

**ITEM 1**  
**COVER PAGE**

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Part 2 of Form ADV: Firm Brochure

Double Haven Capital (Hong Kong) Limited

March 24, 2014

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Double Haven Capital (Hong Kong) Limited (“Double Haven” or the “Investment Adviser”). If you have any questions about the contents of this brochure, please contact us at +852 2821 8700. 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.

Double Haven 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 Double Haven also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2**

### **MATERIAL CHANGES**

Double Haven Capital (Hong Kong) Limited ("Double Haven") is required to identify and discuss any material changes made to its Brochure since the last annual update. This Brochure is Double Haven's first Form ADV Part 2A submitted to the SEC pursuant to amendments made to certain rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the form formerly known as Form ADV Part II.

Accordingly, there are no material changes to report since initial submission.

If Double Haven makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

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## **ITEM 4 ADVISORY BUSINESS**

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

Double Haven Capital (Hong Kong) Limited (“Double Haven Capital”), a Hong Kong Limited Company registered with the Securities and Futures Commission, is an investment adviser founded on November 30, 2006. Darryl Flint is the principal owner of Double Haven Capital through Double Haven Capital Management Limited and Double Haven Holdings Limited.

For purposes of this Form ADV Part 2A, all references to “Double Haven” shall mean Double Haven Capital and its affiliates, collectively.

### **B. Advisory Services**

Double Haven provides investment management services to private investment funds (the “Funds”) and managed accounts. Securities of the Funds are offered to investors on a private placement basis. Double Haven provides advice to the Funds across a wide range of investment strategies fully described in Item 8. A complete explanation of the fees and expenses is contained in the offering documents of each Fund. In the future, Double Haven may provide risk reporting services to third parties unaffiliated with the Funds for which it will be independently compensated.

### **C. Availability of Customized Services**

Double Haven's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents or management documents.

### **D. Wrap Fee Programs**

Double Haven does not participate in wrap fee programs.

### **E. Client Assets**

Double Haven manages approximately US\$567,764,764 as of December 31, 2013 on a discretionary basis (calculated on a gross assets based and excluding managed accounts).

## **ITEM 5 FEES AND COMPENSATION**

### **A. Fees and Compensation**

The fees applicable to each Fund are set forth in detail in each Fund's offering documents.

#### **1. Management Fees**

Management fees charged to the Funds range up to 1.5% annually, which is typically based on the net asset value of the Fund. The management fees are generally paid monthly in arrears.

Double Haven may waive or reduce management fees for certain classes or investors, including employees and affiliates of Double Haven, in its discretion.

## 2. Performance Fees

Performance fees and performance allocations generally are charged at year-end or half-year end at a rate of up to 20% of net annual profits to each Fund, or to capital accounts maintained by the Funds for their investors. For this purpose, net profits generally include both realized gains and losses and unrealized appreciation and depreciation of securities held in the Funds' portfolios.

Upon the complete or partial redemption by an investor other than at the end of a fiscal year, a performance fee, if any, may be made with respect to the amount being redeemed.

### **B. Payment of Fees**

Fees and compensation are generally deducted from the assets of each Fund. As discussed above, management fees are generally deducted on a monthly basis and performance compensation is generally deducted on an annual or semi-annual basis.

### **C. Additional Fees and Expenses**

Each Fund may bear the following expenses: legal, auditing and accounting fees, tax preparation expenses, investment expenses and all other expenses of each respective Fund, including, without limitation, custodian fees, taxes on securities transactions, brokerage fees and commissions and any other similar fees, research services, consulting expenses and other third party research-related expenses, clearing expenses, government registration fees, fees to an administrator, entity-level taxes, organizational expenses and other similar or extraordinary expenses related to the operation of the respective Fund. Such expenses are generally shared on a pro rata basis by all of the investors in a Fund.

### **D. Prepayment of Fees**

Please see responses to 5A above.

### **E. Additional Compensation and Conflicts of Interest**

See Item 12 for further discussion with respect to fees associated with brokerage practices. Neither Double Haven nor any of its supervised persons accepts currently compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Double Haven advises funds on which it is compensated solely through asset-based fees and others that also include performance-based compensation. Because Double Haven is offering multiple Funds, it may face certain conflicts of interest. Fee divergence can be an incentive for an investment adviser to favor those Funds that pay performance fee/allocation over those that do not. To the extent that Double Haven would receive less in overall compensation from certain Funds, it may divert resources from such Funds, and any such diversion may be an additional conflict.

In general, the use of performance-based fees as compensation may be deemed to create a conflict of interest for an investment adviser, as there can be an incentive for Double Haven to make investments that are riskier or more speculative to increase performance returns and thus compensation to the investment adviser. Such incentives would not exist in the absence of a performance fee. Moreover, because net capital appreciation generally includes unrealized appreciation of Fund assets, it may result in Double Haven receiving more incentive income than if net capital appreciation were based solely on realized gains.

## **ITEM 7 TYPES OF CLIENTS**

Double Haven generally provides investment advice to pooled investment funds structured as limited companies or to managed accounts of limited companies.

The underlying investors in pooled vehicles may include some or all of the following types of investors: high net worth individuals, endowments, funds of funds, foundations, charitable organizations, pension funds and other sophisticated investors.

The constituent documents for each Fund or managed account may set minimum amounts for investment by prospective investors. Double Haven has waived, and reserves the right to modify or waive, the minimum new investment commitments for the Funds from time to time. Minimum investment amounts for managed accounts will be determined on a case by case basis. No investment into either a Caymans Islands exempted company nor a pooled investment fund may be made prior to the acceptance of completed subscription documents.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

*The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any investor will be achieved.*

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

Double Haven Strategy

#### **1. Investment Objective – Part A (Long/Short Strategy)**

Double Haven's primary investment objective is to achieve an absolute target return by investing in debt instruments to take advantage of the mispricing of credit in the Asia Pacific Region.

Double Haven believes that the opportunity is apparent in investment grade and sub-investment grade credit, offering significant carry and potential for further price appreciation. The Asian credit markets have experienced substantial growth since the end of 2000 and now total approximately US\$550bn. We expect that as a result of structural changes within the global banking system, Asian debt capital markets will continue to expand. We also expect balance sheets of corporates in the region to evolve to rely more upon debt financing, as opposed to equity.

Currently, we believe that global bond investors are still underweight emerging market debt. But expect investors will reallocate to correct this imbalance. In addition, we expect Asian focused asset managers to rebalance their portfolios with a reduction in equity exposure and increase their debt exposure. Historically, Asian bonds have offered a significantly higher risk-return ratio than many other asset classes. Asian bonds offer a premium, together with a shorter duration, when compared to similarly rated US credits. This is happening against the background of the Asia-Pacific region which offers more growth, carries significantly less leverage, and maintains similar default rates when compared to Europe or the U.S.

The strategy intends to focus on opportunities arising in the following areas:

- Investment grade bonds – both secured and unsecured bonds issued by sovereigns, financial institutions and corporates rated BBB- or above by S&P and Baa3 or above by Moody's.

- Sub-investment grade bonds – both secured and unsecured bonds issued by sovereigns, financial institutions and corporates rated BB+ or below by S&P and Ba1 or below by Moody's.

The strategy will be heavily weighted towards investment grade credits for the following reasons:

- to provide investors with a more liquid credit product; and
- Double Haven believes that there is more opportunity in the investment grade space relative to the risk one is taking compared to the broader sub-investment grade universe.

The strategy may invest in debt instruments including bonds, notes, floating rate notes and credit default swaps through both primary and secondary market assets. The strategy will invest in US\$-denominated assets or other currencies which can be efficiently hedged back to US\$. In addition, the strategy may invest in derivatives in relation to such securities. It may also invest in currencies of the countries of the Asia Pacific Region and derivatives in relation to such currencies.

The strategy may take short positions in both cash bonds and derivatives in relation to such securities and currencies of the countries of the Asia Pacific Region. The strategy may also take short positions in sovereign issued debt such as US Treasuries to hedge interest rate risk.

In order to implement its investment objectives, and when deemed appropriate by Double Haven and at all times in accordance with the Fund's constitutional documents, a Fund may borrow (including the power to borrow for the purpose of redeeming Shares) and utilize leverage and short sales in its investment strategy to try to increase the overall return of the Fund. In connection with this, a Fund may give security for and issue collateral security for any debt, liability or obligation of the Fund.

## 2. Investment Objective – Part B (Long-only Strategy)

Double Haven also operates a Long-only investment strategy which is substantially similar to the Long/Short Strategy described above, save that Double Haven will not take short positions in respect of any securities or currencies. All securities in this strategy are US\$-denominated and are subject to more stringent investment parameters. The Long-only strategy will not use leverage.

## 3. Investment Objective – Part C (Private Lending Strategy)

In the future, Double Haven intends to launch a strategy focussing on direct lending into the infrastructure and natural resources sectors. We see a significant liquidity premium available to investors in Asian private loans. The strategy will be able to benefit from the following:

- the strategy will be able to consider a broad range of project finance / M&A / sophisticated / bespoke transaction structures, that may be outside of the domain of corporate/commercial banks
- the strategy will be able to close/complete transactions more quickly than local lenders, without prejudicing the quality of due diligence, documentation or collateral
- many institutions who previously provided financing in the Asia Pacific region have suffered losses during the 2008 global financial crisis, and are now less willing to lend
- reform of the global banking industry is reducing the amount of available capital through the winding down of proprietary trading desks, return of capital to home and increases in capital charges
- new opportunities arising in the infrastructure and natural resources sectors.

Structuring of investments will be key. The strategy will focus on borrowers' assets and cash-flow, supplemented by continuous reporting and monitoring, and will seek to have collateral that provides direct recourse to assets. The strategy will favour self-originated transactions, in addition to other deals where the strategy will maintain a blocking vote. In each case, Double Haven will be able to influence the structuring of the relevant transactions.



## Investment Restrictions

Diversification will maximize the range of opportunities and minimize the level of risk in any single security. Each of the individual Double Haven strategies has individual investment restrictions disclosed in their offering documents. Generally the Double Haven strategies will adhere to some of the following restrictions:

- No more than 15% of the value of a strategy's gross assets may be invested in the securities of any one issuer at book cost.
- The maximum gross and net exposure (after accounting for any leverage) are 350% and 175%, respectively.
- No more than 20% of a strategy's gross assets may be invested in assets denominated in currencies that cannot be efficiently converted back into US Dollars.
- No more than 30% of the value of a strategy's gross assets may be invested in any one industrial sector at book cost.

## Risk Management

Double Haven has put into place a comprehensive risk policy that deals with issues such as stop loss and VaR allocation, and prescribes the mechanism whereby limit excess, stop loss and VaR triggers are dealt with. The policy also sets out the methodologies used for risk measurement, monitoring and reporting as well as dealing with operational risk issues.

Risk analysis is performed on two levels:

- Desk Level where the portfolio managers perform their own risk assessment at the trade and strategy level. This level of analysis involves setting of risk budgets, risk/reward analysis, country/sector/stock concentrations, and liquidity analysis and stop loss allocation.
- Higher Level performed by the Double Haven risk control group ("Risk Control"). Risk Control is achieved under the auspices of the Risk Control Committee ("RCC"). The head of Risk Control chairs the RCC, which meets regularly to appraise the risks facing each of the portfolio strategies. The RCC has responsibility, through the head of Risk Control, for all aspects of risk policy including limit setting and policies and procedures. All members of the RCC and all portfolio managers receive a daily report showing VaR, stress loss estimates, country/sector/stock concentrations and liquidity concentrations. Moreover, senior management also receives frequent risk commentary and subjective assessment of each portfolio's risk profile.

There is a two-tier mechanism in place with respect to limits:

- Portfolio managers set their own limits and apply them to individual positions and strategies within their fund.
- Risk Control guidelines apply at the fund level and the head of Risk Control would not be expected to get involved should a portfolio manager breach his own on-desk limits. It is only if fund level guidelines are breached or expected to be breached that the head of Risk Control gets involved.

Risk exposure is measured and monitored by Double Haven's independent Risk Control Function with guidelines set for stop loss, VaR, liquidity, sector/stock concentration, borrow etc. Stop loss and VaR is monitored at fund level with pre-set trigger levels and with defined action plans as to next steps in the event of a trigger limit breach.

## **B. Material, Significant, or Unusual Risks Relating to Investment Strategies**

Investments in undervalued securities. The Funds may invest in securities that Double Haven believes to be undervalued. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's investments may not adequately compensate for the business and financial risks assumed. In addition, the Fund may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Fund's capital would be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities.

Non-Investment Grade Securities. "Non-investment grade" securities (that is, rated Bal or lower by Moody's Investors Services or BB+ or lower by Standard & Poor's) are generally regarded as predominantly speculative with respect to the issuer's ability to pay interest and to repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. Securities with a low credit rating generally offer a higher current yield than securities with a higher credit rating, but typically involve greater risk, as such securities are especially subject to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuations in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of securities with a low credit rating may experience financial weakness that could adversely affect their ability to make payments of principal and interest and increase the possibility of defaults. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of securities with a low credit rating, especially in markets characterised by a low volume of trading.

Use of Borrowed Funds. The Funds may borrow on a secured or unsecured basis for any purpose, including to increase investment capacity, cover operating expenses and make redemption or distribution payments or for clearance of transactions. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the investments purchased or carried. Gains realized with borrowed funds may cause the Fund's Net Asset Value to increase at a faster rate than would be the case without borrowings. If, however, investment results fail to cover the cost of borrowings, the Fund's Net Asset Value could also decrease faster than if there had been no borrowings. In addition, unanticipated increases in applicable margin requirements could adversely affect the liquidity of the Fund and therefore adversely affect its performance.

Market Liquidity. A Fund may be adversely affected by a decrease in market liquidity for the instruments traded by the Fund (e.g., by impairing the Fund's ability to adjust its positions, balance sheet and risk in response to trading losses or other adverse developments). The size of the Fund's positions may magnify the effect of a decrease in market liquidity for the instruments traded by the Fund. Changes in the overall market leverage (e.g., deleveraging or liquidations by other market participants of the same or similar positions) may also adversely affect the Fund's positions.

Emerging Markets Risks. The Funds shall predominantly invest into Asian markets. Although market stability has improved and volatility has been reduced since the Asian crisis of 1997, investment into this geographical area still consists of certain risks. The Investment Manager shall undertake best efforts to minimize risks, however, it cannot be forecasted how markets in the Asia Pacific Region will develop. Furthermore, investment in any emerging market carries a higher risk than investment in developed markets; emerging markets may afford a lower level of legal protection to investors; some countries may place controls on foreign ownership; and some countries may apply accounting standards and auditing practices which may not conform with internationally accepted accounting principles, with the result that there may be less publicly available information.

Financial Leverage. The Funds may use financial leverage on their assets. Financial leverage includes buying securities on margin. Short sellers routinely "borrow" securities to effect short sales, using

margin accounts. Borrowing money to purchase a financial instrument may provide a Fund's portfolio with the opportunity for greater capital appreciation but at the same time will increase the portfolio's risk of loss with respect to that instrument. Although leverage increases returns to a Fund 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 Fund if it fails to earn as much on such incremental investments as it pays for such funds. Other than any limitations which may be imposed by the lenders there may not be restrictions on a Fund's ability to borrow. A Fund may borrow money for the purposes of financing the satisfaction of a redemption request.

Interest Rate Risk. The Funds will be subject to interest rate risk both in respect of borrowings and any debt instruments in which a Fund may invest. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. Double Haven may attempt to minimize the exposure of the Funds' portfolios to interest rate changes through the use of interest rate swaps. However, there can be no guarantee that Double Haven will be successful in fully mitigating the impact of interest rate changes to any given portfolio.

Financing Arrangements; Availability of Credit. There can be no assurance that Double Haven will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the dealers that provide financing to the Funds can apply discretionary margin, haircut, financing, security and collateral valuation policies. Changes by dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to changed market circumstances or governmental, regulatory or judicial action, may result in large margin calls, the loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults in agreements with other dealers. Any such adverse effects may be exacerbated if such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the Funds to liquidate all or part of its portfolio at disadvantageous prices. Recently, banks and dealers have substantially curtailed financing activities and increased collateral requirements, forcing many hedge funds to liquidate.

Suspension of Trading. Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchanges. A suspension could render it impossible to liquidate positions and thereby expose Fund positions to losses.

Risk Control Framework. No risk control system is fail-safe, and no assurance can be given that the risk control framework designed and maintained by Double Haven will achieve its objective. To the extent that risk limits will be based upon historical trading patterns for the financial instruments in which the Funds trade and upon pricing models for the behaviour of such financial instruments in response to various changes in market conditions, no assurance can be given that such historical trading patterns will accurately predict future trading patterns or that such pricing models will necessarily accurately predict the manner in which such financial instruments are priced in financial markets in the future. Although all theories and valuation models applied are constantly challenged to ensure that the original thesis is correct they may, if proven wrong, not be as quickly discarded as to hinder materially adverse effects of such theories and models.

Counterparty and Credit Risk. To the extent that contracts for investment will be entered into between a Fund and a market counterparty as principal (and not as agent), whereby the financial instruments are not traded on an exchange but are instead traded between counterparties based on contractual relationships, the Funds will be subject to the risk that a counterparty will not perform its obligations under the related contracts. Although the Funds would enter into transactions only with counterparties which have been approved by Double Haven under its counterparty evaluation process, and will pursue its remedies under any such contracts, there can be no assurance that a counterparty will not default and that a Fund will not sustain a loss on a transaction as a result.

Short Sales. The Funds may make short sales of any of the securities or other investments in which it may invest under the Investment Policy. A short sale is a transaction in which a company sells a security it does not own in anticipation that the price of that security will decline. When a Fund makes a short sale, it may either borrow the security sold short and deliver it to the broker to which it made the short sale as collateral for its obligation to deliver the security upon conclusion of the sale, or effect the short sale as a sale of the security in the forward market. A Fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the Fund is otherwise unable to borrow securities which are necessary to hedge its positions.

Limitations of Hedging Techniques. Double Haven will employ various hedging techniques to reduce systematic and unsystematic risks. A substantial risk remains, nonetheless, that such techniques will not always be available and when available, will not always be effective in limiting losses.

Fluctuation in the Value of Currencies. The value of currencies may fluctuate. In certain countries, including many in Asia, the conversion of foreign currencies is based on rates set by the relevant Central Bank. Any significant changes in Central Bank policy or revaluation of the currency in such countries may materially and adversely affect the Funds cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to, Funds. The exchange rates of currencies, particularly in developing economies, can be highly volatile, and the value may decline suddenly and materially as a result of political events, market disruptions, natural catastrophes, or terrorist activities.

Inflation. Some of the countries in which the Funds intend to invest have experienced extremely high rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging countries. Therefore, the performance of the Funds could be affected by rates of inflation in countries in which the Funds invest.

Options Trading Involves Certain Inherent Risks. Trading volatility is one of the most complex of all financial strategies and requires significant quantitative and mathematical resources and capabilities. The pricing of options involves a wide variety of factors - including the variability of interest rates, the time to expiry, the price of the underlying, the volatility of the underlying and general market sentiment. Not only will different traders differ among themselves concerning the correct theoretical value for a given option, but also actual and theoretical values may diverge for extended periods of time. Purchasing options involves the systematic risk that the instruments underlying the option will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received, which could result in a potentially unlimited loss. There can be no assurance that Double Haven will correctly value its options positions or that the market will, in fact, regress to theoretical values; consequently, substantial losses could be incurred by the Funds.

- **Risks Relating to the Volatility of Options.** Options are often quoted in terms of implied volatility. This generally means the annualised percentage change in the underlying, for a one standard deviation move. When the options imply a higher volatility than ultimately occurs, and the measurement of the volatility corresponds to the same periodicity as the portfolio's flattening of its market exposure, an investor will earn less than the treasury rate (all else being equal). Even if individual equities are more volatile than expected, a Fund could suffer losses from increased diversification in the index, resulting in less than expected movement in the index. While volatility can create profit opportunities for a Fund, it can also result in a Fund incurring significant losses.
- **Risks Relating to the Time Value of Options.** The longer the duration of an option, the greater its value. As an option nears expiry, its true value declines at an accelerating rate. The longer-dated options tend to be far less liquid than near-term (three months or less) options. Certain trades which Double Haven may execute for a Fund will value longer-dated options. These

trades will potentially generate substantial premium income and/or result in substantial gains from long positions held by a Fund, but have material incremental liquidity risk.

- **Interest Rate Risk.** Prevailing interest rates are a principal component of options pricing such as options conveying the right to buy or sell the referenced asset without having to pay the purchase price (in the case of a long position) or receiving the sale price (in the case of a short position). Consequently, unexpected changes in interest rates can result in a Fund incurring significant losses, even though the Fund had otherwise established what would have been a profitable option position. Double Haven's strategies generally do not attempt to forecast interest rates; therefore, changes in such rates are risks to which the Funds are exposed without such risks being directly incorporated into the investment adviser's strategies.

**Derivative Instruments.** Double Haven will use various derivative instruments. While the judicious use of derivative instruments can be beneficial, such instruments also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a Fund.

- **Market Risk**—This is the general risk, attendant to all investments that the value of a particular investment will change in a way detrimental to a Fund's interests.
- **Management**—Derivatives are highly specialized instruments that require investment techniques and risk analyses different from those associated with equities and bonds. The use of a derivative instrument requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Fund and the ability to forecast price, interest rate or currency rate movements correctly.
- **Tracking**—When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent a Fund from achieving the intended hedging effect or expose the Fund to the risk of loss.
- **Liquidity**—Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets a Fund may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which a Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses.
- **Leverage**—Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by a Fund and could cause the Fund's Net Asset Value to be subject to wider fluctuations than would be the case if the Fund did not use the leverage feature in derivative instruments.
- **Over-the-Counter Trading**—Derivative instruments that may be purchased or sold by a Fund may include instruments not traded on an exchange. The risk of non-performance by the obligor on such an instrument may be greater and the ease with which the Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Such instruments are often valued subjectively and may result in mispricings or improper valuations. Improper valuations can result in increased cash payment requirements to

counterparties or a loss of value to the Fund. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

Duration of Investment Positions. Double Haven may not know, except in the case of certain 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 Double Haven's subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. The Funds' transactions involve acquiring related positions in a variety of different instruments or markets at or about the same time. Frequently, optimizing the probability of being able to exploit the pricing anomalies among these positions requires holding periods of significant length. Actual holding periods depend on numerous market factors which can both expedite and disrupt price convergences. There can be no assurance that a Fund 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.

Convertible Securities. Convertible securities are bonds, debentures, notes, preferred stocks, or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally: (a) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (b) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (c) provide the potential for capital appreciation if the market price of the underlying common stock increases. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on Double Haven's ability to achieve the investment objective of the Fund.

Sovereign Debt. The Funds may invest in sovereign-issued debt securities, which include debt obligations issued or guaranteed by national, state or provincial governments, political subdivisions or quasi-governmental or supranational entities. Government debt securities (notably, non-US government debt securities) may involve a high degree of risk, and governmental entities may default on or restructure their obligations. Certain sovereign debt may have non-investment grade ratings or be in distress or even default. Governments intervene from time to time in the markets by changing the interest rates payable on their sovereign debt.

Model Risk and Market Judgment. Double Haven may utilize quantitative valuation models in implementing the Funds' investment strategies. As market dynamics shift over time, due to factors such as changed market conditions and participants, a previously highly successful model could become outdated or inaccurate, perhaps without Double Haven recognizing that fact before substantial losses are incurred. There can be no assurance that Double Haven will be successful in developing and maintaining effective quantitative models. Although Double Haven uses quantitative valuation models in evaluating the economic components of certain prospective trades, Double Haven's quantitative strategies are by no means wholly systematic; the market judgment and discretion of Double Haven's personnel are fundamental to the implementation of these strategies.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client or prospective client evaluation of Double Haven's advisory business or the integrity of Double Haven's management.

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**A. Broker-Dealer Registration Status**

Double Haven and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

**B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status**

Double Haven and its management persons have filed exemptive notices with the CFTC and are not required to be registered as futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

**C. Material Relationships or Arrangements with Industry Participants**

Double Haven does not have any material relationships or arrangements with industry participants.

**D. Material Conflicts of Interest Relating to Other Investment Advisers**

Double Haven's conflicts are described fully above at Item 6 and Item 10(C) above.

**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**A. Code of Ethics**

Double Haven has established a comprehensive Code of Ethics (the "Code of Ethics") which is distributed to each employee and updated periodically as deemed necessary by Double Haven. The Code of Ethics focuses on a wide range of important considerations including, but not limited to: outside activities, potential conflicts of interest, confidentiality, disciplinary matters, dealing with government and other regulatory bodies, personal trading, insider trading and prohibited transactions. Investors or prospective investors may request a copy of the Code of Ethics by contacting Double Haven at the address or telephone number listed on the first page of this document.

**B. Securities in Which the Investment Adviser or a Related Person Has a Material Financial Interest**

Cross Trades

Cross trades are generally not permitted.

## Investing in Securities That the Investment Adviser or a Related Person Recommends to Clients

Double Haven and its affiliates and their employees may invest for their personal accounts in securities or instruments in which the Funds are also invested. Double Haven may also recommend to the Funds securities or instruments in which it or its affiliates or their employees are already invested. Conflicts of interest may arise if Double Haven, its affiliates or employees recommend a particular transaction because of a financial interest held by any such person in such securities. As mentioned above in Item 11A, Double Haven has implemented policies, relating to personal account trading by its employees, owners, directors and related persons designed to reduce, monitor and resolve conflicts of interest presented by such trading activities and to ensure such trading activities are carried out in accordance with applicable law and regulatory requirements. For example, Double Haven's access persons are subject to Double Haven's personal trading pre-clearance policy, which is designed generally to prevent access persons from transacting in certain securities of issuers at or about the same time that Double Haven recommends the securities to the Funds.

Double Haven has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

## **ITEM 12 BROKERAGE PRACTICES**

### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

Double Haven has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction and commissions or markups and markdowns paid. Double Haven's authority is limited by its own internal policies and procedures and each Client's investment guidelines.

Portfolio transactions for each Client are allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. In selecting an appropriate broker-dealer to effect a trade, Double Haven seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of its services including, among other things, its facilities, reliability and financial responsibility, execution capability, responsiveness to Double Haven, brokerage and research services provided to Double Haven (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

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



Double Haven does not trade in the US Securities markets. Should Double Haven pay broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting transactions on US markets in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. Double Haven will effect such transactions, and receive such brokerage and research products and services to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 and subject to prevailing guidance provided by the SEC regarding Section 28(e).

## **2. Brokerage for Client Referrals**

Neither Double Haven nor any related person receives client referrals from any broker-dealer or third party. However, as discussed above, subject to best execution, Double Haven may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

## **3. Directed Brokerage**

Double Haven does not recommend, request or require that a Fund direct Double Haven to execute transactions through a specified broker-dealer.

## **B. Order Aggregation**

Double Haven may aggregate orders across the Funds that it advises where particular investment/investments are deemed suitable for the relevant Funds. In situations where order aggregation is warranted, Double Haven will ensure that any commissions and/or markups and markdowns are equitably shared between Funds.

# **ITEM 13 REVIEW OF ACCOUNTS**

## **A. Frequency and Nature of Review of Client Accounts or Financial Plans**

Double Haven performs various periodic reviews of each Client's portfolio. Such reviews are conducted by the members of Double Haven's management committee, portfolio managers and research associates.

## **B. Factors Prompting Review of Client Accounts Other than a Periodic Review**

A review of a Client account may be triggered by any unusual activity or special circumstances.

## **C. Content and Frequency of Account Reports to Clients**

Double Haven generally provides annual audited financial statements to its Fund investors within 120 days of the applicable Fund's fiscal year end. Investors in the Funds receive a monthly letter from Double Haven documenting the performance of their Fund, along with a commentary by Double Haven, although Double Haven may provide certain investors with information on a more frequent and detailed basis if agreed to by Double Haven. In addition, where needed or requested Double Haven issues investors tax reports concerning their respective Funds within 120 days of the end of the Fund's fiscal year.

**ITEM 14**  
**CLIENTS REFERRALS AND OTHER COMPENSATION**

**A. Economic Benefits for Providing Services to Clients**

Double Haven does not receive economic benefits from non-clients for providing investment advice and other advisory services.

**B. Compensation to Non-Supervised Persons for Client Referrals**

Double Haven and its affiliates do not currently have placement agents nor do they currently intend to engage any placement agents.

**ITEM 15**  
**CUSTODY**

Double Haven may be deemed to have custody of funds and securities of the Funds under United States regulations because it has the authority to obtain funds or securities of the Funds. However, Hong Kong regulations prohibit Double Haven from having any contact with “client assets,” which includes the inability to deduct advisory fees or otherwise handle assets. All of Double Haven’s fees are deducted by a custodian.

Double Haven is not required to comply (or is deemed to have complied) with certain requirements of Rule 206(4)-2 under the Advisers Act 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.

**ITEM 16**  
**INVESTMENT DISCRETION**

Double Haven has entered into an investment management agreement, or similar agreement, with each Fund with which it works pursuant to which the scope of discretionary investment authority is allocated. (See Items 4 and 10 for additional details.) It is deemed to have investment discretion over all of the Funds.

Double Haven’s specific investment decisions and advice with regard to any Fund is subject to the Fund’s investment restrictions and guidelines which are set forth in the relevant Fund’s offering documents.

**ITEM 17**  
**VOTING CLIENT SECURITIES**

As stated above, Double Haven does not trade in the United States. To the extent it would engage in such trading in the future, Double Haven will adopt proxy voting policies and procedures consistent with Rule 206(4)-6 under the Investment Adviser’s Act of 1940.

**ITEM 18**  
**FINAICIAL INFORMATION**

Double Haven is not required to include a balance sheet for its more recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual requirements to its Funds and has not been the subject of a bankruptcy petition at any time during the past 10 years.