

Item 1 – Cover Page

Dorsal Capital Management, LLC

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This firm brochure (“Brochure”) provides information about the qualifications and business practices of Dorsal Capital Management, LLC (“Dorsal” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at [compliance@dorsalcapital.com](mailto:compliance@dorsalcapital.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.

Dorsal is a registered investment adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Investment Adviser provide you with information based on which you determine to hire or retain an Investment Adviser.

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

## **Item 2 – Material Changes**

This Brochure was prepared for Dorsal’s annual updating amendment for its fiscal year ending December 31, 2012. Dorsal is currently registered as an investment adviser with the SEC.

The following is a summary of material changes made to this Brochure since Dorsal submitted its initial Brochure on January 20, 2012:

- Item 4 is updated to more clearly describe Dorsal’s advisory business and affiliates and to reflect an increase in current assets under management;
- Item 6 is revised to include enhanced disclosure of potential conflicts of interest associated with performance-based compensation;
- Item 7 is revised to reflect Dorsal’s current types of Clients;
- Item 8 is revised to be more responsive and clear in the investment strategies and risk factors specific to the Clients’ investment strategies;
- Item 10 is re-organized to specify the types of affiliations required under this item;
- Item 11 is revised to describe Dorsal’s current personal trading policies and conflicts of interest;
- Item 12 is revised to clarify that Dorsal does not permit Clients to direct brokerage;
- Item 13 is revised to add disclosure regarding factors that will trigger non-periodic reviews and to update the frequency of reports sent to Clients and Investors;
- Item 14 is revised to provide enhanced disclosure of potential conflicts of interest involved with “capital introduction”;
- Item 15 is revised to clarify Dorsal’s compliance with custody rule requirements;
- Item 16 is revised to clarify Dorsal’s investment discretion; and
- Item 17 is revised to clarify Dorsal’s proxy voting policies.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Dorsal [compliance@dorsalcapital.com](mailto:compliance@dorsalcapital.com).

Additional information about Dorsal is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 – Advisory Business**

### **A. Description of the Advisory Firm**

Dorsal Capital Management, LLC, a Delaware limited liability company (“Dorsal” or the “Firm”), is the investment manager to the Clients, as defined below. Dorsal commenced providing services in September, 2009 and currently is headquartered in Redwood City, California. Its sole member is DCM Capital, LLC, whose managing members are Ryan Frick and Oliver Evans. Ryan Frick and Oliver Evans are the Chief Investment Officer and Portfolio Manager, respectively, of Dorsal and are responsible for managing the Clients’ investment program.

Affiliates of Dorsal serve as the general partner of certain Funds and/or Master Fund (each such affiliate, a “General Partner”).

### **B. Types of Advisory Services**

Dorsal provides discretionary investment advice and management to private investment funds, the securities of which are offered to investors on a private placement basis. The private placement funds include a Delaware a limited partnership, Dorsal Capital Partners, L.P. (the “Partnership”) and a non-U.S. company of which Dorsal is the investment manager, Dorsal Capital Partners, Ltd. (the “Offshore Fund,” and jointly with the Partnership, the “Funds”). The Funds intend to pursue their investment activities by investing all or a portion of their investable assets into one or more mini-master or master funds (collectively, the “Master Fund”). In the future, Dorsal’s clients may also include separately managed accounts (“Separate Accounts”) or other privately placed investment vehicles. The Funds and Separate Accounts are jointly referred to herein as “Clients.”

Dorsal’s investment objective is to achieve superior risk-adjusted total returns by investing primarily in long and short equity positions. Dorsal will focus on generating fundamentally-based ideas in the consumer and technology sectors, while remaining opportunistic regarding more trading oriented ideas in the same industries to minimize volatility of the overall portfolio. The Clients’ investments will consist primarily of equity securities (including equity-linked derivatives), but Clients may also invest in a broad range of financial instruments including: exchange-traded and over-the-counter (OTC) equity securities, convertible bonds, preferred stock and credit default swaps. Further, Clients may purchase securities in both the secondary and new issue markets.

Please see Item 8 below for a more detailed description of the investment strategies pursued by the Clients.

The Clients are offering interests (the “Interest(s)”) to certain qualified investors as described in response to Item 7, below (such investors or prospective limited partners are referred to herein as “Investors”).

### **C. Client Tailored Services and Client Imposed Restrictions**

Advisory services are tailored to achieve the Clients’ investment objectives, but not tailored to the individual needs of Investors. Generally, with respect to the Funds, Dorsal has the authority to select which and how many securities and other instruments to buy or sell without consultation with the Funds or their Investors. Separate Account Clients may impose restrictions on investing in certain types of securities and advisory services may be tailored to meet their individual needs.

D. Wrap Fee Programs

Dorsal does not participate in wrap-fee programs.

E. Amounts under Management

Dorsal has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$1,392,661,389	\$0	December 31, 2012

**Item 5 – Fees and Compensation**

A. Fee Schedule

1. Advisory Fee

Dorsal typically receives a monthly asset-based advisory fee calculated as a percentage of each Investor's capital account, payable monthly in advance. The management fee is generally .125% per month (approximately 1.5% annually, and calculated prior to any accrual of Incentive Allocation). Fees for Separate Accounts may vary.

2. Incentive Allocation

Dorsal generally receives an incentive allocation equal to a percentage of the net income (which includes both realized gains and losses and unrealized appreciation and depreciation of securities held in the applicable Client's portfolio) allocated to each Investor for the year, subject to a "high water mark" procedure such that the incentive allocation is taken only to the extent net income allocated to that Investor exceeds any cumulative losses that were allocated to that Investor for earlier periods and that have not been recovered. This incentive allocation is generally 20% and is typically made at the end of each calendar year.

The incentive allocation will only be charged to accounts of those Investors who are "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940.

Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Investor may vary. Although Dorsal believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

B. Payment of Fees

Advisory fees, incentive allocations, and third-party fees (discussed below) are deducted or allocated, as the case may be, directly from Client assets. Advisory fees, which are paid in advance, are withdrawn at the beginning of the month. Incentive allocations are allocated as of the last business day of the calendar year and as of any date on which an Investor makes a withdrawal or receives a distribution from such Investor's capital account(s).

### C. Third Party Fees

The Clients shall pay such costs and expenses as Dorsal shall reasonably determine to be necessary, appropriate, advisable or convenient to carry on its business and realize its objective, including but not limited to: (i) advisory fees; (ii) all general investment expenses (i.e., expenses which Dorsal reasonably determines to be directly related to the investment of a Client's assets); (iii) all administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses; (iv) fees, costs and expenses of third-party service providers that provide such services; and, (v) any extraordinary expenses, among other expenses.

Dorsal's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Clients. Such charges, fees and commissions are exclusive of and in addition to Dorsal's advisory fee, and Dorsal shall not receive any portion of these commissions, fees, and costs.

Please see Item 12 of this Brochure for more information about Dorsal's brokerage arrangements for its Clients.

### D. Prepayment of Fees

Dorsal generally does not permit withdrawals on dates other than the last day of each calendar quarter. In the event that Dorsal makes an exception to this policy, it may pro rate the prepaid management fee for Interests held for less than a full quarter.

### E. Outside Compensation for the Sale of Securities

Neither Dorsal nor its supervised persons accepts compensation for the sale of securities or other investment products outside of its association with Dorsal.

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

As discussed in Item 5.A., in addition to advisory fees, Clients pay or allocate to Dorsal an incentive allocation. Dorsal may also receive similar incentive-based compensation with respect to Separate Accounts.

The incentive allocation may provide a possible incentive for Dorsal to make riskier or more speculative investments on behalf of a Client than those which would be recommended under a different fee arrangement. In addition, this arrangement may cause Clients to pay a greater expense than if such fees were not charged. Notwithstanding this potential incentive, Dorsal will evaluate investments in a manner that it considers to be in the best interest of the Clients, given those Clients' investment objectives, investment strategies, suitability of the investment, and risk profile.

To the extent that there may be differences in Dorsal's compensation arrangements with its Clients, such circumstances could create an incentive for Dorsal to manage Client portfolios so as to favor a portfolio that pays performance-based compensation over one that did not. Notwithstanding this conflict, Dorsal will allocate transactions and opportunities among the Clients' accounts in a manner it believes to be as equitable as possible, considering each Client's objectives, programs, limitations and capital available for investment.

The performance-based compensation with respect to the Clients is calculated taking into account unrealized gains and determined in relation to the net asset value of such Clients (such net asset value to be determined by the administrator), therefore Dorsal may be biased when reviewing valuations of the net asset value of such Clients.

The foregoing responses to Items 5 and 6 represent Dorsal's basic compensation arrangements. The management fees and incentive allocations described above are structured to comply with Rule 205-3 under the Advisers Act and applicable state laws.

### **Item 7 – Types of Clients**

Dorsal provides discretionary investment advice and management to the Funds. Some of the component investment funds in the structure of the Funds are organized in a “master feeder” structure and Dorsal serves as manager or investment advisor to such vehicles, including the Master Fund.

Dorsal may in the future provide the same or similar services to other privately placed investment funds and/or Separate Accounts.

Prospective Investors in the Funds must meet eligibility criteria and are subject to certain withdrawal requirements and limitations. Investors generally must be (i) “accredited investors” (as defined in Regulation D under the Securities Act of 1933); (ii) “qualified eligible persons” (as defined in Rule 4.7 of the U.S. Commodity Exchange Act); and (iii) “qualified purchasers” (as defined in the Investment Company Act of 1940). The minimum initial investment is \$1,000,000, and the minimum additional investment is \$500,000, subject to waiver at the discretion of Dorsal.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

#### **A. Methods of Analysis and Investment Strategies**

Dorsal's investment objective is to achieve superior risk-adjusted total returns that are largely uncorrelated to the movement in the broad equity indices, by investing in and actively managing primarily a long-short equity investment portfolio. Dorsal aims to achieve this objective by using fundamental company analysis to buy predominantly liquid, U.S.-listed equities it deems are undervalued, and selling short predominantly liquid, U.S.-listed equities it deems are overvalued.

Dorsal will focus on generating fundamentally-based ideas in the consumer and technology sectors while remaining opportunistic regarding more trading oriented ideas in the same industries to minimize volatility of the overall portfolio. The Clients' portfolios will consist largely of equity securities (including equity-linked derivatives), but the Clients may also invest in a broad range of other financial instruments including, but not limited to: exchange-traded and over-the-counter (OTC) equity securities, convertible bonds, preferred stock and credit default swaps. Further, the Clients may purchase securities in both the secondary and new issue markets.

Dorsal expects to invest the majority of the Clients' assets in passive positions (*i.e.*, positions in which a Client does not participate or seek to participate in management or control), which should enhance investment liquidity.

Dorsal's standard investment process has four phases: (i) idea generation; (ii) security analysis; (iii) investment decision; and (iv) investment execution.

In order to preserve capital while seeking to achieve the highest possible risk-adjusted returns, Dorsal will establish numerous quantitative and qualitative portfolio and position-level risk management parameters.

**B. Risks of Investments and Strategies Utilized**

**Investing in securities involves risk of loss that Clients and Investors should be prepared to bear.** The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with Dorsal. Prospective Investors and Clients should read the entire Brochure as well the Funds' governing documents and any other material provided by Dorsal, and consult with their own advisers prior to engaging Dorsal's services.

Investment and trading risk factors may include:

**General Risks of Investing.** Investments by the Clients are subject to all of the risks attendant to any investment in publicly traded equity securities. In addition to other risks discussed herein, investments may decline in value for any number of reasons over which Clients may have no control, including changes in the overall market for equity securities, and factors pertaining to particular portfolio securities, such as management, the market for the issuer's products or services, sources of supply, technological changes within the issuer's industry, the availability of additional capital and labor, and other similar conditions.

**Investments in Equity Securities.** Dorsal intends to make investments for Clients primarily in equity securities and equity-related securities, including equity-linked derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, Clients may suffer losses if it invests in equity instruments of issuers whose performance diverges from Dorsal's expectations or if equity markets generally move in a single direction and Clients are not hedged against such a general move. The market price of an equity investment may decline for a number of reasons that directly relate to the issuer, such as poor management performance or reduced demand for its goods or services. It also may decline due to factors which affect a particular industry, such as decline in demand, labor or raw material shortages or increased production costs.

Further, equity investments may be even more susceptible to such events than other types of investments Dorsal may make for Clients, given their subordinate position in the issuer's capital structure. As such, equity investments generally have greater price volatility than fixed income and other investments with a scheduled stream of payments, and the market price of equity investments is more susceptible to moving up or down in a rapid or unpredictable manner.

Certain issuers of equity securities may be subject to different, often less comprehensive accounting, reporting and disclosure requirements, may be listed on less liquid and more volatile markets, and may be subject to high brokerage commissions and other fees.

**Flexible Investment Approach.** Dorsal's investment strategies, approaches and techniques may evolve over time and Dorsal may trade in any type of security, issuer or group of related issuers, country, region and sector that it believes will help its Clients achieve their investment



objectives. Dorsal has broad latitude with respect to the management of its Clients' risk parameters. Although Dorsal will maintain internal risk guidelines (which may be amended from time to time), it may make investment decisions that fall outside such guidelines. Prospective Investors must recognize that in allowing Dorsal to invest on their behalf, they are placing their capital indirectly under the full discretionary management of Dorsal and authorizing Dorsal indirectly to trade for the Clients using whatever strategies in such manner as Dorsal may determine. Clients will not generally be informed of any non-material changes in Dorsal's strategies, techniques, discretionary approach and tactics. There can be no assurance that Dorsal will be successful in applying its approach and there is material risk that an investor may suffer significant impairment or total loss of its capital as a result of such approach.

**Purchasing Initial Public Offerings.** The Clients may purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company, and limited operating history. All of the factors that affect the performance of an economy or equity markets may have a greater impact on the shares of companies in initial public offerings.

**Investments in Event-Oriented Situations.** The price offered for securities of a company involved in an announced deal can generally represent a significant premium above the market price prior to the announcement. Therefore, the value of such securities held by the Clients may decline in the event the proposed transaction is not consummated and if the market price of the securities returns to a level comparable to the price prior to the announcement of the deal. Furthermore, the difference between the price paid by the Clients for securities of a company involved in an announced deal and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. If the proposed transaction appears likely not to be consummated or, in fact, is not consummated or is delayed, the market price of the securities will usually decline, perhaps by more than the Clients' anticipated profit.

**Investments in Convertible Securities.** Dorsal may invest for its Clients in convertible securities, which are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase, and conversely, increase as interest rates decline.

**Preferred and Hybrid Securities Risks.** Clients may invest in preferred stock and hybrid securities, which may have special risks. Preferred and hybrid securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If Clients own a preferred or hybrid security that is deferring its distributions, Clients may be required to report income for tax purposes even though it has not yet received such income. Some preferred and hybrid securities are non-cumulative, meaning that the dividends do not accumulate and need not ever be paid.

**Opportunistic / Macro Investing.** Clients may invest on an opportunistic basis, seeking to take advantage of trends in the market. Unlike traditional investing, in which investment decisions may be based entirely on the fundamental financial condition of an issuer, opportunistic investing relies on the ability of Dorsal to identify trends in the market and to invest in such trends before the rest of the market, and then sell before a trend ends. Opportunistic investing can be very volatile and

involve heavy short-term trading. Short term trading can generate high trading costs and produce gains taxable at higher rates.

**Small or Mid-Sized Capitalization Issuers.** Investments in equity securities of small or medium-sized market capitalization companies will have more limited marketability than the securities of larger companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, securities of smaller companies may have greater price volatility and Investors must expect fluctuations in value of equity securities held by Clients based on market conditions.

**Disclosure of Positions.** Clients may obtain a position in any public company that requires them to make filings concerning their holdings with the SEC and may become subject to other regulatory restrictions that could limit the ability of the Clients to dispose of its holdings at the times and in the manner Clients would prefer. Violations of these regulatory requirements could subject Clients to significant liabilities. In an effort to protect the confidentiality of its positions, Dorsal generally will not disclose all of its positions to Clients on an ongoing basis.

**Importance of Market Judgment.** Although Dorsal uses quantitative valuation models in evaluating the economic components of certain prospective trades, Dorsal's quantitative strategies are not wholly systematic; the market judgment and discretion of Dorsal's personnel are fundamental to the implementation of these strategies. The greater the importance of subjective factors, the more unpredictable a trading strategy becomes.

**Duration of Investment Positions.** Dorsal may not know, except in the case of certain options or derivatives positions which have pre-established expiration dates, the maximum—or even the expected (as opposed to optimal) — duration of any particular position at the time of initiation. The length of time for which a position is maintained may vary significantly, based on Dorsal's subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. There can be no assurance that the Clients will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

**“Widening” Risk.** Purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not be trading at even more “undervalued” levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk.

**Expedited Transactions.** Investment analyses and decisions by Dorsal will often be undertaken on an expedited basis in order for Clients to take advantage of investment opportunities. In such cases, the information available to Dorsal at the time of an investment decision may be limited, and Dorsal may not have access to the detailed information necessary for a full evaluation of the investment opportunity. In addition, Dorsal may rely upon independent consultants in connection with its evaluation of proposed investments. There can be no assurance that these consultants will accurately evaluate such investments.

**Ability to Acquire Assets at Favorable Spreads; Competition and Supply.** Clients' potential for current income and capital appreciation will depend, in large part, on the ability of Dorsal to acquire investments for the Clients on advantageous terms. There is currently and will likely be

competition for investment opportunities by investment vehicles and others with investment objectives and strategies identical or similar to the Clients' investment objectives and strategies. Increased competition for, or a reduction in the available supply of, qualifying investments could result in higher prices for, and thus lower yields on, such investments.

**Portfolio Turnover.** The investment strategy of the Clients may require Dorsal to actively trade the Clients' portfolios, and as a result, turnover and brokerage commission expenses of the Clients may significantly exceed those of other investment entities of comparable size. In addition, active trading may act to reduce Clients' investment profits, or create a loss for Investors and may result in additional taxes for Investors depending on the tax rules applicable to such Investors.

**Short Selling.** The Clients' investment program will include short selling. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Clients of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Additionally, certain market participants could accumulate such securities in a "short squeeze," which would reduce the available supply and thus increase the cost of such securities. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, the securities borrowed by Clients to effect the short sale may be recalled by the lender of those securities at any time, thus forcing Clients to purchase the securities to close out the short position at a loss.

**Liquidity.** Some of the investments that are made by Dorsal on behalf of Clients may lack liquidity or be thinly traded. This could present a problem in realizing the prices quoted and in effectively trading the position(s). To the extent Clients invest in less liquid investments it could result in significant loss in value should Clients be forced to sell the less liquid investments as a result of rapidly changing market conditions or as a result of margin calls or other factors. In certain circumstances, Clients may also be contractually prohibited from disposing of investments for a specified period of time. Accordingly, Clients may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of less liquid investments.

**Synthetic Investment Strategies.** Clients may utilize customized derivative instruments, such as swap or notional principal contracts, to receive synthetically the economic attributes associated with an investment in a security or financial instrument or a basket of securities or financial instruments. Clients may be exposed to certain risks should Dorsal use derivatives as a means to implement synthetically its investment strategies. Such customized derivative instruments are expected to be highly illiquid and it is possible that the Clients will not be able to terminate such derivative instruments prior to their expiration date or that the penalties associated with such a termination might impact the Clients' performance in a material adverse manner. Certain aspects of the appropriate U.S. federal income tax treatment of such customized derivative instruments are uncertain and, if the Clients' U.S. federal income tax treatment of such instruments proves to be inappropriate, an Investor's after tax return from its investment in the Clients may be adversely affected.

**Trading in Options and Swap Agreements.** Clients may buy or sell (write) both call options and put options (either exchange-traded, over-the-counter or issued in private transactions), and when it writes options it may do so on a "covered" or an "uncovered" basis. The Clients' options transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities

position) or a form of leverage, in which a Client has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty. In addition, Clients are also subject to the risk of the failure of any of the exchanges on which they trade or of their clearinghouses.

Clients may also enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the exposure of the Clients to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, mortgage securities, corporate borrowing rates, asset-backed securities, collateralized debt obligations, indices, or other factors such as security prices, baskets of equity securities, or inflation rates.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of the portfolio of the Client. If a swap counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Client.

**Investments in Credit Default Swaps.** Clients may invest in credit default swaps. A credit default swap is a contract between two parties that transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. In essence, an institution that owns corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Market curve, among other factors. As such, there are many factors upon which market participants may have divergent views. Clients may also enter into credit default swap transactions, even if the credit outlook is positive, if Dorsal believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act amendments to the Advisers Act require a large proportion of transactions in the derivatives markets to be conducted on a Swap Execution Facility ("SEF"). The impact of the SEFs on transaction liquidity and pricing cannot be determined at this time.

**Trade Errors.** Given the volume of transactions executed by Dorsal on behalf of Clients, Investors should assume that trading errors will occur and that Clients will benefit from any resulting gains and may be responsible for any resulting losses. Trading errors might include, for example, the purchase or sale of a security in the wrong amount or key stroke errors that occur when entering trades into an electronic trading system. Dorsal has established policies and procedures for the handling of trade errors and will correct errors as soon as practicable after discovery to mitigate any potential loss. Dorsal reserves the right to decide, on a case by case basis, whether Clients (and not Dorsal) will be responsible for any losses resulting from trading errors and similar human errors, absent willful misconduct, fraud or gross negligence of their duties pursuant. Dorsal will determine in good faith whether or not a given trade error is required to be reimbursed pursuant to the standard of care stated in the preceding sentence. In making this determination, Dorsal will have a conflict of interest in determining whether a trade error should be attributed to the account

of Clients or its own account and will attempt to resolve such conflict by an objective determination of the status of such trade error under the aforementioned standard.

**Counterparty Risk.** Many of the markets in which the Clients effect their transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing Clients to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Clients have concentrated their transactions with a single or small group of counterparties. The ability of the Clients to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Clients.

**Highly Volatile Markets.** Price movements of the Clients’ investments may be highly volatile and influenced by, among other things, interest rates, inflation or deflation, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

**Suspensions of Trading and Failure of Exchanges.** Each securities exchange typically has the right to suspend or limit trading in all securities which it lists. Such a suspension involving securities owned by a Client would render it impossible for the Client to liquidate positions and, accordingly, could expose the Client to losses. Clients also are subject to the risk of the failure of any exchanges on which the positions of the Clients trade or of their clearinghouses.

**Currency.** The Clients may invest a portion of its assets in principal instruments denominated in currencies other than the U.S. dollar, the price of which is determined with reference to currencies other than the U.S. dollar. To the extent unhedged, the value of the Clients’ assets will fluctuate with U.S. dollar exchange rates as well as the price changes of the Clients’ investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Clients make their investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the Clients’ securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Clients’ non-U.S. dollar securities.

**Hedging Transactions.** Clients may utilize a variety of financial instruments such as shorts, derivatives, options, swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes.

Dorsal is not required to attempt to hedge Clients’ portfolio positions and, for various reasons, may determine not to do so. Moreover, Dorsal is not obligated to hedge against fluctuations in the value of the Clients’ portfolio positions as a result of changes in market interest rates or any other

developments. Furthermore, Dorsal may not anticipate a particular risk so as to hedge against it. While the Clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Clients than if the Clients had not engaged in any such hedging transaction.

**Non-U.S. Investments.** Investments outside the United States or denominated in non-U.S. currencies pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non-U.S. investments and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Greater tax risks and complexities also may be associated with these investments.

**Concentration of Investments.** Clients may invest all or most of their assets in a single market sector and may hold a few relatively large positions in a single issuer or market sector. Adverse movements in the value of the securities of such issuer or market sector could therefore result in considerably greater risks and volatility than if the Clients were not permitted to concentrate its investments to such an extent. In addition, Dorsal may at times attempt to influence management of a particular company or exercise control of a company in which it has a substantial position.

**Use of Leverage.** The use of leverage increases both the possibilities for profit and the risk of loss. Borrowings (and in some cases guarantees of performance of the Clients' obligations) will usually be from (or, in the case of guarantees, by) securities brokers and dealers and will typically be secured by the Clients' securities and other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the Clients' obligations and if the Clients were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the Clients' obligations to the broker-dealer. Liquidation in such manner could have extremely adverse consequences. In addition, the amount of the Clients' borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the Clients' profitability.

**Reliance on Corporate Management and Financial Reporting.** Many of the strategies implemented by the Clients rely on the financial information made available by the issuers in which the Clients invest. Dorsal has no ability to independently verify the financial information disseminated by the issuer in which the Clients invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general.

**Risk of Litigation.** Clients may accumulate substantial positions in the securities of a specific company. Sometimes, Clients may become involved in a proxy fight, litigation or other security holders attempts to gain control of a company. Under such circumstances, Clients may be named as a defendant in a lawsuit or regulatory action and be subject to the costs involved.

**Publicly Available Information.** Dorsal will select investments for the Clients on the basis of publicly available information. Although Dorsal intends to evaluate carefully all such information and to seek independent corroboration when it considers it appropriate and when it is reasonably available, it will not be in a position to confirm the completeness, genuineness or accuracy of such information.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Dorsal or the integrity of Dorsal's management. Dorsal has no material legal or disciplinary items to disclose.

## Item 10 – Other Financial Industry Activities and Affiliations

### A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither Dorsal nor its management persons are registered as a broker-dealer or broker-dealer representative.

### B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Dorsal nor its management persons are registered as futures commission merchant, commodity pool operator, or a commodity trading advisor.

### C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

Dorsal serves as the investment manager of each Client and Master Fund. As noted in Item 4 (Advisory Business) above, certain affiliates of Dorsal (i.e., the General Partner) serves in a general partner capacity of certain Funds and/or Master Funds. In reliance on the SEC's no action letter to the American Bar Association dated January 18, 2012, the General Partner entities are relying on Dorsal's registration with the SEC and are not submitting separate Forms ADV.

### D. Selection of Other Advisers or Managers

Dorsal does not utilize nor select other advisers or third party managers or receive any compensation from such parties, and does not have business relationships that create a material conflict of interest. All assets are managed by Dorsal.

## Item 11 – Code of Ethics

### A. Code of Ethics

Dorsal has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code governs the activities of each member, officer, director and employee of Dorsal (collectively, "Employees"). Employees are expected to act in accordance the principles set forth in the Code, including: (i) to act with integrity, competence, diligence and respect with the public, Clients, Investors, prospective Clients and Investors, Dorsal management, all fellow Employees, colleagues in the investment profession, and other participants in the global capital markets; (ii) to adhere to the highest standards with respect to Client accounts, to avoid any actual or potential conflicts of interest and to place the interests of Dorsal above their own personal interests (Employees should never enjoy an actual or apparent benefit over the account of any Client or Investor); (iii) to comply with applicable provisions of the federal securities laws and promote the integrity of, and uphold the rules governing, global capital markets; (iv) to preserve the confidentiality of information that they may obtain in the course of Dorsal's business and to use

such information properly and not in any way adverse to Client interests (subject only to legal requirements); (v) to use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; (vi) to practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the investment profession; (vii) to maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals; and (viii) to conduct their personal financial affairs in a manner consistent with this policy, avoiding any action that could compromise in any way their ability to deal objectively with Clients of Dorsal and Investors.

Employees covered by the Code have certain trading restrictions and reporting obligations of their personal securities transactions. Each Employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer.

Dorsal will discuss its Code of Ethics with Clients and prospective Clients upon request. Such a request may be made by submitting a written request to Dorsal at the address on the cover page to this Brochure.

**B. Recommendations Involving Material Financial Interests**

With limited exceptions, Dorsal Personnel are not permitted to invest in publicly-traded securities or most other financial instruments in any account in which they have direct or indirect beneficial ownership or control. Nonetheless, because the Code in some circumstances would permit Dorsal Personnel to hold certain investment positions (e.g., if such positions were held at the time the employee joined the firm, or were thereafter obtained through a gift or bequest), there is a possibility that Dorsal may recommend to Clients the purchase or sale of securities in which Dorsal Personnel have a financial interest. Under these limited circumstances, the investments of Dorsal Personnel may differ from, or be contrary to, those taken by the Funds. Dorsal believes the significant restrictions on personal trading and extensive pre-approval procedures described above are reasonably designed to avoid conflicts of interest and to preserve Dorsal's ability to discharge the fiduciary duties it owes to its clients.

**C. Investing Personal Money in the Same Securities as Clients**

As discussed above, Dorsal Personnel are generally not permitted to invest in publicly-traded individual Securities or options on individual Securities, including futures and forward contracts in the sub-sectors in which the Clients also invest. Exceptions include the liquidation of securities acquired prior to commencing employment with Dorsal and investments in securities which are to be held for a minimum of 60 calendar days.

**D. Trading Securities At/Around the Same Time as Clients' Securities**

The pre-approval procedures described in Section A (Code of Ethics) above are designed to eliminate the possibility that Dorsal Personnel or related persons trade securities that are contemporaneously being bought or sold by the Funds.



## **Item 12 – Brokerage Practices**

### **A. Factors Used to Select or Recommending Broker-Dealers**

Dorsal will always have discretion as to the selection of brokers (and accordingly, the commission rates paid). In selecting brokers to effect portfolio transactions for the Clients, Dorsal is not required to consider or focus on any particular criteria and for the most part, Dorsal will seek “best execution” of transactions. In evaluating whether a broker will provide best execution, Dorsal will consider a range of factors, including price, the ability of the brokers to effect the transactions, the brokers’ facilities, reliability and financial responsibility, the provision of or payment for (or the rebate to the Clients for payment of) the costs of property or services, reputation, experience in certain markets, and certain brokerage or research services provided to Dorsal by the broker. Dorsal need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Commissions paid by the Clients to brokers may include “soft dollar” research services used by Dorsal in making investment decisions.

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

Dorsal may effect transactions with broker-dealers who provide research services (collectively, “soft-dollar items”) to Dorsal that assist Dorsal in making investment and trading decisions on behalf of its Clients. The negotiated commissions paid to broker-dealers supplying soft-dollar items may not represent the lowest obtainable commission rates. In any such arrangement, the amount of the commission paid must be reasonable in relation to the value of the brokerage and soft-dollar items provided by the broker-dealer, viewed in terms of either the particular transaction or Dorsal’s overall responsibilities with respect to its Clients. Dorsal intends to comply with the soft-dollar “safe harbor” afforded by Section 28(e) under the 34 Act.

- a. When Dorsal uses Client brokerage commissions to obtain soft-dollar items, it receives a benefit because it does not have to produce or pay for such soft-dollar items. However, Dorsal believes that such soft dollar items may provide the Clients with benefits by supplementing the research and services otherwise available to the Clients.
- b. Dorsal may have an incentive to select or recommend a broker-dealer based on its interest in receiving the soft-dollar items, rather than on the Client’s interest in receiving most favorable execution. Dorsal periodically reviews the execution performance of its brokers to ensure that any potential conflicts of interests are resolved.
- c. To the extent that Dorsal does engage in such “soft dollar” arrangements, the Clients may pay commissions to a broker in an amount greater than the amount another broker might charge.
- d. Soft-dollar items, whether provided directly or indirectly, may be utilized for the benefit of Dorsal’s and its affiliates’ other accounts. Soft-dollar items are not limited to those Clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Usually, soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

- e. Within the last fiscal year, Dorsal used “soft-dollars” to receive the following: (i) software and other products that aggregate market data, (ii) broker-dealer research reports, company financial data and economic data, (iii) industry consultants who provide direct market research, and (iv) certain equipment in connection with investment analysis and decision making.
- f. A broker from which Dorsal obtains soft dollar services generally establishes “credits” based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay for specified expenses. In some cases the process is less formal and a broker simply may suggest a level of future business that would fully compensate the broker for services or products it provides. Dorsal monitors the soft dollar services provided to ensure that appropriate transactions are executed with a soft dollar provider.

## 2. Brokerage for Client Referrals

Dorsal does not consider, in selecting or recommending broker-dealers, client referrals from a broker-dealer. Dorsal may receive referrals in the future and if it does it will appropriately amend this Brochure.

## 3. Directed Brokerage

Dorsal does not direct brokerage. Securities transactions are executed by brokers selected by Dorsal in its discretion and without the consent of the Clients or Investors.

### B. Aggregating Trading for Multiple Client Accounts

Dorsal may (but is not required to) combine orders on behalf of one Client account with orders for other Client accounts for which it or its principals have trading authority, or in which it or its principals have an economic interest. When it does, Dorsal will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. Dorsal believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to a Client than if that Client had been the only account effecting the transaction or had completed its transaction before the other participants. Because of Dorsal’s relationship to the Clients it manages by virtue of its position as an investment manager, there may be circumstances in which transactions for those entities may not, under certain laws, regulations and internal policies, be combined with those of some of Dorsal’s and its affiliates’ other Clients, which may result in less advantageous execution for those Clients.

Dorsal may place orders for the same security for different Clients at different times and in different relative amounts due to differences in investment objectives, cash availability, size of order and practicability of participating in “block” transactions. The level of participation by different Clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular Client.

In addition, Dorsal and/or its related persons or Clients may buy or sell specific securities for its or their own account that are not deemed appropriate for Client accounts at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments in client accounts are made. Where execution opportunities for a particular security are limited, Dorsal attempts in good faith to allocate such opportunities among Clients in a manner that, over time, is equitable to all clients.

### **Item 13 – Review of Accounts**

**A. Frequency and Nature of Periodic Review and Who Makes Those Reviews**

Dorsal reviews Client accounts on a regular, but no less than on a weekly basis to ensure consistency with the Clients' strategy and performance objectives. Asset allocation, cash management, market prospects and individual investment prospects are considered. The reviews are conducted primarily by Ryan Frick, Dorsal's Chief Investment Officer, and Oliver Evans, Dorsal's Portfolio Manager.

**B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may take place more frequently if triggered by economic, market, political conditions or any unusual activity or special circumstances.

**C. Content and Frequency of Regular Reports**

Investors in the Funds will generally receive written reports, including unaudited reports of performance no less frequently than semi-annually and will receive audited year-end financial statements annually. Dorsal may provide an investor in a Fund with information on a more frequent basis if agreed to by Dorsal and such investor.

### **Item 14 – Client Referrals and Other Compensation**

**A. Economic Benefits Provided by Third Parties**

Dorsal does not receive any economic benefit, directly or indirectly from any third party for advice rendered to the Clients.

**B. Compensation to Non-Advisory Personnel for Client Referrals**

Currently, neither Dorsal nor its related persons directly or indirectly compensates any person who is not a supervised person, including placement agents, for Client referrals. If in the future Dorsal enters into such arrangements, this Brochure will be appropriately amended. From time to time, prime brokers may however assist the Funds in raising additional funds from investors, and representatives of Dorsal may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such “capital introduction” events, prospective investors in the Funds would have the opportunity to meet with Dorsal. Currently, Dorsal does not compensate any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do we anticipate doing so in the future. As discussed above, subject to best execution, Merchants’ Gate may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending brokers or dealers for the Funds. While such events and other services provided by a prime broker may influence us in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, Dorsal will not commit to allocate a particular amount of brokerage to a broker in any such situation.

**Item 15 – Custody**

SEC rules provide that, because Dorsal and/or its related persons are the general partner of the one or more of the Funds and have authority to obtain Client funds, for example, by deducting fees or otherwise withdrawing funds from a Client’s account, Dorsal or its related persons are considered to have “custody” of those Funds’ assets, even though independent custodians (Prime Brokers) actually hold those assets. The custody rules generally requires investment advisers that have “custody” of Client assets to cause certain account statements detailing holdings and transactions to be sent to Clients, and imposes certain other obligations. However, advisers to investment funds like the Funds are not required to comply (or are deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception,” which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year. Dorsal satisfies the SEC’s custody requirements by providing Investors with audited financial statements by a specified time each year. Dorsal generally does not have custody of assets for Separate Account Clients.

**Item 16 – Investment Discretion**

Dorsal is typically authorized to invest and trade the Clients’ assets in a broad range of investments, to be selected at Dorsal’s discretion, subject to the guidelines set forth in the Fund’s offering documents and/or organizational documents. Further, Dorsal may enter into any type of investment transaction and employ any investment methodology or strategy it deems appropriate.

Pursuant to the Funds’ governing documents, investment management agreements between Dorsal and the Funds (or with Investors in Separate Accounts), each Investor designates Dorsal as its attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out the Clients’ business and affairs.

### **Item 17 – Voting Client Securities**

Dorsal exercises voting authority over Client proxies and has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended. The policies require Dorsal to vote proxies received in a manner consistent with the overall best interests of the Clients. In voting Client proxies, Dorsal will seek to avoid material conflicts of interest between the interests of Dorsal, on the one hand, and the interests of its Clients, on the other.

Dorsal shall ensure that it is the designated party to receive proxy voting materials from companies or intermediaries. All proxy voting materials received by employees or other persons associated with Dorsal must be immediately forwarded to the Chief Compliance Officer (the “CCO”), who will be responsible for ensuring that proxies are voted and submitted in a timely manner. The CCO will consult with Dorsal’s investment personnel and provide them with the proxy materials, if relevant, prior to voting any proxies.

Dorsal generally will vote in favor of management proposals or recommendations, so long as this is consistent with maximizing shareholder value, unless considerations require otherwise. Dorsal may abstain from voting proxies in the event that the Client’s economic interest in the matter being voted upon is limited relative to the Client’s overall portfolio or the Client’s vote will not have an effect on the outcome or on the Client’s economic interests.

A potential conflict of interest may exist if Dorsal votes a proxy solicited by an issuer with which Dorsal or any Dorsal personnel has or had a business or personal relationship that may be affected by Dorsal’s proxy vote. As per its stated policy, Dorsal will seek to resolve any potential conflict keeping in mind the best overall interest of the Clients.

Dorsal will provide, upon request, a copy of those policies and procedures and/or information concerning its voting record on account proxy matters. Such a request may be made by calling Jeff Barnett at 650-610-1400 or [jeff@dorsalcapital.com](mailto:jeff@dorsalcapital.com).

### **Item 18 – Financial Information**

Dorsal may have discretionary authority over its Clients’ assets and may be deemed to have custody over certain of those assets, but Dorsal has no financial commitment that is reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.

### **Item 19 – Requirements for State-Registered Advisers**

Not applicable.