cooperative banks. In addition, NGAM's parent companies Natixis and BPCE each own, directly or indirectly, other investment advisers and securities and financial services firms which also engage in securities transactions.

The Adviser does not presently enter into transactions, other than as set out below, with related persons on behalf of Clients. Because the Adviser is affiliated with a number of asset management, distribution and service entities through NGAM, the Adviser occasionally may engage in business activities with some of these entities, subject to the Adviser's policies and procedures governing conflicts of interest. For example, the Adviser may from time to time, recommend hedge funds and other funds advised or managed by a related person. Although the Adviser may have an incentive to recommend such funds over other funds advised or managed by an unrelated person, all recommendations by the Adviser must be in the best interests of Clients, and any known material business relationships with any related persons will be disclosed to Clients. Moreover, the Adviser has adopted policies and procedures, including the Code of Ethics (please see Item 12 – Brokerage Transactions), that are reasonably designed to ensure that the Adviser and its personnel act in a manner consistent with the duties an adviser owes to its Clients and applicable law and without considering any business relationships with any related person.

The Adviser is the sole shareholder of Darius Capital Partners USA, Ltd., a New York corporation ("Darius USA"). Darius USA provides the Adviser with essential due diligence, research and administrative support. Darius USA does not offer investment advisory services to the public or to third parties. It is an associated person of the Adviser and along with its employees, subject to the Adviser's compliance policies and procedures.

Given the interrelationships among the Adviser and its related persons and the changing nature of the Adviser's related persons' businesses and affiliations, there may be other or different potential conflicts of interest that arise in the future or that are not covered by this discussion. Additional information regarding potential conflicts of interest arising from the Adviser's relationships and activities with its related persons is provided under Item 11.

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

##### **Code of Ethics and Personal Securities Transactions**

The Adviser has adopted a Code of Ethics, to establish a standard of business conduct for the Adviser's associated persons, that is based upon fundamental principles of openness, integrity, honesty and trust. The Code of Ethics addresses areas such as prohibited activities and standards of business conduct, conflicts of interest, confidentiality, personal securities transactions and recordkeeping.

In accordance with Section 204A of the U.S. Investment Advisers Act of 1940, the Adviser also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Adviser or any person associated with the Adviser.

YOU HAVE THE RIGHT TO REVIEW OUR CODE OF ETHICS. FOR A COPY OF THE CODE OF ETHICS, PLEASE REQUEST IT BY E-MAIL DIRECTED TO [CDEGEORGE@DARIUSCAPITAL.COM](mailto:CDEGEORGE@DARIUSCAPITAL.COM)

## Participation or Interest in Client Transactions

In connection with providing advisory services to its Clients, the Adviser acts independently of other affiliated investment advisers and provides investment solutions to the assets of each of its Clients in accordance with the advisory mandate selected by such Clients.

The Adviser and its related persons (to the extent they have independent relationships with a Client) may give advice to and take action with their own accounts or with other Client accounts that may compete or conflict with the advice the Adviser may give to its Clients. Since the trading activities of NGAM firms are not coordinated, each firm may trade the same security at about the same time, on the same or opposite side of the market, thereby possibly affecting the availability, price, amount or other terms of the trade execution, adversely affecting trades executed by the Adviser's Clients based on the advice of the Adviser. Similarly, one or more Clients of the Adviser's related persons may dilute or otherwise disadvantage another Client executing trades based on the advice of the Adviser. The Adviser's activities for a Client may benefit the Adviser or its related persons. For example, Clients of the Adviser may, to the extent permitted by applicable law, invest directly or indirectly in the funds sponsored and/or managed by the NGAM affiliates, that is, in funds in which a related person of the Adviser, for itself or its Clients, has an economic interest. The results of the investment activities of a Client may differ significantly from the results achieved by other current or future Clients.

Because certain of the Adviser's Clients may be related persons, the Adviser may have incentives to resolve conflicts of interest in favor of certain Clients over others (*e.g.*, where the Adviser has an incentive to favor one account over another); however, the Adviser has established conflicts of interest policies and procedures that identify and manage such potential conflicts of interest.

In addition, certain related persons of the Adviser may engage in banking or other financial services, and in the course of conducting such business, such persons may take actions that adversely affect the Adviser's Clients. For example, a related person engaged in lending may foreclose on a manager or fund in which the Adviser's Clients have an interest. As noted above, the Adviser typically will not have the ability to influence the actions of its related persons.

. The Adviser does not presently engage in trading or investing for its own account, nor enter into transactions with related persons on behalf of Clients.

## **Item 12. Brokerage Practices**

The Adviser neither selects nor recommends broker-dealers to Clients. Clients are wholly responsible for broker-dealer selection.

The Adviser does not receive research or any other "soft dollar benefits" from any broker-dealers in connection with Client securities transaction.

**Item 13. Review Portfolio**

The Adviser periodically reviews portfolios that have been recommended to and selected by a Client, and provides reports to Clients regarding their portfolio investments. The nature and frequency of these reviews, as well as the frequency and content of these written reports, is negotiable and discussed in more detail below.

**Nature and Frequency of Client Portfolio Review**

Portfolios that have been recommended by the Adviser and selected by a Client are reviewed at such times as required by the applicable agreements with each Client. As a general matter, however, the Head of Research and Advisory reviews such portfolios monthly and at such other times as deemed appropriate. These reviews include analysis of portfolio performance and compliance with any specific portfolio guidelines.

**Frequency and Content of Client Portfolio Reports**

The Adviser will provide written reports (at such frequency) as will be required by the applicable agreements with each Client. As a general matter, however, the Adviser provides monthly reports to each Client. These reports include portfolio performance, performance of each underlying manager as well as a summary of contributors or detractors to that performance and any significant firm or fund changes, macro-economic analysis as well as analysis on the various hedge fund strategies. The Head of Research and Advisory is responsible for overseeing the preparation of each monthly report.

**Item 14. Client Referrals and Other Compensation**

Not applicable

**Item 15. Custody**

Not applicable

**Item 16. Investment Discretion**

Not applicable

**Item 17. Voting Client Securities**

Not applicable.

**Item 18. Financial Information**

Not applicable.