

# DA Capital LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of DA Capital LLC (“DA Capital” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 212-328-7900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

DA Capital is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

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## Material Changes

This brochure contains information about DA Capital’s business activities.

There have been no material changes to this Brochure since it was filed on April 30, 2012.

## Advisory Business

DA Capital was formed in October 2004. As of December 31, 2013 the Adviser managed \$0.4 billion on a discretionary basis on behalf of approximately 7 Clients (as defined below). DA Capital is owned by DA Management LP, which in turn is majority owned by Nasser Ahmad, Managing Partner.

The Adviser is a Delaware limited liability company with its principal place of business in New York. DA Capital provides investment management services on a discretionary basis primarily to U.S. domestic and non-U.S. collective investment vehicles sponsored by the Adviser or its affiliates (the “Funds”). DA Capital Asia Pte. Ltd., a limited liability company incorporated under the laws of Singapore (a “Relying Adviser” or “DA Capital Asia”), a wholly owned subsidiary of the Adviser also provides investment advisory services. All of the Relying Adviser’s investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the Relying Adviser are subject to the supervision and control of the Adviser.

DA Capital currently manages Lispenard Street Credit Fund, L.P. (“Lispenard Partnership”), Pond View Credit Fund, L.P. (“Pond View Partnership”) and collectively the “Partnerships”) which are Delaware limited partnerships that invest in parallel with, respectively, Lispenard Street Credit Fund, Ltd. and Lispenard Street Credit Fund II, Ltd. (“Lispenard Offshore”), and Pond View Credit Fund, Ltd. (“Pond View Offshore”) and collectively the “Offshore Funds”), which are Cayman Islands exempted companies.

Lispenard Holdings LLC and Pond View Holdings LLC, related persons of the Adviser, serve as the general partners of Lispenard Partnership and Pond View Partnership, respectively. The Partnerships and Offshore Funds are feeders which chiefly conduct their investment programs through Lispenard Street Credit (Master), Ltd. ("Lispenard Master Fund") and Pond View Credit (Master), L.P. ("Pond View Master Fund") and collectively the "Master Funds"), which are Cayman Islands exempted companies. Pond View Holdings LLC is also the General Partner for the Pond View Master Fund. DA Capital also serves as collateral manager with discretionary authority with respect to the investments of a collateralized loan obligation, Jay Street Market Value CLO I Ltd. (the "Jay CLO"). DA Capital provides sub-advisory services to Diversified Asian Strategies Fund (the "Asian Fund"), which is a Cayman Islands exempted company that DA Capital began managing in October 2010. As of February 2012, DA Capital provides investment management services to Amboy Road Capital, LP., a Delaware limited partnership ("Amboy"). Amboy Road Holdings LLC serves as the general partner of Amboy.

Finally, as of October 2013, DA Capital provides investment management services to Staple Street Global Opportunities Fund, Ltd., a Cayman Islands exempted company (the "Cayman Fund"), Staple Street Global Opportunities Fund, L.P., a Delaware limited partnership (the "Delaware Partnership"), Staple Street Global Opportunities (Master) L.P., a Cayman Islands exempted limited partnership (the "Staple Street Global Master Fund") and Staple Street Global Opportunities Holdings LLC, a Delaware limited liability company as the general partner of each of the Delaware Partnership and the Staple Street Global Master Fund (the "General Partner" and, collectively with the Delaware Partnership, the Cayman Fund and the Staple Street Global Master Fund, the "Staple Street Global Funds"). The Relying Adviser currently provides trading, research and research related services to the Staple Street Global Funds in a sub-advisory role.

In 2008 the Board of Directors of the Lispenard Offshore, Pond View Offshore, Lispenard Master Fund, and Pond View Master Fund, and the General Partner of the Pond View Partnership and Lispenard Partnership (collectively the "Suspended Funds") temporarily suspended redemptions due to extraordinary circumstances experienced by the financial markets that created extreme volatility in the credit markets, a dramatic widening in the bid to offer spreads, a sudden loss of several important market makers and uncertainty in the financing markets that the Master Funds utilize to lever its investments. Since then, the Adviser has been pursuing a strategy of selling assets held by the Lispenard Master Fund and the Pond View Master Fund and periodically distributing surplus cash to investors on a pro-rata basis.

DA Capital provides advice as to securities of the types, including without limitation public debt and equity securities and private placements of debt and equity securities. DA Capital does not presently provide investment advisory services to clients apart from its management of the Funds, the Staple Street Global Funds and the Jay CLO (together, the "Clients").

DA Capital advises each Client with respect to all investments permitted for the Client, based on the Client's particular investment objectives, policies and strategies disclosed in its private offering documents. DA Capital may advise the Clients with respect to investments in derivatives, including credit derivatives, total return swaps, debt and equity security swaps, and options on credit derivatives. DA Capital may also advise the Clients on investments in CLO, CDO, CDS, and structured credit debt and equity securities. .

## Fees and Compensation

### Funds

DA Capital charges a management fee (the “Management Fee”) consisting of a percentage of assets under management and a performance allocation or fee consisting of a percentage of realized and unrealized profits to each Fund.

The Management Fee for the Funds generally is equal to one-twelfth of 1.0 - 2.0% of the capital account balance of each limited partner of the Partnerships or one-twelfth of 1.0 - 2.0% of the net asset value of the Offshore Funds as of the end of each calendar month subject to certain adjustments. Fees are payable monthly within 25 business days after each month end. A pro-rated Management Fee shall be due upon the withdrawal or distribution of any interests in a Partnership or upon the redemption or distribution of any shares of an Offshore Fund before the last day of any calendar month based upon the number of days elapsed in such month.

The general partner of each Partnership is entitled to an annual performance allocation (the “Performance Allocation”), which is calculated and charged separately with respect to the capital account of each limited partner, generally equal to 15 - 20% of the amount by which the net profits allocated to the limited partner's capital account for the current year exceeds the net losses, if any, allocated to a limited partner's account during the immediately preceding year. DA Capital or an affiliate is entitled to receive from the Offshore Funds an annual performance fee (the “Performance Fee”) generally representing 15 - 20% of the net profit earned during each calendar year with respect to each outstanding share.

Pershing LLC (introduced by Credit Suisse Securities USA LLC), Merrill Lynch Professional Clearing Corp. (“Merrill”) and Deutsche Bank AG (“DB”) provide certain ongoing services, primarily prime brokerage services, with respect to the Funds, the Staple Street Global Funds and the Asian Fund. Pershing, Merrill and DB will receive compensation for such services from the Funds, the Staple Street Global Funds and the Asian Fund. The fees payable to the Adviser and the General Partner will be reduced by the amount of any such payments to CS Capital.

DA Capital may, in its sole discretion, waive all or a portion of the Management Fee or Performance Fee/Allocation or, as agreed to by the investor, charge a Management Fee or Performance Fee/Allocation that is lower or higher than, or otherwise on different terms than, those described above. The criteria upon which DA Capital may base its decision to charge a different fee include, without limitation, anticipated future earning capacity or anticipated future additional assets. Without limiting the foregoing, DA Capital may waive fees or charge lower fees to its members, employees, affiliates and their family members. DA Capital is not charging the Suspended Funds a Performance Fee.

A more complete description of the fees to be paid to DA Capital in connection with an investment in a Fund is available in the private placement memorandum and other related documents of such Fund, which are made available to each prospective investor before, or by the time of, any investment in the Fund. The foregoing description of a Fund's fees is qualified in its entirety by reference to such documents.

### CLO

Under the collateral management agreement with the Jay CLO DA Capital receives a quarterly management fee equal to .60% per annum of the average gross credit assets and a performance fee of 20% after the equity tranche has received a hurdle rate of return.

DA Capital may, in its sole discretion, waive all or a portion of the Management Fee or Performance Fee/Allocation or, as agreed to by the investor, charge a Management Fee or Performance Fee/Allocation

that is lower or higher than, or otherwise on different terms than, those described above. Without limiting the foregoing, DA Capital may waive fees or charge lower fees to its members, employees, affiliates and their family members.

A more complete description of the fees to be paid to DA Capital in connection with the Jay CLO is available in the offering memorandum and other related documents of such CLO, which is made available to each prospective investor before, or by the time of, any investment in the Jay CLO. The foregoing description of the Jay CLO's fees is qualified in its entirety by reference to such documents.

The imposition of a performance-based fee such as the Performance Fee/Allocation charged by the Funds and the Jay CLO could incentivize DA Capital to manage such Client accounts in a more risky manner. Notwithstanding, DA Capital's risk management practices as well as investment guidelines set forth in Clients' private placement memorandum and other related documents, are in place to mitigate such a risk.

#### Asian Fund

Under the subadvisory agreement with the Asian Fund, DA Capital receives a flat management fee and a % of proceeds on disposition of assets less certain expenses.

#### Valuation and the Computation of Management Fees and Performance Allocations

Securities and other traded instruments and contracts generally will be marked to market and valued based on quotations from third party pricing sources. In the case of any position for which such a quotation is not available or is determined by DA Capital to be unreliable or inadequately representing the value of particular assets, valuations will be based on valuation data obtained from one or more external pricing sources, including broker dealers selected by DA Capital, or will reflect DA Capital's good faith determination of fair value based on other factors considered relevant. If alternative valuation methodologies are used, they are set forth in the offering documents. Management Fees and Performance Allocations are assessed based upon fair valuations assigned by DA Capital.

#### Other Type of Clients

As of December 2013, DA Capital provides investment management services to Jay Access Fund Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands ("Jay Access") pursuant to a management agreement between Jay Access and DA Capital (the "Management Agreement"). All of Jay Access' investable assets are invested in the Jay CLO. Under the terms of the Management Agreement, (a) the Adviser will agree to pay Jay Access a portion of the management fee and any performance fee that it receives from the Jay CLO on or after the effective date under the management agreement between the Jay CLO and DA Capital based on Jay Access' pro rata share of the Jay CLO's assets as set forth in Management Agreement and (b) the Adviser will not be entitled to receive any management or advisory fees from Jay Access except for an incentive fee payable upon the redemption of the preference shares pursuant to the terms of the Management Agreement.

#### Other Fees

In addition to management fees, performance based fees and other fees, investors will bear indirectly the fees and expenses charged to the Clients. Those fees and expenses will vary by Client, but typically will include, among other things, fees associated with the selection, acquisition, holding and disposition of investments, research and analytic providers, legal, accounting, auditing, consulting, valuation and pricing and expenses arising out of borrowings, systems expenses and travel, meals, lodging and entertainment expenses.

## **Performance Based Fees and Side-by-Side Management**

As stated in the Fees and Compensation section above, DA Capital charges performance based fees which are fees based on a share of capital gains on or capital appreciation of the Client's assets. However, as described above, performance based fees may be accepted from different Clients at different rates. The variation of performance based fee structures among the Clients may create an incentive for DA Capital to direct the best investment ideas to, or to allocate or sequence trades in favor of, clients that pay or allocate performance based fees.

DA Capital is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflicts of interest described above. DA Capital will seek to execute orders for all of the participating accounts on a fair, reasonable and equitable basis over time. Situations may occur where a Client could be disadvantaged because of the various other activities conducted by DA Capital. However, DA Capital will attempt to mitigate such disadvantage to the extent reasonably practicable. Due to a Client's level of capitalization and its long-term investment objectives, DA Capital may choose to allocate investment opportunities to certain Clients, regardless of whether such investment opportunity is permissible under the strategy of all Clients. Similarly, certain investments may not be appropriate for all Clients, and allocations of such investments may only be made to one or a limited number of Clients. Notwithstanding, DA Capital maintains procedures to allocate limited investment opportunities that may be appropriate for multiple Clients. In general, investment opportunities that are appropriate for more than one Fund may be allocated pro rata across multiple Fund accounts based on targeted size based generally on available capital, unless a given Fund does not have an interest for such investment based on competing factors including but not limited to the relative size of a Clients' account, investment objectives and restrictions, risk tolerance, the possibility to participate in future investment opportunities, available cash for investment, leverage limitation, and the expected capacity of a Client.

As a general matter, DA Capital will make any decisions regarding the allocation of investment opportunities among Clients in good faith, and in accordance with its fiduciary duties. In order to ensure the fair and equitable treatment of Clients over time, DA Capital periodically evaluates the allocation processes.

## **Types of Clients**

DA Capital provides investment advisory services to the Clients, based on the particular investment objectives and policies of each as described in its governing documents. The Adviser may in its discretion manage other funds or accounts with different objectives, higher or lower fees, and different fee structures than the Clients.

DA Capital does not currently manage individual separately managed accounts for clients. With respect to investments in the Client Accounts, DA Capital generally requires investors to complete and submit a subscription agreement that requires, among other things, that the investor qualifies as a "qualified purchaser" or a "qualified client" as applicable. As a condition for starting and maintaining a relationship, the Adviser generally imposes a minimum portfolio size ranging from \$250,000 to \$5,000,000 and imposes a minimum initial investment ranging from \$250,000 to \$5,000,000 for any Fund. The Adviser, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including, but not limited to, anticipated future earning capacity or anticipated future additional assets, the nature of the prospective client, or pre-existing relationships. The Adviser may aggregate the portfolios of family members and affiliated entities to meet the minimum portfolio size.

## Methods of Analysis, Investment Strategies and Risk of Loss

DA Capital follows a wide range of investment strategies for the purpose of seeking to achieve their investment objectives.

For its Jay CLO, DA Capital uses a “bottom-up” value-oriented investing style. The investments will usually be made with a longer-term horizon, with the goal of generating income and capital appreciation. Capital will be committed opportunistically to take advantage of favorable investment situations that result from market dislocations, ratings migration, forced sales and other opportunities that are identified by the investment team. DA Capital seeks to operate with moderate leverage commensurate with nature of the investments. The portfolio implements diverse alpha strategies but can allocate capital in a more concentrated approach to take advantage of perceived outsized return opportunities in specific sectors, regions or names. DA Capital will usually be net long (more notional long exposure than shorts). Subsequently there can be some exposure to significant broad market moves.

DA Capital’s investment process starts with thorough due diligence, emphasizing credit and security selection. DA Capital augments the intensive credit analysis with market technical information obtained through other portfolio management activities, including managing the Jay CLO and other hedge-funds. DA Capital’s investment process is driven by a research team comprised of seasoned credit analysts who recommend an investment after in-depth analysis of competitive position, stability of cash flows, business model strength and asset valuation.

With respect to the Suspended Funds, and the Asian Fund DA Capital’s investment professionals provide ongoing rigorous monitoring of the Funds’ investments, and continuously seeks to identify and capitalize on opportunities to sell these securities at the most opportune price levels factoring in the desire to return capital to investors in a timely manner.

With respect to Amboy, DA Capital’s investment objective is to maximize risk-adjusted returns by fundamental value and special situation investing across the capital structure of publicly traded companies and in certain debt instruments issued by non-reporting issuers.

With respect to the Staple Street Global Funds, DA Capital and the Relying Adviser plan to leverage off its international investment experience and focus on managing client capital by seeking superior medium and long-term risk-adjusted returns by investing across credit and equity products. DA Capital and the Relying Adviser intend to capitalize on its team’s experience and ability in assessing and pricing risk in the credit, equity and other markets by investing across a spectrum of credit and equity investment products, with a value investment strategy.

The descriptions provided above are brief overviews of the investment strategies and are not intended to be complete. All investing involves a risk of loss and the investment strategies offered by DA Capital could lose money over short or even long periods. Performance could be hurt by a number of different market risks including but not limited to:

Dependence on the Investment Manager. The success of the Funds are largely dependent upon the Adviser and there can be no assurance that the Adviser or the individuals employed by the Adviser will remain willing or able to provide advice to the Funds or that trading on this advice by the Adviser will be profitable in the future.

Illiquidity, Transfers and Redemptions. The Funds' shares may be highly illiquid and not transferable without the approval of the Funds. There may be no secondary market for the shares, and consequently, Shareholders may not be able to dispose of them.

Business Risk. The companies in which the Funds invest may involve a high degree of business and financial risk. These companies, in some cases, may have significant variations in operating results, may be engaged in a rapidly changing business environment with products subject to a substantial risk of obsolescence, may require significant additional capital to support their operations, or may otherwise have a weak financial condition. Shareholders are subject to the risk of loss of all or substantially all of their investment in the Funds.

Availability of Suitable Investment Opportunities. The Funds compete with other potential investors to acquire interests in its targeted investments. Certain of the Funds' competitors may have greater financial and other resources and may have better access to suitable investment opportunities.

Leverage of Portfolio Companies. Because the Funds' investments may include securities of companies with leveraged capital structures, such investments will be subject to increased exposure to adverse economic factors such as an increase in interest rates, a downturn in the economy or further deterioration in the economic conditions of such company or its industry.

Financial Leverage. The Funds may use financial leverage, which includes, but is not limited to, buying securities on margin, direct borrowings from banks or prime brokers, the use of reverse repurchase agreements, swaps, options, futures contracts and other derivative securities, or other forms of leverage or credit. Although the use of leverage increases returns to the Funds if it earns a greater return on the incremental investments purchased with the borrowed funds than it pays for such funds, the use of leverage decreases returns to the Funds if it fails to earn as much on such incremental investments as it pays for such funds.

Limitations of Hedging Techniques. The Funds may, but are not required to, employ various hedging techniques in an effort to reduce systematic and unsystematic risks. A substantial risk remains, nonetheless, that such techniques will not always be available and when available, will not be implemented or, if implemented will not be effective in limiting losses.

Interest Rate Fluctuations. The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to the Funds of borrowed securities and leveraged investments.

Changes in the Law. Amendments to applicable securities, tax, pension and bankruptcy or other relevant laws could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation.

Counterparty and Credit Risk. To the extent that contracts for investment will be entered into between the Funds and a market counterparty as principal (and not as agent), the Funds are exposed to the risk that the market counterparty may, in an insolvency or similar event, be unable to meet its contractual obligations to the Funds.

U.S. Taxation. The Funds may take positions with respect to certain tax issues that depend on legal conclusions not yet addressed by the courts. Should any such positions be successfully challenged by the U.S. Internal Revenue Service or other taxing authority, there could be a materially adverse effect on the Funds and the net asset value of Shares.



Non-U.S. Taxation. With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, and imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Fund, political or social instability or diplomatic developments that could affect investments in those countries.

Non-U.S. Securities. The Funds may invest in securities and other instruments of non-U.S. corporations which may not be denominated in U.S. dollars. Investing in the securities of companies involves political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion, imposition of withholding and other taxes, and certain government policies that may restrict the Funds' investment opportunities.

Valuations. The liquidation values of the Funds' securities and other investments may differ significantly from the interim valuations of such investments derived from the valuation methods used. Such differences may be further affected by the time frame within which such liquidation occurs.

Operational risk. The potential for loss caused by a deficiency in information, communications, transaction processing and settlement, and accounting systems.

Risk Control Framework. There is no assurance that the risk control framework employed will be successful in minimizing losses to the Funds.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by the Funds and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. Shareholders may lose all or substantially all of their investment in the Funds.

Financial Fraud. Instances of fraud and other deceptive practices committed by senior management of certain companies in which the Fund invests may undermine the Adviser's due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of the Funds' investments.

Execution Risks and Investment Manager Error. The Adviser seeks best execution but given the complexity and global diversity involved, some slippage, errors and miscommunications with brokers and counterparties may occur, and could result in losses to the Funds.

Investors should review the Funds' Private Placement Memorandum and other governing documents to understand the risks and potential conflicts of interest. However, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of the Funds.

## **Disciplinary Information**

The Adviser and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

Related persons of the Adviser, Lisenard Holdings LLC, Pond View Holdings LLC, Staple Street Global Opportunities Holdings LLC, and Amboy Road Holdings LLC serve as the general partners of Lisenard Partnership, Pond View Partnership and the Pond View Master Fund, and Staple Delaware Partnership and Staple Street Global Master Fund, and Amboy Road Capital, LP respectively. The Adviser may also serve as general partner (or equivalent capacity) of other funds or accounts established in the future in which clients of the Adviser may be solicited to invest. Potential investors may be solicited by the Adviser or on its behalf to invest some or all of their assets in the Funds or the Jay CLO.

DA Capital Asia, a wholly owned subsidiary of the Adviser also provides investment advisory services. All of DA Capital Asia's investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of DA Capital Asia are subject to the supervision of the Adviser.

With respect to the Jay CLO, DA Capital serves as collateral manager. The terms of the collateral management agreement state that DA Capital, its affiliates, employees, and the funds and accounts it manages will purchase subordinated notes issued by the Jay CLO and are entitled to purchase and sell additional subordinated notes at any time. Although ownership of the subordinated notes may create incentives to (i) make more speculative investments than might otherwise be made and (ii) take other actions the effect of which may be more favorable to the holders of the subordinated notes than the rated notes, DA Capital understands its duty to act in the best interests of all Clients and to guard against potential conflicts of interest.

Since we have more than one client, our personnel cannot devote their exclusive attention to any single client. Certain middle and back office employees may perform similar roles for other investment management entities or investment vehicles that may invest in assets or employ strategies that overlap with DA Capital's strategies, in addition to their roles with DA Capital. The Adviser has developed certain policies and procedures to monitor and mitigate any conflicts of interest, for example devotion of time and protection of confidential information. The policies and procedures focus the employees on the Code of Ethics directing them to have a comprehensive understanding of Standards of Business Conduct, Corporate Opportunities and Resources, Outside Business Activities, and Confidential Information and Privacy Safeguards.

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

### Code of Ethics

DA Capital has adopted a Code of Ethics (the "Code") which reflects the firm's basic principle that the interests of the Clients must be placed first, ahead of the interests of the Adviser and its employees. The Code permits employees to invest for their personal accounts, and sets forth guidelines and restrictions reasonably designed to help prevent such trading from conflicting with the employees' duties to the Clients.

The Code prohibits employees from causing any Client to take action, or not to take action, for their personal benefit rather than the benefit of the Client. Employees must avoid taking inappropriate

advantage of their position for their personal benefit, such as by using their knowledge of portfolio transactions to profit by the market effect of those transactions.

All personal securities transactions by employees, certain immediate family members, and other accounts in which employees have a financial interest must be conducted in accordance with the requirements of the Code. Among other things, the Code generally requires that personal securities transactions by the Adviser's employees in initial public offerings or limited offerings be approved in advance by the Chief Compliance Officer ("CCO") or his designee. Employees are discouraged from trading frequently, and if the CCO detects any violations of the Code, the Employee may be required to reverse the transaction and disgorge any gains, as well as possible additional sanctions as determined by the CCO. Employees must report their personal securities transactions no later than 30 days following the end of the calendar quarter. In addition, Employees must report all personal accounts that hold or may hold reportable securities, as well as all holdings of reportable securities in such accounts, as well as any reportable securities that are not held in such accounts (e.g., physical certificates) upon employment and annually thereafter for review by DA Capital's Legal and Compliance Department.

Investors and prospective investors may obtain a copy of DA Capital's Code by submitting a written request to the CCO at 24 West 40th Street, 2nd Floor, New York, NY 10018.

#### Insider Trading

DA Capital has adopted written procedures that it believes are reasonably designed to prevent it and its employees from violating federal and state securities laws with respect to trading securities (or "tipping" information to another person who trades) on the basis of material nonpublic information about that security or issuer, in breach of a duty of trust and confidence to the issuer, the source or owner of the information, or the Adviser. In the event that the Adviser or its employees comes into possession of material nonpublic information relating to a security or issuer, the Adviser may be prohibited from directing a Fund to purchase or sell such security or other securities of the issuer until the information ceases to be material or nonpublic.

## **Brokerage Practices**

#### Brokerage

The Funds and the Jay CLO bear all brokerage commissions and related transaction costs for their portfolio transactions. DA Capital has a duty to seek to obtain best execution under prevailing market conditions. Brokerage transactions for the Funds and the Jay CLO are executed by brokers and dealers generally selected by the Adviser on the basis of obtaining the best overall terms available based on a variety of factors, including, but not limited to the following: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker, the quality and comprehensiveness of related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Adviser's other selection criteria.

#### Trade Aggregation Policy

DA Capital will generally execute client transactions on an aggregated basis when DA Capital believes that to do so will fulfill its duty to seek to obtain best execution. As a general rule, all contemporaneous trades in the same security for multiple Clients are bunched in a single order if the terms are the same (e.g., market orders are placed at the same time). Orders will not be aggregated unless aggregation is consistent with the Adviser's duty to obtain best execution under the terms and restrictions of each Client for which

the trades are aggregated. Best execution may not necessarily mean achieving the lowest possible commission rate, as many other factors that contribute to achieving portfolio performance need to be considered in the decision to transact. No Client will be favored over any other Client subject to the allocation procedures described above. Each Client that participates in an aggregated order will participate at the average price for all of the Clients' transactions in that security at that time. Aggregation must also be consistent with the terms of the governing documents of each Client for which trades are being aggregated.

#### Use of Soft Dollars to Obtain Research

Under the terms of the Funds' private placement memorandums, DA Capital is authorized to use the Funds' commissions to pay for research products or services ("Soft Dollars") to obtain products and services that fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DA Capital does not utilize Soft Dollars to purchase third-party research and services; DA Capital does, however, consider a broker-dealers' proprietary research in selecting broker-dealers and determining commission rates. In such an event, DA Capital may cause the Funds to trade with broker-dealers that provide research products or services to DA Capital in addition to trade execution. DA Capital may, consistent with its duty to obtain best execution for each trade, consider the nature and quality of such research in deciding which broker-dealers to trade with. If DA Capital determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, a Fund may pay commissions to such broker in an amount greater than the amount another broker might charge.

#### Trade Errors

From time-to-time and despite DA Capital's best prevention efforts, the Firm may commit trade errors in Client accounts. Clients bear any loss that result from a trade error absent DA Capital's willful misconduct or gross negligence.

## **Review of Accounts**

DA Capital conducts an analysis of all trading, the result of which is reviewed on a daily basis by the investment professionals. Additionally, DA Capital's investment personnel continuously review and analyze financial markets and economic conditions in light of Clients' portfolio holdings in order to maximize the risk-adjusted returns of the portfolios. Reviewers are instructed to be alert for trades and positions that might violate firm policies or applicable laws or regulations, and to take appropriate steps to follow up, such as by meeting with the person(s) responsible for the trade and/or position, obtaining additional information about the security or the issuer, or consulting with the CCO, among other things. In addition, the Investment professionals review all Fund portfolios at least quarterly. Each Fund also is subject to an annual audit conducted by an independent public accountant. The Jay CLO is similarly reviewed by the trustee on a periodic basis. Any issues related to compliance with the Jay CLO covenants are addressed by DA Capital with the trustee of the Jay CLO.

Each Fund furnishes its investors an annual report containing financial statements audited by the Fund's independent auditors, and monthly performance reports. In addition, each Fund distributes a risk report and offers investors to receive updates upon request. Each Fund also furnishes to its investors annually such information as is necessary for investors to complete U.S. federal and state income tax or information returns, along with any other tax information required by applicable laws. For the Jay CLO performance reports and the annual report are made available to all investors on a secure website maintained by the trustee.

## **Client Referrals and Other Compensation**

Certain trading counterparties and the prime broker for the Funds offer capital introduction services to DA Capital. Capital introduction is a service designed to introduce hedge fund managers to potential investors, typically through individual meetings or in a conference format. Although capital introduction is customarily offered as a free service, various conflicts of interest are presented by such arrangements. While DA Capital does not compensate these broker-dealers based on capital introductions, DA Capital may be induced to use the services of a specific broker due to the broker's ability to raise capital for DA Capital. In addition, DA Capital may benefit from these services because its management fees are generally based upon a percentage of assets managed and its incentive or performance based fees are generally based upon a percentage of net profits on such assets. These services are made available to DA Capital on an unsolicited basis and without regard to the rates of commissions charged or paid by the Funds or the volume of business DA Capital directs to such brokers. The Advisor may employ third party marketing personnel as well as employees of the Adviser who would be compensated for soliciting client referrals.

## **Custody**

All client securities are held in custody by unaffiliated broker/dealers or banks; however DA Capital, or an affiliate, may have access to client accounts in its capacity as the General Partner of the Partnership. Limited partners of the Partnership will not receive statements from the custodian. Instead the Partnership is subject to an annual audit conducted by a PCAOB registered and inspected independent public accountant in accordance with U.S. Generally Accepted Auditing Standards. The Funds distribute audited financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), or other generally accepted accounting principles reconciled to U.S. GAAP with respect to U.S. investors, to each limited partner within 120 days of the Fund's fiscal year-end. With respect to the Asian Fund, the audited financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

## **Investment Discretion**

The Adviser has complete discretion with respect to investment decisions made for the Clients (subject to certain limitations in the case of the Jay CLO), and also with respect to the selection of brokers, dealers and other counterparties for such transactions, and the amount of commissions or other compensation to be paid by the Clients. The Adviser may cause a Client to invest alongside another Client or Clients managed by the Adviser, if doing so is believed to be in the best interests of Clients.

The governing documents of the Funds and the Jay CLO do not require the Adviser or its employees to devote all or any specified portion of time to managing the Clients' affairs, but only to devote so much of their time as the Adviser reasonably believe is necessary in good faith. DA Capital is not prohibited by any of the Clients' governing documents or agreements from engaging in any other existing or future business, nor is DA Capital prohibited from investing on its own behalf or for the account of others.

## **Voting Client Securities**

DA Capital has adopted written proxy voting policies and procedures to ensure that it votes proxies and participates in class actions in the Funds' best interests. Generally, the policy requires that each proxy be voted in, and that each class action be participated in, the manner deemed to best maximize the value to the applicable Fund(s). Investors may obtain copies of the DA Capital's proxy voting policies and procedures, and information about how a Fund's proxies were voted, by submitting a written request to the Adviser.

## **Financial Information**

DA Capital has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.